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## Russia's Pivot to Asia: Myths and Realities

by Daniele Fattibene

### ABSTRACT

Russia's "pivot to Asia" has come to the fore in the wake of the crisis over Ukraine. Growing tensions with the West over the common neighbourhood, coupled with economic sanctions, have accelerated this trend, with China gaining in strength as both an economic and military partner to Moscow. The Kremlin's propaganda has sought to convince the broader public that Russia's strategies in Eastern Europe, Central Asia and the Arctic region are a complement to China's new Silk Road Economic Belt. Nonetheless, behind the headlines huge potential problems jeopardise the emergence of a durable Sino-Russian consensus in Eurasia. Against this backdrop, the EU should opt for "strategic patience." This would be a far more effective policy choice than finger pointing, which only deepens the mutual ideological clash between the EU and Russia.

*Russia | China | Central Asia | Arctic region | Foreign trade | Transports*



## Russia's Pivot to Asia: Myths and Realities

by Daniele Fattibene\*

### 1. Russia turns eastward

The Ukraine crisis marked a true turning point for Russian foreign policy. Worsening diplomatic relations with the West combined with economic sanctions triggered a growing sense of disillusionment that has led to Russia's "pivot to Asia" (*povorot k Asii*). Relations with the West have ceased to form Russia's main foreign policy pillar, as it looks increasingly toward what has often appeared as part of its post-Soviet identity: Eurasia.<sup>1</sup> Emerging in this regard is Russia's strategic rapprochement with China, aimed at creating a new third bloc: "a greater Asia from Shanghai to St. Petersburg."<sup>2</sup> Nevertheless, Russia's turn to China raises new questions for the country's policy-makers on the nature and implications of this new policy. Upon closer examination, the picture is much more nuanced than the one that Kremlin propagandists paint. What is still unknown is whether this new Sino-Russia consensus in Eurasia will last, or whether over the medium-term it will be overshadowed by existing economic and security rivalries, especially in Central Asia.

### 2. Russia's Eurasian trajectories: the Eurasian Economic Union, Central Asia and the Northern Sea Route

Russia's eastward shift runs along three main trajectories: the Eurasian Economic Union (EEU), Central Asia and the Northern Sea Route (NSR), all of which are mainly driven by economic (notably energy) and military factors. The EEU is an international organisation whose goal is to boost intra-member trade. However,

<sup>1</sup> Kadri Liik (ed.), *Russia's "pivot" to Eurasia*, London, European Council on Foreign Relations (ECFR), May 2014, [http://www.ecfr.eu/publications/summary/russias\\_pivot\\_to\\_eurasia310](http://www.ecfr.eu/publications/summary/russias_pivot_to_eurasia310).

<sup>2</sup> Gabriel Domínguez interview with Dmitri Trenin, "Russia's pivot to Asia. A Sino-Russian Entente?", in *Deutsche Welle*, 15 April 2015, <http://dw.com/p/1F8wa>.

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trade combines with geopolitical considerations, since Russia is clearly using the EEU to maintain its dominance in the post-Soviet space.<sup>3</sup> Central Asia is key to Russia's energy and military security. On the one hand, Moscow continues to hold a leading position in regional energy markets (notably in Uzbekistan and Kyrgyzstan). On the other hand, the Kremlin is striving to be the main security actor in the region, both by keeping military bases (such as those in Kyrgyzstan and Tajikistan) and conducting exercises either independently or within the framework of the Collective Security Treaty Organisation (CSTO). Finally, the NSR is an ambitious plan to connect European and Asian markets by shifting cargo transit routes from the Suez Canal to the Bering Strait. The Russian Ministry of Transport expects cargo transportation volumes to reach 40 million tonnes by 2020 and 70 million tons by 2030.<sup>4</sup> In addition to the question of trade routes, NSR development stems from both energy-related and military calculations. Moscow wants to exploit the natural resources of its Exclusive Economic Zone (EEZ), which global warming is likely to make increasingly accessible. At the same time, Russia has started increasing its military role in the region, which has raised concern among the Nordic States, notably Norway and Sweden.<sup>5</sup>

