

**CHINA RUSSIA RELATIONS IN CENTRAL ASIA: ACCOMMODATING
CONFLICTING INTERESTS**

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Abstract

With the United States invasion of Afghanistan and military presence in Central Asia many scholars began discussing Sino-Russian alliance against the US in the region. Yet, with the end of “Operation Enduring Freedom”, the US military will mostly leave Afghanistan and thus Central Asia by the end of 2014.

Consequently, with the most important uniting factor in China-Russia relations over Central Asia gone, China and Russia will be left as the only most significant external actors in the region and scholars predict that relations between Moscow and Beijing after this period will be marked by differences rather than similarities. Specifically, rapid Chinese economic expansion has already undermined Russia’s monopoly over the energy-rich Central Asian states representing a potential source of tension in their bilateral relations. Consequently, this dissertation aims to evaluate the basis for China-Russian cooperation in Central Asia, and mechanisms available for China and Russia to mitigate tensions over the region after the US withdrawal.

Introduction

During the Soviet Union, Central Asia was traditionally considered as Russia's sphere of influence; however the collapse of the Soviet Union brought an end to Russian domination and brought other external actors into the region, including the People's Republic of China.

China-Russia bilateral relations in Central Asia were limited until the late 1990s, as both engaged the region separately. The main concern for China until the beginning of the new millennium was the border issues with Central Asian states.¹ Consequently, Chinese involvement in the region was limited, and Russia was still a dominant actor, who enjoyed privileged interests as part of the Soviet legacy. China respected Russia's position in the region and thus, both states were comfortable with each other as there were few discussions of the Sino-Russian dynamic in the region.

The terrorist attacks of 9/11 introduced the United States to the region because not only did the US invade Afghanistan, but also managed to settle military bases in Central Asia. From a geopolitical perspective having American bases close to the borders was uncomfortable for both China and Russia, and thus closer cooperation between Moscow and Beijing in Central Asia began.² With the establishment of Shanghai Cooperation Organization in 2001 Russia and China affirmed common interests in many areas. As a result, two states start a closer cooperation under the SCO umbrella fighting the three evils: terrorism, separatism and extremism. Additionally, they start voicing open concerns over American presence in the region. Therefore, similar regional security interests and common

¹ Zhao Huansheng, "China-Russia Relations in Central Asia," www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

² Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 20.

desire to contain the US in the region served as a good base for the further development of China-Russian bilateral relations in the region. Hence, many among academia start talking of an existence of a limited alliance between China and Russia targeted against the US.³

Yet, while the US is believed to be a spur for China-Russia closer cooperation in Central Asia, it is set to leave Afghanistan and close its military bases in Central Asia by the end of 2014. Consequently, with a common uniting factor gone, China and Russia would be able to see more differences rather than similarities between each other.

The main area that can undermine China-Russia relations in Central Asia is energy. A rapid Chinese expansion in the region has undermined Russia's monopoly over trade and energy routes. China has been investing in Central Asian infrastructure, constructing roads and pipelines in order to connect the region to its western province, Xinjiang. This type of infrastructure is considered to be strategic because it can assure a long term presence of China in the region. As the result, Central Asian states have managed to deliver their energy to alternative markets, and Russia is forced to pay a higher price for the imported energy. Those conflicting economic interests in the sphere of energy might increase the tension in China-Russian bilateral relations.

Hitherto, despite the fact that CNPC has ended Gazprom's monopoly in the region, Moscow hasn't made any statements opposing Chinese presence. Therefore, this dissertation aims to address the following questions: Why despite conflicting economic interests Russia and China have accommodated each other in the region? After the US withdrawal from Afghanistan and closeness of military bases, what

³ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 22.

mechanisms are available for Russia and China to mitigate their tensions in the region, and how sustainable are those mechanisms?

Methodology

In this dissertation qualitative analysis is employed to analyze both secondary and primary data. Secondary data includes books and analytical reviews on China-Russia bilateral relations, as well as recent news published on the topic. The primary data used includes the speeches of Chinese leaders and Russian presidents. Additionally, interviews were conducted with AUCA and OSCE professors and also with the experts on China and Russia in Central Asia.

Structurally, the dissertation is divided into three chapters. Chapter one provides a historical overview of Sino-Russian relations and views on China and Russia bilateral relations in the context of current international system. The essential part of the chapter examines the areas in which their interests converge and diverge politically and economically. Chapter two limits the scope to Central Asia and evaluates China-Russia interaction in the region. The chapter clearly draws a line between Chinese and Russian interests in the region, and outlines a difference in approach with regard to the region. Later, Chapter three evaluates specific mechanisms available to China and Russia to mitigate tensions over Central Asia, and is followed by a sub chapter which measures a sustainability of those mechanisms.

Chapter 1: China-Russia Bilateral Relations

1.1 Brief history of Sino-Soviet Relations

During the Cold War China and the Soviet Union disputed over borders, however those territorial conflicts started earlier than the Cold War itself. Under Tsarist expansion in nineteenth-century Russia managed to take over Chinese territories, which lead to the decline of Chinese Empire.⁴ However, relations deteriorated during the second decade of the Cold War, when Russo-Chinese alliance fell in the mid of 1950s and the Sino-Soviet split occurred.⁵ Moreover, around 1960s Soviets started building up military forces along Soviet-Sino border, which lead to border clashes in 1969.

Three main obstacles undermined the development of the Sino-Soviet bilateral relations until 1970s: “the presence of Soviet troops in Afghanistan; buildup of Soviet forces along the Sino-Soviet border, Mongolia being the main concern; and Soviet backed Vietnamese military occupation of Cambodia.”⁶ Due to the border disputes, economic relations between the two states were not developed. “Political and military presence of Soviet Union in the key areas along China’s periphery constituted a direct threat to China’s security.”⁷ Consequently, the history of their relations has been bitter and filled with mistrust and suspicion of each other.

Relations between two states started to improve mostly under Gorbachev, who made rapprochement with China a priority to the Soviet Union identifying three obstacles to better relations.⁸ Later, during Geneva Accords, which were led in 1988 Soviet authorities agreed to withdraw combat forces from Afghanistan, and

⁴ Robert G. Sutter, *Chinese Foreign Relations* (Lanham, MD: Rowman & Littlefield, 2008), 269.

⁵ *Ibid.*, 270.

⁶ *Ibid.*, 271.

⁷ *Ibid.*

⁸ *Ibid.*

encouraged Vietnam to evacuate its troops from Cambodia.⁹ Consequently, negotiations began on reducing Soviet forces along the Sino-Soviet border. Moreover, political contacts and trade increased under Gorbachev. Bilateral relations developed in 1989, when China faced an embargo on Western military sales following the Tiananmen crackdown.¹⁰ As a result, China turned to Russia for large scale purchases of advanced equipment.¹¹ Technical cooperation in arms sales started between the two states. Such change in relations were beneficial to both sides, as previously identified threat by Chinese in the face of the Soviet Union was negotiated and reduced, and for the Soviet Union improved relations with China meant easing the burden of the arms race on the Soviet economy.¹²

1.2 China-Russia bilateral relations in the context of the current international system

On December 27, 1991 Beijing announced recognition of Russia as an independent state, which was followed by the signing of the protocol on bilateral relations between Russia and China on December 31st.¹³ In early years Yeltsin, the first President of Russia, didn't move far with his foreign policy agenda, and China was still uncertain of Russia's intentions.¹⁴ However, the number of summit meetings increased between the two sides, and more than 160 agreements, covering all areas of bilateral cooperation, were signed.¹⁵ Consequently, in 1994 during Jiang

⁹ Robert G. Sutter, *Chinese Foreign Relations* (Lanham, MD: Rowman & Littlefield, 2008), 271.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Victor, Larin, "Chapter 14," *Russia and China: New Trends in Bilateral Relations and Political Cooperation*, 178, <http://www.apcss.org/wp-content/uploads/2012/09/Chapter14.pdf>.

¹⁴ Robert G. Sutter, *Chinese Foreign Relations* (Lanham, MD: Rowman & Littlefield, 2008), 273.

¹⁵ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 5, accessed Feb 1, 2014.

Zemin visit to Russia, two sides signed a joint declaration on constructive partnership stressing good neighborliness and mutually beneficial cooperation.¹⁶ Already in the mid-1990s Russia redefined its foreign policy priority on basis of “construction of a multipolar system of international relations”¹⁷. China held a similar interest, and thus cooperation between sides enhanced further.

Two sides started talks on the need to establish a strategic coordination between the two countries and improvement of further cooperation in all fields.¹⁸ Thus, in April 1996 Yeltsin and Jiang Zemin issued a joint statement that describes their bilateral relations as a strategic partnership.¹⁹ Many considered the partnership to be balancing in nature, a counter to US hegemony during that time.²⁰

Certainly, both states held similar views on multipolar international system. But two states had a history of mistrust and suspicion, and the recent improvement of the relations did not fully guarantee a closer cooperation. Sino-Russian strategic partnership cannot be described as balancing in nature because very little changed after it was signed. According to Thazha Varkey Paul, “balancing requires creation and maintenance of formal alliances and counter alliances and going through military build-up to match the capabilities of their key opponents,”²¹ whereas, “the [China-Russia] partnership showed mostly aspirations and a desire of two states to

¹⁶ "China and Russia: Partnership of Strategic Coordination," *www.fmprc.gov.cn*, (Ministry of Foreign Affairs of the People's Republic of China, 17 Nov. 2000), accessed 7 Feb. 2014, <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18028.htm>.

¹⁷ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 5, accessed Feb 1, 2014.

¹⁸ *Ibid.*

¹⁹ Brian Carlson, “The limits of Sino-Russian Strategic Partnership in Central Asia,” (*Princeton.edu*: 2007), 168 <http://www.princeton.edu/jpia/past-issues-1/2007/8.pdf>.

¹⁹ *Ibid.*, 167.

²⁰ *Ibid.*

²¹ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

work together in order to strengthen their foreign policy positions in the dialog with the West.”²²

Meanwhile, not all parts of the common borders were legally registered and disputed territories still existed. Thus, in 1999 Sino-Russian border was legally registered and identified along virtually its entire length, leaving only three islands as disputed territories.²³

However, this is not to say that there haven't been any balancing attempts. Neo-classical realists believe that “the structural factors are primary influencing the foreign policy.”²⁴ Thus, according to this assumption Russia should worry about its relative position towards other powers. Such prediction would find proof in late 1990s, when Y. Primakov served as Russia's Foreign Minister. He considered Russia as a great power and believed that its foreign policy should protect and advance its great power status.²⁵ In fact, in 1999 Primakov used rhetoric of balancing. Primakov considered China as a best candidate for a partner to balance the hegemony of the US, as both were dissatisfied with unipolar international system and both were interested in protecting the principles of sovereignty and non-interference. Primakov advocated a creation of a strategic triangle, which would be comprise of Russia, China, and India. He believed that “the strategic triangle could act as a stabilizing force in a multipolar world.”²⁶

Formation of strategic partnership has laid the process for the Treaty of Good Neighborly Friendship and Cooperation, which was signed by Russia and China on

²² Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 5.

