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Transcript

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## CHINA IN THE WORLD PODCAST

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Guests: **Dimitri Trenin**

**Alexander “Sasha” Gabuev**

Episode 118: Is the US Driving China and Russia  
Together?

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**Haenle:** Welcome back to the China in the World podcast. This week at the CTC we are holding the Carnegie Global Dialogue and I am honored to be with my colleagues from the Carnegie Moscow Center Dimitri Trenin the Director and Alexander aka “Sasha” Gabuev. The listeners of the podcast are familiar with Dimitri and Alex as they have been on the podcast before and Dimitri is the Director of the Carnegie Moscow Center, he’s been at the center since its conception back in 1994. Prior to joining Carnegie, he served in the Soviet and Russian armed forces and he had posts in the Senior Research Institute in Moscow and served at the NATO Defense College in Rome. Alex Gabuev is a senior fellow and chair of the Russia and Asia Pacific Program. He started the program at the Carnegie Moscow Center. Prior to joining Carnegie, he was a member of the publishing board at the Kommersant publishing house and he served as deputy editor and chief at Kommersant Blast. He also served as a diplomatic correspondent in the press corps of then president Dimitri Medvedev.

Both Sasha and Dimitri are here in Beijing this week as part of the Carnegie Global dialogue and we explored as part of that dialogue with Chinese experts and scholars on the ground the question we looked at, which was the question building on two years prior of the Carnegie Global Dialogue. Two years ago, we looked at this question right after the time when Pres Trump was elected and it looked like we might see the bettering of relations between the U.S. and Russia. And We looked at this question of what would the improved relations of the U.S. and Russia mean for the triangular relationship. That was quite fleeting as we all know and a year later we looked at the question of “What does President Trump’s America First policy mean for relations between the U.S. and Russia/ U.S. relations with China?” and “How does that impact the triangular dimensions of this relationship?” This year with the United States, the Trump Administration having put both Russia and China as strategic competitors in the national security documents, the national security strategy, the national defense strategy, with U.S.-Russia relations at a real low point, with U.S., the Trump administration putting a lot of pressure on the trade relationship with China, the economic relationship, and in a number of other areas. We ask this question this year: “Is U.S. policy having the effect of driving China and Russia closer together?”

Dimitri, before we get into that question I think it's important for the listeners to understand Russia’s foreign policy priorities. To start our discussion today, I wonder if you could give us a short overview of how you see Russian foreign policy priorities.

**Trenin:** Well I uh, first of all it’s a great opportunity, Paul. Second, how I see the priorities perhaps is less important as how I analyze the priorities of the Kremlin. The priorities of the Kremlin are uh... are as follows I think. Protect the turf, with areas deemed to be vital to Russia’s

national security. And that is Ukraine. It is the former Soviet space, so that those areas to not turn into bases for U.S. military deployment, that those countries do not join NATO. Essentially it is the buffer zones along Russia's western and southern frontiers. The second priority, or let's say the second in this- not in the order of importance- but I will say equally important, would be asserting Russia's role as a great power, as a global great power, that Russia sees itself as. And uh third uh priority would be standing up to the very significant pressure that America and its allies have been putting on Russia as a result of Russia's actions in Ukraine- Crimea- and Syria. That I think are the three main axes of Russia's foreign policy at this point.

**Haenle:** Mhmm. So you have a defensive posture, protecting the terf. A more offensive posture, asserting Russia's role in a more proactive way such as in the middle east and other parts of the world. And standing Russia's ground under the pressure.

**Trenin:** Yes. And the standing Russian ground under pressure, also means that they will engage with players around the world markets in Europe for the deterioration of Russia's strategic position or strategic relationships with countries like the United States and countries in NATO and that means diversifying Russia's foreign policy. Russia's foreign policy has pivoted away from uh from from the West. Especially Europe. And there has been a pivot not necessarily to Asia, but to Russia. And having pivoted to itself, the Russian leadership is adapting what I would call a 360 degrees vision of Russia, being placed in the center of the great continent of uh Eurasia, like sitting in a swivel chair and turning to face different opportunities or deal with certain threats as they arise. Uh.. anywhere they may arise. And treating Europe and China and India and the Muslim World all as neighbors in this giant neighborhood.

**Haenle:** So as Russia begins to look 360 degrees in this, diversify its relations and reach out, one of those countries with that we have seen an improvement of relations in is China. Sasha, you are the Carnegie Moscow Center's resident China Hand, how do you see China-Russia relations fitting in to Russia's overall foreign policy plans as Dimitri laid out. You've engaged with Chinese scholars over the past few days and you've talked uh very articulately about how you see these "four pillars" in the China-Russia relationship. I think the listeners would benefit to hear your analysis.

