

**THE SINO-RUSSIAN AND
US-RUSSIAN RELATIONSHIPS**

CURRENT DEVELOPMENTS AND FUTURE TRENDS

Marcin Kaczmarek, Mark N. Katz and Teija Tiilikainen

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REPORT

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Reports can be ordered from the Finnish Institute of International Affairs.
+358 9 432 7707 / erja.kangas@fiia.fi

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FIIA
FINNISH
INSTITUTE
OF INTERNATIONAL
AFFAIRS

Arkadiankatu 23 b
POB 425 / 00101 Helsinki
Telephone +358 (0)9 432 7000
Fax +358 (0)9 432 7799

www.fiia.fi

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INTRODUCTION

The great-power system has been in constant change since the end of the Cold War. The West emerged strong from the bipolar system. Under the shelter of the US, the hegemonic economic and military power, the European Union was also able to experience a major transformation into a European-wide political body. Western values provided the basis for an emerging system of global cooperation with norms and institutions regulating extensive areas of international political and economic cooperation.

It did not take long before a group of leading regional powers were back on their feet and starting to question the universalist aspirations of the Western-led international order, with the alleged hegemony of the US at the top of it. The BRICS countries even established a loose coalition to stress their joint unease with the prevailing international order. It had become obvious quite early on that at least two members of this club were not satisfied with the role of a regional hegemon and had more global ambitions. China's economy is predicted to surpass the US economy in size in 2030, and the country has already become the largest trading nation globally. Having defined its international goals in a low-key manner until the start of President Xi Jinping's term in 2013, Chinese foreign policy has assumed a new assertive tone to which the change of ruler contributed. By now it has become obvious that not only has China the necessary potential to challenge US hegemony, it also seems to have the growing political will to use it.

Russia is the other challenger of Western dominance, with its global ambitions even if its resources pale in comparison with those of China. Russia's project to achieve a global great-power status is inspired by its

historical identity and its alleged humiliation by the West during its political transition after the collapse of the Soviet Union in the 1990s. Russia longs for recognition of its great-power status in particular from the US, including what it considers its legitimate interests in its neighbourhood.

This great-power dynamics is currently very much on the move, affected by a multitude of domestic and international factors. What was a stable, bilateral balance of power during the Cold War, almost universal in nature and dominated by a political and military balance amongst the main powers, has now become a multiplex system with a variety of actors reaching beyond state-level actors and with different power hierarchies emerging in different policy fields. Nevertheless, relations between the most powerful states, the great powers, remain the backbone of this international balance of power. Changes in great-power dynamics have implications far beyond the powers themselves, affecting trends of global cooperation and conflict.

The present report focuses on two great-power relationships, between China and Russia on the one hand and the US and Russia on the other. The goal is to analyse the current developments and future trends in these relationships, as well as their implications for the EU. The project was funded by the Finnish Government Plan for Analysis, Assessment and Research for 2018.

THE SCHOLARLY APPROACH AND THE RESEARCH QUESTIONS

The key assumption behind the study is that great powers matter and that relations, broadly defined, between them are crucial with respect to the main trends in world politics. Before going into the two great-power relationships in question it is necessary to analyse their roles within the broader system of international politics, particularly in light of the vivid debate going on about the transformation of the international order. The question to be addressed first thus concerns the basic character of the current international system and the roles of single great-power relationships against this background.

Different ways of understanding the political dynamics of world politics, the driving forces and the key actors, have evolved during the course of history. Whereas the focus in the 20th century was on state actors, the key forces driving their behaviour residing in the domestic as well as the international context, discussion on the decline of state power started to flourish at the turn of the 21st century. This was the golden era of globalisation discourse revolving around arguments about how technological

developments along with the forces of economic globalisation would challenge the concept of state power based on territoriality and military force.

The concept of interdependence, which was established in the late 1970s, heralded a strong turn against the geopolitical understanding of state power¹. The key argument was that state sovereignty had become a highly relative concept in the current world of technological and economic interconnectedness, and not even the greatest of the great powers could isolate themselves from the network of complex interdependence. This was assumed to imply the end of a single global-power hierarchy and the dawn of multiple international regimes with different actor structures and thus different power systems.

The current consensus seems to be based on a still more multifaceted view of the structure of global politics. According to this view, people are living in a world in which no single structure of actors, or power hierarchy, matters. At some point parallels were drawn with the medieval era, with its overlapping set of various power structures.² Concepts such as the multiplex world and the diffusion of power are used in the more recent literature to capture the logic of the current situation³. In the context of this report it is necessary to describe the arguments of such an approach and to clarify how it relates to the on-going debate about liberal and post-liberal world orders.

STATE POWER IN A MULTIPLEX WORLD

The main argument behind theories concerning the multifaceted structure of world politics is that even if states are still key actors, they are not the only ones defining the agenda and outcomes of world politics. Actors ranging from multilateral enterprises to intergovernmental or non-governmental organisations, international terrorist groups and various types of networks may in some cases be equally influential and can in many cases also have a relatively long-standing position.

The emergence of a more heterogeneous structure of actors implies, first and foremost, the lack of an overarching power hierarchy. In other words, references to a world of poles, meaning power hierarchies between states in a unipolar, bi- or multipolar world, capture only a part of the factual power structures and may even be misleading in their simplicity. According to some scholars one could conclude that the significance of

1 Keohane & Nye 1977.

2 Pabst 2017.

3 Nye 2015, 95; Acharya 2018, 7–19.

state power varies between different fields of international relations. Joseph Nye, for instance, argues that although state power is still the dominant structure in military (US hegemony) and economic (multipolar structure) contexts, the power structures are much more heterogeneous in other political fields.⁴ Others, however, take the view that state power is equally exposed to sets of different actors throughout the global political agenda.

The geographical scope of these power structures is also assumed to vary, which further increases the complexity. The idea that world politics are organised in line with a set of universal power structures is being increasingly challenged in arguments emphasising the different geographical range of existing structures. Factors affecting world politics may be regional or even local. According to the on-going discussion about post-Cold War American hegemony, even this dominant power structure that is frequently perceived as universal is much more limited in scope. According to John Ikenberry and Joseph Nye, for example, US hegemony was never a truly global order but was rather limited to a group of like-minded states, whereas Henry Kissinger points out that no truly global world order has ever existed.⁵

The key assumption in this report is thus that there is no direct causal linkage between the distribution of state power and the key outcomes and developments of world politics. The way in which a balance of power among states, and single great-power relations as part of this, exerts an influence depends on the particular context and the overall set of actors involved. It is in this light that we approach the two-great power relationships addressed, between China and Russia on the one hand and the US and Russia on the other. We do not claim that what happens within the framework of these relationships, as a part of the overall system of balance of power, is the only key structure: however, it is important enough to be studied.

THE ROLE OF INTERNATIONAL ORDERS

Research on great-power relationships as part of a more complex set-up of actors and structures in world politics should also address the question of the international order. For the purposes of this report, first of all we clarify the concept of an international order and analyse its relationship with the notion of an international system. How does this project relate

4 Nye 2015, 97; Ikenberry 2018, 17.

5 Nye 2015, 11; Ikenberry 2018, 11; Kissinger 2014, 2.

to the on-going debate about the end of the liberal world order? How should the two great-power relationships in focus be seen in that light?

A good way of describing ‘order’, and to distinguish it from system or structure, is to define it as signalling something purposive.⁶ According to J.G. Ruggie, orders should be understood as the coming together of power and legitimate social purpose, such that these elements are fused into the international system to project political authority.⁷ International orders should thus be understood as broad sets of ideas, ideational structures or narratives rather than physical embodiments. According to John Ikenberry, liberal internationalism projects a vision of order in which sovereign states – led by liberal democracies – cooperate for mutual gain and protection within a loosely rules-based global space.⁸ Kissinger defines the world order as the concept held by a region or a civilisation about the nature of just arrangements and the distribution of power applicable to the entire world.⁹

For the purposes of this report we therefore understand an international order as having a dual relationship with state power. A dominant international order is primarily a reflection of global power structures in that it reflects the vision of a just order held by the leading powers. The reasons for the questioning of the liberal world order thus lie in the weakening political and military power of the West, and of the US in particular.¹⁰ However, as Ikenberry states, international orders seem, to some extent, to have a life of their own independently of the power of their immediate authors. The liberal international order, for instance, has taken various forms in the course of history, with varying direct connections to US power.

Second, as the vision of a group of states a particular international order is also supportive of the power of its promoters, hence the liberal world order naturally strengthens the role of the Western world. This argument is eloquently defended by Charles A. Kupchan, who shows how the nature of different hegemonies reflects not only their material premises but also the normative dimensions of order¹¹. He further argues that normative preferences as well as social and cultural orientations affect the character of hegemony and work in tandem with material incentives

6 Duncombe & Dunne 2018, 26.

7 Ruggie 1982, 380.

8 Ikenberry 2018, 12.

9 Kissinger 2014, 9.

10 Ikenberry (2018, 18–19), however, rightly points out that change in power structures is not the only reason for a particular international order being challenged: the coherence and broader legitimacy of another order also affects its political role.

11 Kupchan 2014, 24–26.

to shape hegemonic rule. Norms informing hegemonic world orders are said to be derivative of the hegemon's own domestic order. They are the sources of order and strength in the hegemon (or in the metropole as Kupchan puts it) and are deemed appropriate to serve the same function in the international sphere.

From this perspective, the two great-power relationships studied in this project are important with respect not only to their role in the emerging new balance of power but also to the transformation of the international order. One of the key questions we address is thus how China and Russia perceive the key tenets of the liberal international order and to what extent they are unified in their respective approaches. It is a relevant question not least in light of Kupchan's observation that one might expect a transformation between two international orders to be more peaceful the smaller the ideological distance between the old and the new. Although transformation from a Western to a Chinese order has its clear risks in this respect, there are many aspects of the current international set-up that work in favour of a regionalisation of the system as the next phase following the more universalist Western tendencies.¹² This would soften the collision between the two orders and steer the current international system towards adopting regional systems of power.

THE RESEARCH QUESTIONS

The present report, funded by the Finnish Government Plan for Analysis, Assessment and Research for 2018, is based on an independent research project, the focus and research questions of which should be considered against the background of a more extensive research project funded by the same source ('Finland and the Tightening Competition in Global Politics', 2015-2018). The focus of this larger, multiannual research project is on changing global power structures and the diffusion of power, and the implications for the EU and Finland. It concerns the changing global balance of power, specifically addressing the shifting dynamics in the relationship between the US and China. It also considers both the material power relations between the two nations as well as Chinese policies and ambitions in challenging the position of the US hegemony, and traces the implications of this power shift in the Western-led system of global governance.

The present project complements the above-mentioned study in focusing on the great-power relationships that were not examined. Given its limited term we cannot include the fourth major global actor, the

¹² Kupchan 2014, 58-60; Acharya 2018, 99-131.

European Union, with its key relationships. Nevertheless, we discuss the EU's role in the concluding chapter when we consider the implications of the two relationships.

The larger study on the relationship between the US and China refers to many of the currently inherent ambiguities. First, there is an obvious contradiction between China's foreign-policy goals, as publicly stated, and its concrete international actions. The explicit goals of balancing US hegemony and contributing to a more multipolar system rather than replacing the US as the leading great power are in contradiction with China's markedly global outreach and its level of ambitiousness in strengthening its military power during the past few years.

Although critical of the Western-led multilateral order based on liberal values, China is at the same time highly dependent economically on the stability and protection it provides. The Chinese ability to challenge this system is thus firmly constrained, whereas in the current circumstances it is Donald Trump's government in the US that seems to be challenging several cornerstones of the liberal international order. The project thus subscribes to the general understanding that it is currently difficult to assess the implications of the changing global balance of power for the current international order and its institutions given the on-going conflicting trends. We can show, however, that the challenging of the current liberal order with its institutions and governance is piecemeal and directed more specifically to certain aspects of its norms and institutions than others.

Against this backdrop – and to complement the picture of the emerging global balance of power and its implications for the current liberal international order and its institutions – it is necessary to assess the dynamism in the overall great-power system. This project thus focuses on the relations between China and Russia on the one hand, and between Russia and the US on the other, the aim being to project the key trends in these relationships during the coming decade. We consider both of them on their own terms, acknowledging the particular nature of each and its effect on the political dynamics and directions of development.

With regard to both relationships the first task is to analyse their general character, mainly on the intergovernmental level, and to identify the key driving forces that will affect the situation in the coming years. In carrying out this task we consider the interdependency involved in these particular great-power relationships in the key areas of cooperation. To shed further light on this we focus on the key regional aspects, the aim being to assess how their regional interests – either compatible or conflicting – affect the overall relationships. In conclusion, we analyse the views of the two states on the current liberal international order with

its key norms and institutions with a view to finding out to what extent these views coincide, and to what extent the visions of change are similar.

First, we focus on the relationship between China and Russia. The deteriorating relations of both great powers with the United States have paved the way for closer cooperation between them and has given reason – at least to scholars – to envisage a strategic partnership or even an anti-Western alliance between the two. At the same time, however, the growing imbalances in this relationship come to the fore, as the Chinese upper hand in economic terms is strengthened due to recent trends in the Russian economy. Having addressed the very general nature of the Sino-Russian relationship we go on to consider the key fields, in other words cooperation in matters of energy and both military and security policy. We also consider current and future trends within these key fields in terms of identifying constraining factors or possible game-changers with respect to future cooperation. We then turn to the key regional foci of the Sino-Russian relationship, in other words Central Asia and, to a lesser extent, East Asia and the Arctic region. Given that both powers have strong interests – including institutionalised cooperation – in the same regions the question of whether these interests could be reconciled or might encompass growing conflict potential is highly relevant.

Finally, we consider the approaches of both powers in the Sino-Russian relationship to the current liberal international order, comparing their visions and narratives as well as their more concrete roles and involvement in current international institutions.

We then turn to the second relationship, between the US and Russia. The imbalances are even more prominent, as post-Cold War Russia seeks in vain to secure US recognition of a partnership of equals between the two of them. We first consider the relationship in light of the factors defined as its key domestic and international driving forces. It is obvious that whereas the commonality of their authoritarian political systems plays a crucial role in the Sino-Russian relationship, in the case of the US-Russian relationship the personal aspect, in other words the relationship between presidents Donald Trump and Vladimir Putin – including possible future perspectives on their leadership – is a key factor.

Attention is then be given to key areas of cooperation such as arms control, and also to the main regional foci, including Europe and the Middle East.

The conclusions drawn about the two great-power relationships are put into global and regional contexts in the final part of the report. How do trends in the Sino-Russian and the US-Russian relationship affect the general balance of power in the international system and the role of the

EU in particular? The dominant role of the Chinese power is evident here in that its relations with the other great powers – and the ways in which they develop – seem to affect the other parts of the system. China alone may have an impact on the maintenance or questioning of the liberal international order, and the Chinese threat is by far the most efficient factor that could change the *longue durée* of negative relations between the US and Russia. In this context the consequences of the potential likely scenarios within the great power set-up are analysed from the perspective of Finland's international role and policies.

1. THE SINO-RUSSIAN RELATIONSHIP

INTRODUCTION: THE CONTEMPORARY DEBATE ON RUSSIA-CHINA RELATIONS

A sharp political conflict between Russia and the West over Ukraine and Syria, the emerging Sino-American trade war as well as a recent backlash against China observed in the West fuelled renewed interest among scholars and analysts in the idea of a Russo-Chinese strategic partnership. The question of whether China and Russia might forge an anti-Western alliance began to loom large in the writings of analysts and scholars.¹³

This renewed interest¹⁴ stands in stark contrast to sceptical attitudes towards the Sino-Russian relationship that dominated analyses of international politics throughout the last decade. Cooperation between Moscow and Beijing was interpreted as tactical, superficial and potentially short-lived, with both states sweeping their numerous differences under the carpet rather than resolving them. Analysts pointed to China's rising material power and growing influence in its neighbourhood as factors that fuelled threat perceptions in Moscow and would ultimately lead to open Russian-Chinese rivalry. As one American scholar put it, if the US, as the only superpower, is suspicious of a rising China, how could the Russian leadership – with its country in long-term decline – not be afraid?¹⁵

13 See, for instance, Chase et al. 2017; Bond 2016; Korolev 2018; Bekkevold & Lo 2018.

14 Even though the expert community in the West has paid increasing attention to new developments in Russian-Chinese relations, there is still limited dialogue between experts on Russia and on China, and it is usually the former who are more interested in the Moscow-Beijing axis. For many China hands in the West, Beijing's ties with Russia are of secondary importance.

15 The author's interview during a research stay at the Kennan Institute, Washington, DC, summer 2018.

Contrary to expectations, Moscow's relationship with Beijing continued to thrive and developed in many new areas. Sino-Russian cooperation deepened significantly, gained in substance and became closer to a genuine strategic partnership.¹⁶ The conservative turn during Vladimir Putin's third presidential term (2012-2018), the emergence of Xi Jinping as China's new leader (2012) and the Russian-Western conflict in the aftermath of Russia's 2014 annexation of Crimea are among the factors that generated new impulses for Sino-Russian relations and resulted in accelerating cooperation between the two powers.

Without doubt, Sino-Russian relations do not constitute a fully-fledged political-military alliance. Neither Beijing nor Moscow is ready to take on extra obligations and support the other in case of conflict with a third party occurs. Preferring flexibility and ample room for manoeuvre, Russia and China avoid getting involved in the other side's disputes with the West, be it over influence in Eastern and Central Europe or territorial claims in the South or East China Seas.¹⁷ This lack of support for one another's aggressive and risky moves creates a substantial barrier to closer cooperation between the two and puts certain limitations on their potential to challenge the West.

The growing interest in Sino-Russian relations among the Western expert community has not been reciprocated by policymakers on either side of the Atlantic. Their reactions towards closer cooperation between Russia and China are close to non-existent. The majority of the US establishment dismisses the prospect of a Sino-Russian alliance, even if some attention is paid to Moscow and Beijing's closer cooperation. Few recognise the US role in bringing Russia and China closer together.¹⁸ The 2017 National Security Strategy identified both states as parallel strategic competitors, 'revisionist powers' that challenged American interests and influence.¹⁹ A quotation from the US Secretary of Defence, General James Mattis, illustrates the prevailing view in Washington:

In terms of their relationship [...] objective fact [is] that Russia has more in common with Western Europe and the United States than they have in common with China. I believe China has more in common with Pacific Ocean nations and the United States and India than they have in common with Russia. I think there's a natural non-convergence of interest. There may be short-term

16 See, for instance, Røseth 2018; Bolt & Cross 2018. For the most skeptical voice in the debate, see Lo 2017.

17 Korolev & Portyakov 2018.

18 Author's interviews during a research stay at the Kennan Institute, Washington, DC, summer 2018.

19 White House 2017.

convergence in the event they want to contradict international tribunals or try muscling their way into certain circumstances...²⁰

European policymakers generally subscribe to this viewpoint. They do not see Sino–Russian cooperation as having a tangible impact on Europe.²¹ On the level of both the European Union and its member states, attitudes and policies towards China and Russia differ significantly. The EU’s Global Strategy on Foreign and Security Policy (2016) identifies managing relations with Russia as its key strategic challenge and promises to seek engagement with China, but it does not make any reference to Sino–Russian ties.²² While recognising certain similarities in Russia and China’s foreign policies, the EU approaches each country separately.

THE BACKDROP: A RISING POWER GAP BETWEEN RUSSIA AND CHINA

One of the most prominent features of the current Russian–Chinese relationship is the growing power gap between the two states. Despite its dramatic widening since the 2008–2009 global economic crisis, however, this gap has not prevented Russia, the weaker side, from developing closer ties with China. On the contrary, Russia’s engagement with China has only contributed to further widening the gap. Economic performance, the strength of both states’ economies and the levels of military expenditure illustrate its scope.

The Russian and Chinese economies grew at an impressive pace in the 2000s, by 5–6 and over 10 per cent, respectively. China’s GDP was more than two-and-a-half-times bigger than that of Russia in 2008. The 2008–2009 global economic crisis hit Russia much harder than China. Russia had suffered a deep recession after which it did not return to its pre-crisis growth level, meanwhile China managed to maintain high-level growth. Prior to the Ukrainian crisis, in 2013, China’s economy was four times bigger than Russia’s. The fall in oil prices, coupled with Western sanctions following the annexation of Crimea, pushed the Russian economy into recession. China, in turn, maintained a growth level of around 6.5–7 per cent per annum. Consequently, China’s GDP was already eight times that of Russia in 2017.

20 Mattis 2018.

21 The author’s participation in the closed roundtable on Europe’s policy towards China and Sino–Russian relations, July 2018. See also Allers 2018.

22 European Union 2016.

China's nominal GDP grew to US\$ 12.2 billion in 2017 (US\$ 23.3 billion in PPP terms). The Chinese market is now almost the same size as that of the eurozone economy. As a user of resources, China is bigger than the US and accounts for around 18 per cent of global output. The country's technical achievements are impressive and include soaring patent-application numbers and the widespread use of industrial robots. Economic issues play a key role in Chinese politics at the same time as China's economic interests such as the international position of the yuan have become issues of global concern.

The Russian economy, meanwhile, stagnated and its share of world PPP-adjusted GDP (below 3%) is declining. As a result of the weak economy and the rouble's decline, nominal GDP reached just US\$ 1.6 billion in 2017 (US\$ 3.75 billion in PPP terms), or less than half the size of the German market. Russia's prospects for growth and development deteriorated further after the annexation of Crimea in 2014 and the ensuing sanctions. The economy is assigned only a secondary role in current Russian politics. Divergent macro-economic developments are reflected in living standards, and although Russia is still clearly above China in terms of per capita GDP, the gap is narrowing. Nominal industrial wages measured in dollars are already higher in China than in Russia, which could be partly attributed to the weakness of the rouble.

Differences in economic performance translate into growing asymmetry between the two states in terms of military expenditure. With regard to military budgets, China used to spend twice as much as Russia on its armed forces, which to some extent could be justified given that the Chinese armed forces are twice as large as those of its Russian counterparts. Russia's military expenditure amounted to US\$ 61 billion in 2008, and China's to US\$ 106 billion. Russia spent US\$ 84 billion on defence in 2013, compared with China's US\$ 171 billion. Russia's military expenditure measured in US dollars dropped to US\$ 66 billion in 2017, whereas China's increased to US\$ 228 billion, or three times as much as Russia spent. What is an even more acute illustration of the growing asymmetry, China's military expenditure increased in absolute numbers but remained at the same level of 1.9 per cent of GDP. Russia, in turn, devotes a much larger proportion of its budget to its military spending: in terms of GDP share it rose from 3.3 per cent in 2008 to 4.3 per cent in 2017, having peaked at 5.5 per cent in 2016. The difference in available financial resources is qualitative: China has been conducting tests of its second aircraft carrier, the first to be built in a Chinese shipyard, whereas Russia's only aircraft carrier is undergoing a general renovation, due to finish in 2021.

The gap in material capabilities was accompanied by a growing political gap – Russia needed China’s support more than China needed Russia’s. This kind of asymmetry stemmed from the different relations the two states have developed with the West, and with the US in particular.

Sino-American relations represented a mixture of selective competition and economic interdependence. The post-Cold War US policy towards China was based on the assumptions that Beijing could be socialised into the liberal international order and that China would ultimately emerge as a responsible stakeholder, one that would share the global governance burden with the US. Neither China’s unwillingness to accept US primacy in return for a greater say in the liberal order, proposed for the first time in the form of G-2 by Zbigniew Brzezinski and Fred Bergsten, nor its growing assertiveness in the South China Sea resulted in any decisive shifts in US policy.

