

Sino-Russian Relations amidst the Ukraine War

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Abstract

China and Russia share a unique relationship. There have been many turning points in Sino-Russian relations. Once the flag bearers of communism, their relationship soured in the 1960s, resulting in a Sino-soviet split. After the break of the Soviet Union in 1991, China and Russia have now collaborated against the United States. From forming multilateral organisations with developing countries such as BRICS (Brazil, Russia, India, China, and South Africa) to witnessing the 2008 Global Financial Crisis and a subsequent decline in US power, they have been each other's support. A new leaf in Sino-Russian relations was turned when Russia occupied Crimea in 2014. The most recent landmark event that has decided the Sino-Russian equation is the ongoing Russian invasion of Ukraine. China has provided economic and diplomatic support since the beginning of the conflict. However, China's diplomatic support to Russia has dampened. This article will look at China's reaction to the conflict; an increase in trade and whether China's changing stance is its confused policy or a show of pragmatism.

Introduction

The relations between Russia and China have seen several ups and downs throughout history. Both come from massive empires, once being great power rivals. There have been periods of harmony and conflict, now marked by the highest form of friendship. Western experts are digging into the bottom of their relationship, where they refer to each other as 'strategic partners'.

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Russia and China have been united in their fight against the US. Both Xi and Putin see US assistance for democracies in their neighbourhood and elsewhere as US imposition. The leaders also view groupings like the North Atlantic Treaty Organisation (NATO), Quadrilateral Security Dialogue (QUAD) and the AUKUS as a threat to their regimes. Both are permanent United Nations Security Council members and do not oppose each other in international organisations.

The Ukraine War has turned a new chapter in Sino-Russian relations, a watershed moment for the two. When Russia annexed Crimea in 2014, Russia was in a similar situation as it is today. Western countries had sanctioned Russia heavily, while Russia welcomed Chinese investments. Russian gas exporter Gazprom signed a \$400 billion deal with China, and the two countries agreed to work on linking the Eurasian Economic Union (EEU) and the Belt and Road Initiative (BRI). Bilateral trade between the countries reached an unprecedented high of \$147 billion last year.¹ With the onset of the Ukraine war on 24 February, China has shown similar behaviour. Both countries have economic relations which are better than ever. Diplomatically, China has not overtly supported Russia's invasion but has argued about Russia's security interests. We will explore in the following sections the Chinese initial stance on the war and its increase in trade with Russia.

China's initial response to the Conflict

In a meeting on 04 February 2022, when Russian President Vladimir Putin visited China for the Winter Olympics in Beijing, both countries came out with a joint statement² which criticised the policies of the Western bloc but did not make any mention of the then-impending Ukraine War. However, this meeting was unique because a new term was coined to define the relationship between the two countries. The "No Limits" partnership is the highest form of camaraderie that Russia and China have seen. It was affirmed by both sides that there was a "strong mutual support for the protection of core interests". Russia's invasion of Ukraine began on 24 February, just after the Beijing Winter Olympics concluded. Although many Western experts speculated, it is unlikely that the two countries were in cahoots regarding the invasion as both countries give a lot of importance to sovereignty and strategic significance.

The two countries have always seen eye to eye on each other's sovereignty. For example, Russia has never made official comments about China's involvement in the South China Sea or Taiwan. Neither has China forced Russia to support China in these matters. Similarly, China had not questioned Russia's involvement in Kazakhstan in January 2022 when the Russia-led Collective Security Treaty Organisation (CSTO) sent a peacekeeping force to the Central Asian nation to quell people's protests or the Russian invasion of Ukraine.

Russia and China's interests match to an extent in certain areas. Russia was a huge export market for the Central Asian Republics and a destination for migrant labour. However, with the Ukraine conflict, the Republics are trying to reduce their dependency on Russia. China is becoming a leading player in Central Asia. Central Asia has welcomed China's involvement in the area as it needs China's monetary support for its development and appreciates China's non-interference in its local matters. Russia has not opposed or interfered in China's increasing regional influence to create any kind of conflict between China and Russia.