²³ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 6, accessed Feb 1, 2014.

²⁴ Anna Radivilova, "Neo-Classical Realism and Russia," *www.sfsu.edu*, 2003, accessed 17 Feb., 2014. <http://online.sfsu.edu/andrei/RusFSU/747sampleRadivilova.htm>.

²⁵ *Ibid.*

²⁶ Brian Carlson, "The limits of Sino-Russian Strategic Partnership in Central Asia," *Princeton.edu*: 2007, p. 168, <http://www.princeton.edu/jpia/past-issues-1/2007/8.pdf>.

July 2001.²⁷ In the treaty two states “pledged to continue developing the strategic cooperative partnership, renounced the use or threat of force against each other, and reaffirmed the importance of the principles of sovereignty and territorial integrity in their mutual relations.”²⁸ Furthermore, a treaty called for a closer engagement with the international organizations, the UN, in international politics. It specialized that neither party will participate in any alliance or bloc which damages the sovereignty, security, and territorial integrity of the other party, or allows a third party to use its territory for such ends; besides it provided for immediate mutual consultations in the event of crisis.²⁹

Some of the pledges of the treaty listed above were typical to alliances, yet the treaty did not bind two states into what Thazha Varkey Paul calls hard balancing.³⁰ It cannot qualify for the formal military alliance, as it does not contain a mutual defense clause.³¹ However, collaboration in international institutions, voicing similar beliefs on multilateral world order and closer cooperation of both states can be understood as Thazha Varkey Paul calls “soft balancing.” These concepts will be addressed later in the chapters.

A. Political relations of Russia and China

According to Ernst B. Haas, balance of power is estimated to operate in military, political, and economic relations of the states.³² This concept is mostly adopted by realist and neo-realist school of thought. But under this concept, hard balancing is mostly meant. Sino-Russian relations cannot be called as hard balancing

²⁷ Brian Carlson, “The limits of Sino-Russian Strategic Partnership in Central Asia,” *Princeton.edu*: 2007, p. 168, <http://www.princeton.edu/jpia/past-issues-1/2007/8.pdf>.

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*

³² Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

because hard balancing involves such key strategies as: “open arms buildup, maintenance of the formal alliances to match the capabilities of the opponent,”³³ measures that neither state undertakes in relation to one another. Yet, their relations could be understood as soft balancing, which “involves tacit balancing short of formal alliances and occurs when states generally develop ententes or limited security understandings with one another to balance a potentially threatening state or rising power.”³⁴ Thus, it is often based on “a limited arms buildup, ad hoc cooperative exercises, or collaboration in the regional or international institutions.”³⁵

Meanwhile, Sino-Russian political relations fit the framework of soft balancing, as both Russia and China cooperate in International and regional organizations. Russia and China work very close together in the UN Security Council, where both have veto powers. On the political issues Moscow and Beijing hold similar views on multipolar world order, and stand against the US’s unilateral actions that diminish the role of the UN and the Security Council. Both have taken strong positions against the NATO bombings of Yugoslavia in 1999, the war in Iraq of 2003, and argued for diminishment of sanctions that target Iran and North Korea for their nuclear programs.³⁶ Presumably, referring to the US invasion of Iraq, Putin stated during Munich Conference of 2007, “Unilateral and frequently illegitimate actions have not resolved any problems.”³⁷ In fact, they have caused new human tragedies and created new centuries of tension.³⁸ Basically, he stated that the US led

³³ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

³⁴ *Ibid.*, 3.

³⁵ *Ibid.*, 3.

³⁶ Brian Carlson, “The limits of Sino-Russian Strategic Partnership in Central Asia,” *Princeton.edu*: 2007, p. 168, <http://www.princeton.edu/jpia/past-issues-1/2007/8.pdf>.

³⁷ “Speech and the Following Discussion at the Munich Conference on Security Policy,” *President of Russia*, www.kremlin.ru, 10 Feb. 2007, accepted 17 Feb. 2014.

<http://archive.kremlin.ru/eng/speeches/2007/02/10/0138_type82912type82914type82917type84779_118123.shtml>.

³⁸ *Ibid.*

interventions contributed to more killings, and in practice didn't not diminish the conflict. Even though, it is not always the case that Moscow and Beijing agree on the same things, and it is not the case that same issues are of equal importance to both, but they know that mutual support is crucial to counterbalance the US hegemony accompanied with unilateral actions. Basically, such overview shows that it is the US that pushed Russia and China closer together.

Yet, despite a common opposition to the US dominance, there are other factors that constitute Moscow- Beijing political relations. Those include, similar problems at home, for Russia is the Northern Caucasus, while for China it's the province of Xinjiang. They both know that international community, mostly Western states; criticizes their political regimes, treatment of minorities and rights provision to their citizens. That is why they are better together than apart. For instance, there is a tendency that in the UN Security Council, Russia and China take the same side in the case if an issue is important to one of them. Not only do they ally together due to a common desire to stand against the West, but also due to the domestic problems both of them face. China has supported Russia handling of Chechnya, while Russia has reciprocated, supporting Beijing's position on Taiwan and backing Chinese efforts to suppress separatism in Xingjian and Tibet.³⁹ In other words, both Russia and China are aware of the distribution of power and their own positions in the system, and that is why they have sought to challenge the unipolar moment of the US by siding together and promoting multipolarity.⁴⁰

Many experts believe that Sino-Russian relations achieved its boom when Putin came to power in 2000. In his first State of the Nation Address Putin stressed that the approach Russia would have towards its foreign policy would be pragmatic,

³⁹ Brian Carlson, "The limits of Sino-Russian Strategic Partnership in Central Asia," (*Princeton.edu*: 2007), 168 <http://www.princeton.edu/jpia/past-issues-1/2007/8.pdf>.

⁴⁰ *Ibid.*, 169.

also he warned that economy has almost collapsed and that “Russia risks sliding into third-world status”⁴¹. Consequently, he stressed the importance for Russia to preserve its great power status. However, the means to achieve such aim were different than those proposed by former foreign minister, Primakov. Putin believed that Russia could gain its great power status back and rebuild its world standing not only through closer alignment with China, but also through economic development and reforms. Similarly for China, cooperation with Russia enhances its regional and global positions.⁴²

Currently, Sino-Russian political relations are prospering. In late 2010, China’s Foreign Ministry officials evaluating the bilateral relations stated, “the bilateral political mutual trust, practical cooperation, people- to-people exchanges, and strategic coordination reached an unprecedented level.”⁴³ Additionally, in April 2011, Dmitri Medvedev has stated that “Sino-Russian bilateral relations are at its highest point in the entire history, and could be characterized by high level of mutual trust.”⁴⁴ The support for such arguments found proof as the annual meetings between high level officials are held, consultations regarding the security issues are held regularly. Moscow and Beijing declared a new stage in the development of their bilateral political relations. Following, in Nov 2011 Hu Jintao stated:

The next ten years will be a period of important strategic opportunities for national development in both China and Russia... The effort of the two countries to deepen their all-around cooperation and strengthen mutual

⁴¹ “Russian President Putin’s State of The Nation Address,” www.npr.org, June 5, 2000, accessed February 20, 2014, <http://www.npr.org/news/specials/putin/biotimeline.html>.

⁴² Vladimir Paramonov and Aleksey Stokov, “Russian-Chinese Political Relations: General Overview,” *JPI PeaceNet*, Septemeber, 2013, accessed March 01, 2014, http://jpi.or.kr/board/board.html?mode=read&board_id=EnOther&uid=4883.

⁴³ Victor, Larin, "Chapter 14," *Russia and China: New Trends in Bilateral Relations and Political Cooperation*, 180, <http://www.apcss.org/wp-content/uploads/2012/09/Chapter14.pdf>.

⁴⁴ *Ibid.*

support will be of great significance to safeguarding the national sovereignty, security and developmental interests of both nations, and to promoting more balanced relations between international forces.⁴⁵

Sino-Russian political relations are improving, as both states work closer together on security issues, share common interests such as, respect of sovereignty and international law, both see the world as a multipolar, and both oppose US and NATO interventions. Moreover, on the regional level they cooperate in the SCO, and organization that they both established. SCO is an important mechanism in the Sino-Russian relations that sets a framework for cooperation on regional security issues for Moscow and Beijing and will be discussed in Chapter three.⁴⁶

Thus, having a common desire in opposition to the US led world and similarities in their domestic problems has brought Russia and China closer together. Consequently, two states decided to adopt soft balancing techniques against the US because they realize that it would be hard to challenge a hegemon openly, and the reason why there is no formal alliance between Moscow and Beijing is because both states realize that their anti-American stance could trigger stricter reaction from the US as the economies of most states are interdependent.⁴⁷ Thus, both don't underestimate the importance of the US and believe that it is more beneficial for states to "be involved into low cost soft balancing, which will not likely invite retribution by the sole superpower."⁴⁸

⁴⁵ Victor Larin, "Chapter 14," *Russia and China: New Trends in Bilateral Relations and Political Cooperation*, 186, <http://www.apcss.org/wp-content/uploads/2012/09/Chapter14.pdf>.

⁴⁶ Zhao Huansheng, "China-Russia Relations in Central Asia," www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

⁴⁷ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 4.

⁴⁸ Ibid.

Therefore, both understand the importance of the West as an economic partner. Putin in his first Nation Address stressed the importance of cooperation with the West.⁴⁹ This could allow Russia to return a great power status, which it almost lost under Yeltsin. Also, China is involved in many regions economically, and trades more with the US than it does with Russia. Thus, hard balancing against the West does not occur, as both Moscow and Beijing understand the importance of the West in their economies. Such approach is outlined by the neo-liberalists, who argue that commercial interests of the states foster cooperation with other actors.⁵⁰ In this case, it's the Europe for Russia, and the US for China. And interdependency of economies is the core for neo-liberalists. Thus, even though Russia and China has moved closer together, such evidence cannot fully qualify as a realist manifestation of the balance of power, but it could be examined through neo-liberal approach that both Russia and China are limited in their ability to form the real alliance, because both are dependent on the West, especially the US. For Russia the US is profitable in terms of investment and financing. And for China the US is number one trading partner. Thus, even though they see the West/US as a threat, they also see it as opportunity.

