CHINA-RUSSIA STRATEGIC CONDOMINIUM: AN EMERGING POWER BLOC IN EURASIA IN 21ST CENTURY

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Abstract

China and Russia, two major regional political actors, regard the Eurasia core as their strategic backyard. The regional ambitions of these two powers are a threat in a new era of competition or possible cooperation in the Eurasian region. China is using the economic potential of ‘One Belt, One Road’ (OBOR) in order to integrate Eurasia as its heartland, while Russia has formed the ‘European Economic Union’ (EEU) with hopes of establishing a power bloc. This article is an attempt to underscore the potential of these formations and their consequences for the geopolitics of Eurasia. The subject of this research is to elucidate the context of OBOR and EEU, the major regional projects in the region, and their consequences for the Eurasian region.

Key Words: Eurasia, Condominium, Regional Hegemon, Geopolitics, Eurasian Economic Union, One Belt One Road, Strategy, Integration

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Introduction

The collapse of the Soviet Union shifted the locus of power from Eurasia to the Western World however Eurasia still preserves its importance because of its geopolitics, hydrocarbon resources, and transportation routes. The pragmatic outlook of the region makes it important for China and Russia each of whom seeks Eurasia as a means of trust building not only with Eurasian countries but with rest of the World as well. Beijing is promoting its grand project of the “One Belt, One Road” (OBOR) to become integrated with Eurasia and to access its energy and raw material needs through this economic corridor. On the other hand, Russia is struggling to establish a Russian dominated geopolitical bloc to integrate Eurasia to strengthen economic ties for the foundation of collective leadership. The initiatives of both China and Russia may be different but their strategic ambitions are the same. The paper is an attempt to analyze the divergent interests of China and Russia in the Central Asia and Eurasian region. It discusses the paramount significance of the two major regional projects One Belt One Road and EEU to China and Russia respectively. It also evaluates the strategic condominium between China and Russia through OBOR and EEU and its implications in the creation of a new regional power bloc.

Theoretical Framework

International politics is moving towards multi-polarity\(^1\) which may involve very different rules of the game from the older international order. The great powers are looking to capitalize on their share of the world power to ensure their survival, maintain their authority and to attain a hegemonic position in world politics\(^2\), but their desire to maximize their power is not without its limitations in the contemporary era\(^3\) because it’s not easy for a country to dominate or claim to be a sole hegemon\(^4\) in the present global

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\(^3\)Janson Dittmer and Jo Sharp, *Geopolitics: An Introductory Reader*. (London, Routledge, 2014), 143

\(^4\) A state more powerful than the other great powers in the multi polar system is not hegemon, because it faces, by definition, other great powers. A global hegemon must dominate the entire globe while a regional hegemon dominates only distinct geographical area that is easy to manage for great power. For example, United States is the regional...
Offensive realists think that “the emerging major powers are hardly ever satisfied with the contemporary distribution of power “and at the same time they have kind of mistrust, fear and suspicion that from where the next threat to their security can emerge which eventually result in a security competition among states. For Example, China and Russia both want to enhance their security and influence in the region so they are seeking alliances with regional powers and beyond.

Geopolitical Setting and Policy of Russia

The Soviet disintegration created a power vacuum in the heart of the Eurasian region. Russia was not only in the midst of a crisis on an internal and international scale but it was also facing a systemic crisis owing to changes in its old socioeconomic model. It was not easy for her to acknowledge the new geopolitical realities of the region and its social crisis also magnified the geopolitical void. Russian borders had dramatically shrunk. Beyond the frontier, the WARSA Pact had also collapsed and former satellite states of central Europe rapidly jumped towards joining NATO and the European Union. Furthermore, the loss of Ukraine deprived Russia of “the dominance of the Black Sea where Odessa had served as the trade gateway with the Mediterranean and beyond the world”. In the South-East, the geopolitical disturbances changed the geopolitics of the Caspian Sea basin and also those of Central Asia. The Caspian Sea was an effective lake between the Soviet Union and Iran meant for inter-state transport but Russia had been pushed back thousands of miles after the emergence of Central Asian States making it only one of the five claimants to the riches of the Caspian Sea Basin like Turkmenistan, Kazakhstan and Azerbaijan.

