

The Strategic Dynamics between the US, China and Russia

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Introduction

A new strategic dynamic between the United States (US), China and Russia in contemporary international affairs has emerged over the past few years. The process began more than five years ago with the US applying new domestic laws extra-territorially to impose sanctions against Russia (on account of alleged corrupt practices) and Crimea. The emergence of a new assertive China under President Xi Jinping catalysed this process further.¹ With the election of President Donald Trump in the US Presidential elections in 2016², the strategic dynamic between the three powers has been marked by disruptions in their interaction. This has resulted in a gridlock in international relations, with each of the three powers acting within their individual strategic frameworks to derive advantage over the other. Inevitably, this interaction has major ramifications for the system of international relations founded on the principle of international cooperation established almost a century ago after the First World War. To assess this complex interplay, it would be useful to look at the strategic drivers of the bilateral equations between the US and Russia, the US and China, and China and Russia.

US-Russia

During the Cold War (1946-1989), the US and the former USSR were engaged in an ideological battle for supremacy between capitalism and communism. Today, there is no ideological framework for the current confrontation between the US and Russia. Ironically, the downturn in US-Russia relations began with the decision in 2012 by the Obama Administration to revoke a Cold War era piece of domestic legislation known as the Jackson-Vanik Amendment to the 1974 US Trade Act. This law had

allowed the US to impose sanctions on the former USSR for alleged human rights violations, primarily obstacles for migration of Soviet Jews. The revocation of the legislation was expected to result in a renewed US-Russia business relationship. US companies were projected to gain full access to the Russian market and generate revenues worth US \$22 billion by 2017 under World Trade Organisation (WTO) rules.³

However, when rescinding the Jackson-Vanik Amendment, the Obama Administration simultaneously announced the enactment of a new US domestic law, the Magnitsky Act⁴ of 2012, to allow sanctions to be imposed on Russia for corrupt practices. The Magnitsky Act was triggered by the death in custody of Russian tax accountant Sergei Magnitsky, who worked for a US investment company called Hermitage Capital Management. This company had been established by a US-born British financier, William Browder, who alleged that he had been forced out of Russia by the Russian Government, after more than two decades of conspicuously successful business activities which had made his company the most prominent foreign investor in Russia.⁵

The policy of restricting economic relations with Russia has resulted in a significant constriction of US-Russia economic relations, removing a major strategic driver from any future US attempts to cooperate with Russia. According to an academic study by a major US think-tank, US-Russia trade relations in 2017 stood at US \$20 billion and were projected to roll back to 2005 levels.⁶

In strategic terms, the fall-out of the bilateral US-Russia estrangement became visible following the events in August 2014, which resulted in the separation of Crimea from Ukraine and the beginning of the ongoing Ukrainian civil war in western Ukraine. The Obama Administration imposed sanctions on Russia for its “aggression”. These events brought into focus US support for the steady eastward expansion of the North Atlantic Treaty Organisation (NATO) to the borders of Russia, as well coordinated efforts by the US and European Union (EU) to integrate the region to the west of Russia more closely into the EU’s trade and human rights structures. Russia opposed the “eastward expansion” of

NATO, arguing that it contravened the core agreements reached between the USSR under Mikhail Gorbachev and German Chancellor Helmut Kohl and other Western leaders⁷ which led to the re-unification of Germany and the end of the Cold War in 1989. Russia's response to these developments began on a low-key. The Magnitsky Act of 2012 was countered by Russian legislation disallowing the adoption of Russian children by US parents.⁸ The 2014 US sanctions (coordinated with several Western countries) relating to Crimea and the Ukraine civil war were countered by a Russian ban on import of foodstuff from these countries.⁹ It was only in September 2015 that Russia came out with a major strategic response of attempting to isolate it by a dramatic deployment of its military assets in Syria, following a request by the Syrian government.¹⁰

The perception that he was "soft" on Russia despite Russia's alleged undermining of the US Presidential elections of 2016 made President Donald Trump more assertive in imposing sanctions to isolate Russia. In his National Security Strategy issued in December 2017, President Trump adopted a belligerent policy towards Russia, calling it a "revisionist power" while asserting that "Russia seeks to restore its great power status and establish spheres of influence near its borders."¹¹

Building on the domestic political support in the US for the Magnitsky Act, the Trump Administration legislated an omnibus US law called "Countering America's Adversaries Through Sanctions Act" of 2017 or CAATSA¹², allowing the US to increase pressure on Russia for its economic and human rights policies. This law included provisions for targeting countries and entities having strategic relations with Russia, although it also provided for an exemption waiver authority to be exercised by the US Administration. The extra-territorial application of US domestic law relied on the military and economic power of the US to force countries and entities to comply with CAATSA's provisions.