B. Economic Relations

While Sino-Russian political relations developed to a higher level and are seasoned with a certain level of trust and mutual support on the official level, economic relations until the mid of 2000 remained the weakest part of their bilateral relations. Even though economic cooperation could be beneficial to both sides, there were still no signs for closer engagement.

⁴⁹ "Russian President Putin's State of The Nation Address," www.npr.org, June 5, 2000, accessed February 20, 2014, <http://www.npr.org/news/specials/putin/biotimeline.html>.

⁵⁰ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 10.

Until the mid-2000s, the main sphere that constituted their economic relations was the military arms sales. This military exchange started even before the fall of the Soviet Union in 1989, when China faced an embargo on Western military sales after the Tiananmen crackdown. As a result, China turned to Russia for large scale purchases of advanced equipment.⁵¹ Cooperation in military technology is one of the most important components of their relations. Since 1992 Russia massively supplied the China's People Liberation Army with weapons⁵². Between the year of 2001 to 2008, Russia has sold arms to China worth of \$16 billion, which means China was purchasing annually about \$1 billion for Russian arms.⁵³ Arm sales vary from A050, AWACS type of planes, to cruise missiles and air defense system.⁵⁴

As seen from the table 1 [refer to the Appendix] made by Stockholm- based International Peace research Institute (SIPRI) Russia's main customers are India and China. Yet, SIPR showed that China's imports of arms declined, because only from 2007 to 2009 Russia exported 23% of arms to China, while now it's 16%.⁵⁵ Such cooperation is beneficial to both states. For Russia earnings of arm sales represented 40%, and such cooperation is an important source of funding for Russia's defense industry. While for China this cooperation is beneficial as it allows China to upgrade

⁵¹ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 6, accessed Feb 1, 2014.

⁵² Ibid.

⁵³ Dmitri Trenin, "Russian-Chinese Relations: A Study in Contemporary Geopolitics," www.bundesheer-oesterreich.info, p. 24, accessed 17 Feb. 2014, http://www.bundesheer-oesterreich.info/pdf_pool/publikationen/03_jb00_46.pdf.

⁵⁴ Ibid.

⁵⁵ "Statistics on Arms Trade," *PapBlog Human Rights Etc.*, accessed 08 Feb. 2014, <<http://filipspagnoli.wordpress.com/stats-on-human-rights/statistics-on-war-conflict/statistics-on-arms-trade/>>.

its military. However, in long term experts warn that there is a possibility that China might soon have same defense industry equal to Russian.⁵⁶

As previously mentioned after 2000s, a closer political cooperation starts between Russia and China under the framework of soft balancing, and thus, economic relations also improve. Since the fall of the USSR and until 2000 the volume of trade has grew only by 50%, while in from 2001-2005 it grew by 200%.⁵⁷

After 2000s Russia took a role of a raw material exporter to China, while China as an exporter of finished and manufactured goods. Evaluation of the provided statistics shows that in 2012 the value of bilateral trade was estimated to reach the almost 90 billion, while in 2009 it was about 38 billion.⁵⁸ In 2015, it is expected to reach almost 100 billion [refer to the Appendix, table 2].

During Putin's visit to China, the two countries have signed a joint statement to further deepen their economic cooperation, which aims to increase the bilateral trade to US \$200 billion by 2020.⁵⁹

Even though, according to the official statistics their bilateral economic relations are developing and Russia considers China to be an important trading partner, it is not so for China. Russia is the 14th largest customer, while the United States remains to be the first important trading partner for China.⁶⁰

⁵⁶ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 8, accessed Feb 1, 2014.

⁵⁷ Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 9, accessed Feb 1, 2014.

⁵⁸ "Russia's WTO Accession: Hong Kong's Role in Sino-Russian Trade | HKTDC," www.economists-pick-research.hktdc.com, 9 Oct. 2012, accessed 17 Feb. 2014, <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Russia-s-WTO-accession-Hong-Kong-s-role-in-Sino-Russian-trade/rp/en/1/1X000000/1X09PT4H.htm#sthash.ohUxODQX.dpuf>.

⁵⁹ Ibid.

⁶⁰ Ibid.

Moreover, Chinese investment in Russia still remains low. Russia is interested in developing its Far East, and both agreed that China will start developing it, however these are just talks. Current Chinese investment in Russia accounts for 0.5 % of all foreign direct investment in Russia.⁶¹

Why had the bilateral economic relations developing slower than the political ones? The reason for that is the perception both states have of each other. Both did not develop economic relations to the full extent because both are suspicious of each other's intentions. Even though Moscow and Beijing avoid any such rhetoric, they view each other as a potential threat, as well as an opportunity. For example, Russia is interested in Chinese investments in its Far East. However, if there would be too much investment there is a danger for Moscow to lose it due to Chinese immigration.⁶² If Chinese decide to invest in Siberia and construct the enterprises, basically Chinese workers would be the ones doing the job.⁶³ Thus, there is a problem that in the long term view Chinese people would populate the Far East. Moreover, Russian elite fear that Russia could become a raw material appendage to Chinese economic growth.⁶⁴

Energy

Meanwhile, there are spheres in which Moscow and Beijing cooperate economically. Energy is considered to be another sphere of cooperation between Russia and China. Russia is a country that has large amount of oil reserves and it's

⁶¹ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 14.

⁶² Sherman W. Garnett, *Rapprochement or Rivalry?: Russia-China Relations in a Changing Asia* (Washington, D.C: Carnegie Endowment for International Peace, 2000), 18.

⁶³ *Ibid.*

⁶⁴ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 14.

considered to be one of the biggest gas exporter nations.⁶⁵ Energy has served Russia as a source of political leverage.⁶⁶ The most of its energy Russia exports go to the European Union, which is currently trying to move towards the renewable energy.

While, the European Union is trying to diversify its source of energy and become more self-sufficient, China on the other hand is trying to get as many energy deals as possible.⁶⁷ Especially, with the instability in the Middle East, it tries to diversify its source of energy.⁶⁸ Thus, China pays more attention to Central Asia, and Russia. Consequently, energy relations are beneficial to both, as Russia seeks an alternative market for its energy, while China seeks an alternative source of energy.

Even though energy trade is advantageous for both, it took so long to sign a deal on the pipeline construction from Russia's Siberia to the Northwestern part of China. Alexandros Petersen outlines three major reasons why such beneficial relations didn't develop. The first reason is distrust between Moscow and Beijing.⁶⁹ "Russia is aware of China's growing economic and strategic superiority... so, it fears being marginalized."⁷⁰ This Petersen calls a zero-sum calculation of Russia that fears that Chinese strength might come at Russia's expense.⁷¹ Other reasons that slow the development of Sino-Russian economic cooperation are a lack of cross-border infrastructure, and economic disagreements Russia and China have over the prices in terms of individual energy infrastructure projects.⁷² This is an evidence of a relative gains mentality. The reason why two states find it difficult to agree on

⁶⁵ Alexandros Petersen, Katinka Barysch, *Russia, China and the Geopolitics of Energy in Central Asia*, Center for European Reform, 14-15, accessed 17 Feb. 2014, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/rp_010-4118.pdf.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ibid., 20-21.

⁷¹ Ibid., 20.

⁷² Ibid., 20.

pricing is not just due to the mistrust, but also due to the fact that two sides are closer to being equal in power. Smaller Central Asian states like, Turkmenistan for instance, has no leverage over China, and thus, the deals get signed quickly. Certainty, Russia is less powerful than China, but it is still a top ten economy. This may make bargaining process harder for both sides.

However, after long discussions of energy project, Russia and China signed a deal to construct a pipeline, which will transfer Siberian oil to China. Consequently, in 2011 an Eastern Siberia to the Pacific Ocean (ESPO) pipeline was put into service. For China, it accounts for 6% of its total oil imports.⁷³ But, “the pipeline has a capacity to deliver 15 million tons of crude oil annually.”⁷⁴ Moreover, China became a source of credit for Moscow’s state owned energy companies, in 2009 a Chinese Development Bank gave a 25\$ billion credit to Rosneft and Transneft.⁷⁵

Therefore, while China sees Russia as an opportunity, which could serve as one of the alternatives sources of energy, yet Chinese officials don’t deal close with Russia, as there is a suspicion that Russia might use its economic ties with China as a political leverage against China.⁷⁶ Consequently, it is easier for China to conduct energy projects with Central Asian states and built an infrastructure there rather than Russia, which could use the exports as a means of certain strategic calculation.⁷⁷

⁷³ Victor, Larin, "Chapter 14," *Russia and China: New Trends in Bilateral Relations and Political Cooperation*, 178, <http://www.apcss.org/wp-content/uploads/2012/09/Chapter14.pdf>.

⁷⁴ Dmitri Trenin, "Russian-Chinese Relations: A Study in Contemporary Geopolitics," *www.bundesheer-oesterreich.info*, p. 38, accessed 17 Feb. 2014, http://www.bundesheer-oesterreich.info/pdf_pool/publikationen/03_jb00_46.pdf.

⁷⁵ *Ibid.*, 37.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

Chapter 2: China-Russia bilateral Relations in Central Asia

China and Russia do not just cooperate on international level, but also they cooperate regionally. Central Asia is considered to be important region of cooperation between Moscow and Beijing. Until the turn of the millennium Central Asia has traditionally been Russia's sphere of influence where it enjoyed a monopoly in all areas. Russia's interests in the region are defined by the "near-abroad concept,"⁷⁸ which relates to newly independent former Soviet Republics and implies the existence of a special and unequal relationship between Russia and those states.⁷⁹ With the fall of USSR it was difficult for Moscow to accept a total independence of the former Soviet republics.⁸⁰ Consequently, Russia adopted a three way path to maintain its near abroad status. Initial attempts included the establishment of CIS, a regional organization of which all former Soviet Republics are the members of, maintenance of the military presence, and control over strategic military assets, applying its economic and energy power to keep new republics under control [Table 3: refer to the Appendix].⁸¹ Former Soviet republics were recognized as being of a strategic importance to Moscow, where it enjoyed privileged interests.⁸²

2.1 Before 2000

⁷⁸ Dmitri Trenin, "Russian-Chinese Relations: A Study in Contemporary Geopolitics," www.bundesheer-oesterreich.info, p. 38, accessed 17 Feb. 2014, http://www.bundesheer-oesterreich.info/pdf_pool/publikationen/03_jb00_46.pdf.

⁷⁹ "Russia and the Near Abroad," chapter 11, p. 323, http://www.pearsonhighered.com/assets/hip/us/hip_us_pearsonhighered/samplechapter/0205_189938.pdf, accessed March 15, 2014.

⁸⁰ Ibid.