The relationship between Russia and the US has tended to worsen incrementally since 2005–2006. Attempts to mend ties, such as the ‘reset’ policy, did not manage to reverse the general trend. Russia’s 2014 annexation of Crimea, its intervention in Eastern Ukraine and the resulting Western sanctions only deepened the asymmetry of mutual reliance and need between Moscow and Beijing. Russia’s room for manoeuvre vis-à-vis China diminished along with Moscow’s rising dependence on Beijing’s political and economic support. At the same time, as China maintained a good relationship with the US and benefitted from the open global order, Beijing avoided taking sides and did not render explicit support to Russia in the latter’s revisionist policy towards the West. China did not want to openly back Russian actions that had put pressure on the US.

DOMESTIC POLITICS: PAVING THE WAY FOR COOPERATION

Most of the analyses of Sino-Russian relations tend to neglect the domestic dimension. Authors either see Russia and China as unitary actors pursuing strategic and rational foreign policies or as states in which top leaders take all the major decisions and steer the course of the bilateral relationship.²³ However, the domestic political dimension cannot be ignored because it constitutes an environment that is conducive to close cooperation between the two states and helps to explain the current trajectory of the Russian-Chinese relationship.

Domestic factors facilitate the development of Sino-Russian ties in three ways. First, regime survival is a top priority for both Moscow and

²³ For exceptions, see: Wilson 2018; Skalamera 2018.

Beijing, and their concerns about survival are almost exclusively related to the West and how they perceive it. Russia and China lack the domestic incentive to portray the other side as a threat. Second, despite their centralised leadership, both states are complex political-economic entities, with a number of powerful individual and corporate actors pursuing their parochial interests. This is not to deny that the direction of mutual relations is defined by Vladimir Putin and Xi Jinping, or that their personal ties accelerate cooperation. Nonetheless, it is worth noting that powerful political and societal actors are included in the process of *implementing* both states' policies related to each other, and therefore their narrow interests may influence the relationship. Moreover, along with closer Russian-Chinese ties, the number of actors with a stake in maintaining the relationship is growing. Finally, the ruling regimes in both states have become entrenched during the last couple of years as the two leaders have renewed their mandates.

Regime security

The issue of regime security and survival is one of the factors that have brought Russia and China closer together. Regardless of the institutional differences between the two political systems, their authoritarian features engender a permanent feeling of uncertainty among the elites and prompt them continuously to reaffirm their domestic legitimacy. Russia's and China's political systems began to evolve along similar lines during the last five years. Vladimir Putin's third presidential term (2012-18) was marked by authoritarian and conservative tendencies. Xi Jinping's first term in office (2012-2017), in turn, led to the reversal of certain political reforms in China, the curtailing of freedoms and a heavy crackdown on societal actors. Xi Jinping's decision to remove term limits as President of the People's Republic of China made the Chinese system more personalistic, whereas the Chinese Communist Party reversed current trends and seriously limited the autonomy of governmental structures and state institutions.

What is most important from the perspective of the Kremlin and Zhongnanhai, neither state threatens the survival of the other's political regime. The West, on the other hand, is regarded in both Russia and China as a potential threat to their legitimacy and, ultimately, to the survival of their regimes. Both states' elites are convinced that the greatest threat to their regimes lies in what they see as Western policy aimed at stirring up a 'colour revolution' and accuse Western states of trying to accomplish a regime change. Regardless of how unfounded such fears may be given both regimes' tough control over their societies, suspicion of the

West's intentions does not abate. These fears give rise to similar views on international politics. The threat stemming from Western primacy is not limited to the West's material pre-eminence, and also extends to the Western ideology of liberal democracy. At the same time, Russian and Chinese elites repeatedly accuse the West of employing double standards, using democracy and human rights as mere pretexts to interfere in their domestic affairs.

Finally, regime security is an additional perspective from which the Russian ruling elite interprets China's ascendancy. The similarity of their domestic political arrangements diminishes fears about the power gap that has opened up between Russia and China. China's political system, growing domestic oppression and increasing tensions with the US guarantee that Beijing will not push systemic change inside Russia and or threaten the security or survival of Putin's regime, despite the growing asymmetry between the two states. On the contrary, both states can learn from each other and share best authoritarian practices. Recent examples of such authoritarian learning include legislation that puts limitations on societal actors, first and foremost NGOs, and the introduction of legislative and technical measures allowing for the controlling and policing of cyberspace.²⁴

Powerful domestic actors

The internal construction of both regimes, including patronage networks and powerful corporate actors with close ties to the leaderships, is an additional domestic-level factor that facilitates close cooperation between Russia and China. Although particular Russian-Chinese agreements and economic deals do not need to be economically beneficial to their states as a whole, they may provide an avenue through which to distribute benefits to the closest associates of leaders and the corporate entities they oversee. Thus, powerful actors are gaining a stake in maintaining close ties between the two states and thereby contribute to diminishing threat perception, especially on the part of Russia. The differences between the Russian and the Chinese economies, in turn, limit the potential for competition between particular domestic players.

The factor of domestic politics is particularly important in the case of Russia, as the weaker side. China's political-economic rise has not undermined the domestic balance of power inside the Russian regime. As far as most of the key actors who are able to influence domestic politics are concerned, China's ascendancy continues to present an opportunity rather than a threat: the problem is rather its low level of engagement.

24 For a more detailed analysis of cyberspace-related cooperation between Russia and China, see Bolt & Cross 2018.

The most relevant domestic players who have benefitted from cooperation with China include: the energy complex, in particular the state-owned oil company Rosneft, the privately-owned Novatek, the curator of the oil sector in President Putin's inner circle, Igor Sechin and to a lesser extent, Gazprom;²⁵ the military-industrial complex; the Russian Railways state monopoly; the atomic energy company Rosatom; and oligarchs who have been on good terms with the Kremlin such as Oleg Deripaska, Gennady Timchenko and Alisher Usmanov.

Similar processes are going on in China. In this case, the proponents of cooperation with Russia include: state-owned energy companies such as CNPC and Sinopec; provinces bordering with Russia, first and foremost Heilongjiang; companies that have established rail links to Europe and need to secure transit through Russian territory; and the People's Liberation Army.

Potential obstacles on the domestic level

The positive effects of domestic politics on Sino-Russian cooperation notwithstanding, there are potential obstacles, or ways in which domestic politics may negatively influence developments.

One such obstacle is the internecine rivalry inside the ruling coalitions in Russia and China. Examples in the energy sphere include the Rosneft-Gazprom rivalry over access to the *Power of Siberia* gas pipeline and the Rosneft-Transneft rivalry over oil sales to China. In China, the fate of CEFC, a private company with alleged links to Chinese security services, illustrates the downside of murky patron-client networks. Having built its profile in the energy sector, CEFC agreed in 2017 to purchase 14 per cent of Rosneft's shares for the price of US\$ 9 billion: this was supposed to be part of the (non-transparent) process of Rosneft's privatisation. The CEFC was taken over by the Chinese state in 2018 and its owner was charged with corruption leading to the cancellation of the deal. Although it is unclear why CEFC was targeted by Beijing, Sino-Russian agreement obviously fell victim to domestic infighting in China.

Another element that could disrupt Sino-Russian relations in the long term is the growing nationalism in China and related feelings of superiority, if not chauvinism. This is mirrored in Russia in the fear of Chinese expansionism underpinned by feelings of superiority, if not outright racism. However, Chinese nationalism is generally targeted at Japan and the US, and no longer at Russia: it would be hard to imagine how hatred of Russia could ever surpass that of the Japanese in some nationalist circles, even if China were to act more arrogantly in the future.

25 On the domestic backdrop of Russia's energy policy towards China, see Xu & Reisinger 2018.

Finally, political turmoil in Russia and a change in the Kremlin might slow down cooperation with China and even lead to a revision of the threat assessment on the part of the Russian elite. Just as in other states with close ties to China, such as Malaysia and Sri Lanka, criticism of China's presence and policy has the potential to provoke the opposition into attacking the incumbent. The Russian opposition repeatedly portrayed the Kremlin's cooperation with China as one-sided, beneficial exclusively to Beijing and a small corrupted Russian ruling elite. This kind of accusation is evident in the discourse of opposition related to the late Boris Nemtsov (as early as 2008) and to a current leading opposition figure, Alexei Navalny. Even if change in the Kremlin looks implausible in the short term, its effects on the relationship could be far-reaching.

ECONOMIC TIES: THE CENTRAL ROLE OF ENERGY COOPERATION

China is Russia's largest trading partner, although in sheer numbers, Russian-Chinese economic cooperation is dwarfed by both states' relations with their Western partners. Moscow and Beijing struggle to increase their trade turnover to the level of US\$ 100 billion (in 2017 it amounted to US\$ 84 billion). Meanwhile, Russia's trade turnover with the EU amounts to US\$ 267 billion²⁶, whereas China's with the EU is US\$ 665 billion²⁷ and with the US\$ 634 billion.²⁸ Even Russian and Chinese scholars admit that economic cooperation lags far behind the pace of strategic and political cooperation.²⁹ These figures require qualification on two counts, however. First, a substantial proportion of trade concerns energy resources, primarily oil. The energy sector occupies a privileged place in the Russian system of governance on account of the income it generates, its role in Russia's foreign policy and the linkages between the Kremlin and key actors. From the Chinese perspective, the import of energy resources from Russia also has a strategic dimension: the majority of deliveries are via overland pipelines without transiting a third country, which makes them the most secure routes. Second, given the close political relations between Moscow and Beijing, both states are able to promote certain economic projects for political reasons, even if their economic viability remains sub-optimal.

²⁶ European Commission 2018a.

²⁷ European Commission 2018b.

²⁸ United States Census Bureau 2018a.

²⁹ Luzyanin & Zhao 2018, 8–9.

Trade in goods

China-Russia trade in goods is driven by the growth in Russian oil-export volumes, oil prices and exchange-rate fluctuations. China essentially imports energy and raw materials from Russia and the proportion of highly processed products is marginal. Compared to the early-2000s, the structure of Chinese imports from Russia is more one-sided as Russia managed to increase oil supplies but failed to offer processed manufacturing goods that appeal in the highly competitive Chinese market. This trend seems to be continuing. Russian companies have not integrated into China's global value chains, and with the exception of tourism, trade in services between China and Russia is on a low level. China's exports to Russia, on the other hand, consist of a variety of processed goods. Over the years, the proportion of light-industry goods such as textiles and clothing has declined, whereas trade in machinery and equipment has come to dominate. The structure of trade and its development well characterises the export potential of the two countries, and there are no special features in Sino-Russian trade compared with China's and Russia's trade with other countries.

Between five and six per cent of exported Russian goods went to China in the 2000s. This has increased to 11 per cent in the current decade on account of the increase in oil supplies. The percentage share of Chinese goods in Russian imports, on the other hand, grew rapidly given China's overall strong export performance in the last decade. China has further strengthened its position in the Russian market in the current decade such that it supplies 21 per cent of goods imported into Russia. China's market share has increased by about four percentage points since 2014, probably as a result of China's strong competitiveness. Nevertheless, a small part of it may be attributable to the collapse of Russia's relations with the West following the conflict with Ukraine. China's food exports seem to have benefited somewhat from the restrictions on food imports that Russia imposed on the EU and other Western countries in 2014. At the same time, Russia's share of Chinese exports and imports of goods has held firm throughout this decade at around two per cent.

Investment

Companies nowadays are able to finance and deploy their investments quite freely, which makes it extremely difficult to identify the investment flows of companies from different countries. These statistical problems also affect foreign direct investments (FDI) between China and Russia. It appears from the available information, however, that investment activity between the two countries is clearly lopsided: the FDI of Chinese

companies in Russia may be quite modest, but Russian corporate investment in China is practically non-existent. For this reason, we focus solely on Chinese FDI flows to Russia.

According to figures obtained from the Central Bank of Russia, China's share of direct-investment flow to Russia has stayed constant at one per cent or below. The years 2014 and 2015 were exceptions when investments from other countries collapsed, and a couple of relatively large investments in Russia's energy sector increased China's share to nearly 10 per cent in 2015. According to the latest Russian FDI statistics (Q3 2017), however, China's share in the stock of foreign direct investments has returned to less than one per cent.

Figures from the Chinese Ministry of Commerce (MoC) show that direct investment in Russia accounted for less than one per cent of Chinese companies' overall annual direct investment abroad in the present decade, except for 2015 when the figure was two per cent. According to the China Investment Tracker (CIT) database³⁰, 64 per cent of Chinese investment flows to Russia in 2006-2017 went to the energy sector, and 11 per cent to metal production. The cumulative value of annual flows was US\$ 29 billion (the MoC's cumulative flow figure for the same time period is only US\$ 10 billion).³¹ The most recent trend is China's growing interest in the Russian online market. In September 2018, Alibaba and the Russian internet and mobile companies Mail.ru and Megafon established a joint venture, AliExpress Russia, in which the Chinese behemoth holds 49 per cent of the shares.

Russia and China have repeatedly attempted to increase mutual investments, among other things by establishing the Russian-Chinese Investment Fund. However, even political pressure has not always been sufficient to convince Chinese banks and corporations to invest. Two reasons stand out: the relatively small size of the Russian market and concern about Western financial sanctions.

The energy trade as a pillar of cooperation

Russia's role in the bilateral economic relations has increased visibly only in the energy sector with the growth in Chinese imports of Russian oil. China currently buys more than a fifth of Russia's crude oil exports, purchasing 24 million tons in 2013, 41 million tons in 2015 and almost 60

30 A joint product of the American Enterprise Institute and the Heritage Foundation, the CIT consults public sources to gather information on all Chinese FDI abroad that exceeds \$100 million.

31 CIT statistics are unsuitable for exploring the stock and current structure of FDI, however, in that investments that Chinese companies have abandoned are not removed from the database. For example, almost the entire share of agriculture (9%) comprises a single deal in which the Chinese fund CIC paid \$2 billion in 2013 to purchase a 13% stake in the Russian Uralkali fertilizer company. Uralkali redeemed the Chinese stake in 2015.

million tons in 2017.³² Judging by the pace of growth in the first quarter, this volume could well increase by another one-fifth in 2018. Russia's share of China's oil imports rose to 14.2 per cent in 2016. The next largest suppliers, Saudi Arabia and Angola, each slipped to about 12 per cent. Meanwhile, the proportion of Middle Eastern oil in China's imports dropped to 43.4 per cent. Notably, these figures also reveal China's strategy of decentralising its oil supplies and diminishing its vulnerability with regard to maritime routes of resource delivery.

China purchases Russian oil from several sources: (a) the East Siberia – Pacific Ocean (ESPO) pipeline's branch to Daqing in northern China, which has two pipelines with a capacity of 15 million tons each that were completed in 2011 and 2018, respectively; (b) the ESPO Pacific branch that ends at the port of Kozmino, with a capacity of around 30 million tons; and (c) the pipeline transiting Kazakhstan. Rosneft and CNPC concluded two 25-year contracts, which were signed in 2009 and 2013. Additionally, small private refineries in China substantially increased their purchases of Russian oil in 2017.

Russian-Chinese cooperation in the gas realm has failed to produce as impressive results as those obtained in the oil sphere. Although Chinese companies talked exclusively to Gazprom for years, with no results, in 2013 they changed their approach and successfully entered the Russian LNG sector. CNPC joined the Yamal-LNG project, operated by the Russian independent gas producer Novatek, along with the French energy company, Total. CNPC acquired a 20-per-cent stake in the project and signed a contract securing gas deliveries from Yamal-LNG, at a level of three million tons. China's Silk Road Fund purchased an additional stake in the project (9.9%) in 2015, and in 2016, two Chinese state-owned 'policy banks', the Export-Import Bank of China and the China Development Bank, provided a US\$-12-billion loan for the project's development. LNG deliveries from the Yamal Peninsula started at the turn of 2018, the first one by sea arriving in China in July.

A breakthrough in the gas sector came at the Shanghai summit in 2014 when Gazprom and CNPC agreed on the construction of the *Power of Siberia* gas pipeline. They signed a 30-year contract covering the delivery of 38 billion cubic meters (bcm) of gas per annum, worth US\$ 400 billion in total. Although the details of the contract, including the price, remain unknown, the construction of the pipeline has started. The *Power of Siberia* is expected to start transmitting gas to China in late 2019, although it will probably take another five years before it reaches its full capacity. Nonetheless, the pipeline and the contract bind Gazprom to the Chinese

³² Tian 2018, 20.

market in the long term, all the more so because the Russian company abandoned the planned LNG project in Vladivostok, which would have given it access to other Asian customers. The new gas fields, the exploration of which is necessary to fill the *Power of Siberia*, will supply the Chinese market exclusively. Given the soaring gas imports, it is difficult to forecast Russia's share in the Chinese gas market. It will probably remain lower than the level of China's imports from Central Asian states, but it provides China with a direct overland pipeline, which is strategically important for Beijing.

The proposed construction of another gas pipeline, *Altai* (sometimes called *Power of Siberia-2*), remains a distant prospect. The two sides have signed several agreements concerning the pipeline during the last decade, but no contract has followed. The location of the pipeline, in the north-western part of China, makes it economically unviable. Additional infrastructure is required to transport gas from the Xinjiang region to the coastal parts of China, and gas pipelines from Central Asia still do not operate at their full capacity. China's willingness to discuss the *Altai* project could be considered a political goodwill gesture towards Russia, as Moscow is attempting to use the prospect of the *Altai* pipeline as leverage in its talks with the EU, threatening to redirect gas away from Europe to China.

The nuclear-energy sector represents another pocket of energy cooperation between Russia and China. Despite Chinese advancements in the civilian nuclear sector in the last decade and a half, Russia's Rosatom has managed to keep its share of the Chinese nuclear-energy market.³³ Rosatom completed three reactors at the Tianwan nuclear power plant and plans to finish the fourth by early 2019. Both sides agreed on the construction of at least two additional reactors at Tianwan. Given Rosatom's weight and position in the Russian political economy, its participation in the Chinese market further reinforces the strategic dimension of both states' energy ties.

The energy intensity of Russian exports to China should only increase in the future. The major weakness of their current energy cooperation remains the absence of mutual investment in the oil and gas sectors. Chinese companies have not received major shares in Russia's upstream, having failed to purchase 10 per cent of the biggest oil field, Vankor, announced in 2014. Currently, CNPC has shares in a relatively small energy company, Vostok Energy, which is exploring the Verkhneicherskoye and Zapadno-Chonskoye fields, whereas Sinopec has a 49-per-cent stake in the Udmurtneft company. Russian companies, in turn, have not gained

33 World nuclear news 2018a; 2018b.

access to China's downstream even though joint projects, first and foremost the refinery in Tianjin, have been under discussion for the last decade.

Possible shifts in cooperation patterns

The growth in trade volumes between China and Russia in the current decade derives mainly from China's strong development, energy trade and the collapse of Russian-Western relations, which forced Russia to seek out business opportunities in Asia. There have been no political or institutional breakthroughs or other changes in bilateral relations between countries that would have brought economic relations to a qualitatively new level compared to the beginning of the decade. Relations continue to be based on trade in goods. Signs of any deeper economic integration are scant.

The economic dimension of the relationship reinforces Sino-Russian ties primarily because of two factors: the strategic importance of the energy trade for both states and the state-business nexus in both ruling regimes. This is not to say that economic calculations do not matter – politics does not always trump economy in Sino-Russian relations. Nonetheless, economic rationales for collaboration need to be juxtaposed with non-economic factors. One could thus assume that the most plausible scenario is a rise in the number of stakeholders in both states that benefit from close Sino-Russian ties, often in a rent-seeking manner. At the same time, there are several developments that would upgrade the existing cooperation and shorten the current distance between the political and economic dimensions of the relationship:

- Chinese large-scale investment in infrastructure in Russia, such as the construction of a high-speed railway line. The Russian government invited China to participate in the construction of the HSR line from Moscow to Kazan in 2014, but the project has not been implemented. Sceptics consider it to be a non-starter, given the size of the Russian market.³⁴
- Joint civilian production. The most promising prospect is the construction of a new wide-body jet, preliminary named C-929, which would have to compete against the existing Boeing-Airbus duopoly. Both states recurrently announce progress in the work on this endeavour, but its future remains uncertain. Moreover, so far Russia and China have been competing with each other on the aviation market, promoting their new narrow-body airliners MC-21 and C-919, respectively.

34 A Russian economist during the closed roundtable at FIIA, May 2018.

- The use of the Northern Sea Route on a commercial scale. Russia and China undertook several joint endeavours in this regard, but so far they have all been ‘trial balloons’, aimed at assessing the full-scale use of the route. Cutting short the time required to navigate China–Europe maritime routes on condition of the use of Russian technology such as ice-breakers and onshore facilities, would create long-term mutually beneficial cooperation.
- The opening of the Russian oil and gas upstream for Chinese investors, coupled with the opening of the Chinese downstream market for Russian companies.
- The broadening of cooperation between small and medium-sized enterprises that would be driven by opportunities for profit rather than rent-seeking or political corruption.

MILITARY AND SECURITY COOPERATION

The security, defence and military cooperation between Russia and China has not yet reached the level of a fully-fledged military alliance, but some observers argue that the increasing levels of cooperation make such an alliance feasible if there is the political will in both states.³⁵ The cooperation has evolved over the last decade, with joint exercises emerging as the major pillar, gradually replacing arms trade in this role. Arms trade revived after a pause in the mid-2000s but has probably reached its peak following the recent transactions. Joint exercises, in turn, are becoming more sophisticated and are continuously expanding into new areas.

The arms trade: reaching its peak

Military-technical cooperation, which tends to focus on the bilateral arms trade, is supervised by a separate bilateral commission, which was established in 1992 and holds meetings on a yearly basis. The Commission on Military Technical Cooperation is co-chaired by defence ministers from the two sides. On the Chinese side it is sometimes co-chaired by one of the deputy chairs of the Central Military Commission.

The golden age of Russian arms exports to China was between 1992 and 2003 when Russia helped to upgrade the Chinese defence industry, making it possible for the Chinese side to make a leap of one or two generations in most areas of defence technology. China, together with India, was a major foreign customer for Russian weapons, accounting for some 40–45 per cent of exports for most of the 1990s and early-2000s. In some

³⁵ See e.g. Røseth 2018; *op. cit.*

years the Chinese share of Russian arms exports reached 60 per cent. The maximum value in real terms of Russian arms shipments to China was reached in 2002, amounting to US\$ 2.7 billion (adjusted for inflation that would be US\$ 3.76 billion in 2018).

Military-technical cooperation declined in the second half of the 2000s following the successful digestion of many Russian defence technologies by the Chinese military-industrial complex, also because of Russia's justified fears about the reverse engineering of many technologies delivered to its Chinese counterpart. By that time Russia had managed to diversify its arms-export markets and was more reluctant to transfer its modern defence technology, fearing competition in third markets. However, cooperation started to intensify again in the early-2010s. China continued to procure Russia-made components such as aircraft engines and certain types of defence electronics, the production of which the Chinese military-industrial complex could not master. The import of some finished products, such as long-range surface-to-air missile systems, transport and anti-submarine helicopters continued. As of 2016, deliveries of Russian weapons and defence technology to China exceeded \$3 billion

Russia and China signed two new major defence agreements in 2014 and 2015 – for two regiments of S-400 SAM systems and one regiment of Su-35S fighters, respectively. The value of each deal was probably close to US\$2 billion. Both are due to be fully implemented by 2019, and Russia has already delivered some of the equipment. The two agreements are of special significance in the assessment of the current state of Russian-Chinese relations, representing the first sale of complex weapons systems to China after a decade-long pause. In geopolitical terms the most relevant aspect of the transaction is that, for the first time ever, Moscow decided to sell more advanced weapon systems to China prior to supplying India. The earlier pattern of Russian arms sales in Asia was to sell more advanced systems to India, thus pursuing a hedging policy against China and helping to maintain a delicate balance of power between the two giants. From the Chinese perspective, these weapon systems significantly enhanced the PLA's capabilities in the Taiwan Strait and the South China Sea.