Donald Trump, during his Presidential election campaign in 2016, had vowed to undercut the strategic connections between Iran and the Syrian Governments.¹³ As part of this strategy, the Trump Administration announced in May 2018 its withdrawal from

the Joint Comprehensive Plan of Action or JCPOA agreement, under which multilateral sanctions on Iran, imposed in 2006, had been lifted in return for Iran's restraint in enriching its uranium stockpile.¹⁴ The US also co-opted Israel¹⁵ and Saudi Arabia¹⁶ into its overall strategy against Iran. The focus on countering Iran signaled a broadening of US response to Russia, carrying over the US-Russia strategic confrontation into Asia, and forcing Asia's emerging powers including China and India to recalibrate their own strategic planning.

Russia has responded strategically to these US initiatives. It reiterated its support for Iran as part of the JCPOA agreement, which was endorsed by Russia in the UN Security Council.¹⁷ It hosted Prime Minister Benjamin Netanyahu of Israel, a major US ally, as chief guest on the significant occasion of the Victory Day Parade in Moscow on 9 May 2018.¹⁸ Despite the perception that the US had enlisted the new Crown Prince of Saudi Arabia, Mohammed bin Salman (MBS), in its Middle East policy, it is apparent that Crown Prince MBS and President Putin have established a working relationship during the 2018 FIFA World Cup hosted by Russia, focussed on ensuring higher returns from the world market for their oil production.¹⁹

US-China

Following the US rapprochement with communist China in 1972,²⁰ the strategic equation between the US and China had been more stable than between the US and Russia. The major outcome of the rapprochement was the abandonment by the US of its Second World War military ally, the Republic of China, in the United Nations. This brought communist China into the select circle of five Permanent Members of the United Nations Security Council (UNSC). By inheriting the right of Veto, China became empowered to play a disproportionate role in international affairs (The first Veto cast by communist China was in August 1972, against the application of newly independent Bangladesh to become a member of the United Nations).²¹

For the US, the new alliance with Maoist China enabled it to widen the canvas for its strategic conflict with the Soviet Union. At a time of emerging globalisation through the WTO, the US

successfully negotiated the accession of China into the WTO on 11 Dec 2001, whittling down several Chinese trade barriers in the process. One consequence was closer economic links between the US and China. Between 1980 and 2004, for example, US-China trade rose from US \$5 billion to US \$231 billion. By 2008, China surpassed Japan to become the largest holder of US debt at around US \$600 billion. By the beginning of 2010, China's GDP was US \$5.88 trillion, surpassing Japan's GDP of US \$5.47 trillion.²²

China's vigorous economic growth fuelled its strategic aspirations to displace the US as the foremost world power in the 21st Century. This was recognised by the US, which acknowledged the "renewal of great power competition" and the emergence of "potential great powers" including Russia, India and China in its 2002 National Security Strategy.²³ By the time the US published its 2015 National Security Strategy under the Obama Administration, its vision had already taken into account the strategic dynamic between Russia, China and India. The Strategy stated that "India's potential, China's rise, and Russia's aggression all significantly impact the future of major power relations."²⁴ This perception of the US hardened in the National Security Strategy issued in December 2017 by the Trump Administration. It asserted that "China and Russia want to shape a world antithetical to US values and interests. China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favour."²⁵

China-Russia

The strategic relationship between China and Russia has been influenced by the developments in their bilateral relations with the US. Following the dissolution of the Soviet Union in 1991, the ideological confrontation (since 1962) between the two countries over leadership of the global Communist movement came to an end. President Boris Yeltsin's visit to China in 1992 laid the foundations for the convergence of Russia-China interests. The two drivers for the relationship were economic cooperation, involving export of Russian energy and raw materials to China in return for Chinese investments and trade; and defence

cooperation, dominated by the sale of Russian military equipment to China. The decade following this visit saw the elevation of bilateral relations to a strategic level, with an agreement to structure bilateral exchanges on a regular basis at all levels to ensure “strategic coordination” for the 21st Century.²⁶ This structured interaction has been in place since Chinese Prime Minister Li Peng’s visit to Russia in 1996.

