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# Russia, China and the EU: Power Relations in a Complex International System

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## Abstract

This chapter addresses the complexity of relations between Russia, China and the European Union (EU), in the broader context where these take place—the ‘shared neighbourhoods’ space and political, economic and security dynamics with a focus on energy. These three big players pursue cooperation and competitive policies, and the way in which they inter-relate and not only define but empower policies and practices affects the balance of power between them. This chapter analyses the dynamics associated to Russia, EU and China relations from the perspective of Russian foreign policy, with a focus on energy issues and how these have created (inter)dependencies crossing the geographical area where these actors are present. The chapter argues energy has been a game-changer in relations among these actors, both empowering and obstructing the conduct of policies, at the bilateral level and in multilateral contexts. The internal/external inter-linkages shaping relations demonstrate duality in policies, either fostering cooperative dynamics or contributing to competition. From these interactions selective balancing has been a common trend, allowing power shifts and adjustments in a changing international system.

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## 1 Introduction

This chapter addresses the complexity of relations between Russia, China and the European Union (EU), in the broader context where these take place—the ‘shared neighbourhoods’ space and political, economic and security dynamics with a focus on energy. These three big players pursue cooperation and competitive policies, and the way in which they inter-relate and not only define but empower policies and

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practices affects the balance of power between them. The policy framings where policies are constructed are different in each of these cases, by their own nature or political regime, development model or approach to international order, constituting a challenge in the delineation of courses of action. This chapter analyses the dynamics associated to Russia, EU and China relations from the perspective of Russian foreign policy, with a focus on energy issues and how these have created (inter)dependencies crossing the geographical area where these actors are present. The analysis takes into account what it understands as acceleration tendencies motivated by the Ukrainian crisis. The paper argues energy has been a game-changer in relations among these actors, both empowering and obstructing the conduct of policies, at the bilateral level and in multilateral contexts. Is energy as a game-changer reverting asymmetric (inter)dependencies? Independently of being used on the basis of coercive means or cooperative agreements, is energy loosing leverage in Russian foreign policy, with Ukraine reinforcing this reading? The internal/external inter-linkages shaping relations demonstrate duality in policies, either fostering cooperative dynamics or contributing to competition. From these interactions selective balancing has been a common trend, allowing power shifts and adjustments in a changing international system. Whether this change has been also a normative change in the framing of these relations is also object of analysis.

In seeking answers to these questions, the chapter starts from the analysis of Russian foreign policy in the inter-relation of domestic and external factors, to understand the framing that outlines relations with the EU and China. It looks into the main lines of Russian foreign policy and the relations it has been developing with these two actors the context of its multi-vectorial policies, to then analyse the east–west balancing and how it has been promoting both cooperative and competitive dynamics in these relations. Looking into energy issues the chapter seeks to illustrate the complexity of the processes underlining the asymmetrical selective balancing taking place among Russia, EU and China, by (1) discussing energy as a game-changer in the foreign policy relations of these three actors; (2) unpacking the consequences of the Ukrainian crisis for these relations, following the understanding that Ukraine became an accelerator element in terms of the redesign of relations; and (3) framing this triangular relationship in multilateral forums where policies of cooperation and competition are defined and pursued, bringing to light hegemonic underpinnings (or their perception), as well as normative considerations, that assist in understanding the complexity of EU-Russia-China relations and the new configurations these have been assuming in the current fast-changing context.

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## **2 Russian Foreign Policy: In-Between East and West**

Russian foreign policy has been developing as multi-vectorial, meaning that it is organized around geostrategic vectors that reflect Russian priorities in terms of its external action. After the initial years of the 1990s where the adjustment to the

post-Cold War context was still taking place, the multi-vectorial formula consolidated, accommodating diversity in a unified approach. This sought to maintain a balance in terms of options and priorities, looking both westwards and eastwards. In fact, since the mid-1990s the main foreign policy documents of the Russian Federation consolidate this approach to external affairs, with the Commonwealth of Independent States (CIS) being identified as the priority area of actuation and influence; followed by a double inner-circle including relations with the west, understood as including the EU, the United States (US), NATO; and with the east, including relations with China and organizations such as the Shanghai Cooperation Organization (SCO). As outer-circles, though also of relevance for Russia's external relations, the Middle East, Africa and Latin America were devised.