At the same time, the arms trade probably reached its peak with the sale of S-400 and Su-35, even though new projects were discussed during the latest meetings of the Commission on military-technical cooperation. The Chinese co-chair of the Commission, General Zhang Youxia, was personally received by the Russian President Vladimir Putin in December 2017. Several years ago, China showed an interest in purchasing diesel submarines and strategic bombers, and it is not impossible that one of these transactions will ultimately be realised. However, the incentive

for China to procure equipment in Russia is constantly diminishing. The Chinese military-industrial complex has matured, whereas Russia's offer has narrowed down. It is likely that the bulk of the arms trade will be in spare parts and servicing rather than sales of complex weapons systems. There is a cooperation programme for licensing the production of anti-ship cruise missiles in China but its implementation remains uncertain. Moreover, along with the growing sophistication of the Chinese military-industrial complex, competition with Russia's Rosoboronexport is expected to increase.

Joint exercises: from land to sea

The joint Russian-Chinese exercises conducted for the first time more than a decade ago were an attempt to signal to the West the potential of closer cooperation. These joint drills have since evolved into a solid underpinning of the military-security cooperation between the two states. Current components of these manoeuvres include land-based exercises (the *Peace Mission* series), naval exercises (*Joint Sea*), computer-based drills to defend against ballistic-missile attacks (*Aerospace Security*) and troop exercises focusing on internal security.

The *Peace Mission* usually takes place every one or two years, either in a bilateral format (2005, 2009, 2013) or within the Shanghai Cooperation Organization (SCO) framework (2007, 2010, 2012, 2014, 2016, 2018). The exercise is conducted on the territories of the various participating SCO members (Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan; Uzbekistan has so far abstained from participation) and usually involves between 3,000 and 5,000 troops, armoured vehicles, helicopters and combat aircraft. Scenarios of the exercises tend to vary from that of a conventional war fought under an anti-terrorism banner to tackling the destabilisation of Central Asia by non-state actors, including possible incursions from Afghanistan or large-scale unrest in one of the Central Asian states. *Peace Mission 2018*, organised in late August 2018, was the first one to involve all SCO members, including newcomers India and Pakistan as well as the usual abstainer, Uzbekistan. With the growing number of participants and given the lack of trust between India and Pakistan, one might expect the exercises to serve political aims for the most part, especially during the multilateral manoeuvres. Moreover, the 2018 event was overshadowed by China's participation in the largest exercises conducted by Russia since the fall of the Soviet Union, *Vostok 2018* (see below).

Russia and China have been conducting annual naval exercises (*Joint Sea*) since 2012. These exercises deal with some of the most sophisticated

dimensions of naval warfare, including anti-submarine warfare, anti-air warfare, landing operations and submarine rescue. They were initially conducted in the vicinity of China (the Yellow Sea in 2012, the Sea of Japan in 2013 and the South China Sea in 2014). The exercises conducted in 2015 and 2017 were divided into two phases, phase one in Europe (the Eastern Mediterranean in 2015 and the Baltic Sea in 2017) and phase two in East Asia (the Sea of Japan in 2015, and Sea of Japan and the Okhotsk Sea in 2017). Both navies exercised again in the South China Sea in 2016, although the drill took place far away from the disputed island groups located there. For the first few years the Sino-Russian naval drills tended to mirror the naval exercises of the US and its Asian allies. Whereas the exercises in Europe were gestures towards Russia in support of its policy, those in the South China Sea, especially in 2016, were a declaration of support for China and its rejection of the UNCLOS arbitration tribunal decision in its dispute with the Philippines.³⁶

In 2016, Russia and China started to conduct regular computer-simulated exercises involving air-defence and theatre-ballistic-missile-defence forces, known as *Aerospace Security*. This training is held on an annual basis and involves computer-simulated action with long-range SAM units such as the Russian S-400 and the Chinese HQ-9.

The internal security forces of both countries, the Russian National Guard (Rosgvardiya) and the Chinese People's Armed Police, have established their own channels of communication and in 2016 began to hold annual exercises for their own special units called *Cooperation* (previous exercises involving internal security units were conducted in 2007 and 2013). These events involve high-level interaction between the two special-operations units, which practise tracking and eliminating terrorist groups in difficult mountainous terrain. This kind of scenario could be seen as 'sharing best practices' in the fight against secessionist movements in the South Caucasus and Xinjiang.

Changing threat assessment

One of the key questions addressed by observers of Sino-Russian relations is the extent to which the Russian elite might regard China as a future security threat and thus deliberately limit the scope of security cooperation. Although neither official declarations from the Kremlin, nor the foreign-policy and security-related official documents issued by the Russian Federation give any indication that China might be a military-security threat, numerous Western observers tend to assume otherwise, in other words that the Russian leadership does consider China a threat

36 For a detailed analysis of Russia's position on the South China Sea, see Korolev 2018.

but decides to remain silent about it in the public domain. This reasoning is based to some extent on the geopolitical assumption that Russia's overall weakness vis-à-vis an ascendant China cannot but instil fear into the Russian elite. There are individual voices in the Russian media that continue to warn of the 'Chinese threat'. Undoubtedly, too, there have been indirect indications that Russia considered China a possible albeit long-term threat: its unwillingness to sell its most advanced weapons to China, its arms sales to Beijing's competitors such as Vietnam and India, the constant modernisation of armed forces deployed in Siberia and the Russian Far East, vows to develop sparsely-populated Russia's Asian parts, and the plethora of military exercises conducted by the Russian armed forces in the East.

Three major counter-arguments point to the diminishing perception of China as a threat within the Russian leadership, however. The first one relates to domestic politics (see the section entitled 'Domestic politics'). The second one concerns the role of the US in perceptions of threat in both states. Russia and China alike see the US as the most pressing challenge. The armed forces of both states have prioritised the capabilities necessary to counter the US and its allies in the modernisation process. In the case of Russia, this includes the development of the Western military district, whereas in China it is reflected in the amount of attention being given to the navy and the air force. US missile defence plans are of particular concern to Moscow and Beijing: striving to maintain 'global and regional strategic balance and stability', both states oppose the development and deployment of missile defence systems.³⁷

Third, Russia's *Vostok-2018* exercises, organised in September 2018, offer an illustrative example of how perceptions of China have evolved. Whereas the scenarios of *Vostok-2010* and *Vostok-2014* envisioned China as a potential threat and a possible enemy,³⁸ *Vostok-2018* involved Chinese troops (3,000 with heavy armour and helicopters) in the largest Russian exercises since 1981. The fact that the Eastern military district is not a priority in the modernisation process of the Russian armed forces is another indication of a lingering threat perception.

Possible shifts in cooperation

The most profound change in the military dimension of Sino-Russian cooperation would be a decision in both states to create a fully-fledged alliance. Such a scenario appears to be a distant prospect, however, and its plausibility remains low. Short of such an alliance, there are two

³⁷ Rossiyskaya Federatsiya 2017; 2018.

³⁸ Schwartz 2018, 102.

developments that would qualitatively alter the picture of the cooperation: large-scale sales of Chinese equipment to the Russian armed forces and the joint production of military equipment.

It is worth noting that China emerged as a provider of some defence-related technologies and weapon components after the West imposed sanctions on Russia in 2014. These include marine diesel for fast missile and patrol boats. The scale of Chinese defence-related exports to Russia remains limited, however. The reversal of the three-decades-long trend of Russia's supplying China with modern military technology would be another illustration of how the relationship between the two states has evolved, with China gradually gaining the upper hand.

The joint production of military equipment would testify to the further diminishing of the perception of China as a threat in Russia. For now, India remains Russia's major partner in production, but the outcomes are limited. The only tangible success is the sea cruise missile BrahMos, and the joint production of the fifth-generation 'stealth' fighter jet remains in limbo.

THE REGIONAL FOCUS: CENTRAL ASIA

The systematic strengthening of China's influence in the post-Soviet space, in Central Asia in particular, has generated uneasiness in the Russian elite. Observers of Sino-Russian relations considered Beijing's rising profile in the shared neighbourhood the most plausible trigger of open rivalry between the two states. The challenge to Russia's position seemed to escalate with Beijing's proclamation of a bold strategic initiative, the Silk Road Economic Belt, in 2013. This coincided with radical cuts in the US presence in Afghanistan, which had until then served to foster Sino-Russian mutual understanding in Central Asia. To the surprise of many analysts, Russia and China have so far managed to maintain a *modus vivendi* of the 2000s and have steered their regional relationship away from plausible competition.

China began to extend its influence in Central Asia after the break-up of the Soviet Union, and in the late-2000s seemed to have gained the upper hand, mostly at Russia's expense. Beijing emerged as Central Asia's number-one economic partner, becoming the region's largest trading partner, the key provider of commercial loans and development aid, and a major investor in the states' infrastructure. China also gained pre-eminence in the energy sector, building a network of gas and oil pipelines and signing a number of long-term contracts for the delivery of energy resources. The

Central Asia-China pipeline system deprived Russia of its monopoly for the transit of Central Asian gas. On top of this, China locked in Central Asian gas supplies for its own needs, replacing Russia as the key buyer. Moscow was caught off guard by China's bold policy. The only active attempt on the part of Russia to weaken Chinese influence took place in 2009, when Gazprom put pressure on Turkmenistan to renegotiate its long-term contract (the so-called 'gas war'). Beijing stepped in with a multi-billion-dollar loan for Ashgabat, allowing it to resist Russia. Moscow was forced to acknowledge that it did not have the financial means to compete against China in the region. This was a lesson that probably shaped Russia's further approach to the Central Asian energy sector, as Moscow has not risked another attempt to stop Chinese encroachment.

China's growing clout could easily have translated into open rivalry. However, the strategic self-restraint Beijing demonstrated in its policy towards Central Asia and broader post-Soviet space helps to explain the emergence of an informal division of influence. China limited its presence in the security realm and maintained a delicate balance between bilateral channels established with Central Asian states and the multilateral framework of the Shanghai Cooperation Organization, SCO. Beijing's bilateral security and defence ties with the region's states remained restricted and China did not express ambitions to deploy its troops in the region or to lease any military facilities. Russia was allowed to maintain a leading position in the security realm, its influence resting on four pillars: the presence of troops in Central Asian states, a formal alliance in the form of the Collective Security Treaty Organization (CSTO), bilateral military-to-military co-operation and the supply of military equipment. In addition, concerns about the possible destabilisation of Central Asian regimes, shared by Russia and China, pushed both states towards cooperation rather than competition.

Different visions of arranging the neighbourhoods

Along with the decline of US power and the West's influence in global politics, Russia and China became more active in their neighbourhoods. During the 2010s both Moscow and Beijing formulated their visions of how regional politics should be arranged and what regional cooperation should look like. In the case of Russia this began with the idea of the Eurasian Union (2011), which ultimately became the Eurasian Economic Union (2014) and was later supplemented with the concept of the Greater Eurasian Partnership (2016). For China, it was the Silk Road Economic Belt (2013), framed as part of the Belt and Road Initiative, or the New Silk Road. These visions were based on different assumptions and understandings

about regions and regionalism, which in turn has significantly diminished the potential for Sino–Russian competition in Central Asia and broader post–Soviet space.

Russia’s understanding of regional cooperation fluctuates between the two poles. On the one hand, it is narrowed down to the post–Soviet space and limited by the affirmation of Soviet–era historical ties. In addition, the complex legal framework of the Eurasian Economic Union constitutes a defence wall that separates EEU member states from non–members. On the other hand, however, broader ideas transcending the boundaries of the post–Soviet space accompany this spatially–bound project. Starting in the mid–1990s, the concept ‘Greater Europe’ served as a link between Russian–led and European integration processes, to be replaced in the mid–2010s with the vague idea of ‘Greater Eurasia’.

The Russian elite attempts to achieve two contradictory goals via regional cooperation. First, it aspires to maintain political primacy in the post–Soviet region, thus preventing other actors from gaining a foothold without Russia’s consent. Second, the political establishment wishes the Russia–led economic–cooperation project to go beyond the post–Soviet region: this post–Soviet space holds no particular promise for Russia in terms of possible economic benefits, especially when juxtaposed with either the EU or East Asia. This tension reflects a deeper contradiction in the Russian elite’s thinking about international politics. Russia–sponsored regionalism aims to protect the post–Soviet space and Russia from the negative consequences of globalisation and international turbulence, while simultaneously it is supposed to open new possibilities for Russia to increase its impact on global politics. Moscow aspires to make the EEU into one of the centres of the multipolar world order, and to establish the Eurasian Union as a link between East Asia and Western Europe.

The concept ‘Greater Eurasia’ reflects Russian efforts to compensate for the limitations of the EEU. It seems to follow the broad and vague Chinese approach to regional cooperation. It is clear from the current discourse that Greater Eurasia has no clear boundaries. The idea encompasses a declared willingness to cooperate with the European Union, and to include all major players from China to India and the ASEAN nations. Moscow appears willing to transcend both long–term great–power rivalries in Asia, such as between China and India, and the distrust of great powers that smaller states developed, as in the case of China and ASEAN. There is little substantive information on how this idea could be operationalised, however.

China, while declaring its ambitions to rearrange its neighbourhood and to offer new forms of regional cooperation, has put forward a general rather than a specific concept. Defining its vision of cooperation in

functional rather than spatial terms reflects its goal to transcend existing and future regional arrangements and to prevent other powers from creating closed political-economic blocs. The rhetoric of facilitating trade and pledges to invest in infrastructure projects are intended to maintain the openness of particular economies to China's goods and capital. In addition to securing China's access to foreign markets, Beijing has presented the Belt and Road Initiative as an expression of its willingness to provide international public goods and a readiness to share international responsibilities. The most outstanding feature of the Chinese project is its flexibility and the absence of strict geographical boundaries, which results in openness and low, if any, entry barriers. Beijing's more recent additions, namely the so-called Polar Silk Road including the Arctic and the Northern Sea Route, and presenting cooperation with Latin American states as part of the Belt and Road Initiative, confirm how flexible the idea is and testify to Beijing's global ambitions.

The political dimension of the Chinese project has not been well defined, neither in terms of decision-making nor with regard to the norms that should serve as a basis for cooperation. Chinese claims to regional leadership tend to be woven into the rhetoric of 'a shared destiny' and 'win-win cooperation'. Beijing continues to emphasise benefits to particular states stemming from China's own development. The lack of a developed institutional design behind the Chinese project and the absence of norms that would bind all participants are the most conspicuous features of the New Silk Road framework. China has referred merely to general international norms such as the five principles of peaceful coexistence, international market rules and reciprocity. The general message it sends to its partners is that the ultimate shape of the New Silk Road is open to negotiation with prospective participants.

If the institutional-normative aspect seems underdeveloped, China has had unquestionable success in planting the idea of the New Silk Road in the imaginations of the expert community and the broader public. The Chinese concept has evolved into a new version of globalisation from being just a regional (and thus limited) cooperation project. There is, however, a clear contradiction between globalising rhetoric on the one hand, with its new dimensions and limitless openness, and the regional, Asia-focused reality of investments being made and political cooperation being implemented on the other. The sheer number of routes and corridors designated as parts of the New Silk Road illustrates the relevance of Asia as the major reference point for the Chinese vision: the Silk Road Economic Belt focuses on Central Asia, and the 21st Maritime Silk Road centres on China's neighbours from ASEAN, the China-Pakistan corridor.

Other forums for economic and security cooperation such as the Asian Infrastructure Investment Bank (AIIB) and the Conference on Interaction and Confidence-Building Measures in Asia (CICA), reaffirm Beijing's focus on Asia.

The two visions of regionalism developed by Moscow and Beijing have different purposes and prevent competition between the two states. China's project, even if it was initially thought of as a response to the Russian-led EEU, does not pose an open challenge to Russia. The Chinese elite understands regionalism in functional terms, whereas its Russian counterpart frames regional cooperation spatially. The Chinese vision of regionalism reflects economic prioritisation, whereas political influence remains key for Russia. Moreover, the 'Greater Eurasia' concept could be considered a 'face-saving' exercise that allows the Russian elite to pretend to themselves as well as to the outside world that Russia and China are equal.

Regardless of these differences, it should be mentioned that Russia and China took a number of intentional steps to avoid competition. The 2014 joint declaration mentioned both initiatives and was followed by the 2015 joint statement on coordinating them. China and the EEU finally signed a free-trade agreement in May 2018.

Rocky roads to implementation

While differing visions of regionalism are conducive to Russian-Chinese co-existence on the regional dimension, the process of implementing their initiatives on the ground provides an additional, albeit unintentional, safety net that has limited the potential clashing of interests. Both powers have faced difficulties in the process of translating their grandiose visions into daily practices of regional cooperation.

The Russia-led Eurasian Economic Union has turned out to be poorly thought-through, undermined by particular members' unilateral actions, first and foremost those of Russia. The EEU's basic component, the Customs Union, contains hundreds of exceptions. The single market does not cover a number of sectors, including vital areas for all members' economies such as energy. Russia introduced counter-sanctions against the European Union without any consultation with other EEU members, which further slowed down the creation of a genuine single market. All these failures have weakened China's resistance to the EEU, however, its biggest challenge to Beijing being the formation of a closed regional bloc that would limit China's freedom of manoeuvre in its trade and energy policies. Russia's failure to complete the implementation of EEU rules and norms, including a single market with the four freedoms of movement,

diminishes the potential for Russian–Chinese competition. The flaws of the EEU mean that it remains porous to Chinese goods and capital. The incomplete implementation of the treaties as well as the lack of obstacles hindering China’s imports of oil and gas from the region diluted Beijing’s fears. The failure of EEU members to agree on joint rules regulating the energy realm resulted in a practically unlimited Chinese presence in Central Asia’s energy sector. The ill–functioning EEU does not put brakes on China’s economic expansion and reduces possible incentives for rivalry.

The implementation of the Chinese project is even more difficult to assess, given that most of China’s commercial undertakings appear to be part of the Belt and Road Initiative. The political–institutional component, in turn, has remained negligible, apart from the Belt and Road Summit in 2017. As a result, a large proportion of China’s policy for the region continues to be pursued on the bilateral level, complemented with the banner of the Belt and Road.

The major components of China’s New Silk Road that are currently being implemented and have a bearing on Sino–Russian relations include: (a) railway connections between China and Europe, the majority of which go through the territory of Kazakhstan, Russia and Belarus (i.e. EEU territory), and (b) investments in transport, infrastructure and energy projects, financed by the Silk Road Fund or the Asian Infrastructure Investment Bank. This process of implementation creates incentives for Russia to cooperate with China rather than to oppose Beijing’s policies.

China has established a number of railway routes to Europe. Although some of them bypass Russia – the trans–Caspian corridor and the corridor via Turkey – the bulk of trains travel through Russian territory. The use of other corridors cannot be ruled out, but it would be much less beneficial to China and more difficult in practice mainly due to weak infrastructure.³⁹ These railway connections facilitate Sino–Russian cooperation in several ways. First, even the incomplete functioning of the Customs Union within the EEU framework and the related absence of borders between EEU members provide for faster transport, lower transportation fees and easier customs procedures. The trains cross only two customs borders, one between China and the EEU and the other between the EEU and the European Union. Second, the implementation of railway connections has resulted in a pro–cooperation lobby in Russia, with Russian Railways at its helm. Third, the transportation corridor via Russia has created a group of stakeholders on the Chinese side, including specific Chinese provinces that provide subsidies for railway connections and the CR Express, a state–owned group tasked with coordinating railway links with Europe.

39 For details, see Jakóbowski, Poplawski & Kaczmarski 2018.

Finally, dependence on the Russian railway system enables Moscow to use rail transport as leverage to exert political pressure on its neighbours. The transit blockade of Ukraine and China's unwillingness to act as an intermediary have thus far eliminated Kiev from participation in rail connections between China and the EU.

Chinese investments in energy projects, implemented under the banner of the New Silk Road, have created another group of stakeholders in Russia, comprising individuals and companies interested in uninterrupted cooperation with China. The following are among the most significant agreements reached so far: US\$12 billion loans provided by Chinese banks for the Yamal-LNG project, being implemented by a private company Novatek, owned by Vladimir Putin's close associate Gennady Timchenko; the acquisition of 9.9 per cent of the Yamal-LNG project by the Silk Road Fund; and the acquisition of 10 per cent of Russia's biggest petrochemical group SIBUR by the Silk Road Fund. Although these investments might have been made irrespective of China's New Silk Road initiative, their inclusion in this framework reduces Russia's potential opposition to the project. Moreover, Chinese investments related to the Yamal-LNG project strengthen the rationale for Russian-Chinese cooperation in the Arctic and pave the way for Moscow's acceptance of the Chinese idea of a Polar Silk Road.

At the same time, Russia's 'Greater Eurasia' concept remains far from the implementation stage and its role is much more symbolic than practical. Russia cannot offer similar financial incentives as China does. Moreover, Moscow has to deal with players such as Japan and South Korea, actors that are more powerful than Russia's weak partners within the EEU. These factors make the Russian concept less functional and less realistic than China's vision. Still, the vague nature of cooperation to be undertaken under the aegis of 'Greater Eurasia' means that any agreement involving China, the SCO and the EEU can be portrayed as a success.

The SCO: deadlocked but still useful

The role of the Shanghai Cooperation Organization (SCO) in Russian-Chinese relations is still disputed among analysts. On the one hand, Russia and China have clearly had different visions of how it should develop, which resulted in a decade-long deadlock. Moscow preferred a geopolitically-focused Eurasian bloc that could be portrayed as a counterweight to Western alliances. At the same time, the Russian side attempted to use the SCO as a means of controlling Chinese activities in Central Asia. The idea of an 'energy club' within it, proposed by Moscow more than a decade ago, was supposed to allow Russia to supervise China's contacts with

Central Asian states in the oil and gas sectors. China, in turn, regarded the SCO as a regionally-oriented form of cooperation that would allay the fears of smaller states in Central Asia. Chinese ideas on SCO development focused on the economic dimension, including a free trade area and anti-crisis measures.

On the other hand, the SCO appears to have provided a platform for dialogue on Central Asian affairs, thus building transparency in the region, at least for the ruling elites of the member states. It also offered Central Asian countries a way of finding a balance with Russia, and of resisting certain of its policies with the help of China, their refusal to recognise Abkhazia's and South Ossetia's independence in the wake of the 2008 Russian-Georgian war being an example.

SCO enlargement was one of the points of contention between Russia and China, promoted by the former and strongly opposed by the latter. In this case, however, Beijing decided to change its policy and to make a concession to Russia, as a result of which India and Pakistan joined the organisation in 2017. Given the tense relations between the newcomers as well as between India and China, doubts with regard to the better effectiveness of the SCO are strongly justified. Nonetheless, it was China that made the concession towards Russia. Although the motives behind Beijing's change of mind remain unclear, this case reaffirms the ability of China and Russia to steer their regional relations away from conflict.