Yet Russia has seen a new competitor emerge over the last two years with regard to its Eurasian plans, with China launching its grandiose 2.0 Silk Road Economic Belt (SREB),<sup>6</sup> the combination of a land-based and maritime route – hence the concept One Belt One Road (OBOR)<sup>7</sup> – intended to help Chinese products reach European markets more quickly. Such a project challenges every aspect of Russia's aforementioned Eurasian strategy, but for the moment, it seems that officially Moscow has put aside its initial scepticism, and for a series of reasons. First, Russian policy-makers realise that the only way to pursue their ambitions in Eurasia is to acknowledge China's growing power. Second, it seems that Moscow has managed to convince Beijing to recognise the EEU as its main political and economic interlocutor, instead of talking separately to individual Member States. Third, the new 40-billion-dollar Silk Road Fund will be a crucial resource for Moscow's infrastructure upgrade plans.<sup>8</sup> Lastly, the two countries have agreed on a sort of

<sup>3</sup> Nicu Popescu, "Eurasian Union: the real, the imaginary and the likely", in *Chaillot Papers*, No. 132 (September 2014), [http://www.iss.europa.eu/uploads/media/CP\\_132.pdf](http://www.iss.europa.eu/uploads/media/CP_132.pdf).

<sup>4</sup> "Atomflot: traffic on the Northern Sea Route will reach 15 million tons per year by 2020", in *Arctic Info*, 10 April 2013, <http://www.arctic-info.com/news/10-04-2013/atomflot--traffic-on-the-northern-sea-route-will-reach-15-million-tonnes-per-year-by-2020>.

<sup>5</sup> Pavel K. Baev, "Russia's Arctic Aspirations" in Juha Jokela (ed.), "Arctic Security Matters", in *EUISS Reports*, No. 24 June 2015, p. 51-58, [http://www.iss.europa.eu/uploads/media/Report\\_24\\_Arctic\\_matters.pdf](http://www.iss.europa.eu/uploads/media/Report_24_Arctic_matters.pdf).

<sup>6</sup> Zhao Minghao "China's New Silk Road Initiative", in *IAI Working Papers*, No. 15|37 (October 2015), <http://www.iai.it/en/node/5495>.

<sup>7</sup> National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, 28 March 2015, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

<sup>8</sup> Alexander Gabuev, "Eurasian Silk Road Union: Towards a Russia-China Consensus?", in *The Diplomat*, 5 June 2015, <http://thediplomat.com/?p=57288>.

"division of labour" in Eurasia. Specifically, China will be the main economic growth driver, whereas Moscow will retain its role as "hard" security provider through the CSTO, in this way convincing Russian policy-makers that the two initiatives are unmistakably complementary. This new approach resulted in Putin and Xi Jinping signing a joint declaration in Moscow last May, in which the two countries pledged to coordinate the two projects with a view to building a "common economic space,"<sup>9</sup> including a free trade agreement between the EEU and SREB.

### 3. Sino-Russian rapprochement: a mere marriage of convenience?

A new phase in Sino-Russian relations seems to have emerged over recent years. As far as bilateral trade is concerned, China has been Russia's top trading partner since 2009, with 2014 total trade volumes hitting 95 billion dollars – not too far from the 2015 goal of 100 billion dollars.<sup>10</sup> Comparison of the data on foreign direct investments (FDI), especially those coming from European countries, shows that in 2014 European FDI inflows to Russia amounted to around 10 billion dollars, down 83 percent compared with 2013. By contrast, Chinese FDI in Russia totalled 1.2 billion dollars in 2014, up 53 percent in comparison with the previous year.<sup>11</sup> The most striking of these events was a 400-billion-dollar gas deal signed in May 2014, by which Russia will supply China with 38 billion cubic meters of gas per year via the eastern "Power of Siberia" pipeline that crosses Siberia into China's populous northeast regions.<sup>12</sup>

Russia and China also cooperate increasingly on infrastructure developments. Russia officially joined the Asian Infrastructure Investment Bank (AIIB) in May 2015, which paves the way for Russian companies to take part in Asian-Pacific infrastructure projects and offers an alternative to Western-led financial institutions.<sup>13</sup> The two countries also agreed in 2014 to a 3-year rouble-yuan currency swap of up to 25 billion dollars, as a way to increase trade using national currencies while reducing dependence on the dollar and euro.<sup>14</sup> There will probably be another jump in Chinese loans this year, thanks to a recent deal that allows Russian companies to raise 25 billion dollars from Chinese banks against Russian

<sup>9</sup> Russian Presidency, *Press statements following Russian-Chinese talks*, 8 May 2015, <http://en.kremlin.ru/events/president/transcripts/49433>.

