RUSSIA – CHINA STRATEGIC PARTNERSHIP IN THE INDO-PACIFIC REGION: SYNERGIZING GREATER EURASIA WITH BELT AND ROAD INITIATIVE, 2016-2018

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Abstract

Since 2017 to 2018, the world has been living through a period of progressive erosion, or collapse, of international orders have inherited from the Cold-War. Through the election of Donald Trump in 2016 and the rapid increase of U.S aggressive containment policy of Russia and China, which is both a consequence of the gradual erosion which represents deep internal and international contradictions as this process, entered its critical point. Therefore, in responding to the dynamic changes in International Relations, Kremlin has proactively proposed the Greater Eurasian Partnership for the international cooperation agenda in order to adopt within Belt and Road Initiative. This research attempts to assess the linking possibility of the Greater Eurasia integrate with the Belt and Road Initiative for improving cooperation in explanatory research that can be one of the major indicator to implement Vladimir Putin and Xi Jinping agenda-setting in the Indo-Pacific region. The strategic partnership between the development strategies of Russia and China in bilateral, regional, and global relations lays the foundation of improvement cooperation between a number of countries, regions, and organizations. Thus, for the Eurasian Partnership to succeed in the context of Indo-Pacific development, it must strictly comply to World Trade Organization (WTO) rules and take a tolerant attitude toward the diverse mechanisms for cooperation that various countries and regions have developed through.

Keywords: Russia, China, Greater Eurasia, Belt and Road Initiative, Indo-Pacific Region

Abstrak


Kata-kata kunci: Rusia, Tiongkok, Terbesar Eurasia, Inisiatif Sabuk dan Jalan, kawasan Indo-Pasifik
1. Introduction

Since the 16th and 17th centuries, once the sole source of advanced technology and capital developed, Europe is rapidly losing this status to Asia, which is quickly coming to be regarded as the global center of business activity. While 40 years ago (1978-2018), the center of gravity in the world economy was located somewhere close to the Atlantic ocean to the west of Ireland, it is currently in Turkey and will reach the India–China border some 10 years from now (2018-2028).

In hindsight, 2014 may become a year of not just the end of the Western alliances’ expansion, but also the end of the Petrine period in Russian history. Russia is to live side by side with Europe, be on friendly terms with it as far as possible, and borrow what is still of interest and needed for development. But it is unlikely to will remain a beacon for Russia, whose turn towards Europe and its technologies in the 17th and 18th centuries was logical. Asia was far away and entering a period of relative decline at that time, in part due to a better armed Europe embarking on colonial expansion. Today, the situation is changing, and it is Asia that will emerge as the crucial external source of capital and advanced technologies.

Russians still do not recognize their country’s role as midwife of history and the way it influenced the rise of Asia and other emerging centers of power. It was Russia/USSR that ended the West’s almost 500-year military superiority, which was the basis of the Western economic, political and cultural dominance since the 16th or 17th century. During Cold War, nuclear parity achieved and has been maintained makes it impossible for anyone to win a major conflict. The world becomes more free and democratic, and Asian nations have been given an opportunity to make use of their competitive advantages. And we are not heading east empty-handed. We bring not only resources and transportation capacities, but also act as the major provider and guarantor of international security.

Significantly, Russia has an opportunity to establish close cooperation with Asia without breaking off ties with Europe and to become the center of the Greater Eurasian Partnership, which has been proposed by Moscow and backed by Beijing as being by 90 per cent in agreement with its Belt and Road Initiative (BRI). Even though still there are many problems and barriers on the way to pursue the Greater Eurasia goals in the future. The Turn to the East strategy is becoming entangled in ideological, psychological and cultural constraints, and overcoming them should be Russia’s focus in the coming years. Russians in the Far East have yet to feel connected to the Turn to the East. The initiative came from Moscow, which deserves Russian gratitude. But people in the Russian Far East still lack the drive needed to undertake a great cause, despite once being known for this. The whole of Russian politics has a dim view of great achievements and Russian daring. The locals’ skill and experience in dealing with China or other neighbors have not been used to the full either.

Restoring the often impressive and thrilling history of Siberia and the Far East to Russia’s historical conception of itself is a no less important task for Russia’s continued advance towards the new eastern frontiers. Validating the people in Siberia, including by changing attitudes in the country towards Siberia and the Russian Far East, is also important. Occasionally we are asked why it is necessary to invest in the Far East rather than, for example, in the Russian Far North. The answer is simple: The area has been in Russia’s possession for four or five centuries; it has magnificent nature, enormous resources and, most importantly, potential for development that is incomparable with other regions due to its rapidly growing neighbors.

For the first time in history, Russia has competitive advantages in that part of the country that can be used to accelerate regional economic development. It is also necessary to deal with
the grudge borne by the people in Siberia, who were abandoned more cruelly in the 1990s than Russians in the rest of the country. While developing the human capital in Siberia and the Russian Far East, the key to building on that is to not just offer training in new technologies, but provide moral support and inspiration and rekindle their feeling of being trailblazers and leaders who are pushing the whole of Russia towards new economic, political and intellectual horizons, this time within a new Eurasian framework. People of Russian culture with its openness and tolerance have a powerful competitive advantage in the quest to become the center-piece of the new Eurasian megaproject.