EAST ASIA: CHINA KEEPING THE UPPER HAND

The importance of East Asia for Russian-Chinese relations has increased in the aftermath of Russia's 'pivot to Asia' (or 'turn to the East') proclaimed towards the end of the 2000s. Although the need to develop the Russian Far East has recurrently appeared in Moscow's rhetoric since the mid-1990s, the 2012 APEC summit in Vladivostok offered a genuine opportunity to redirect political attention and financial resources to the region. In terms of foreign policy, there were two goals behind the turn to the East: (a) to make Russia a fully-fledged participant of East Asian politics, a *sui generis* third party for smaller states squeezed between the US and China, and (b) to limit Russia's dependence on China in matters concerning the politics and economy of East Asia. To achieve these goals, Moscow had to diversify its political ties, economic relations, energy-export streams and arms-export patterns, reaching out to Japan, both Koreas and South-East Asian states. Once implemented, the turn to the East would offset China's

gains vis-à-vis Russia in other regions, such as Central Asia, and thus make up for the growing asymmetry between the two states.

Russia achieved some successes in implementing its 'pivot' to Asia. Moscow intensified political dialogue with Japan, including the establishment of the 2+2 (foreign and security ministers) consultation mechanism. Russian arms sales to Vietnam, coupled with close political ties and cooperation in the energy realm, seriously strengthened Hanoi in its policy of hedging against China. Moscow maintained a neutral stance on the disputes in the East and South China Seas, while engaging more vigorously in the Korean nuclear crisis. The construction of the ESPO pipeline branch to the Pacific Ocean brought Russian oil to Asian customers, including Japan and South Korea. The development of the Sakhalin LNG project allowed for a diversified portfolio of recipients, with Japan purchasing around two thirds of the output. Moscow's joining the East Asian Summit at the invitation of the ASEAN states confirmed Russia's potential as a counterweight to China.

However, contrary to Moscow's presumed expectations, the turn to the East has not balanced Russia's Sinocentric orientation in its policy towards Asia. Russia's rapprochement with Japan faces the insurmountable obstacle of the unresolved territorial dispute over the South Kurile/Northern Territories islands. Moreover, the Kremlin does not consider Japan an autonomous player given Tokyo's reliance on the US. Russia remains in the shadow of China in the Korean Peninsula: even if the rhetoric concerning the Korean crisis differs, Russia's actions tend to follow those of Beijing. Moscow does not have enough leverage over North Korea to offer a meaningful contribution to regional peace and stability, which would in turn bolster Russia's position towards South Korea. Furthermore, the decision to build the *Power of Siberia* gas pipeline to China has rendered any alternatives that would have supplied North and South Korea unattainable. Plans for the Vladivostok-LNG were dropped, further limiting options for the diversification of Russian energy exports in Asia. Russia's trade with China (US\$84 billion in 2017) dwarfs its economic cooperation with other Asian states (US\$20 billion with Japan, US\$19 billion with South Korea and US\$3.7 billion with Vietnam).

The failure to implement diversification plans coincided with Russia's embrace of closer relations with China and a lack of determination on the part of Moscow to offset Beijing's primacy. As a result, Sino-Russian relations in East Asia have remained below the threshold of competition.

THE ARCTIC

The Arctic is the most recent addition to the increasingly complex web of the Russian-Chinese relationship, the relative weight of which can be expected to increase in the long term.⁴⁰ It is also the region in which both states find themselves in a highly unequal position. Russia as an Arctic country enjoys direct access to the region, maintains a growing military presence and retains a privileged seat in all institutional settings, including the Arctic Council. Moscow defines its Arctic policy in terms of sovereignty, the national interest and national security. China, in turn, has to justify its interest and increasing presence in the region. For this reason, Beijing frames the Arctic in terms of global governance and global commons, and emphasises the need for a multilateral approach to Arctic-related issues. Russia's aspirations to gain more control over the region stand in contrast to China's ambitions to keep the Arctic open. Whereas Russia resubmitted its claim for 1.2 million square kilometres of the continental shelf to the UN (in 2015), China announced the Polar Silk Road as part of its Belt and Road Initiative (in 2017). This discrepancy does not necessarily translate into competition, but it does give Russia more leverage and may add tension to the relationship.

In practical terms, Russian and Chinese interests in the Arctic intersect first and foremost in the economic domain, with regard to transport routes and the exploration of oil and gas in the region. Moscow aims at establishing practical control over the Northern Sea Route, and enforcing the use of commercial services offered by Russian corporations such as icebreakers and mandatory piloting for any ships using the NSR. From the Chinese perspective, such measures increase costs and diminish the incentives for using the route as a shortcut to Europe. On the other hand, Russia may turn out not to be able to provide enough ships for such services, which would pave the way for cooperation with Chinese entities. Novatek, which is one of the major stakeholders in the commercial development of the Arctic, announced its plans to establish a joint venture with its Chinese counterparts for this purpose. Similar dynamics may play out with regard to Arctic resources. Russia is lacking in capital and technology, whereas US- and EU-imposed sanctions forced Western companies to drop their plans to participate in the exploration of Arctic oil and gas. As Chinese participation in the Yamal-LNG project has already shown, China is interested in gaining access to these resources and is ready to undertake the necessary financial commitments.

40 See also Weidacher Hsiung & Røseth 2018.

The economic development of the Arctic, in terms of both transport and resource exploration, requires massive investments and a long-term approach. Russia cannot achieve its economic goals in the region without external assistance in terms of capital and technology. The Northern Sea Route has still to demonstrate its economic viability. Prospects for the exploration of Arctic oil and gas will largely depend on the world prices of these commodities. Unlike in other regions, it is highly unlikely that any of the interested parties will achieve a sudden breakthrough.

VIEWS ON THE CURRENT INTERNATIONAL ORDER AND ITS INSTITUTIONS

Attitudes towards and the roles of Russia and China in global governance remain a source of controversy among observers. Both states are eager to declare their unanimity with regard to a number of global issues. They often join forces in international fora to oppose the West. At the same time, the growing discrepancy in the strength of their economies translates into differing interests in global politics.

At first sight, there are many points of convergence between Russia and China. Among the most important are the conviction of both states' ruling elites about their special responsibilities as great powers; membership of key international institutions giving both a seat at and a say in major global fora; shared views on aspects of international politics that should be contained or rejected; almost identical rhetoric with regard to the primacy of the United Nations and international law; and the need to democratise international relations.

The point of departure for Sino-Russian normative convergence is the shared idea of entitlement to a privileged position in international politics. Both states emphasise their unique global roles, especially with regard to international security and conflict resolution. Joint Sino-Russian declarations adopted at annual summits generally provide a catalogue of their agreed positions with regard to ongoing conflicts, as well as of challenges to global and regional security. Both Moscow and Beijing view international security through a state-centric lens, with a clear focus on territorial integrity and regime security. Both states tend to support incumbents in domestic conflicts and civil wars. Regular condemnation of external interference is aimed at Western policies towards particular conflicts.

The two states also find it relatively easy to agree on the aspects of the contemporary liberal order they would reject. Both cherish the traditional Westphalian definition of sovereignty, which they understand as a state's

impunity within its own borders. Moreover, both purport to broaden the definition of state sovereignty to encompass the cyber domain and the Internet.⁴¹ Within various UN fora, both states attempt to deter the international community from greater engagement in the domestic affairs of particular states. Behind their repeated calls for the democratisation of international relations is the desire for a diminished role for Western states, particularly the US. At the same time, Moscow and Beijing continue to pay lip service to the primacy of international law and declare the UN to be the most important global institution.⁴²

Membership of key global institutions, most notably a permanent seat in the UN Security Council, enables both states to influence the global agenda. General opposition to the human-rights agenda and democracy promotion by the West is reflected throughout UN organs in their voting patterns, including in the UNSC and the Human Rights Council.⁴³ Apart from cooperating in existing institutions, Russia and China have been working to create a parallel institutional setting on a global scale, first and foremost by establishing the BRICS forum.

Differing visions and narratives

Judging by the number of areas in which Russia and China have similar views, one might expect them to cooperate closely in the realm of global governance. Despite increasing normative convergence, however, both states portray their roles in the international arena in different ways. Two notable statements by the respective leaders symbolise this discrepancy: Vladimir Putin's speech delivered at the Munich Security Conference in 2007 and Xi Jinping's speech at the World Economic Forum in Davos in 2017.

The Russian government's message to the world remains grounded in Putin's Munich speech. Moscow presents itself first and foremost as a great power, a bulwark against US dominance and the world order that it identifies as unipolar. Russia seeks affinity with all actors dissatisfied with US policies. This message has been repeated regularly, most recently in Putin's 2018 address to the Federal Assembly, in which he showcased Russia's military prowess and reaffirmed its readiness to resist the US. This approach overshadows other attempts to present Russia as a relevant economic actor made at events such as the Saint-Petersburg and the Vladivostok Economic Forum. The *Vostok-2018* military exercises, the largest in the history of the Russian Federation, constituted the most

41 Nocetti 2015.

42 Godement et al. 2018.

43 Russia and China jointly vetoed UNSC resolutions eight times in the post-Cold War period (six of which were in relation to the Syrian civil war).

recent example. They began on the same day as the Vladivostok Economic Forum, and – unsurprisingly – overshadowed Russia’s economic offer with the awe of its military might.

China, in turn, focuses on projecting a benign image of itself. This self-branding is best represented in Xi Jinping’s Davos speech. Using Donald Trump’s protectionist rhetoric as a counterpoint, Xi portrayed China as a defender of economic globalisation and presented its development as an opportunity for the world. He continued to repeat this message as Sino-American economic tensions intensified and during the trade war that followed. Beijing aims to appeal to both developed and developing states. On the one hand it continues to point out that China is still a developing country, whereas on the other hand the elite emphasise that it has acquired capabilities enabling it to share the effects of its economic growth with others and to deliver where Western states fail to do so. This kind of narrative does not mean that China shies away from demonstrating its military power, as proved by the growing global presence of the PLA Navy including its participation in joint naval drills with Russia in the Mediterranean and the Baltic Sea. China’s clear goal, however, is to impress the international audience with its economic success rather than its military might. When Xi Jinping refers to international security issues, as when he spoke at the 2014 Conference on Interaction and Confidence Building Measures in Asia (CICA), for instance, he couches Chinese political-security goals in the language of win-win cooperation and emphasises the inclusive nature of Chinese proposals in the realm of security.

These self-representations promoted by China and Russia are not mere PR exercises: they rather reveal the deep differences between Moscow and Beijing in their attitudes towards the existing global order, as well as the divergence in their long-term aims. Although Beijing remains dissatisfied with certain elements, particularly US primacy, it recognises the benefits that China derived from the post-Cold War period.⁴⁴ The Russian ruling elite, in turn, does not consider the current arrangements of the international order beneficial to Russia’s great-power interests.

As a consequence of these differing attitudes, China prefers an incremental shift in international hierarchies that would empower Beijing. A change in the global order should neither undermine general political-economic stability, nor harm economic openness. Moscow, in turn, appears determined to regain its privileged position in the short term. It is ready to fuel populism and the anti-globalist and anti-elitist agenda, seeking to fulfil its parochial aims to enhance its own international position by exploiting the increasing unpredictability of international politics.

44 Breslin 2016, 59–70.

Diverging practices

Three areas illustrate the growing discrepancy between China's and Russia's engagement in global governance: participation in UN peacekeeping efforts, contributing to development cooperation and the fight against climate change. They also show how Russia's level of activity has decreased, whereas China has gradually become more active. The realm of arms control adds nuance to this picture in that China has not replaced Russia even though Russia's enthusiasm has significantly waned.

The level of participation of Chinese troops in peacekeeping operations has been steadily increasing for the last decade (from 2,300 to 3,000 in 2015–2017).⁴⁵ Even if more meaningful engagement coincides with China's narrow commercial interests – as is the case in sending peacekeeping troops under UN aegis to South Sudan, according to critics – Beijing is becoming more involved in efforts with uncertain outcomes.⁴⁶ Russia, meanwhile, has practically withdrawn from any participation in UN peacekeeping operations on the grounds that they neither increase its international prestige, nor bring tangible benefits. The last Russian mission under the aegis of the UN took place in 2006 in Lebanon. However, both Russia and China have been participating in anti-piracy missions in the Horn of Africa since 2008.

Development cooperation further illustrates the changing roles of Russia and China in global governance. Russia attempted to set up a separate national development assistance institution in 2007 when it adopted its first development cooperation strategy (updated in 2014).⁴⁷ Following several years of bureaucratic turmoil and the global economic crisis, the Kremlin decided to hand over development issues to the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation, commonly known as *Rossotrudnichestvo*. Handing over the development cooperation portfolio to an agency responsible for cooperation in the post-Soviet space attested to the limited regional scope of Russia's ambitions. Official Russian development assistance (ODA) hovered around USD 500 million between 2010 and 2012 and exceeded USD 1 billion in 2015 and 2016 (these figures include debt cancellation). Bilateral ODA is 75 per cent of overall ODA. Russia's development assistance remains concentrated on the post-Soviet

45 The figure is still lower than the contributions made by many smaller states, which extend to 6,000–7,000 troops but stands out compared with other UNSC permanent members: France and the UK with 700–800 troops, and Russia and the US contributing less than 100.

46 Godement et al. 2018.

47 The Ministry of Foreign Affairs of the Russian Federation 2014. For a review of Russia's development assistance, see De Cordier 2016.

space, Kyrgyzstan, Armenia and Azerbaijan being the major recipients.⁴⁸ Syria joined this group of recipients following Russia's intervention in the Syrian civil war.

China's development assistance is global in scope and provides developing states with more substantial financial resources, although it sometimes entices particular recipients into a debt trap. Beijing prefers to finance the construction of infrastructure, with a focus on African states. According to the OECD, China's ODA in 2015 was USD 3.1 billion, of which more than 90 per cent was distributed via bilateral channels. As the findings of *AidData* show, Chinese infrastructure investments have narrowed economic inequalities within developing countries.⁴⁹ Other assessments provide higher estimates, but the details of particular agreements are quite rarely released publicly. This generous policy does not preclude some negative effects in that states supported by China are still prone to being caught in the debt trap, as was the case with previous Western and Soviet assistance. China's growing experience in development assistance and its plans to broaden it led Beijing to establish a national development assistance agency in 2018.

Climate change is yet another area that highlights the differences in Russia's and China's participation in global governance. Back in 2004, the EU supported Russia's bid for WTO membership in exchange for Moscow's participation in tackling the issue of climate change. China blocked the emergence of a new climate agreement in 2009, only to facilitate one in 2015. Beijing has duly emerged as the European Union's major interlocutor, replacing Russia in this role.

The realm of arms control and disarmament – in which Russia played a unique role, on a par with that of the US – is yet another area reflecting changes in how Moscow and Beijing contribute to the provision of global public goods. Russia remains a crucial participant in global and regional arms-control and arms-reduction agreements, whereas China restricts its participation to a minimum. However, the US's gradual withdrawal from arms-control agreements, followed by growing Russian-Western tensions, have made Moscow less interested in maintaining the existing security architecture. To this end, Russia has withdrawn from conventional arms-control regimes such as the Treaty on Conventional Forces in Europe (CFE). It is possible that the remaining Russian-American treaties, such as the Intermediate-Range Nuclear Forces Treaty (INF Treaty) and the New START, will either expire or collapse if one of the parties decides to withdraw.⁵⁰

48 Zaytsev & Knobel 2017, 14, 18.

49 Patterson & Parks 2018. For a full report, see Bluhm et al. 2018.

50 See section Moscow-Washington Arms Control Agreements in this report.

Benign neutrality in territorial disputes

Russia and China began to pursue offensive territorial claims in the late-2000s. Following the 2008 war with Georgia, Moscow recognised the independence of Abkhazia and South Ossetia. Beijing put political and military pressure on Japan over the contested Senkaku (Diaoyu in Chinese) islands in the East China Sea. The current decade has been marked by Russia's annexation of Crimea and the sponsorship of separatist movements in south-eastern Ukraine, as well as by China's programme of building artificial islands in the disputed areas of the South China Sea. Russia and China have not supported each other's territorial claims in any of these cases. Instead, Moscow and Beijing have maintained a benign neutrality, criticising Western pressure on the other side and calling for a peaceful resolution of the issue in question.

There are two main reasons behind this moderation. The first one relates to the principles of international politics about which both states preach, in other words sovereignty, non-interference and non-intervention. The other is pragmatic in nature: Moscow and Beijing have little to gain by openly supporting a partner's aggressive foreign-policy moves.

Russia's annexation of Crimea was the most threatening for the Sino-Russian relationship. Beijing carefully avoided a for-or-against stance, preferring to remain silent as far as possible. China abstained in the UN Security Council and in the UN General Assembly, and opposed Western sanctions against Russia. Although Beijing declared support for Ukraine's territorial integrity, it pointed out specific historic circumstances in an attempt to offer partial justification of Russia's action. On the one hand, Beijing disliked the idea of a referendum organized by Moscow in Crimea, seeing the dangerous precedent potentially applicable to Taiwan. On the other hand, China interpreted the Maidan revolution as another Western-led conspiracy, to which Moscow found an adequate solution.

China's incremental steps in the South China Sea have made it easier for Russia to retain its benign neutrality. Moscow avoided taking any position in the dispute, trying to protect its good relations with South-East Asian states and Vietnam in particular. Moscow's position has evolved since 2016, however. Russia declared on several occasions that outside powers should not interfere in the disputes, thus repeating and reaffirming the Chinese position aimed at preventing US engagement. Moscow also sided with Beijing in its refusal to acknowledge the decision of the arbitration court in the dispute with the Philippines: the 2016 Sino-Russian naval drills took place in the South China Sea, even though not in the disputed part. The growing asymmetry between Russia and China may make such a balancing act more difficult in the future.

Long-term trends

The different levels of benefits that Russia and China have gained from post-Cold War economic globalisation have shaped their attitudes towards anti-globalisation and populist processes, which became the hallmarks of the 2010s. China has much more to lose if the protectionist stance, which has become dominant in the US since Donald Trump's election, forced other global players to retaliate. From this perspective, it is justified to argue that China remains interested in maintaining political-economic stability and economic openness in the outside world. At the same time, both the US and the European Union seem to be losing patience with China's model of state capitalism. Their refusal to grant China market-economy status within the WTO in 2016 was the first sign. Beijing is attempting to achieve two goals simultaneously: to portray itself as a defender of economic globalisation and to maintain state support for economic growth and technological progress.

Russia finds itself at the opposite end of the spectrum. Although its ruling elites have benefitted enormously from the financial openness of the Western world, its economy has not. Given its limited economic offer, Russia cannot expect to thrive on economic globalisation – it is rather susceptible to losing any competitive edge. This lack of skin in the game has pushed the Russian leadership to engage in international brinkmanship, ranging from the annexation of Crimea to cultivating ties with and financial support for right- and left-wing radical movements in the West to interference with democratic election processes. Moscow appears to believe that it has more to gain by stirring up instability and uncertainty on the international level than by playing by the rules.

This difference reflects the most serious long-term obstacle to closer cooperation between Russia and China: in the long term, the ultimate aims of two states will diverge and actions undertaken by one may harm the interests of the other.

THE EFFECTS OF SINO-AMERICAN RIVALRY

Unipolarity and the material pre-eminence of the US have provided the backdrop for Sino-Russian ties since the end of the Cold War. The wish to limit and prevent American domination is a constant incentive pushing Moscow and Beijing closer together. At the same time, Russian-American and Sino-American relations fluctuated throughout this period. In spite of temporary setbacks, Sino-American relations developed within the paradigm of 'engagement', both states recognising that gains from cooperation

prevailed over gains from competition. The 2016 presidential campaign in the US was a symbolic end of this phase, although it was only the trade war in 2018 that made China realise the shift in the relationship. In the case of Russian–American relations, the dominant paradigm in the 1990s and early-2000s was ‘transformation’, with both states believing – albeit each from their own parochial point of view – in the possibility of establishing a strategic partnership. Relations started to gravitate towards open rivalry in the mid-2000s when the US chose the ‘containment’ option and the Russian elite interpreted US policy in exactly that way. Even the ‘reset’ policy proposed by the Obama administration failed to generate durable effects, and it was replaced with containment in 2014 following the Russia–Ukraine conflict.

The Russian–Chinese relationship developed as Russian–American ties gradually weakened. The new strategic setting that has been emerging in 2017–18 includes a structural change in Sino–American relations: the US sees China as a strategic rival and Beijing perceives the US as aiming to use the trade war as a means of containing China’s ascendancy.

China’s foreign-policy goals and preferred methods of achieving them changed under the leadership of Xi Jinping. Beijing departed from its 30-year-long policy of keeping a low profile in international politics, in favour of ‘striving for achievements’. In general terms, China’s key foreign-policy goals could be summarised as: achieving a dominant position in East Asia, thus diminishing the US presence in the region and gaining acceptance by East Asian states of China’s unique privileges; keeping the global economy open and stable so as to facilitate continuing economic growth; insulating Chinese domestic politics from the outside world; and gaining more to say in the principles underpinning the international order as well as in institutional and international legal arrangements. These goals and the shift in foreign policy under Xi Jinping have increasingly set China and the US on a collision course and provided the backdrop for a shift in US policy towards China. Such a strategic shift may reduce the asymmetry between Moscow and Beijing and, paradoxically, strengthen their cooperation.

A new consensus concerning US policy towards China began to emerge in Washington during the 2016 presidential campaign. The US establishment found itself on the verge of moving towards post-engagement. Whereas particular elements of Donald Trump’s policy towards China are contested, support for a new policy is broader and bipartisan.⁵¹ The 2017 US National Security Strategy refers to China as a ‘strategic competitor’ on a par with Russia. This shift in the US approach rests on the assumption

51 On the debate inside US policy-making and expert communities, see Campbell & Ratner (2018) and ensuing responses Various authors (2018).

that China has not come up to Washington's expectations in terms of becoming a 'responsible stakeholder'. Instead, in US eyes, Beijing is trying to undermine US primacy and the liberal international order.

The change in US policy is magnified by the broader perception that China has been conducting an aggressive influence-building campaign in the West. Australia and New Zealand triggered the first alarm of China's growing shady influence, whereas pressure is mounting in the US to limit Chinese investments in sensitive sectors and reduce the Chinese presence and investment in higher education. European states, supported by the European Commission, initiated a debate on the need for investment-screening mechanisms most of which, in practice, would be aimed at China. The EU refused to sign a joint statement on trade proposed by Beijing at the May 2017 Belt and Road summit, arguing that it did not include commitment to environmental sustainability and transparency. The report on the 2018 Munich Security Conference points out that China and Russia do not want to be 'co-opted' into the Western order, having developed ideas of their own on re-arranging international politics.

Given that the West no longer casts China as a prospective responsible stakeholder vis-à-vis an international spoiler (Russia), Beijing is about to lose the comfortable position it had enjoyed until recently with regard to Moscow: in the view of more and more members of the trans-Atlantic establishment, both states are playing in the same league.

A major caveat is in order when the implications of these changes for Sino-Russian relations are assessed. China was able to compensate Russia for some of the losses it incurred as a result of Western sanctions after 2014. Even if Beijing's economic support of Moscow remained limited, especially compared with the expectations voiced by the Russian elite, China had the potential to grant Russia a lifeline. Russia does not have similar potential to offset Chinese losses, which include the reduced access of Chinese goods and capital to Western markets and technologies, and the closure of avenues via which China can influence the Chinese diaspora.

Nevertheless, even if Moscow cannot provide economic alternatives, it can offer closer political relations. From Russia's point of view, the risk of being marginalised by the emerging Sino-American bipolarity diminished at the same time as Russia's net worth to Beijing increased. The potential estrangement of China from the West may give it an additional incentive to cooperate with Russia. Beijing may be ready to support Russia's anti-Western line and to side more openly with Moscow in its conflict with the US, for example, which might also pave the way for closer normative convergence with regard to global issues. Thus far, China has had higher stakes in political stability than Russia, which, lacking other

instruments, has thrived on instability. The new Western policy may influence and change China's strategic calculus, making it more eager to engage in destabilising policy actions and more determined openly to challenge the West.