Ukraine is not under the ambit of China's interests. When the conflict broke out, China did not condemn the war. Chinese ministers had a lot to say in support of Russia. On 7 March, Chinese Foreign Minister Wang Yi called Russia China's 'most important strategic partner'.³ Chinese Vice Foreign Minister Le Yucheng, in a meeting with Russian ambassador Andrey Denisov, called on to 'strengthen strategic cooperation' with Russia.⁴ China has criticised Western sanctions and affirmed the same in international organisations like the United Nations General Assembly. China has abstained from voting against Russia on at least two occasions in the United Nations Security Council (UNSC). One occasion was in February when the war had just taken flight. Russia vetoed the draft resolution telling Moscow to withdraw its troops with a ratio of 11:1.⁵ On 30 November, China again abstained to vote against Russia's annexation in the UNSC. Even in the Chinese media, pro-Russian content was broadcasted, and anti-Russian and pro-Western content was censored, possibly to steer public opinion of the war.

On 15 June 2022, Xi celebrated his 69th birthday by calling Putin, reassuring him that China-Russia bilateral relations

‘maintained a sound development momentum in the face of global turbulence and transformations’.⁷ He reiterated the cooperation between the two countries was practical, adding that Russia supported the Chinese-led Global Security Initiative and did not interfere in internal matters, such as Xinjiang, Hong Kong and Taiwan. Pledging its immense support for Russia time-to-time, China called for a peaceful resolution of the conflict in the meeting. We will look at the increase in trade trends between China and Russia in the next section.

An increase in Trade

Economic trade has soared between China and Russia since the Ukraine War began. Amidst sanctions, Russia needs new markets. China, with a much bigger economy, needs cheap products. In August 2022, China exported \$8 billion and imported \$11.2 billion from Russia. China’s exports climbed by \$600M (8.11%) from \$7.4B to \$8B between August 2021 and August 2022, while its imports rose by \$4.17B (59.3%) from \$7.04B to \$11.2B.⁸ Russia mainly exported raw materials and energy products to China, such as precious metal ore, platinum, iron, crude petroleum, coal, petroleum gas, sawn wood, and refined copper.⁹ China exported finished goods such as telephones, computers, construction vehicles, fur skin apparel, cars, and plastic products.¹⁰

China has been importing oil supplies at discounted prices from Russia since the war began. As a result of its invasion of Ukraine, Russia lost governments and private businesses as clients for its Ural crude oil, which caused its price to drop. This year, Russia supplanted its position as China’s top oil supplier, taking over from Saudi Arabia. 8.342 million tonnes of Russian oil were imported by China in August. This comprised shipments by sea from Russia’s ports in Europe and the Far East and supplies pumped through the East Siberia Pacific Ocean pipeline.¹¹ However, oil imports from Saudi Arabia are returning to China. Last month, imports from Saudi Arabia increased to 8.475 million tonnes.¹²

Similarly, Russia exported record amounts of petroleum and natural gas to China. From roughly 900,000 tonnes in the same month last year and 1.9 million tonnes in August, the amount of coking coal imported from Russia increased to 2.5 million tonnes in September of this year.¹³ Despite a 12 per cent fall in China’s

overall LNG purchases, liquefied natural gas (LNG) sales increased by a third to 819,000 tonnes from a year earlier.¹⁴ According to Alexey Miller, president of Gazprom, the company has been boosting its gas exports to China through the Power of Siberia gas pipeline, increasing volume by 60 per cent in the first eight months of 2022.¹⁵ In the seven months since the start of the war in Ukraine, energy exports to China have reached a total value of over \$51 billion. China spent \$30 billion on Russian energy in the same in 2021.¹⁶

After the war began, Russia was hit with unprecedented sanctions by the West, including Russia's biggest banks, Sberbank and VTB, being cut off from the SWIFT system, a worldwide messaging system which connects financial bodies and ensures a smooth transaction of payments. Direct access to the US dollar for Russia was also suspended. The Russian financial system was affected majorly. The Russian currency was worth about 76 cents to the dollar before the start of the war. However, on 2 March, the ruble touched a record low of 110 to the dollar in Moscow.¹⁷