There is need for a patient, systematic effort to overcome the Euro-centrism of a considerable portion of Russian elites. Though rather regressive in the modern world, it was exacerbated by the collapse of the 1990s and the chaotic restoration of the 2000s, when rich Russians transferred their fortunes primarily to Europe, which inevitably reinforced the sense of being compradores. Russian society need not renounce its predominantly European culture. But it should stop fearing or even being ashamed of its Asian origins. In terms of the prevailing mentality and attitude to the central authority in society, Russia, like China and many other Asian states, are heirs to the empire of Genghis Khan. And Russian should not wring their hands over it or despise their own people, like certain members of the intelligentsia do, but rather accept it and use it as a competitive advantage. After all, given the stiff competition in the modern world, the authoritarian model of governance, assuming a market economy and equal military capabilities is probably more efficient than modern liberal democracy. And this is what makes Russian Western partners anxious. It is another matter that authoritarianism, like democracy, can lead to both stagnation and decadence. This represents a danger to Russia as well.

In several years Russia will understand that they are no longer the eastern periphery of Europe that is slowly sinking into the glorious past, despite being closely related to the European culture. Russia will realize that seeking out new sources of wealth, strength and progress in Asia is, in a sense, returning back home. By borrowing from Europe its high culture, Russia has enriched it with its own. Russia has borrowed its system of military organization and become a great power. And now Russia is filling its proper civilizational niche as ‘a great Eurasian power’, an original and self-sustained fusion of many civilizations.

China and Russia’s carefully curated relationship is increasingly having a global impact. We are all witness how the radical change of globalization has taken place in the world today since Arab Spring era and to the difficult process of ordering relations between the global major powers. We are not only witnesses, but also participants in the shaping of a new world order. These changes are the result of the United States’ shaky position as a global superpower, Russia’s revival, China’s rise, the exhaustion of the West’s outdated liberal development model (Allison 2018; Kortunov 2016), the deadlock on global development issues, and the fight against terrorism. In a word, all of the issues resulting from the world’s unbalanced and unequal development.

The global economic crisis continues unabated, trade protectionism is rampant, especially in several developed countries (Xu 2017), and the globalization process is slowing and even blocked at times. Still, it would be wrong to say that the United States and developed countries oppose globalization for the reason that international capital cannot exist in isolation from globalization. The previous world economic order can no longer meet the needs of the developed countries: they increasingly require new rules more suited to their interests. However, the developed countries cannot monopolize the rules as they did before. The participants in globalization processes demand a more fair and equitable system of trade and want to play an
active role in developing the new global economic order. Developments such as the so-called Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) are therefore extremely inauspicious.

Also, while the existing world order remains an adapted to new circumstances and a new world order has not fully formed, every country and region, without exception, should present their own visions for that new world order. In this context, Russia’s Greater Eurasian Partnership and China’s Belt and Road are promising initiatives for international cooperation that provide a fitting response to the changing international economic environment (Lukin, 2016a, pp. 91–112). In facts, the rise of a more politically and militarily assertive Russia and an economically and institutionally ascendant China may be characterized as the two principal forces challenging the U.S in global policymaking.

However, China’s and Russia’s strategies for international expansion, in each of their respective areas of policy specialization, are not necessarily mutually exclusive. Arguably, both countries’ intensified involvement on the world stage is not only complementary but to a growing extent directly and indirectly supportive of each other’s increasingly commonly-defined interests. In the Indo-Pacific region, the growing international significance of China and Russia’s key political and economic partnership must be considered a major factor in global policymaking going forward.

1. Idea Of Eurasian Partnership

On June 16, 2016, Vladimir Putin’s idea of a Big Eurasian Partnership, first voiced at the St. Petersburg Economic Forum, looks even more relevant today (RT, 2016). It is due mainly to the global risks that can affect the nature of International Relations and the global economy. Italian Prime Minister Matteo Renzi on June 17, 2016, urged Europe and Russia to make an effort to restore their relationship, as stated, “It is obvious that there are some problems in the Europe-Russia relationship, and it is clear that each of us has good reasons to think about the past, about why these problems occurred” (RT 2016).

While Kremlin policy-makers have the main job is to ensure reasonable coordination between Eurasian Economic Union (EEU) and the Silk Road Economic Belt beyond. During St. Petersburg International Economic Forum, Putin stated that Russia is ready to again cooperate with Europe (RT, 2016). Russia does not hold a grudge and are ready to meet cooperative European partners halfway. Putin pointed out that the EU remained a key Russian partner, despite the recent problems. European business is willing and is ready to cooperate with Russia as the authorities are not indifferent to the European economy. The biggest Russia oil company, Rosneft also has agreed to sell a 23.9 percent stake in oil producer Vankornet to a consortium of Indian companies. The deal is expected to be closed after getting governmental approval. Vankornet is a subsidiary of Rosneft and was set up in 2004 to develop the Vankor oil and gas condensate field in north eastern Siberia. Begin in 1991, the Vankor field is the largest oil and gas field discovered and brought into production in Russia for 25 years (RT, 2016).

