

THE LINKING OF THE BELT AND ROAD INITIATIVE AND THE EURASIAN ECONOMIC UNION AND ITS IMPACTS ON SINO-RUSSIAN RELATIONS

Abstract

This article studies how linking the Belt and Road Initiative (BRI) and the Eurasian Economic Union (EEU) will impact China-Russia relations. It hypothesizes that BRI-EEU links will lead to deeper ties in economics, trade, investment, infrastructure, financial, and currency between the two states but will minimally affect military and political ties; despite common interests, China and Russia will likely not form a strategic alliance but would maintain a strategic partnership; they have different strategies: China focuses on the Asia-Pacific and had a bad past alliances with Russia; Russia focuses on Europe and Central Asia; Russia is more hawkish than China. Russia-China and China-EEU relations at the China-EEU, Russia-China, trade, financial, economic, societal levels, and security are studied. Most EEU-China deals are state-to-state. China prefers bilateral deals; bilateral projects seem most expedient. The partnership can impact other powers.

Key words: China, Russia, BRI, EEU, Eurasia, security, economy.

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China's Belt and Road Initiative (BRI) and the Russian-led Eurasian Economic Union (EEU) are regional integration projects that have the potential to transform the geo-economics and geopolitics in Eurasia and the world [1, 2, 3. — P. 63]. China and Russia are attempting to reshape the future of international system by different measures—militarily, strategically, economically, etc., and can impact global trade patterns and transnational policy-making. The BRI and EEU will be the legacy political projects of Chairman Xi and President Putin respectively. It is important for actors with interests in Eurasia to be aware of developments in the joining of the EEU-BRI in order to avoid losing influence and opportunities in the region. The EEU is also an energy-rich economic bloc with roughly 14.7% of the world's oil production and 17.3%

of the world's gas production: products for which China, the world's largest oil importer, has great demand. The EEU appears to be an attempt to reintegrate former Soviet economies into an economic union [4. — P. 115–116; 5. — P. 278–279, 282]; it is currently a single market consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan. The BRI was initially poorly received by former Soviet states and was viewed with suspicion as a geostrategic move by China, rather than a consensual, mutually beneficial opportunity for infrastructure development [4. — P. 119]. On paper, the BRI seems to be a flexible and consensual initiative that aims to conduct policy coordination, build infrastructure, remove trade barriers, achieve financial liberalization, and have closer people-to-people links [2; 5 — P. 285–286; 6. — P. 15 — 17; 7]. The BRI

uses a variety of financing tools such as the Asian Infrastructure Investment Bank, China Export-Import Bank, and the Silk Road Fund. The EEU, on the other hand, has tones of Russia-dominated Eurasianism on Russia's Near Abroad [8].

This article uses English School international relations theory (ES) to test these two hypotheses:

1. BRI and EEU linkages will lead to deepened cooperation in economic integration, commercial and investment ties, infrastructural linkages, financial cooperation, and monetary cooperation between China and Russia, but will have little impact on political and military cooperation;

2. despite BRI-EEU ties, mutual desire to build a multipolar international system, history of trust-building, and past alliances, it is unlikely that China and Russia will form a strategic alliance, but would maintain their strategic partnership because of different strategic foci.

ES is a holistic, pluralistic methodology to analyze strategy, economics, and society. ES analyzes international relations by studying the international system on areas such as power politics, institutionalization of shared norms and rules, and non-state international phenomena that transcend boundaries. This methodology requires understanding different phenomena at different levels of international relations. ES is especially apt to analyze the evolution of Sino-Russian relations. ES is premised on three concepts and its pluralist theoretical approach. International system, international society, and world society are the key concepts of ES. International system focuses on power politics among states and relies on structural theories. International society is premised on the institutionalization of shared norms, rules, and institutions at the core of international relations theory. World society focuses on individuals, non-state bodies and the transnational populace collectively. The main debate within ES is between solidarists and pluralists. Solidarists posit that international society can develop wide-ranging norms,

rules, and institutions to cover both coexistence issues and cooperation in pursuit of shared interests. Pluralists believe that sovereignty/non-intervention principles restrict international society to fairly minimal rules of coexistence [9]. Because the EEU and BRI are such different entities and the Sino-Russian strategic partnership is broad, it is an excellent analytical tool to study the linking of the EEU with the BRI. This article uses all tools provided by ES to analyze the Sino-Russian strategic partnership and the linking of the BRI and the EEU. This study proceeds to investigate economics and society in one section and security in another section, and finally conclude by showing how Sino-Russian relations, the EEU, and BRI fit into ES [9].