“A priority area in Russia's foreign policy” (FPC 2000, 2008) is a common wording for relations within the CIS space, though it should be noted that relations taking place within this space are increasingly asymmetrical and heterogeneous. This means that despite the primacy conferred to the post-Soviet space in Russian foreign policy, Moscow has been finding many limitations to maintaining generalized influence in the area. The cases of Georgia and more recently Ukraine are clear examples, but also the independent policy Azerbaijan has been following or the increasingly reticent cooperative approach of Kazakhstan towards Russia, even if a member of the newly established Eurasian Economic Union, attest to the limits Moscow has been finding. This means the pursuit of fundamental goals has not been without difficulty for Russia, especially when objectives are not coincident. States confer primacy to national goals in the formulation of foreign policy, but are not immune to both domestic and external dynamics that hinder or foster their pursuit (see Saideman and Ayres 2007: 191). This means that despite the goals defined, foreign policy is adjustable to (un)favourable developments. The analysis of Russian foreign policy allows noting the shifts that have accompanied its newfound assertiveness at the international level and how these reflect Russia's understandings of itself. Resting on a pragmatic assessment of Russian possibilities and limits, Vladimir Putin conferred substance to the concept of a multi-vectorial policy, which has allowed a sense of continuity and stability to Russian external dealings by including the CIS as a priority area, as well as the Western and Asian dimensions, as mentioned. In this way Putin managed to combine distinct voices at home and to further project Russian national interest (Freire 2012). However, the effects of the Georgia war (2008) and more recently of the Ukrainian violence (from the fall of 2013) demonstrate that assertiveness on the basis of empowered domestic conditions is not a sufficient condition for the enactment of foreign policy goals. The domestic/international relationship plays therefore a fundamental role in the shaping and making of foreign policies, especially as it is at their very intersection.

Relations with the EU have been increasingly framed within a ‘greater Europe’ reading in Russia that aims at a more equal relationship between these two neighbours in the enlarged area that Europe represents. As for China, it has been framed both as an ally in the promotion of an alternative order and in strategic balancing towards the west; and as a competitor, particularly in economic terms.

Additionally, the way Russia is perceived in the EU and China varies. Whereas the perception within the EU has become increasingly critical about Russian politics and goals, with Ukraine exacerbating perceptions of power projection that might threaten the European established order; in China the perception is that Russia sees Europe as the space where it belongs and where it wants to return, “whilst the East for Russia is only for partnership” (Ferdinand 2007: 843). These different perspectives and perceptions are interesting for framing Russian policies in and towards these two fundamental vectors in its external relations.

Along with this multi-vectorial alignment of foreign policy, that has a strong geographical basis, there are issue areas that have been referred to in the main documents as constituting the basis for policy-building and implementation. These might be summarised in three main axis: first, the repositioning of Russia as a great power in the international system; second, a pragmatic reading of international relations on the basis of capacities-to-act; and third, a foreign policy sustained on the principles of sovereignty and non-intervention, and the reading of the international system as reflecting a polycentric order. Together, these readings and the policies that render them operational define Russian foreign policy in terms of its aims and the contexts where these are to be pursued. The instruments are varied and range from the promotion of regional integration projects, such as the Eurasian Economic Union or the Collective Security Treaty Organization; geoeconomic cooperative proposals, such as energy agreements, regarding supply and transit of energy; and more assertive means of competition, such as the use of embargos, sanctions or coercive force. In all, the overarching objective of affirmation of Russia as a major player in the international system constitutes the backbone where other goals, more precise in their geopolitical, strategic, security or economic definitions, develop. Framing Russian foreign policy within these lines contributes to a better understanding of policies and actions, consistent with both material and ideational dimensions of foreign policy, i.e., capacities and expectations, perceptions and recognition. The ideational dimension of foreign policy is fundamental to understand its complexity, as side-by-side with material capabilities, there are unquantifiable variables such as identity or status recognition that are also central to the definition of an actor’s policies choices, in the internal/external context where these take place.