As reported by Kommersant, the Russian daily trade volume increased to 4.5 trillion rubles in July. Most of this trade was made in Yuan, with its share being 20 per cent.¹⁸ The US dollar and the Euro have rapidly declined in Russia. Yuan and other national currencies are replacing dollars in overseas commerce and settlements. The Bank of Russia and commercial banks are also undertaking a de-dollarisation strategy. Moreover, Chinese enterprises are taking the place of Western enterprises in Russia. There has been a hike in the number of Chinese smartphones in the country. Two-thirds of all new smartphone sales in Russia between April and June were that of Chinese devices.¹⁹ As brands such as Apple and Samsung stopped their sales, Chinese smartphones have gained popularity in the country. Russian electronics company M Video Eldorado said that the overall market share of Chinese smartphone brands in Russia was constantly rising, from 50 per cent in the first quarter to 60 per cent in April to more than 70 per cent in June.²⁰ There was also a significant increase in the sale of Chinese-made cars in the Russian market. In a report by the Russian agency Autostat, the sale of Chinese automobiles was 9.5 per cent from January through March. It grew to 24.3 per cent in July. The figure was almost 26 per cent

in August.²¹ Only domestic brands have a more significant market share in the automobile market, whereas Korean, Japanese, American and European brands have taken a backseat.

A Confused Chinese Policy or a Show of Pragmatism?

The Ukraine Conflict has put China in a tricky situation. When the conflict began, China neither supported nor condemned Russia's invasion. It blamed the West for starting the war and was against sanctions. However, if China had openly opposed the attack, its relations with Russia would have been compromised but not necessarily improved with the West. The Chinese public and those in the international system would have seen Chinese foreign policy as shaky if China had gone against Russia after the 4th February meeting between Xi and Putin.

China and Russia might be partners but of different stature. Russian dependency on the Chinese has only grown since the conflict began. Russia has become increasingly isolated and condemned by the Western media. However, it has a pillar of support in the name of China. China has been an economic lifeline for Russia after Russian banks were removed from the SWIFT system. Russia's exports to China have surged at discounted prices, which include oil and other natural resources. Meanwhile, China's renminbi has become more robust, and Russian markets are flooded with Chinese smartphones and cars. China's influence has tremendously increased in the Russian economy, but China has softened its diplomatic stance in support of Russia.

Many Western media have maintained that China initially supported Russia's invasion. However, the Chinese stance has softened over time. In an interview in March, the Chinese ambassador to the US, Qin Gang, said that the 'limit' to Russia-China relations was the UN Charter.²² Chinese giant Sinopec also halted projects in Russia as a caution to the sanctions regime. In June, China's Deputy Foreign Minister Le Yucheng was removed due to his faux pas in calculating Russia's invasion of Ukraine. It was highly suspected that Le was removed because of his misjudgement in keeping the Russia-China relations getting stronger. Chinese senior officials have not used the term 'no limits' since the war began. When Xi called Putin on his birthday, Xi called for all parties to "push for a proper settlement of the Ukraine crisis in a responsible manner".²³ In the first in-person meeting

since the Covid-19 pandemic began, both presidents met at the Shanghai Cooperation Organisation (SCO) summit in Uzbekistan. China reiterated its support for Russia but said it had 'questions and concerns' about the Ukraine issue.²⁴ China has also been highly against using nuclear weapons. China issued an official statement after German Chancellor Olaf Scholz visited China, condemning the use of nuclear weapons, and saying that nuclear wars must not be fought.²⁵

Conclusion

China and the whole world did not estimate that the war would go on till now, almost completing nine months. Over the course of the conflict, China has been pragmatic, adopting a *realpolitik* stance in the conflict. Although Sino-Russian relations are lopsided, China has found a major partner in the form of Russia. The way forward can be characterised by China's growing economic influence in Russia and its surrounding region. However, since China does not want to break off relations with the US or the west completely, the Chinese diplomatic response to war has indeed been subdued. Whereas western media might be turning a blind eye to it, there is a gradual change in China's behaviour. China has calculated its move and is trying to stand by its policies accommodating both the west and Russia.

China has also learnt a few lessons from the war. China has emphasised more than ever its domestic capabilities, working towards strengthening its military, economic and technological prowess. Russia's invasion of Ukraine has also drawn comparisons to China's equation with Taiwan. China is constantly provoked by the US on the Taiwan issue, the most recent event being the visit of US Speaker Nancy Pelosi. However, China understands the repercussions of invading Taiwan. In a world where the west is increasingly dependent on China, it would be difficult to inflict pain upon China. Similarly, China is not all-powerful and depends on western technology and Taiwan's semiconductor industry. It is unlikely that China would voluntarily give that up in the current situation and engage in a war.

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