The linking of the BRI and the EEU will continue to bring greater contact between China and Russia in trade, monetary cooperation, culture, education, infrastructure development, arms trade, and scientific and technological cooperation, etc. Despite changes in commercial relations between the European Union and Russia since the crisis in Ukraine, Europe remains Russia's principal trading partner with a total annual trade of roughly US\$287 billion in 2018 (compared to more than US\$100 billion between China and Russia) [10; 11]. Gazprom and China National Petroleum Corporation have agreed to deliver 38 billion m³ of gas from the Power of Siberia Pipeline to Northeastern China at a rate indexed to oil prices starting in December 2019 [12]. Most BRI-EEU infrastructure projects (e.g., The China-Belarus Industrial Park, projects in Kazakhstan's Nurlı Zhol, and many BRI projects in Russia) have been agreed upon at the bilateral state-to-state format most likely because these are not supranational competencies [13]. So far, the EEU has accommodated Chinese policy and regulatory requests such as faster and more transparent customs clearance procedures (e.g., creating unified electronic customs clearance procedures) [14] and sharing transportation infrastructure development plans (which are available for public consultation) [15];

16], but they can improve cooperation on other regulations such as phytosanitary standards and other technical barriers of trade. *The Agreement on Economic and Trade Cooperation between the Eurasian Economic Union and Its Member States, of the One Part, and the People's Republic of China, of the Other Part* currently governs China-EEU trade; the agreement is non-preferential and focuses on definitions and the conduct of relations between China and EEU states. This agreement that does not have tariff rates; it is unclear how EEU-China trade will evolve— through separate trade agreements or amendments to the current trade agreement [17]. Presidents of EEU member states can veto supranational legislation— this framework hinders the capacity of the Eurasian Commission in taking real political initiative in EEU-China negotiations. EEU-BRI linkages will likely continue to be negotiated at the state-to-state level. The Chinese government is comfortable working in this model, but they can work more effectively with different levels of government to obtain agreements for infrastructure. Policy-implementation in the EEU tends to favor a single market that works on a principle of subsidiarity.

There is already extensive cooperation between China and Russia in different fields such as arms manufacturing, mineral and energy trade, timber, banking etc. There is growing cooperation in agriculture, energy, industry, trade, infrastructure, mining, and manufacturing between the two countries. There is a growing presence of Chinese e-commerce in Russia, given the low cost and wide variety of goods sold by some of China's e-commerce giants such as JD.com, LightInTheBox.com, and Dhgate.com, and the minimal presence of Russian e-commerce platforms. AliExpress, is the leading online retailer in Russia with 90% of online purchases made in Russia [13]. There have also been increased the contact for trade, tourism, and education. State-led societal and institutional partnerships have been growing between China and Russia in

education and culture [18; 19]. There are state-led events and organization of media cooperation including cultural events and television broadcast of Russian movies with Chinese subtitles [20]. There is potential for further and deeper economic and societal engagement. Current trade, legal, social, and political norms between the two countries are not the same, but with pragmatism, better regulations, and long-term thinking, there will be an increased appetite commercial and financial cooperation between the two countries; this could lead to increased convergence of commercial, legal, social, and political norms.

