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Beijing's Moscow Muddle: Sino-Russian Relations after Ukraine

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The depth of Sino-Russian alignment has been the subject of much speculation over the past month. After the joint Sino-Russian statement of [4 February](#) during Russian President Vladimir Putin's visit to Beijing, the argument that Moscow and Beijing are not merely aligned but in an [overt](#) alliance against the US (and the West more broadly) has gained more traction. For [some](#) the joint statement's identification of Moscow and Beijing's shared desire for advancing "multipolarity" and promoting the "democratization of international relations" amounts to a [declaration](#) of "Cold War 2.0" against the West. Others have gone further still to [suggest](#) the possible outright [collusion](#) between the two on their respective obsessions of Ukraine and Taiwan.

There is no doubt that Sino-Russian relationship has deepened in recent time, beginning with the [inking](#) during Putin's Beijing visit of a US\$117 billion deal for Russia to supply China with oil and gas from the Russian Far East, to [greater military](#) cooperation and political alignment against the constraints of US "hegemony".

Yet the Russian invasion of Ukraine also looks set to impose a choice on Beijing. Putin's invasion, as [Evan Feigenbaum](#) has astutely noted, presents China with a major challenge to strike a balance between its desire for "a strategic partnership with Russia", its "commitment to long-standing foreign policy principles of 'territorial integrity' and 'noninterference'", and "a desire to minimize collateral damage from EU and U.S. sanctions".

In this edition of the *Looking Glass* we take a deeper dive into the drivers of Sino-Russian cooperation and explore how China's response to implications of the Russian invasion of Ukraine may play out. We suggest that China's response to date demonstrates that it is attempting to balance its desire to maintain the 'strategic relationship' with Russia, with the potential collateral damage to its interests that will likely flow from too close an association with an increasingly isolated Moscow. The key question here is: does Beijing value more its 'shared frame of mind' with Moscow about the injustices of the existing international order and vision for a 'multipolar' order, or the protection of its immediate interests?

The Sino-Russian Partnership and China's Response to Ukraine

Debate about the nature of Sino-Russian ties has been characterized by a divide between those that [emphasize](#) the normative basis of the relationship based on shared practices and identities, and those that instead [point](#) to its interests-based, functional aspects built on complementary strategic and economic objectives. For the former, the recent joint statement codifies a Moscow-Beijing compact to make the world safe



for their authoritarianism. For the latter it provides further evidence of the solidity of an interests-based relationship.

Who is correct? The evolution of the relationship since the 1990s provides evidence for each side of this debate. [Beginning](#) with summits between former Presidents Boris Yeltsin and Jiang Zemin, the relationship was built on shared [antipathy](#) to continued US “hegemony”, and deep discomfort about the military interventionism of the US and its allies. But it was at least equally driven by economic complementarity between an energy-exporting economy and an energy-hungry one, not to mention the Chinese desire for advanced military technology.

The indications thus far are that China is attempting to have it both ways by attempting to save the relationship with Russia while minimizing collateral damage from Putin’s invasion. But given apparent Russian military [setbacks](#) in Ukraine, the hardening of US and European [resolve](#) – [including](#) a European Union decision to fund 500 million euros worth of military aid for Ukraine, and to impose significant costs on Moscow for its aggression, this may prove to be an approach of rapidly diminishing returns.

This is reinforced by recent reporting that highlights some potentially embarrassing elements to China’s role.

First, in the lead-up to the invasion China reportedly [shared](#) intelligence on Russian military preparations – provided to it by the US as a means of convincing Beijing of the real threat of military action by its partner – with Moscow. Meanwhile, the [New York Times](#) has reported that Western intelligence believes some form of Sino-Russian consultation on Russian plans took place prior to the invasion, although ‘the material did not necessarily indicate the conversations about an invasion took place at the level of Mr. Xi and Mr. Putin’. Counterbalancing this, though, is the view of *The Economist’s* well-informed [Dave Rennie](#), who noted on 1 March that while ‘it may never be known how much Xi knew in advance’ about Russia’s Ukraine plans, ‘Chinese diplomats appeared startled by Russia’s invasion. They were “visibly squirming” when approached by Western counterparts in Beijing and at the UN in New York as tanks rolled in’.

