
Transregional Processes

Crisis between Russia and Ukraine: The China Factor

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Abstract—China is not formally taking sides in the Russian–Ukrainian conflict; it keeps neutrality, but PRC is closely siding with the Russian explanation of its conflict with the West and NATO. China stresses its traditional adherence to sovereignty and territorial integrity of the national states meaning Ukraine indirectly. Moscow is seeking China’s support and backing diplomatically, economically and most important in militarily strategic sphere, aiming at securing of its Eastern flank in case of escalation between Russia and NATO on the West.

Keywords: Russia–Ukraine conflict, secondary economic sanctions, Taiwan problem, NATO enlargement

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CHINA’S APPROACH TO CRISIS: BASIC POINTS

The basic points of the Chinese official reaction on the Ukrainian crisis, that were made public at the initial phase of the Russia’s special operation (February–April 2022) can be outlined in the following way.

1. China is formally not taking sides in this conflict, it keeps neutrality between Moscow and Kiev. Beijing calls for negotiations and diplomatic instruments to settle the conflict.

2. China stresses its traditional adherence to sovereignty and territorial integrity of the national states. Such Chinese stance could be viewed as a certain indirect criticism of Russia and its special military operation.

3. China is very closely or completely siding with Russia’s explanation of its motives for conflict with the West. Beijing shares Moscow’s view that Russian security interests were neglected by NATO. Several “phases” of the NATO enlargement took place in the past and there is a real possibility of Ukraine’s inclusion to NATO alliance in the future.

4. China opposes comprehensive economic sanctions against Russia, aimed at its isolation and blockade. China is not joining them, considering such economic blockade as the instrument of the cold war and unipolar domination.

5. China is ready to deliver humanitarian aid to Ukraine. Beijing initiated the special plan for such aid and this plan has 6 points in it. China also signaled that

it is ready to render economic support for Ukraine in postwar restoration.

6. China is actively playing the “Europe card” in this crisis, trying to weaken the alliance unity between the European members on the one hand, and the United States on the other. Beijing calls for Europeans to build separate and independent strategic relationship with Moscow with lesser coordination with the US interests. Such policy is not new to Chinese foreign strategy in the recent years. However, this Chinese approach was invigorated and received new stimuli during the period of Trump administration, when systemic confrontation between China and the United States has grown to its heights.

The ongoing conflict between Russia and Ukraine has the visible and multifaceted impact on China’s foreign policy. On the one hand, speaking pragmatically, from the “Realpolitik” perspective, as the result of the outburst of animosity between Russia and the West, due to the economic sanctions against Moscow, China’s influence and the capitalization of the “China card” has increased. On the other hand, Moscow is seeking for China’s support and solidarity in diplomatic, economical and, most importantly, in militarily – strategic sphere, since Russia is trying to secure its Eastern flank amidst escalation between Russia and NATO. Washington, for its part, thinking pragmatically—whatever belligerent Biden’s rhetoric against China sounds—is not excluding additional sensitivity and flexibility to China’s demands, trying to prevent China’s deeper cohesion with Moscow.

Both capitals—Moscow and Washington are ready “to pay their price” to China.

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Moscow's "price" could possibly be the meaningful concessions and further steps, moving Russia to subordinate role in "strategic partnership" with China. Moscow could possibly be ready to strengthen its cooperation and support to Beijing in its competition with the United States at the Indo-Pacific theater, at the South China sea and even over Taiwan dispute. Russia's concessions could possibly pertain to Moscow's further acceptance of the growing China role in Central Asia, in Arctic zone, China's further penetration to the Russian internal market, attaining monopolistic position at pricing of Russian energy.

It also seems that Biden will be ready to walk his part of the road to prevent growing Chinese tilt to Moscow in Ukrainian crisis. Washington's possible concessions to China could be the softening of the US tariff pressure on Chinese export, partial easing of restrictions on certain high-tech items for China, the US less harsh approach in South China Sea dispute, freezing or downgrading activity in the newly born anti-China military formation with Australia and UK (AUKUS). Certain guarantees of the United States to Beijing in Taiwan independence issue, in easing tension at Taiwan strait—either openly or tacitly—could also be the possible options for compromise.

The deep split and contradictions in the US political elite notwithstanding, its anti-Moscow sentiments are very strong due to the Ukrainian crisis. Therefore, Washington and Beijing seem to be ready to compromise and bargaining on the Ukrainian issue.

At the same time, China itself is facing the serious negative implications of the Ukrainian crises. Those negative implications are visible for Beijing in his bilateral ties with Moscow, but mostly due to the rising risks for global security and challenges in global economy.

Three most negative factors for China are as follows.