The linking of the BRI and the EEU— an extension of the Sino-Russian strategic partnership— does not target any third parties strategically [21. — P. 3, 4, 7, 8, 11]. An unintended consequence of building BRI-EEU linkages is that political and security issues will impact the BRI and EEU. China and EEU countries will most likely address these issues through the Shanghai Cooperation Organization (SCO) bilaterally and multilaterally. The Sino-Russian strategic partnership will likely not become a strategic alliance. Russia is the leader of the CSTO, its principal military alliance. Strategic partnerships are a key tool in Chinese foreign policy. According to former Chinese Premier Wen, strategic partnerships cover a wide range of areas of potential cooperation, long-term and stable, and be able to withstand disagreements [21. — P. 11]. The linking of these geo-economic projects is not evidence of these two great powers forming alliances — the linking of these projects initially seemed to be an exercise of mutual political support between China and Russia when dialogue between China and the EEU was dominated by the two presidents, but increasingly seems like a platform upon which the EEU and China gradually form norms and deepen economic and societal ties in Sino-Russian relations. Xi and Putin are pragmatists in international relations [21. — P. 11; 22. — P. 12 — 13]. Putin and Xi have similar views on acting to maximize national interest.

The three main national interests of Russia and China are sovereignty, security, and development [13]. Security documents of the Russian Federation and the People's Republic of China show that the two countries have similar regional and global security concerns. China's security concerns include comprehensive security, internal and external security, territorial security, citizens' security, traditional and non-traditional security, survival security, development security, personal security and common security, regional and international security, and overseas assets security; as well as cybersecurity and outer space security. It further defines these threats to China: the existence of hyperpower hegemony, extremism, interventionism, terrorism, ethno-religious conflict, hot spots in borderland conflicts, territorial integrity (Taiwan, Xinjiang, Tibet, "Chinese" islands and waters that are currently "illegally" occupied by foreign countries especially in the South China Sea and other seas), the three "evils" (terrorism, separatism, and extremism), color revolutions, maritime piracy, regional and international instability, environmental degradation, epidemics, anti-nuclear proliferation, threats to overseas energy resource supply lines, threats to strategic lines of communications, threats to organizations, people, assets, and interests located overseas [23]. Ghiasy and Zhou find that in addition to terrorism and extremism, China's analytical community also identified these risks to the BRI: quality control of BRI projects, border security, and social and human security factors [22. — P. 15]. sLiu, who categorizes threats to BRI into two broad categories (traditional and non-traditional security threats), also finds "other regional integration pressures" (e.g., the Trans-Pacific Partnership and the ASEAN-led Regional Comprehensive Economic Partnership) a non-traditional threat to the BRI [24. — P. 134–140].

"Zhongguo de Yatai Anquan Hezuo Zhengce" Baipishu notes these hotspots in the Asia Pacific and China's posture:

the nuclear crisis on the Korean Peninsula, antiballistic missile systems, the Afghanistan question, anti-terrorism, and the maritime question. According to the white paper, China holds these positions: China is firm in the denuclearization and maintaining peace and stability of the Korean Peninsula through negotiations; it finds antiballistic missile systems (specifically naming the THAAD system installed in South Korea) an attempt to create Cold War-style alliances and regional and international systems and inconducive to strategic stability and trust, and also is not beneficial to inclusive global and regional stability; it wishes to help rebuild a peaceful, united, stable, Afghanistan that coexists with its neighbors; China is against all forms of terrorism and deals with this multi-faceted issue by engaging in dialogue with different civilizations, and taking political, economic, and diplomatic measures in a holistic manner to eliminate this threat, and China will not link terrorism with states, ethnicities, and religions; China recognizes pacific freedom of maritime and aerial access of seas and recognizes the threats to environment, marine life, oil and chemical spills, as well as other security threats such as smuggling, and drug trafficking. In this white paper on security cooperation in the Asia Pacific, China claims that some countries misread China in traditional maritime security because of a lack of trust, and this can lead to security risks. China also claims to desire win-win maritime security cooperation according to the United Nations Charter, international law, and modern maritime law including the United Nations Convention on the Law of the Sea. The white paper also mentions that China desires peace, stability, dialogue, and cooperation in the South China Sea and the East China Sea [25].