On 6 April 2017, President Donald Trump said that the United States had carried out a missile strike in Shayrat Airbase, Syria. It is a kind of U.S reactive response to the Syrian government’s chemical weapons attack before, which killed more than 80 civilians (The New York Times 2017). Trump’s insults of Syria’s President Bashar Assad, have very visibly debunked American President’s statements that the United States are not going to police the world, while substantially contaminating the international political climate. These actions by the
U.S revive fears that Washington could try to bring back its global leadership status, including by promoting currently suspended Trans-Pacific and Trans-Atlantic Partnerships, perhaps in a new format, and that the U.S have only paused their formation and operation for 2-4 years, until the new President gets a feeling of their importance. The Pentagon announced that 59 Tomahawk cruise missiles had been fired at Al Shayrat airfield in Syria. The missiles were aimed at Syrian fighter jets, hardened aircraft shelters, radar equipment, ammunition bunkers, sites for storing fuel and air defense systems (The New York Times 2017).

For Russian leaders, still other regional and international risks may become a real threat for its national interests, i.e.: EU crisis that can break out if anti-EU forces win elections this year in four key countries of the European Union (Italy, France, Germany and the Netherlands); 2016 British Exit (Brexit) aftermath; Possible referendum in Scotland regarding independence from the United Kingdom (18 September 2014); Global security risks to trading flows resulting from military conflicts along key transport routes (South China Sea, Gulf of Aden, Central Asian land routes); Continuing sanctions and counter-sanctions policy, affecting Russia and a number of other countries. However, economic challenges faced by EEU countries have to be taken into account as well, such as active development of new technologies, robotics, new information products, genetic engineering, etc. Given this background, the establishment of the Greater Eurasia would be another element of a new world order, response to risks and challenges of the modern world, and one of the main pillars of the global politics.

The existence of Eurasian Economic Union (EEU) still pushes for more targeted actions to create the Partnership. The Union still finds it hard to resist the external pressures and counter them with its still minor strengths. As a result, the intra-Union trade and foreign trade have decreased over the last two years, even though they are showing recent signs of improvement. Coordination of macroeconomic and commercial policy still shows weaknesses. While economic interests of EEU member states aren’t always compatible. No single currency that would cement the Union has been developed to date either. Clearly visible centrifugal forces are rocking the Union building. All these issues can be dismissed for the Union being still a new formation, lacking experience, etc. However, the fact is it still isn’t a viable entity. The situation calls for desperate measures to strengthen it, both from within and at the perimeter. In the context of EEU, Russia believes developing the Greater Eurasian Partnership will require smoothly running processes for developing industrial cooperation and new production chains, which are destined to become one of the key bonds cementing member states’ economic mechanisms.

Therefore, in implementing these initiatives requires consistent joint action for radically improving the status of innovation sector in the EEU countries and developing innovations-oriented technology cooperation. This calls for implementing structural reforms in the economies of member states. These must be focused on the production sector, primarily in the micro-economy. In this regard, Russia believes it is advisable to develop a common model of innovative economy as a result of structural reforms implementation. The structural reforms strategy will be centered on steps to implement innovations, diversify production and facilitate growth of exports. The ultimate goal of building the production chains is to strengthen integrated manufacturing complex in the EEU states based on an innovative economic model. The core of this complex would determine the strength of the entire Union.

In terms of perimeter strength, the Big Eurasia geopolitical project would be centered on a consolidated fuel, energy, transportation and logistics infrastructure of the EEU countries. The accent would be made on integrating a pool of leading Russian companies into the existing global economic connections in Asia and Europe, considering EEU competitive advantages of fuel,
energy, inputs, food and other resources and its geographic location. At the same time, it is important to prioritize development of technological cooperation on the basis of the newly developed innovative economy. Russia is much more expects its partners to supply highly processed products, high-quality consumer goods and food products, but primarily 5th and 6th technology revolution products.

At this stage, the Partnership formation is visualized in the format of Free Trade Areas being established, such as: EEU-SCO; EEU-ASEAN; other countries developing free trade relationships with EEU and Iran, Israel, Egypt; and mechanism for integration of the EEU with the Silk Road Economic Belt. Finding a consensus with that many states can be a non-trivial task, but some work in this direction is already in progress. Since 2015, EEU and SCO have been preparing agreements on continental economic partnership, effectively looking for approaches to a comprehensive SCO-wide treaty. Almost simultaneously, Participants of the Third Russia-ASEAN summit in Sochi on May 19-20, 2016, were discussing the prospects for building a EEU-ASEAN Free Trade Zone, that could contribute to the establishment of an Asia-Pacific Free Trade Zone.

It is important to emphasize that all the Free Trade Zones should be developed using a common concept. We believe it is reasonable to build a FTZ with SCO, ASEAN and other countries in the form of economic unions, which stipulate free movement of goods, capital, services, and labor, but also use of such tools as encouraging investment, protecting intellectual property, providing financial services, harmonization of technical regulations, coordinating sanitary regulation measures, lowering or removing technical barriers to trade, etc. What risks can Russia expect in this respect, and how can these be avoided? First of all, it should be noted that by signing up for Free Trade Zone, Russia and other Eurasia Economic Union (RRU) member states will face a heavy pressure from their partners in various segments of their industry, such as production of furniture, clothes, tableware and shoes.

The only way out for EEU manufacturers, including Russia, is to actively seek investors, while doing this within a clearly cut foreign economic strategy based on the development forecasts of global economy and Southern and Eastern Asian markets. This is necessary to develop in-house production in the member states and get integrated into global technology chains by actively diversifying exports. Proposed investors are banks in South Korea and Singapore, which could be used as gateways for other banks from South-East Asian countries. Russia, together with its old and new partners, could supply and manufacture a number of hi-tech products. It should be kept in mind, though, that Russian goods will be able to enter the markets in SCO and ASEAN countries.