1. The risk of global escalation of the Ukrainian conflict, involvement of new participants in it. Direct involvement of NATO countries in hot conflict, use of the nuclear weapons and triggering the Third world war are a real possibility. The old Chinese maxim about "the wise monkey sitting on the top of the hill and watching the tigers' fighting down below" stopped to be relevant for the nuclear age.

2. Western sanctions against Russia are seriously shattering global economy, affecting logistic and production chains, slowing down world consumption, triggering sharp rise of prices, first of all for energy and for food. China's main realms of competition for multipolarity with the United States are, at first hand, economy, trade, and technology realms, with the military might and capabilities being next to it. Given China's current 18% share of the world GDP, its GDP growth rate during last decade roughly around 6%, given China's approximately US \$6 trillion share of world trade, its ascending role in regional free trade

zones and cooperation formats, like ASEAN and RCEPP,¹ given China's actively boosting its "Belt and Road" geoeconomic project, Beijing is obviously anxious that all this assets and strong points of the PRC posture are put at risk as a result of the Ukrainian crisis. Such risks for China's plans and interests are most obvious in Western and Eastern Europe. This zone is of key importance and is very promising for Chinese economic priorities; China's options there are being very interlinked with Russia's policies.

3. From China's perspective, Russia is becoming a risky and unpredictable partner in "strategical partnership" that was shaped between the two during the last decade. It is true, that Moscow still remains China's most heavy weight "quasi-ally" in global competition and, most important for Beijing, in its relations with the United States. However, Moscow's unpredictable behavior started to evoke too much acute negative challenges for China. While maintaining and expanding its economic ties with Moscow, China is facing the danger of "secondary" Western sanctions in trade and banking. If such risks and pressures will continue, it is uncertain whether actions of Chinese banks and economic entities will meet Moscow's interests and needs. Beijing will be seriously considering its economic priorities and will hardly put at risk its many trillion trade volume with the world to please Moscow.

CHINA'S POSITION ON UKRAINE FROM THE PERSPECTIVE OF ITS LONG TERM FOREIGN POLICY INTERESTS: NUANCES AND DYNAMICS

Ukraine crisis has turned out to be one of the most grave crises since the second World War. Being so acute and systemic, this crisis affected the broad gamut of Chinese interests, pertaining to nuclear survivability, global security, global economy and trade, as well as China's bilateral ties with other countries and partners. Chinese diplomacy found itself facing the difficult task of harmonizing and adapting its foreign policy stance to the challenges, posed by the Russian special military operation.

The main contradiction and dilemma for China's diplomatic posture, the one it has to address and adapt to, is as follows. On the one hand, China has to demonstrate—more or less convincingly—its support to Russia, the latter being Beijing's main international partner and its "quasi-ally." On the other hand, China needs to avoid being fully binded to Moscow, to Russian decision to solve the conflict with Ukraine and NATO exclusively by military and coercive means.

¹ Regional Comprehensive Economic Partnership (RCEP) is a free trade zone agreement including 15 countries of Asia and Pacific region: China, Japan, Australia, South Korea, Vietnam, Malaysia, Indonesia, Thailand, Phillipines, Cambodia, Singapore, Laos, Myanmar, Brunei, and New Zealand. Agreement was signed in 2020.

In the eyes of international community, it is vital for China not to share with Russia the responsibility to undertake the special military operation in Ukraine. Such sharing and solidarity would be suicidal for China's basic foreign policy interests. If China adhere to such position of solidarity, it would contradict in basics to China's current status as an alternative world pole, the one opposing to the United States. Such solidarity would contradict to China's image of the major world power, adhering to the "non-western" mode of development and growth, to the "non-hegemonic" policy, to the universal principles of preserving the sovereignty of all states, including those middle and small. Such factors and principles are extremely important to the diplomatic position of China in general, and for its competition with the United States specifically.

The way in which China is resolving this dilemma in Russian-Ukraine conflict, is typical to the traditional flexibility of Chinese diplomatic style. Thus China, on the one hand, is not voicing direct support and approval of the Russian special operation, demonstrating its neutrality and independence between Moscow and Kiev. On the other hand, Beijing, de-facto, is indirectly supporting Russia by expressing its understanding of Moscow's interpretation of the origins of this conflict.

The idea that the West and NATO are bearing the main responsibility for the ongoing conflict in Eastern Europe is growing in influence and becoming the main tune of China's narrative. On April 1, 2022 the official spokesman of the PRC Foreign Ministry Zhao Lijian stated: "As a product of the Cold War, NATO should have been disbanded after the collapse of the former Soviet Union. In the early 1990s, former US Secretary of State James Baker made his "not one inch eastward" assurance regarding NATO expansion to then President of the Soviet Union Mikhail Gorbachev. As the culprit and the leading instigator of the Ukraine crisis, the United States has led NATO in pursuing five rounds of eastward expansion in the two decades or so since 1999. NATO's membership has increased from 16 to 30 countries and the organization moved over 1000 kilometers eastward to somewhere near Russia's borders, pushing the latter to the wall" [2].

