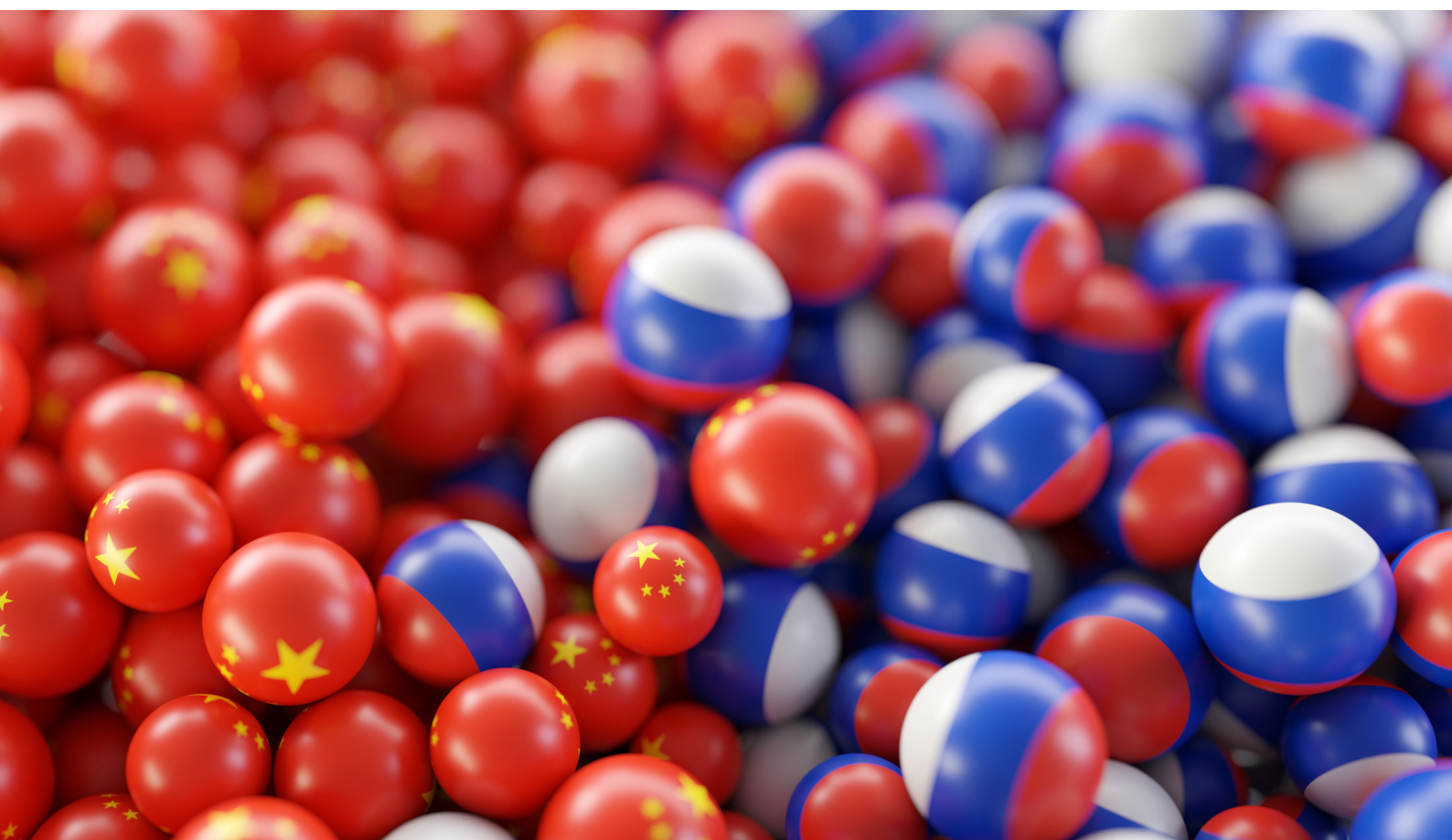




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POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH  
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

# HOW CHINA AND RUSSIA COULD JOIN FORCES AGAINST THE EUROPEAN UNION



Editors: Justyna Szczudlik, Łukasz Kulesa

Authors: Jakub Benedyczak, Agnieszka Legucka, Marcin Przychodniak,  
Marek Wąsiński, Łukasz Kulesa, Justyna Szczudlik



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## EXECUTIVE SUMMARY

- Once bitter adversaries, **Russia and China continue to strengthen their relations.** A Russia-China “alliance” could directly affect and threaten the European Union’s global agenda, its political, economic and social interests, and the functioning of the Union as a whole and its Member States. The Russian and Chinese approaches to international relations, trade practices, and norms of international and internal behaviour **differ significantly from the EU’s.**
- Both **Russia and China** benefit from cooperation with the EU, mostly in the economic domain, and in that sense are not interested in the EU’s collapse. However, the two countries also **pursue a number of policies detrimental to the EU’s interests,** security, and welfare to strengthen their global positions and demonstrate they can set the agenda.
- In the short to medium term, **the likelihood of comprehensive Russian-Chinese cooperation directed against the EU will be low.** China will not want to endanger its important political and economic objectives vis-à-vis Europe, especially given the level of tensions with the U.S. Likewise, Russia is focused more on reviving cooperation with some EU Member States. The main goal of this cooperation is countering the U.S., not the EU.
- **Still, even in the present circumstances, tactical cooperation** between the Russian and Chinese governments, information exchange, and coordination of diplomatic and information-sphere activities **is likely. The aim would be to blunt or counter specific EU initiatives, as well as to exploit opportunities to increase Russian and Chinese influence in the EU.** Strengthening relations with selected EU Member States to undermine Union policy may be particularly beneficial to them.
- **Russia and China potentially may use a range of tools against the EU.** At the sharp end of the spectrum, **direct coordinated economic pressure** can include Russia limiting gas exports to the EU and China exerting pressure on the EU by, for example, cutting off or considerably limiting exports of active pharmaceutical ingredients used in medicine production or rare earth elements. At the softer end of their potential operations against the EU, the states may aim to **influence** or even **dominate decision-making processes at the EU and Member State levels.**
- Coordinated **information campaign** through traditional media and cyberspace to influence EU populations and decision-makers is also feasible. There is some evidence of this regarding the coronavirus outbreak, with Russian and Chinese-linked entities spreading similar stories blaming the U.S. as the origin of SARS-CoV-2 and accusations that the EU has failed to respond adequately to the pandemic. China has already launched a massive propaganda campaign to improve its image after missteps in delaying and covering up information about the virus.
- **The least likely but most damaging and risky tactics would be** for China and Russia to take **coordinated military action** against European and U.S. interests in Europe and Asia. It is equally unlikely that the countries would coordinate their military and economic presence in Asia, the Middle East, and Africa to **fuel regional instability and create conditions for a new migration crisis,** creating a wave of migrants to the EU, although such a damaging policy could potentially be pursued by one of these countries.

- **The EU should be vigilant about the possibility of tactical Russian-Chinese cooperation.** The counterintelligence services of the Member States should be prepared for intensified Russian and Chinese activities. Both countries will seek to recruit not only fringe forces but also politicians and business and opinion leaders from among the “traditional” elites. Their task will be to amplify the existing tensions and contradictions within the Euro-Atlantic community and argue about the benefits of economic, political, and security cooperation with China and Russia, as well as the dangers of rejection of this cooperation.
- **The EU should aim to better coordinate its policies on Russia and China with the U.S.,** but insist on a balanced course and avoiding an escalation of tensions with either country. Even facing enhanced Russia-China cooperation, the EU should not contemplate the use of instruments employed by the U.S., such as overt political pressure and economic coercion.
- **The EU should pursue parallel but independently conceived strategies and policies towards Russia and China** and not treat their emerging alliance as monolithic. It should especially capitalise on the Chinese aspiration for a stable relationship with the EU and on its ability to regulate access to the EU market.
- **The EU should not pursue a policy aimed at decoupling Russia from China, for example, by expanding selective engagement with the former but not with the latter.** Strengthening Russia-China relations remains a risk but the EU may lose its normative power by accommodating authoritarian and illiberal Russia.
- **Market access should be treated as the main EU instrument in its policy towards Russia and China.** The EU should **adopt and consequently execute protective measures** that will allow the bloc to assess and minimize the risk of engaging with Chinese and Russian businesses but not by default exclude them from the European market.
- **The EU should maintain its sanctions on Russia** for its violations of international law (annexation of Crimea, aggression against Ukraine, and continued occupation of parts of Georgia and Ukraine). The sanctions on Russia may also prevent China from actions that may undermine the law-based international order. **The EU should be prepared to impose sanctions on China** when it breaks international law.

## 1. INTRODUCTION

Since the start of Russia's military aggression against Ukraine, EU-Russia relations have deteriorated significantly. Beyond condemning Russia's policy and calling on it to comply with international law in line with the non-recognition of annexation, the EU and the U.S. have imposed sanctions on the Russian Federation (RF). To break his country's international isolation, President Vladimir Putin has doubled down on a Russian "pivot to Asia", to which China (PRC) has responded positively. Since then, **China-Russian relations have been constantly deepening.**

In May 2014, Putin attended the summit of the Conference on Interaction and Confidence-Building Measures (CICA) in Shanghai, a forum that China aims to portray as the main Asian security platform. During this visit, Putin and Chinese leader Xi Jinping signed a \$400 billion gas agreement, which had been negotiated for more than 10 years. Furthermore, China opened credit lines for Russia, the two countries signed currency-swap agreements (for payment settlements in national currencies) easing their dependence on the U.S. dollar in bilateral exchange, and established an intergovernmental committee at the deputy head of government level.

In 2013-2019, Putin and Xi met 30 times. They meet regularly every year during state visits and on the sidelines of BRICS, the Shanghai Cooperation Organisation, and other multilateral summits. There is increased military cooperation between the countries, encompassing not only China purchasing Russian equipment but also joint military exercises in Asia and Europe, as well as Russia's recent declaration to assist China in strengthening its early warning system. The best example of deepening Russia-China ties is Xi's landmark visit to Moscow in June 2019 when the two sides upgraded their bilateral ties to a "comprehensive strategic partnership of coordination for a new era",<sup>1</sup> and signed a multidimensional joint declaration. The Power of Siberia gas pipeline was inaugurated in December 2019, providing further confirmation of the advancements of the bilateral relationship. The decisions taken by Russia in early 2020 with regards to stopping the spread of coronavirus, including closing its border with China and banning Chinese nationals from entering Russia, may create some tensions in the relationship, but are unlikely to undermine it.<sup>2</sup>

Bearing in mind that China and Russia are non-democratic and authoritarian regimes with a strong leader (Putin and Xi), the countries' cooperation might be perceived as a **"normative alliance" against democratic and liberal norms**. Recently, the two states—especially China since Xi's second term—have promoted their systems as an effective and attractive model to emulate internationally and are trying to portray themselves as norm-setters globally. Both countries promote a vision of the economy as a form of state capitalism that undermines liberal countries' comparative advantage, and their political regime models are portrayed as more effective than those in the free world. Their internal security models not only entail unconditional access of the state to critical infrastructure and assets but also more state control over society using new technological solutions that violate universal human rights. China and Russia's cooperation at the UN, including the promotion of their understanding of human rights and internet regulations, is an example of them working together in the normative domain.