FUTURE DIRECTIONS OF THE RELATIONSHIP

The major shift in Russian-Chinese relations that occurred in the aftermath of the 2008-2009 global economic crisis and was reinforced after the Russian-Western conflict over Ukraine in 2014, has led to a close, multi-faceted but highly asymmetrical relationship. In the mid-2000s, Russia's close cooperation with China was by no means a foregone conclusion. Nowadays, Moscow's room for manoeuvre vis-à-vis Beijing has decreased significantly and the Russian leadership has fewer options at its disposal. As a consequence, the most plausible scenario for the next decade envisages the further tightening of cooperation between Russia and China, characterised by the growing acquiescence of Moscow in Beijing's interests and policies. At the same time, an alliance remains a distant prospect. Three obstacles stand in the way of its emergence: both elites' memories of the Sino-Soviet alliance of the 1950s; an unwillingness to support each other's territorial claims and aggressive policies; and long-term divergence with regard to what the global order should look like.

There are several factors that might change the course of the relationship. One is the reversal of China's self-restraint policy towards Russia. Beijing has thus far trodden very carefully in its relations with Moscow, making a lot of effort to demonstrate respect for Russia's great-power status and to create the illusion of equality among both partners. The further strengthening of Chinese power may instil hubris into the ruling elite and push it into taking a more assertive approach towards Russia. This, in turn, might generate resentment and a backlash in the Russian elite. Another factor would be a domestic shift in Russia's domestic politics. The break-up of the Putin regime could bring to power segments of the Russian elite that see Russia's dependence on China as detrimental to its interests, or that cannot cope with the role of junior partner.

The probability remains low that the economic situation will alter the Sino-Russian relationship. Indeed, Russia has increased its cooperation with China in conditions of both high and low oil prices. One should not expect any change in the resource-based character of the Russian economy in the coming decade, either. Moreover, the distance between the

Russian and Chinese economies appears to be too big to bridge, even if Russia achieves faster growth and China is beset with economic difficulties.

From the Western perspective, the Sino-Russian relationship is influential in two major ways. First, close cooperation between Moscow and Beijing makes it almost impossible for either the US or the EU to isolate one of them. Russia and China are protecting each other's strategic backyards and are willing to provide enough political and economic support to prevent the West from successfully introducing sanctions. Second, Russia and China are challenging the West with their trump cards, which in the case of Russia are their political and military instruments and in the case of China their financial-economic tools and new international institutions.

RUSSIA-CHINA RELATIONS – IMPLICATIONS FOR EUROPE

The direct implications for Europe of closer cooperation between Russia and China are limited, but it may affect Europe's interests and stake in the international order in indirect ways.

Russia has attempted to use cooperation with China to achieve its European policy aims. In the energy sector, Moscow repeatedly attempted to demonstrate its alleged capability to switch gas exports from Europe to China, but Russian gas exports to China have so far been limited to LNG. The Power of Siberia gas pipeline, currently under construction, will be supplied from gas fields that are not used for export to Europe. The Altai gas pipeline, which would use the Western Siberian gas fields that supply Europe, remains a distant possibility. All in all, the Russian EU policy is more of a bluff. With regard to security, China's participation in joint naval exercises with Russia in the Baltic Sea was an undeniable, albeit symbolic, success for Moscow. Beijing legitimised the aggressive behaviour of Russian air and naval forces in the region. This does not mean, however, that China would join Russia in the latter's attempts to weaken Europe.

Russia and China's attitudes towards and expectations of the European Union differ significantly, even though both states prefer to deal with particular European states than with the EU as a whole. Russia sees the EU project as being in decline and willingly cooperates with anti-EU political and societal forces throughout the continent. The Russian elite does not hide its disdain for the EU and its underpinning ideas. China, in turn, regards the EU as a key economic partner, the source of technologies and the destination of its investments. The EU's relevance to China has increased since the Sino-American trade war broke out, thus Beijing remains

interested in the success of the European project. Given these differences, it would be difficult for Russia and China to agree on a joint EU policy.

Moreover, smooth Russian-European relations are relevant to the development of China's flagship foreign-policy project, the Belt and Road Initiative. The transit corridors through Russia offer the cheapest and fastest way for China to reach European markets. As the Russian-Western conflict over Ukraine demonstrated, instability restricts Beijing's options and slows down the implementation of the BRI. Under such circumstances, Europe might expect China to be a stabilising force vis-à-vis Russia.

At the same time, Sino-Russian cooperation and the informal division of labour in the global order may harm Europe's interests. Both states are eager to support non-democratic regimes. Neither Russia nor China has to coordinate its actions or agree on a formal alliance treaty. Vladimir Putin is ready to take risks and sees his modernised military as a way of conducting gunboat diplomacy. Xi Jinping prefers chequebook diplomacy and still shies away from open confrontation with the US. Whereas Moscow may be ready to act in extraordinary circumstances such as revolutions, Beijing is propping up non-democratic regimes in mundane situations. Its pockets are much deeper and Chinese companies suffering from overcapacity at home look for opportunities abroad. The problem for the EU is that it cannot match either. As the case of the Syrian civil war illustrated, European states cannot disregard civilian casualties and prefer not to pick a winner; and as examples of Chinese money flowing to developing countries demonstrate, EU states cannot and prefer not to offer money with no strings attached.

China's and Russia's policies towards Europe are largely independent of bilateral cooperation between the two states. Their interests in Europe differ too much to allow for a joint policy. Indeed, their growing asymmetry may even turn out conducive to Europe's interests in the long term, given Beijing's interest in global stability and economic openness.

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2. THE US-RUSSIAN RELATIONSHIP

INTRODUCTION

The United States and the Soviet Union were the world's two predominant great powers (or superpowers as they were commonly referred to at the time) from the end of World War II in 1945 until the end of the Cold War in 1989-91. Their rivalry was the principal feature of international relations back then, and there was a Soviet-American dimension to most (if not all) the world's many local and regional conflicts. When the Cold War ended, hope arose not only for possible cooperation between Russia on the one hand and America and the West more broadly on the other, but even for the integration of Russia into the West. These hopes have not been fulfilled, however, and serious tension has re-emerged in the US-Russia relationship as a result of numerous differences between them and of Russia's increasing authoritarian turn. Nevertheless, the possibility of US-Russian cooperation rose again recently due to the unusual dynamic between US President Donald Trump and Russian President Vladimir Putin.

Whether contentious or cooperative, the US-Russia relationship is still one of the most highly important among the great powers. However, it does not have the same worldwide significance as it did during the Cold War now that China has emerged as a global great power and several other countries have become active beyond their regions. The US-Russia relationship is nevertheless of great significance to Europe in particular: just as in the past, a conflictual tone has negative implications. Russian-American cooperation, on the other hand, was generally considered positive by Europeans (and others) during both the Cold War and the

post-Cold War era before President Trump assumed office. Given the increasingly testy relations between Trump on the one hand and America's traditional European allies on the other over many issues (including trade, sharing the defence burden, nuclear-arms control and even values), the prospect of Trump-Putin cooperation is worrisome in that it might come at the expense of some European countries, or even the entire transatlantic relationship.

Although the Trump-Putin relationship is clearly vital in shaping the Russian-American relationship, it is not the only factor. There are strong constitutional limits on Trump's (or any American president's) ability to make major international agreements without the approval of Congress. Moreover, Trump may either be voted out or decide not to run for re-election in 2020, and even if he is re-elected he has to leave office at the end of his second term in January 2025. Putin's current term expires in 2024. Either a leadership transition will take place then, or he will contrive to remain in power formally or informally. But this would only postpone the question of succession, which will have to be addressed at some point. In addition to the leadership transitions in both countries, however, other factors will affect the relationship over the next 10-15 years, including broader trends inside both the US and Russia as well as in the broader international environment.

This part of the report therefore examines the domestic trends within America and Russia as well as the broader international trends that could affect US-Russia relations over the next decade or two. Specific attention is given to the potential effect of Russia's more assertive policies towards Europe and the Middle East and the blossoming Sino-Russian relationship. The discussion also covers both the US-Russia arms-control relationship and how economic sanctions affect ties between Moscow and Washington. Finally, consideration is given to the circumstances under which US-Russia cooperation might occur, and to how the state of US-Russia relations might affect Europe and Finland. First, however, there is a brief review of how US-Russia relations became so poor.

Differing Russian and American approaches and expectations after the Cold War

At the heart of the poor state of US–Russia relations are differing approaches to and expectations of the relationship after the end of the Cold War, and towards international relations more generally.⁵² The Russian expectation was that the end of Soviet–American hostility would lead to Russian–American partnership in managing the world on an equal basis. It was assumed that this had already been established through various Soviet–American arms–control agreements (especially the Strategic Arms Limitation Treaties, the Anti–Ballistic Missile Treaty and the Intermediate Nuclear Forces Agreement), the Treaty on Conventional Armed Forces in Europe, and the various Soviet–American conflict–resolution efforts in the Third World during the Gorbachev era in particular. Moscow made many concessions at the end of the Cold War, including allowing the collapse of Communist regimes in Eastern Europe, the dissolution of the Warsaw Pact, and the reunification of Germany. There was a strong Russian expectation that the US and its allies would compensate Moscow economically, and would not take advantage of the dissolution of the Warsaw Pact by expanding NATO.⁵³

The Russians were disappointed in all these expectations. America and the West did not provide nearly as much aid or investment as Moscow thought was its due. NATO expanded throughout Eastern Europe and even into the Baltic states. In addition, the US (with a greater or lesser degree of support from its NATO and other allies) undertook a series of interventions and other actions that Moscow opposed, including against Serbia in the 1990s, the renunciation of the ABM Treaty by the Bush Administration, intervention in Iraq in the 2000s, and support for the colour revolutions in Georgia and Ukraine as well as for forces opposing Moscow’s long–term partners in Libya and Syria during the Arab Spring.⁵⁴

When he first came to power, Vladimir Putin tried to revive the Russian–American partnership that Moscow had hoped for at the end of the Cold War through cooperating with the US after 9/11, in Afghanistan in particular.⁵⁵ However, when the US continued to engage in actions he considered hostile (abrogating the ABM Treaty, intervening in Iraq,

52 Numerous studies have been conducted about the end of the Cold War and the evolution of US–Russia relations since then. Among the best of the ones that were carried out shortly after the collapse of the USSR is Garthoff’s (1994a) work. First–hand accounts of how each side viewed these events were written by Moscow’s long–serving ambassador to Washington (Dobrynin 1995) and Washington’s ambassador to Moscow at the end of the Cold War (Matlock 1995). More recent analyses include Tsygankov 2009; Stent 2014; McFaul 2018. See Roberts (2018) for an excellent recent summary discussion of the post–Cold War US–Russia relationship.

53 Suslov 2016.

54 Ibid.; Mitchell 2012, 92–114; Vasiliev 2018, 422–430.

55 Stent 2014, 58–72; Hill & Gaddy 2015, 301–302.

supporting colour revolutions), he decided to retaliate by taking forceful measures himself. One of the first examples of this was the 2008 war with Georgia, which resulted in two of its breakaway regions, South Ossetia and Abkhazia, declaring independence but actually becoming Russian satellite states. Even more dramatically, Moscow annexed Crimea in 2014, and began supporting pro-Russian secessionists in Donetsk and Luhansk. In 2015, Moscow began its military intervention in Syria on behalf of the Assad regime. Although these actions were viewed as offensive in the West, Putin appeared to see them as defensive moves to prevent first Georgia and then Ukraine from beginning to move down the path toward membership in the EU and NATO, as well as to prevent the downfall of what Putin then saw as the last remaining Russian ally in the Arab world.⁵⁶

The American view of all these events was quite different. Moscow's expressed desire to manage the world as an equal partner of the US seemed completely unrealistic. Surely Moscow could not expect Washington to work more closely with Russia than with its traditional allies in Europe and elsewhere. In addition, the surprising collapse of the Soviet Union at the end of 1991, as well as the dramatic Russian economic decline that took place in the late 1980s and the 1990s, convinced many in Washington that Moscow was not in a position to co-manage anything with the US. In other words, the US simply did not see post-Cold War Russia as an equal. What Washington did expect was that Russia would undergo a political and economic transformation and join the West, as Eastern Europe was doing (or was then thought to be doing). Russia's expectations of Western aid were considered highly unrealistic in terms of American domestic politics, given the assumption that there would be a "peace dividend" from reduced defence spending after the Cold War that would be directed to addressing long-neglected internal needs within the US. The American view on investment in Russia was that it was up to Moscow to create the conditions that would attract it, which was something that Russia never managed to do effectively.⁵⁷

It took some time to realise that Putin was not interested in democratising Russia (his early speeches as President indicated that he was), but even then, he was believed to have an interest in cooperating with the West on economic matters. Washington did not take seriously the notion that Moscow might feel threatened by NATO expansion (Washington, after all, knew that it had no intention of attacking Russia), or that democratisation in Georgia, Ukraine or anywhere else was a real threat to Russia. Indeed, to the extent that economic and political development occurred

56 Saradzhyan 2018.

57 Stent 2014; Suslov 2016.

in former Soviet republics and elsewhere, Moscow was seen as benefitting from the stability and prosperity that were expected to result. In other words, Russian complaints about American foreign policy were simply not taken seriously because Washington saw them either as benefiting Russia in the long run (whether Putin knew it or not), or at least not harmful to it. Moscow's interventions in Georgia in 2008, in Ukraine in 2014 and in Syria in 2015 therefore came as a surprise. Moreover, Washington did not see its own actions as having merited or caused aggressive Russian behaviour, whereas Moscow saw each of its actions as a defensive response to aggressive American policies.

Underlying these varying views of the history of US–Russia relations since the end of the Cold War are the different conceptions of how great powers behave, and even of what constitutes a great power. Putin, like previous Soviet/Russian leaders, sees the great powers as the main actors in international relations. Whether in conflict or in concert, it is the interaction among the great powers that determines the fate of smaller countries.⁵⁸ Ideally (in Putin's view), the great powers could reach agreement among themselves about spheres of influence over other countries. Not only is the Yalta summit of 1945 seen as a model for this type of great-power cooperation, Putin has also praised the 1939 Nazi–Soviet Pact, regretting not that Moscow made a deal with Hitler but only that Hitler violated the agreement.⁵⁹ What Putin (as well as previous Soviet/Russian leaders) has found frustrating is that the US has not been interested in a Russian–American great-power bargain since the end of the Cold War, and has refused to recognise a Russian sphere of influence, not even over former Soviet republics. American claims that these countries are independent and can choose their own affiliations are dismissed in Moscow as masking a US desire to deprive Russia of any sphere of influence at all, and to assign former Soviet republics to America's instead.⁶⁰

The US first asserted itself as a regional great power in the Western Hemisphere, but tended to avoid involvement elsewhere during the late 18th and 19th centuries. It took advantage of Spain's decline to oust it from the Philippines, Cuba, and Puerto Rico in 1898, then asserted itself briefly in Europe during World War I but quickly retreated. It then took on the role of great power permanently throughout the world from its entry into World War II onward. Its preferred approach to being a great power in World War I, World War II and beyond has been to ally with weaker

58 Hill 2015.

59 Snyder 2015.

60 Gabuev 2018.

states against more powerful ones.⁶¹ Washington, then, has generally avoided Moscow's great-power-bargain approach. Its brief adoption of this approach at the end of World War II (largely because of the need for the US and the USSR to make decisions about the future of Europe at a time when European actors were too weak to do so) was criticised heavily in the US for having made too many concessions to Moscow. Washington's coming to the conclusion that Stalin was not keeping his World War II bargains with the US contributed to a renewed determination in America to counter Moscow's great-power ambitions by allying with smaller states against it in the subsequent Cold War.⁶² Similarly, Richard Nixon's summit diplomacy with Leonid Brezhnev in the early 1970s was seen by many in the US as having made too many concessions to Moscow, reinforcing the view that the US simply was not good at the sort of great-power bargaining approach to diplomacy that Moscow favoured.⁶³

Moscow and Washington have also differed in how they tended to see what constituted a great power, although both considered military strength to be a highly important component. Military strength is perceived in Russia as something that the top leadership can build despite the economic weakness of the country as a whole, as Stalin did. Indeed, Putin seemed to acknowledge in his 1 March 2018 address to the Federal Assembly that Russia had reasserted itself as a great power despite its economic weakness.⁶⁴ There is a prevailing notion in the US, on the other hand, that military strength stems from economic strength, and that no country that is not a great power economically can become or remain a great power militarily.⁶⁵ Russia's economic weakness at the end of the Cold War, its severe financial woes during the 1990s and its inability to develop its economy since then have contributed to the persistent belief that Russia could never again be a great power.⁶⁶ This inability to seriously regard Russia as a great power due to its continued economic weakness undoubtedly contributed to Putin's determination to rebuild Russia's military strength.

The Trump factor

The election of Donald Trump in 2016 changed these dynamics, however. Here was a US president who, unlike his predecessors, seemed amenable

61 On the broad sweep of American foreign policy since US independence, see Mead 2009.

62 Dueck 2006, 86–93.

63 Garthoff 1994b, 1125–1146.

64 Putin 2018.

65 See Kennedy (1987) for a quintessential expression of this viewpoint.

66 See, for example, Muraviev 2018; Timmons 2018.

to Putin's preferred "great power bargain" approach to Russian-American relations. Indeed, both before and after his election, Trump spoke frequently of the desirability of America working with Russia. Again unlike previous American presidents whose expressions of support for democracy and human rights abroad were perceived by Putin as bent on undermining him, Trump did not push these values.⁶⁷ Trump has also shown that he is uncomfortable with leaders of other democratic governments but that he admires authoritarian leaders and sees himself as uniquely placed to make deals with them. Furthermore, Russia has escaped the ire Trump has directed towards America's major trading partners (frequently claiming that they are taking unfair advantage of the US) for the simple reason that Russia is not one of them.⁶⁸

Even if Trump and Putin were to enter into a great-power agreement, what sort of agreement would it be? There have been indications from Trump and those close to him that they envisioned the US working with Russia against China and Iran. However, Putin regards both of these countries as partners and has no interest in working with the US against them.⁶⁹ For his part, he wants the US to recognise the Russian annexation of Crimea, lift Ukraine-related sanctions against Russia and agree to extend the New START agreement.⁷⁰ Donald Trump has indicated a willingness to talk about Crimea, but even the Republican-controlled Congress (as well as the State and Defense Departments) adamantly opposed this.⁷¹ In fact, US sanctions against Russia over Ukraine and other issues have intensified under Trump. On the strategic arms control question, Trump initially declared that New START (the Obama-era New Strategic Arms Reduction Treaty) was somehow a "bad deal" for the US when Putin brought up the possibility of extending it during their first telephone conversation in January 2017 soon after Trump had become president.⁷² Putin also proposed extending New START at the July 2018 Helsinki summit, but Trump did not take him up on this.⁷³ Trump went on to announce in October 2018 that the US would withdraw from the 1987 INF agreement, of which Washington has long accused Moscow of being in violation.⁷⁴

67 McFaul 2016.

68 For more on US-Russia trade see the section on Economic Sanctions in the US-Russia Relationship.

69 Katz 2017; Suebsaeng et al. 2018; Dai 2018.

70 Hudson 2017.

71 Fox 2018; Macias 2018.

72 Landay & Rohde 2017.

73 Pifer 2018.

74 Borger & Pengelly 2018.

Further, although it is still not entirely clear what Trump and Putin agreed to during their private meeting at the July 2018 Helsinki summit, there does not appear to have been a “grand bargain” made on how to manage the world or to divide it (even partially) into spheres of influence. Instead, they seem to have discussed a series of more limited, pragmatic joint-cooperation efforts on issues such as nuclear arms control and Syria.⁷⁵ Nor is it clear that Putin and Trump will be able to do much more than this, especially given that an American president needs Congressional support for major foreign-policy initiatives, and that there is deep distrust of Russia among both Republicans and Democrats in Congress due to the widening scandal about the Russian role in the 2016 US elections. Even without this, however, there would be concerns about whether Trump was making too many concessions to Putin, just as there were when Franklin D. Roosevelt was negotiating with Stalin and Nixon was negotiating with Brezhnev.

For his part, Putin is frustrated because even though Trump has expressed feelings of friendship towards him and towards Russia, the US has imposed more sanctions on Russia, announced that the US will withdraw from the INF Treaty and taken other measures that Moscow considers hostile.⁷⁶ Putin has certainly continued the Russian military build-up, including of nuclear weapons, that has been underway since 2008 when even though Russia won the war, the conflict with Georgia exposed numerous weaknesses in the Russian military. Putin noted in his 1 March 2018 address to the Federal Assembly how “in recent years” the Russian nuclear arsenal had increased by 80 new ICBMs and 102 new SLBMs. He also claimed that Russia had developed new hypersonic missiles that would be “untroubled by even the most advanced missile defence systems”⁷⁷, referring to new types of strategic arms “that do not use ballistic trajectories...and, therefore, missile defence systems are useless against them, absolutely pointless”.⁷⁸ Many in the West saw these and similar statements as indicating increasingly offensive Russian intentions, but Putin justified them as necessary responses to the unilateral US withdrawal from the ABM Treaty in 2002 and its insistence on building up ballistic missile defence systems beyond its borders.⁷⁹

Putin also stated: “Why did we do all this? Why did we talk about it? As you can see, we made no secret of our plans and spoke openly about them, primarily to encourage our partners to hold talks.... No, nobody really

75 Bender 2018.

76 MacFarquhar 2018.

77 Putin 2018.

78 Ibid.

79 Other countries, including the US, are also working on hypersonic weapons systems (Speier et al. 2017).

wanted to talk to us about the core of the problem, and nobody wanted to listen to us. So listen now.”⁸⁰ In other words, the prime purpose of Putin’s nuclear build-up is to get Washington to recognise that Russia is once again a great power, and that the US must treat it as such. Indeed, Putin may have finally succeeded in this, but to the extent that Washington does regard Moscow as an equal it may only see it being equal as an adversary (as during the Cold War), not as a partner. It is with this history in mind that the future prospects of the US–Russia relationship should be considered.

FACTORS AFFECTING US–RUSSIAN RELATIONS

American domestic politics

US relations with other countries tend to be strongly dependent on larger societal ties as well as special (often business) interests. What is remarkable about the US–Russia relationship, however, is that these factors do not play a very large role in the formulation of US policy toward Russia. There is no large Russian–American diaspora population that strongly influences US policy either positively (as with the Jewish–American community vis-à-vis Israel) or negatively (as with the Cuban–American community vis-à-vis the Castro regime). Similarly, in that the US trade relationship with Russia is so very small (see the section on Economic Sanctions in the US–Russia Relationship), US multinational corporations have not had the same degree of concern about Russia or the same kind of policy impact on relations with it as they have had with other regions and countries such as Europe and China, in which they have much larger economic stakes.

American public opinion was generally favourable towards Russia at the end of the Cold War, became somewhat less favourable over the course of the 1990s, turned positive again in the wake of 9/11, but then became more and more unfavourable, especially in 2014 when Russia annexed Crimea and began intervening in eastern Ukraine. Although concern about Russian interference in US elections beginning in 2016 has led to an even more negative view of Russia on the part of most Americans, there is a strong divergence between Democrats, whose views have turned increasingly negative, and Republicans whose views have actually become more positive since Trump’s election. Interestingly, polls show that despite the generally unfavourable views of it in the US, Americans (especially younger ones) are more supportive of US cooperation and engagement with Russia.⁸¹

⁸⁰ Ibid.

