

## FRIENDS WITH BENEFITS?: RUSSIAN-CHINESE RELATIONS AFTER THE UKRAINE CRISIS

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Facing sanctions from the West after the annexation of Crimea, Russia has reoriented its economy toward China. In making the pivot, it sought to break its diplomatic isolation, secure a market for its energy resources, and gain greater access to Chinese credit and technology. The results of the shift are mixed, but if trends continue, Moscow is likely to drift further into Beijing's embrace. An asymmetrical interdependence is emerging, with global implications.

### An Increasingly Unbalanced Relationship

- Russia's economic outreach to China predates its annexation of Crimea and the imposition of Western sanctions, but it has intensified following the Ukraine crisis.
- In trying to reorient its economy quickly, Moscow has eased informal barriers to Chinese investment.
- There was a sharp decline in trade between China and Russia in 2015 and difficulties in negotiating new megadeals. Still, the rapprochement has accelerated projects that have been under discussion for decades, resulting in agreements on a natural gas pipeline and cross-border infrastructure, among other deals.
- Chinese financial institutions are reluctant to ignore Western sanctions, but Moscow and Beijing are developing parallel financial infrastructure that will be immune to sanctions.
- New deals in the railway and telecommunications sectors may set important precedents for bilateral relations. These projects could reduce Russia's technological links with the West and increase its dependence on China.
- The Russian-Chinese relationship is increasingly unequal, with Russia the needier partner. Without viable alternatives, Moscow may be willing to accept the imbalance.

### Lessons for Western Leaders

- Russia and China are not entering into an anti-Western alliance. Beijing does not want to confront the West over issues it sees as a low priority, such as Ukraine. Moscow prefers not to be dragged into growing U.S.-China rivalry or territorial disputes in the Asia-Pacific.
- Still, Moscow's growing dependence on China and its tendency to see conflict through an anti-American lens is forcing it to support Beijing in some disputes it would prefer to avoid.
- Russia's military-industrial complex is opening up more to the Chinese market. This shift may affect the strategic balance in Taiwan, the East China Sea, and the South China Sea as the Chinese military gains access to advanced equipment.
- Central Asia is a potential arena for rivalry between Moscow and Beijing. Attempts to coordinate the countries' regional economic integration projects have been unsuccessful. Yet Moscow hopes it can serve as regional security provider while China presides over economic development—a departure from a previous collision course.
- Moscow and Beijing are learning from each other's experience limiting Western influence, providing examples for other authoritarian countries.

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