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<sup>1</sup> From the period of 2012-2019, the bilateral ties were called a "comprehensive strategic partnership of coordination". The slogan a "new era" is significant in Xi Jinping's second term.

<sup>2</sup> See, e.g.: Ka-Ho Wong, "How Will the Coronavirus Outbreak Affect Russia-China Relations?," *The Diplomat*, 14 March 2020, [www.thediplomat.com](http://www.thediplomat.com).

In the above-mentioned context, **it is worth looking at the strengthening of China-Russia relations through the prism of its potential risk to the EU.** Can these two countries jointly prepare and then execute an anti-EU strategy? How grave a challenge could this be for the EU and what would be the policy implications? In its relations with Russia and China, the European Union is not pre-destined to adopt the U.S. narrative of a “great-power competition”, which conceives of international relations as a constant struggle for influence and power maximisation, essentially a zero-sum game. At the same time, it cannot turn a blind eye to the fact that both China and Russia pursue a number of policies detrimental to the EU’s interests, security, and welfare. Can the EU chart a policy course between open confrontation and unreserved cooperation with Russia and China?

**The aim of this paper is to examine whether and how Russia-China cooperation can directly affect and threaten the European Union,** not only its global and normative agenda but also its political, economic, and social interests and the condition of the whole Union and its Member States. The analysis starts with the identification of the EU’s global agenda then examines the main goals pursued by Russia and China towards the EU, and, in turn, the EU’s policies towards them. It then proceeds with scrutiny of the state of and future prospects of the Russian-Chinese relationship to determine the likelihood that a convergence of interests could make them joint forces against the European Union. A set of measures that China and Russia might use against the EU is identified. Finally, the paper looks into the Russian and Chinese efforts to undermine the EU and analyses whether and in what circumstances more active Russian-Chinese cooperation against the European Union may be possible.

## 2. EU–CHINA–RUSSIA TRIANGLE

To understand the potential risks to the EU from Chinese-Russian cooperation, the starting point should be a review of the EU's global agenda, its goals when it comes to China and Russia, and the state of transatlantic relations, which hugely impact the EU's position.

### 2.1. EU's Global Agenda

**The EU is the second-biggest economy in the world<sup>3</sup> and has the ambition to play an important role in maintaining the law-based international order.**<sup>4</sup> These two factors—its huge free market and the normative dimension—constitute elements of the EU's power projection potential. Its aim is not to play in a “global power competition and rivalry” but to “seek the ability to interact and engage with powers” on the basis of mutual interests.<sup>5</sup> The EU also strives to promote international law, peace, security, liberal values, and human rights. However, its actions depend on intra-EU cooperation. The more cohesive the positions of its Member States, the stronger the Union's ability to act. Divergent interests lead to a lack of efficiency in EU external action.

**On the global stage, the Union's voice is the strongest when it comes to free trade and climate policy.** The EU promotes free trade and, while progress is stalled at the WTO level, builds its own network of preferential bilateral and multilateral free trade agreements (FTAs). The EU's goal is, on the one hand, to liberalise trade and investment rules with key partners, as well as promote its trade and product standards, and, on the other hand, reform the WTO to defend more effectively against unfair commercial practices. The EU is also the biggest proponent of global climate policy and the Paris Agreement. Having the most restrictive legal framework with regards to climate and environmental protection, it would like to raise the level of ambition of the other largest economies in this area.

**Even after Brexit, the EU's power projection is linked to its market attractiveness,** due to the size and lack of barriers inside this group of nearly 450 million consumers (EU-27) with GDP (PPS<sup>6</sup>) per capita exceeding €30,000. This makes it one of the most important export directions for many countries. Access to the EU market is most important for neighbouring countries, therefore in accession policy the EU puts the most **emphasis on conditionality**—access is granted based on the partner's structural reforms and aligning its legislation to the European *acquis communautaire*. However, the conditionality approach is being pursued mostly towards candidate countries, not necessarily other states that cooperate with the EU. China is a good example of this, having access to the EU market despite the lack of reciprocal access to its market for EU enterprises, both in terms of trade (mostly non-tariff barriers) and investment (e.g., closed public procurement procedures in China). What is more, the EU's recent conundrums in launching accession negotiations with Albania

<sup>3</sup> Both in nominal and PPP terms (after the U.S. and China, respectively), but the biggest GDP in constant 2010 USD prices, source: World Bank. All data in this report about the EU includes the United Kingdom.

<sup>4</sup> The EU documents refer to “rules-based international order,” with international law as its element. However, while the definition of “rules” can be contested, putting the respect for law at the centre better characterises the EU approach to international relations. For more on the rules-based order, see: M. Chalmers, “Which Rules? Why There is No Single ‘Rules-Based International System’”, *RUSI Occasional Paper*, April 2019, [www.rusi.org](http://www.rusi.org).

<sup>5</sup> “Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy,” June 2016, [www.eeas.europa.eu](http://www.eeas.europa.eu); “The European Union's The European Union's Global Strategy Three Years On, Looking Forward,” June 2019, [www.eeas.europa.eu](http://www.eeas.europa.eu).

<sup>6</sup> Purchasing Power Standards.

and Northern Macedonia due to several Member States' objections,<sup>7</sup> undermines the EU's political and normative credibility and attractiveness.

However, the EU has been recalibrating its conditionality policy towards bigger players such as China (see next chapter) or Brazil. The latter case shows that the EU uses the conditionality principle to a greater extent in climate policy—the agreement on the EU-Mercosur free trade negotiations was possible only when Brazil obliged not to withdraw from the Paris Agreement.

**In security, the EU's priorities are linked to its Southern and Eastern neighbourhood** as well as global issues, such as **countering terrorist threats and preventing non-proliferation (WMDs<sup>8</sup>)**. However, most EU countries are also members of NATO, in which cooperation on security affairs is much deeper than on the EU level. For its part, the European Union is developing a joint strategy to tackle disinformation and cybersecurity threats and is the biggest contributor of development assistance worldwide.

## 2.2. Russia and the EU: interests and perceptions

### *How Russia Perceives the EU*

**Russia views the EU as part of the U.S.-led Euro-Atlantic community.** From the Russian perspective, the EU is not an independent player in international relations but a Western institution with almost the same membership as NATO. That is why, according to Russia, in crucial matters related to international politics, security, and economics the EU will be closer to the U.S. than to other players. At the same time, Russia aims to capitalise on any tensions in Euro-Atlantic relations, including bilateral crises between the EU Member States and the U.S., which, according to the Russian leadership, allow Russia to strengthen its position in global affairs.

**Russia also perceives the EU and its Member States' democratic development model as a threat to the Russian authoritarian system and its policy towards control of the post-Soviet space**, which is treated as a sphere of Russia's privileged interest. **One of Russia's interests has been to block the promotion of EU values and its political and economic model to the east of the Union's borders.** The Russian elite interpret the spread EU democratic and free-market principles as a challenge to authoritarian systems in the post-Soviet space. The "colour" revolutions in Georgia and Ukraine were seen in Russia as a western plot. Concerned with preserving its sphere of influence and the stability of its regime, Russia used its military in Georgia in 2008 and has deployed it in Ukraine since 2014.<sup>9</sup> Russia has signalled to the societies of post-Soviet countries that it is ready to use a range of means, including threats or use of force, to block the integration of the countries of Eastern Europe and the South Caucasus with the EU.

In practical terms, **the RF pursues a dual approach toward the EU.** On the one hand, **it claims it wants to strengthen the "European voice", assumed to be critical of the U.S.,** by cooperating with the EU on, for example, climate change or Iran. Russia's proposals for a new European security architecture in which a "concert of powers" is more effective than

<sup>7</sup> T. Żornaczuk, "Slowing Down EU Enlargement to the Balkans," *PISM Bulletin*, No 163 (1911), 21 November 2019, [www.pism.pl](http://www.pism.pl).

<sup>8</sup> "Weapons of Mass Destruction," such as nuclear, chemical or biological devices.

<sup>9</sup> See e.g.: I.M. Klyamkin (ed.): *Rossiya i Zapad. Vneshnyaya politika Kremlya glazami liberalov (Russia and the West. The Kremlin's foreign policy in the eyes of the liberals)*, Moskva 2009, p. 13, [www.liberal.ru](http://www.liberal.ru).



existing multilateral organisations are also allegedly aimed at empowering Europeans.<sup>10</sup> On the other hand, Russia **tries to weaken the EU and limit Western influences on the international stage**.<sup>11</sup> Russia runs disinformation campaigns targeting the EU and it finances both far-right and far-left parties to weaken European countries from the inside through social polarisation that undermines democratic political systems. Russia intensifies its disinformation campaigns against the EU during elections, such as those to the European Parliament, in referendums (e.g., UK's EU membership), and during times of increased internal tension (protests in Catalonia and the “yellow vests” in France).<sup>12</sup> Recently, Russia has used the coronavirus pandemic (SARS-CoV-2) to try to undermine the EU.<sup>13</sup>

**Regardless of tensions, the EU remains a key trade partner for Russia.** Russia cannot withdraw from cooperation with the Union given the existing energy infrastructure and economic benefits, which secure the Russian power elite's positions. Trade with the EU amounted in 2018 to €253.6 billion or 42.8% of Russia's international trade<sup>14</sup>. The main export products to the EU are raw materials, mainly oil and gas, and this sector contributes around 20% of Russia's GDP.<sup>15</sup> Gas deliveries to China (including via the Power of Siberia pipeline whose export capacity is expected to be 38 billion cubic meters, or bcm, of gas per year when fully operational in 2025) will not replace the European market—it is estimated that by 2022, westbound gas pipeline capacity will be 270 bcm per year.

Because the Russian economy is challenged by low growth, which remains at about 1.5-2%, its leaders have attempted, with limited success, to secure privileged access for its energy companies, especially Gazprom, to the European market. Russia also has started to diversify its relations with the EU Member States, its most important partners being Germany, France, Italy, and Spain.<sup>16</sup> Germany especially is planned as an energy hub for Russian gas supplies to the EU via the gas pipelines Nord Stream 1 and 2, bypassing previous transit routes and deepening the Union's dependence on Russian gas.