At that time, with its empire dissolved, Russia was facing an ominous situation in the Far East. China, who had been weaker than Russia for several centuries, was now on the way to success and the rapid growth of the Chinese economy was reversing the historical equation between the two countries. According to the arguments of Anssi Kullberg (2001), as a reaction to the collapse of the Soviet Union, three broad geostrategic options emerged for the new Russian state. Firstly, “priority was given to the mature strategic partnership with America for a global condominium”. Secondly, emphasis was placed on the policy of near abroad as Russia’s central concerns, with some advocating a form of Moscow-dominated economic integration but with others also expecting an eventual restoration of some measures of imperial control, thereby creating a power more capable of balancing America and Europe. The third option was to form an alliance involving some sort of anti-US coalition designed to reduce the American preponderance in Eurasia. Each option was related to Russian preoccupation with its status vis-a-vis the United States and each contained internal variants. The idea of a mature strategic partnership between Moscow-Washington was elusive. Washington never intended to share global power with Russia. On the other side, the Russian leadership always tried to assert that the world should recognize Russia as equal to the United States and no problem could be resolved without Russian participation. The new Russia was weaker and devastated compared to the old one, and there was the common perception of NATO’s expansion following the dissolution of the Warsaw Pact. Russia perceived it as an attempt by United States to expand her influence in Moscow’s sphere of operations. The gulf between Russia and the United States was further widened by Russian unwillingness to disaffirm all of Stalin’s conquest. Therefore, Moscow could not realize its desire of being a part of a larger Euro-Atlantic system. The United States was also looking for interstate relations in Eurasian Region and Ukraine was critical in this respect. Ukraine’s distinct status brought Russia and the U.S. in more direct confrontation and Russian hopes that the U.S. would not hamper its role in Central Asia, failed.

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10 Brzezinski Zbigniew, Op.cit, 95
11 AnssiKullberg, "From Neo-Eurasianism to National Paranoia, Renaissance of Geopolitics in Russia" The Eurasian Politician Issue no. 4, August 2001
Moscow started looking for massive economic reforms faced as a result of economic crisis after the disintegration. To reach for closer political and economic integration and more accommodation in the region, Russia signed two agreements, the RTA (Regional Trade Agreement) and the FTA (Free Trade Area) with members of CIS. These initiatives indicated the displeasure of the West especially Washington over the integration of Russia and CIS. But Russia continued its efforts to establish an anti-hegemonic alliance and Yeltsin visited China and signed a declaration that both countries would align themselves against Washington. Russia also made efforts to strengthen the Sino-Iran connection to increase its sphere of influence. Renewal of the Sino-Russian connection was also to counter the emergence of the only global power and appropriate response to Washington’s backing of the enlargement of NATO. In the meantime the US interests have further increased in Central Asia as she started Global War on Terrorism (GWOT). United States is also in competition with Russia, China and Iran in the energy sector in the region and these countries contest for the oil and gas pipeline route, markets, and regulatory environment. China, Iran, Russia and United States are also major players for controlling the oil and gas reserves of the Caspian Sea Basin. Furthermore, Washington is willing to encompass democratic and market economic transform in the region to support human right, freedom, prosperity and tolerance in regional states.

United States interests in Central Asian region are not temporary efforts rather she takes it as a long term commitment but the continued US presence in the region is considered a threat to the interest of China, Iran and Russia.