As for the economic integration between Eurasia Economic Union (EEU) and the Silk Road Economic Belt (SREB), the priority for Eurasia countries would be to determine a clear set of transportation routes for EEU-China cooperation. The most important project for Rossiiskie Zheleznye Dorogi or Russian Railway (RZD), in particular, could be the construction of high-speed railways in the Central part of Russia. The integration projects must be aimed not only at developing infrastructure but also at developing the adjacent territories. Another important issue for further integration between EEU and SREB is the construction of a railway link between Armenia and Iran, which would join the existing railway networks in the two countries and help Armenia enter Kazakhstan, China and other markets via Iran.

Despite the agreements on building the Northern rail route, China is actively building South Silk Road link, with transshipment at the Caspian Sea ports. For example, terminals are being actively built near Baku to receive Chinese goods. This calls for speeding up the EEU-
SREB integration works. It follows from the above paragraphs that both external factors and internal development demands in the EEU require creating a closer integration and interaction between EEU and new economic operators in Eurasia and beyond.

2. Russia – China Strategic Partnership

Russia and China have largely formulated their economic and political relations based on an evolving series of strategic partnerships. While there is no absolute model strategic partnership, in the sense that the terms are negotiated individually with a partner state, both countries have incorporated certain core principles into each partnership (Savic 2016). Following two partnership agreements in 1994 and 1996 and a Treaty of Friendship and Cooperation in 2001, the 2012 comprehensive strategic partnership of cooperation, well known as the 2012 Strategic Partnership, underlined the principles of mutual benefit, mutual trust, and equality in addition to setting specific economic targets in China-Russia bilateral relations. Notably, although the 2012 Strategic Partnership, signed by President Hu Jintao, China’s president at the time, and Russian President Vladimir Putin, was intended to provide the basis for implementation of relations over a ten-year period, it was prematurely superseded by the 2014 agreement calling for a new stage in the comprehensive strategic partnership of cooperation, the 2014 Strategic Partnership.

In this case, China’s President Xi Jinping, was the co-signatory. The involvement of Xi, who came to power in 2013, a year after Putin’s re-election as Russian president, has become a key driver in the intensification of bilateral relations. The 2014 Strategic Partnership, ratified shortly after Russia’s annexation of Crimea, amid the launch of U.S. and EU sanctions against Russia, is widely regarded as the most enhanced in terms of depth and breadth of economic, political, and security relations of any one of China’s or Russia’s network of strategic partnerships. Some of the much-publicized and high-profile deals emerging from the 2014 Strategic Partnership included a 40-year gas supply agreement between Gazprom and China National Petroleum Corporation (CNPC). The landmark gas supply deal, including plans to build the “Power of Siberia” gas pipeline, was indirectly referred to in the 2014 Strategic Partnership as a measure aiming to “strengthen the Sino-Russian energy partnership.”

A further deal with Russia’s largest oil company, state-owned Rosneft, involving financing deals with CNPC to supply oil worth up to $500 billion from Russia’s largest oil field, was also established shortly after, prospectively enabling Russia to surpass Saudi Arabia as China’s main supplier of oil. Also in 2014, the People’s Bank of China (PBOC) and the Central Bank of Russia signed an arrangement for a currency swap worth 150 billion Yuan and 815 billion Rubles ($24 billion at the time). The first such Chinese currency swap to be announced for any country outside of Asia, the deal was meant to facilitate settlement in national currencies and boost bilateral trade. Since 2014, and particularly in 2015, Russia has become one of the 5 (five) largest recipients of Chinese outbound direct investment in relation to the Chinese government’s Belt and Road Initiative (BRI) connecting Asia with Europe. Meanwhile, China was Russia’s largest bilateral trade partner, in 2015; in spite of declining overall bilateral trade in U.S. dollar terms, mainly due to sharp declines in the ruble as well as the Yuan, relative to 2014, trade flows continued to expand in terms of volume.

In this context, it was significant that Russia’s exports of mechanical and technical products to China rose by about 45 percent over the course of 2015 possibly signifying an important trend in the diversification and competitiveness of Russia’s non-energy sector in terms
of bilateral trade prospects with China. Importantly, the economic relationship between China and Russia has been driven by a variety of bilateral intergovernmental commissions, including 26 sub-commissions. According to Vladimir Putin, in spite of often slow progress in reaching agreements, both sides invariably maintain a common goal of cooperation to eventually find a solution on a wide range of complex issues.

Since the 2014 Strategic Partnership, amid a strengthening of personal ties in the Putin-Xi relationship, there has been an extensive broadening of bilateral relations beyond merely focusing on economic interests. This has centered on mutual support concerning each country’s “core interests”, including “strengthening close coordination in foreign policy”. They have also jointly advocated for reform of the international financial and economic architecture to accord with the rapidly-changing global real economy.

