The Dragonbear: An Axis of Convenience or a New Mode of Shaping the Global System?

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Introduction

Over the last decade, a rapprochement between China and Russia has been occasionally discussed as regards a possible strategic alliance between them or the lack of such. I coined the term of "the Dragonbear" in 2015, to mark an emerging new mode of their bilateral relations aimed at shaping the global order in the 21st century. However, the interpretations of the context of increasing connectivity between the two countries range from very sceptic to very positive, hence it is too early to point to an outcome in this regard. Yet, there are two plausible directions of recent developments – either an interim axis of convenience destined to fail at some point, or an unprecedented new mode of shaping the global system through a wide spectrum of systemic coordination.

The Dragonbear - An unprecedented mode of shaping the global system

Given that Russia and China are natural rivals, what would they aim to collectively achieve in global affairs? It is noteworthy that the two countries share an overlapping understanding that the global order is in transformation, of which the results are unpredictable, and its consequential implications might have dangerous repercussions for their political systems and their stance in international relations. Hence, they share a common goal of counterbalancing arising centrifugal forces and negative effects resulting from the Global System transformation in the fields of economy, finance and trade. Furthermore, they seek to bundle diplomatic clout, increase military and defense ties, and shape strategic alliances with third countries that are opposed to the US-led global order. Obviously, the main common denominator of the Dragonbear is the geostrategic goal of disrupting the influence of the USA by all available means. Furthermore, they aim to establish and consolidate a Eurasian land connectivity as a response to the American maritime dominance in the Indo-Pacific realm, and thus build partial independence from maritime chains of supply in case of future blockades.

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China and Russia are historically seen as natural rivals; however, they deliberately avoid addressing issues that contain certain historical animosities or might unleash serious tensions in their bilateral relations for now. Their relationship began moving towards comprehensive coordination in various fields, following the isolation of Russia from the West (Georgia war 2008, Ukraine war 2014) and as a consequence of the emerging systemic rivalry between the USA and China. The relationship is evolving into a highest-ranking coordination between President Vladimir Putin and his inner circle on the one side, and President Xi Jinping and his inner circle on the other side, which is to ensure the top-down consolidation of the Dragonbear. So far, it seems that the Dragonbear's success is achieving a complementarity through the coordination of objectives and actions at the highest political level, based on the principle of 'Not always with each other, but never against each other'.

In this context, it is expected that Russian-Chinese ties are to reach a peak in the history of their bilateral relationship, by further deepening the systemic coordination of their activities and measures in the various key fields. So long as the Dragonbear shares the common interest of disrupting the US-led global order by all available means, this unprecedented mode will continue despite emerging bottom-up tensions in the areas of intersecting national interests.

In a nutshell, following main arguments point to the Dragonbear as an unprecedented mode of shaping global affairs in the 21st century:

- Territorial issues

China and Russia have settled their longstanding territorial disputes and have demarcated their common border. Thus, no serious territorial claims or border disputes are expected to damage their bilateral relations. Although both countries are involved in territorial conflicts with third countries, they do not seek to interfere or mutually influence their positions or approaches regarding existing territorial issues (for instance, Russia's role in the frozen conflicts in its 'near abroad' and China's role in the South China Sea are not necessarily colliding).

- Energy

Russia is competing with Saudi Arabia to become the top oil supplier for the Chinese market, which has the largest share of the current global oil demand. Moscow also aims to expand its gas supplying role in order to diversify its energy portfolio, which is currently dependent on European demand. Several ambitious gas projects worth billions of US dollars have been in the making and might influence Russia's future orientation in favor of Asian energy markets, if they turn out to be profitable next to its dominant role as a gas supplier to Europe.

- International Organizations

The Dragonbear connection is particularly strong in shaping newly emerging organizations and institutions with an enhanced Chinese participation. It is worth noting that Beijing seeks to increase its influence in prominent international formats and simultaneously tries to create alternatives to the US-led international organizations, particularly in cases where China can find a fruitful soil to promote its interests in third countries and institutions. Such regional institutions are for instance BRICS (Brazil, Russia India, China, South Asia), SCO (Shanghai Cooperation Organization) or AIIB (Asian Investment and Infrastructure Bank), just to name a few. Furthermore, Russia expects from China to bundle the coordination and future cooperation between the Belt and Road Initiative (BRI) and the Eurasian Economic Union (EAEU). Both countries have already signed an agreement that lays out the integration of the EAEU and BRI, even if it is more about political rhetoric rather than concrete measures.