One more note should be added, regarding the internal/external relationship where Russian foreign policy is shaped, developed and implemented. The main characterizing principles briefly outlined include a co-constitutive reading of this domestic/international relation in Russian politics. The goal of affirmation as a great power and its recognition as such in the international system works in a dual manner: on the one hand it capitalizes on nationalist principles at home strengthening internal politics through the mobilization of public support; and on the other hand, it signals the understanding of the international system as polycentric and where different actors play distinct roles. The relevance of stable domestic politics based on economic growth and political legitimacy constitutes for Russian leaders a fundamental underpinning for the promotion of politics abroad, meaning the internationalization of Russian goals. The domestic/international asymmetrical

relationship in Russian politics has, nevertheless, been evolving in the sense of conferring less weight to domestic politics and conferring more relevance to the external context where these take place. This is visible both in the formulation of the Foreign Policy Concept of 2013, as it is also in the more assertive posture of Russia, such as the most recent case of Ukraine illustrates. Also, the interactions resulting from these two levels of analysis in the combination of means and principles for policy projection might lead to their enactment or instead limit their reach, as further analysed in the chapter.

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### **3 A Multi-vectorial Foreign Policy: Russian Relations with the EU and China**

Developing a multi-vectorial foreign policy has revealed a win-win formula in Russian politics to the extent it has allowed it to manage difference and build on shared interests. Also, this alignment allows balancing dynamics following on policies of rapprochement, containment, bandwagoning, or distancing, revealing both cooperative and competitive dealings. These dynamics have applied to relations both with the EU and China, in different moments and concerning different issue-areas. This section will briefly map Russia relations with both these actors, as well as triangulate them to better grasp the main issues in the EU-Russia-China agenda, with a focus on energy.

#### **3.1 Russia-EU Relations: Broad Agenda, Narrow Execution**

Relations with the EU go back to 1991, when the EU-Russia cooperation programme was launched, and to the institutionalization of the relationship through the signing of the Partnership and Cooperation Agreement (PCA) in June 1994. Laying the legal foundations for the relationship, the Agreement includes cooperation in a broad range of areas with the goal of integrating Russia into the wider area of cooperation in Europe. Principles included in the document sought the promotion of security and international peace, the development of a democratic society and a spirit of partnership and cooperation, and the strengthening of trade (foreseeing the establishment of a free trade area), economic, political and cultural ties. The agreement entered into force in 1997 for a period of 10 years, annually renewable in case no new document was agreed, which was the case. This lack of agreement in the negotiation of a new founding document demonstrates the fundamental differences underlying this relationship. These pertain essentially to political and economic issues, with normative aspects bringing interesting twists to the bilateral relationship. Energy is here an issue that has been treated in all these dimensions, as a political issue, an economic asset, a security matter.

The Four Common Spaces (May 2003) and the roadmap to their implementation (May 2005) have become the central guiding principles for the relationship, replicating the broad agenda that was set by the PCA, but systematizing the contents

in four main areas and moving towards more ambitious goals: a common economic space; a common space of freedom, security and justice; a common space of external security; and a common space of research and education. The aim is to promote cooperation in these various areas, through working groups at different political and technical levels, to drive collaborative integration. However, progress has been mixed as showed by progress reports and the bilateral Summits' discussions, with lack of trust playing a fundamental role in the lacking of more visible results. Nevertheless, and following the mutual recognition that both might benefit for deeper cooperation in strategic areas, the 'Partnership for Modernisation' (2013) was agreed and has been referred to as central to the development of EU-Russia relations. This ought to build on the common spaces to "promoting reform, enhancing growth, and raising competitiveness" (Dettke 2011: 127), seeking to allow cooperation in areas that are identified as fundamental for competitiveness and innovation, including technological and highly qualified research in diverse areas. The rationale for this partnership rests to a great extent on a technicalization approach. This means that despite the acknowledgement that both the EU and Russia are committed to "a balanced and result-oriented approach, based on democracy and the rule of law" (Delegation of the European Union to Russia 2013), technical matters associated to the modernization agenda are central, allowing a target-oriented methodology to be applied. Nevertheless, the context of pressing tension that resulted from the crisis in Ukraine and the adoption of sanctions compromised the partnership, rendering the prospects for cooperation low.