The relationship between China and Russia has, therefore, evolved into intensified cooperation in political areas in the last couple of years. Chief among those developments was the announcement on May 8, 2015 in Moscow, on the occasion of the annual parade commemorating the end of World War II, of the planned integration of the Chinese-led BRI with Russia’s Eurasian Economic Union (EEU). The BRI comprises the Silk Road Economic Belt and the 21st Century Maritime Silk Road, with the objective of developing a trade and infrastructure network connecting Asia with Europe and Africa along the ancient Silk Road routes. The EEU groups Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia in an inward-focused trading network. Beijing’s policy of integrating the BRI, its flagship international development program, with Moscow’s EEU stood in sharp contrast to the European Union’s Eastern Partnership program with former Soviet states. The latter program required these countries to sign up to EU economic and political associations and to relinquish their trade agreements and political affiliations with Russia.

Further evidence of the growing high-level political relations between China and Russia was manifested in the international financial markets under the co-arrangement of up to 6 billion Yuan in “Baikalbonds” (a Yuan-denominated Russian government bond issued in Russia). The co-arrangers were China’s ICBC and state-owned Gazprombank, a Russia’s third-largest bank, which has been under U.S. sanctions since July 2014. This issuance of offshore Yuan foreign sovereign bonds was the largest ever undertaken, exceeding the U.K government’s earlier 3 billion Yuan sovereign bond issue. Both Putin and Xi reiterated the significance of their growing bilateral political relations at the BRICS development summit in Goa, India, in October 2015, where they noted that China and Russia should strengthen coordination and cooperation within global and regional multilateral institutions.

3. **China’s Belt And Road Initiative: International Cooperation**

Chinese President Xi Jinping first proposed the One Belt, One Road initiative (or Belt and Road Initiative, BRI) for international cooperation in September and October of 2013. In 2017 an ever-growing number of countries and organizations are giving their acknowledgement and support to the project. The BRI has different ramifications in the domestic Chinese context than in the context of international cooperation and partnership. First, in the domestic Chinese context, the Belt and Road Initiative serves as a development strategy and marks China’s entry into a new stage of the great cause of promoting reform and political openness. The stimulation of social and economic development calls for new approaches and measures and the coordination of economic, political, cultural, social, and eco-civilizational development. The BRI strategy perfectly
embodies this more open approach to the socio-economic development of China and its regions, and the approach for resolving socio-economic issues connected with the world economy that arise at the state and local levels. Second, as a result of pursuing a policy for reform and greater openness, the Chinese economy has largely connected already to the global economy and kept pace with the development of the regional economy. Such coordinated development should continue to serve as its fundamental principle.

In the context of the international community, the BRI is an initiative for international cooperation. It focuses primarily on stimulating regional economic development. It creates opportunities and conditions for China and its business partners to develop by strengthening cooperation on the construction of infrastructure in contiguous countries and regions, cooperation on energy, and the simplification of trade procedures. Mutual benefit, joint development, and mutual prosperity serve as the main principles of cooperation. The main principles for implementing that cooperation are joint consultation, construction, and use. To achieve that, the governments involved must align their political approaches and deepen the close contacts between the peoples of their respective countries. It is worth noting that, in proposing the BRI, the Chinese government did not set out to simply maximize its own profits, but gave serious thought to the question of how China’s business partners would also gain and promoted the idea of mutual benefit.

However, China does not intend to use the BRI unilaterally by imposing its goods and manufacturing might on its partners. The win-win approach put forward by Xi Jinping is the only way to develop the BRI since it requires increasing connectivity and the synergy of participating countries’ development strategies (Chen 2017). No, China is proposing a two-way road – namely, it is promoting Chinese goods, technologies, and investment abroad while also welcoming foreign investment, technologies, goods, and services, and is creating conditions to attract them. At the Belt and Road International Forum held in Beijing in May 2017, Chinese President Xi Jinping announced to the many senior officials of other countries present that China would hold a permanent international exposition of import goods starting in 2018.

The Belt and Road Initiative contains a completely new concept of cooperation. Speaking at the Forum, Xi stressed: “China will enhance friendship and cooperation with all countries involved in the Belt and Road Initiative on the basis of the Five Principles of Peaceful Co-existence. We are ready to share practices of development with other countries, but we have no intention to interfere in other countries’ internal affairs, export our own social system and model of development, or impose our own will on others. In pursuing the Belt and Road Initiative, we will not resort to outdated geopolitical maneuvering. What we hope to achieve is a new model of win-win cooperation. We have no intention to form a small group detrimental to stability, what we hope to create is a big family of harmonious co-existence.” (Speech by Comrade Xi Jinping at Opening of Belt and Road Forum 2017). Therefore, it is understandable why a growing number of countries understand, accept, support, and choose to participate in the Belt and Road Initiative.

4. **Russia Vision: The Greater Eurasia**

The year 2017 marks the 100th anniversary of the Russian Revolution (1917-2017). The October Revolution and the collapse of the Soviet Union were among the world’s most significant events of the 20th century. The collapse of the Soviet Union triggered fundamental geopolitical changes and made it extremely difficult for Russia to advance and develop. As an independent state, Russia’s relations with the West underwent a number of changes and were
generally unstable and variable. Ultimately, Russia realized that its own revival was the only solution. Only then could it win universal respect and become a wealthy and powerful country. However, as Russia grew stronger, the West stepped up its pressure in an effort to thwart that revival.