Second, after the invasion Beijing also [eased](#) trade restrictions on the importation of Russian wheat and soybeans. Combined with increased Chinese purchases of Russian oil and gas this [could](#) provide Moscow with some level of insulation against US and European sanctions. Beijing’s [official statements](#) on the Russian invasion, in turn, have repeated its long-held position on the sanctity of state sovereignty and the need for a negotiated settlement, *simultaneous* with propagation of Moscow’s position that NATO’s eastward expansion is the cause of the war. This has also been [repeated](#) with great [regularity](#) in state media.

Third, China [abstained](#) from the 25 February UN Security Council vote to condemn the Russian invasion, and voted [against](#) a motion to hold a debate on the situation in Ukraine in the UN Human Rights Council on 28 February. After China’s abstention in the Security Council Foreign Minister Wang Yi has [stated](#) it was due to China’s belief that Security Council actions “should contribute to a political settlement of the current crisis rather than



incite new confrontations”, and that China [believes](#) economic sanctions as a "lose-lose" approach that will “interfere with the process of a political settlement”.

An unwelcome development? The implications of Russia’s invasion of Ukraine for China

Regardless of the ultimate extent of Chinese prior knowledge of Russian plans it is also apparent that the implications of the Russian invasion are not entirely welcome for Beijing.

At the most basic level the [reality](#) of Putin’s effort to redraw Ukraine’s borders by recognising the so-called “People’s Republics of Donetsk and Lugansk”, and military invasion to overthrow the government in Kyiv, contradicts the 4 February Sino-Russian joint statement’s claim that “No State can or should ensure its own security separately from the security of the rest of the world and at the expense of the security of other States”. It also contradicts Beijing’s own “[core interest](#)” in countering what it sees as “separatism” and foreign intervention in Xinjiang, Tibet, Hong Kong and Taiwan.

The fate of some 6,000 Chinese nationals in Ukraine has also emerged as potential friction point for Sino-Russian relations. State media [reported](#) on 1 March that the Chinese embassy in Kyiv was in the process of facilitating the evacuation of some 2,300 Chinese nationals via buses to Moldova and Poland. Given Russia’s apparent [shift](#) to siege warfare to capture major cities, including [indiscriminate](#) missile and airstrikes against civilian targets there is clear potential for Chinese nationals to be killed or injured as long as they remain in Ukraine. Such a scenario would, at the very least, be a blow to Xi and the CCP’s credentials as protectors of Chinese citizens abroad, and be a black mark against Moscow.

China’s response to US and European sanctions on Russia also presents a mixed picture. According to a [US official](#) China does not appear to be moving to help Russia dodge US and European sanctions targeting Russia’s central bank, and disconnecting it from the global SWIFT transaction network. This is important because according to the Central Bank of Russia’s (CBR) [2020 annual report](#), 14% of its foreign exchange reserves were held in China. Russia could also seek to [evade](#) sanctions by using renminbi rather than US dollars for Sino-Russian transactions, since “renminbi-based payments will most likely be conducted by institutions outside the immediate influence sphere of the West”. But this appears not to have occurred yet, with [reports](#) that at least two Chinese state banks have restricted financing for Russian commodity purchases.

China’s position on SWIFT could also be indicative of which way it will ultimately jump here. Writing in the [Global Times](#), Mei Xinyu of the Chinese Academy of International Trade and Economic Cooperation of China’s Ministry of Commerce notes that the impact of disconnection from SWIFT on Russia’s economy “depends on whether there are alternative financial information and payment settlement systems”. According to Mei, while SWIFT is the “largest” and “safest” international financial transmission platform, there are alternatives such as China’s Cross-Border Interbank Payment System (CIPS) and China Foreign Exchange Trading System (CFETS) that established a “payment-versus-payment (PVP) system for Chinese yuan and Russian rouble transactions”.