### *EU's Goals towards Russia*

Russia's revisionist policy, violation of territorial integrity, and interference in the internal politics of other countries, as well as its support for authoritarian regimes, pose a multifaceted challenge to the international order.<sup>17</sup> **The overall objectives of EU policy are to incentivise Russia to fully respect international law and support strengthening stability in the common neighbourhood.** EU policy toward Russia post-2014 is based on five principles: full implementation of the Minsk agreements (linked to the ongoing Russian-Ukrainian conflict in the Donbas); pursuing closer ties with Russia's former Soviet neighbours; strengthening EU resilience to Russian threats; support for people-to-people contacts; and,

<sup>10</sup> M. Menkiszak, “A Strategic Continuation, a Tactical Change. Russia's European Security Policy,” *Point of View*, No. 76, October 2019, [www.osw.waw.pl](http://www.osw.waw.pl); B. Lo, “Medvedev and the new European security architecture,” *Policy Brief*, 1 July 2009, [www.cer.eu](http://www.cer.eu).

<sup>11</sup> See, e.g.: K. Giles, *Moscow Rules: What Drives Russia to Confront the West*, Brookings Inst. Press/Chatham House, 2019.

<sup>12</sup> A. Legucka, “Countering Russian Disinformation in the European Union,” *PISM Bulletin*, No 111 (1857), 6 August 2019, [www.pism.pl](http://www.pism.pl).

<sup>13</sup> Examples available here: <https://euvsdisinfo.eu/disinformation-cases/?text=coronavirus&date>.

<sup>14</sup> “The European Union and the Russian Federation”, 30 July 2019, [www.eeas.europa.eu](http://www.eeas.europa.eu).

<sup>15</sup> H. Simola, L. Solanko, “Overview of Russia's oil and gas sector,” *BOFIT Policy Brief*, No.5, 19 May 2017, [www.helda.helsinki.fi](http://www.helda.helsinki.fi).

<sup>16</sup> Mentioned in “The Last Foreign Policy Concept of the Russian Federation,” 30 November 2016, [www.rusemb.org.uk](http://www.rusemb.org.uk).

<sup>17</sup> I. Krastev, M. Leonard, “Winning the normative war with Russia: An EU-Russia Power Audit”, *ECFR Policy Brief*, 24 October 2007, [www.ecfr.eu](http://www.ecfr.eu).

selective engagement with Russia on certain issues such as counter-terrorism, migration, climate change, and safeguarding the UN Security Council-endorsed Joint Comprehensive Plan of Action (JCPOA) with Iran.<sup>18</sup> Economic (sectoral) and individual sanctions are linked to that policy.

**While the majority of Member States supports maintaining the current EU policy, some try to intensify their cooperation with Russia even though Russia's policy has not changed.**<sup>19</sup> On the contrary, it has doubled down on its disruptive and illegal activity within the EU (including disinformation campaigns) and its neighbourhood (combat operations in Syria amounting to war crimes).<sup>20</sup> France decided in 2019 to improve political relations with Russia and Germany has debated the *Neue Ostpolitik* concept (policy of sanctions and dialogue), Italy proposed lifting the sanctions on Russia, and Austrian and Hungarian authorities signalled their intent to work towards deepening economic relations between the EU and Russia.<sup>21</sup> For these countries, Russia appears to be a necessary partner given the transatlantic tensions and a number of crises in which Russia plays a role, including in the Middle East (Syria, Iran) and Africa. Some count also on economic benefits from the potential expansion of their companies to the Russian market. Some, most vocally France, perceive offering partnership to Russia as an alternative to the latter's pursuit of an alliance with China.<sup>22</sup>

### 2.3. China and the EU: Interests and Perceptions

#### *How China Perceives the EU*

China's policy towards the EU is described in major government documents and statements by Chinese officials.<sup>23</sup> Recently, political relations with the EU have become more important for China due to its sharpening rivalry with the U.S. Even though China intends to reshape the international order to one based to a greater extent on the Chinese view of values and norms (its development and economic models based on state capitalism, an illiberal political system, an organic vision of the world with China in the centre, etc.), it highlights multilateralism and support for the post-WWII international system as common motives for cooperation with the EU.<sup>24</sup> **China perceives the EU concurrently as a provider or even "imposer" of liberal norms and values, an important economic partner, a "pole" in a multipolar world, but a weak security actor.**

Although China wants to cooperate with the EU, certain issues known as **China's "core interests" are seen as non-negotiable**. These are related to sovereignty, territorial integrity, mainly the principle of non-interference in internal affairs, and the conviction

<sup>18</sup> M. Russell, "The EU's Russia policy Five guiding principles", February 2018, [www.europarl.europa.eu](http://www.europarl.europa.eu).

<sup>19</sup> Ł. Jurczyszyn, "Risky Strategy of Rapprochement: Russia in France's Foreign Policy," *PISM Bulletin*, No. 149 (1897), 24 October 2019; T. Ogrodnik, "Slovakia's Pursuit of Better Relations with Russia," *PISM Bulletin*, No. 131 (1879), 18 September 2019; V. Józwiak, "Hungarian-Russian Economic Relations," *PISM Bulletin*, No. 105 (1853), 26 July 2019, [www.pism.pl](http://www.pism.pl).

<sup>20</sup> J. Borger, "Russia committed war crimes in Syria, finds UN report," *The Guardian*, 2 March 2020, [www.theguardian.com](http://www.theguardian.com).

<sup>21</sup> L. Gibadło, "Germany's New European Eastern Policy," *PISM Bulletin*, No. 17 (1263), 7 February 2019, [www.pism.pl](http://www.pism.pl).

<sup>22</sup> A. Legucka, "The Risk of Selective Engagement in Relations between the EU and Russia," *PISM Bulletin*, No. 148 (1896), 23 October 2019, [www.pism.pl](http://www.pism.pl).

<sup>23</sup> "Full text of China's Policy Paper on the European Union," *Xinhua*, 18 December 2018, [www.xinhuanet.com](http://www.xinhuanet.com); "Zhongguo dui oumeng zhengce wenjian (quanwen)" [China's EU policy document (full text)], *Xinhua*, 18 December 2019, [www.xinhuanet.com](http://www.xinhuanet.com); "Speech By H.E. Xi Jinping President of the People's Republic of China At the College of Europe," 1 April 2014, [www.chinamission.be](http://www.chinamission.be).

<sup>24</sup> "Wang Yi highlights 10-point consensus between China, EU," 18 March 2019, [www.news.cgtn.com](http://www.news.cgtn.com).

of China's uniqueness, including its values and development model. **In this domain, the EU is perceived as an entity with which it is difficult to cooperate and find a common denominator.** Under Xi, such normative perceptions often trump economic considerations. China objects to EU normative policy such as promoting liberal values, democracy, rule of law, human rights, free trade, free-market access, and a level-playing field. China views the EU's attempts to make it accountable to international obligations (such as the UN Charter or Universal Declaration of Human Rights) as "interfering in internal affairs". China also rejects EU concerns about the lack of the rule of law, state-controlled economy or human rights abuses.<sup>25</sup> From the Chinese perspective, the EU should support China's sovereignty and integrity, namely its "one China" policy opposing Taiwan independence and separatist movements in Xinjiang and Tibet. The tendency to seek to strengthen China's position on these issues is also linked with the policy of "national rejuvenation" and rivalry with the U.S. Recently, China has been trying to convince the EU that Chinese norms are more effective than the West-promoted liberal ones. The latest example is China's claim of successfully fighting the coronavirus by comparing it to the situation in the EU.

**When it comes to economic issues, the EU is seen as an indispensable partner for China.** Economic considerations dominate China's policy towards the Union. The bloc has been China's largest trading partner for 14 years in a row, and China benefits from trading with an integrated EU. The perception of the EU as a unified, common market makes China's support for European integration a priority, as it is crucial to the development and transformation of the Chinese economy. The EU is important as a huge outlet market and investment source, as well as a trade destination—a critical factor in terms of China's still export-oriented economy. What is more, European companies are sources of technology, a skilled workforce, and management practices. China not only invests heavily in Europe but also recently has absorbed European high-tech companies via takeovers and is trying to invest in critical infrastructure in Europe. The importance of new technologies to China's economy was included in various policy documents, such as "Made in China 2025" and "Internet+."<sup>26</sup> That is also the reason why China has declared interest in the acceleration of talks and the prompt finalisation of an investment agreement (negotiated since 2014), but in reality is much more interested in launching talks about an EU-China FTA.

At the same time, China is not very interested in easing market access barriers for European companies. Although China is lifting limitations, the pace is slow and sectors are opened very selectively, mostly those in which Chinese companies are strong and rather immune to competition. Generally, European companies operating in China must set up joint ventures with Chinese counterparts and are required to provide technology transfers. To achieve its economic interests, China is trying to maintain good relations with individual Member States by promising economic assistance, such as logistic and infrastructure projects under its Belt and Road Initiative (BRI) or "17+1" banner (e.g., in Hungary) or through concessions on market access (e.g., to Germany). The goal is to undermine cohesion in the EU's China policy and secure European openness to commercial ties with the PRC.

**China's political approach to the EU** is more sophisticated than its economic cooperation. **On the one hand, the EU is a good example of one "pole" within the Chinese concept of the multipolar order and a potential partner in the rivalry with the U.S.** When the EU breaks with the U.S. on issues such as globalisation and protectionism, free trade, Iran (e.g., JCPOA), the Palestine-Israel issue, climate change (e.g., Paris Agreement), global

<sup>25</sup> "Gaige kaifang 40 nian zhongguo renquan shiye de fazhan jinbu" [The development and progress of China's human rights cause in the 40 years of reform and opening up], *Xinhua*, 12 December 2018, [www.xinhuanet.com](http://www.xinhuanet.com).

<sup>26</sup> "Made in China 2025" is a policy document issued by the Chinese State Council in 2015 describing the aims and ways to produce higher value products and services. "Internet+" is proposed by Prime Minister Li Keqiang and was one of the significant economic keywords in 2015, and included in the Government Work Report.

governance reform, multilateralism, and assessment of the BRI, it is perceived by China as a partner worth cooperating with. China acknowledges the EU's restrained position on the South China Sea (SCS) issue and the growing EU relations with ASEAN. **On the other hand, China does not want the EU to become too strong and influential globally as a political entity** that can effectively promote liberal values and norms. In that sense, weaker EU institutions are better for China because it leaves more room for influencing particular Member States to pursue policies favourable to Chinese interests.