A prerequisite to Russia’s revival is the integration of the post-Soviet space, and the formation of the Eurasian Economic Union (EAEU) is nothing less than the concrete result of that integration (Lukin 2014a, pp.43–60). The development of Russia and the EAEU are inseparable from the development of the global economy. The developed countries ignored Russia and lobbied for the establishment of new global trade rules that worked to their advantage. Even though the TTP and TTIP would have only a negligible effect on Russia and the EAEU, as a great power and, until recently, a superpower, Russia cannot accept a reality in which it is excluded from the process of developing the rules of global trade.

In such a situation, Russia is trying to find its own development strategy. Various models of cooperation have been proposed and attempted. For example, the Gorbachev era saw the idea of transforming Russia into a single “Pan-European Home.” There were hopes for a “honeymoon” in Russian–U.S relations during the initial period of Boris Yeltsin’s presidency (1990-1998), and under Dmitry Medvedev, those relations underwent a “reset.” All such geopolitical agendas dealt, in one way or another, with the development of Russia’s relations with the U.S and the West. However, the Ukrainian crisis led to a serious deterioration on these relations. In addition, the situation appears especially bleak when considering that Russia’s relations with the West are defined primarily by its relations with the U.S. The Obama administration became deeply disappointed with Russia and President Vladimir Putin, and Russia became similarly disillusioned with the U.S. Democratic Party. With such feelings running deep, the prospects for improving Russia’s relations with the West look extremely problematic.

After Donald Trump moved into the White House, there appeared some hope of improvement. Still, in the U.S., a single person does not determine the nature of Russian–U.S. relations. Russia nevertheless hopes that relations with the West will improve, and this is the main leitmotif of its state policy. At the same time, however, it is gradually beginning to rethink this foreign policy priority and to try out new diplomatic ideas (Lukin 2014, pp. 85–93). The Greater Eurasian Partnership is just such a new approach to foreign policy. It breaks traditional concepts that only give importance to relations with the U.S. and the West.

The Greater Eurasian Partnership is not only one of the most important concepts of cooperation that Russia has put forward, but also a fully practicable plan for international cooperation. Russian scholars, including Sergey Karaganov, were the first to introduce the concept of a Greater Eurasian Partnership stretching from Lisbon to Vladivostok (Karaganov 2016; Li 2017; Shevchenko 2017; Trenin 2015). The academic community did not initially devote much attention to this bold idea because the economic integration of the post-Soviet space has always been Russia’s highest priority. Although the post-Soviet space is often referred to as Eurasia, when speaking of an area “stretching from Lisbon to Vladivostok,” the post-Soviet space is only “Eurasia in the narrow sense of the word.”. Addressing the Federal Assembly in December 2015, President Vladimir Putin said: “I propose holding consultations, in conjunction with our colleagues from the Eurasian Economic Union, with the SCO and ASEAN members, as well as with the states that are about to join the SCO, with the view of potentially forming an economic partnership” (Putin 2015).

Speaking in May 2016 at a meeting of heads of delegations at the Russia-ASEAN summit with Business Forum representatives, President Putin noted that, in addition to creating “a
common free trade zone between the EAEU and ASEAN,” “another promising sphere of regional economic integration could be the coordination of the EAEU, ASEAN, the SCO and China’s Silk Road Economic Belt project” (Speech by Vladimir Putin, at a meeting with representatives of the Russian-ASEAN Business Forum, 2016). “We are discussing prospects,” he said, “for establishing a broad cross-border partnership with the participation of the Eurasian Economic Union, the ASEAN community and the Shanghai Cooperation Organization” (Speech by Vladimir Putin at a reception in honor of the heads of delegations of the Russia-ASEAN Summit, 2016). The 2016 Sochi Declaration signed at the summit clearly proposed that the parties “explore the possibility of mutually beneficial cooperation among ASEAN, the EAEU and the Shanghai Cooperation Organization (SCO). It considers that “a proposal put forward by Russia to launch a joint feasibility study of a comprehensive free trade area between ASEAN and EAEU” (Sochi Declaration of the ASEAN-Russian Federation Commemorative Summit to Mark the 20th Anniversary of ASEAN-Russian Federation Dialogue Partnership, 2016).

Therefore, speaking before a plenary session of the St. Petersburg International Economic Forum on June 17, 2016, Vladimir Putin said: “Now we propose considering the prospects for a more extensive Eurasian partnership involving the EAEU and countries with which we already have close partnership – China, India, Pakistan and Iran – and certainly our CIS partners, and other interested countries and associations” (Speech by Vladimir Putin on June 17 2016, before the Plenary Session of the 20th St. Petersburg International Economic Forum 2016). Russia’s vision for a Greater Eurasian Partnership has developed gradually since that time. Whereas the close cooperation between five post-Soviet states and the formation of the EAEU where Russia holds a leading position that began the process of Eurasian integration, the idea of a Greater Eurasian Partnership and the regions’ relationship to it clearly set out the basic outlines of Russia’s strategic and decisive “pivot to the East.” That pivot is toward not only China, Japan, or South Korea, but also toward the entire Asia with a particular focus on cooperation with China, the ASEAN and SCO countries.

Moreover, in focusing on the Asia Pacific, Russia is not seeking only its own development, but also its joint development with the EAEU through cooperation with the countries of the region and the region as a whole (Lukin 2016b, pp.584–585). The idea Russia has proposed is well grounded based on two reasons, i.e.:

First, the EAEU already enjoys a very high degree of internal integration. Second, cooperation between Russia and ASEAN is already established and its future looks promising. Third, with 8 full member states and 18 associated states, the SCO will undoubtedly play a positive role in building the relations of a Greater Eurasian Partnership and serve as a reliable guarantor of its successful development. This would be fully in China’s interests since China sees the SCO as a multilateral platform for maintaining regional security and promoting economic development.

