

# China Favored to Win U.S.-Russia Showdown

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President Vladimir Putin sharing a rare moment with U.S. President Barack Obama and Chinese leader Xi Jinping at the APEC summit on Tuesday.

In what appears to have been an expertly crafted demonstration of Eastern diplomacy, Chinese President Xi Jinping walked into the 2014 Asia-Pacific Economic Cooperation summit on Monday flanked by Presidents Vladimir Putin and Barack Obama.

Obama and Putin maintained equally icy demeanors, while Xi — the host of this year's APEC summit — radiated joy. In the ongoing crisis between Russia and the West over the fate of Ukraine, China so far appears to be the victor. Beijing has become a strategic imperative in recent months, as both Moscow and Washington have decisively pivoted toward Asia, analysts told *The Moscow Times*.

When world leaders gather for occasions such as the APEC summit, observers tend to scrupulously analyze body language.

Unsurprisingly, Putin's show of gallantry in wrapping a shawl around Xi's wife Peng Liyuan on Monday night during a chilly outdoor reception sent shockwaves. Xi was chatting with Obama at the time and — according to observers — appeared to have been unaware of the incident.

Though footage of the shawl episode was purged from the Chinese Internet within a matter of hours, the fact remained: In a summit of 21 Pacific Rim member economies, of primary importance were an encounter between Putin and Obama, and Xi's careful maneuvering between the two.

## **Moscow, Washington Shift Toward Asia**

The U.S. made clear its intent to pivot toward Asia in 2011, by way of a Foreign Policy magazine article penned by then-Secretary of State Hillary Clinton entitled "America's Pacific Century."

Washington is currently trumpeting the Trans-Pacific Partnership, which excludes China, while Beijing is pushing for an alternate Free Trade Area of the Asia Pacific. At the APEC summit, world leaders agreed to work toward the free-trade pact proposed by China.

For decades, Russia has mulled plans to strengthen ties with Asia in general and China in particular, but what ultimately yielded concrete results were the same issues that have deteriorated Russia's relations with the West to a point unparalleled since the height of the Cold War: the ongoing civil strife in Ukraine, and the annexation of Crimea.

During a bilateral meeting Sunday between Putin and Xi, Russia's state-owned gas giant Gazprom signed an agreement to supply China with gas via western Siberia. Stack that on top of Moscow's agreement last May to sell \$400 billion worth of gas to Beijing, and Russia is set to supply 68 billion cubic meters of gas to China annually.

Some of the 160 billion cubic meters of gas that Russia currently supplies to Europe each year could thus be diverted to China, symbolizing the country's shift away from the West. In addition, China will purchase a 10 percent stake in the Rosneft-managed Vankor oil field project, thus securing entry into Russia's strategic oil industry.

## **Politics and Economics**

While lucrative gas and oil deals will no doubt boost China's economic importance to Russia, the political implications of their burgeoning alliance remain to be seen.

According to Sergei Lukonin, head of the Chinese Economics and Politics program at the Institute of World Economy and International Relations, the Ukraine crisis has indirectly increased China's leverage and room for maneuvering in its dealings with Russia.

"China did nothing to promote the [Ukraine crisis], but now it will surely capitalize on Russia's conflict with the West," he said.

China has refused to support international sanctions against Russia and abstained from voting for or against a United Nations resolution in March that aimed to condemn Russia's annexation of Crimea. At the same time, China has stopped short of formally

recognizing Crimea as part of Russia and has publicly supported Ukraine's territorial integrity.

"China can be neutral and thus remain able to capitalize on economic ties with both Russia, its biggest and resource-rich neighbor, and the U.S., still the largest economy in the world," Lukonin said in a phone interview.

### **Union of Unequal Brothers?**

Lukonin predicted that once Beijing and Moscow get past this phase of gas and oil deals, China will shift its gaze to Russia's telecom and transportation sectors, such as the construction of a high-speed railway.

Russia's economy is a fraction of the size of China's and is currently mired in difficulty. Accordingly, Moscow appears to be in a much weaker position than Beijing. Still, Russia can shore up its bargaining power by strengthening ties with South Korea, which likewise refused to impose sanctions over Ukraine, and Japan, whose sanctions were largely "symbolic," in Lukonin's perspective.

It remains unlikely that Russia's ties with China will rise to the level of a full-scale union, as both still rely on the West to a certain degree in order to modernize their economies with advanced technology, said Alexander Larin, senior researcher at the Moscow-based Institute of the Far East.

"If you imagine a triangle connecting Russia, the U.S. and China, tensions between two angles are beneficial to the third," he said. "The current situation could mark the culmination of a new multipolarity in the modern international community."

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