

# The China-Russia Partnership And US Policy Options

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**Abstract:** *China's international position is quite strong: it has leverage over Russia, which is increasingly dependent on China for economic and military aid; and it is in a strong bargaining position with the European Union, which relies on Chinese trade and investment. These circumstances might not seem conducive to improvement in China-U.S. relations, especially since many longstanding issues, such as on Taiwan and trade, remain unresolved. But progress in some areas, notably military-to-military talks, have (as Chinese officials see it) "stabilized" relations. This article argues that if the U.S. develops a China policy that emphasizes finding common ground rather than, as at present, devising ways to contain and deter China, some elements of China's foreign policy might change and serious tensions over Taiwan and the South China Sea islands could be calmed. Furthermore, it addresses incentives—in particular, U.S. acceptance of the Chinese principle of partnership, not rivalry—to wean*

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## Putin the Supplicant

Cold War politics returned to life when Xi Jinping hosted Vladimir Putin in Beijing on May 17. Their joint statement suggested complete agreement on global strategy between Xi and his "old friend" Putin: the promise to expand all manner of China-Russia ties, fully support their "comprehensive strategic partnership," increase "strategic coordination," and support Russia's "special military operation" (not war) in Ukraine. Xi also condemned U.S. "dual containment" of China and Russia. About the only thing missing from the joint statement was any mention of "no limits" to the partnership, in contrast with the

joint statement at the conclusion of Putin's visit in February 2022.<sup>1</sup>

The real difference this time around is that China has considerable leverage. Too much attention has been paid to "no limits" and not enough to the upper hand Xi has with Putin.<sup>2</sup> In a word, Russia needs China far more than the reverse. The Chinese determine how much and what kind of assistance to provide to Russia, whether as a customer or an exporter. So far, China has stepped up, though not to the extent of challenging U.S. and European sanctions. One specialist, Alexander Gabuev at the Carnegie Russia Eurasia Center, underscores Russian dependence on China: "China has emerged as Russia's single most important partner, providing a lifeline not only for Mr. Putin's war machine but also for the entire embattled economy. In 2023, Russia's trade with China hit a record \$240.1 billion, up by more than 60 percent from prewar levels, as China accounted for 30 percent of Russia's exports and nearly 40 percent of its imports. Before the war, Russia's trade with the European Union was double that with China; now it's less than half. The Chinese yuan, not the dollar or the euro, is now the main currency used for trade between the two countries, making it the most traded currency on the Moscow stock exchange and the go-to instrument for savings."<sup>3</sup>

1 For background, see David E. Sanger, *New Cold Wars: China's Rise, Russia's Invasion, and America's Struggle to Defend the West* (New York: Random House, 2024) and Jim Sciutto, *The Return of Great Powers: Russia, China, and the Next World War* (New York: Dutton, 2024).

2 See Sergei Radchenko, "Introduction," *Asian Perspective*, vol. 47, no. 3 (Summer, 2023), pp. 341–347.

3 Alexander Gabuev, "The West Doesn't Understand How Much Russia Has Changed," *The New York Times*, May 15, 2023. <https://www.nytimes.com/2024/05/15/opinion/putin-china-xi-jinping.html>.

As for military aid to Russia, China is again the key provider. As the New York Times reports: “Last year, some 89 percent of the ‘high-priority’ imports necessary for Russian weapons production came from China, according to a customs data analysis by Nathaniel Sher, a researcher at the Carnegie Endowment for International Peace. Those include everything from machine tools used to build military equipment to optical devices, electronic sensors and telecommunications gear, the analysis found.”<sup>4</sup> U.S. and European Union (EU) efforts to get Beijing to cut back on dual-use items that support Russia’s military industry have gone nowhere, as became plain from Xi’s May visit to Europe.

### **Xi in Europe: Complaints but No Progress**

Europeans are increasingly vocal about the downside of relations with China, and they have shown their displeasure over China’s support of Russia’s war and Chinese trade practices. Xi got an earful from Ursula von der Leyen, the European Commission president, when Xi visited Europe in mid-May—his first visit in 5 years—prior to hosting Putin in Beijing. In particular, von der Leyen complained about Chinese support of the Russian military-industrial complex, saying: “More effort is needed to curtail delivery of dual-use goods to Russia that find their way to the battlefield. And given the existential nature of the threats stemming from this war for both Ukraine and Europe, this does affect E.U.-China relations.” Perhaps so, but as of now China’s dual-use exports to Russia are not being reduced, and neither is European business with China.<sup>5</sup>

In fact, Chinese exports to Europe are quite robust. Protesting China’s increasing domination of the EV market, which has much to do with an EU trade deficit with China over \$325 billion, von der Leyen

<sup>4</sup> David Pierson and Paul Sonne, “Putin Will Visit Xi, Testing a ‘No Limits’ Partnership,” *The New York Times*, May 14, 2024, <https://www.nytimes.com/2024/05/14/world/asia/putin-china-xi.html>.