⁸¹ Levan Kakhishvili, *Assessing Russia's Policy toward its 'Near Abroad,'* www.e-ir.info: June 17, 2013, <http://www.e-ir.info/2013/06/17/assessing-russias-policy-toward-its-near-abroad/>, accessed March 12, 2014.

⁸² Ibid.

Until 2000 Russia has remained the most important external player in the region⁸³, as most of the Central Asian infrastructure such as: railroads, pipelines remained from the Soviet times linked the region to Moscow, which gave Russia the leverage over the region's economies. Central Asian states being landlocked were dependent on Russia economically as there were no alternative routes that would link the region with other parts of the world. Central Asia is important to Moscow because its natural resources do not just provide economic benefits, but also provide the strategic ones.

China on the other hand, has also tried to engage closely with the region after the fall of the Soviet Union. The main factors defining Beijing's interest in Central Asia until 2000 were related to security and stability concerns.⁸⁴ A priority for Beijing was the border issue and stability of its frontiers and provinces.⁸⁵ After the collapse of the USSR Central Asian states were politically unstable, economically weak and thus, were vulnerable to external threats. China was particularly concerned with growing Central Asian nationalism, which it felt could lead to the growth of separatism among the Uighur population living in Xinjiang.⁸⁶ Thus, China was first to recognize new Central Asian states and establish diplomatic relations with them.⁸⁷ Central Asia was a priority for China because the western boarder it shares with those states wasn't still defined. As a result, Beijing signed all documents on defining border line with Kazakhstan, Kyrgyzstan, and Tajikistan.

⁸³Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), 47, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf.

⁸⁴Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 20.

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 26.

Moreover, China made sure that newly independent states recognize that Xinjiang is an integral part of China and that Central Asian leaders won't support Uighur separatist movements.⁸⁸ Consequently until 2000, a security priority for Beijing in its relations with Central Asia was a reduction of tensions with its neighbors over borders and establishment of economic ties.⁸⁹ Unlike the United States, China recognized Russia's primacy in Central Asia and took it as a historical and geographical fact.⁹⁰ However, when the border issue was solved, "Beijing's policies towards the region shifted from maintaining a military readiness and deterrence to expanding trade and cooperation."⁹¹ By 2000 China managed to "express its political support for Central Asian governments, develop bilateral ties with the neighboring Kazakhstan, Kyrgyzstan and Tajikistan, solve border issues inherited after the Soviet Union and established economic and trade ties with the region."⁹² Establishing economic ties with the region is guided by the general Chinese approach of opening up and the concepts of "non-interference" and "peaceful rise," which implies that a greater development and trade as well as established links with neighboring states could bring security and could help China to solve the problem of Xinjiang.⁹³

⁸⁸ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 26.

⁸⁹ Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), 1, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf, accessed March 15, 2014.

⁹⁰ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, D. C.: Brookings Institution, 2008), 92.

⁹¹ Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), 1, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf, accessed March 15, 2014.

⁹² Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 20.

⁹³ Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 27.

Such situation did not challenge Moscow's interests because Russia still had a monopoly in the region and remained one of the most important external player. Russia remained the largest key partner of Central Asian states. For instance, until 2000 export of Central Asian states to Russian market accounted 23.3 % of total exports, while to China it was 4.8%.⁹⁴ "Only during the years of 1997 until 2001, exchanges between Central Asia and China underwent a slow but appreciable increase of approximately 25 percent."⁹⁵ While, by 2010 Central Asian states export to China achieved a tremendous increase from 4.8 % to 14.6% [refer to the Appendix, table 4].⁹⁶ China recognized Moscow's leading position in the region and respected Russia's sphere of vital interests and by recognizing this fact it left Russia with a perception that its hegemonic position in Central Asian is secured.⁹⁷ In fact, both Moscow and Beijing had the same view regarding the region's stability and security. Both identified the importance of keeping stable secular governments in the region because they are equally concerned with the possible rise of Islamic radicalism that could affect their own domestic stability and as well as a regional security.⁹⁸ Until 2000 there were no energy pipelines crisscrossing the region, and China's role in economy of Central Asian states was small.⁹⁹ In 1997 a total Chinese

⁹⁴Roman Mogilevskii, "Trends and Patterns in Foreign Trade of Central Asian Countries," University of Central Asia: working paper No.1, 2012, accessed March 15, 2014, <http://www.ucentralasia.org/downloads/UCA-Trends%26PatternsForeignTradeCA-Eng-May2012.pdf>.

⁹⁵ Sébastien Peyrouse, "Economic Aspects of the Chinese-Central Asia Rapprochement," www.silkroadstudies.org: September 2007, accessed March 15, 2014, http://www.silkroadstudies.org/new/docs/Silkroadpapers/2007/0709China-Central_Asia.pdf.

⁹⁶ Roman, Mogilevskii, "Trends and Patterns in Foreign Trade of Central Asian Countries," University of Central Asia: working paper No.1, 2012, accessed March 15, 2014, <http://www.ucentralasia.org/downloads/UCA-Trends%26PatternsForeignTradeCA-Eng-May2012.pdf>.

⁹⁷ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, D. C.: Brookings Institution, 2008), 92-93.

⁹⁸ Ibid.

⁹⁹ Roman, Mogilevskii, "Trends and Patterns in Foreign Trade of Central Asian Countries," University of Central Asia: working paper No.1, 2012, accessed March 15, 2014,

trade with Central Asian states corresponded to less than half a percent of China's total foreign trade.¹⁰⁰ Thus, economic aspect did not constitute a threat that could bring tension in Sino-Russian relations regarding the region. Besides, China had a clear understanding that Central Asia was Russia's backyard and as long as Russia was a "force of stability and worked against the growth of radical Islamic or Pan-Turkic elements in the region, there was little reason for Beijing to oppose Moscow's continuing influence there."¹⁰¹ Thus, Moscow and Beijing were comfortable with one another in the region.

2.2 After 2001

Closer bilateral cooperation between China and Russia on a global scale began after 2000, when Vladimir Putin and Jiang Zemin sign a Treaty of Good Neighborliness and Friendly cooperation, which many among scholars identified it as balancing attempt against the power of the US.¹⁰² Two leaders stated their common opposition against hegemonic actions of states and their belief in promotion of multipolar world, which could help to sustain international peace and security. A treaty showed that two states despite of their ideological differences and a certain level of mutual distrust [which their inability to agree on energy transfer clearly outlines], decide to cooperate in order to balance and reduce the power of a stronger state. As, James Hsiung writes, "good neighbor policy is an attempt to operationalize the idea of a collegial sharing of power among nations to counter the threat of the

<http://www.ucentralasia.org/downloads/UCA-Trends%26PatternsForeignTradeCA-Eng-May2012.pdf>.

¹⁰⁰ Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), 20, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf, accessed March 15, 2014.

¹⁰¹ Ibid.

¹⁰² Vladimir Paramonov, and Aleksey Stokov, "Russian-Chinese Relations: Past, Present & Future," *Conflict Studies Research Center*, (Defense Academy of the United Kingdom: Sept. 2006), 6, accessed March 20, 2014.

unipolar world.”¹⁰³ Yet, both understand that creation of a real alliance is too costly¹⁰⁴ because the economies of the states are interconnected and a strong opposition to the US might trigger a stronger response from it, therefore right after a treaty was signed both states commented that a good neighbor treaty and strategic partnership are not aimed at any third country.¹⁰⁵

Moreover, in Central Asia American presence served as a uniting factor for Sino-Russian relations regarding the region. China and Russia started closer cooperation with the start of American war in Afghanistan in 2001, which brought the US into the region. The United States establishment of several military bases in Kyrgyzstan (Manas) and Uzbekistan (Khanabad) brought new concerns for Russia and China that are linked to the region.¹⁰⁶ From a geopolitical perspective, installation of American troops close to China’s western and Russia’s southern borders was not comfortable for either of them.¹⁰⁷ If before Moscow and Beijing were managing their affairs in the region separately, American presence in the region and mutual concern regarding it, has set a new path of cooperation between Moscow and Beijing.

Thus, Russia and China decide to pay a closer attention in engagement with Central Asian states about the region’s security and stability through the Shanghai Cooperation Organization (SCO). The organization was established in 2001 with the aim to fight three evils: terrorism, separatism, and extremism. Yet, while the US shares those aims it was not included as a member. Even though China and Russia

¹⁰³ Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf.

¹⁰⁴ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 4.

¹⁰⁵ *Ibid.*, 5.

¹⁰⁶ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 20.

¹⁰⁷ *Ibid.*

distrust each other in the region [China prefers to deal with Central Asian states bilaterally, and Russia is worried about a rapid Chinese expansion], they also distrust the US as both are uncomfortable having the US military presence close to their borders.¹⁰⁸ This could serve as a rationale for China and Russia to cooperate closer in the region. As the result, both states voiced a common concern over American long term presence in Central Asia, and even set a deadline for the US withdrawal from Afghanistan.¹⁰⁹

However, concern over the long term American presence in Central Asia did not result in a real anti-American alliance. While there were signs of balancing occurring, Russia and China didn't oppose the US intervention into Afghanistan. In fact, all three share the commitment to fighting terrorism and radicalism. China-Russian collaboration within the SCO cannot be simply understood as balance of power against the US. Waltz predicted that in order to balance stronger state weaker powers would employ aggressive tactic against the US,¹¹⁰ while this has not been the case with the SCO which seems primarily defensive in character. In fact, the SCO has served both Moscow and Beijing as a tool in managing their own relations.¹¹¹ In a way, it gave Moscow a power to oversee Beijing's activity in the region.¹¹² Additionally, China uses the SCO as a tool to get massive energy agreements with Central Asian States.

¹⁰⁸ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 20.

¹⁰⁹ John Chan, "Russia and China call for closure of US bases in Central Asia," *www.wsws.org*, July 30, 2005, accessed March 25, 2014, <https://www.wsws.org/en/articles/2005/07/base-j30.html>.

¹¹⁰ Kenneth N. Waltz, *The Balance of Power and NATO Expansion* (Berkeley: University of California, Berkeley, 1998).

¹¹¹ Zhao Huansheng, "China-Russia Relations in Central Asia," *www.theasanforum.org*, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

¹¹² *Ibid.*

Moreover, while the region is important for China and Russia, the relations with the United States are also important for both, especially in economic terms. For instance, for China the US is the most important trading partner and formation of a real anti-American alliance could trigger a stronger reaction from the hegemon, which could seriously affect Chinese economy.¹¹³ With economies being interdependent, both Russia and China are limited in means to oppose the US.¹¹⁴ Therefore, having a real anti-American Alliance would be too costly for both.

