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## **Putin-Biden Summit: China's Shadow Looms Large**

*By Christopher Cheang*

### **SYNOPSIS**

*Russia and China, already close, appear to be getting even closer as Moscow seeks to forge a relationship with US President Biden.*

### **COMMENTARY**

RUSSO-CHINESE relations appear to be on an upward path, as seen from last week's visit to Moscow of Yang Jiechi, a senior CCP official, to attend the 16th strategic and security consultations between the two countries.

His presence in Moscow on 24-25 May just a few weeks before the 16 June Geneva Summit between Presidents Vladimir Putin and Joseph Biden is an effort by both sides to signal to the United States that it cannot drive a wedge between them. Indeed, the following indicators appear to augur well for their future relationship:

#### **Overall Bilateral Links**

Yang's visit portrayed China's growing bilateral relationship with Russia. His host was Nikolai Patrushev, Secretary of the Security Council, who is said to be a member of Putin's inner circle. Russian media reports stated that both sides "exchanged in-depth views and reached broad consensus on China-Russia relations and a series of major issues concerning international security and strategic stability".

Cooperation in space and nuclear energy was also said to have been on the agenda. The Kremlin website highlighted a telephone conversation between Putin and Yang during which their "discussion focused on the further development of Russian-Chinese relations of comprehensive partnership and strategic interaction" and "also touched

upon several pressing issues on the international agenda". No other details have been made publicly available on Yang's visit.

## **Military Ties**

Russia was a major arms supplier to China; however, China's share of Russian arms exports has declined from 47.7 % of total sales in 2006 to 13.7% in 2018, according to a recent study by the ISEAS-Yusof Ishak Institute based in Singapore. The rapid growth of China's defence sector has led to less reliance on Russia.

Nevertheless, China's purchase of Russia's advanced SU-35 fighter jets and S-400 air defence systems, and reported Russian assistance with new missile launch detection technology, show that Russia is still an important weapons source.

China has also participated in annual large-scale Russian military exercises, joint bomber patrols over the Sea of Japan, and joint naval exercises. These exercises reflect a lessening of mutual suspicions on the part of both countries' military and political leadership.

## **IT and Space Cooperation**

In the face of Western opposition, Huawei found a partner in MTS, Russia's largest mobile network operator. They signed a deal on 5G technology in 2019 which was finalised after President Xi Jinping and Putin met in Moscow. In April 2021, it was reported that MTS and Huawei had activated 5G networks at 14 iconic locations in Moscow.

The partnership was a milestone in the accelerated commercialisation of 5G in Russia. Both countries are also reportedly cooperating in developing alternative global navigation satellite systems, which have both commercial and military applications.

In March 2021, both countries signed a memorandum of understanding on cooperation in the construction of an international lunar research station. A senior Russian official of Roskosmos space agency was reported as saying that in future, both countries would design technical procedures for their respective spacecraft to allow integration in future space missions.

## **Bilateral Trade**

Overall, bilateral trade is the one area both presidents have been touting as successes in strengthening relations. Trade between the two countries totaled almost US\$108 billion in 2020.

However, energy accounts for over 70% of Russian exports to China. The Yamal LNG project, in the Russian Arctic, is a major Chinese investment, totaling almost 30%; China also acquired a 10% stake in the Arctic LNG 2 project. Russia is now a major supplier of gas; the Power of Siberia natural gas pipeline was officially opened by both presidents via teleconference in December 2019.

Apart from gas, nuclear energy plays an important role in bilateral trade. In May 2021,

both presidents witnessed via video link the groundbreaking ceremony of four advanced nuclear reactors powered by Russia's third-generation nuclear technology. These projects represent the biggest bilateral nuclear energy cooperation project to date.

Both countries have set US\$200 billion as a target for expansion in bilateral trade by 2024. Whether this goal can be reached and whether Russia's major exports to China would remain energy-based, remains to be seen. Diversification in Russia's exports to China is, however, a real challenge. In other words, Russia might become a raw materials and energy appendage of China, a fear widely expressed in the 1990s of Russia's then relationship with the West.

### **Assessing Russia-China Relations**

Russian Foreign Minister Sergei Lavrov stressed in March during a visit to China that relations between the two countries were the "best in history". Yet, they are not without challenges.

Both countries had expressed an interest in building a high-speed rail link between Moscow and Kazan in 2015, as part of China's Belt and Road Initiative (BRI). However, it was reportedly postponed in 2020, due to the high cost involved (\$23 billion).

While China is an important purchaser of its military weapons, Russian concern about China in this area was made clear by a report in December 2019 which stated that Rostec had publicly accused China of illegally copying a broad spectrum of Russian military technologies over the course of nearly two decades. (Rostec is a state conglomerate that specialises on investing in strategically important companies, mainly in the defence and high-tech industries). China is already a major arms supplier and a competitor for Russia.

Their oft-declared close links has not dissipated Russia's wariness of China's increased economic and other interests in the Arctic. Russia is an Arctic military power in its own right and due to geographical proximity, "Russia needs the Arctic incomparably more than the rest of the world," according to a recent study of Russian Arctic policy by Russian experts. The study also calls for Russian-Chinese cooperation in the region to be complemented with other partners like Japan, South Korea, India, and Southeast Asia.

### **New Power Equilibrium?**

Apart from political reasons and its own interest in retaining its strategic independence vis-à-vis the US and China, Russia has strong economic reasons to remain on good terms with the West, especially the European Union. While China is currently Russia's largest trade partner, its trade with the EU as a whole in 2020 amounted to 174.3 billion euros; 36.5% of Russia's imports came from the EU and 38% of its exports went to the EU.

While trade with the US is small (about \$21 billion in 2020, according to US statistics),

Russia's main agenda with the US was and remains strategic arms control, being one of two of the world's leading nuclear powers.

Russia has lately signalled its interest in a better relationship with the West. The forthcoming Russia-US Summit between Putin and Biden is not expected to "find common ground on the issues causing deep divisions," in the words of Kremlin spokesman Dmitry Peskov recently.

In the same breath, he noted that "it would be also wrong to play down the importance of this meeting". Earlier in May, Lavrov told a conference that "We are ready to be friends with the West," emphasising however that "only if it comes with a sense of our own dignity".

These signals show that Moscow is not averse to giving its growing relationship with Beijing some pause by holding the Putin-Biden Summit. Putin would like to show his people and China that the US still treats Russia as an equal. This is also a clear reminder to China that Russia cannot be taken for granted.

What Putin is doing essentially is a balancing game. Whether it would lead to a new power equilibrium between Russia, China and the US, remains to be seen.

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