<sup>10</sup> Huiyun Feng, "The New Geostrategic Game. Will China and Russia form an alliance against the United States?", in *DIIS Reports*, No. 2015:07 (June 2015), <http://www.diis.dk/en/node/5181>.

<sup>11</sup> Central Bank of Russia, *Foreign Direct Investments in the Russian Federation*, [http://www.cbr.ru/eng/statistics/?Prtid=svs&ch=ITM\\_3641](http://www.cbr.ru/eng/statistics/?Prtid=svs&ch=ITM_3641).

<sup>12</sup> Zachary Keck, "China and Russia Sign Massive Natural Gas Deal", in *The Diplomat*, 21 May 2014, <http://thediplomat.com/?p=31169>.

<sup>13</sup> "Russia officially joins \$50bn China-led infrastructure bank", in *Russia Today*, 14 April 2015, <http://on.rt.com/z5atz9>.

<sup>14</sup> "Defying the dollar Russia & China agree currency swap worth over \$20bn", in *Russia Today*, 13 October 2014, <http://on.rt.com/v2v4f7>.

government guarantees.<sup>15</sup> Finally, China Railway Group has signed a contract for the planning and design of a nearly 800-kilometre high-speed rail connection between Moscow and Kazan, although the project has not yet been finalised.<sup>16</sup> The Russian authorities see this project as linked to the ambitious Trans-Eurasian Road Development plan for infrastructure<sup>17</sup> (motorways, railways, etc.) that could potentially connect the United Kingdom to the United States via Russia. This is why President Vladimir Putin recently stated that relations with Beijing had reached an historic peak.<sup>18</sup>

Russia and China also cooperate in the military sphere. The two countries have conducted extensive drills in a variety of areas ranging from the Mediterranean to the Northern Pacific; a joint command centre set up in Russia's Black Sea port of Novorossiysk coordinated operations in May 2015.<sup>19</sup> Other exercises took place in August, both at bilateral level (the "Joint-Sea" drill performed in the Sea of Japan<sup>20</sup>) and multilaterally within the framework of the Shanghai Cooperation Organisation (SCO).<sup>21</sup> Russia and China also negotiated the purchase of 24 Sukhoi-35 multirole fighter jets, six S-400 anti-aircraft missile systems and some fifth-generation Kalina-class conventional submarines.<sup>22</sup> Although these events seem to confirm the emergence of a strong Sino-Russian *entente*, deeper analysis reveals a series of elements that contradict enthusiastic political claims.

#### 4. Beyond the headlines: friends or frenemies?

President Putin's rhetoric regarding Russia's "pivot to Asia" appears less convincing when placed alongside the data on each of the three aforementioned trajectories. The chief unknown concerns the EEU's compatibility with the SREB. The two initiatives seem based on different rationales: mercantilism for Moscow and free trade for Beijing. More than anything, the EEU is a way for Moscow to use economics

<sup>15</sup> Leonid Bershidsky, "Russia's pivot to China is real", in *Bloomberg View*, 25 June 2015, <http://bv.ms/1KcRK7a>.

<sup>16</sup> AFP, "Russia and China want to build the longest high-speed railway in the world to connect them", in *Business Insider*, 17 October 2014, <http://read.bi/11C3QV9>.

<sup>17</sup> "Plans for new transport route unveiled to link Pacific with Atlantic", in *The Siberian Times*, 23 March 2015, <http://siberiantimes.com/business/investment/news/n0160-plans-for-new-transport-route-unveiled-to-link-pacific-with-atlantic>.

<sup>18</sup> "Putin: Russian-Chinese ties reach peak in their entire history and continue developing", in *TASS Russia*, 1 September 2015, <http://tass.ru/en/russia/817796>.

<sup>19</sup> Tom Parfitt, "Russia-China clinch tightens with joint navy exercises in Mediterranean", in *The Telegraph*, 11 May 2015, <http://www.telegraph.co.uk/news/worldnews/europe/russia/11596851/Russia-China-clinch-tightens-with-joint-navy-exercises-in-Mediterranean.html>.

<sup>20</sup> "Russia and China to stage naval drills in Sea of Japan, train for beach landing", in *Russia Today*, 16 August 2015, <http://on.rt.com/6p6u>.

<sup>21</sup> Joshua Kucera, "Russia and the SCO Military Exercises", in *The Diplomat*, 28 August 2014, <http://thediplomat.com/?p=37794>.