Relations between the EU and Russia remain substantial in terms of institutionalization of contact in high-level summits, working commissions, delegations and regular meetings, as well as regarding the levels of interdependence in trade and energy. Regarding trade, according to the European Commission (2013), EU imports from Russia in 2012 amounted to EUR 212,882 million and exports to EUR 123,016 million, representing a steady increase since 2003 (except for 2009). However, the EU's view of modernization is closely linked to liberalization, whereas Russia's focus has been on innovation (Delcour 2011), which creates differential readings, despite the technical dimension associated and the interdependence benefits recognized by both sides. Also, as competition in the post-Soviet area between the two partners becomes more polarized new questions to the partnership will emerge (Freire and Simão 2015).

The main documents signed within the context of this relation point to an acknowledgement of the relevance of this relationship, in diverse issue-areas; to the importance of dialogue as allowing a channel for cooperation as well as for discussing divergence; and to the normative basis that underpins what is understood as shared principles. In fact, the principles of sovereignty, non-interference in internal affairs, polycentrism, and international law according to the United Nations Charter have been advanced by both actors in fundamental documents such as the Foreign Policy Concepts in the case of Russia or the European Security Strategy in the case of the EU (Casier 2013: 1381), as well as in policy documents in China.

Thus, the normative dimension assumes interesting twists as many of the principles are shared but their implementation differs.

The Russian intervention in Georgia was not welcomed in China as it was assessed as putting into question the sovereignist principle; however, China has kept a more neutral positioning towards the Russian intervention in Ukraine, not endorsing it, but also not criticising it. These developments need to be read in context, particularly in the framing of a deepening of the BRICS cooperative framework. This is an issue that will be further developed in the chapter. With regard to political and economic issues, and although some of these issues cross-cut the normative dimension, they might be synthesized as political balancing in the pursuit of foreign policy goals, with energy constituting a political, economic and security issue. This multidimensionality associated to energy-related questions is most relevant to understand not only bilateral relations of Russia with both the EU and China, but the trends that have been developing in the wider framework of triangulation of relations among these actors.

Russia sees the 'greater Europe' concept as better framing relations in Europe's enlarged area, by locating EU-Russia relations in a more equal footing. Russia perceives EU policies, especially the Neighbourhood Policy, to limit its actions in what has been termed the 'shared neighbourhood'. The evolution of EU policies towards its eastern neighbours—the former Soviet republics—raises concerns in Russia about limits to political, military and economic projects, including regional integration. Russia understands the projection of the European Neighbourhood Policy and of the Eastern Partnership as implying a deeper engagement of the EU in the post-Soviet area that might severely limit Russian actions, particularly regarding multilateral frameworks for cooperation; diminish Russian leverage in the protracted conflicts in the post-Soviet space; and promote a dichotomous 'exclusion-inclusion' dynamics based on an exclusionary option *for* the EU or *for* Russia. The events in Ukraine point to the triggering of tensions highlighted in Russian readings regarding EU's informal integration with the post-Soviet countries, following previous criticisms about the coloured revolutions and how these constituted destabilizing factors in the post-Soviet area. The understanding in Russia is that the deeper influence of the EU in this privileged space for Russia, according to its main foreign policy documents (FPC 2000, 2008, 2013), diminishes its power and influence in the area, undermining the projection of its goals in the CIS space. Therefore, and in order to counterbalance the EU's perceived hegemonic role, the idea of 'greater Europe' as promoted by Moscow seeks distancing from this dominant/subordinate relationship. It builds on an alternative vision of the European idea "look[ing] at the question of European integration from less of an institutional perspective and with more focus on the attempt to create an alternative international regime in which European multipolarity could be formalized" (Sakwa 2012: 315–316). Thus, disagreeing with the current format for relations, Russia "is not willing to be a mere part of a European Neighbourhood Policy structure. Moscow mostly considers this particular EU policy as a cover-up for Eurocentric foreign policies" (Bozhilova and Hashimoto 2010: 637). This understanding

applies both to the configuration of the wider Europe, but also to policies developed within this space, including energy.