Meanwhile, Sino-Russian stance against the US could be understood as soft balancing, which “involves tacit balancing short of formal alliances, which occurs when states generally develop ententes or limited security understandings with one another to balance a potentially threatening state or rising power.”¹¹⁵ Certainly, China and Russia share more in common with each other than they do with the US. Both are uncomfortable with the US long term presence in Central Asian and its advocacy for a political transformation of the region because transition to democracy is usually violent and can bring an instability which can affect regional security. Moreover, strong leaders of Central Asian states have proved to be reliable partners for both Russia and China. Thus, Moscow and Beijing prefer to work within the International and Regional organizations to voice their concern over American actions. Regionally they work within the SCO, and internationally within the United Nations Security Council. In fact, a strategic partnership, a good neighborly treaty, collaboration within the SCO, common military trainings, and common positions in the UNSC are clear attempts of soft balancing which is different from the

¹¹³ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

¹¹⁴ *Ibid.*, 10.

¹¹⁵ *Ibid.*, 3.

“hard balancing that involves key strategies as: open arms buildup, maintenance of the formal alliances to match the capabilities of the opponent.”¹¹⁶

2.3 2014: US influence in Central Asia declines

The previous years the US served as a spur for Sino-Russian collaboration in Central Asia, now this factor would be gone as the US would be withdrawing its military troops from Afghanistan by the end of 2014.

2.4 Conflicting economic interests: Central Asian energy

The main area that could undermine China-Russian relations is the economy. While their interests converge on many issues in the region such as: regional security, containment of the US long term presence in Central Asian, safeguarding the current regimes, and promoting development of the region, yet in the economic area, in particular energy, their interests diverge. As previously mentioned, Moscow sees the region within its own sphere of influence, the near abroad, where it enjoyed some privileged interests.¹¹⁷ However, starting from 2000 China has been pursuing an active economic policy in the region.¹¹⁸ This was not done with an only aim to deter the US influence in the region, but also with the aim to satisfy the growing Chinese domestic demand for energy and natural resources and also to keep stability in Xinjiang.¹¹⁹ By 2030 China is set to rise as the world’s largest energy consumer,

¹¹⁶ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

¹¹⁷ “Russia and the Near Abroad,” chapter 11, p. 323, http://www.pearsonhighered.com/assets/hip/us/hip_us_pearsonhighered/samplechapter/0205189938.pdf, accessed April 15, 2014.

¹¹⁸ Mark Burles, *Chinese Policy toward Russia and Central Asian Republics* (Rand: 1999), 51, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1045.pdf.

¹¹⁹ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 21.

and thus it is worried about meeting this demand.¹²⁰ Thus, a new driver of Chinese foreign policy is getting access to the resources in the region.¹²¹

Middle East and the Gulf countries are traditional Chinese sources of energy.¹²² However, with the political instability in the Middle East, Beijing seeks alternative suppliers of energy.¹²³ While Russian, Siberian, oil could seem attractive; China finds it difficult to deal with Moscow. Signing contracts with Moscow is too costly because China seems to prefer bilateral ties wherein it is a dominant partner, however with Moscow sides are closer to being equal in power, which makes it difficult to sign deals faster. Moreover, distrust exists among two states because China believes that Russia uses energy as a political tool. While, Beijing finds it difficult to agree with Moscow, Central Asian energy rich countries look very attractive to Beijing.

Central Asia looks very attractive to China as it is very closely located and the energy could be transferred by land through pipelines, while traditional way for China to import the resources is through sea lanes, which can never be fully secured.¹²⁴ Beijing has been very successful signing deals with resource rich Central Asian states. In 2006 China opened a new pipeline, *Atasu-Alashankou*, to transfer Kazakh oil to China. In 2009, Beijing and Ashgabat inaugurated a new pipeline, *Central Asia Gas Pipeline*, which runs 1.800 kilometers from Turkmenistan, through Uzbekistan, Kazakhstan directly to Xinjiang.¹²⁵ Central Asia Gas Pipeline is

¹²⁰ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 21.

¹²¹ Ibid.

¹²² Alexandros Petersen, Katinka Barysch, *Russia, China and the Geopolitics of Energy in Central Asia*, Center for European Reform, 16-17, accessed 17 April 2014, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/rp_010-4118.pdf.

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Ibid.

considered to be the first pipeline to break Moscow's monopoly on the Central Asian gas transport.¹²⁶ A sign of Chinese success is that CNPC is the first foreign company which was allowed to exploit Turkmen gas reserves.¹²⁷ Moreover, prior to the SCO summit of September 13, 2013, Chinese leader visited the four Central Asian states, where he managed to sign massive energy projects. He brought China into Kashgan oil project as a part of \$30 billion deals, he invested \$3 billion to boost in Kyrgyzstan to make sure that Turkmen gas gets from Kyrgyz side from Turkmenistan, and managed to sign \$15 billion deals on oil, gas, and gold in Uzbekistan.¹²⁸

These types of relations are not only beneficial to China, but also advantageous for Central Asian states. Massive energy contracts and loans from China allow Central Asian states to diversify the export routes, and thus, reduce their dependence on Moscow. While before Gazprom used to get Turkmen gas at relatively cheap price, now it is forced to pay twice more for it. Basically, what China does is it uses credits, and loans as a leverage while dealing with Central Asian states.¹²⁹ In 2009 China gave \$10 billion loan to Kazakhstan, \$4 billion to Turkmenistan to develop its Osman gas field, which is located in the southern part of the country, and in 2011 in gave another \$4.1 billion to Turkmenistan.¹³⁰

¹²⁶ Alexandros Petersen, Katinka Barysch, *Russia, China and the Geopolitics of Energy in Central Asia*, Center for European Reform, 42, accessed 17 April 2014, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/rp_010-4118.pdf.

¹²⁷ *Ibid.*, 42.

¹²⁸ Tom Balmforth, "Kremlin Calm as China's Clout Rises in Russia's Backyard," (Radio Free Europe/Radio Liberty: 12 Sept.2013), accessed April 2, 2014, <http://www.rferl.org/content/russia-calm-china-central-asia-influence/25104383.html>.

¹²⁹ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 24.

¹³⁰ Alexandros Petersen, Katinka Barysch, *Russia, China and the Geopolitics of Energy in Central Asia* (Center for European Reform, 2011), 42, accessed 17 Feb. 2014, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/rp_010-4118.pdf.

Another reason why Beijing is successful in Central Asia is because it adopted a different approach from those of Moscow and Washington, Martha Brill Olcott argues:

China doesn't bind them [Central Asian states] into restrictive trade policies or seek to influence political outcomes from behind the scenes, in contrast to Moscow. Unlike Washington, Beijing doesn't press Central Asian leaders to agree to a timetable and agenda for internal reforms.¹³¹

This set of things could upset Moscow because it challenges Russia's influence over trade and transit of energy in the region, which used to be its leverage. In long term Moscow regards Beijing as a powerful and ambitious competitor, who is armed with the potential to end its traditional domination in the region.¹³² China is already a biggest trading partner for four Central Asian Republics, except Uzbekistan, and its role in Central Asian economies increased dramatically.¹³³ Yet, the Chinese presence in the region is set to increase even more. The last visit of Chinese Leader Xi Jinping in September, 2013 to four Central Asian states is an evidence of that. It showed that China is concerned with Central Asia at the highest level.¹³⁴ Not only Chinese presence is increasing in economic area, but also in the cultural area. Currently, Confucius Institutes are open to students interested in learning Mandarin language for free. Moreover, in his Astana speech at Nazarbayev's University Xi Jinping

¹³¹ Martha Brill Olcott, "China's Unmatched Influence in Central Asia" (Carnegie Endowment for International Peace: Sept. 2013), accessed April 2014, <http://carnegieendowment.org/2013/09/18/china-s-unmatched-influence-in-central-asia/gnky>.

¹³² Marlène Laruelle, *China and India in Central Asia: A New "great Game"?* (New York: Palgrave Macmillan, 2010), 34.

¹³³ "China in Central Asia: Rising China, sinking Russia," *The Economist*: September 14, 2013, accessed April 20, 2014, <http://www.economist.com/news/asia/21586304-vast-region-chinas-economic-clout-more-match-russias-rising-china-sinking>.

¹³⁴ Johannes F. Linn, "China and Russia interests in Central Asia, Connecting the Dots in Kazakhstan," (*www.brookings.edu*: 17 Sept.2013), accessed April 2, 2014, <http://www.brookings.edu/research/opinions/2013/09/17-china-russia-interests-kazakhstan-linn>.

offered 200 teachers and students to visit China in summer 2014, offered 30,000 Chinese government scholarships for the ten years for SCO students, and invited 10,000 students for additional study tours.¹³⁵ Since China is newcomer in the region, such steps could help it to accumulate certain amount of the soft power. Thus, in a long term Chinese economic expansion in Central Asia could possess a threat to Russia's influence, and thus, the relations might move from the point of cooperation, to the point of increased tensions.

Professor Graeme P. Herd shared in the personal interview that currently, the relations of China and Russia in the region are complimentary because there is a clear division of labor between the two[Axis of Convenience outlined by Bobo Lo], Russia is dealing with security, while China only involved in the economy.¹³⁶ By division of labor he meant that while China engages the region economically, Russia reserves a political and strategic influence over Central Asian states to itself. Yet, if to consider the fact that Chinese presence in the region is set to rise even more, Russia might be unhappy with that, and thus decide to pull out of the "Axis of Convenience."¹³⁷ Thus, economic conflicting interests have a potential to undermine Sino-Russian relations in the region, consequently next chapter seeks to evaluate the mechanisms available for China and Russia to mitigate their tensions over the region

¹³⁵ Martha Brill Olcott, "China's Unmatched Influence in Central Asia" (Carnegie Endowment for International Peace: Sept. 2013), accessed April 2014, <http://carnegieendowment.org/2013/09/18/china-s-unmatched-influence-in-central-asia/gnky>.

¹³⁶ Graeme Herd, Personal Interview, April 8, 2014.

¹³⁷ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, D. C.: Brookings Institution, 2008).

Chapter 3: Mechanisms for managing tensions in China-Russia relations

Some political scientists have already warned that Sino-Russian partnership in Central Asia lacks a positive set of values, and is based on a negative geopolitical alliance against the United States.¹³⁸ Thus, their alliance could be a short term phenomenon and may not be sustainable. Yet, despite the fact that their economic interests diverge in the region, particularly in the energy sphere, China and Russia have several mechanisms available to them in reducing their tensions over the region.