Russia and Eurasian Economic Union

Russia understands, to this day, that Eurasia is a power base where it can exercise some influence. Russia also has the vision that the world order will

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16 Frank Columbus, *Russia in Transition* Vol. 2. (New York, Nova Science Publishers 2003), 8
17 Zbigniew Brzezinski, Op cit, 116
18 Russia supported Iran on its nuclear energy program.
19 Dmitry Shlapentokh, *Russian Elite Image of Iran: From the Late Soviet Era to the Present*, (Washington, Strategic Study Institute, 2009), 5-6
20 According to Assistant Secretary A. Elizibeth Jones “United States interests in Central Asia are counterterrorism nonproliferation and energy integration in the world, these are not temporary efforts. It is a long term commitment and Central Asia is very important to us”. Hsiang-tao Hsu, Challenges to US’s Strategic Interests in Central Asia, Journal of International Affairs, 2005, p.162  https://wwwusembassy-kazakhstan.freenet.kz-press-releases/join-eng.html
consist of macro blocs in future and countries will like to be associated with one of these blocks to dominate the others”.\(^{21}\) Moscow believes that the regional institutions such as APEC (Asia Pacific Economic Cooperation), ASEAN (Association of Southeast Asian Nations), EU (European Union) and NAFTA (North American Free Trade Agreement), TPP (Trans-Pacific Partnership) and TTIP (Transatlantic Trade and Investment Partnership)\(^ {22}\) might become integration bricks that can be used for a more sustainable global economy.\(^ {23}\) The rise of China pushed Russia to look for to constitute a trade and economic zone not only to support her economy but to incorporate the regional neighbors in that economic plan in case they tend to join the Chinese bloc. On January 1, 2015, Russia, Kazakhstan and Belarus instituted Eurasian Economic Union to boost the economy and to protect mutual interests of the members’ states. Now Armenia and Kyrgyzstan has joined the union and Tajikistan is formally invited to join while Moldova, Ukraine and Georgia are offered by EEU and China also has signed the Free Trade Agreement (FTA) with EEU\(^ {24}\). Moscow not only wants to boost her economy but to maintain its political influence in Central Asia and expects that Eurasian Economic Union as a Russian-dominated bloc will serve the desired purpose (although it may not be able to compete with western-led Transatlantic Trade and Investment Partnership). Many scholars hope that over the time the project may become a truly integrationist one benefiting not only its members but the neighbors and that multilateral decision-making will be helpful to curb the hegemonic tendency of Russia herself.\(^ {25}\) However, EEU multilateralism has not started yet working properly because of intolerant political climate, interstate geopolitical differences and fear perception of regional states towards Russia-led isolationist project.\(^ {26}\) Indeed, EEU member states are not a ripe fruit like EU integration. The trade among


\(^{22}\) Trans-Pacific Partnership is a trade agreement among Australia, Brunei, Canada, Chili, Japan Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and United states signed on February 4, 2016. Transatlantic Trade and Investment Partnership is also a trade agreement between EU and US proposed on February 11, 2013).Well-known growing economies like China India and Russia were excluded from these agreements.


\(^{25}\) Ian Bremmer,*These Five Facts Explain Russia’s Economic Decline*, (Time, August 14, 2015), time.com/3998248/these-five-facts-explain-russia-economic-decline/

\(^{26}\) Rilka Dragneva, Kataryna Wolczuk, “The Eurasian Economic Union: Deals, Rules and Exercise of Power”, (The Royal Institute of International Affairs, May, 2017), P.24
the member states of EEU is less than\textsuperscript{27} the trade with the outside partners.\textsuperscript{28} Though there are hopes that EEU collaboration with Chinese project ‘One Belt One Road’ will be significant for the member states of Eurasian Economic Union because goods can move China to Europe via EEU. The rise of China will also create a system of regional balance of power where smaller states of the region will never find themselves under the influence of one dominant power. Though Russia has already inherited influence in the region but certain regional security problems may make it difficult for her to manage itself for the role of security provider. Beijing may be hesitant to accept the responsibility of security of the Central Asian region however it is not clear whether Russia will prefer to act individually or through CSTO (Collective Security Treaty Organization) or SCO (Shanghai Cooperation Organization) but to achieve real gain from OBOR and EEU integration, there is a need to modernize and diversify the EEU economies otherwise that corridor would not automatically bring about.