**In security and defence, the EU is neither perceived as a valuable partner to China nor a threat to Chinese interests.** China views security and defence mostly through the lens of its rivalry with the U.S. China's cooperation with the EU in security cannot offer substantial military gains but may be positive for its global image as a responsible partner in, for instance, peacekeeping operations. Good examples of China-EU cooperation include the *ATALANTA* counter-piracy operation off Somalia or the recent joint Chinese-German medical exercises focused on humanitarian rescue efforts.

It is worth mentioning that selected EU Member States (e.g., France, Germany, UK), despite maintaining the semi-official EU arms embargo, sell China products that have potential military use, such as dual-use components and subsystems (e.g., engines, sonar, radar, helicopters, and civilian technologies).<sup>27</sup> The high-tech cooperation with the EU is also a part of Xi's concept of civil-military fusion, as dual-use technologies extracted (or acquired) from European companies support modernisation of the Chinese military.

### *The EU's Goals towards China*

There are already four major documents describing the EU's global and China-specific strategies: "EU Global Strategy for the European Union's Foreign and Security Policy", the "EU-China 2020 Strategic Agenda for Cooperation", the "EU Strategy on China" from 2016, as well as the European Commission document "EU-China: Strategic Outlook" (March 2019).<sup>28</sup>

In general, **EU policy is to engage China and seek more balanced and reciprocal conditions in bilateral relations.** Because EU strategy is highly influenced by the interests of its Member States, pursuing a cohesive policy remains a problem. The main EU goals in relations with China can be divided into three categories: normative, economic, and global.

**In the normative domain, the EU's aim is to promote liberal values, including human rights, in China.** This seems to be a long-term goal. Not only are the results very limited but under Xi, China openly rejects "Western values" as universal and promotes its own understanding of norms and standards. This was why in its newly released "EU-China: Strategic Outlook" document the EU called China a "systemic rival promoting alternative models of governance". In these circumstances, the EU has focused on limited activities such as providing independent groups and individuals with support (e.g., grants for artists or authors, exhibitions, etc.) and educational programmes. Engagement with China is

<sup>27</sup> O. Brauner, M. Bromley, M. Duchatel, "Western arms exports to China," *SIPRI Policy Paper*, No. 34, January 2015, pp. 2, 22–36.

<sup>28</sup> "Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy", June 2016; [www.eeas.europa.eu](http://www.eeas.europa.eu) "EU-China 2020 Strategic Agenda for Cooperation," 23 November 2013, [www.eeas.europa.eu](http://www.eeas.europa.eu); "Joint Communication to the European Parliament and the Council. Elements for a new EU strategy on China", 22 June 2016, [www.eeas.europa.eu](http://www.eeas.europa.eu); "EU-China—a strategic outlook," 12 March 2019, [www.ec.europa.eu](http://www.ec.europa.eu).

implemented through the EU-China Human Rights Dialogue, as well as by raising normative issues at meetings with Chinese leaders.

Nevertheless, **the EU is focused on persuading China to shape its position as a responsible stakeholder under the UN and in line with international law.** This includes the EU underlining freedom of navigation in the South China Sea. This is important given that China has rejected the ruling by the Permanent Court of Arbitration at The Hague regarding the Philippines' claims in the SCS.<sup>29</sup> The EU also calls on China to respect the special status of Hong Kong, uphold human rights in Xinjiang, etc.

When it comes to economic goals, **the EU wants the Chinese government to adopt a more liberal economic approach on issues such as free trade, market access, and the level playing field.** The EU is trying **to convince China to base its economic relations with the Union on reciprocity.** In particular, the EU requests China erase market access barriers for trade (mostly non-tariff barriers like certificates) and investments (e.g., access to public procurement procedures and, in the case of foreign direct investment, or FDI, to remove the rule mandating a joint venture with a Chinese partner), safeguard intellectual property rights (IPR), and eliminate forced technology transfers from foreign companies investing in China and state industrial subsidies. Although the EU has been voicing these concerns for years, including the reciprocity mantra, in reality the Union has remained open for business with China, believing in the power of its own rules and standards. The anxiety about China's lack of reciprocity started to peak in 2016. Within the EU common market there were concerns about growing Chinese investments, especially in the European high-tech sector and critical infrastructure. This was the reason why the EU established in 2019 a screening mechanism for FDI as a defensive measure.<sup>30</sup> It also announced a change in enforcing the reciprocity principle. The EU is now demanding that China introduce changes such as opening its market, and threatening restrictions if not introduced within the prescribed period. If China does not open its market, lift the barriers, or change its illegal practices, the EU may close its market to Chinese investors or introduce China-like barriers.<sup>31</sup> The European Commission published a document as an initial step in working out recommendations for a common position on 5G, considered critical infrastructure.<sup>32</sup> It also released the results of cybersecurity risk assessments with reference to the 5G network and the influence of state-based hackers from non-EU countries<sup>33</sup> and published a "toolbox" for mitigating 5G-related risks at the national and Union levels<sup>34</sup>. The EU is also working on a new proposal to secure and strengthen fair competition in Europe by introducing means to deal with state subsidies and state-owned companies. It is rather obvious that Chinese enterprises are the main target.<sup>35</sup>

China is considered an economic competitor with a better economic position due to its expanding state role in the economy and possible greater leverage in robotics or AI. **Simultaneously, the EU is trying to avoid protectionist measures and not decouple itself economically from China** (because of the PRC's development prospects, leading position in the global economy, and huge internal market) and to **keep production chains**

<sup>29</sup> R. Tarnogórski, "South China Sea Arbitration: Roots and Consequences," *PISM Bulletin*, No. 43 (893), 18 July 2016, [www.pism.pl](http://www.pism.pl).

<sup>30</sup> J. Szczudlik, D. Wnukowski, "Investment Screening Reforms in the U.S. and EU: A Response to Chinese Activity," *PISM Bulletin*, No. 1 (1247), 2 January 2019, [www.pism.pl](http://www.pism.pl).

<sup>31</sup> J. Szczudlik, "Sharpening the EU's China Policy," *PISM Bulletin*, No. 53 (1801), 6 May 2019, [www.pism.pl](http://www.pism.pl).

<sup>32</sup> "Security of 5G networks," Commission Recommendations, Strasbourg, 26 March 2019.

<sup>33</sup> "EU coordinated risk assessment of the cybersecurity of 5G networks," 9 October 2019.

<sup>34</sup> M. Przychodniak, M. Makowska, "Guidelines for the Security of 5G Infrastructure in the European Union," *PISM Spotlight*, No. 9, 31 January, [www.pism.pl](http://www.pism.pl).

<sup>35</sup> S. Lau, "China's state-owned enterprises 'prime target' of new EU competition plan," *South China Morning Post*, 3 March 2020.



**and cooperation in place.** In that sense, the EU perspective differs from the U.S. when it comes to China. However due to the coronavirus pandemic and the resulting economic slowdown, the EU also might be interested in diversifying production and value chains to avoid overdependence on China.<sup>36</sup>

**Despite the growing concerns about China, the EU also hopes for cooperation on several major global issues.** The EU is aware of China's intention to modify the international system according to its interests, but as part of managing the international system, it still promotes cooperation in selected domains, such as the implementation of the Paris Agreement, the JCPOA, and WTO reform, cooperation on denuclearisation of the Korean Peninsula, the peace process in Afghanistan, and the Rohingya crisis in Myanmar, among others. The EU highlights as a good example of possible cooperation with China on regional security challenges the counter-piracy operations in the Gulf of Aden and off the Horn of Africa.

## 2.4. The Role of the U.S.

The EU had been traditionally strongly committed to a relationship with the U.S. focused on defending the law-based multilateral order, trade cooperation, as well as countering common threats in the Southern and Eastern neighbourhood of the EU and global terrorism. The transatlantic security relationship and the U.S. engagement in European security through NATO has been crucial for European states' stability and prosperity. However, since the U.S. "pivot to Asia", started under President Barack Obama, European states have been increasingly acknowledging that American involvement in the Old Continent will be slowly decreasing, requiring a re-thinking of the transatlantic relationship. Donald Trump's mercurial presidency has added urgency to this question because of its impairment of the law-based international system (U.S. policy has diverged from the EU's on, for example, the WTO, UNFCCC<sup>37</sup>, and JCPOA).

**The internal discussions about the pursuit of EU strategic autonomy vis-à-vis the U.S. and managing the potential disengagement of the U.S. from Europe have intensified recently and have been noticed by Russia and China.** So far, these discussions have not led to a definitive political transformation or break in transatlantic relations. The political relationship with the U.S. may bounce back after a change in leadership in either the U.S. or in major European countries. A number of European states, including Poland, have been developing a closer political and military partnership with the U.S., seeing Russia as a threat that European countries alone are unable to tackle. Others, such as France, envision a future in which the EU takes over the responsibility for securing Europe's defence and plays an independent role in global politics on par with the U.S., Russia, and China.

**With regard to China and Russia, the EU and the U.S. remain close in their policy assessments but do not always see eye to eye with regards to policy responses.**<sup>38</sup> The EU has been a willing partner of the U.S. in its struggle to contain China's unfair trade practices but not in dismantling the WTO dispute settlement system. There is also tension concerning U.S. tariffs on EU products. The Member States, unlike the U.S., do not see China as a direct military threat, which explains the reserved attitude of the European states to the U.S. calls to focus the attention of NATO on China and the Indo-Pacific region, and to adopt policies

<sup>36</sup> D. Wnukowski, "The Consequences of the Coronavirus Epidemic for the EU Economy," *PISM Bulletin*, No. 45 (1475), 13 March 2020, [www.pism.pl](http://www.pism.pl).

<sup>37</sup> United Nations Framework Convention on Climate Change.

<sup>38</sup> See, e.g.: "National Security Strategy of the United States," December 2017, [www.whitehouse.gov](http://www.whitehouse.gov).

that reflect a growing challenge from China.<sup>39</sup> Similarly, while EU members coordinated with the U.S. their response to the Russian aggression against Ukraine, including the application of sanctions, they were not eager to adopt all of the measures advocated by the U.S., most notably cancelling the Nord Stream 2 (NS2) project.

Still, the EU strives to maintain close economic partnership with the U.S. as its main trade and investment partner in the world. It aimed to negotiate with the U.S. the comprehensive bilateral free trade agreement—the Transatlantic Trade and Investment Partnership (TTIP)—but since this encountered many internal and external obstacles, the intention now is to liberalise only trade in industrial goods. The EU aims to closely cooperate with the U.S. on WTO reform, for example. As most European countries are members of both the EU and NATO, transatlantic security cooperation and EU-NATO cooperation will most likely continue and will include new threats like hybrid, space, and cyber types.<sup>40</sup> The EU-U.S. partnership also will continue to be extremely important in countering terrorism, disinformation, and cybersecurity threats as well as looking into conflict prevention and peacekeeping. However, the **EU will most likely only selectively support U.S. actions on issues such as the withdrawal from the JCPOA, targeting Chinese tech firm Huawei, and imposing tariffs on Chinese imports.** The EU will also hope that future administrations will be more open to cooperation on tackling climate change and re-entering the Paris Agreement.