The 2003 US-led invasion and occupation of Iraq stands out as the defining moment for a convergence of strategic interests between China and Russia vis-à-vis the US.²⁷ The objective of this strategic convergence is the denial of a “unipolar” world dominated by the US. One outcome of the strategic engagement between China and Russia has been the resolution of their long-standing border dispute in July 2008.²⁸ This agreement, taken together with the resolution of China’s land boundaries with the Central Asian states of Kazakhstan, Tajikistan and Kyrgyzstan, has provided vital strategic space for China in its aspiration for global leadership in the 21st Century. China’s hosting the Shanghai Cooperation Organisation (SCO) has received a boost from its consolidation of its land boundaries with Russia and Central Asia.²⁹

Russia’s strategic engagement with China remains dominated by the economic sector. China is currently Russia’s largest trading partner, with bilateral trade worth US \$86 billion in 2017.³⁰ The economic driver has prevented China-Russia strategic relations from playing a larger geo-political role, with the two countries competing rather than converging on critical strategic issues. The divergence of approach between the two countries over Syria illustrates this, with China preferring to abstain on UNSC resolutions since October 2016, rather than casting its Veto together with Russia (as had been the case since the Syria issue was placed on the UNSC agenda in 2011).³¹

While the joint targeting of Russia and China as “revisionist powers” by the Trump Administration may have implied a convergence between China’s and Russia’s strategic interests against the US, it is more than likely that US pressure on Russia may have pushed Russia closer into China’s economic embrace,

especially because of the impact of unilateral US sanctions on Russia.³²

Counter-balancing Strategies

Indo-Pacific: Faced with China's evident objective to displace it as the foremost power in international relations, the US has pushed forward the strategic framework of a "Free and Open Indo-Pacific" (FOIP). In its National Security Strategy published in December 2017, the United States defined the Indo-Pacific region as one that "stretches from the west coast of India to the western shores of the United States."³³ The only objective of this strategy is to contain China's rise to challenge the US.

The definition of the Indo-Pacific is the existing area of responsibility of the Pacific Command of the United States (now re-named Indo-Pacific Command). In the diplomatic structure, this narrow definition retains the primary role of the Bureau of East Asian and Pacific Affairs of the Department of State on Indo-Pacific issues, although there are other Bureaus in the State Department dealing with Asia, such as the Bureaus for South and Central Asia and the Middle East. In essence, the primary drivers for the United States in pursuing the Indo-Pacific framework are to keep the sea and air lanes of communication in this region free from Chinese domination, if necessary through the display of military force; and to generate greater market access for companies headquartered in the United States in this region, particularly in the digital economy, infrastructure and energy.³⁴

BRI: On its part, China has moved to expand its influence on a wider scale, encompassing Asia, eastern Africa and Europe. The strategy adopted by China to achieve this is the US \$100 billion Belt and Road Initiative (BRI) or One Belt One Road (OBOR) initiative.³⁵ Connecting "China and some 65 other countries that account collectively for over 30 per cent of global GDP, 62 percent of population, and 75 per cent of known energy reserves",³⁶ this ambitious strategy was unveiled by President Xi Jinping in 2013. It is scheduled for completion by 2049, when the Communist Chinese state marks its centenary. The focus of the BRI is connectivity, with Chinese capital being deployed to construct or acquire the infrastructure needed to project Chinese economic

(and strategic) interests. The US has already announced its intention to counter the BRI through its Indo-Pacific strategy on infrastructure development, for which it has allocated just US \$113 million.

Greater Eurasia: Russia has also increased its efforts to create strategic space, in which it can continue to exert influence. The concept of “Greater Eurasia” was unveiled by President Putin at the 2016 St. Petersburg International Economic Forum. Using the building block of the Eurasian Economic Union (EAEU), the Russian President has called for a “more extensive Eurasian partnership involving the EAEU and countries with which we already have close partnership – China, India, Pakistan and Iran – and certainly our CIS partners, and other interested countries and associations.”³⁷

Although the Greater Eurasia strategic framework has not been accompanied by a Russian diplomatic initiative like that of the US on the Indo-Pacific and of China on BRI, it represents an option for Russia to assert its influence and relevance to counter the US and China.³⁸

Conclusion

This brief overview of the current strategic dynamic between the US, Russia and China substantiates the perception that international relations are being propelled by competing and assertive national sovereignties. The emergence of a similar phenomenon within the EU resulted in the United Kingdom’s June 2016 “Brexit”³⁹ referendum to leave the EU.

However, trends to assert sovereignty over international cooperation by the four permanent members of the UNSC (China, the Russian Federation, the UK and the US) have already provoked a counter-response. This response was first articulated by Germany at the UN General Assembly in 2017. Rejecting the worldview that saw the globe as a battleground in which everyone fought against everyone else to assert their national interests, Germany said that in “international cooperation, no-one loses sovereignty. Rather we all gain new sovereignty which we could no longer have as nation-states on our own in today’s world.”⁴⁰

The reiteration that effective multilateralism should prevail over assertive sovereignty was reiterated by Germany with France jointly in August 2018, when they asked the US to return to the multilateral framework, stating “Today’s complex international challenges require a multilateral response based on a shared understanding and common values.”⁴¹ The strategic battle has been joined. This challenge provides an opportunity for emerging global powers like India to assert their vision of international relations in the 21st Century.

Endnotes

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