⁸¹ Smeltz & Goncharov 2018, 6–7, 13, 18.

The most significant recent change affecting US–Russia relations, as well as America’s relations with the rest of the world, was the election of Donald Trump in 2016 as President, and his pursuit of a narrowly nationalistic foreign policy that often views America’s traditional allies as adversaries and some of America’s traditional adversaries (Russia in particular) as partners.⁸² How deep and permanent is this turn in American foreign policy? Will it go “back to normal” after Trump leaves office (or possibly even before)? Or is Trump merely the tip of the iceberg of a more selfish foreign policy that is less concerned with maintaining the post-World War II liberal democratic order?

There is a strong case to be made that Trump’s foreign policy, as well as his presidency, are temporary aberrations and that American foreign policy will soon return to normal. Although gaining control of the House of Representatives in the November 2018 elections will not allow the Democrats to force Trump from office via the impeachment process (which requires a two-thirds majority vote in the Senate), their control of the House committees and the subpoena power they have will enable them to investigate Trump and his family far more aggressively than the Republicans have been willing to do. This would force Trump to spend more time on defending himself and probably weaken his ability to carry out his foreign-policy agenda.

Whether or not this occurs, the implication is, if the current situation persists and the majority of Americans continue to view Trump unfavourably (partly due to concerns about his relationship with Russia), that he will not be re-elected in 2020.⁸³ Any centrist replacing him, whether Democrat or Republican, is likely to reassert America’s mainstream foreign policy of supporting its traditional allies while viewing Russia with suspicion (although also attempting to cooperate on arms control and other issues of mutual concern, as in the past). The transatlantic alliance may emerge stronger than ever as a result of the general recognition that greater efforts are needed on both sides to make sure that the alliance is never again subjected to the kind of pressure Trump exerted with regard to defence spending and even on the US commitment to NATO.

It is also possible that not only will Trump be re-elected in 2020, but that someone like him will be elected in 2024 and beyond. One reason why this could happen even if the majority of Americans disapprove of Trump, is because America’s presidential-election process favours rural, conservative voters. This, combined with continued Republican success in

82 Bergen 2018.

83 For a constantly updating poll of polls measuring Donald Trump’s approval/disapproval ratings among Americans as well as comparisons with the ratings of previous presidents, see “How (un)popular is Donald Trump?” FiveThirtyEight, <https://projects.fivethirtyeight.com/trump-approval-ratings/>.

gerrymandering House districts, suppressing the non-white vote (which tends to favour the Democrats) and appointing conservatives to federal courts that hear challenges to these practices could enable the Republicans to retain control of the White House and Congress indefinitely.⁸⁴ If, as is highly likely, the white nationalist agenda that would result will incur criticism from mainstream European political leaders, the current Trumpian tendency to see democratic allies as opponents and Putin and other authoritarian leaders as kindred spirits may well continue.

Of course, if the European far right comes to power in other and more influential countries than it has done so far, it is possible that such governments, the Trump Administration and like-minded successors, as well as Putin, will all get along with one another. Nationalists in different countries tend to be at odds with each other, however, and relations among them can be volatile.

Another possibility is that the Democrats not only retain control of the House and win the presidency and the Senate in 2020, but also keep hold of all three given the growing strength of non-white voters in combination with the liberal white electorate uniting with them to prevent another Trump-like episode. Nevertheless, whereas such a coalition will once again see America's traditional allies as allies and Russia as an adversary, it may prefer a change from the conventional pre-Trump policy. As the 2016 presidential election campaign showed, it was not only Trump voters on the right who generally opposed American intervention abroad, but also Bernie Sanders voters on the left. In addition, given that much of the impetus for American foreign policy stems from American domestic politics, the growing importance of the non-white vote in the US may lead to a declining interest in Europe and heightened interest in other parts of the world, specifically Asia, Latin America and Africa.⁸⁵ This may not be the case, however: recent survey research indicates that support in America for NATO is as at least as strong among Blacks and Hispanics as it is among non-Hispanic Whites.⁸⁶ Whatever its foreign-policy preferences, a more democratically-oriented coalition is not likely to see Putin's Russia as a partner, and may well be more willing to support countries in Europe that feel threatened by it. On the other hand, one of the lasting legacies of Trump may be a stronger conviction in the US that a wealthy Europe can and should shoulder more of the burden of its own defence while the US focuses on other parts of the globe.

84 Aaltola 2018; Economist 2018a.

85 According to one poll, for example, Hispanic-Americans are more concerned about climate change, less fearful of immigration, and have a more positive view of the United Nations than non-Hispanics (Smeltz & Kafura 2018).

86 Smeltz & Friedhoff 2018.

Russian domestic politics

Just as with the US vis-à-vis Russia, larger societal factors and special interests outside the government do not appear to have a large impact on the formulation of Russian policy towards the US. One group that might have advocated closer US-Russia ties, the Russian democratic movement, has been largely suppressed and is not in a position to achieve its domestic political goals, much less any foreign-policy ones. Trade with the US constitutes a larger share of Russia's overall trade than Russia does in the US's overall trade, but the US is much less important as a trade partner for Russia than the European Union and China. Nevertheless, Moscow has a strong interest in continuing to export even strategically important goods to the US despite the sanctions. As observed in an article in Russia's Strategic Culture Foundation published in August 2018, "Russia announced that it would not be halting its exports of titanium metal to the US for the latter's aviation industry. Russian trade officials said they would not 'shoot themselves in the foot' by banning a remunerative export business to the US, despite the latter's boorish behaviour towards Russia".⁸⁷

Russian public opinion was generally favourable to the US during the 1990s and varied between favourable and unfavourable during the 2000s and early 2010s, but it has been generally unfavourable since the deterioration in relations that occurred at the time of the Crimean annexation in 2014. Nevertheless, a significant increase in favourability was observed after the July 2018 Putin-Trump summit in Helsinki. Polls also show that there is significant support among the Russian public (especially the young) for cooperation with the US.⁸⁸ Thus, although neither societal forces nor special interests inside Russia are strong enough to compel Putin to pursue a friendlier policy towards the US, they do not seem to constrain him from doing so either, if he so chose.

As long as he remains in power, however, Vladimir Putin can be expected to continue with the foreign policies he has been pursuing and that he considers have been successful. This means continuing to build up Russia's nuclear and conventional arsenals, continuing to interfere in Western elections and continuing to deny that Moscow is doing so. If anything, he may pursue these policies even more aggressively if he does not see the US responding to them in ways that directly threaten his rule or his interests. On the other hand, a negative response to his actions from the US (even if rhetorical) could help him domestically by bolstering his claims that given the unremitting hostility towards Russia from America and the West, internal opponents who call for Western-style democracy

87 Strategic Culture Foundation 2018.

88 Smeltz & Goncharov 2018, 2-5, 11, 17.

are actually agents of hostile foreign powers. The continuation of, or even increase in, US and Western sanctions against Russia is thus a price he may be willing to pay: tension with the US in particular enables him to maintain high levels of anti-Western nationalism in Russia, as well as to blame the US for Russia's economic woes.⁸⁹ On the other hand, Putin will seek to encourage European defections from the Western sanctions regime as a way of weakening the transatlantic alliance further.

However, just as Putin can be expected to continue policies strengthening Russia that have proved successful, he can also be expected to continue with previously pursued unproductive policies, having not yet found the costs unacceptably high. First and foremost, he is unlikely to take serious measures to end the corruption that is such a big drain on the Russian economy, but which benefit so many of the people on whom he depends.⁹⁰ As in the past, he is also unlikely to take the necessary steps to develop Russia's economy outside the natural-resource sector because doing so would require reforms he is unwilling to make.⁹¹ If the relatively higher oil pricing that has prevailed recently continues, Putin may have even less incentive to undertake economic reforms. Given this economic stagnation combined with the political stagnation of his authoritarian rule, there is the potential for more outbursts of popular opposition against him, such as occurred in 2011–12. Indeed, there were protests in Russia in mid-2018 over the government's unpopular plan to raise the retirement age.⁹²

Even though Putin was only recently elected to serve his fourth term as president in 2018, questions are already being asked about what will happen after it ends in 2024. The Russian constitution limits the president to two consecutive terms, hence Putin is due to step down in 2024. If he so wishes, of course, he can always have the constitution amended by the tame Russian legislature, or he could do what he did in 2008 at the end of his first two consecutive terms: allow a hand-picked successor to replace him while he takes up the post of prime minister. However, Putin (who was born 7 October 1952) was only 55 years of age at the end of his second term but he will be 71 at the end of his fourth term in 2024. Although not too old to remain in power by current standards, Putin's hand-picked successor then could be seen as someone who would become the real power-holder, even if that was not the case at first. There may be risks for Putin whatever he does: the possibility that the person he chooses as a placeholder successor will actually seek to replace him; the possibility

89 Hill & Gaddy 2015, 260–263; Gutterman 2018.

90 Dawisha 2014.

91 Barber 2018.

92 Walker 2018.

that popular opposition will arise in response to his picking his successor instead of allowing Russian voters to choose; and the possibility that his deciding to remain in power indefinitely will also spark unrest.

The year 2024, then, may be a time when Putin needs to have tense relations with the West in order to justify a crackdown on dissent and to whip up nationalist support for whatever he plans. Given the unpopularity of past conflicts involving significant Russian casualties in Afghanistan in the 1980s and Chechnya in the 1990s, however, Putin (who has been careful to avoid large-scale casualties in the conflicts in which he has engaged) is not likely to run this risk.⁹³ For all his aggressiveness, then, he could be expected to avoid additional conflicts that would incur significant Russian losses. On the other hand, he might well intervene in places in which he is certain that the West will not intervene to stop him and where local resistance is unlikely to be strong.

Yet even if there is no real power transition from Putin to someone else in 2024, there will have to be one eventually. Without a democratic means of transition, however, the possibility that Putin's top lieutenants will fight over it is a real one. Nor is it inconceivable that the long-suppressed democratic movement would re-emerge. A prolonged power struggle in Moscow could also be seized upon by several groups opposed to Russian rule or policies, including Muslims in the North Caucasus seeking independence and nationalists in Ukraine and Georgia seeking to reverse the Putin-era losses they experienced. This could raise tensions between Moscow and the West (and others) given that many in Moscow would conclude that foreign powers were behind these groups whether or not that was the case.⁹⁴

On the other hand, there may well be a smooth power transition, either planned by Putin or after he leaves office (for whatever reason). The system created by Putin is likely to remain intact in this scenario. However, and especially if economic stagnation continues and unrest is simmering, the new leader might prefer to distance himself from Putin, blaming him for Russia's problems and adopting new, "better" policies. Doing this would also enable the new leader to remove rivals as well as to revise Moscow's foreign policy. A post-Putin leader might decide, as Gorbachev did, that détente with the West was needed to obtain investment and engage in trade. On the other hand, remembering how Gorbachev lost control over his reform process, the new leader might rather attempt a Chinese-style authoritarian modernisation programme, perhaps even with Chinese assistance. In this case, Putin's successor

93 Bershidsky 2017.

94 According to Putin, the "colour revolutions" in Georgia and Ukraine were not locally generated phenomena, but were orchestrated by Washington for its own geopolitical advantage (Mitchell 2012, 92–114).

would not be likely to pursue a friendly policy toward the West, although it may be less confrontational.

The post-Putin foreign policy Russia may pursue, then, may be dramatically different, or it may not change very much. Moreover, the full transition from Putin to a successor might not occur in the first half of the 2020s, but during the 2030s. Unless and until it does occur, Putin is unlikely to change the main outlines of his current foreign policy—including his adversarial view of the US and the West.

ECONOMIC SANCTIONS IN THE US–RUSSIA RELATIONSHIP

The most remarkable feature of the US–Russia economic relationship is that it is not all that important to either party. US imports from Russia in the 1990s increased from a low of US\$481 million in 1992 to a high of just under US\$6 billion in 1999, whereas US exports to Russia ranged from a low of just over US\$2 billion in 1999 to a high of just over US\$3.5 billion in 1998. Then during the 2000s, US imports from Russia ranged from just under US\$7 billion in 2002 to just under US\$27 billion in 2008, while US exports to Russia ranged from just over US\$2 billion in 2000 to over US\$9 billion in 2008. Thus far during the 2010s, the high point for US imports from Russia was over US\$34.6 billion in 2011, while for US exports to Russia it was just over US\$11 billion in 2013.⁹⁵

US–Russian relations deteriorated following the US imposition of economic sanctions on Russia in response to Moscow’s annexation of Crimea, and US–Russia trade volumes fell dramatically to a low (so far) in 2016 of US\$14.5 billion in US imports from Russia and just under US\$6 billion in US exports to Russia. However, US imports from Russia rose to US\$17 billion in 2017 and its exports to Russia rose to US\$7 billion. The same amount of US–Russia trade is on track for 2018.

In terms of overall US trade, Russia is simply not an important partner. The US imposition of economic sanctions on Russia thus has very little effect on the US economy. The US is somewhat more valuable to Russia as a trade partner, but still not all that important. What is remarkable, however, is that despite a decline since the imposition of US economic sanctions after Crimea, US–Russia trade has remained as strong as it has. It is a very different story in the case of US economic sanctions against Iran: US exports to Iran fell to a low of US\$136 million in 2017, whereas US imports from Iran were zero in 2014⁹⁶. These low levels may be reached

95 All the US–Russia trade figures cited here were obtained from the United States Census Bureau (2018b).

96 United States Census Bureau 2018c.

again following the Trump Administration's re-imposition of US sanctions on Iran following Trump's decision to withdraw from the Iranian nuclear accord. Although it is more difficult to predict what US trade with Iran would be like in the absence of sanctions, which have been in place to varying degrees ever since the 1979 Iranian Revolution, the more draconian US sanctions on Tehran appear designed (however ineffectively) to limit the resources available to Iran to pursue activities (related either to its nuclear programme or its involvement in regional conflicts) to which Washington objects.

By way of contrast, the far milder US sanctions against Russia seem designed to signal Washington's disapproval of Russian behaviour without any realistic expectation of changing it. They also seem designed to rally America's European allies to similarly curtail their trade with Russia, but not to push them into doing so beyond the degree that the respective governments, some of which have close trade ties with Moscow, are willing and able to go along with for their own domestic economic and political reasons. This contrasts with the Trump Administration's efforts to force its European allies to conform to its renewed sanctions against Iran, a move that some of them are actively resisting.

Moscow, for its part, has responded to American and Western sanctions by imposing its own sanctions on the West, including banning certain food imports. This move, which is far from unpopular in Russia, supports the increasing trend there to regard home-produced food as superior to imported food.⁹⁷ In any case, whatever the negative long-term effects of US and Western economic sanctions on Russia may be, they do not appear to be undermining support for Putin among the Russian public, and may even have strengthened it.

97 Baruskova 2017.

International trends

There are three trends in particular that affect the environment in which Russian–American relations (as well as much else in international relations) will evolve: the changing dynamics of the petroleum market, the rise of intolerant nationalist forces in many parts of the world (including Europe) and the rise of regional powers.

Only a few years ago it was widely believed that the world was running out of petroleum, but the “shale revolution” in America and elsewhere has meant that there is quite a lot of petroleum to be had. Combined with this, however, is the trend in many parts of the world to move away from petroleum as an energy source and to adopt less environmentally damaging sources such as solar and wind power instead. Despite the recent rise in oil prices, the long-term impact of increased supply on the one hand and diminished growth in or even lower demand for petroleum on the other is that prices are likely to fall. The petroleum industry in America, which has recently become one of the world’s largest oil producers, will be negatively affected by this, but much of the US’s highly diversified economy will benefit. By contrast, both the Russian economy and the Russian government’s revenue are largely dependent on petroleum exports. A prolonged decline in the price of these commodities combined with continued stagnation in its non-petroleum sectors will have a negative impact on the economy and on Putin’s ambitious defence-modernisation programme. Given that oil prices have been rising over the past several years, however, the prospect of this occurring may seem highly unlikely. Nevertheless, higher petroleum prices encourage shale producers to pump more oil and to make other forms of energy less expensive in relative terms. *The Economist* has predicted that countries such as Russia and Saudi Arabia that are strongly dependent on exporting petroleum and little else will be hit especially hard by these trends.⁹⁸

Intolerant nationalism has been on the rise in many parts of the world, including America, Europe and Russia. Fear of the impact of immigrants from different backgrounds on countries in which the historically predominant white populations have been shrinking in proportion to others appears to be a major cause of this. Although Putin certainly did not create them, the desire of right-wing (and sometimes left-wing) political parties and politicians in Europe and America to weaken the Western alliance, and to disrupt NATO and the EU in particular, is certainly in line with Russian aims.⁹⁹ Nationalism is a force that cannot be easily contained or compartmentalised, however. The rise of nationalist forces within one

98 *Economist* 2018b.

99 Gressel 2017; Kirchick 2017; Polyakova et al. 2017.

group might encourage its rise in others. Trump's assertion of American nationalist demands vis-à-vis Europe in terms of both defence spending and trade policy may result not only in an unwillingness but also a lack of capability among European leaders to make concessions to him if there is an anti-American backlash in Europe. Similarly, although Putin's actions in Crimea and Eastern Ukraine attracted the support of Russian nationalists, they have also contributed to the rise of anti-Russian Ukrainian nationalism. Moreover, although nationalist leaders in Europe may indeed be anti-EU, they are not necessarily pro-Russian, as evidenced by the case of Poland. Finally, rising nationalism might encourage not only secessionist forces seeking independence from governments allied to the US, but also those in the Muslim regions of Russia.¹⁰⁰ Rising nationalism, then, may be a force that negatively affects both Russia and the US.

Further, and in addition to the ascendancy of China as a global great power (which is examined later), the strength of various regional great powers may limit the extent to which the US and Russia can cooperate even if they wish to. Even if Putin were amenable to Trump's (and Israel's) willingness to accept a Russian-backed Assad regime if Iran leaves Syria, for example, it is highly doubtful that Iran and its allies would willingly oblige them.¹⁰¹ Similarly, Turkey's determination to weaken Syrian Kurdish forces interferes with both American and Russian efforts to work with the latter.¹⁰² What is remarkable about the recent rush by various countries to acquire naval bases in the Horn of Africa is that it is not being undertaken by the US (which has long had a base there) trying to gain more or by Russia trying to regain its Soviet-era bases, but by China and regional powers such as Saudi Arabia, the United Arab Emirates and Turkey.¹⁰³ In short, the more that America and Russia become consumed with their own rivalry elsewhere and/or internal politics, the more opportunity they may give other powers focused on their own or nearby regions to expand their influence.

Although predominant during the Cold War era, the US and the USSR had great difficulties back then in influencing and restraining their allies as well as in successfully intervening in local conflicts.¹⁰⁴ America's unipolar moment proved short-lived after failing to bring its interventions in Iraq and Afghanistan to successful conclusion, and Washington's relations with its Western allies often became testy. The broader international

100 Laruelle 2016; Galeev 2018.

101 Isachenkov 2018.

102 Idiz 2018.

103 Weber 2017; Brewster 2018.

104 Rodman 1994.

trends emerging more recently, which are likely to prevail into the future, have only made the world less amenable to being controlled by Washington and Moscow either separately or together. How these trends might play out in three areas of particular concern – Europe, the Middle East and the interaction of the Sino–Russian and US–Russian relationships – are discussed next.

MOSCOW–WASHINGTON ARMS CONTROL AGREEMENTS: PROGRESS AND REGRESS

Moscow and Washington have made significant progress in the field of arms control since 1972. They made several agreements controlling the numbers and types of strategic nuclear arms each could deploy (“strategic” meaning long–range weapons systems), as well as significant accords about intermediate–range nuclear forces and (along with many European countries) on conventional armed forces in Europe. President Trump though, has not taken up President Putin’s offer to renew the Obama–era New START (Strategic Arms Reduction Treaty), which is set to expire on 5 February 2021. Putin issued a warning in 2018 that Russia was prepared to develop and deploy new, un–trackable nuclear weapons, something that could spell the end of US–Russian arms control and the revival of a nuclear arms race.¹⁰⁵ With Trump having subsequently announced that the US would withdraw from the INF Treaty, it seems increasingly possible that the entire set of arms–control agreements between Moscow and Washington (some of which involve others) will collapse. The acrimony over arms control did not begin when Trump became president, however, or even during the post–Cold War deterioration in the relationship: it was present from the outset of the Soviet–American arms–control negotiations during the Cold War. Achieving and maintaining these agreements have been complicated by American domestic politics, disagreements between Washington and Moscow over other issues, and the effects of the breakup of the USSR.

In 1972, the Soviet–American Strategic Arms Limitation Talks (SALT I) resulted in the five–year Interim Agreement on strategic offensive missiles, and in the Anti–Ballistic Missile (ABM) Treaty. Under the Interim Agreement, the US was allowed to have 1,710 and the USSR 2,347 ICBMs and SLBMs (there were no limitations on missile warheads or strategic bombers).¹⁰⁶ The ABM Treaty allowed the US and the USSR each to

¹⁰⁵ Wesolowsky 2018.

¹⁰⁶ Unless otherwise noted, all the figures about what each Washington–Moscow arms–control agreement permitted are taken from Kimball & Reif (2017).

have two sites with 100 anti-ballistic missiles (which the two sides later agreed to reduce to one site apiece). The Nixon administration defended its agreeing to allow the USSR to have more strategic offensive missiles on the grounds that it was counterbalanced by the US having more bombers as well as an advantage in missile-warhead technology (specifically in terms of multiple independently-targetable re-entry vehicles, or MIRVs). American critics of the agreement nevertheless argued that the USSR would soon catch up in MIRV technology, that agreeing to the ABM Treaty was foolish because it would limit the US response to a Soviet first strike, which they feared, and that Nixon had agreed to a “bad deal” to advance his own re-election prospects.¹⁰⁷ From the very outset, then, Soviet-American strategic arms control was a controversial topic in the US.

Soon after Nixon resigned in 1974, President Ford met Soviet leader Brezhnev in Vladivostok, where they agreed that SALT II would permit an equal number of strategic delivery vehicles (ICBMs, SLBMs and long-range bombers) on each side. Subsequently, an agreement limiting each side to 2,250 strategic delivery vehicles was signed by Brezhnev and the next US president, Carter, in June 1979. However, although this agreement was more advantageous to the US than SALT I, a battle over whether to ratify it immediately broke out in the US Senate. Foreshadowing the Trump administration’s citing Iran’s involvement in regional conflicts as a reason for the US to withdraw from the Iranian nuclear accord, opponents of SALT II cited the involvement of the Soviet Union and its allies in regional conflicts (especially in the Middle East in 1973, Angola in 1975, the Horn of Africa in 1977–78 and Cambodia in 1978) as reasons casting doubt on whether SALT II should be ratified. As Raymond Garthoff noted in his monumental work on these events, a major reason why this problem arose was that Nixon and Kissinger had oversold SALT I to Congress and the American public as something that would lead to a broader Soviet-American rapprochement and would include not competing in the Third World. Moscow, on the other hand, always understood détente as being limited to nuclear arms control in which both states had a common interest, whereas competition would continue where their interests differed.¹⁰⁸ When the USSR invaded Afghanistan at the end of 1979, President Carter withdrew the SALT II Treaty from Senate consideration, fearing that it would be voted down. Moscow and Washington later announced that they would adhere to the agreement’s terms anyway, but this was an instance in which disagreements on other issues had a negative impact on Soviet-American strategic arms control.