5. Russian–China New Model Of Economic Partnership

China was the first to respond to the idea of a Greater Eurasian Partnership. Following the SCO Summit in Tashkent, President Vladimir Putin made an official visit to China on June 25, 2016 – and such annual meetings between the leaders of the two countries are very important events in themselves. On this occasion, the meeting of Russian and Chinese senior officials resulted in the signing of a joint statement by the two countries that reads in part that: “Russia and China advocate building a comprehensive Eurasian partnership on the basis of openness,
transparency and the consideration of each other’s interests, including the possible involvement of the member countries of the EAEU, SCO, and ASEAN. In this regard, the heads of state instructed the governments of the two countries to work through the relevant departments and propose measures to implement this initiative in order to promote the deepening of the integration processes in the region” (Zhonghua Renmin Gongheguo he Eluosi Lianbang lianhe shengming 2016).

The declaration states several very important principles: (1) that openness, transparency, and consideration of each other’s interests are the basis of the Eurasian partnership; (2) that in the initial stage, the main participants are Russia, China, the EAEU, the SCO, and the ASEAN countries; and (3) that the goal of the Eurasian partnership is to deepen regional integration. In 2016, using recommendations by the Russian and Chinese leaders as their guide, scholars of the two countries researched the issue of a comprehensive Eurasian partnership. In November, after a meeting of the prime ministers of the two countries, a joint statement was published giving a positive assessment of the idea of a comprehensive Eurasian partnership and charging the two countries’ experts with creating a feasibility study of the project (ZhongE zongli di 21 cidingqi huwulianhe gongbao 2016).

The authorized bodies of the two countries subsequently began carrying out the instructions of their respective leaders by beginning an analysis of the feasibility of the idea of a Eurasian partnership. In China, the Ministry of Commerce undertook this task, and in Russia, the Ministry of Economic Development did so. On July 4, 2017, Chinese Commerce Minister Zhong Shan and Russian Economic Development Minister Maxim Oreshkin signed, in the presence of Chinese President Xi Jinping and Russian President Vladimir Putin, a Joint Declaration of the Ministry of Economic Development of the Russian Federation and the Ministry of Commerce of the People’s Republic of China on the Feasibility Study of the Eurasian Economic Partnership Agreement. Both sides continue seeking ways to further expand bilateral trade exchanges by creating a more equitable, transparent, and favorable trade and investment environment, and by jointly stimulating regional economic development.

The same day in Moscow saw the signing of a Joint Declaration of the Russian Federation and the People’s Republic of China on the Further Deepening of the Comprehensive Partnership and Strategic Cooperation Relationship. The Chinese Ministry of Commerce and the Russian Economic Development Ministry underscored their expectation for rapid progress on joint research. By this time, Russia and China had, over the course of their working relationship, changed the wording of the “comprehensive Eurasian partnership” to the “Eurasian Economic Partnership.”

In a sense, prospects for this development emerged during Russian–Chinese cooperation on the creation of the Eurasian Economic Partnership. Russia and China are members of the UN Security Council and the strict observance of all UN principles is their sacred duty. During the consultations on the issue of Eurasian partnership (or Greater Eurasian Partnership, or Eurasian Economic Partnership) Russian and Chinese scholars and experts reached a consensus on the main points – namely, regarding observance of the principle of sovereign equality, non-interference in internal affairs, respect for a country’s chosen path of development, respect for each country’s cultural traditions, mutual tolerance, and win-win approaches. At the same time, the parties agreed to use mechanisms for cooperation to link the various integration processes. The relevant bodies of the two countries continue to coordinate specific elements of the Eurasian Economic Partnership, guided by the consensus already reached and the content of the Belt and Road Initiative put forward by China and supported by numerous countries.
The future Eurasian Economic Partnership will deal with the following issues that hold equal importance for all countries concerned: the observance of WTO multilateral trade rules and the streamlining of investment and trade procedures; the intensification of construction of communications infrastructure; the creation of regional cross-border transport corridors and the development of infrastructural interdependence; the activation of cooperation on energy and environmental protection; the development of cooperation on agriculture; the search for opportunities to cooperate on scientific and technical innovation; the development of regional cooperation; and so on.

The process of building the Greater Eurasian Economic Partnership should also be based on the principles of joint consultation, construction, and use. Fully coordinating stakeholders that process should make it possible to identify sources of growth and drivers of development for all interested countries and regions: only in this way is it possible to achieve joint development and prosperity that will benefit all.

Russia and China have already tried to take the first step toward linking strategies and strengthening cooperation. On May 8, 2015 they signed a Joint Declaration on Cooperation on Linking Construction of the Silk Road Economic Belt and the Eurasian Economic Union. The signing of this joint declaration noticeably boosted practical cooperation between China and the EAEU countries. In practice, China has large joint cooperative projects with EAEU countries, including Kazakhstan, Belarus, and others (Li 2016). Speaking of mechanisms for cooperation and linkage at the international Belt and Road Forum in Beijing, President Xi Jinping noted:

“[T]he Belt and Road Initiative is not meant to reinvent the wheel. Rather, it aims to complement the development strategies of countries involved by leveraging their comparative strengths. We have enhanced coordination with the policy initiatives of relevant countries, such as the Eurasian Economic Union of Russia, the Master Plan on ASEAN Connectivity, the Bright Road initiative of Kazakhstan, the Middle Corridor initiative of Turkey, the Development Road initiative of Mongolia, the Two Corridors, One Economic Circle initiative of Vietnam. . .”