<sup>22</sup> Yu Bin, "China-Russia Relations: Tales of Two Parades, Two Drills, and Two Summits", in *Comparative Connections*, Vol. 17, No. 2 (May-August 2015), p. 147-161, <https://shar.es/15d9ow>.

as leverage to maintain its political influence on weaker States in Eastern Europe and Central Asia<sup>23</sup> and does not, for this reason, appear very attractive to potential members. Moreover, some members, like Kazakhstan and Kyrgyzstan, are already questioning its effectiveness, especially in view of Russia's economic crisis, the former's criticism hinging on the 10 percent drop in total trade volume triggered by the imposition of external tariffs<sup>24</sup> and the depreciation of the Russian rouble. The latter, whose economy has also been deeply affected by Russia's recession, fears it is a way for Putin to "stick his nose" into Central Asian matters.<sup>25</sup> Conversely, the SREB's aim is to liberalise the markets of all the countries involved in order to boost Chinese exports to the region and bring development to poorer and more unstable Chinese provinces such as Xinjiang. The promise of substantial Chinese investments is very appealing. Therefore, despite official declarations, Central Asia is already one of the major "battlegrounds" between Russia and China. China has hegemonic hold over the region, and as the recession has (once again) exposed Russia's dependence on oil and gas exports – some analyses show that up to 70 percent of the country's GDP depends on oil<sup>26</sup> – the chances of winning the economic battle with Beijing are slim. This becomes obvious if we look at the data. China is the main trading partner for all countries but Kazakhstan, ranging from a 47.6 percent share of trade with Kyrgyzstan to 22.5 percent of Uzbekistan's. Table 1 compares the latest available data on foreign trade between Beijing, Moscow and the Central Asian countries for 2012 and 2013.

**Table 1** | Main trade partners of Central Asian countries (in percentages and ranking in the world)

	China				Russia			
	2012		2013		2012		2013	
	%	rank	%	rank	%	rank	%	rank
Kazakhstan	23	2	24.2	2	19	3	21.1	3
Kyrgyzstan	51	1	47.6	1	17	2	19.7	2
Tajikistan	36	1	26.9	1	14	3	10.4	4
Turkmenistan	45	1	42.7	1	6.8	4	7.8	4
Uzbekistan	12	2	22.5	1	9.7	3	20.6	2

Source: European Commission.

<sup>23</sup> This is very much the case with countries like Uzbekistan and Tajikistan that are heavily dependent on remittances from Russia (which account respectively for one-third and one-half of GDP).

<sup>24</sup> Andrew C. Kuchins et al., *Central Asia in a Reconnecting Eurasia. Kazakhstan's Evolving Foreign Economic and Security Interests*, Lanham, Rowman & Littlefield, June 2015, p. 9, <https://shar.es/15dFWd>.

<sup>25</sup> Andrew C. Kuchins, Jeffrey Mankoff, Oliver Backes, *Central Asia in a Reconnecting Eurasia. Kyrgyzstan's Evolving Foreign Economic and Security Interests*, Lanham, Rowman & Littlefield, June 2015, p. 14, <https://shar.es/15lhSp>.

<sup>26</sup> Andrey Movchan, "Just an Oil Company? The True Extent of Russia's Dependency on Oil and Gas", in *Carnegie Commentaries*, 14 September 2014, <http://ceip.org/1M6CcBR>.

Data on FDI confirm this trend, with China investing more than 30 billion dollars<sup>27</sup> in 2014 (against Moscow's 14.5 billion dollars<sup>28</sup>). China is also a rising competitor in the energy sector, being already heavily invested in Kazakhstan, Uzbekistan and Turkmenistan, and is now considered the biggest economic player in the region.<sup>29</sup> A full 81 percent of Turkmenistan's exports – predominantly natural gas – already go to China; the same is true for 20 percent of Kazakhstan's exports (compared with Russia's 10 percent share); in addition, two pipelines (one from Turkmenistan and the other from Kazakhstan) connect Central Asia with China. China needs oil and gas in order to sustain its economic growth and wants to reduce its energy dependence on the Middle East and Africa.