107 Costello 1977; Garthoff 1994b, 458–462, 1144–1146.

108 Garthoff 1994b, 27–57.

Progress on strategic arms control resumed during the period of improved Moscow–Washington relations in the late 1980s and early 1990s. The Strategic Arms Reduction Treaty (START I), signed in July 1991, limited each side to 1,600 strategic delivery vehicles and 6,000 deployed warheads. However, the entry into force of this 15-year treaty was delayed until December 1994 due to the breakup of the USSR and the insistence of both Moscow and Washington that the new states of Belarus, Ukraine and Kazakhstan agree to transfer all Soviet strategic weapons stationed on their territories to Russia. All the reductions that START I called for were completed by December 2001. It was also during this era of good feeling between the US and Russia in the late 1980s and early 1990s that two other major arms-control agreements were concluded: the 1987 Intermediate-Range Nuclear Forces (INF) Treaty (which also included Belarus, Ukraine, Kazakhstan, Uzbekistan and Turkmenistan), and the 1990 Treaty on Conventional Armed Forces in Europe (CFE, which included all the then member states of NATO and the Warsaw Pact).¹⁰⁹

Presidents George H.W. Bush and Yeltsin signed the START II Treaty in 1992. This called for the further reduction of the number of warheads each side could deploy on its strategic nuclear forces to 3,000–3,500. Although ratified by both the US Senate and the Russian Duma, this treaty never came into force because the Senate refused to ratify a 1997 protocol and amendments to the ABM Treaty on which the Russian side insisted. Presidents Clinton and Yeltsin agreed in March 1997 to embark on negotiations for a START III treaty that would further reduce each side's deployed strategic warhead count to 2,000–2,500. However, START III was never negotiated. US plans for ballistic missile defence (BMD) against Iran based in Europe, NATO expansion and NATO involvement in former Yugoslavia led to an increasingly negative view of the US in Russia.¹¹⁰

During another era of Russian–American comity in the aftermath of 9/11, Presidents George W. Bush and Vladimir Putin (both of whom had only recently come into office) signed the Strategic Offensive Reductions Treaty (SORT) calling for an even further reduction in the number of warheads each side could deploy to 1,700–2,200. SORT was signed in May 2002 and came into force in June 2003. Despite the progress on limiting strategic offensive weapons this agreement signified, however, other negotiations broke down. The Bush Administration withdrew from the 1972 ABM Treaty in June 2002. The main reason cited for doing this was that other real or potential nuclear threats had arisen (from North Korea and Iran in particular) since the ABM Treaty was first signed. Bush felt that

109 Kimball & Reif 2018.

110 Stent 2014, 27–34.

the US had to prepare for these by constructing a robust BMD system that the 1972 ABM Treaty, designed for a very different threat environment, prevented. Moscow, in contrast, argued that this was not an appropriate response to these new challenges, and that Washington's BMD plans were, in fact, aimed at Russia. In addition, the ABM Treaty (along with other Moscow-Washington strategic arms control agreements) had been an outward sign that Russia and America remained equals despite the collapse of the USSR. The US withdrawal from it despite Russian objections, then, signalled to the world that the US no longer considered Russia to be an equal, and that Washington was not concerned about Moscow's negative reaction to this move.¹¹¹

The CFE Treaty was the next one to break down. Originally signed in 1990, it was amended in the new version signed in 1999 to reflect the breakup of the Warsaw Pact and the expansion of NATO. Nevertheless, each side accused the other of non-compliance with the terms of the agreement. The US and its allies stated that the revised agreement required Russia to withdraw its troops from the Transnistria region of Moldova and from the Abkhazia and South Ossetia regions of Georgia, whereas Moscow considered these to be bilateral Russia-Moldova and Russia-Georgia issues. Moscow, for its part, strongly objected to US plans for BMD deployment. When Putin's demands for modification of the treaty were not met, Russia suspended its implementation in December 2007.¹¹²

The Obama Administration, which came into office in January 2009, was eager to get Russian-American arms control back on track, blamed the Bush Administration for the breakdown in relations and found a willing partner in Russian President Dmitry Medvedev. The US and Russia signed the New Strategic Arms Reduction Treaty (New START) in April 2010, which limited each side to 1,550 deployed warheads as well as to 700 strategic delivery systems (ICBMs, SLBMs, and bombers). However, it was not ratified by the US Senate until December 2010 and by the Russian Duma until January 2011. It came into force in February 2011 for a ten-year period, which may be extended for five years if both sides agree to do so.¹¹³

The subsequent deterioration in US-Russia relations, however, was reflected in regression from both the INF Treaty and the CFE Treaty. In 2014, the US accused Russia of developing a ground-launched cruise missile (GLCM) in violation of the terms of the INF Treaty. Russia, in turn, claimed that the US BMD deployments in Europe as well as its developing armed drones with characteristics similar to GLCMs were in violation

111 Ibid. 72-75.

112 Kimball & Reif 2012.

113 Stent 2014, 222-225; Reif 2018.

of the Treaty. In addition, Russia announced in March 2015 that it was “completely ending” its participation in the CFE Treaty, but held open the door to “further dialogue.”¹¹⁴

With the US having first withdrawn from the ABM Treaty, Russia having initially suspended and later ended participation in the CFE Treaty, and the US having recently announced its withdrawal from the INF Treaty, the 2010 New START Treaty is the only one with which both the US and Russia continue to fully comply. Although Trump declared it to be a “bad deal” when Putin first raised the question of extending it in early 2017, it appears that Trump’s opposition to renewing it has less to do with any specific objection (or even knowledge) about its terms than with his objection to its having been agreed to by Obama and to his general disdain for international agreements.¹¹⁵ It is nevertheless possible that he will change his mind and agree to the extension of New START. Even if he does not, if someone else is elected president in November 2020, he or she may agree to renew the treaty between Inauguration Day (January 20, 2021) and its expiration on February 5, 2021. Furthermore, even if New START is not formally renewed, Moscow and Washington have long experience of continuing to observe strategic arms control agreements that have been reached but not ratified or renewed.

Putin’s claim in 2018 that Russia was developing new, more powerful strategic weapons may be intended to get Washington to negotiate with him. Doubts have been expressed about whether the new weapons he said Russia was developing are even viable.¹¹⁶ Trump’s statement early on in his presidency that he was willing to engage in a nuclear arms race with Russia may also be a bargaining ploy.¹¹⁷ However, if either side becomes convinced that the other side is forging ahead with new and more powerful strategic weapons it is likely to respond in kind, hence continued US–Russia cooperation on strategic arms control could become as doubtful as the cooperation on intermediate nuclear forces and conventional forces in Europe.

Still, it is clear from the history of Moscow–Washington strategic arms control agreements from the 1972 SALT I Interim Agreement to the 2010 New START Treaty that a remarkable degree of progress has been made. They went from having agreed to limit the US to 1,710 and the USSR to 2,347 long-range missiles, with no limitation on long-range bombers, in the 1972 SALT I Interim Agreement, to the 2010 New START Treaty in which

114 RT 2015.

115 Pifer 2017.

116 MacFarquhar & Sanger 2018; Brumfiel 2018.

117 Greenwood 2018.

they agreed to limit themselves to only 700 strategic delivery vehicles (ICBMs, SLBMs, and bombers). Similarly, the limit on the agreed number of deployed warheads fell from 6,000 each in the 1991 START I Treaty to 1,550 each in the 2010 New START Treaty.

Yet even if US–Russia relations managed to improve somehow, both sides may be unwilling to make further cuts in their strategic nuclear arsenals without other countries with nuclear arsenals also agreeing to limits. In the absence of such an improvement in US–Russia relations, an extension of New START (whether formal or informal) that maintains current limits would be preferable to a renewal of the arms race in strategic offensive weapons that both Trump and Putin have indicated in various statements they are contemplating. With regard to the INF Treaty, each side accuses the other of acquiring weapons in contravention of the agreement, but each denies that it is doing so. The US withdrawal from this treaty, if it occurs, could lead to both sides openly acquiring such weapons in contravention of it. With Russia no longer participating in the CFE Treaty, it would not be surprising if it on the one hand and the US and several European states on the other increased deployments in response to what they saw or feared the other side was doing.

Nevertheless, as the history of Moscow–Washington arms-control efforts shows, breakdown in the process is normal rather than unusual, and does not preclude its later resumption.

REGIONAL EMPHASES IN THE RELATIONSHIP: EUROPE

Before Trump, American and Russian interests vis-à-vis Europe appeared to be at odds. The US supported the expansion of both NATO and the EU whereas Russia opposed this, especially with regard to former Soviet republics but also in the Balkans. Putin, with his zero-sum view of international relations, saw NATO and EU expansion into former Soviet republics such as Ukraine and Georgia in particular as leading to the subtraction of these states from the Russian sphere of influence. Although Washington has long maintained that the expansion of NATO was not directed against Russia (and even on occasion that Russia, too, could join), most Eastern European and all the Baltic governments were motivated to join NATO precisely because they wanted protection from Russia. However, concern about Russia was not their only reason for wanting to join NATO, much less the EU: membership of these institutions would also signal their joining and integrating into the West, something the US

strongly supported.¹¹⁸ Trump's raising of doubts about US commitment to NATO (which he indicated was contingent on how much the members spent on defence) would appear to play into Putin's hands in terms of seeing the alliance weakened.¹¹⁹ Nevertheless, the fact that Trump's top foreign-policy officials have repeatedly emphasised US commitment to NATO (as has Trump on occasion), and that Washington has imposed further economic sanctions on Russia due to its behaviour in Europe, indicates that the Trump Administration as a whole is not so very different from previous administrations in its commitment to Europe.¹²⁰ Unlike previous US presidents, however, Trump is not likely to push for NATO expansion into Ukraine, Georgia and other former Soviet republics. But very few European governments are pushing for this either. Finally, it is worth pointing out that although Putin may be hostile to EU expansion and even to the EU, Russia needs Europe to remain economically strong to continue buying gas and other products from Russia.

If America "returns to normal" after Trump while Putin remains firmly in power in the Kremlin, the international security situation may continue on its recent track: European nations will rely on the US for protection against a malign Moscow, but will also seek to continue importing natural gas from Russia. Washington will continue to urge European nations to spend more on defence, and most of them may do so if only to avoid the possibility of another US president casting doubt on American commitment to NATO. There may still be a gap between what Washington wants its allies to spend and what certain European governments are willing and able to do, however. Nevertheless, a willingness to agree to disagree on this issue might prevail if a more general transatlantic consensus that values the NATO alliance re-emerges.

This scenario may yet develop, but Trump remains in office in the meantime, at least until January 2021, as does Putin at least until 2024. Europeans understandably worry that Trump and Putin will make a deal between themselves that negatively affects them. The question remains, however, whether they would, in fact, reach a deal that could be implemented. Even if they were to reach such an agreement between themselves (as they apparently did at the July 2018 Helsinki summit, at least to some extent),¹²¹ it may turn out that they both have very different interpretations about what was agreed, as happened with the agreement that Trump reached with North Korean leader Kim Jong-un in Singapore

118 Rice 2016.

119 Aleem 2017; O'Brien 2018.

120 Croucher 2018.

121 Wintour 2018; DeYoung, Ryan & Troianovsky 2018.

in June 2018.¹²² Even if Trump and Putin did have the same interpretation of what they agreed to, it is doubtful that Trump could keep his end of the bargain if Congress, the Defense Department as well as other US government agencies, not to mention his own advisers, strongly objected to it. Consequently, although there is indeed a possibility that Trump and Putin will make an agreement about Europe without consulting others, it is also possible that their relationship will deteriorate drastically as a result of their inability to come to an agreement, their differing interpretations of whatever they agreed on, or domestic opposition to the terms in Congress in particular. However, the very perception that Trump, who clearly disdains other Western leaders, is willing to make a deal with Putin might push many current European governments into stronger defence cooperation among themselves.¹²³

It is nevertheless worth noting that there are strict limits on the extent to which any American president can reach an agreement with a foreign leader. It is often pointed out that whereas a treaty needs to be ratified by the Senate, an executive agreement (which has the same force as a treaty) between the US president and a foreign leader does not. Even so, both the House and the Senate must approve any funding provisions required to implement an executive agreement, and such approval may not be forthcoming. Further, any president signing an executive agreement to which Congress seriously objects risks retaliation through the blocking of other aspects of his or her legislative agenda, or if a two-thirds majority in both houses can be mustered, passing legislation he or she neither wants nor can prevent from becoming law.

A best-case scenario for Putin is one in which European-American relations deteriorate and more nationalist leaders and parties that are hostile to NATO and the EU come to power throughout Europe. Many fear that he might use such an opportunity to launch one of his so-called surprise military operations to seize predominantly Russian-populated areas in the Baltic states, or even (as worst-case analysts in Washington fear) overrun these countries entirely.¹²⁴ This is something he might do if he concluded that NATO was in such disarray that it would not respond. If successful, he might then be in a position to persuade other European nations that they cannot rely on the US or on one another for their defence, and therefore the best option would be to come to terms with him. On the other hand, there is no guarantee that such a high-risk strategy would lead to a positive result for Moscow: it might backfire instead, and lead to heavier

122 Gladstone 2018.

123 Brzozowski 2018.

124 On the imbalance between Russian and NATO forces in the vicinity of the Baltic states, see Boston et al. 2018.

European reliance on the US and/or more intense defence-cooperation efforts within Europe (the EU has already initiated Permanent Structured Cooperation and some other forms of closer defence cooperation).¹²⁵ More ominously, any Russian military adventure that Putin could not conclude quickly and successfully might lead to the rise of domestic opposition inside Russia that would be difficult to suppress.¹²⁶ Indeed, Putin's undoubted awareness of how Russia's poor showing against Japan in 1904-1905 led to widespread domestic unrest, and how its disastrous involvement in World War I led to the downfall of the Tsarist regime, may make him unwilling to take similar risks now.

Where Putin might well intervene, however, is where he fears the loss of Russian influence but there is no NATO defence commitment. If, for example, the Lukashenko regime in Belarus seemed about to fall to a pro-Western "colour revolution", he might well intervene.¹²⁷ Moreover, as with Georgia in 2008 and Ukraine in 2014, it is highly doubtful that the West would attempt to stop him.

Putin, of course, would benefit from the electoral victory (with or without active Russian support) of more anti-NATO/EU governments in Europe in that a dismantling of these two Western institutions by their members could benefit Russia immensely. On the other hand, there is no guarantee that nationalist forces in Europe would not be or become anti-Russian as well as anti-American. In other words, neither the decline of American influence in Europe nor of European cohesion guarantees an expansion of Russian influence. Hence, growing nationalism in different European countries might confront Moscow with situations it would find difficult to manage.

Finally, however dysfunctional the NATO alliance becomes, it is unlikely to be dismantled. Fear of Russia may ensure that it survives, but it may become more like a "coalition of the willing" meaning that defence cooperation mainly involves those that fear Russia the most. Although the Trump Administration might be unwilling to help countries that "do not pull their own weight", it seems highly unlikely that Congress and the American public would not insist on helping countries under threat from Russia. After all, Trump's fellow Republicans in Congress imposed sanctions on Russia in 2017 following its actions against Ukraine despite his objections;¹²⁸ and when Trump was expressing his doubts and criticisms

125 EU External Action 2018.

126 Beehner 2018.

127 Marples 2017.

128 Fishman 2017.

about NATO just before the July 2018 summit the US Senate passed a resolution in support of the alliance by a margin of 97-2.¹²⁹

The possibility of more alternative energy resources becoming available means that, if they chose to, European countries could reduce their dependence on Russia. A desire to retain its European markets, then, may give Moscow the motivation to behave reassuringly rather than threateningly towards Europe. This tendency could be reinforced if China continued to pursue the development of wind and solar power, thus reducing its own need for Russian gas.¹³⁰ Now that America is developing the capacity to export liquefied natural gas (LNG), it would not be surprising if Washington were to promote gas purchases from the US as a means of reducing European dependence on Russia (indeed, Trump did just this at the July 2018 Helsinki summit).¹³¹ A German decision to import American LNG might go a long way to assuaging Trump's concerns about the exact percentage of its GNP that Berlin devotes to defence.

REGIONAL EMPHASES IN THE RELATIONSHIP: THE MIDDLE EAST

US and Russian interests in the Middle East have more similarities than differences under Trump. Both countries oppose Sunni jihadist groups such as al-Qaeda and ISIS. Whereas the US pursued democratisation in the Middle East during the George W. Bush Administration through intervention in Iraq and during the Obama Administration through its initial embrace of the 2011 Arab Spring, neither Trump nor Putin has been supportive of this goal. Although supporting opposite sides in the Syrian civil war under Obama, Trump has basically acquiesced to the victory of the Russian-backed Assad regime in Syria. They do have opposing views on Iran, which Putin supports and Trump opposes, but Trump seems to see the Russian presence in Syria as a means of limiting Iranian influence there.¹³²

Putin has sought to expand Russian influence not only in Europe, but also in the Middle East, but there is one major difference in how he has approached this in the two regions. In Europe, Moscow has promoted the rise of right-wing and left-wing parties that are anti-NATO, anti-EU and anti-American. Hence, political change there is seen by Moscow as

129 Barrett 2018.

130 Economist 2018c.

131 Barrabi 2018.

132 Ignatius 2018.

diminishing American and increasing Russian influence. Moscow, on the other hand, does not see political change in the Middle East as benefiting Russian interests. On the contrary, it supports the status quo in the Middle East and has sought good relations with each and every government there.¹³³ In fact, Putin has supported the status quo to a greater extent than the US, which pursued regime change in Afghanistan and Iraq under George W. Bush, in Libya and Syria under Barack Obama, and perhaps now in Iran under Donald Trump.

Russian commentators have frequently pointed out that American pursuit of regime change in the Middle East has had disastrous consequences, while portraying Moscow as a consistent supporter of the authoritarian status quo there. Middle Eastern governments have responded positively to this message, but however irritated they may be with American foreign policy, those that have traditionally relied on the US do not seem willing to switch their allegiance from Washington to Moscow. Thus, although long-standing US allies such as Egypt, Saudi Arabia, the UAE and Qatar have expanded their cooperation with Russia, none of them has stopped relying on the US as their primary security provider. As far as America's traditional allies are concerned, having good relations with Moscow could also be a way of obtaining more support from Washington, which fears the expansion of Russian influence in the region, while also serving as a hedge against the possibility that the US is losing interest in them.¹³⁴

One of the main reasons why the US was so strongly involved in the Middle East following the end of the Cold War was Washington's concern about the region's oil supplies as well as access to them for both the US and its allies, and the desire to prevent hostile forces, especially the USSR, from gaining influence over them and the Western economies that were dependent on them. Now, in contrast, the shale revolution has meant that the US is less dependent on petroleum imports and may even compete with OPEC and Russia in the export market. Meanwhile, alternative energy sources are becoming increasingly available. Moreover, Trump may not feel inclined to devote resources to what he sees as protecting oil-supply routes from the Middle East to an adversary such as China. Finally, he may feel that American allies remaining dependent on Middle Eastern oil supplies should bear the main burden of defending them.

Unlike Putin, Trump is more in harmony with America's Israeli and Gulf Arab allies in seeing Iran as an enemy. Russia, on the other hand, has had good relations with Iran, and has worked closely with Tehran in support of the Assad regime in Syria. Given that America shares their

¹³³ Kozhanov 2018; Trenin 2018.

¹³⁴ Katz 2018.

concerns about Iran whereas Russia does not, Israel and the Gulf Arabs in particular are not likely to see Russia as better than America as an ally against Tehran. On the other hand, they (as well as the Trump administration) seem willing to accept Russia's role in Syria as a means of limiting Iranian influence there. Indeed, from the time he became president Trump has sought to make some sort of deal with Putin whereby the latter turns against Iran.¹³⁵ Putin, in turn, sees an advantage for Russia in being able to work with all parties in the Middle East including Iran whereas Washington cannot or will not do so.¹³⁶ Nevertheless, Putin will not want to see conflict between Iran on the one hand and Israel and/or the Gulf Arabs on the other escalate in that the US is likely to support Iran's opponents since this would leave Russia with the choice of supporting Iran and thereby losing influence with the Arabs and Israel, supporting the Arabs and Israel and thereby losing influence with Iran (and probably seeing the US take the lead anyway), or being marginalised by not being involved. Russian diplomacy, then, is likely to make every effort to prevent any such conflict from arising in the first place.

Apart from the issue of Iran, both Washington and Moscow support the existing governments in the Middle East (Trump wants to free Syria of Iranian influence, but seems willing to accept the Assad regime there).¹³⁷ Neither Russia nor the US is attempting to exclude the other from the region. Moreover, regional governments seek good relations with both, although most of them rely more heavily on the US and its Western allies for security cooperation and trade.

Indeed, with both Washington and Moscow so heavily invested in supporting the status quo in the Middle East, both may lose influence if there is another episode of massive political change such as the Arab Spring. Should the forces leading it be jihadist, this will obviously have a negative impact on America and Europe. However, the impact on Russia may be worse if these forces decide to adopt Russia's oppressed Muslims as a cause and if whatever uprising occurs in the Middle East spreads to Russia's Muslim regions. If this happens, Putin or his successor will have to divert resources away from the pursuit of Moscow's more aggressive policy towards Europe in order to contain this internal threat. Indeed, the state of Russia's relations with the West will play a vital role in determining whether America and Europe sympathise with Moscow in this endeavour or see it as a welcome relief from Russian hostility.

135 Katz 2017.

136 Sladden et al. 2018.

137 Gordon 2018.

INTERACTING GREAT POWER RELATIONS: CHINA-RUSSIA AND RUSSIA-US

Up until now, Russia has reacted to increasingly tense relations with America and the West by moving closer to China both economically and militarily.¹³⁸ China has its own differences with the US and many of America's allies (although mainly those in Asia rather than Europe). Russia and China are the world's two most powerful authoritarian regimes, and they have made common cause against America and the West for trying to "impose democracy" on them and other authoritarian regimes (as Moscow and Beijing claim they are doing). Russian-Chinese collaboration in the UN Security Council to oppose Western initiatives has been especially notable. Although just one negative vote is enough to veto a resolution, the casting of two negative votes in cooperation helps each to avoid isolation. In addition, the simultaneous pursuit by Russia of revisionist aims that America opposes in Europe and by China in the South and East China Seas as well as elsewhere in Asia makes America's countering efforts more difficult and complicated. Hence, the China-Russia partnership is very useful to Moscow and Beijing both in terms of providing each with a partner in pursuing anti-American aims and distracting Washington from focusing exclusively on either.¹³⁹

Despite these benefits, Moscow has a problem with the China-Russia partnership. Historically, Tsarist Russia and Soviet Russia were relatively stronger than China, and both of these Russian regimes took advantage (in the Chinese view) of the latter's relative weakness. However, since China embarked on rapid economic modernisation in the late 1970s and the USSR collapsed in 1991, China has grown much stronger than Russia economically, and the gap between them is only likely to widen. Although Russia remains militarily stronger in some respects, China has been rapidly closing the gap here, too, and its more-rapidly-growing economy will enable Beijing to build an even stronger military force in the future.

As China becomes steadily stronger compared to Moscow there is a risk that the Sino-Russian partnership will become increasingly unequal, with Russia playing a more and more junior role. It is also possible that Beijing will demand concessions from Moscow, which it might be averse to making. However, the more isolated Russia becomes from America and the West, the less able Moscow may be to resist Chinese demands. Meanwhile, Putin expresses great enthusiasm for Russian-Chinese cooperation, seemingly not acknowledging the possibility that Beijing would

¹³⁸ Sinkkonen 2018.

¹³⁹ Ibid.

ever pose a threat to Moscow.¹⁴⁰ Given what is known about Putin's suspicious nature, however, it seems inconceivable that he has not thought about and planned for this eventuality.