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<sup>39</sup> W. Lorenz, “NATO and the Rise of China,” *PISM Policy Paper*, April 2020, [www.pism.pl](http://www.pism.pl).

<sup>40</sup> “Rethinking Strategic Autonomy in the Digital Age,” *EPSC Strategic Notes*, Issue 30, July 2019, [www.ec.europa.eu](http://www.ec.europa.eu).

## A RUSSIAN-CHINESE “ALLIANCE” AND ITS CHARACTERISTICS

Since the mid-1950s and until the Soviet Union's collapse, relations between the USSR and China were dominated by mutual hostility. Both countries brutally competed for leadership of the world communist movement. In 1969, worsening relations resulted in border clashes that almost triggered a Sino-Soviet armed conflict. The Chinese-Soviet border was militarised. When in the 1970s Sino-American rapprochement started, it was essentially aimed at the USSR and was one of the elements of the U.S. triumph over the USSR in the Cold War.

Since the collapse of the Soviet Union, Russia and China have been progressively improving their relations. In 2001, they signed the Treaty of Good Neighbourliness and Friendly Cooperation and seven years later resolved their 40-year dispute, signing an agreement that regulated the border along the Amur River. In the last 20 years, the countries have been overcoming their mutual distrust and developing cooperation in various areas. Russia and China both believe that the current global order was established and is controlled by Western countries, mainly the U.S., and that this is not favourable for them.<sup>41</sup> For this reason, **both countries intend to transform “Pax Americana” into a “multipolar order” co-shaped by them.** Both are also interested in containing or even reversing democratisation processes globally, seen as a threat to their political models. **These common interests are the foundation of a potential Russia-China alliance.**

This paper uses the term “alliance” in a broad sense, describing the expanding and growing cooperation between China and Russia. Granted, an alliance is sometimes defined narrowly as a formal agreement between two or more countries for mutual support in the case of war (such as the North Atlantic Treaty or U.S. agreements with countries like Japan, South Korea, etc.). For China and Russia, this is not the case. Still, the wide scope of bilateral cooperation, as confirmed by the “Joint Statement of the New Era Comprehensive Strategic Collaboration Partnership” of June 2019, with paragraphs about political and military cooperation, shows that the two sides have moved beyond the “Russian-Chinese axis of convenience” of previous years.<sup>42</sup> **The “alliance” is in the form of extensive, regular, and deepening multi-faceted cooperation between China and Russia, based on common values and interests,** but not on a formal agreement about mutual support in case of war.

### 3.1. Areas of Convergence

#### *Political Cooperation*

Russia and China maintain close political cooperation, spearheaded by several Putin-Xi meetings every year, as well as BRICS and Shanghai Cooperation Organisation summits. The **leaders’ frequent contact<sup>43</sup> facilitates the convergence of positions on**

<sup>41</sup> A. Kendall-Taylor, D. Shullman, “A Russian-Chinese Partnership Is a Threat to U.S. Interests. Can Washington Act Before It’s Too Late?,” *Foreign Affairs*, 14 May 2019, [www.foreignaffairs.com](http://www.foreignaffairs.com).

<sup>42</sup> B. Lo, *Axis of Convenience. Moscow, Beijing, and the New Geopolitics*, Brookings Institution Press 2008; J.I. Bekkevold, B. Lo (eds.), *Sino-Russian Relations in the 21<sup>st</sup> Century*, Palgrave Macmillan, 2019.

<sup>43</sup> According to the recently signed declaration of renewed strategic cooperation, there are mechanisms of annual exchanges of visits, a hotline between the heads of state, regular meetings of prime ministers, joint military exercises, etc. See: “Zhonghua renmin gongheguo he eluosi lianbang guanyu fazhan xin shidai quanmian zhanlue xiezuo huoban guanxi de lianhe shengming” [Joint Statement about the New Era of Comprehensive Strategic Partnership between the People’s Republic of China and the Russian Federation], *Xinhua*, 6 June 2019, [www.xinhuanet.com](http://www.xinhuanet.com).



**sensitive global issues** and crises. Both countries also avoid criticising each other and closely cooperate at the UN forum, especially in the Security Council. As a result, China has taken a neutral position on Crimea's annexation and the war in Donbas while Russia is silent on human-rights violations by China and does not take sides in its territorial disputes in the South and East China seas.

**Political cooperation also serves to promote the countries' governance models and contrast it with liberal democracies, seen as ineffective and currently in crisis.** Russia and China promote a regime model based on personal authoritarian leadership, sovereignty in national interests, and limited personal freedoms. The leaders of both countries favour a strong state that can resist western sanctions (called "economic terrorism") and oppose the so-called export of democracy by force, providing examples of the U.S.-led war in Iraq or "colour revolutions" in the former Soviet republics. Russia and China are also "exporting" a political agenda based on nationalist sentiments and attitudes to populist anti-EU political forces that claim to "defend national sovereignty" and are ready to conduct business with Russia and China.

### *Economic Convergence*

**The Russian-Chinese economic relationship is asymmetric.** China's GDP is eight times larger than Russia's,<sup>44</sup> its population is nine times bigger,<sup>45</sup> and the economy is more technologically advanced.<sup>46</sup> In the face of EU sanctions, China has become Russia's biggest individual trade partner and source of electronics (38%), consumer goods (45%), technologies of dual use and drilling equipment (45%)—all unavailable from western countries.<sup>47</sup> Yet, for the time being, Chinese-Russian cooperation has not replaced EU-Russia trade and transfer of technology. **Russia's trade with the EU is almost three and half times greater than its trade with China.** For Russia, China is an alternative source of advanced technology, and cooperation with China undermines the effect of the EU sanctions and lessens Russian economic dependence on the EU.

**The most important dimension of Russia-China economic relations is the energy sector. Russia has become the top oil exporter to China<sup>48</sup> but cooperation in gas has been less advanced and cannot replace the European market.<sup>49</sup>** From China's perspective, the supplies of oil from Russia are privileged due to the transit capacity of supplies via an overland pipeline connecting the countries. China's import of crude oil is well-diversified. In the future, Russia will be increasing its oil and gas export diversification, for example, via the Power of Siberia gas pipeline that opened in December 2019.

**Russian-Chinese cooperation had been locked in until this year by the increasing Chinese share of Russian tourism and agriculture.** The number of Chinese tourists in Russia doubled from 874,000 in 2014 to 1.6 million in 2018.<sup>50</sup> At the same time, the number of Chinese

<sup>44</sup> GDP (current US\$), <https://data.worldbank.org/indicator/ny.gdp.mktp.cd?view=map>, World Bank national accounts data, and OECD National Accounts data files.

<sup>45</sup> United Nations, "Population, latest available census and estimates, latest available data," 16 July 2019.

<sup>46</sup> M. Jamrisko, L. J. Miller, W. Lu, "These Are the World's Most Innovative Countries," *Bloomberg*, 22 January 2019, [www.bloomberg.com](http://www.bloomberg.com).

<sup>47</sup> M. Korostikov, "Дружба на расстоянии руки," [Friendship at arms' distance], *Kommersant*, 31 May 2019, [www.kommersant.ru](http://www.kommersant.ru).

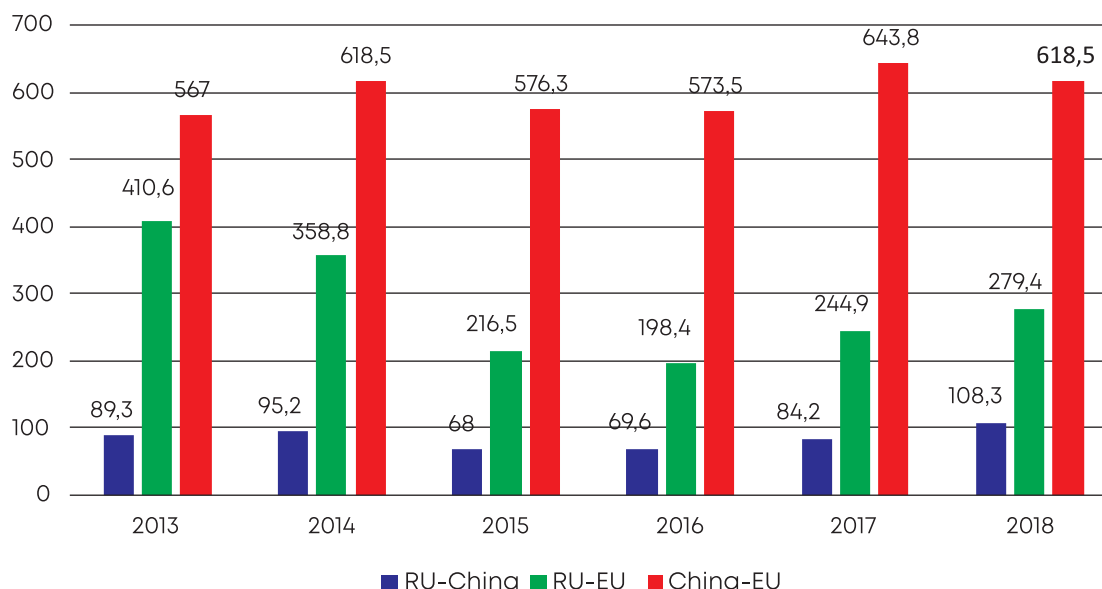
<sup>48</sup> D. Workman, "Top 15 Crude Oil Suppliers to China," 4 March 2019, [www.worldstopexports.com](http://www.worldstopexports.com).

<sup>49</sup> M. Kaczmarek, Sz. Kardaś, "The oil friendship: the state of and prospects for Russian-Chinese energy cooperation," *Commentary OSW*, 17 February 2016, [www.osw.waw.pl](http://www.osw.waw.pl).

<sup>50</sup> M. Korostikov, "Дружба...", *op. cit.*

tourists in EU countries in 2017 was about 2.5 million<sup>51</sup> and in the U.S. about 2.8 million. Furthermore, more than 60% of agricultural products from the Russian Far East regions are exported to China.<sup>52</sup> Both countries also have been working toward a payment system to replace the dollar with the yuan and rouble, respectively.