If the EU sees in Russia a privileged partner, when looking at an unstable Middle East, it also understands that the diversification of energy resources is essential, particularly due to Russian assertive and retaliatory practices in the former Soviet area, with direct impact in the European markets (Freire 2009). On the same lines, as much as Russia sees in the EU a fundamental market for its energy, and representing a substantial share of its imports, it also understands the need for diversification policies, a trend that was accelerated with the war in Ukraine and the vulnerability of transit supplies through Central and Eastern European countries. In addition, Russia understands that further integration in the European markets gives it assurances and guarantees of stability, but raises questions about a market that remains very much closed to non-energetic assets (Freire 2009).

This evolution in energy relations between the EU and Russia points to the fact that “energy relations have moved away from a pure economic approach to the interpretation of decisions in a geopolitical and strategic way, stressing issues of dependence and security. This has contributed to a logic according to which EU-Russia relations are interpreted in competitive geopolitical terms” (Casier 2011a: 540). However, despite the political narrative emphasizing geopolitical competition as the driver behind energy-related disagreements, “EU-Russia energy relations are not about geopolitics, security and the struggle for power. Geopolitical considerations definitely play a role, but the first concerns of the actors involved are of an economic nature: commercial profits, low energy prices, lucrative contracts, etc.” (Casier 2011b: 606). The location of energy relations in this framework helps in understanding the meaning of ‘diversification’ in both the EU and Russia discourse.<sup>1</sup>

The turn towards China and other developing markets, which have been part of this diversification strategy, with fundamental consequences for the Russian economy and its foreign policy, has become even more strategic with the current crisis in Russia’s relations with the west. China is, however, perceived as a poor substitute for western technology by many in Russia (Eremenko 2014). Nevertheless, in a context where Russian elites prioritize ideology over economic gains, the costs of western sanctions have been perceived as acceptable and made lighter by the possibilities of greater trade relations with China, as the billionaire May 2014 gas agreement illustrates (President of Russia 2014, Freire and Simão 2015). The signing of this long-time negotiated gas agreement is an illustration of the Russian eagerness to diversify sources. It also results from the economic and political pressure resulting from the Ukrainian crisis lingering since the end of 2013, and the low in relations with the EU (and the west, more broadly) that have followed, including the introduction of sanctions. Energy has thus been a fundamental game-changer in relations, both by enhancing Russia’s leverage power and

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<sup>1</sup> For further detail on EU-Russia energy relations see for example Boute (2013), Kuzemko (2014).



by restraining its capacity for action, both in relations with the EU—the hindering effect as a result of Ukraine—and with China—the booming effect also accelerated by the war in Ukraine and its very concrete political and economic consequences.

### **3.2 Russia-China Relations: Energizing Cooperation in Double-Containment Policies?**

Russia-China relations were during the first post-Cold War decade very much conditioned by the transition from the extinct Soviet Union, and the continuous (re)definition of Russia's new place. Relations with the west were to some extent privileged with China not being mentioned extensively in fundamental political documents. After Primakov became Foreign Minister in 1996 and formalized the multi-vectorial formula in Russian foreign policy, relations with China gained a new dimension, but its consolidation would only come in 2001 when Presidents Jiang Zemin of China and Vladimir Putin of Russia signed the 'Treaty of Good Neighbourly, Cooperative and Friendly Relations' (Russian Federation and People's Republic of China 2001). The document lays the ground for the working relationship between these two countries, namely regarding the observance of the 'Five Principles of mutual respect of state sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence'. The document also identifies as main areas for cooperation, among other, economics and trade, military know-how, science and technology, energy, transport, aerospace and aviation. The focus on technological development in diverse sectors is clear, and energy plays a central role to this relation from its inception. The rapid growth of the Chinese economy brought it under pressure regarding the demand for energy resources, whereas bringing Russia to the position of a supplier neighbour, a relationship that evolved around this simple equation of supplier versus consumer. However, fears were voiced in China regarding the reliability of Russia as an energy partner, particularly when disagreement over pipeline routes became clear, with arguments conflicting about environmental concerns, ideological disagreements, political clashes and attempts to control economic assets (Ferdinand 2007: 848). These differences highlight not only difficulties in the energy sector between Russia and China, but the wider framing where relations develop and which is not always cooperative.

