

China and Russia forge closer ties against US

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Chinese President Xi Jinping's two-day state visit to Moscow this week underscored the growing economic and strategic ties between China and Russia as they try to counter the US military build-up in North East Asia and Eastern Europe, its military intervention in Syria and threats of trade war measures.

The two governments' hardening stance against Washington was underscored by the joint response of Xi and Russian President Vladimir Putin to US demands that all countries, particularly China, impose crippling economic sanctions on North Korea following Pyongyang's test launch of a long-range missile on Tuesday.

Putin threw his weight behind China's proposal that the US and South Korea end major joint military exercises if Pyongyang freezes its missile and nuclear tests, in order to establish the basis for negotiations. The Trump administration has already flatly rejected the proposal and declared it will hold talks with North Korea only under "the right circumstances"—that is, if Pyongyang agrees in advance to US demands to denuclearise.

Putin and Xi also called for the US to remove the Terminal High Altitude Area Defence (THAAD) anti-ballistic missile battery being installed in South Korea, saying it "seriously damages [the] strategic interests of regional powers, including Russia and China." The THAAD's powerful X-band radar is capable of peering deep into Chinese and Russian territory to detect missile launches, undermining their ability to retaliate against a potential US nuclear attack.

While Russian and Chinese opposition to Washington's aggressive stance against North Korea was on display in yesterday's UN Security Council meeting, Xi's visit to Russia was also significant in strengthening their economic and broader strategic relations.

Speaking at a joint press conference on Tuesday, Xi

enthused that relations between the two countries were "the best they have ever been." He continued: "Whatever the changes in the international situation, our determination and confidence in developing and deepening our strategic partnership remains unwavering."

Putin declared: "Russia and China really have very close or identical opinions on all major international issues." A joint statement called for "respect of Syria's sovereignty and independence"—a remark directed against Washington's illegal military intervention aimed at ousting Syrian President Bashar al-Assad, a Russian ally.

Xi provided a significant boost to Putin by extending more than \$11 billion in funding to the Russian Direct Investment Fund and Vnesheconombank, Russia's state development bank. While both entities are under sanctions by the US and its allies, the funds from the China Development Bank are denominated in renminbi and thus skirt around US-led bans.

The funds are primarily for investment in cross-border projects as part of China's ambitious One Belt One Road (OBOR) scheme, which seeks to establish an extensive network of transport, communication and other linkages connecting Asia and Europe across the Eurasian landmass. Other investment will go into energy, industry and transport inside Russia.

The OBOR plans have the potential to cut across Russia's efforts to establish its own Eurasian Economic Union (EEU) dominated by Moscow. The focus of China's plans on the Central Asian Republics has led to Russian criticism that Beijing is seeking to undermine Moscow in what it regards as its traditional sphere of influence.

Xi attempted to assuage such concerns by calling for an "Ice Silk Road"—that is, transport and other infrastructure that would run through Russia. He said the two countries should boost economic cooperation,

launch major manufacturing projects and strengthen rail cooperation, including an early start to a high-speed rail link between Kazan and Moscow.

Significantly, however, no agreement was reached on how to marry China's OBOR plans with Russia's EEU, even though Putin attended China's OBOR forum in Beijing in May. Putting the best possible face on what remains a major bone of contention, Putin said "an in-depth exchange of opinions" had opened up "a highly promising direction" that could lead to the formation of a broad Eurasian partnership.

Russia has been increasingly reliant on China economically in the wake of US-led sanctions over Russia's annexation of Crimea. While Putin and Xi both pointed to the growth of trade between the two countries, there is an obvious imbalance. China is Russia's top trading partner, but Russia does not rate in China's top ten.

Moreover, Russia depends heavily on energy exports, which have been hit by falling prices, leading to nearly two years of recession. Putin emphasised that the expansion of oil and gas sales to China, sealed in a landmark 2014 agreement, was going ahead and a gas pipeline from Siberia was on track for completion by the end of 2019.

The 2014 deal, however, was long in the making, due to protracted haggling over prices in particular. It was only after US-led sanctions were imposed on Russia that Moscow turned to China as its markets in Europe began to dry up.

While military cooperation was not openly discussed during Xi's visit, it is evident in the growing number of military exercises between the two countries and also involving Shanghai Cooperation Organisation (SCO) members. The SCO was established by Russia and China in 2001 to draw in the Central Asian Republics and block US efforts to extend its influence in the resource-rich region.

The Russian and Chinese navies are planning a joint maritime exercise in the Baltic Sea later this month. A group of Chinese warships—a destroyer, a frigate and a support vessel—will join Russia's Baltic Sea fleet just weeks after the US joined its European allies in a major annual drill there. In 2015, Chinese warships conducted drills with the Russian Black Sea fleet in the Mediterranean and the Black Sea.

China has obtained greater access to advanced

Russian military technology and weapons as it seeks to modernise its armed forces due to growing tensions with the US and its allies in Asia.

The conflicting economic and strategic interests that have produced sharp tensions between Russia and China in the past remain. However, confronted with an aggressive and unpredictable Trump administration, Xi's visit points to a strengthening partnership that is prepared to openly oppose the US over North Korea, Syria and potentially other dangerous flashpoints.



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