Mei is not arguing specifically that China will encourage Russia to make use of such systems, but rather suggests that the “nuclear option” of disconnecting Russia from SWIFT will simply accelerate the development of alternative systems independent of it. The decision by Visa and Mastercard to suspend transactions in Russia has already resulted in Moscow attempting to promote both its own Mir credit card system as well as China’s UnionPay. And needless to say, the development of alternative international payment systems is consistent with Beijing’s broader goal of forging the renminbi into a global currency.

China’s Response So Far: Straddling the Fence, Getting Splinters?

China’s approach so far is similar to the one it took during 2014, when it [abstained](#) from a US-led UN Security Council resolution condemning the Russian annexation of Crimea, called for the respect of Ukraine’s sovereignty and territorial integrity, and condemned Western sanctions. As such it is consistent with how it has handled recent international crises such as those in Libya, Syria and Yemen in which its immediate interests were not *directly* involved. In each of these instances, Beijing’s diplomacy was [characterized](#) by an emphasis on rhetorical appeals for negotiated settlement, buck-passing to more powerful or geographically adjacent external actors, and risk-averse calculations about the protection of Chinese assets, investments and nationals.

The crucial distinction this time around however is that China’s strategic and economic environment has changed significantly, which makes such fence-straddling decidedly awkward.

In contrast to 2014, Beijing is facing “[strategic competition](#)” with the US, [deteriorating](#) relations with most of its Asian neighbors, and the economic [impacts](#) of its “zero covid” pandemic response. Against this backdrop Beijing’s choices seem constrained to two bad options. Backing Russia too overtly not only [risks](#) alienating Europe and deepening fissures with Washington, but may open China directly to political and economic sanction. Conversely, washing its hands of Putin’s adventurism may undo a relationship that it needs in a period of strained relations with nearly every other major global power.

As Jude Blanchette and Bonny Lin have recently [argued](#), Beijing’s calculus appears to be that so long as it doesn’t provide military assistance to Russia “it will at most suffer secondary sanctions for its political and economic support” while the US and Europe will “shift their gaze away from Asia, giving China a freer hand in its neighborhood”. Simply put, as Ming Jinwei a senior editor at the *Xinhua News Agency* [wrote](#) on the Chinese social media platform *Weibo*, “China has to back Russia up with emotional and moral support while refraining from treading on the toes of the United States and European Union” so that in the future China can have “Russia’s understanding and support when wrestling with America to solve the Taiwan issue once and for all”.

But this reasoning underplays the way in which Russian adventurism in Ukraine will reinforce US, European and Asian states’ perceptions of China’s own revisionist objectives. Here, NATO chief Jens Stoltenburg, for example, has already [identified](#) Russia and China as aligned in an “attempt to control the fate of free nations, to rewrite the international rule



book and impose their own authoritarian models of governance”. His remarks followed the Sino-Russian joint statement’s [commitment](#) to halt further NATO expansion and to remain “highly vigilant about the negative impact of the United States’ Indo-Pacific strategy on peace and stability in the region”.

From the position of an external observer it is therefore difficult to see how Beijing can long continue its effort to have it both ways. Rather, it looks set to paint Beijing into a corner of defending and/or supporting a Russia that has become an international pariah at the expense of its own strategic and economic interests. This, barring the seemingly unlikely development of either a rapid Russian victory in Ukraine or a political settlement to the conflict, *should* be a losing proposition for Xi Jinping and result in a recalibration of China’s handling of its “strategic partner”.

Potential Paths for China

Notwithstanding the above analysis we should be careful about projecting *our* sense of rationality onto the decision-makers in Zhongnanhai. This is not because Chinese decisionmakers are inherently irrational, but because the political and ideological lens refracting their choices closes off some policy options, and makes others more likely. Most pertinent here is the (re)centralization of foreign and defence policy under the direct leadership of ‘Chairman for everything’, Xi Jinping, and a very small group of other senior leaders. The way this small group makes decisions remains opaque at best. And as we have seen in the case of Putin’s decision-making in Ukraine, such tightly held decision-making can result in miscalculation.