At the bilateral level, Russia-China relations are also not very interdependent in economic terms, though there has been a reinforcement of the trade volume through the signing of new agreements in diverse areas, such as finance, aerospace industry, biochemistry and renewable energy. The signature of the "Cooperative Memorandum for Economic Modernization" in 2011 is illustrative (Bin 2012). The gas pipeline agreement signed in May 2014 is probably one of the most relevant agreements both governments signed in recent times, representing a deal worth 400 billion USD (President of Russia 2014). The implications of this agreement are immediately visible as a consequence of the Ukraine crisis and soaring of relations

with the west, as well as announced plans of shale gas coming to the EU from the US. Thus, this deal is not only part of a broader strategy of diversification from western dependence, but also an attempt to further strengthen relations with China in a changed context, where the BRICS are positioning themselves in a more assertive way. Just as the EU and Russia recognize the relevance of pursuing cooperative relations, China and Russia follow the same rationale, building on the fact they are neighbouring countries and share concerns, such as regarding power shifts in the international system or on issue-areas such as transnational terrorism (Russian Federation and People's Republic of China 2011). Nevertheless, it should be noted that despite common ground for cooperation, there is also ample room for disagreement, as the goals of reassertion in the international system, pursued by both these states, even if in differentiated formats, demonstrate.

In fact, relations between Russia and China have been marked by a double containment policy: on the one hand, both actors understand the United States (US) power status as hegemonic and, therefore, they seek to articulate policies in order to contain widespread US influence, particularly in Asia; on the other hand, China and Russia are regional competitors, thus they engage in selective cooperation in diverse areas, with Russia for example avoiding that China reaches military parity. This double containment strategy makes it difficult to set a pattern in terms of cooperative versus competitive policies and practices, as the context where relations are developed is fundamental. This means the internal/external interlinkages earlier mentioned are central to the framing of relations: the trend, generally, has been for selective engagement, pursuing national foreign policy goals that both cooperatively overlap or competitively clash. In the former case usually dialogue and collaborative means are pursued; in the latter case, rivalry guides relations. In addition, Russia's multi-vectorial foreign policy includes relations with China as a main dimension of the eastern vector, however, it is not completely independent from its western dealings. '[D]espite all the rhetoric and even very significant efforts directed at political and strategic cooperation between Moscow and Beijing, the relationship remains contingent on Russia's understanding of its current relations with the US and the European partners' (Freire and Simão 2015).

Besides the bilateral dimension to these relations—and the broader international setting where they develop—there is a fundamental multilateral focus that has been framed with particular relevance within the context of the SCO and the BRICS. The double containment policy is clearly visible within SCO's policies and practices, as allowing the 'alliance' of Russia and China to be perceived in the US as a counterweight to its presence in that area; whereas simultaneously through, for example, the pursuit of joint military exercises, allowing for recognition and monitoring measures between both countries.<sup>2</sup> As for the BRICS, these raise a set of new interrogations regarding their perspective on the international order, offering an alternative reading from a dominant western model, defined as hegemonic.

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<sup>2</sup> For further development of this issue see Freire and Mendes (2009).