China has a holistic understanding of security; it is apparent that the BRI has a geopolitical dimension. The BRI cannot properly address security issues since it lacks the institutional framework to do so, and because its design is largely based

on projects that are bilaterally negotiated with geo-economics in mind [26]. China avoids addressing the BRI's security issues [27. — P. 7], but it believes that "economic development and connectivity will help stabilize China's border regions, secure its energy supplies, and allow China to extend its strategic influence"; [27. — P. 3] with reports of the scale of what the Chinese government has called "re-education camps" in Northwestern China, it is unclear what measures the Chinese authorities will take to fight the three evils of separatism, terrorism and religious extremism the Chinese government will take. Chinese central and regional governments have increased investment in local economies, social programs, affirmative action ethnic policies, restrictions on religious practices and attire, firm counter-terrorism actions, pervasive surveillance and extensive police and paramilitary operations to cement authority over Xinjiang [28. — P. 6]. China's BRI has commercially unviable projects that will ensure China's strategic resilience especially if geostrategic chokepoints such as the Straits of Malacca and Straits of Hormuz were blocked [29. — P. 17]. 70–80% of China's oil imports are shipped through the Straits of Malacca. Roughly half of China's oil imports are shipped through the Straits of Hormuz [27. — P. 11; 30. — P. 422]. Strategic resilience is the ability to prevent, withstand and recover from economic isolation [27. — P. 11; 29. — P. 20].

The Military Doctrine of the Russian Federation notes these following security concerns: the build-up of North Atlantic Treaty Organization and other powers near the borders and waters of the Russian Federation and its allies; destabilization of states and the establishment and deployment of strategic missile defense systems, implementation of a global strike concept, the weaponization of outer space, and deployment of strategic non-nuclear systems of high-precision weapons; regions and undermining of global and regional stability; political, economic, and military pressure on the Russian Fed-

eration (sanctions and conditionality); violation of international agreements, non-compliance with international treaties in arms prohibition, limitation, and reduction; the use of military force against the RF and its allies in violation of the UN Charter and other norms of international law; armed conflict near Russia and its allies; global extremism and terrorism; inter-ethnic and inter-confessional tensions; radical international armed groupings and private military companies; separatism and extremism; cyberthreats; establishment of regimes with policies that threaten the interests of the Russian Federation in states bordering Russia including by overthrowing legitimate state administration bodies (color revolutions); subversive operations performed by foreign bodies against Russia; asymmetric operations; strengthening the CSTO as a system of collective security; security of the quasi-states ("states" that lack international recognition) of Abkhazia and South Ossetia [31].

The *Foreign Policy concept of the Russian Federation* also states these following security concerns that are not explicitly noted in *The Military Doctrine of the Russian Federation*: national security, sovereignty, and territorial integrity; economic security; security of Russian citizens and compatriots; energy security; transnational organized crime; proliferation of weapons of mass destruction; illegal migration; human trafficking; illegal drug trade and production; corruption; maritime piracy; cybercrime; global poverty; climate change; food, environmental, sanitary, and epidemiological security. It also states that "human rights, security and sustainable development are closely intertwined" [32].

Having investigated the linking of the EEU and BRI at the societal, economic, and political levels we used an ES methodology. The two main hypotheses of this study will likely be true. The analysis shows that the EEU and BRI linking will create deeper economic and social linkages, although somewhat choreographed

and state-led. The EEU and BRI are not adequate to address security issues, so the SCO is the likely security organization that will help address security concerns that impact the BRI and EEU. Russia and China, under the leadership of Putin and Xi respectively, have similar views on international security and the international system. It seems that China and Russia have a clear vision of their strategic partnership and want to build norms and institutions in conducting their relations. ES explains Sino-Russian cooperation in international politics, economics and so-

ciety. ES's concept of world society fails to explain societal relations between Russia and China because of the highly choreographed nature of contact between the two societies. With the linking of the BRI and EEU, China and Russia are opening their economies and societies to one another. The state-led initiatives of both countries to have closer relations at the economic and societal levels are signs that the nature of Sino-Russian relations seem to favor the solidarist view of ES that international contact between Russia and China will grow and deepen.

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