One more delicate and important dilemma that China needed to "harmonize" in its diplomatic position on this conflict is the following. While voicing support to its Russian "strategic partner," Beijing at the same time should not jeopardize and endanger its basic geoeconomic priorities. China is striving to avoid the risk of blocking and discriminative Western sanctions to its economy. Such sanctions potentially could evoke rather strong and painful implications for Chinese interests. Negative effect of Western economic sanctions, in many ways could outweigh Russia's value in its capacity of a "strategic partner" and "stable

Northern flank" to Beijing. Such dilemma in Chinese diplomatic position Beijing is addressing by sharp criticism of the Western policy of sanctions. China depicts such policy as an instrument of US hegemony, "non-legitimate" and destabilizing factor of global economy.

Upon the evolution of the Russian-Ukrainian crisis, such anti-Western criticism is being actively elaborated in Chinese policies and the anti-sanctions tune is obviously on the rise. Addressing the economic forum in Davos two months after the start of the special operation in Ukraine, Xi Jinping stated: "Countries around the world are like passengers aboard the same ship who share the same destiny. For the ship to navigate the storm and sail toward a bright future, all passengers must pull together. The thought of throwing anyone overboard is simply not acceptable. In this day and age, the international community has evolved so much that it has become a sophisticated and integrated apparatus. Acts to remove any single part will cause serious problems to its operation." Chairman of the PRC further on specially stressed that "in today's world, unilateralism and excessive pursuit of self-interest are doomed to fail; so are the practices of decoupling, supply disruption, and maximum pressure; so are the attempts to forge "small circles" or to stoke conflict and confrontation along ideological lines" [3].

China's political line and positions taken at the United Nations is one of the central elements of Beijing's support to Russia in Ukrainian issue. While voting at the UN Security Council and other UN institutions and fora, China is voting against or neutrally (abstains from voting) on the resolutions, that are aimed at criticizing, sanctioning, or other restricting measures towards Russia. China's supportive voting at the UN is of high value to Russian leadership. Beijing's voting support on resolutions, concerning situations in the Ukrainian town of Bucha and other resolutions, accusing Russia in genocide of civilians, was especially important to Moscow.

Economic sanctions also became the central topic in polemics between China and the United States on the Ukrainian issue. It is obvious if one take into account the evolution of the US position. In March and April of 2022 Foreign Ministry of the PRC was engaged in aggressive polemics with the key figures of the US Administration—A. Blinken, J. Yellen, various US publicists [10–13].

In March of 2022 online negotiations between Xi Jinping and J. Biden took place and Russian-Ukrainian conflict was in focus of this talk. Judging by the American, as well as by the Chinese official information on these negotiations, the possibility of "restrictive" measures against China, in case the Chinese will move to more substantial support to Moscow in Ukrainian crisis, was discussed in substance during this talk [4, 5].

White House do not recognize that China is holding neutral position in the war between Russia and

Ukraine. In July 2022 the US Secretary of State A. Blinken, while summing up his talks with the PRC Foreign Minister Wang Yi, expressed this view. Blinken pointed out, that China's support to Russia is most obvious in Chinese voting in the UN and also in Chinese media, the way this media is promoting Russian propagandistic narratives [14].

On the propagandistic “level,” Chinese reaction to the menace of the US sanctions is obvious and predictable—resolute rebuff and rejection. However, on the practical level Chinese reaction is more ambiguous [6, 7]. Chinese banks and economic entities could be affected as the result of the possible US “secondary” sanctions on the Ukrainian issue. Nowadays, in the period of contemporary “post-Trump” decay of economic ties between the US and PRC, situation for Chinese economic players grow even worse. As a possible result of new restrictive measures Chinese firms could be denied the full and comprehensive access to the US and European market, they could have further difficulties in obtaining credit in Western banks; stability of banking services for Chinese entities in the West could be jeopardized too. Chinese assets in US dollars and in US securities, other China assets, deposited in the United States or under US control, could be put under risk; technological exchange with the United States could be hampered even more.