The New Development Bank that was agreed among the BRICS' countries on July 15, 2014, to pursue development aid detached from the Bretton Wood institutions' requirements, is an example of institutional consolidation of anti-hegemonic rhetoric. The Bank aims at 'mobiliz[ing] resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development' (BRICS 2014). The work of the New Development Bank still needs to be seen and followed in its dealings and concrete achievements, however, the setting up of this institution, defined as developing 'complementary' efforts to promote development, raises questions about the alternative order these countries are promoting and of what might be the impact of this in the configuration of the international system. Russia's position within this group of states has become, nevertheless, more vulnerable after its economic performance was affected by a conjugation of several factors, including the drop in oil prices, the economic and financial crisis that has been hitting Europe since 2008, and the economic sanctions as a consequence of the Ukrainian crisis. This economic outlook leads some to argue that Russia is a post-BRICS country, facing economic stagnation and concerned with China's economic rise (Judah et al. 2011).

The multi-vectorial policy Russia has been pursuing allows it to divert options, meaning it might cooperate with the west in areas defined as strategic, such as energy-related ones, where interdependence is clear, whereas cooperating with China, for example, also in energy-related matters, as well as other economic or even political and security issues. The political model Russia will follow might result from a combination of these two systems, in terms of consolidating the hybrid way its politics seem to be taking shape: internally a centralised and powerful government, in control of the main strategic areas for the country's development and not allowing much freedom of action to civil society movements; and externally, a policy playing with both the western and eastern dimensions to the benefit of its domestic and external goals. The Ukrainian context seems to be contributing to the more conservative move within Russia, which also further aligns with the alternative readings of the international order that have been promoted by the BRICS. In this way, Russia is distancing itself from the west, especially on ideological and valorative terms.

Just as in EU-Russia relations energy is essentially an economic issue, despite geopolitical and security aspects that can be associated to it, the same applies to Russia-China relations. Former Prime Minister Wen Jiabao was quoted at the 2006 Euro-Asian Summit in Helsinki as stating that "geopolitical disputes should not stand in the way of global energy supply and energy should not be politicized" (cited in Dannreuther 2011: 1349). But the economic outlook of energy deals requires strategic thinking about diversification strategies to assure stable flows and demand-supplies. Russia and China see each other also as interested parties in these diversification approaches that are being designed at the national level in both countries. Simultaneously, further energy integration between Russia and China means avoiding over-dependency on western sources or the Middle-East, as well as

it means the building of a not too deep mutual dependency, even if the relationship is asymmetrical in terms of the supplier-consumer relationship. For example, the negotiated deals by Chinese officials with Kazakhstan for direct supply with no intermediaries is part of this strategy of avoiding over-dependency on Russian sources. “In Kazakhstan, Chinese companies have been actively investing since 1997, and by 2010 the country represented the largest share of Chinese overseas equity oil at 23 % of the total. Roughly one-quarter of Kazakhstan’s oil is controlled by Chinese companies” (Dannreuther 2011: 1356–1357).<sup>3</sup> Other pipeline projects brining energy from Central Asia to China, bypassing Russia, are being developed, further contributing to this diversity approach in terms of supply-sources. “What is particularly unusual and unexpected about this penetration of China into Central Asia, traditionally seen in Moscow as its exclusive ‘sphere of influence’, is that it has not engendered Russian obstruction and opposition. This acquiescence is certainly, in part, attributable to Russia’s powerlessness to prohibit the Central Asian states from gaining access to the dynamic markets of China and to the substantial funds for investment which the Chinese NOCs [National oil Companies] provide” (Dannreuther 2011: 1357). The deepening of the Chinese presence in Central Asia is, nevertheless, closely followed by Russia, as it tries to keep influence over these governments as part of its foreign policy goals. Additionally, it should be noted that despite China not feeling reassured with affairs such as Yukos, fearing “Russian duplicity”, it has understood the Russian posture as demonstrating a more independent stance from the western discourse on “economic reform and development” (Ferdinand 2007: 849).