(Speech by Comrade Xi Jinping at Opening of Belt and Road Forum, 2017).

With regard to the Eurasian Economic Partnership, mechanisms for cooperation are already in place such as the EAEU, SCO, ASEAN, the geographically expanded ASEAN+ format, the 10 + 3 format that includes the 10 ASEAN countries plus China, Japan, and South Korea, the Russia-ASEAN cooperation mechanism, (The Permanent Mission of the Socialist Republic of Vietnam to the United Nations Office, the World Trade Organization and Other International Organizations in Geneva; Ramani 2017) and others. Practically, the use of any or all of these mechanisms would improve the process of linkage of China’s BRI and the Greater Eurasian Economic Partnership.

Linking the Russian and Chinese development strategies is crucial not only to building the Eurasian Economic Partnership, but also, in some ways, to that organization’s future prospects. China, Russia and the EAEU, and ASEAN are three very important economic entities. In the future, aligning the development strategies of China and the Russian-led EAEU will drive the construction of the Eurasian Economic Partnership (Shuvalov: Evrazijskoe ehkonomicheskoe partnerstvo nuzhno nachat’ s EAEHS i KNR 2017).

In other word, by no means do we say this because it is relatively easy to reach agreement on questions regarding a partnership between China and Russia in conjunction with the EAEU. In fact, just the opposite might be closer to the truth. During the past few years, talks between Russia and China, and between China and the SCO member countries on the creation of a free trade zone have progressed with extreme difficulty. Moreover, it has been difficult to make any
progress at all on several aspects of those talks. However, in 2016 the EAEU signed a free trade agreement with an ASEAN member country Vietnam and Russia and other countries continue to hold talks on establishing new free trade zones. Russia and China would also enjoy certain opportunities with the creation of the Eurasian Economic Partnership. First, their economies complement each other greatly, including in the areas of resources, market, technology, commodity structure, etc. That degree of complementarity offers enormous potential for developing mutually beneficial cooperation. Second, Russia and China have developed an outstanding mechanism for meetings and consultations. A separate mechanism for consultations works at every level, from meetings between heads of state and government ministers downward. The two countries have also created excellent conditions for tracking emerging problems and their solutions. Third, Russian and Chinese development strategies, and particularly their regional development strategies, share a number of common points. For example, Moscow’s strategy for developing the Russian Far East complements Beijing’s strategy for reviving the Chinese Northeast, and so on.

Of course, the process of building the Eurasian Economic Partnership cannot progress smoothly at all times and will inevitably encounter both foreseeable and unforeseeable difficulties. First, Russia is concerned that China’s enormous economy could hurt the integration processes of the EAEU and that the competitiveness of Chinese goods could exert enormous external pressure on the economy of the EAEU; second, after the SCO admits new member countries, Indo-Chinese and Indo-Pakistani disagreements could have a negative impact on the effectiveness of mechanisms for diverse cooperation and consultations within the SCO; and so on. Nevertheless, it is realistic to link the Greater Eurasian Partnership (the Eurasian partnership, Eurasian Economic Partnership) with the Belt and Road Initiative. Russia and China have the requisite desire, knowledge, and conditions to make it happen. For more than three years now, China has been the largest importer of Russian crude oil thanks to commonalities in their respective energy development strategies. China has made serious progress toward diversifying its energy imports, and Russia has successfully managed to enter the energy market of the Asia-Pacific region.

In terms of regional cooperation, Russia had feared that the Belt and Road Initiative would affect the future of the Trans-Siberian Railway. However, the Primorye-1 and Primorye-2 international transport corridors are now demonstrating the importance of the Russian Far East’s transit potential to the Asia Pacific region, reinforcing Russian influence on the economic development of the region, and creating the necessary conditions for new ideas for development of the Russian Far East to emerge.

6. Conclusion

China’s political and economic relations with EAEU countries, the level of China’s practical cooperation with ASEAN countries, and the strong cooperation between Russia and ASEAN countries provide reason to be confident that the linking of the Belt and Road Initiative and the Eurasian Partnership has a future. Moreover, the Russian and Chinese talks on the Eurasian Economic Partnership are the most important link in this process. As they say in China: The future looks bright, but the road leading there is thorny.

Thus, driven by strengthening close personal ties between Vladimir Putin and Xi Jinping, the breadth and depth of China-Russia relations have spilled over into multiple spheres of
governmental and institutional policymaking. This has included both countries’ central governments, as well as regional and municipal governments, in addition to the increasing role played by state and private companies and various sectors of civil society.

As a result, the speed and scale of the relationship may be more aptly described as revolutionary rather than evolutionary. Clearly, external factors such as the Ukraine crisis were pivotal in turning the Russian leadership away from its post-Soviet relations with western Europe. The degree to which the Russian public was going to back their government’s shift from West to East, however, was more questionable. Nevertheless, Chinese and Russian state-led activism in supporting this process has, thus far, brought some degree of success.
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