- Transport

For China, the significant rise of its share in global economic output outcome is linked to newly emerged ambitions and long-term plans. In this context, Russia occupies a central place in China's efforts to consolidate the Central Asian landmass in terms of alternative transport routes, infrastructure and connectivity. The maritime Silk Roads are of equally great importance. The Arctic will be one of the places where Russia will seek to promote the transport links with China through the North Sea Route (NSR), which would significantly shorten the distance between Russia's Murmansk and Japan, China, and Canada. The NSR is equally important for Russia as a potential trade route connecting Europe with China. The same routes to Rotterdam would mark a significant shortening of the distance too.

- Financial and monetary matters

Russia and China aim to enhance the robustness of their currencies against the dollar's dominance through further currency swaps and other bilateral and multilateral steps. For instance, Russia seeks to reduce the use of the US dollar and the euro in the trade between the countries within the Eurasian Economic Union. China, on its part, introduced the first pilot two currency program in one of its major cities. Both countries also signed a currency swap agreement worth almost 24 billion US dollars several years ago, when China stepped in to prevent the Russian currency from collapsing. Further measures towards promoting the national currencies are to be found at the level of operation of the BRICS bank, as well as in the bilateral trade between Moscow and Beijing.

- Defense and military

China has meanwhile the second largest defense spending in the world, and thus pursues a strong interest in deepening the defense cooperation with Russia, due to Moscow's possible transfer of advanced technologies and sophisticated weapons. Russia seems to be the ideal partner in that matter for the future. It is worth noting that the military cooperation serves as a basis for the strategic bilateral ties between the two countries and thus requires high levels of trust building. Joint military exercises have become a substantial part of the bilateral defense cooperation, with the aim of facilitating better interoperability between their armed forces. So far, Russia and China have conducted joint naval drills in the Mediterranean Sea and the Sea of Japan. Their mutual defense cooperation was expanded within the SCO, whose role as an emerging regional organization has been growing after India and Pakistan (Iran has observer status) joined it.

- Economy

Other major fields, such as productivity, infrastructure, agriculture, aeronautical and space technologies, as well as the economic development in the Far East, are already on the bilateral agenda too. Both countries pursue similar industrial priorities, such as the progress in key areas of nuclear energy, space exploration, new information technologies, environmental protection, energy saving, production of high technology medicines and medical equipment, and some other.

An interim axis of convenience destined to fail

There is, however, an opposite understanding of the relations between China and Russia in the current global context. Their bilateral partnership is perceived as a temporary marriage of convenience based on an asymmetric relationship, in which China is predominantly the agenda-maker, while Russia is mostly the agenda-taker. Thus, this interim axis of convenience is destined to fail sooner rather than later. It is worth noting that there are economic, financial and trade setbacks affecting the relationship, and bottom-up pressure along conflicting interests in particular fields of policy and regional areas, that bear a potential to interrupt the process of consolidating the Dragonbear.

Potential friction between Russia and China lies in the geographic prioritization and the overlapping geopolitical interests in third countries.

Currently, there are plenty of arguments in favor of the assertion that the Dragonbear is an interim axis of convenience destined to fail. Potential friction between Russia and China lies in the geographic prioritization and the overlapping geopolitical interests in third countries. Russia is a regional power possessing nuclear weapons with global reach and with vertical expansion of geopolitical and geo-economic interests from the Arctic and the Baltics through the Eurasian landmass and its neighborhood in Eastern Europe to the Caspian, Black and Mediterranean Seas, as well as to the Balkans and the MENA region. However, there is a well-established Russian fear of Chinese penetration, particularly in Central Asia and the Far East, as well as other traditional spheres of influence such as the Balkans, Eastern Europe and the rest of the former Soviet reach. Furthermore, Africa and to some extent Latin America may become a playground of conflictual tactics at some point (e.g. Venezuela, Sudan etc.). Moreover, their interests in the energy sector do not overlap, since Russia is one of the major oil suppliers while China tops the list of the countries with greatest oil imports, which is why it seeks to diversify its energy demand portfolio. A sort of new energy interdependence as the one between Russia and Europe would be rather in the interest of Russia, which is increasingly supplying China with oil and natural gas through various pipelines in order to curb its dependence on gas supplies to Europe. China’s total crude oil imports during January and February rose 5.2% from the previous year – the oil imports from Saudi Arabia, however, rose significantly more than from Russia in this period.