**Chinese Interests and Strategy in Eurasia**

China, a distinctive and densely populated country, feels a great pride in its own peculiar civilization with reputation of great advancement in the field of art, culture, social and technical skills, philosophy and politics\textsuperscript{29} and has led the world in the fields of agriculture, industry and living standards although having undergone tremendous changes since antiquity. The statistics of foreign investment and the pace of its current economic growth predict China to be a global power, equivalent to Europe and United States within coming decades as its economy has already exceeded Japan.\textsuperscript{30} Such economic pace allows China to attain greater military power for its defense and may pose a threat to its neighbors even its geographically distant opponents\textsuperscript{31} as greater China will be a dominant state as a global power.

\textsuperscript{27}For instance, the fall of oil prices in 2016 even slowdown the Russian economy and has caused of the decline of internal trade.

\textsuperscript{28}Himani Pant, Russian Economy in 2016, *The Diplomat*, (May 11, 2016).

\textsuperscript{29}Scott Morton, W. *China Its history and Culture*, (New York, McGraw Hills Inc, 2005), 10-11


however, dependency on imports will make China more vulnerable to external pressure.

Although the Chinese military has qualified as a global power, its expansion has affected negatively its GDP growth.\(^{32}\) The Chinese population is still increasing and needs of energy and foods are becoming more important to internal matters and political stability. The ever-increasing demand for energy has forced China to restrain itself from playing a major role in any exploitation of the seabed deposit that may occur in Southern coast of China.\(^{33}\) In these circumstances, Beijing has begun to show her interests in the energy-rich, Central Asia. China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan signed a joint security agreement in 1996 which was a clear signal of China’s increasing involvement in the geopolitics of Central Asian States. Attraction and seepage of Chinese immigrant and traders towards Russian areas is helping China to promote economic cooperation in North East.

**One Belt, One Road**

In 2013, during the visit of Astana (Kazakhstan) Chinese president Xi Jinping announced the plan of ‘One Belt, One Road’. The OBOR project has broad geographical coverage that could spring as far as Egypt to the peripheral border of China. Beijing has established a SRF (Silk Road Fund) of $40 billion to promote private investment in One Belt One Road project.\(^{34}\) The Chinese Investment Corporation, The China Development Bank, the Import-Export Bank of China and official Foreign Exchange are sponsoring the fund. The China Development Bank has claimed of investing over $890 billion in 900 projects in 60 countries to encourage the efforts\(^{35}\) and Beijing also intends to spend $1 trillion on the One Belt, One Road.\(^{36}\) But the problem lies in its ability to supervise the loaning and to limit risks\(^{37}\). Since the project involves many different institutions of the various stakeholder


\(^{33}\) Mathieu Duchatel, Opicit.


\(^{37}\) The Economist, Opicit.
countries, it certainly requires the approval of those emerging economies. Initially, “One Belt, One Road” was a web connection but the variety of geopolitical issues, however, may create problems in successful implementation of OBOR project.

The motives of this project are viewed in the context of Chinese economic as well as strategic objectives in Eurasia and beyond that can challenge even the United States in East Asia. This initiative is being seen as a tool by Beijing in order to invest its global foreign exchange reserves to maintain the pace of increasing excess capacity constructing industries that may cover the slower growth at home and domestic investment.\(^{38}\) According to an estimate by Chinese officials, the middle class consumers that may benefit from One Belt, One Road will increase as much as three billion by 2050, resultantly creating a trade of over $2.5 trillion among these countries, benefiting more than four billion people.\(^ {39}\) Chinese companies have already invested $8.6 billion along Silk Road during 2015. Beijing has managed 13.8 percent of import and 8.9 percent of export along the OBOR. According to a report by the IMF, China, Caucasus and Central Asia have increased their trade tenfold from $ 5 billion in 2005 to almost $ 50 billion in 2014 and has encouraged China to establish a capacity to invest as many as $35 billion more in the region.\(^ {40}\)