3.1 Common Regional Security interests

China and Russia apart from the US factor, share a similar concern regarding Central Asian security. Both are equally interested in keeping *friendly* regimes stable in the region. Moreover, they share a common position on fighting nontraditional security threats, such as: terrorism, extremism, and Islamic radicalism. For Russia, security in Central Asian is a matter of domestic concern as any instability in the region. Likewise, for China it is important that Xinjiang is stable and that the regimes in Central Asia do not give their support to the East Turkestan Islamic Movement. Thus, both are interested in sustaining stability in the region because it might affect their domestic issues. Those are the factors that keep China and Russia busy in the region, apart from the US factor. The following sections will explore the mechanisms available to China and Russia to mitigate tensions over Central Asia.

3.2 Shanghai Cooperation Organization

Furthermore, one of the mechanisms that could help Russia and China to mitigate tensions over Central Asian is the Shanghai Cooperation Organization (SCO), which was established in 2001. All Central Asian states except Turkmenistan

¹³⁸ Marlène Laruelle, *China and India in Central Asia: A New “great Game”?* (New York: Palgrave Macmillan, 2010), 22.

are the members of this multilateral Organization. Initially the organization was called the Shanghai Five, which was proposed by China to deal with border related issues.¹³⁹ However, later the scope of the Shanghai Five extended and with Uzbekistan joining the Organization, it was re-named into Shanghai Cooperation of Organization.

Moreover, China and Russia use SCO as a tool to manage their own relations because before 2001, China and Russia were managing their affairs separately in the region, but an organization managed to bring those two states together in a closer collaboration on common security threats.¹⁴⁰ In other words, it created a ground for China and Russia to engage with each other on issues of mutual concern. As Alexandros Petersen put it in the personal interview, “SCO is a primary mechanism for China and Russia because it leads to a more open discussion between the two sides.”¹⁴¹ While before the scope of the organization was limited only to border issues, with the creation of SCO cooperation extended to other areas such as fighting common evils: terrorism, extremism and separatism.¹⁴² Creation of the organization institutionalized the contacts and information exchange between the two countries, as regular head of the state meetings increased as well as information exchange on all levels and cooperation of NGOs and civil society organizations improved.¹⁴³ Moreover, some experts claim that SCO institutionalized Chinese-Russian

¹³⁹ Zhao Huansheng, “China-Russia Relations in Central Asia,” www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

¹⁴⁰ Ibid.

¹⁴¹ Alexandros Petersen, personal interview, November 16, 2013.

¹⁴² Zhao Huansheng, “China-Russia Relations in Central Asia,” www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

¹⁴³ Ibid.

interaction by clearly establishing the rules of the game.¹⁴⁴ Moreover, it created a “buffer zone for Moscow and Beijing relations by establishing a mechanism for orderly resolution of conflicts, which allows each side to present its side and make mutual adjustments.”¹⁴⁵ Thus, starting from 2001 many experts regard that the establishment of the Organization is a sign of strong China-Russian bilateral relationship.¹⁴⁶

Despite the fact that SCO has contributed to the closer collaboration between China and Russia, both regard the organization differently. China has seemed more interested in SCO as an economic aspect of SCO, and thus is interested to develop it as an economic actor that could help it to strengthen links to the region.¹⁴⁷ While, Russia likes SCO for giving an opportunity to oversee Beijing’s activity in the region,¹⁴⁸ it still prefers to focus more on the CSTO.

During the last SCO Summit in Bishkek, China proposed a creation of SCO development Bank, with the aim financing the development projects for the Central Asian member states.¹⁴⁹ Despite the fact that Moscow is aware of all the benefits a Bank could bring to Central Asian states, it has objected contributing funds to the bank. Thus, China respected Russia’s position, and talks about it were still not finished during the last SCO Summit. This stance of Moscow is justified because bank would allow China to obtain a dominant position within the SCO, squeezing

¹⁴⁴ Zhao Huansheng, “China-Russia Relations in Central Asia,” www.theasianforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasianforum.org/china-russia-relations-in-central-asia>.

¹⁴⁵ Ibid.

¹⁴⁶ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics*, (Washington D.C.: Brookings Institution, 2008), 104.

¹⁴⁷ Joshua Kucera, “Russia and China May Compete Economically in Central Asia, But Not Militarily,” www.eurasianet.org, last modified February 1, 2013, accessed April 20, 2014, <http://www.eurasianet.org/node/66495>.

¹⁴⁸ Marlène Laruelle, *China and India in Central Asia: A New “great Game”?* (New York: Palgrave Macmillan, 2010), 32.

¹⁴⁹ Yang Cheng, “Russia Uncertain over Prospects of SCO Bank,” www.globaltimes.cn, last modified September 16, 2013, accessed April 17, 2014, <http://www.globaltimes.cn/content/811845.shtml#.U14YMvmSwhR>.

Russia into the second place.¹⁵⁰ Meanwhile, Moscow does not see the creation of the bank as a threat, in fact it is interested in keeping SCO strong, stemming from the logic “if your friend is stronger, you become stronger too.”¹⁵¹ Consequently, as long as China takes Russia’s positions into account within the SCO, the relations can remain complimentary.

3.3 Customs Union

Another mechanism that allows Russia to balance Chinese influence is the Customs Union. During the late 1990s and the beginning of the millennium when Russia’s economy was stagnating, China managed to gain unprecedented access to resource rich Central Asia. Chinese success in signing massive energy deals with such states as Kazakhstan and Turkmenistan has undermined Moscow’s monopoly over the region. Moreover, with this pipeline diplomacy, China has assured its long term strategic presence in the region. A heavy Chinese investment in the region’s infrastructure and construction of roads is a tactic used by Chinese to connect a region to the East. This rapid Chinese expansion is alarming to Russia, as it could undermine the overall Russia’s influence in the region. Currently, as it could be observed from Table 5¹⁵² [refer to the Appendix], China is already a number one trading partner for all Central Asian states, except Uzbekistan.¹⁵³ Thus, though the establishment of the Custom’s Union, Moscow hopes to balance China.

¹⁵⁰ “China’s SCO Development Bank Idea Meets Needs of Central Asian Nations,” *Xinhua*, December 01, 2010, accessed April 23, 2014, <http://english.people.com.cn/90001/90776/90883/7217916.html>.

¹⁵¹ Ibid.

¹⁵² Cohen Ariel, “Russia’s Eurasian Union Could Endanger the Neighborhood and U.S. Interests,” www.heritage.org, last modified June 14, 2013, accessed April 17, 2014, <http://www.heritage.org/research/reports/2013/06/russias-eurasian-union-could-endanger-the-neighborhood-and-us-interests>.

¹⁵³ Zhao Huansheng, “China-Russia Relations in Central Asia,” www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

Some observers say that Russia realizes that China could undermine its influence in the region, thus in 2011 President Putin proposed a creation of the Eurasian Union to assure Russia's long term influence in the post-Soviet space.¹⁵⁴ "Eurasian Union is aimed at integrating Russia and the post-Soviet Republics by removing barriers to the flow of goods and people within a common economic space and by harmonizing domestic and external policies and legislation."¹⁵⁵

Currently, Belarus, Kazakhstan and Russia are all part of the Customs Union, and Kyrgyzstan has expressed its interest in joining the Union, while the goal is to integrate all former Soviet Republics. Custom Union could be viewed as a political project of Moscow to assure its continued geopolitical presence in the post-Soviet Space. Yet, experts on China, Li Lifan and Raffaello Pantucci, expressed an opinion that Customs Union could be viewed as an expression of Russia's concern over Chinese expansion in the region: "Always skeptical of China's role in Central Asia, Russia is increasingly showing its hand and the development of a Eurasian Union will directly clash with the future strengthening of the SCO as an economic body."¹⁵⁶ In other words, Moscow desires to develop a "Eurasian Union to counter China's successful inroads into Central Asia."¹⁵⁷ Moreover, Alexandros Petersen also agreed

¹⁵⁴ Li Lifan and Raffaello Pantucci, "Decision time for Central Asia: Russia or China," *www.opendemocracy.net*, last modified January 24 2013, accessed April 17, 2014, <http://www.opendemocracy.net/od-russia/li-lifan-raffaello-pantucci/decision-time-for-central-asia-russia-or-china>.

¹⁵⁵ Cohen Ariel, "Russia's Eurasian Union Could Endanger the Neighborhood and U.S. Interests," *www.heritage.org*, last modified June 14, 2013, accessed April 17, 2014, <http://www.heritage.org/research/reports/2013/06/russias-eurasian-union-could-endanger-the-neighborhood-and-us-interests>.

¹⁵⁶ Li Lifan, Raffaello Pantucci, "Clashing Interests in Central Asia Strain Sino-Russian So-Operation," *China in Central Asia*, last modified June 6, 2012, accessed April 22, 2014, <http://chinaincentralasia.com/2012/06/06/clashing-interests-in-central-asia-strain-sino-russian-co-operation/>.

¹⁵⁷ Raffaello Pantucci and Alexandros Petersen, "China and Central Asia in 2013," *China in Central Asia*, last modified January 19, 2013, accessed April 17, 2014, <http://chinaincentralasia.com/2013/01/19/china-and-central-asia-in-2013/>.

that the Custom's Union was created with the aim to control the flow of Chinese goods and it is a Russian way of dealing with Chinese expansion.¹⁵⁸

While, most of the Central Asian states understand that Custom's Union, and then a Eurasian Union is an attempt of Russia to bring those states under its control and assure that Central Asian states do business with China on Russian terms, such states like Tajikistan and Kyrgyzstan are dependent on Moscow and cannot fully refuse an offer because Russia has leverage over their economies by hosting millions of migrants.

In his annual statement to the Duma in December 2012, Putin spoke of tightening requirements for the citizens of the Commonwealth of Independent States (CIS) to enter Russia with passports rather than simply ID cards as is the case at the moment. He left open the caveat, however, that free access would continue to be allowed for citizens of country members of the Union (RIA Novosti, December 12, 2012). The potential implication to remittance-reliant Kyrgyzstan and Tajikistan is clear, creating an instant obstacle for the masses of young men from those countries who work in Moscow to send money back home to their families.¹⁵⁹

Despite the fact that the Eurasian Union could trigger difficulties for Chinese investment in the region and impact the Chinese trade relationships with the Central Asian states, Beijing has not voiced an opposition to the Union. For China it is a very limited problem,¹⁶⁰ and as Chinese Ambassador to Kyrgyzstan, Wang Kaiwen, puts it: "Trade between China and Kyrgyzstan is \$5 billion, and China's foreign

¹⁵⁸ Alexandros Petersen, Personal Interview, November 16, 2013.

¹⁵⁹ Raffaello Pantucci and Alexandros Petersen, "China and Central Asia in 2013," *China in Central Asia*, last modified January 19, 2013, accessed April 17, 2014, <http://chinaincentralasia.com/2013/01/19/china-and-central-asia-in-2013/>.