### Russia, China, and EU Trade 2013–2018



Source: based on UN Comtrade Database; in billions of dollars.<sup>53</sup>

Another part of the economic cooperation is the **relationship between the Russian-led Eurasian Economic Union (EAEU) and the Chinese BRI**. In May 2018, China and the EAEU signed a free-trade agreement. In 2018, 73% of Chinese goods sent by rail freight to 49 European cities in 15 countries went through Kazakhstan, Russia, and Belarus, with the crucial role of Russia as a land transport corridor.<sup>54</sup> Although the transport of goods by cargo train will not exceed 5-10% of overall trade, it is dedicated to high-value products in the fast and cheap “just-in-time model” and may give China an advantage over Japan and South Korea on the EU market.

China also plans to extend the BRI to **the Arctic**. A maritime transport route to the EU via the “Polar Silk Road” would be a third shorter than by the Suez Canal (which handled more than 60% of bilateral trade in 2016),<sup>55</sup> and would bypass the Strait of Malacca, controlled by the U.S. Since the Polar BRI route partly covers the Northeast Passage militarily dominated by Russia, China subsidises Russian Arctic infrastructure, developing its presence in the region. Both routes are at the very early stage of development but in the long-term may benefit the EU by reducing transport costs, although they will also increase EU dependence on Russia and China and will have negative impact on Arctic preservation.

<sup>51</sup> European Union (EU) Schengen visas issued in China in 2010-2017, [www.statista.com/statistics/885942/european-schengen-visas-issued-in-china/](http://www.statista.com/statistics/885942/european-schengen-visas-issued-in-china/), 22 August 2018.

<sup>52</sup> *Ibidem*.

<sup>53</sup> UN Comtrade Database, <https://comtrade.un.org/data/>, 22 July 2019.

<sup>54</sup> M. Korostikov, “Дружба...,” *op. cit.*

<sup>55</sup> D. Wnukowski, “Polar Silk Road: Arctic in Chinese foreign and economic policy,” *PISM Bulletin*, 23 November 2018, [www.pism.pl](http://www.pism.pl).

The coronavirus pandemic will have a huge, though not yet fully measurable, impact on the fulfilment of these plans and the prospects of Russia-China economic convergence because of developments in these countries, the changing global economic and energy outlook, and the scale of the European economic crisis and recovery effort. There are already signs that demand is falling in China for Russian oil. This might be detrimental to bilateral cooperation because China is the largest recipient of Russian oil. One may expect China to benefit from fall in prices as Russia is forced to compete with other suppliers.

### *Military Cooperation*

The Russian-Chinese alliance is also based on **growing military cooperation**, moving from transfers of Russian weapons and technology in the 1990s and early 2000s to a more balanced and comprehensive scheme. Since 2012, Russia and China have organised common **military exercises in Asia and Europe**. Joint naval exercises took place in the Yellow Sea (2012, 2019), the Sea of Japan (2013), the East China Sea (2014), the South China Sea (2016), and the Baltic Sea (2017).<sup>56</sup> In 2018, 3,200 Chinese soldiers participated in the *Vostok-2018* manoeuvres, the largest military exercise since the USSR's collapse.<sup>57</sup> There has been Russian-Chinese special forces training within the Shanghai Cooperation Organisation dedicated to anti-terrorism, anti-separatism, and anti-extremism in Central Asia, Afghanistan, the Middle East, and possibly in Africa. In July 2019, the Russian and Chinese air forces jointly conducted a long-range aerial patrol in East Asia, violating South Korean and Japanese air identification zones in the process. They have also been holding **regular consultations** at the levels of the ministries of defence and general staffs. In 2019, President Putin revealed that **Russia was helping to strengthen elements of the Chinese early warning system** against potential U.S. attacks.<sup>58</sup> Additionally, **China is the second-largest importer of Russian arms** (after India), and exports to China constitute 14% of overall Russian arms exports in 2014-2018.<sup>59</sup> The recent Chinese acquisitions include purchases of advanced Russian weapons and systems, such as the S-400 air defence system and Su-35 fighters.

### **3.2. Limitations of the Alliance**

Although Russia and China share a common strategic goal (dismantling U.S. hegemony and creating a “multipolar order”<sup>60</sup>) and their potential in many areas is complementary, their cooperation is not free from tension. Competition in Central Asia and Eastern Europe and their rivalry in the arms trade and nuclear energy markets can create conflicts between them. However, the most significant element from the EU's point of view

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<sup>56</sup> A. Gabuev, “Why Russia and China Are Strengthening Security Ties,” *Foreign Affairs*, 24 September 2018, [www.foreignaffairs.com](http://www.foreignaffairs.com).

<sup>57</sup> A.M. Dyner, “Vostok 2018 Exercises: The Largest Manoeuvres in Russian Federation History,” *PISM Bulletin*, No. 129 (1702), 20 September 2018, [www.pism.pl](http://www.pism.pl).

<sup>58</sup> M. Duchatel, “How China is relying on Russia to achieve ‘strategic stability’ with the US,” *South China Morning Post*, 13 October 2019.

<sup>59</sup> A. Fleurant, P.D. Wezeman, N. Tian, A. Kuimova, “Trends in international arms transfers, 2018,” SIPRI Fact Sheet, March 2019.

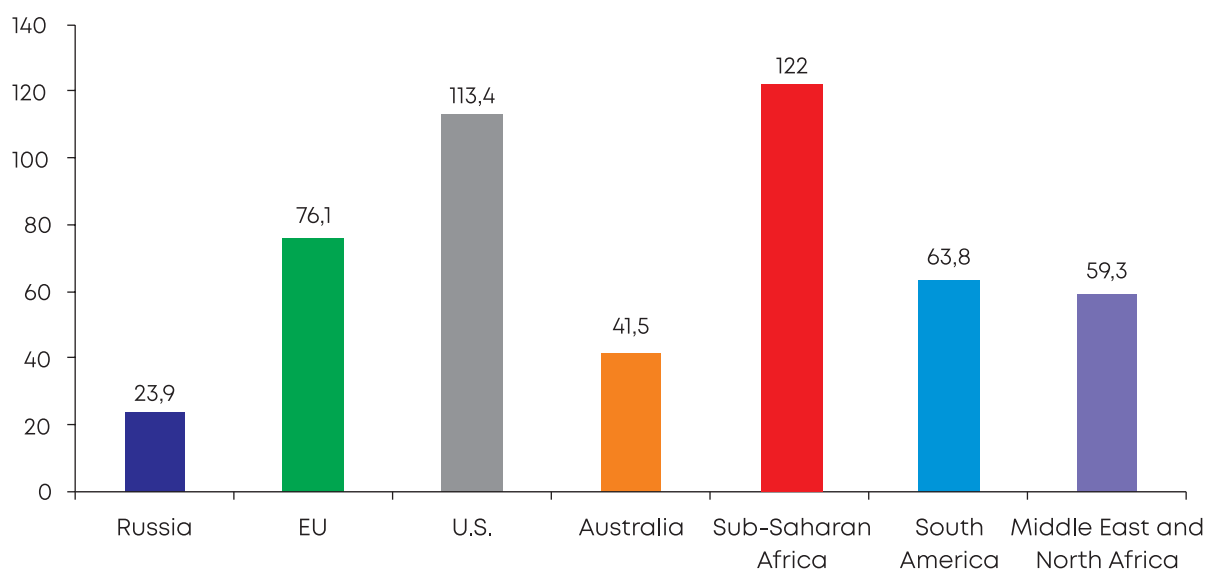
<sup>60</sup> U. Speck, “Russia's Challenge to the International Order,” 13 August 2015, [www.carnegieeurope.eu](http://www.carnegieeurope.eu).

is that in the economic area, **Russia and China are not and will not be able to replace the EU as the other's indispensable economic partner.**

Concerning Russia, **Russia-China trade and technology transfers have not reached the level of Russia's exchange with the EU.** In addition, China does not intend to replace the inflow of EU and U.S. capital to Russia. In 2018, the largest outflow of FDI from Russia since 1997 was recorded.<sup>61</sup> While the Chinese FDI decreased by 25%,<sup>62</sup> the EU's share in Russian FDI still amounts 64.7%,<sup>63</sup> and German FDI in particular peaked during the last decade.<sup>64</sup> Over the past five years, China has invested less than \$24 billion in Russia but, for example, almost five times as much in Sub-Saharan Africa.

Similarly, in economic terms **Russia cannot replace the EU market for China, neither in volume nor types of traded goods.** Russian-Chinese FDI and trade are much smaller than those between China and the EU. Despite the growth in Russia-China trade, it is almost six times smaller than the EU-China trade volume. Moreover, Russia is able to provide only natural resources, while EU exports comprise mostly manufactured goods. Also, the programmes for cross-border cooperation between the Russian Far East and the Northeastern provinces of China have not been successful.<sup>65</sup>

### China FDI 2013–2017



Source: The Central Bank of The Russian Federation, Eurostat, and China Global Investment Tracker. In billions of dollars.<sup>66</sup>

<sup>61</sup> "В обход санкций: зачем американцы вкладывают в Россию," [Circumventing sanctions: why the Americans invest in Russia], 6 June 2019, [www.gazeta.ru](http://www.gazeta.ru).

<sup>62</sup> М. Korostikov, "Дружба...", *op. cit.*

<sup>63</sup> "Европейский Союз и Российская Федерация," [The EU and Russian Federation], Delegation of the EU to Russia, 30 May 2019.

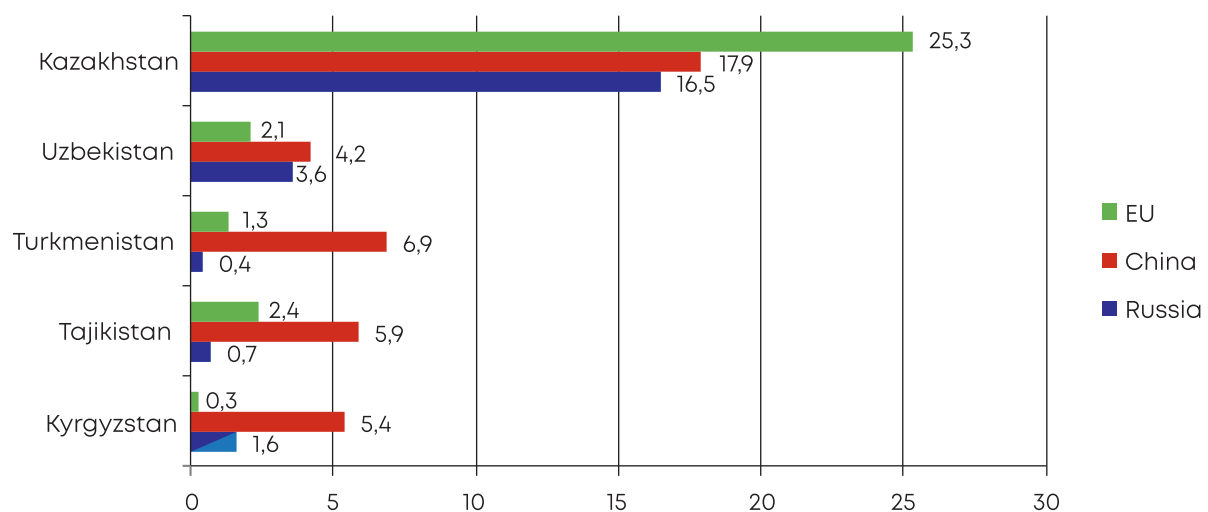
<sup>64</sup> "German Investment in Russia Reaches Its Highest Level in a Decade," *The Moscow Times*, 25 July 2019, [www.themoscowtimes.com](http://www.themoscowtimes.com).