Tensions have also appeared in the field of security. Although the two countries have opted for a sort of "division of labour" in Asia – economic development for China and "hard" security for Russia – Beijing has started challenging Russia's dominance in the region, especially concerning arms trade. This was very clear after China hosted the fourth Conference on Interaction and Confidence-Building Measures in Asia (CICA) in May 2014, where President Xi coined the motto "Asia for Asians".<sup>30</sup> Consequently, there is a growing rivalry between the Russian-led CSTO and the SCO. Russia fears that the expansion of the SCO could give China a dominant position in Central and South Asia, especially after India and Pakistan were granted membership in July 2015.<sup>31</sup> Thus, Moscow is using the CSTO to stress its importance as a security actor across the entire region, especially in countries such as Kazakhstan,<sup>32</sup> Kyrgyzstan<sup>33</sup> and Tajikistan.<sup>34</sup> In the summer of 2015 Russia tested its expeditionary capabilities through large-scale exercises such as "Centre-2015" and "Interaction 2015."<sup>35</sup> However, even CSTO members like

<sup>27</sup> Data retrieved from the *China Global Investment Tracker*, an indicator mapping all Chinese FDI in the world, created by the American Enterprise Institute and the Heritage Foundation: <http://www.aei.org/china-global-investment-tracker>.

<sup>28</sup> Eurasian Development Bank, *Monitoring of Mutual Investments in the CIS 2015*, September 2015, [http://www.eabr.org/e/research/centreCIS/projectsandreportsCIS/?id\\_4=48979](http://www.eabr.org/e/research/centreCIS/projectsandreportsCIS/?id_4=48979).

<sup>29</sup> Ernesto Gallo, "Eurasian Union versus Silk Road Economic Belt?", in *ISDP Policy Briefs*, No. 159 (29 August 2014), <http://www.isdp.eu/publications/policy-briefs.html?task=showbib&id=6445>.

<sup>30</sup> Xi Jinping, *New Asian Security Concept For New Progress in Security Cooperation*, Remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Shanghai, 21 May 2014, [http://www.cica-china.org/eng/zyhyhwj\\_1/yxhy/yxfh/t1170132.htm](http://www.cica-china.org/eng/zyhyhwj_1/yxhy/yxfh/t1170132.htm).

<sup>31</sup> William Piekos and Elizabeth C. Economy, "The Risks and Rewards of SCO Expansion", in *CFR Expert Briefs*, 8 July 2015, <http://on.cfr.org/1eGgNU6>.

<sup>32</sup> The country maintains the second-largest SCTO contingent after Moscow.

<sup>33</sup> The country is undertaking a modernisation plan with Russian assistance for an estimated cost of 1 billion dollars. It also hosts many CSTO exercises, as well as a Russian air base (in Kant) and a naval testing facility (on Issyk Kul Lake).

<sup>34</sup> Russia continues to keep around 5,000-7,000 troops in Tajikistan as part of its 201st military base.

<sup>35</sup> Anna Maria Dwyer, "Russian Military Exercises: Preparation for Expeditionary Operations", in *PISM Bulletin*, No. 86 (818), 25 September 2015, [https://www.pism.pl/files/?id\\_plik=20535](https://www.pism.pl/files/?id_plik=20535).

Tajikistan<sup>36</sup> and Kyrgyzstan<sup>37</sup> are becoming increasingly interested in developing security relations with China within the SCO framework, as are neutral States such as Uzbekistan<sup>38</sup> and Turkmenistan.<sup>39</sup> Meanwhile, Moscow is challenging Chinese strategic interests in South East Asia by strengthening relations with Vietnam and Thailand in both energy<sup>40</sup> and military<sup>41</sup> domains.

Finally, growing Sino-Russian disputes could hamper the development of the NSR. First of all, it is still questionable whether Beijing would be willing to invest in this trade route after the launch of the SREB. In this sense, it is worth pointing out that the number of transits fell steadily in the first quarter of 2015, whereas total revenue dropped 12.5 percent<sup>42</sup> following a negative trend already experienced in 2014, as Table 2 below shows.

**Table 2** | Northern Sea Route, transit statistics

Year	Transits	% change on previous year (full transit)	Foreign flagged ships	Russian flagged ships	Cargo (tons)	% change on previous year
2012	44 (42 full, 4 partly)	N/A	28	18 (14 full, 4 partly)	1,261,545	N/A
2013	71 (46 full, 25 partly)	9.5	25	46 (21 full, 25 partly)	1,355,897	7.5
2014	53 (31 full, 22 partly)	-32.6	6	47 (25 full, 22 partly)	274,000	-79.8

Note: "Full" refers to vessels that crossed both the western and eastern NSR boundary. "Partly" refers to vessels that crossed the western NSR boundary but not the eastern boundary.