What might his calculations be? One possibility is that although he does understand that China may be a threat to Russia in the long term, he anticipates that as long as Beijing sees Washington as the main threat to China it will not do anything to upset the Sino-Russian relationship. Indeed, if Sino-American competition becomes the primary source of tension in international relations, Putin may seize the opportunity to manoeuvre between them and to obtain concessions from both. At the very least, increased Sino-American tension will mean that Washington will not be able to pay as much attention to Russia. On the other hand, if China does emerge as a threat to Russia, Putin may assume that it will also be a threat to the US, and thus Washington will support Russia against China because it is in America's interest to do so.

Such calculations may not be unreasonable. Of course, it is also possible that Moscow's interference in the 2016 (and perhaps later) American elections will have a long-term negative effect on the American view of Russia that will make it difficult or impossible for a future American president to cooperate with Putin even if a common threat were to emerge. As the lack of American anticipation of how long Russia would resent NATO expansion shows, what one government believes would be in the rational interest of another government does not always prove to be an accurate assessment.

In the longer term, it is possible that a post-Putin Russian leader may simply view China differently. If this person decided that it posed a greater threat to Russia than the US did, he may well decide (much as Gorbachev did) that reaching détente with the US and Europe would be vital for securing American and European support vis-a-vis a Chinese threat, perceived as being far more immediate for Russia than for the West. Russian-American relations might improve dramatically under such circumstances. On the other hand, a scenario that is very unlikely but would have a very high impact is if China were to democratise. This could result in vastly improved Sino-Western relations and the complete isolation of Russia, unless and until it also democratised. Yet while both these scenarios are possible, neither is likely at present; America and the West, then, cannot count on their occurrence any time soon, if at all. Nevertheless, unexpected events do occur, as recent history has shown.

140 Rumer 2017; Lukin 2018.

CONDITIONS FOR COOPERATION

US–Russia relations have been evolving in a negative direction ever since the brief moment at the end of the Cold War when there was the prospect of a positive relationship. Any hopes of an improved relationship following the election of Donald Trump (who has praised Putin effusively) have been dashed in both countries. The continuing investigations into Russian interference in the 2016 US elections has led to growing distrust of Russia in the US among groups other than the core minority of Trump supporters. Similarly, and despite Trump’s positive statements about Russia and Putin, Moscow has become disillusioned with the hardening of US policy towards Russia (including the imposition of further economic sanctions, the provision of some military support to Ukraine and Trump’s announcement of US withdrawal from the INF Treaty). The current prospects for US–Russia cooperation seem very poor indeed, and some even predict that they may get much worse.¹⁴¹

Yet there have been past periods of significant cooperation between Washington and Moscow, specifically when they faced a common threat. They worked together in the fight against the common threat of Nazi Germany in 1941–45. Their cooperation on strategic arms control began in earnest when the threat of a mutually devastating nuclear war arose at the time of the 1962 Cuban missile crisis¹⁴²: although the strategic-arms-control agreements of the early 1970s are the best known examples of this Moscow–Washington cooperation, it began with the 1963 Limited Test Ban Treaty.¹⁴³ In both cases, cooperation co-existed with competition, most notably in the Third World during the Cold War. The fact that Washington and Moscow were working in cooperation at the same time as they were competing is a positive indication that relations need not be fully harmonious for this to happen. Indeed, as noted above, the fact that Russian–American relations are not conflictual but are even somewhat cooperative in the Middle East, where they both face a common opponent in the form of jihadist groups such as Al Qaeda and ISIS, indicates that this is still possible. Moreover, the fact that the common threat from these two groups has not brought about deeper Russian–American cooperation could merely indicate that both see this threat as relatively limited and contained.

141 See, for example, Boulègue 2018.

142 See the section on Moscow–Washington Arms Control Agreements.

143 “President Eisenhower said that the deepest disappointment of his presidency was his inability to conclude this [limited test ban] treaty, and it fell to JFK to finally do so. But this did not happen until we had gone, as the phrase goes, eyeball-to-eyeball with the Soviets during the Cuban Missile Crisis. It may indeed have been this sobering experience that pushed the two leaders, Kennedy and Khrushchev, to bring the negotiations to a conclusion” (Bohlen 2009).

What would constitute a sufficiently serious common threat that would bring about a greater degree of Russian–American cooperation? Mutual perception of a common threat from China is the most obvious scenario. Henry Kissinger, who initiated American cooperation with China against the common Soviet threat in the early 1970s, has reportedly advised Trump now to seek cooperation with Russia against the common Chinese threat.¹⁴⁴ However, as noted above, Putin sees China as much less of a threat than the US (mainly because whatever the problems China may pose for Russia, Putin does not see Beijing as threatening his regime through attempts at democratisation, as he believes the US, even if not Trump, is intent on doing).

Although Kissinger’s call for the US and Russia to cooperate in mitigating a common Chinese threat might appear attractive, the right conditions have simply not developed. The Sino–American cooperation against the USSR he helped initiate in the early 1970s only occurred in the context of the hostile Sino–Soviet relationship (which even involved incidents of conflict along their disputed border), which had sharply deteriorated in the previous fifteen years. In retrospect, what was remarkable about Nixon and Kissinger was that they were able to initiate Sino–American cooperation at the same time as they were pursuing Soviet–American arms control, which was something that Moscow put up with to avoid the possibility of conflict with America and China simultaneously.

What this implies, then, is that US–Russian cooperation against a common threat from China is not likely to occur unless and until China is perceived as the primary threat for a considerable period of time in both Moscow and Washington. In other words, Washington cannot persuade Moscow to cooperate with it against China: it is only when Moscow on its own develops a fear of China that outweighs Putin’s current animosity towards the US that this will become possible. This is not something that is imminent, and Chinese diplomacy will strive to ensure that it does not happen. However, it could occur at some point in the 2020s or 2030s if China continues to grow stronger economically and militarily, and also becomes more assertive.

It is by no means certain, of course, that China will become the common threat that leads to US–Russia cooperation. There may, though, be other common threats emerging that lead to cooperation not only between the US and Russia but also involving other countries, including China and Europe. More dramatic climate change and increasing refugee flows (which may occur simultaneously given that the former contributes to the latter) may well pose the sort of threat that makes multilateral

144 Suebsaeng et al. 2018.

cooperation not merely desirable, but essential. There may also be other common threats, which—just as in the past—may lead to cooperation to counter them between the US and Russia, and between them and others. However, there first has to be common recognition that not only is something a threat, but that no party can deal with it effectively without cooperation with the other. This has yet to occur.

US-RUSSIA RELATIONS: IMPLICATIONS FOR EUROPE

The state of US–Russia relations will continue to have an impact on other regions of the world, especially Europe and particularly countries such as Finland that border or are near Russia. There is much uncertainty on many levels: about the state of American politics (especially whether Trump is a temporary aberration or the harbinger of a more lasting trend); the state of Russian politics (especially what will happen after the end of Putin’s current term); the future of the Russian–American relationship; and the future of world politics. Europe, then, must be prepared for at least four possible scenarios as well as for a period of uncertainty about which of them will finally emerge.

The first of these possible scenarios is one that Russian commentators in particular claim is emerging: America is in decline whereas other great powers, including Russia, are on the rise.¹⁴⁵ The second scenario is that Russia and other great powers are not as much on the rise as some hope and others fear, and that America remains the strongest single great power.¹⁴⁶ The third possibility is that America is in decline and China is on the rise, but Russia is not a rising power because it, too, is in decline.¹⁴⁷ The fourth possibility is that neither America on the one hand nor Russia, China or any other global great power on the other is able to impose order in an increasingly chaotic world.¹⁴⁸

All these scenarios, including the one in which America remains strong, involve serious dangers for Europe. If Russia is growing stronger while America’s commitment to Europe is weakening, in the view of some people in Europe making concessions to Russia in areas that are less important to them, such as Ukraine, is the least costly option. However, as previous instances of appeasement testify, giving in to the demands of a rising authoritarian regime risks encouraging it to make further demands.

145 See, for example, Karaganov 2018.

146 Ratner & Wright 2013.

147 Kazianis 2018.

148 Lo 2015.

If America remains strong, some in Europe might conclude that the Atlantic relationship will return to normal with the US remaining the primary security provider for Europe. The problem here, however, is that even if it is willing to play this role, Washington may be too distracted elsewhere (especially by what it may see as a greater threat than Russia in the rise of China). Further, a lasting Trump legacy might be the conviction in America that a wealthy Europe can and should pay more for its own defence. On the other hand, there may be a new opportunity for Europe to restrain Russia by persuading an ascendant China that Russian policy towards Europe is harmful to Beijing's interests: this might encourage Beijing to act to restrain Moscow (though how it would do so is not clear at present).

In a world in which it is not certain which great powers may be on the rise or in decline, Europe should focus on making itself more of a great power than it is now. Indeed, if it appears that the US is now less willing or able to serve as Europe's primary defender, then Europe must definitely take matters into its own hands. Doing so may also be the best way of ensuring some degree of American support for a Europe that is willing to defend itself, and of convincing the Kremlin that it is not in its interests to threaten European security. Attaining these two goals would help to establish Europe (even if somewhat unclearly defined) as a great power in its own right, to foster healthier relationships internally on the one hand and with both America and Russia on the other, and to put all three in a better position to face the challenges posed by a China on the rise, a more chaotic world, or both.

CONCLUSIONS

The starting point of this report was that even if the great-power system, including relations between the great powers, does not necessarily constitute the only political framework affecting world politics at large, it is still a key factor in this context. The main focus was on current developments and future trends in relations between China and Russia on the one hand, and the US and Russia on the other. With reference to existing studies on the characteristics of the Sino-American relationship, an effort was made to envisage the broad political trends in the great-power system, and how they might affect the EU and its member states. In conjunction with these questions, we addressed the question of how the emerging balance of power between the great powers might affect the liberal international order and its institutions.

First, we identified certain long-term trends and characteristics of great-power relationships that are not very likely to change. One of these relates to the willingness to balance dominant powers, or to contain the role of rising powers, which might be assumed to form a more permanent characteristic of the great-power system irrespective of the particular actors in it.

Our findings indicate, for instance, how the increasingly hostile turn in relations between both China and Russia with the US has contributed to a deepening of the Sino-Russian relationship, which at least for the time being has the characteristics of a joint strategic reaction rather than a genuine common political agenda, or a concrete alliance, emerging between the two powers. This means that the future of the relationship will be equally affected by changes in the relations of the two powers – and in

particular of China as the more dominant one in this duo – with the US. An improvement in the Sino-American relationship is not the most likely trend perceived in this report, however, in that the increasingly critical conceptions about the role of China currently emerging in the US seem to cut across the political field and thus to reach beyond the immediate policy circles of President Trump.

The aspiration to contain the powers of each other formed a systematic goal of foreign policy for the three great powers under scrutiny, perhaps with the exception of the Russian approach towards China. For the US it is a question of its post-war policy to ally itself with smaller states against other great powers, which is clearly reflected in its global partnerships but also in its reluctance to bargain with Russia, for instance. This is a policy with significant implications for the US bilateral relationship, as Russia maintains its decades-long conflict of interest with its key foreign-policy goal to achieve recognition of its great-power status. Even if President Trump initially showed a willingness to change the situation it seems that his political position is not strong enough, given the increasingly controversial role of Russia in US domestic policy.

The goal of balancing adversaries is also evident in Russian foreign policy, specifically in its efforts to weaken the role of the US and the EU by increasing their internal instability and political fragmentation through intervening in elections and supporting political extremism. The report also points out how Chinese self-restraint in its relationship with Russia serves the political purpose of maintaining a strategic coalition to balance US dominance.

The EU is thus clearly a target for this policy of balancing exerted by Russia in particular, but also, even if in a softer manner, by China. Chinese instruments of soft power such as buying critical infrastructure and making efforts to establish a political dialogue with regional parts of the EU (16+1; 5+1) exemplify the same policy. As we point out, the Chinese approach to the EU is still dominated by the expectation of economic gains, and thus is not equally driven by political considerations as is the Russian approach. The EU should nevertheless recognise the emerging Chinese political agenda.

The current contours of the Sino-Russian and US-Russian relationships were first of all shown to reflect the aforementioned permanent characteristics of the great-power system. Other common factors also appeared to significantly affect current developments and future trends.

Global energy markets clearly form one key factor affecting the relationships among the great powers on the global level, another being the type of domestic political regime within them. The fact that Chinese oil

purchases from Russia are at the heart of the Sino–Russian relationship is a key factor in maintaining this imbalanced relationship, as well as the strong set of non–governmental stakeholders it involves on both sides of the border.

On the other hand, the strengthened role of Russia in the Middle East, with its enlarged room for manoeuvre, seems to reflect the lower level of US dependency on the region given its own shale–gas production. Oil prices in the world market further affect the Russian economy and, in the case of serious economic grievances, are reflected in a more assertive foreign policy.

Technological competition is another primary factor. Arguably, in the current context (a small number of patents received by Russia compared with the US and China, much lower rankings of its leading universities, the brain drain and Western sanctions, for example) in general, as well as in some sensitive areas such as the development of computer hardware, Russia will not be able to play in the same league as the US and China. Instead of catching up, Moscow may see the gap growing, which should be a reason for concern. Its response, however, could be further militarisation and the concentration of resources on defence production, which is a field in which even obsolescent technologies could guarantee the necessary level of defence (especially nuclear) capabilities for the foreseeable future. By implication, this will put Russia on a par with the US in its nuclear status, and give it numerical nuclear superiority vis-à-vis China.

The report also clearly highlights the significance of the respective domestic political regimes in the great–power relations in question. The crucial need for both the Russian and the Chinese leadership to protect their authoritarian regimes from Western political values such as democracy, human rights and the rule of law was identified as a key source of unity between China and Russia, and as an element that nourished confrontation with the West. It could also be considered a major driving force behind the recent aggressive Russian foreign policy vis-à-vis its neighbours, and even of its willingness to use force to prevent them from allying themselves with the US and the EU.

The character of the regime in the US, in particular the constitutional constraints on presidential powers, seems to have prevented President Trump from making the kind of bargains with President Putin that he probably would have wanted.

Factors originating in the domestic regimes are among the major sources of unpredictability in the two great–power relationships studied in the report. The power transition from Vladimir Putin, whenever it happens, may have foreign–policy implications in terms of relations

with the West or with China, or even both. If a worsening of relations with the West was more of a continuation of the present negative conjuncture, a serious change in the Russian approach to China – for instance in perceiving current imbalances very negatively – would have broader consequences. Such a change might trigger an improvement in Russia's relations with the West.

A more far-reaching change in either the Russian or the Chinese authoritarian system seems unlikely in light of the analyses given in this report, thus the consequences of a transition into a more democratic rule are not assessed. It goes without saying, however, that as long as the two systems have their current characteristics, it is very difficult to anticipate the foreign policies they will embrace. Public opinion clearly affects foreign policy in both China and Russia, but in a different way than in the US and the EU. It does not constrain foreign-policy decisions in an authoritarian system, which allows the regime to take action more quickly and to use instruments that would be hard to justify in a truly democratic system. On the other hand, foreign policy tends to serve predominantly domestic purposes such as when the regime wants to divert attention from domestic economic grievances. When the driving force is linked with the mental landscape of one person, or his or her relations with a small group of trusted advisors, the task of the policy analyst is insurmountable.

Authoritarian systems tend to seek justification for regime continuity or national unity in the construction of external threats, as evidenced in the current Russian foreign policy. When the perception of external threats serves multiple purposes in a regime it is very difficult to define what policies and instruments are needed in response. What is a sufficient response to a threat that is largely self-constructed? The same applies to the manner in which authoritarian regimes look for international recognition and prestige by resorting to military force and the violation of international rules. In these cases, too, the abstract character of the goals makes it very difficult to assess how the regimes perceive the scope of action required.

However difficult and non-transparent it might be, leaders of the EU should try to learn the logic behind Russian and Chinese foreign policy. Both countries should be understood in the light of their historical identities, their perceived foreign-policy successes and failures and, above all, the personal world-views and affinities of their leaders. One cultural difference between the Russian and the Chinese policies, with implications for the EU, which is already obvious, concerns the time dimension. Whereas fast moves are typical of Russian foreign policy, the Chinese great-power project is much more piecemeal and of *longue durée*.

In the light of the aforementioned uncertainties, it is difficult to outline a clear vision of how the two great-power relationships might evolve. The Sino-Russian relationship clearly appears to be less deeply rooted in historical or systemic conditions than the relationship between the US and Russia, the current hostilities in which are difficult to resolve. If Chinese self-restraint in its imbalanced cooperation with Russia comes to an end, or their projects in Central Asia embark on a collision course, or their disagreements on the future of the liberal world order become insurmountable, the partnership might take a different course. This would be very likely to increase Russian concerns about the expansion of Chinese power, with repercussions for its approach to the West. Nevertheless, as mentioned above, there are factors linked with such a change, as with any change, that make the consequences difficult to anticipate.

THE LIBERAL WORLD ORDER

This report also raises the question of how developments in the two great-power relationships under study might affect the future of the liberal world order and its key institutions. From the EU's point of view a loss of trust in the rules and practices of these institutions – be it those in the Bretton Woods system such as the IMF and the World Bank or those related to international security such as the UN and the various major treaties linked to it – would be detrimental.

The two relationships are depicted as far from simple. On the one hand, distrust in the institutions of global governance and non-compliance with their rules are clearly an instrument of the Russian great-power policy and of its willingness to look for recognition on the global arena. Russia, unlike China, does not strive to take on more responsibilities in global institutions or in policies it rather seeks to repeal. The Russian policy is therefore not very likely to change, not, at least, as long as the US leadership makes no such demands as the price for its recognition: in the current circumstances it is all too far-fetched. It is difficult to foresee how a similar policy of questioning liberal institutions and norms, at best driven by the current US president, will affect the Russian approach, which seems likely to fail to meet its goals to achieve US recognition.

The variation in policies concerning the liberal global order, on the other hand, is identified as one of the key obstacles to a deeper alliance between China and Russia, irrespective of their joint criticism of US hegemony and their emphasis on state sovereignty and non-interference. Heavy Chinese dependence on the stability and economic benefits derived

from the international institutions regulating the global market economy seemed to lead to a constructive policy and a stronger willingness to take responsibility for the global agenda in international peace-keeping or development activity for instance. The Chinese policy essentially slows down the weakening of the liberal institutions, but it is also compartmentalised, implying a more critical or destructive approach towards parts of the liberal order such as the human-rights regime. A more constructive policy towards the liberal order would also seem to serve Chinese PR interests and to be more in line with its self-representation as a responsible global actor.

From the EU's point of view, identifying common interests in developing the system of global governance appears to be much easier with China than with Russia. The EU should therefore actively look for a common agenda with China in support of the current system of global governance in order to consolidate as many parts of it as possible. The most difficult question for the EU in the current circumstances concerns the extent to which the promotion of joint interests with China should be allowed at the expense of the Union's common values in the field of human rights, for instance.

The major choice looming behind this question and many others concerns the future of universalism as a goal for the global order. The assumption of universality among the key principles of the liberal international order has constituted a cornerstone of the EU's global policies and actions. With regionalism on the rise and the competition between different value systems getting tighter, the EU should pose the strategic question concerning the legitimacy of universalism in its policy. Should the Western world accept the development of the system of international cooperation towards a set of regional frameworks revolving around the value systems of the key participating countries? Moreover, if the world does develop in this direction, which fields should necessarily be regulated through global norms and institutions?

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ABOUT THE CONTRIBUTORS

Dr Mika Aaltola is Programme Director of the Global Security research programme at the Finnish Institute of International Affairs. His areas of expertise include US foreign and domestic policies as well as the international system and major power relations. He has been a visiting researcher at universities in the US and France, and holds the title of Docent at the University of Tampere.

Dr Marcin Kaczmarski is currently Lecturer in Security Studies at the School of Social and Political Sciences, University of Glasgow. He has previously worked as Senior Research Fellow at the EU's Eastern Neighbourhood and Russia research programme in FIIA. His research interests include Russia-China relations, Russia's foreign policy, great-power regionalism. He was a visiting scholar at Aberystwyth University (UK), Chengchi University (Taiwan), Slavic-Eurasian Research Center (Japan), Kennan Institute (US) and Aleksanteri Institute (Finland). He combined his scholarly research at the University of Warsaw with policy analysis for the Warsaw-based think-tank, Centre for Eastern Studies, OSW.

Dr Jyrki Kallio is Senior Research Fellow at the Finnish Institute of International Affairs (FIIA). His research focus is on Chinese political culture and Chinese foreign relations. He has a special interest in the revival of Confucianism and its implications for Chinese society and politics. He has also translated classical Chinese philosophy and literature into Finnish. Before joining the FIIA in 2011, he worked in the Finnish diplomatic service.

Dr Mark N. Katz, a Professor of Government and Politics at the George Mason University Schar School of Policy and Government, spent six months as a Senior Visiting Fellow at the Finnish Institute of International Affairs in 2017. He earned a PhD in political science from the Massachusetts Institute of Technology in 1982. He has previously been a visiting scholar at the Brookings Institution, the Wilson Center's

Kennan Institute, the King Faisal Center for Research and Islamic Studies (Riyadh), the Hokkaido University Slavic Research Center, the Higher School of Economics (Moscow), the Middle East Policy Council, and the Arab Gulf States Institute in Washington. During 2018, he was a Fulbright Scholar at the School of Oriental and African Studies (SOAS), University of London, was then the 2018 Sir William Luce Fellow at Durham University, and later returned to FIIA as a Visiting Senior Fellow in order to work on this project. He is currently a member of the FIIA Scientific Advisory Council.

Dr Arkady Moshes is the Programme Director of the EU's Eastern Neighbourhood and Russia research programme at the FIIA. From 2008 to 2015 he was an Associate Fellow with the Russia and Eurasia Programme at Chatham House. He received his PhD from the Institute of Europe, Russian Academy of Sciences in Moscow. His main areas of expertise include Russia-EU relations and the internal and foreign policy of Ukraine and Belarus. He has written extensively on those issues, as well as on Russia's policy toward the CIS and Baltic States.

Dr Teija Tiilikainen is the Director of the Finnish Institute of International Affairs (FIIA). Previously, Dr. Tiilikainen was the Director of the Network of European Studies at the University of Helsinki (2003-2009). She has also served as Secretary of State at the Ministry for Foreign Affairs of Finland from 2007 to 2008. Dr. Tiilikainen was the Special Representative of the Prime Minister of Finland in the Convention on the Future of Europe in 2002-2003. Currently, she is also Editor-in-Chief of *Ulkopolitiikka* – the Finnish Journal of Foreign Affairs.

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CURRENT DEVELOPMENTS AND FUTURE TRENDS

The great-power system has been in constant change since the end of the Cold War. The US became the hegemonic power, and under its shelter, the European Union was able to transform into a European-wide political body.

Soon, a group of leading regional powers started to question the universalist aspirations of the Western-led international order. Two members of this club in particular were not satisfied with the role of a regional hegemon and had more global ambitions.

China has already become the largest trading nation globally, and Chinese foreign policy has assumed an assertive tone. China has both the potential to challenge US hegemony, as well as the political will to use it.

Russia's project to achieve a global great-power status, on the other hand, is inspired by its historical identity and its alleged humiliation by the West after the collapse of the Soviet Union. Russia longs for recognition of its great-power status in particular from the US.

This report focuses on relations between China and Russia on the one hand and the US and Russia on the other. It analyses the current developments and future trends in these relationships, as well as their implications for the EU. /