**Gabuev:** I think that something uh there are several factors that pre-date the uh earthquake that Crimea and Ukraine crisis produced for Russian policy and the reorientation strategy and pivoting to itself as Dimitri puts it. And I think that these four factors, or four pillars, are the need to protect uh the border and maintain stability and security along the colossal uh Russia-China border, then

the need for economic compatibility, uh political compatibility between the two regimes, and then the affinity between the two leaders.

If you look at the border, that's the largest border that China has with any country. That's the second largest shared border for Russia. And during times of Sino-Soviet split, both countries invested a lot of resources in protecting and preparing these borders to defeat foreign invasion as soon as they saw the chance to normalize these ties and reduce the investments into ongoing security needs, both countries jumped on that opportunity. And right now, the need to maintain stability along this land space provides the floor for uh sino-Russian relationship. It's not always with each other, but it's never against each other and the border really guarantees that this is the formula that works for both.

On economic compatibility, I think that Russia, as a exporter is mostly about commodities, I think that's what Russia gives to the outside world. And so it's really about markets, capital, both long terms loans and investment, and technology. And uh traditionally, Russia has been looking for those in the West, uh particularly in Europe, but if you look East, China is exactly the same and uh, has exactly the same characteristics. And Russia is increasingly putting more eggs into China's basket and diversifying. Uh so the trade structure between Russia and the EU and Russia and China is absolutely similar and it's all logical that Russia tries to increase its footprint in China.

On domestic politics, I think neither Russia nor China fits into the model which we will call liberal democracy. I think both countries are different. They try to manage their domestic policies in a different way. And there is a lot of similarities and room for mutual learning, such as when it comes to foreign NGOs, or internet freedom, sovereignty- both countries really put a premium on sovereignty and state over the rights of individuals very broadly defined.

And then the last point, the leaders which play an increasingly important role in China and Russia. They are age-mates. They both have many similarities in their background, and they both really want to make their country great again and they really have some sort of suspicions about U.S. intentions when it comes to their regimes and to some extent themselves.

**Haenle:** So, so those four pillars as you lay them out, starting with the resolving the border disputes, which kind of really laid the foundation to allow both countries to improve their relations. But also on the economic side there are some symmetries and the political structures are similar enough and the relationship is warming between the two leaders. But you also mentioned this week contradiction which seems to in some ways undercut those four factors which allow China and Russia to grow stronger together. What is that contradiction in your mind.

**Gabuev:** I think that the contradiction is the growing asymmetry. Russia used to be on par with China in terms of GDP up until the end of the Soviet Union and even bigger. Right now it's smaller than the GDP of just one Guangdong province and I think that dynamic continues. China's growth is 6% or even above 6% and- depends on whether you believe Chinese government reports on that one or not- but that is significant. Russia's for the foreseeable future growth is about 1% and that's it. So this asymmetry and disparity is only growing. China is a global leader in AI, Robotics, Automation, many of these cutting edge technologies, whereas Russia has some competence but now significantly lags behind. I think that these differences and this asymmetry is not really undercutting the relationship, that neither side is trying to use it as leverage. It does use it in some commercial transactions, but overall I think the Chinese are very great at managing Russia as a great power neighbor and managing Russia's ego and that it needs to be treated as a great power in some respect. Also recognizing its strategic value and not trying to go for some small short time win losing Russia's confidence that it can have it with China for the foreseeable future.

**Haenle:** It's really remarkable to think back in the mid 90s. The Russian economy, the Chinese economy, were largely at parity. And now the Chinese economy is- you mentioned the figure yesterday- how much larger than Russia's is it?

**Gabuev:** Eleven. It's eleven times larger than Russia's.

**Haenle:** Eleven times larger. And that transition really happened without a lot of increased tensions or conflict which is quite remarkable. Dimitri I wanna throw it back to you not that we have a better understanding of the geopolitical context that China and Russia are operating in. How in your view- in the context of the penultimate question we've been asking this week- and how in your view does the U.S. fit in to all of this? Have we, is U.S. policy having the effect of driving the U.S. and China together? And I think of course this would be an unintended effect of the United States, but is, in your view, that dynamic playing out?

**Trenin:** Well I would turn that question into an affirmative statement by inserting just one word: even. So U.S. action are putting China and Russia even closer together. The dynamic of Sino-Russia strong relations has sources in both countries. It's not induced by U.S. policies. It started 30 years ago with Gorbachev's visit to Beijing. And it's been processing incrementally, sometimes faster and sometimes slower, over the succeeding presidents of Russia and succeeding leaders of China. This is a dynamic that I think will continue to operate over the foreseeable future. What the United States is doing is making Russia and China aware of the challenges in the international arena that have the same source and that's the United States. It's one thing for China

and Russia to see U.S. dominance in the world as an issue. Russia, in its own way, and China, in its own way, reject that dominance. But there can be different forms of rejection and asserting one's own role in the international arena. The U.S. official documents that you mentioned, the U.S. national security strategy and the U.S. national defense strategy, are sending a similar message to both Beijing and Moscow; that Washington sees them as strategic competitors and military competitors. And this shows that they have entered a new territory that I would call rivalry with China and confrontation for Russia and the United States. So that puts a premium, a bigger premium than otherwise would have been the case on Sino-Russian defense and security collaboration.