One Belt, One Road has linked the geopolitical components in the region that’s why, there is a possibility that Beijing also may strive to expand the project in the area of East Asia where the US influence is rather weak. Beijing also has the capability to attract even some traditional partners of Washington to her sphere of influence in the Moscow dominated regions. Although Beijing denies these objectives, the fact is that One Belt One road does let Beijing to by-pass Moscow economically, geographically and politically, as there are several substitute routes available to China.\(^ {41}\)

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41 Francois Godement, “One Belt One Road: China's Leap Outward” China Analysis, (European Council on Foreign Relations, June 2,
China expects OBOR as an opportunity in the future but there is a long way to link 65 countries as so far China has signed memorandums of understanding on One Belt One Road with only nine countries.  

**Consequences for China-Russia Integration in Eurasia**

China and Russia are differently placed. Though Post-Soviet Russia has had a declining position in Eurasia, it is still seen as the state that has the capability to exercise military power beyond its borders. On the other hand, Beijing has not only developed herself as an economic partner of some Eurasian Countries but has also invested in its maritime capabilities since the last thirty years. It also extends its cooperation on anti-terrorist issues with the SCO and agreed on joint military anti-terrorist exercises within the SCO framework. Russia surely wants to maintain and even strengthen its political as well as economic influence in the region and perceives Chinese presence in Eurasia, along with the OBOR project as a geopolitical threat at the end.

Chinese project of ‘One Belt One road’ and the Russia led Eurasian Economic Union are leading towards globalization rather than regionalization of international politics, despite their current manifestations. Russia is willing to view the OBOR and the ‘Eurasian Economic Union’ as a balancing factor rather than a competing one. Moscow believes that China’s recognition of the Eurasian Economic Union will be a step towards international legitimacy for the Eurasian Economic Union. Russia also hopes that China may accept Russia as a political power and security provider in Central Asia as China does not have any rival designs in the region. Apparently both the projects “One Belt, One Road” and ‘Eurasian Economic Union ‘are the project of distinct style, distinct interests and distinct capabilities but a clash is still on the cards now. The Eurasian Economic Union is designed for internal trade, not the external one. Moscow is still highly confused whether Chinese cheap goods could invade its market through Central Asia and consequently, threaten the EEU’s internal production capacity. On the other hand, China sees EEU as a corridor of One

2015), www.ecfr.eu/publications/summary_one_belt_one_road_chinas_great_leap-outward3055

42 Tom Hancock, “China Encircles the World with ‘One Belt, One Road’ Strategy”, Financial Times, May 4, 2017. https://www.ft.com/content/0714074/a-0334-11e7-aa5b-6bb-07f5c8e12


Belt, One Road which offers the shortest route and wants to prevent the EEU from being a barrier in the way of its boosting economy.

**Conclusion**

It is evident from the above discussion that two projects of OBOR and EEU are pushing both China and Russia closer together in order to form a counter weight to the European Union. Interestingly enough, Europe also has a relationship with the Central Asian countries that look to Europe for their protection from Russia and China. Though One Belt, One Road surely reduces the Russian control and influence in the region, it seems quite clear that no single county can control the entire energy route. Now, there are three mechanisms of cooperation for regional states, European Union, European Economic Union and One Belt, One Road embracing the competition, and resultantly drawing Eurasia further in to its orbit. Both projects (EEU and OBOR) can be pivotal for the progress of Eurasian region if these two projects are structured and promoted properly. However, Europe is confused in deciding whether it should encourage Russia’s role of being security provider in Eurasia to counter the rising Islamic fundamentalism or Chinese influence in the region. In short, China and Russia have to counter the political obstacles in the region which are discouraging the promotion of their projects. They would have to frame special strategies in order to promote and safeguard the completion of their projects.

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