The sharing of principles by China and Russia regarding an international ‘poly-centric’ system configuration, the sovereignty principle, and the counterbalancing of the western presence particularly in Central Asia have contributed to the alignment of their positions. China seeks full integration into the world economy, not following the neoliberal western model, but through its own ‘socialist economic principles’ that allow for a combination of an open economic system with the internal ruling of a closed Communist Party. This approach to politics and economics finds resistance in western circles wary of objectives other than economic ones that the Chinese diplomacy might be promoting through its integration in the world economy (Dannreuther 2011: 1364). However close and distant Russia and China might be at some point in time, the fact is that the geographical proximity and the facilitating element this might constitute in economic or security relations; the gains that might result from furthering economic interdependence, where energy has been identified as a fundamental element; the sharing of values in their anti-western-oriented-rhetoric, and the definition of a polycentric international order built on alternative principles to neoliberal ones, points to a cooperative trend. The low in Russian relations with the west, further deepened by the Ukrainian war, has been a fundamental accelerator of this rapprochement trend in Russia-China

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<sup>3</sup>For an analysis of energy dealings between Russia, China and Kazakhstan within the SCO framework see Movkebaeva (2013).

relations. It should, however, be noted, that competition and rivalry in the enlarged regional space where these two actors engage is ever present.

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#### **4 Conclusion: Russia, China and the EU in a Changing and Challenging International Context**

The multi-vectorial Russian foreign policy, looking east and west, has met different challenges on its way, by both envisaging cooperation in different areas with the EU and China, while having to face competition also in different areas in relations with these two so-called partners. In the shaping and making of Russian foreign policy, as analysed, the internal/external interplays, including the Ukrainian case as an accelerator of tendencies, required targeted adjustments. The overall goal of affirmation of Russia as a great power in the international setting has been pursued, including through more assertive means, but also facing new challenges. The low in relations with the EU, including political and economic sanctions, constitutes an added difficulty to Russia's economic performance and to its dealings with a traditional partner, which despite ups-and-downs, has been a major market for its energy resources. The conflicting trajectory of Russia with the EU and the west in general, promoted rapprochement with China, building on existing ties. Selective balancing has thus been characterizing Russia's positioning in difficult times, a balancing that has become less flexible in the context of the Ukrainian crisis, clearly limiting Russia's space for action.

In these relations, energy became a game-changer, with different dimensions, either perpetuating relations of mutual dependency—the EU-Russia energy interdependence—or announcing new deals that consolidate partnerships and point to power shifts—such as the closest positioning of Russia towards China. However, the game-changer that energy constitutes has a reverse dimension, made objective in the diversification policies and alternative routes that are sought by these three main players, meaning the game is being played and changing at fast pace. The Ukrainian factor must be highlighted here, including the sanctions agreed against Russia, along with the decrease in oil prices which has severely affected Russian economy, together with the European financial and economic crisis. The setting points to an unfavourable picture for Russia, whose balancing policy cannot resort so extensively to energy resources as these are rendering Russia more dependent and conferring on it less leverage over the foreign policies of neighbouring states. It should be noted the fact that Russia is heavily dependent on the west as a consumer market for its energy, as well as a reliable one, and that the new gas deal with China does not constitute a substitute to this dependency. It is nevertheless a substantial agreement and strong in its symbolism, as it makes very concrete the alternative paths that are being sought. But this is a wide network where competing routes are being drawn, passing and bypassing these countries, with fundamental consequences in terms of the energy game being played. In the midst of competition and cooperation, it seems to be clear that energy became a game-changer not allowing leeway for full control of resources and transit, but instead suggesting

the increased need for negotiation and accommodation to alternatives that offer a more reliable balancing of difference. Accompanying these shifts the new order promoted by the BRICS, where Russia is represented in the 'R' points to new challenges regarding the eventual redefinition of the international system in a more polarized logic; the rethinking of relations that have traditionally been coined as strategic partnerships, but that although strategic do not seem to encompass the partnership dimension; and the re-equation of Russia-EU-China relations in the new context, exacerbated by the Ukraine war and the anti-hegemonic-neo-liberal order the BRICS' group is seeking to advance. Where to are relations among these three big players heading has not an easy answer. Nevertheless, the interdependence of their relations at various levels seems to be clear, pointing to the need for the finding of a common denominator that might allow dialogue to sustain a constructive path. The energy role as a game-changer will contribute towards this need as all three actors are affected by the changes taking place and entangled in the interconnections resulting from these.

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