Source: Northern Sea Route Information Office, *Transit Statistics*, [http://www.arctic-lio.com/nsr\\_transits](http://www.arctic-lio.com/nsr_transits).

<sup>36</sup> Joshua Kucera, "China Boosts Military Aid to Kyrgyzstan, Tajikistan", in *The Bug Pit*, 4 September 2014, <http://www.eurasianet.org/node/69846>.

<sup>37</sup> For example, providing the Kyrgyz army with 6.5 million dollar worth of rear equipment in 2014. "China to provide military-technical assistance to Kyrgyzstan", in *Kabar*, 24 January 2014, <http://www.kabar.kg/eng/politics/full/8983>.

<sup>38</sup> Uzbekistan commits to counterterrorism efforts through the SCO's Regional Anti-Terrorist Structure (RATS), whose headquarters is located in Tashkent. See Andrew C. Kuchins et al., *Central Asia in a Reconnecting Eurasia. Uzbekistan's Evolving Foreign Economic and Security Interests*, Lanham, Rowman & Littlefield, June 2015, p. 12, <https://shar.es/15l4ua>.

<sup>39</sup> "China, Turkmenistan to enhance defense cooperation", in *Xinhuanet*, 13 November 2013, [http://news.xinhuanet.com/english/china/2013-11/13/c\\_132885608.htm](http://news.xinhuanet.com/english/china/2013-11/13/c_132885608.htm).

<sup>40</sup> Sam Skove, "Russia expands 'pivot' east beyond China to Vietnam and Thailand", in *The Moscow Times*, 9 April 2015, <http://www.themoscowtimes.com/article/518906.html>.

<sup>41</sup> John J. Xenakis, "World view: Russia and Vietnam agree to mutual defense cooperation pact to counter China", in *Breitbart News*, 2 May 2015, <http://bit.ly/1JIeI76>.

<sup>42</sup> Non-Profit Partnership Sodeistviye Razvitiyu VED, Грузоперевозки в первом квартале 2015 года: статистика и тенденции, 5 June 2015, <http://www.np-srv.ru/stati/65>.



Moreover, the Russian economic crisis calls the entire project's feasibility<sup>43</sup> into question, as well as threatening to undermine many Arctic infrastructure projects, seen in the delays launching new pipelines in Siberia<sup>44</sup> and Murmansk.<sup>45</sup> Most importantly, a very delicate issue that even touches upon the concept of sovereignty over the NSR, regards the transit fees that are essential to meeting the operational costs of the Northern Sea Route Administration (NSRA). Based on the 2013 Strategy for the Arctic,<sup>46</sup> Russia considers the NSR as a domestic waterway and thus subject to transit fees, while the international community regards it as an international thoroughfare.<sup>47</sup> Finally, Moscow is not happy with China's military activities in the Arctic. With Chinese ice-breakers<sup>48</sup> crossing the NSR since 2012, Russia's Ministry of Defence Sergey Shoigu has clearly expressed the country's concerns and warned against States' "taking certain political and military steps"<sup>49</sup> in the region.

### 5. An uneasy friendship

Russia's "pivot to Asia" has come to the fore in the wake of the crisis in Ukraine. Growing tensions with the West over the common neighbourhood, coupled with economic sanctions, have accelerated this trend, with China gaining in strength as a partner to Moscow. Sino-Russian rapprochement has emerged very vividly both in economic and military spheres. The Kremlin's propaganda has sought to convince the broader public that Russia's strategies in Eastern Europe, Central Asia and the Arctic region are a complement to China's new SREB. Nonetheless, behind the headlines huge remaining problems jeopardise the emergence of durable Sino-Russian consensus in Eurasia.

First, the EEU-SREB free trade agreement seems like wishful thinking at the current stage. It is going to take time to reach. As previously stated, the two projects are fuelled by differing rationales (mercantilism for Moscow, free trade for Beijing), and it is doubtful that China will abandon its traditional policy of engaging bilaterally with countries in Eastern Europe and Central Asia to pass through the filter of the EEU. Furthermore, the EEU does not enjoy the SREB's same appeal for potential

<sup>43</sup> Tatiana Khruleva, "Сохранит ли Россия Северный морской путь?", in *Rosbalt*, 1 March 2015, <http://www.rosbalt.ru/business/2015/03/01/1372205.html>.