<sup>65</sup> I. Zuenko, "Почему Россия и Китай провалили программу приграничного сотрудничества," [Why Russia and China failed in the trans-border cooperation programme], 22 August 2018, [www.carnegie.ru](http://www.carnegie.ru).

<sup>66</sup> "Статистика внешнего сектора," [External sector's statistics] [https://www.cbr.ru/statistics/macro\\_itm/svs](https://www.cbr.ru/statistics/macro_itm/svs), 22 May 2019; "EU direct investment positions, flows and income, breakdown by partner countries (BPM6)," [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=bop\\_fdi6\\_geo&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=bop_fdi6_geo&lang=en), 17 June 2019; "China Global Investment Tracker," [www.aei.org/china-global-investment-tracker/](http://www.aei.org/china-global-investment-tracker/), American Enterprise Institute, 30 July 2019.

**Central Asia may serve as an example of the advantages and limitations of the current model of cooperation.** Despite the USSR's collapse, Russia has kept a strong presence in Central Asia, whereas China has consolidated its economic domination in the region and broken Russia's "monopoly" in military presence (e.g., the Chinese military base in Tajikistan) and oil and gas transit (Chinese pipelines with Uzbekistan, Turkmenistan, and Kazakhstan). As a result, both countries have created a degree of complementarity: Russia provides security and stabilisation to Central Asia and China provides economic development. This cooperation limits the EU's engagement and blocks U.S. access to the region. However, this **Chinese-Russian complementarity in Central Asia may not last for long.** In the longer term perspective, a stronger China might try to secure its interests by introducing more military forces into the region to sustain its dominance without respecting it as part of Russia's "sphere of influence".

### Trade with Central Asian Countries 2014–2017



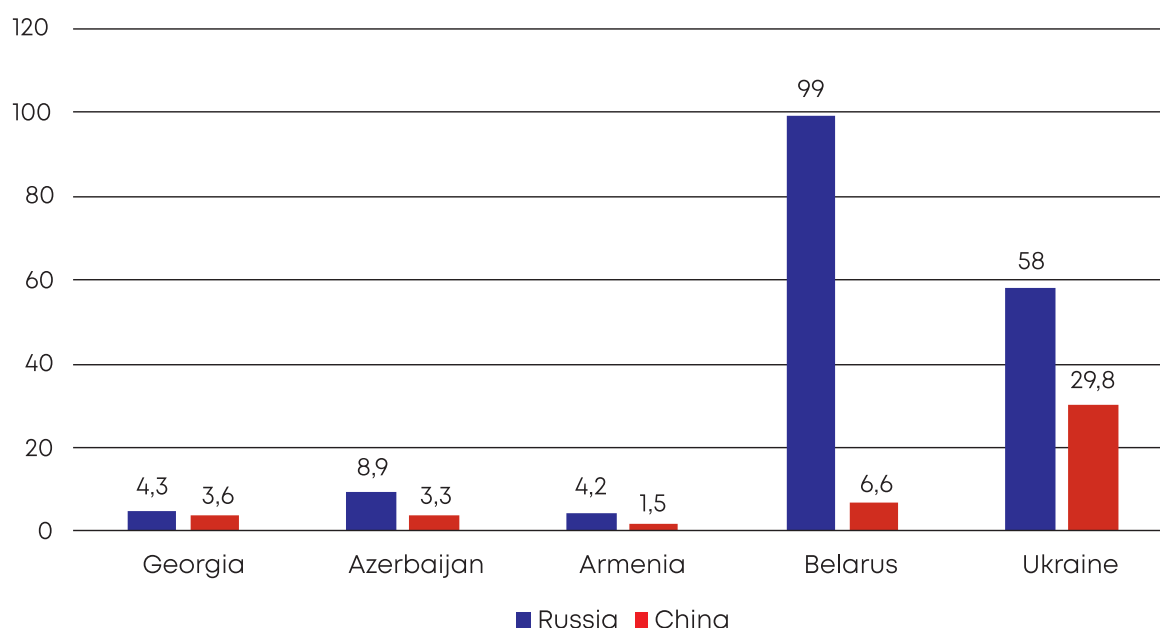
Source: based on UN Comtrade Database. In billion dollars.<sup>67</sup>

**Eastern Europe and the South Caucasus are another example.** In recent years, China, under the BRI umbrella, has increased its economic involvement in the region, especially in Azerbaijan, Georgia, and Ukraine. Russia considers all three countries as its "near abroad" (i.e., within its "sphere of influence") to a much greater extent than Central Asia. In the short term, Russia's economic and military domination in the region is not at risk but **in the future Russia may feel compelled to counteract what it could view as excessive economic ties that these countries are developing with China**, include the enhancement of the BRI with the Trans-Caspian Transport Corridor crossing Kazakhstan, Georgia, Azerbaijan, Turkey, and Ukraine, bypassing Russia. All the more, Russia is likely to counter the possible involvement of Chinese capital in the Persian Gulf – Black Sea transport route project from Iran, through Turkey to Ukraine.<sup>68</sup>

<sup>67</sup> UN Comtrade Database, <https://comtrade.un.org/data/>, 27 July 2019.

<sup>68</sup> As for other potential sources of economic tensions, China has challenged Russia's domination in the construction of nuclear power plants, not only in the EU but also in Africa, Asia, and South America.

### Russia and China Trade with Eastern Europe 2014–2017



Source: based on UN Comtrade Database. In billions of dollars.<sup>69</sup>

In the military domain, **both countries' collaboration**, though growing in scale, **can be easily overestimated**. Russia and China have established neither a formal military alliance nor joint military institutions. They have been purposely not developing interoperability between their armed forces. There is no common strategy, command structure, or long-term programme for cooperation in that domain. Joint research and armament development projects are limited and progressing slowly. So far, both countries have maintained their full ability for independent action. China-Russia military cooperation can be seen as an attempt at creating the foundations and opportunities for a deepened military partnership in the future, including a potential division of tasks at the strategic, operational, or tactical levels, but this is not yet the case. In addition, over the past 20 years, China has mostly copied Russian weapon systems, creating cheaper equivalents competitive on the Asian and African markets also targeted by Russia. This has created some grounds for competition in arms trade.

Finally, the positive relations are based to some extent on **Putin and Xi's personal relationship**. Under new leadership, the bilateral dynamics may change. If Russia decides to improve relations and make concessions towards the EU or the U.S., its cooperation with China may become limited. The Russian elites are much more pro-Western than their Chinese counterparts, and Russia's political "pivot to Asia" is not irreversible.

<sup>69</sup> UN Comtrade Database, *op. cit.*

## 4. RUSSIA AND CHINA VS. THE EU

**In the context of the global ambitions of Russia and China, the EU is of secondary importance.** Still, bearing in mind that Russia and China are trying to promote non-liberal values and norms, their cooperation has the potential to undermine the EU's security, economy, and state of democracy, and weaken its impact on international relations. This is especially threatening when linked to the real crisis of trust in European institutions and the diminished attractiveness of the Western liberal order. Russian attempts to facilitate populist and extreme-right-wing parties (including interference in elections) as well as China's rhetoric about the crisis in the West and conviction that its political and economic systems are more efficient than the liberal ones add to the EU's internal problems. All these elements were visible in the Russian and Chinese responses to the coronavirus crisis in early 2020, especially their disinformation and influence strategies.

### 4.1. A Toolbox of Damage

So far, Russia and China have pursued their own operations directed at the EU, though often ending up acting in parallel. What kind of tools or actions might China and Russia jointly use to attempt to damage or undermine the EU? Here is a "toolbox" that starts with the most feasible tactics they might compile and ends with the least likely instruments to be utilised.

It seems that **the easiest tool to use could be coordinated direct economic pressure.** Considering that Russia is the EU's primary oil and gas exporter, it could use the tested and effective tactic of "energy blackmail" or limit gas exports to the EU, which would undercut the Member States' security. China is able to cut off or considerably limit its export of active pharmaceutical ingredients used in medicine production and rare-earth elements (100% of EU imports of these materials come from China, and China is the world's biggest producer and supplier of these products), the latter necessary in the production of many devices such as smartphones, computers, lasers, electric motors, robotic arms, etc.<sup>70</sup> Such economic measures can be introduced for a limited time as a warning or as an instrument of pressure in specific issues. However, the probability of the use of such measures is diminished by the fact that the Russian and Chinese economies would be significantly damaged by the likely punitive response from the EU and subsequent trade conflict.

**The countries may also use a coordinated strategy to influence EU decision-making** from within. China's huge financial resources and Russian know-how in attempts to corrupt and recruit mainstream politicians within the EU, could create an effective combined force that weakens EU countries and institutions.<sup>71</sup> The aim would be to discredit mainstream politicians, creating a political vacuum for anti-EU and anti-NATO political forces and their populist leaders. Chinese resources and Russian experience could significantly strengthen parties such as the Five Star Movement, the French National Rally or radical right-wing organisations, and make it possible to increase their activity and influence.<sup>72</sup>

Another measure would be **coordinating information and disinformation campaigns** through traditional media and in cyberspace **to influence EU populations and decision-makers.** This would involve coordinating work on a massive scale involving

<sup>70</sup> L. Cole, "Europe takes on China's global dominance of rare earth metals," *Euractiv*, 2 July 2019, [www.euractiv.com](http://www.euractiv.com); T. Hancock, X. Wang, "China drug scandals highlight risks to global supply chain," *Financial Times*, 6 August 2018.

<sup>71</sup> "The Russian Laundromat Exposed," 20 March 2017, [www.occrp.org](http://www.occrp.org).