Therefore, the approach of Chinese economic entities to the threat of the US sanctions is very sensitive and cautious. There are cases when the Chinese firms, without making it public, are refusing the Russian partners in certain requests and deals, if they are facing the real risk of the US “secondary” sanctions. Thus, for example, Russian main banks, by now, are unable to issue the cards of the Chinese payment system Union Pay, because the Chinese could face the risk of sanctions. Russian media and consulting agency RBK (Russian Business Consulting) made such facts public, referring to Russian entities Sberbank and Alfabank as its sources [8]. Also, Huawei brand application store, named App Gallery, stopped providing Russian customers certain application programs for the banks—VTB, Otkritie Bank, and Promsvyazbank. Those banks were put under sanction restrictions of the European Commission. Also, Huawei refused to provide the customers of Russian banking system Mir with online support services, according to the information from the Mir customers [9].

Russian—Ukrainian conflict together with comprehensive and systematic Western sanctions against Moscow inevitably had effect on Russian—Chinese trade, its commodity nomenclature and dynamics. During the period of March through May 2022 the expectations of growth of Russian import from China in reality hasn't come true. At the same period Russian export to China has grown, due to the growing prices for energy at global markets, with energy items being the key segment of Russian export commodity

list. The slowdown of Russian import from China, on the one hand, can be explained by the general slowdown of consumers demand and low insolvency of Russian customers. On the other hand, this slowdown took place due to the rising prices on Chinese domestic market together with growing transportation and logistics costs as the result of the military conflict in Europe. From January through March 2022 Chinese import from Russia amounted to \$41.3 billion; export growth rate, as compared to the same period of 2021 was +46.5%. Such growth rate is much higher than China's average world import growth (+6.6%). Russian export to China at the same period was \$24.6 billion, with the growth rate +7.2%, that is substantially lower than average growth of China's export to the world (+13.5%) [15]. In May 2022, to compare with April, the flow of Chinese export increased by 13.7%, showing certain adaptation to the new status-quo. At the same time, by the experts' view, the expected substitution of missing European export to Russia by goods from China, has not realized yet [16].

According to Russian Ambassador to China A. Denisov's viewpoint, China is ready to substitute Western exporters to Russia in high technologies, microelectronics and cars, but this process will take certain time [17].

One more topic of hot polemics between China and the United States in the context of the Russian—Ukrainian crisis is Taiwan. The United States obviously is making pressure on Beijing in this issue. Washington is trying to drive Beijing to conclusion, that the escalation of tension at the Taiwan strait in the context of current crisis in Eastern Europe is not in Chinese interests. Washington is not happy that China could pragmatically use escalation on Taiwan as the indirect support to Moscow, as an instrument of distracting Western attention and resources from Europe to the Asia—Pacific region. China, on its hand, is keeping his traditional line, stating that Taiwan issue is internal matter for the PRC. Beijing argues that Taiwan problem is principally different from the Russian—Ukrainian conflict, which is the conflict of two sovereign states [10].

During escalation of China—US tensions under Trump administration the same escalation was growing in the “little triangle” (Beijing—Washington—Taipei). This escalation was motivated and coming from both sides, Beijing and Washington, but mainly fueled by the US side. Growing military activities of the Chinese PLA at the Taiwan strait, rising pro-independence sentiments during the presidential election campaign in Taiwan, upgrading the level and growing dynamics of official contacts between the United States and Taipei—all these tendencies were moving the situation in the Taiwan strait to be more tense. The last of these tendencies is making Beijing especially nervous, since China considers it as an obvious retreat of the White House from the principal line of

the three fundamental Chinese–American communi-ques and the basic consensus on the “one-China” policy. In April 2022 Nancy Pelosi, the Speaker of the House of Representatives of the US Congress was planning to visit Taiwan. If such visit take place, it would be the highest ever US official visit to Taiwan since 1971. However this trip was cancelled at that time.

15 June 2022 Xi Jinping and V. Putin had a phone talk, their second talk since the beginning of the special military operation in Ukraine. Xi Jinping stated that China, while assessing the Ukrainian crisis, take into consideration its historical complexity and multi-faceted origin. He also stated, that China is making its own independent conclusions, actively promoting global peace and striving for stable economic order all over the world [18]. Experts took notice on nuances in press-releases in China and Russia on this phone talk. Specifically, according to the Russian version, two leaders touched the questions of “further development of military and military-technological ties.” In the Chinese version of press-release such thesis is omitted. While assessing the situation over Ukraine, the Russian side stated, that “Chairman of the PRC pointed out legitimacy of Russia’s measures, taken to defend the core national interests against external threats to its security.” In the Chinese version such statement is missing [19].

China’s position on Russian–Ukrainian issue is being in the process of evolution, as well as the Russian–Ukrainian conflict itself. New nuances, turns and tendencies in this position are possible. Such evolution and dynamics reflect acute and comprehensive character of this conflict, unclear prospects for its resolution and implications for the international system. It also reflects a complicated gamut of Chinese foreign policy interests in the context of hot confrontation in Eastern Europe.

CONFLICT OF INTEREST

The author declares that he has no conflicts of interest.

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