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Furthermore, the current dynamics can be described as being indicative of an asymmetric relationship. Whereas China provides the liquidity through swap lines and diverse instruments, Russia provides its natural resources, as well as the necessary know-how in various key fields, in which China has to catch up with the USA amid an emerging systemic rivalry. In addition, a new mode of connectivity is being explored and expanded in the Arctic, Central Asia and beyond, to balance the US-dominated global supply chains. The current Chinese grand projects constitute a horizontal expansion from China to Europe and Africa through a network of various transport and infrastructure tools (pipelines, trade roads, loan programs etc.), and are meanwhile institutionally backed by a set of China-led organizations such as the Asian Infrastructure Investment Bank, the Eurasian Investment Bank, the Shanghai Cooperation Organization, etc. So far, there has been an agreement between China and Russia to merge the BRI and EAEU in Central Asia, in order to prevent third actors from entering the region or expanding their clout there, as well as to accommodate Sino-Russian relations in the region. However, the symbiotic relationship between BRI and EAEU has remained predominantly rhetorical, and with a symbolic significance for bilateral relations not reflecting the realities on the ground.

Russia still needs a powerful ally due to its isolation in the West, whereas China seeks a dependable junior partner to increase its international clout.

Specifically, there are increasingly bottom-up tensions on the ground. For instance, Kazakhstan already fears an overwhelming Chinese presence based on loans, investments and business activities, whereas the political elite is still influenced by ties to Russia. Moreover, China and Russia still struggle to find a workable mode of how to diversify their economic and trade portfolio, by identifying potential areas and directly arranging deals at the top level. However, neither the trade volume nor the economic ties have been extensively expanded despite all efforts so far (the trend is, however, positive). Russia still needs a powerful ally due to its isolation in the West, whereas China seeks a dependable junior partner to increase its international clout. Insofar, this relationship will deepen but not necessarily evolve into a strategic alliance, depending on how successful or unsuccessful China's rise as global power will be. A strong element of posturing should be considered, as it is in both countries' interest to create an impression of a stable and resistant alliance against the West, particularly to restrain Western actions against them. Currently, there are negotiations on a defense cooperation deal between Moscow and Beijing, however, there are no clear signals towards a defensive alliance between these two powers. It seems that the rapprochement has a tactical rather than a strategic nature, following the maxim "Keep your friends close and your enemies closer". A status quo relationship would remain acceptable and be further developed, so long as China's rise is not a direct threat to Russia's strategic interests of self-determination and security along its peripheries.

Moscow would not tolerate an emergence of Pax Sinica in continental Eurasia and the neighboring areas that have been Russian strongholds for centuries.

From Beijing's perspective, the worst-case scenario would be a situation in which Russia starts adapting to the rise of China by balancing through a potential ad hoc partnership with the USA, just like China did in the 1970s during the Cold War. Obviously, Moscow would not tolerate an emergence of Pax Sinica in continental Eurasia and the neighboring areas that have been Russian strongholds for centuries. In this context, the relationship between China and Russia is an interim geopolitical axis destined to fail.

The Covid-19 crisis in the context of the Dragonbear

It is noteworthy that certain tensions emerged between Russia and China, following the Covid-19 virus outbreak in January. Moscow closed the Russian side of the border to China on January 30th by introducing severe fees and consequences for breaking the quarantine. Another potential consequence from the Covid-19 crisis is the global disruption of supply chains, which will stress economies and affect food security. While Russia is relatively secure in its agricultural production and can provide for the food demand of its population, China will certainly depend on imports of food, especially agricultural products.

During the virus outbreak, Moscow, like Beijing, has relied on soft-power capabilities by dispatching aid to hard-hit countries, while broadcasting propaganda.

Russia even began leasing agricultural land to China. Moscow views the Covid-19 crisis as a chance to consolidate its influence and solidify it along existent cracks and conflict lines within the Western alliances. Such example was the information campaign linked to the aid and the medical personnel sent to Italy and other parts of Europe due to the Covid-19 outbreak. During the virus outbreak, Moscow, like Beijing, has relied on soft-power capabilities by dispatching aid to hard-hit countries, while broadcasting propaganda campaigns on state and social media. Furthermore, the expansion of authoritarian governments' policies and measures due to the Covid-19 virus outbreak will find a fruitful soil in the Dragonbear, even if these policies do not necessarily take place in a coordinated manner between China and Russia.

Conclusion

Whether an interim axis of convenience or an unprecedented mode of systemic coordination, the Dragonbear is here to stay and will further shape global affairs. Certain adjustments will need to take place in the way how the West approaches both China and Russia in the future, particularly following the restart of the economies after the Covid-19 lockdown in the first half of this year. In this context, there is a risk of deepening fragmentation and emerging conflict lines in the countries of the Transatlantic community, due to diverging visions and approaches of how to engage China and Russia. To conclude, the Transatlantic alliance should be aiming at preventing China and Russia from flexing their muscles in a coordinated manner in regions and areas of strategic importance to the West. It remains questionable how Europe will adjust to the realities of a great power competition between the USA and China, with Russia already positioning itself in between.

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