China and Russia also have to take precautions in case they may face a confrontation with the U.S. at the same time. For example, if we can imagine various scenarios of the Korean peninsula developments and China and Russia for the very first time in the decade in their cooperation through the form of joint military exercises have actually trained their forces in a real large-scale warfare scenario. Not in peacekeeping missions, not a mission to thwart terrorists or radicals in some part of the world like central asia, but China took place in a real training in Russia that took on a strategic scale. One third of Russia's armed forces personnel. And clearly that exercise had the U.S. as a potential enemy. I am not suggesting that China and Russia are close or will be closer in the foreseeable future or that they have been concluding a military alliance. I am suggesting that they are practicing interoperability in case they are forced to or put in a situation where they must work together in a real security crisis. What do they do? I think this is significant. And frankly, in my view, the United States has discounted Russia also in military terms quite a lot in the last three decades and it has not attached enough significance to Sino-Russian military cooperation and talking about strategy I see U.S. policy towards eurasia at large as eminently non-strategic.

**Haenle:** Dimitri, you've answered the question by saying basically that Russia-China relations are growing naturally stronger even without the United States, but that the U.S. policies are bringing them even closer together. We talked a lot, Sasha, on the panel yesterday about despite that fact, there are limitations to how far this growing relationship can go. And the podcast last Spring, Sasha, you talked about the seemingly one-sidedness of the Russia-China relationship largely skewed towards China and I wanted to ask you how do you see this influence the relationship? Do you expect this imbalance to lessen over time or perhaps grow more intense and how would that impact the Russia-China relationship?

**Gabuev:** I would add just one more line on why the U.S. policy is so important in actually driving the U.S. and China together. Like all these four pillars preexisted and its literally in both countries

national interests to cooperate but at the same time there are still these lingering fears and risks attached to a partnership China. And I think what happened after Crimea, which is really overlooked in the west, is that for the first time Russia was cut out of capital markets in the wake of sectoral sanctions and I think that the prospects, because the hot war in Ukraine was still going and no one really knew where it will lead, the Russian government was looking at all types of sanctions scenarios including really tough “Iranian” style sanctions. Like people talked back then about cutting Russia off Swift and many other very intense options and Russia for the first time needed to look into alternatives and China popped up as a major potential partner. But what about risks? And that comes to mind as the first time the Russian government in a very meticulous way threw out many risks associated with China. What about Chinese population in the far east? What about Chinese theft of Russian military secrets? And what about China’s presence in Central Asia? And going through all of these different risks and decided that either they’ve overhyped these risks, maybe these were simply only risks in the 90’s, or that there is nothing we can do about these risks, like the growing presence in Central Asia.

I think the Russian government, for the first time, came up with the idea that China’s rise is not a threat to Russia. Russia can manage it and it is not a direct security challenge to Russia. And we know that we can operate in this landscape as a second-tier player and a player with a weaker hand, but also with a lot of confidence. I think that’s really important and gave Russia much more confidence in opening up its economy to China. So I think the question for Russia is really not “Oh the balance of power is tilted towards China.” I think that’s increasingly understandable and many members of the Russian elite are okay with living with that sort of thing. Although it’s tough. Russia has been the elder brother of China for all of communist times and I think now it’s different.

Now the question is getting more pragmatic. What benefits do we get for my company, my country in the future out of this relationship? And I think that Russians get the idea that the deal you can cut with China today is better than the deal you can cut tomorrow. And the deal that you can cut tomorrow is better than the deal you can cut the day after tomorrow. And that’s because of this tilting balance of power.

**Haenle:** Interesting. For this last question I want to ask you something you might not get asked often. I look very closely at the U.S.- China relationship, of course, and I am sure both of you do as well. But I want to ask you about the U.S.-China relationship as Russian experts. Dimitri, many Chinese these days given the pressure from the United States of the tariffs, which President Trump seems to be cranking up. Given the speech that Vice President Pence gave recently where he gave out a litany of grievances against China which included the South China Sea issues and even talking about China getting involved in U.S. election issues. This has all culminated in a lot of

Chinese asking me the question: are we moving towards a Cold War with the United States? Is the U.S. trying to contain us?

Dimitri, you lived during the Cold War. You served as a Soviet army colonel during the Cold War. As someone who lived during the Cold War and knows what that is and is not, how would you answer that question?