¹⁶⁰ Ibid.

trade is \$3 trillion...so this [joining the union] is not a big problem.”¹⁶¹ Thus, on the Kyrgyz example China has stressed that the issue regarding Central Asian states like Kyrgyzstan should be place more into a broader context and that even if it joins the Custom Union trade relations with China will not be affected.¹⁶² While comments above were on official level, Raffaello Pantucci shared, “When one of us asked a group of academics in Urumqi, the capital of Xinjiang, what they thought of the Customs Union’s impact to China, they shrugged and in vague terms said they were ‘waiting to see’ if the Customs Union would actually come to pass across the whole region.”¹⁶³

Moreover, there is no official objection to the creation of the Eurasian Union from China because Chinese interests would not be directly threatened by the Union. Through the construction of the pipelines and roads China assured a protection of its interests in the region for the long term.¹⁶⁴ In fact, if the Eurasian Union would promote stability, this is would also be beneficial to China because stability would lead to a better economic climate.¹⁶⁵ Besides, Xi Jinping, during his speech at Nazarbaev’s University, proposed a creation of the “Silk Road” with Eurasia, which aims to promote investment opportunities.¹⁶⁶

¹⁶¹ Raffaello Pantucci and Alexandros Petersen, “China and Central Asia in 2013,” *China in Central Asia*, last modified January 19, 2013, accessed April 17, 2014, <http://chinaincentralasia.com/2013/01/19/china-and-central-asia-in-2013/>.

¹⁶² Ibid.

¹⁶³ Li Lifan and Raffaello Pantucci, “Decision time for Central Asia: Russia or China,” *www.opendemocracy.net*, last modified January 24 2013, accessed April 17, 2014, <http://www.opendemocracy.net/od-russia/li-lifan-raffaello-pantucci/decision-time-for-central-asia-russia-or-china>.

¹⁶⁴ Cohen Ariel, “Russia’s Eurasian Union Could Endanger the Neighborhood and U.S. Interests,” *www.heritage.org*, last modified June 14, 2013, accessed April 17, 2014, <http://www.heritage.org/research/reports/2013/06/russias-eurasian-union-could-endanger-the-neighborhood-and-us-interests>.

¹⁶⁵ Ibid.

¹⁶⁶ Baktybek Bashimov, Ryskeldi Satke, “The Struggle for Central Asia: Russia vs China,” *www.aljazeera.com*, last modified March 12, 2014, accessed April 17, 2014, <http://m.aljazeera.com/story/201422585652677510>.

Yet, this proposal does not aim to target Russia. On contrary, as Alexandros Petersen, in a personal interview, puts it: “A Chinese foreign policy is about investment and economic development, it is not special to Central Asia, and it doesn’t have to do with Russian policy. It’s just their overall foreign policy all over the world.”¹⁶⁷

3.4 Difference in the approach to the region

Difference in interests could help sustain Sino-Russian partnership in the region. While, Russian interest in the region is based on the concept of its near abroad, Chinese interest in the region is based on the problem of Xinxiang and its overall approach to development. Thus, it is evident that so far China has not expressed its intention to take over Russian influence in the political, security and military aspect in the region. There were no signs that China wants a political dominance over the region, as it does not oppose any Russian-led organizations, for example the CSTO. Instead, China has focused on the developing links with the region, which is according to Chinese vision could help to keep its Xinjiang stable. Consequently, there was never a will expressed by Chinese authorities that Beijing wants to serve as a security guarantor in the region.¹⁶⁸ In fact, China appears happy for Russia to pay the heavy security and military cost to assure its presence in Central Asia, which would also contribute to the stability of the region.¹⁶⁹ Moreover, Russia accommodates China in the region because “Chinese foreign policy in the region represents less political challenge because unlike the West, Beijing doesn’t

¹⁶⁷ Alexandros Petersen, Personal Interview, November 16, 2013.

¹⁶⁸ Joshua Kucera, “Russia and China May Compete Economically in Central Asia, But Not Militarily,” www.eurasianet.org, last modified February 1, 2013, accessed April 20, 2014, <http://www.eurasianet.org/node/66495>.

¹⁶⁹ Ibid.

advocate ideology and human rights.”¹⁷⁰ Therefore, the difference in approach to the region could be used as another mechanism to sustain China-Russian relations.

3.5 Alliance against the US

A final and most important mechanism that could help Russia and China to mitigate tensions over Central Asia is their opposition to the US-led unipolar world. Despite the fact that many stress that the US withdrawal from Afghanistan would increase the chances for China and Russia to compete over the region, China and Russia will not go to the direct confrontation. Bobo Lo, an expert on China-Russian relations, stated that their bilateral relationship is too important to risk for the sake of the regional influence in Central Asia.¹⁷¹ Certainly, after the US withdrawal from Afghanistan one of the most important uniting factors in their relations over Central Asian would be gone, yet the US would still be the dominant power internationally. As Gilbert Rozman argued “two sides aim is nothing less than a counterthrust against the new world order led by US.”¹⁷² The US will more likely be a dominant power for a long time, even if China surpasses it in terms of the size of its economy. Thus, it would serve as a sustainable mechanism for China and Russia to balance it.

Accordingly, China-Russian divergence of interests over Central Asia could be alleviated, because their relations are not just about Central Asia, but also other things such as: promotion of multipolarity, and opposition to the US led world. Raffaello Pantucci, an expert on China in Central Asia, shared in the personal interview, “just because countries clash one thing, does not mean they clash on other

¹⁷⁰ Tom, Balmforth, “Kremlin Calm As China’s Clout Rises In Russia’s Backyard,” www.rferl.org, last modified September 12, 2013, accessed April 20, 2014, <http://www.rferl.org/content/russia-calm-china-central-asia-influence/25104383.html>.

¹⁷¹ Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics*, (Washington D.C.: Brookings Institution, 2008), 100.

¹⁷² Sherman W. Garnett, *Rapprochement or Rivalry?: Russia-China Relations in a Changing Asia* (Washington, D.C: Carnegie Endowment for International Peace, 2000), 12.

things.”¹⁷³ Moreover, with the recent events in Ukraine, Russia has chosen anti-western position, and thus China is left to be its only ally.

Alexandros Petersen in the personal interview stated that despite the fact that CNCP undermined Gazprom’s monopoly in the region; the relations would be complimentary because Russia realizes that China will eventually be powerful, and thus, its response is being closer to Beijing, engaging them.¹⁷⁴ A Professor of the Australian National University, Dr. Kirill Nourzhanov, has also added that “it is geopolitics that holds Russia and China together.”¹⁷⁵ Similarly, a Professor of the American University of Central Asia, Görkem Atsungur, stated that “Russia will try to balance China with the friendship relations, and in case common interests disappear, China and Russia would still create something new to come up together.”¹⁷⁶ Thus, in interviews conducted with experts on China, Russia, most respondents agree on the fact that Russia can’t afford both Anti-American and Anti-Chinese diplomatic positions.

¹⁷³ Raffaello Pantucci, Personal Interview, November 15, 2013.

¹⁷⁴ Alexandros Petersen, Personal Interview, November 16, 2013.

¹⁷⁵ Kirill Nouzhanov, Personal Interview, December 13, 2013.

¹⁷⁶ Görkem Atsungur, personal interview, March 14, 2014.

Conclusion

To sum up, the research conducted has shown that China-Russian bilateral relations in Central Asia have changed with the new millennium. While before 2001 the two states have managed their affairs separately in the region, the US invasion of Afghanistan and installation of the military bases has contributed to a closer cooperation between Russia and China, cooperation which some believe is at risk now that Washington is withdrawing from the region by 2014. Yet, in understanding their relations regionally, it was important to look at the broader picture of China-Russia bilateral relations in the context of current international system.

China-Russia bilateral relations are complex and could be understood as soft balancing against the United States, which occurs “when states develop limited security understandings with one another to balance a stronger state.”¹⁷⁷ Soft balancing is usually based on ad hoc cooperative exercises or collaboration of two states in the regional and international institutions.¹⁷⁸ This tendency could be observed in China-Russian relations.

Moreover, China-Russia interaction is not limited to international context, but involves interaction on the regional level as well. With the US invasion of Afghanistan and installation of military bases China and Russia begin a closer collaboration within the framework of Shanghai Cooperation organization. While the main aim of the organization is to fight the three evils: separatism, extremism, and terrorism, China and Russia also used it to voice their opposition over the long term American presence in Central Asia. From a geopolitical perspective this is

¹⁷⁷ Thazha Varkey Paul, James J. Wirtz, and Michel Fortmann, *Balance of Power: Theory and Practice in the 21st Century* (Stanford, CA: Stanford University Press, 2004), 3.

¹⁷⁸ Ibid.

happening because China and Russia are uncomfortable having the US military bases close to their borders.¹⁷⁹

Now the end of the US-led Operation Enduring Freedom in Afghanistan China and Russia are confronted by the need to accommodate each other in the region. The dissertation outlined energy as a potential area of conflict between China and Russia. A rapid Chinese expansion in the region through construction of pipelines and roads has allowed Central Asian states to export their resources to alternative markets; this reduced their dependence on Moscow and limited Russian influence. Yet, Moscow has not openly objected Chinese presence in the region.

The research conducted in the dissertation reveals that despite conflicting economic interests, mostly in the sphere of energy, China and Russia will accommodate each other due to the existence of certain mechanisms that allow the two states to mitigate the tensions over the region. First mechanism is the Shanghai Cooperation Organization, which lays a ground for Moscow and Beijing to cooperate over regional security. Common commitment to keeping Central Asian regimes stable and addressing regional security threats within the framework of SCO has proven to be a sustainable base for China-Russia cooperation. Consequently, an organization serves as “a buffer zone for China-Russian relations by establishing the mechanism for orderly resolution of conflicts, which allows two sides to present its points and make mutual adjustments.”¹⁸⁰

Moreover, an ability of Moscow to balance China through Customs Union has proven to be another mechanism for reducing tensions. China has not objected

¹⁷⁹ Azad Garibov, Rovshan Ibrahimov, *Geopolitical Competition in Central Asia: The Dynamics of Relations with Azerbaijan* (SAM Center for Strategic Studies, V. IX, August 2013), 21

¹⁸⁰ Zhao Huansheng, “China-Russia Relations in Central Asia,” www.theasanforum.org, last modified November 22, 2013, accessed April 20, 2014, <http://www.theasanforum.org/china-russia-relations-in-central-asia>.

the Moscow's led organizations, such as Eurasian Union, CSTO, and non-objection is a form of non-interference, which lays a ground for future cooperation.