<sup>5</sup> Roger Cohen, “Xi Bristles at Criticism of China Over War in Ukraine,” *The New York Times*, May 6, 2024, <https://www.nytimes.com/2024/05/06/world/europe/xi-macron-europe-trade-war.html>. On China’s very large investments in Europe, mainly through the Belt and Road Initiative, see Carlos Lima da Frota Araujo, “Exploring Chinese Investments in Europe: Scope and Governance Dynamics,” *Asian Perspective*, vol. 48 (2024), pp. 71–93.

said: “These subsidized products, such as electric vehicles or, for example, steel, are flooding the European market... At the same time China continues to massively support its manufacturing sector, and this is combined with domestic demand that is not increasing. The world cannot absorb China’s surplus production.”<sup>6</sup> The Chinese respectfully disagree, essentially taking the capitalist-globalist position: they’re meeting popular demand in a highly competitive world market. Furthermore, Xi has been able to use the EU’s dependence on Chinese trade and investment to nod yes on peace while doing nothing to actually promote Putin ending the war in Ukraine. Germany’s dance with China is the best example of the difficulties of navigating between a very large commercial relationship while remaining true to so-called European values, starting with respect for human rights and adherence to the UN Charter. The one competes with and often undermines the other. China and Germany are major investors in each other’s economy, but with Germany the more dependent partner. Germany relies heavily on China as an export market, especially for high-end autos and electronics, and many German jobs depend on the China trade. German automakers worry about China’s flooding of the EV market in Europe and about unfair competition in China, but that isn’t keeping them from doing business, with only passing reference to repression in China or to China’s support of Russia in the Ukraine war. When Chancellor Olaf Scholz took office in 2021, he vowed to move Germany away from economic dependence on China. Last year Scholz described China as a “partner, competitor and systemic rival,” but now, as the New York Times reports, Germany’s “talk of scaling back reliance on China has been replaced with calls for equal access to China’s market for foreign firms.”<sup>7</sup> This shift is apparent from Scholz’s three-day visit to China in mid-April 2024. He was accompanied by corporate leaders rather than foreign policy officials critical of China, demonstrating that Germany’s

<sup>6</sup> Cohen, “Xi Bristles at Criticism of China Over War in Ukraine,” *The New York Times*, May 6, 2024, <https://www.nytimes.com/2024/05/06/world/europe/xi-macron-europe-trade-war.html>.

<sup>7</sup> Melissa Eddy, “Why Germany Can’t Break Up with China,” *The New York Times*, April 16, 2024, <https://www.nytimes.com/2024/04/16/business/germany-china-tariffs.html>.

economic interests are winning the competition over values and strategic priorities.

This may fortify China's perception that it can simultaneously pursue its economic interests with Europe and its strategic interests with Russia without incident. For, despite all the criticism from Europe as well as from the U.S. and its allies in Asia, China's line on the war in Ukraine has not changed since the war's start: calls for a peace settlement, defense of the principle of respect for territorial integrity (a nod to Ukraine), support of a country's legitimate security interests (a nod to Russia), and willingness to take part in a peace conference when both Russia and Ukraine agree. These are evasions, not positive interventions, as China's leadership clearly believes that the position it has taken on the Ukraine war has more benefits than costs—a belief that is no doubt strengthened with each day of limited sanctions on China and few incentives to behave otherwise. Which brings me to U.S. policy on China.

### Rivalry, Not Partnership

If the U.S. had a different China policy, one that emphasizes finding common ground rather than, as at present, devising ways to contain and deter China, some elements of China's foreign policy might change. But when one looks at the trend line in U.S.-China relations from Beijing's likely perspective, the limitations and disincentives to cooperate dominate. Chinese leaders emphasize how the relationship has "stabilized" since the Biden-Xi summit in San Francisco in November 2023, citing the resumption of high-level diplomacy and more frequent direct communication. But they are also expressing frustration with Washington based on one central reality: The U.S. refuses to accept the principle of partnership over rivalry moving forward. In Washington, the "China threat" is central to U.S. policy; managing relations so as to avoid direct conflict is the limited U.S. objective, as Secretary of State Antony Blinken and other top advisers in the Biden administration have said many times. To which their counterparts in Beijing respond that a "Cold War

mentality" governs U.S. policy on China, leading to hegemonic ambitions rather than a quest for "win-win" outcomes.<sup>8</sup>