**Trenin:** You know when Russian forces went into Crimea in February 2014, I started using the terminology of the Cold War. I actually saw it as the beginning of a new Cold War between Russia and the West. However, in a few months I stopped doing that. Not because the situation had improved, it actually deteriorated, but because I came to the conclusion that if we used the terminology itself starting with the phrase “Cold War”, that it will be misleading ourselves and those who are listening to us are thinking. With the Cold War memories imprinted and with what somebody is in the back of somebody’s mind, we are expecting things to happen that will not happen because the world has changed and we will miss things that will happen or are happening because they didn’t exist during the Cold War. Again the world has changed.

The use of the phrase “Cold War”, unless you are using it, you know, to indicate a certain deterioration in relations, that is not helpful. I think China and the United States are still at a point where they have reached a rivalry. I hope that that rivalry does not reach the pitch of confrontation which it has reached in the relations between the United States and Russia. It would be too bad for the world if the two most powerful nations with the two largest economies, find themselves in a confrontation. That would be a disaster and that would be a disaster for the whole world. So I would rather talk about the intense rivalry, or a rivalry that gets more intense over time with the United States. A rivalry can be managed and it is also quite normal among the major powers to have a stage of competition.

I also hope that at some point the confrontation between the United States and Russia, for which I have a phrase that it is “reminiscent of the Cold War”, and yet is markedly different than the Cold War, somewhat of a hybrid war just to borrow that expression. That can also be mitigated, first of all protected from getting from the Cold phase to the hot phase, I think we have a military deconfliction that saves us from the worst. But I also hope, I dearly hope, that we can get back to just competition between the United States and Russia. And the difference in national power and national economic, military, or other potentials does not preclude countries from competing with each other in other parts of the world.

**Haenle:** You have written extensively on this hybrid war concept and you kind of coined this term. I encourage our listeners to go read on this. It’s very compelling.



Sasha, you different than Dimitri who was a Soviet colonel during the Cold War, you were actually born on the day that Gorbachev was sworn in to the communist party in 1985. So you have actually lived most of your life in the post-Cold War error. So I wonder if you, looking at that question on U.S.- China of are we approaching a new Cold War, would you answer differently than Dimitri given your background?

**Gabuev:** I think that also part of my background is that I graduated with a major in classic Chinese history. My diploma was on prose inscriptions in Dongzhou. I think that my view is very much informed by looking at history. And trying to look for parallels with today's growing tensions between China and the U.S., and reading Vice President Pence's speech, I hope that it's not driving us to a conflict between the two systems because that's very different from the time of two systems, because that's very different than the Cold War. In the Cold War it was about communism against capitalism and democracy and China has large state domination a pretty similar economic set up with all the different policies and stuff about how the state plays into it here, but it's still a market. And people can travel and people can easily communicate and life is so much more similar to the U.S. in China than it was in the Soviet Union. And the worrying tone of Vice President Pence's speech is to frame China as a very different system. So its not only about Made in China 2025, it's not about theft of intellectual property, but it's about just being an evil for what's happening in Chinese politics.

And the analogy I would use is the pre-WW1 world. The economies were so interwoven. Germany was the largest trading partner for Great Britain and vice-versa. The royal families were interconnected. The Russian emperor was the cousin of the German Kaiser. The elites were so interconnected as cultural tourists. And had the leaders of those countries known back in 1912, 1911, 1913 that the decisions they were making then were leading the world into a disaster, which will destroy half of Europe, and if there was a diplomatic way to sort out the the very similar contradictions of a trade imbalance, as with colonies or spheres of influence, we might not have got into this confrontational mood. And I think this is something the leaders on both sides should be very carefully studying because it incrementally happens that we drive into these very disastrous situations.

**Haenle:** So your suggestion is something to the effect of, instead of going after something ideological and saying they need a different system or that they need to overhaul the system, go after the specific cases where the way they do business is creating distortions in the global system or on the trade and economic issues in the global economic space, maybe Chinese industrial policies or that China's industries are closed off from foreign competition. Maybe go after those instead of going after the system.

**Gabuev:** Right. So my advice would be to go about that in a private setting with the Chinese government as opposed to take it out in a public real and really limit the space for domestic maneuvering here because that really limits the space for that in that structure here and vice versa. So that would be my humble advice.

**Haenle:** Well I find it extremely useful to get your advice, as Russian experts, on the U.S.-China relationship. Kind of an outside perspective. Sometimes when you are stuck in the middle of it, it's good to get outside perspectives. And I appreciate you joining the China in the World podcast. And I especially appreciate you travelling all the way from Moscow to be in Beijing this week for the Carnegie Global Dialogue. I look forward to having you back again.

**Gabuev:** Always a pleasure to see the Beijing branch of our big Carnegie clan.

**Haenle:** Well that's it for China in the World.