<sup>44</sup> Olesya Astakhova, "Russia's Transneft says sanctions may delay oil pipelines launch", in *Reuters*, 16 September 2014, <http://reut.rs/1oV4fXt>.

<sup>45</sup> Atte Staalesen, "Murmansk transport hub trouble again", in *BarentsObserver*, 11 March 2015, <http://barentsobserver.com/en/node/28577>.

<sup>46</sup> Russian Presidency, *Strategy for the Development of the Arctic zone and the provision of national security until 2020*, 20 February 2013, <http://www.iecca.ru/en/legislation/strategies/item/99>.

<sup>47</sup> Heather A. Conley and Caroline Rohloff, "The New Ice Curtain. Russia's Strategic Reach to the Arctic", in *CSIS Reports*, August 2015, <http://csis.org/publication/new-ice-curtain>.

<sup>48</sup> Atte Staalesen, "Chinese icebreaker through Norwegian waters", in *BarentsObserver*, 9 August 2012, <http://barentsobserver.com/en/node/24021>.

<sup>49</sup> Trude Pettersen, "Shoigu: Military presence in the Arctic is a question of national security", in *BarentsObserver*, 26 February 2015, <http://barentsobserver.com/en/node/28513>.

new members. Many countries fear that full membership in the EEU would lead to a potentially disadvantageous dependence on Moscow, as witnessed by Kazakhstan's recent complaints.

Second, the NSR has yet to become a safe and stable transit route. Severe climate conditions, together with the economic sanctions and the drop in oil prices, have caused a slowdown in transits as well as the delay of many infrastructure projects. At the moment it seems China is not interested in investing in this route. Moreover, legal issues (transit fees), as well as Chinese military activities in the Arctic zone, are hampering mutual trust and raising serious concerns in Moscow.

Finally, bilateral relations are suffering the negative impact of a growing geo-economic, geo-political and military rivalry in Central Asia. Russia wants to avoid the region's falling under Chinese hegemony, especially in the security sphere, where the CSTO still plays a dominant role. Nevertheless, the economic crisis lowers the Kremlin's long-term chances of remaining a relevant player in the region. Conversely, China's money has powerful appeal for many of the region's countries, especially when it comes to infrastructure projects. Additionally, that alleged "division of labour" in Central Asia is being challenged by China's growing military role in the region, especially in terms of arms trading. Therefore, despite official claims, these deep-seated misunderstandings threaten to compromise common trust and turn Russia's relations with China into an uneasy friendship.

### 6. A lesson for Europe: strategic patience

Although the Kremlin is very much aware of these drawbacks, the European Union (EU) should not expect any significant change in Moscow's foreign policy over the short term. Russia's pivot to China will continue, as it belongs to a greater ideological design to change the global order from unipolar to multipolar.<sup>50</sup> President Putin is seeking to prove that Russia's sovereign capitalism is better suited to solving internal and external problems. The domestic recession will not stop him, but rather intensify the Kremlin's rhetoric, especially as Western sanctions are not likely to be lifted soon. What remains to be seen is whether this new Sino-Russian *entente* in Eurasia will last, or whether it will be eclipsed over the medium term by structural economic and security disputes, especially over Central Asia.

What can the EU learn from Russia's "pivot to Asia"? First, the EU should be aware that the alleged Sino-Russian rapprochement still stands on a very shaky foundation, both from an economic and military standpoint. The facts and figures at the current stage reveal that we are still very far from seeing the emergence of a solid Sino-Russian consensus in Eurasia. Deep-seated structural deficiencies

<sup>50</sup> See speeches delivered by President Putin at the Valdai Experts Group: 19 September 2013, <http://en.kremlin.ru/events/president/news/19243>; 24 October 2014, <http://en.kremlin.ru/events/president/news/46860>; 22 October 2015, <http://en.kremlin.ru/events/president/news/50548>.

are likely to emerge over the medium term, and therefore there is no need to panic when analysing relations between Moscow and Beijing. Secondly, aware that the political elite in Moscow will continue to employ aggressive propaganda to convince the broader public that Western sanctions make the shift eastward inevitable, the EU should opt for a very pragmatic "strategic patience." This would be a far more effective policy choice than finger pointing, which only deepens the mutual ideological clash and causes the further marginalisation of those liberal minds inside the country resisting Kremlin propaganda.

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