Consequently, progress in dealing with some bilateral issues has been overshadowed by lack of progress in dealing with longstanding issues as well as with new ones. The balance sheet in U.S.-China relations looks, in brief, like this: modest progress on fentanyl production in China, the climate crisis, and military-to-military talks, but ongoing disagreements over Taiwan, U.S. strengthening and expansion of security partnerships in Asia, US export controls on semiconductors and other key technologies, China's alleged interference in US elections, human rights conditions in China, China's military exports to Russia, the South China Sea run-ins between Chinese and Philippine ships, and obstacles to people-to-people exchanges in both countries.

The upshot of this imbalance between positive and negative developments is ongoing tensions over Taiwan and in the South China Sea, either of which could spill over into actual fighting.<sup>9</sup> China and the U.S. are both pushing the envelope on Taiwan. Chinese jets are regularly flying into Taiwan's air defense zone. Most recently, all elements of the People's Liberation Army conducted a mock invasion drill, the largest ever, to "punish" Taiwan over remarks by President Lai Ching-te about the island's sovereignty. The Biden administration and the U.S. Congress continue to ply Taiwan with military aid and send senior officials and politicians to Taiwan as a sign of support—all the while proclaiming adherence to "One China." In the South China Sea, the new Philippines leadership has reversed its predecessor's friendly China policy, deepened security

<sup>8</sup> See Mel Gurtov, *Engaging China: Rebuilding Sino-American Relations* (Lanham, MD: Rowman & Littlefield, 2022), as well as Elizabeth C. Economy, *The World According to China* (New York: Polity, 2022); Wu Xinbo, "Chinese Visions of the Future of U.S.-China Relations," in David Shambaugh, ed., *Tangled Titans: The United States and China* (Lanham, MD: Rowman & Littlefield, 2013), pp. 371–388; and Wang Dong, "The San Francisco Vision: Assessing the Xi-Biden Summit," *Global Asia*, vol. 18, no. 4 (December, 2023), pp. 90–95.

<sup>9</sup> For background on China-Taiwan tensions, see Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, DC: Brookings Institution, 2005). On President Lai's China policy, see the interview by the PBS NewsHour at <https://www.pbs.org/newshour/show/taiwans-president-urges-china-to-end-threats-as-beijing-says-independence-is-dead-end>.

relations with the US, and refused to back down on China's territorial claims. Close encounters between heavily armed Chinese coast guard vessels and Philippine ships are becoming more frequent, raising the prospect of a deadly incident. Should one occur, the U.S. might be obligated under its 1951 mutual defense treaty with the Philippines to come to Manila's aid.

### Win-Win Diplomacy

None of these problems in U.S.-China relations is easily resolved, but some—such as on trade, people-to-people exchanges, and military crisis prevention—are amenable to creative diplomacy that reduces tensions. Even the Taiwan issue has the ingredients for mutually beneficial bargaining—for example, a reduction in U.S. military aid and high-visibility political support in exchange for China's backing off on harassing overflights and threatening military maneuvers. Unless and until such cooperative behavior occurs, rivalry will remain the chief theme in U.S.-China relations, pushing China closer to Russia and thus enhancing Russia's value to China while also leaving the EU caught between loyalty to U.S. policy on China and an attempt to craft an independent policy stance. For now, it makes no sense to expect Xi Jinping to moderate his ties with Putin or accept what China perceives, with some justification, to be U.S. attempts to contain China and impede its economic progress.

On the other hand, U.S. “partnership” with China—i.e., giving priority to finding common ground—may offer opportunities to exploit China's leverage with Russia. Given the right incentives, Xi could capitalize on Russia's dependence on China and take steps both diplomatic and economic that would attenuate the partnership.<sup>10</sup> Becoming a more neutral player in Russia-Ukraine peace talks and reducing military aid to Russia would put pressure on Putin to come to terms. An end to the war would strengthen the EU economies and its bargaining po-

sition on trade and investment with China. The U.S. would benefit most, extricating itself from another war-without-end that is fraying NATO and causing deep divisions in U.S. politics. A two-camp world may be Putin's preference, but a multipolar world with one less war is favorable to everyone else.

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<sup>10</sup> Adam S. Posner makes a good case for “removing most [US] barriers to Chinese talent and capital” as incentives in light of increasing signs of China's economic weaknesses. See his “The End of China's Economic Miracle,” *Foreign Affairs*, vol. 102, no. 5 (September-October, 2023), pp. 118–130.