While decision-making has always been hierarchical under Xi, his predecessor Hu Jintao allowed much broader debate – so much so that open factionalism and leverage of patronage networks emerged at the highest levels of the CCP. Under Xi this has been [reigned](#) in significantly. In the realm of foreign and defence policy Xi has placed himself at the [heart](#) of the most consequential state and Party bodies. Not only is Xi CCP General Secretary and the President of the PRC, but he chairs the Central Military Commission (CMC), the National Security Council (NSC), and chairs the most important “[Small Leading Groups](#)” (SLG) of the CCP Central Committee related to foreign policy such as the “Foreign Affairs SLG” and “Taiwan Affairs SLG”.

Centralization has provided China with the capacity to make decisions more quickly and efficiently than before, but it also makes it ‘stove-piped’. That is because Xi is the only authoritative leader who can coordinate and act on information provided by these various leading foreign policy-focused state and Party bodies. Paradoxically, Xi [is](#) therefore ‘both the strong and the weak link of the Party-state’s chain of command’.

To assess this, we should recognize that Xi has [returned](#) politics and ideology to a position of primacy in the Party’s governance of China, and the realm of foreign policy is no different. Xi’s driving agenda has been the ‘struggle’ to attain the ‘China Dream’ of ‘great national rejuvenation’. Close Sino-Russian ties are from Xi’s perspective [judged](#) to be a key contributor to this objective, it contributes to China’s economic and military strength as well as assisting in the struggle against American ‘hegemony’ by constraining Washington.



With this caveat in mind, below we survey those scenarios we consider to be most plausible regarding China's choices.

- **China continues to straddle the fence:** Beijing maintains its current position of attempting to preserve Sino-Russian alignment while deflecting potential collateral damage to its interests
 - We consider this scenario possible. However, China's ability to do this is heavily contingent on factors over which it has little direct control, notably the success or failure of the Russian military campaign, the extent of destruction and civilian deaths, and the US and Western response. In each arena events appear to be working against China's currently preferred position as battlefield dynamics in Ukraine (i.e. continued stiff Ukrainian resistance, Russian logistical and operational failures, and Russian indiscriminate bombing of civilian targets). US and European resolve to exact costs from Russia also make it more likely that China too may bear secondary costs.
- **China overtly supports Russia:** Beijing makes good on the 'limitless' rhetoric of Sino-Russian partnership and begins to provide Moscow with economic, military and strategic assistance in defiance of international opprobrium and sanctions. Taking Russia's side could take various forms: assisting Moscow to evade international sanctions, increasing Chinese purchase of Russian commodities, and even providing direct military assistance.
 - We consider this scenario possible but unlikely. It would result in Beijing damaging its relations with Europe, the US and much of the rest of the world, and negatively impacting its economy and strategic situation for no discernible equal gain. It would also jettison a decades-long position of avoiding overt alliances and associated commitments. Yet it remains a *possible* outcome due to the stove-piped nature of Chinese decision-making, Xi's personal and political investment in close alignment with Russia, and Xi's predilection for risk-taking. Much depends on whether Xi is prepared to either sacrifice China's strategic, economic and diplomatic standing on the altar of prospective Sino-Russian "[condominium](#)" that will be constrained to Eurasia.
- **China adopts an 'arms length' posture to Russia:** Beijing recognizes the potential costs of maintaining close Sino-Russian alignment and begins to quietly divest itself from the relationship.
 - We consider this scenario to be likely *if* current trend lines associated with Russia's invasion of Ukraine continue. The longer Russian military objectives remain frustrated in Ukraine and its economy and trading relationships targeted by international sanctions, the greater the likelihood that China will be compelled to reassess its alignment with Russia, at least for the immediate period of crisis. The key assumption underlying our judgement regarding this scenario is that Beijing remains a cautious, interests-based actor intent on protecting its diplomatic standing and economic relationships with the rest of the world.



Further reading

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