Finally, China-Russia opposition to the US unipolar world is another mechanism that has the highest potential to be the most sustainable. Even after the closeness of American bases in Central Asia, the US would still be a dominant power for the long term, despite the fact that China could surpass it in terms of the size of its economy.

Therefore, China-Russia relations in the region would be complimentary even after the US withdrawal from Central Asia because China and Russia regard the region differently. China is interested in economic area and concerned with the problem of Xinjiang, while Russia is interested in keeping the political influence in the region. Thus, as long as China allows Russia to dominate the region politically, militarily, and the US remains a sole superpower China-Russian relations in the region would be complimentary.

Appendix

Table 1: Russian military technology transfer¹⁸¹

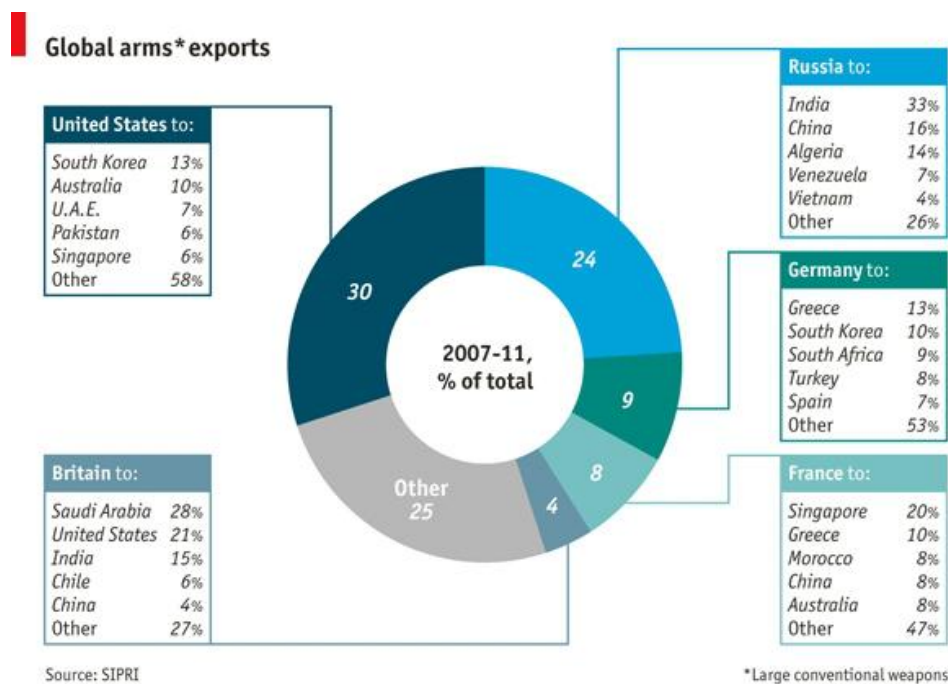
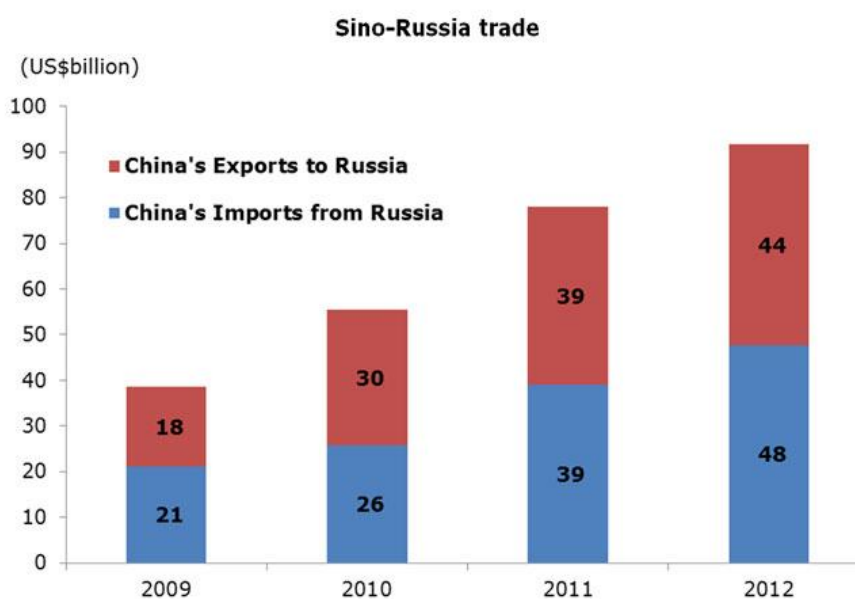


Table 2: Sino-Russian trade¹⁸²



¹⁸¹ "Statistics on Arms Trade," *PapBlog Human Rights Etc.*, accessed 08 Feb. 2014, <<http://filipspagnoli.wordpress.com/stats-on-human-rights/statistics-on-war-conflict/statistics-on-arms-trade/>>.

¹⁸² "Russia's WTO Accession: Hong Kong's Role in Sino-Russian Trade | HKTDC," *www.economists-pick-research.hktdc.com*, 9 Oct. 2012, accessed 17 Feb. 2014, <http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Russia-s-WTO-accession-Hong-Kong-s-role-in-Sino-Russian-trade/rp/en/1/1X000000/1X09PT4H.htm#sthash.ohUxODQX.dpuf>.

Table 3: Russian Integration Attempts¹⁸³

Integration in the Post-Soviet Space

1991	Commonwealth of Independent States (CIS) is created as a successor to the USSR, but lacks any supranational powers. The CIS provides a venue for the member states' officials to meet regularly to discuss matters of interest.
1996	Russia-Belarus Union State Treaty keeps Belarus firmly in the Russian orbit. Russia grants Belarus privileged access to its market, provides subsidies, and allows Belarusian citizens to work and live in Russia without a visa.
1996	CIS Customs Union is created. Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan are members. Border controls and internal tariffs remained.
2000	Eurasian Economic Community (EurAsEC) replaces the dysfunctional CIS Customs Union. Its major goal is to harmonize economic and social policies that would ultimately enable the formation of a common economic space. The EurAsEC is headed by a general secretary and has an integration committee consisting of councils over special areas (e.g., transport council, customs council, and export controls).
2002	Collective Security Treaty Organization (CSTO) charter is adopted and includes Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. Formally a military alliance, the CSTO primarily serves as Russia's vehicle to retain access for its armed forces to the post-Soviet space and to deepen military ties.
2007	Eurasian Customs Union treaty is signed by Russia, Belarus, and Kazakhstan.
2010	Belarus-Russia-Kazakhstan Customs Union goes into effect on January 1, 2010, with the introduction of uniform customs tariffs, with exceptions. A unified customs code enters into force.
2011	July 1. Customs Union members eliminate internal border controls. November 18. Eurasian Union created by the presidents of Russia, Belarus, and Kazakhstan.
2012	July 1. Single Economic Space is inaugurated. July 1. Eurasian Economic Commission begins work. July. Uzbekistan withdraws from the EurAsEC.
2015	Eurasian Economic Union is scheduled to become fully operational.

¹⁸³ Levan Kakhishvili, *Assessing Russia's Policy toward its 'Near Abroad,'* www.e-ir.info: June 17, 2013, <http://www.e-ir.info/2013/06/17/assessing-russias-policy-toward-its-near-abroad/>, accessed March 12, 2014.

Table 4: Central Asian export to other countries ¹⁸⁴

	2000		2010	
	Billion US\$	% of total exports	Billion US\$	% of total exports
European Union	3.7	23.8	31.9	37.7
Russia	3.6	23.3	13.8	16.4
China	0.7	4.8	12.4	14.6
Iran	0.5	3.3	4.0	4.8
Turkey	0.4	2.5	2.7	3.1
Switzerland	0.6	4.1	1.7	2.0
USA	0.2	1.5	1.1	1.3
Japan	0.08	0.5	0.56	0.7
Korea, Republic of	0.14	0.9	0.38	0.4
India	0.06	0.4	0.26	0.3
Pakistan	0.04	0.3	0.20	0.2

Table 5: Central Asian Trade with Russia and China, 2010. ¹⁸⁵**Central Asian Trade with Russia and China, 2010**

RUSSIA									
	IMPORTS FROM RUSSIA			EXPORTS TO RUSSIA			TOTAL TRADE WITH RUSSIA		
	In Millions of Euros	% Total Imports	Russia's Rank	In Millions of Euros	% Total Exports	Russia's Rank	In Millions of Euros	% Total Trade	Russia's Rank
Kazakhstan	4,238.4	18.7%	3	1,780.8	4.9%	3	6,019.2	10.3%	3
Kyrgyzstan	810.4	15.0%	2	268.7	32.1%	1	1,079.1	17.3%	2
Tajikistan	646.8	32.3%	1	76.9	8.5%	3	723.7	24.9%	1
Turkmenistan	600.6	14.2%	3	101.9	4.0%	8	702.5	10.3%	4
Uzbekistan	1,382.8	21.4%	1	1,047.8	24.1%	1	2,430.6	22.5%	1

CHINA									
	IMPORTS FROM CHINA			EXPORTS TO CHINA			TOTAL TRADE WITH CHINA		
	In Millions of Euros	% Total Imports	China's Rank	In Millions of Euros	% Total Exports	China's Rank	In Millions of Euros	% Total Trade	China's Rank
Kazakhstan	7,724.3	34.1%	1	7,579.7	21.1%	2	15,304.1	26.1%	2
Kyrgyzstan	3,391.2	62.7%	1	48.0	5.7%	4	3,439.3	55.0%	1
Tajikistan	180.6	9.0%	4	335.5	37.3%	1	516.1	17.8%	2
Turkmenistan	434.6	10.2%	4	722.4	28.4%	1	1,157.1	17.0%	2
Uzbekistan	978.9	15.2%	4	889.7	20.5%	2	1,868.6	17.3%	2

Source: European Commission, Bilateral Relations, Countries and Regions, <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries-and-regions/> (accessed November 13, 2012).

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¹⁸⁴ Roman, Mogilevskii, "Trends and Patterns in Foreign Trade of Central Asian Countries," University of Central Asia: working paper No.1, 2012, accessed March 15, 2014, <http://www.ucentralasia.org/downloads/UCA-Trends%26PatternsForeignTradeCA-Eng-May2012.pdf>.

¹⁸⁵ Cohen Ariel, "Russia's Eurasian Union Could Endanger the Neighborhood and U.S. Interests," www.heritage.org, last modified June 14, 2013, accessed April 17, 2014, <http://www.heritage.org/research/reports/2013/06/russias-urasian-union-could-endanger-the-neighborhood-and-us-interests>.

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