<sup>72</sup> J.R. Biden Jr., M. Carpenter, "How to Stand Up to the Kremlin: Defending Democracy Against Its Enemies," *Foreign Affairs*, January-February 2018, [www.foreignaffairs.com](http://www.foreignaffairs.com).



campaigns with strong anti-American, anti-NATO, and anti-liberal messages, which would also amplify separatist, anti-EU, and anti-integration attitudes. A recent example is disinformation regarding the coronavirus pandemic. Both countries are connected to the spread of conspiracy theories that the US military introduced the virus to Wuhan in China and use narratives in selected EU Member States that the Union has failed to deal with the outbreak. The EU StratCom Task Force has already warned that coronavirus can be used by Russian propagandists to continue the information war with the EU and that other countries, including China, will take advantage of this opportunity. As of 16 March 2020, the EUvsInfo website had registered 78 cases of Kremlin disinformation in which coronavirus was used to try to undermine the EU's ability to act in the pandemic.<sup>73</sup> China has not openly criticized the EU, but has used diplomacy and social media ostentatiously to underscore how it is "helping" (sending a batch of medical supplies and considering sending medical teams to Europe), mainly in selected countries, such as Italy and Spain.<sup>74</sup> The EU should expect more external logistic and financial support for media, businesses, and interest groups that usually take a stance against the EU and NATO. The EU should also expect a continuation of the recently launched, massive propaganda campaign from the Chinese side attempting to convince people about its success in fighting the coronavirus. This is in response to trying to improve its image since the cover-up of the first cases of the virus in Wuhan and Hubei Province.

At the same time, **decision-makers in the Member States and at the EU level could be presented with the benefits** that result from joining or cooperating with the BRI, EAEU, and global institutions that serve as an alternative to those dominated by the U.S. (e.g. Asian Infrastructure Investment Bank, Eurasian Development Bank, BRICS New Development Bank and the Contingent Reserve Arrangement, the Shanghai Cooperation Organisation). There also could be a strong emphasis on the benefits of long-term contracts for supplies of natural resources from Russia, use of new transport routes controlled by Russia and China, nuclear power plants constructed and serviced by the countries' companies, free-trade agreements with Russia and China (e.g., the economic zone from Lisbon to Vladivostok proposed by Russia) or Eurasian security arrangements with the participation of Russia and China that should replace NATO. The countries could also pursue an ideological agenda based on such themes as "win-win cooperation based on national interests" between "different political regimes", "not interfering in sovereign internal issues of other states", as well as the promotion of conservative or traditional values as opposed to the "hedonism" of Western liberalism.

**In a more unlikely scenario, both countries may also use their diasporas in the EU as a pretext and instrument to meddle in European countries' affairs.** In the case of Russia, this includes the Baltic States where Russians are the biggest minority (in Latvia they number 556,000, or 27% of the population; in Estonia, 342,000, or 25%; in Lithuania, 175,000, or 6%),<sup>75</sup> and other countries where they are not well-integrated, as in the case of Germany (606,000 ethnic Russians) or Italy (63,000).<sup>76</sup> Russian military doctrine implies an obligation to ensure the security of Russians living abroad who are in danger, though there is no exact definition of the circumstances.<sup>77</sup> However, using force or other instruments of pressure (intelligence, economic, diplomacy, blackmail, e.g., on energy supplies) is also

<sup>73</sup> A. Mierzyńska, "Epidemia dezinformacji w Polsce. Część fałszywek wskazuje na aktywność Rosji," [Epidemic disinformation in Poland. Some fake news point to Kremlin's activities], *OKO Press*, 14 March 2020, [www.oko.press](http://www.oko.press).

<sup>74</sup> S. Lau, "Coronavirus: China vows to help Spain amid questions over EU support for its worst-hit countries," *The South China Morning Post*, 16 March 2020.

<sup>75</sup> N. Chemla, "Baltic States' Russian Disquiet," 26 March 2019, [www.thenewfederalist.eu](http://www.thenewfederalist.eu).

<sup>76</sup> D. McPhillips, "Russia's 'Slow Bleeding' Brain Drain," 6 October 2016, [www.usnews.com](http://www.usnews.com).

<sup>77</sup> "Военная доктрина Российской Федерации," [Military Doctrine of the Russian Federation], *Rossiyskaya Gazeta*, 30 December 2014, [www.rg.ru](http://www.rg.ru).



possible without citizenship and passports. President Putin said that “Russia will vigorously defend the rights of compatriots abroad” in the face of increasing nationalism and global tensions.<sup>78</sup>

In the case of China, the use of its diaspora (826,000 Chinese-born residents living in the EU-28 in 2011<sup>79</sup>) is also possible. The PRC highlights the need to protect its “overseas interests” which means its investments (e.g., in ports, railways, factories, etc.), trade flows and Chinese citizens, the number of which is growing due to the PRC’s expanding presence beyond Asia, for example, within the BRI framework (e.g., rising number of European ports with Chinese capital: Piraeus in Greece, Rijeka in Croatia, Genoa, Trieste, and Ravenna in Italy, Sines in Portugal, and others). Protecting its nationals and facilities in Africa was among the official reasons to set up the first Chinese military base abroad, in Djibouti. There is a possibility for „the use of” docking facilities that can handle most vessels in China’s naval fleet, not only for humanitarian missions or to evacuate Chinese citizens in case of a crisis (Libya in 2012, Yemen in 2015) but also intelligence collection and interference in other countries, including ones in Europe.

Both countries could potentially **use their military and economic presence in Asia, the Middle East, and Africa to fuel regional instability and worsen the migration crisis**, making countries in these regions channel a flow of migrants in the direction of the EU. Russia would be able to use its influence within Orthodox communities in Balkan countries and perhaps elements of the 250,000 Chechen diaspora within the EU to spread disinformation, as well as provide extremist organisations with financial resources or simply arms sources. However, the probability of such measures is also low.

**The least likely but most damaging and risky tactics could be coordinated hostile military actions against European and U.S. interests in Europe and Asia.** For example, China could take aggressive steps in the South China Sea (e.g., an attack on the American Navy) or directly against a country with rival territorial claims, such as Vietnam, Taiwan, Japan, or even India. In parallel, Russia could undertake further aggression against Ukraine or NATO/EU countries, such as the Baltic states. With the bulk of U.S. forces now deployed in Asia, NATO forces would have serious problems initiating a rapid and effective response to Russian operations in Europe. NATO transport and supplies could be blocked and slowed by China due to its ownership of crucial European ports and rail lines.<sup>80</sup> While such scenarios often attract media attention, this would be a high-risk strategy aimed at forcing the “Euro-Atlantic” bloc—or at least the EU—to recognise a new global distribution of power and accept the supremacy of China and Russia. If the U.S. and European states decide to fight back, a global conflict and escalation even to the nuclear level could not be excluded. This is, therefore, a highly unlikely course of action.

#### 4.2. Limited Cooperation against the EU

**In the short and medium terms, the likelihood of comprehensive Russian-Chinese cooperation against the European Union is low.** China will avoid strengthening cooperation with Russia against the EU in order not to endanger its important political and economic objectives vis-à-vis Europe, especially with the increased tensions with the U.S. Russia is focused more on reviving cooperation with the EU to break from its international isolation

<sup>78</sup> “Russia Will ‘Vigorously Defend’ Rights of Compatriots Abroad, Putin Says,” *Moscow Times*, 31 October 2018, [www.themoscowtimes.com](http://www.themoscowtimes.com).

<sup>79</sup> “People in the EU—statistics on origin of residents,” Eurostat, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=People\\_in\\_the\\_EU\\_-\\_statistics\\_on\\_origin\\_of\\_residents#Foreign-born\\_residents\\_from\\_countries\\_outside\\_the\\_EU](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=People_in_the_EU_-_statistics_on_origin_of_residents#Foreign-born_residents_from_countries_outside_the_EU), 2017.

<sup>80</sup> A. Kendall-Taylor, D. Shullman, “A Russian-Chinese...,” *op. cit.*

and secure its position as the chief energy supplier. **The main goal of Russia-China cooperation would be countering the U.S., not the EU, as well as damaging transatlantic relations and exploiting possible disagreements between the two.**

Russia aims to impact the policy of EU Member States through attempts to influence political processes, disinformation tactics, and even political assassinations (the Skripal case). Yet, it also reaches out to EU Member States in seeking to remove the sanctions imposed on it after the annexation of Crimea in 2014. Russia develops common energy projects (NS2) as a way to create long-term economic and political links with selected EU Member States. It also is not ready to endanger the prospects of a thaw in relations with the most important EU countries to pursue a broad common anti-EU agenda with China.

China recognises the importance of relations with the European Union, not as a political partnership but because of the economic value. The perception of the EU as a unified, common market makes support for European integration a priority. The EU is crucial—and Russia is not—in acquiring technology and market access for Chinese products and investment, both important to the modernisation of the Chinese economy. The EU is also a valuable partner for China on issues like climate change, relations with Iran, globalisation, WTO reform, as well as 5G development, especially given its disagreements with the U.S. Cooperation with the EU on some issues, including 5G or green technology, serves also to “legitimise” China globally as a reliable partner and provider of technological solutions. As such, it will try to avoid actions that might force the EU to take a firm stand with the U.S. against China.

Nevertheless, **both Russia and China seem to be already modestly cooperating to interfere with and weaken the EU.** The best examples of this are the cyberspace and intelligence cooperation and information operations against the Union. During the last two years, some information about coordinated Russian-Chinese activities in these spheres appeared in the Czech Republic,<sup>81</sup> the Netherlands,<sup>82</sup> and Brussels.<sup>83</sup> The main methods in this regards are assumed to be the coordination of economic and technological espionage (mainly in the technology, energy, and health industries), disinformation (boosting of anti-Western messages online and emphasising conflicts between and within EU countries), cyberattacks on NGOs, government agencies, and EU institutions, and surveillance of decision-makers for intelligence recruitment or discrediting.

#### 4.3. Moving Beyond Limited Cooperation?

While creating an anti-EU alliance of China and Russia with a strategy focused on countering the EU remains unlikely in the current circumstances, **certain external developments could push Moscow and Beijing towards closer anti-EU cooperation.** The most important aspect influencing their decision-making would be the condition and future of Euro-Atlantic cooperation.

One possibility is increased transatlantic cooperation. **If the EU and the U.S. together create an “alliance of democracies” aimed at the preservation of the liberal order and directed against China and Russia, these countries could initiate more intensified cooperation to harm the EU.** This is possible in two cases. The first one is a change in

<sup>81</sup> R. Cameron, “Prague: The city watching out for Russian and Chinese spies,” *BBC*, 23 December 2018, [www.bbc.com](http://www.bbc.com); “National Cyber and Information Security Agency Warning,” Czech government, 17 December 2018, [www.govcert.cz](http://www.govcert.cz)

<sup>82</sup> S. Vavra, “Dutch intelligence warns of escalating Russian, Chinese cyberattacks in the Netherlands,” 1 May 2019, [www.cyberscoop.com](http://www.cyberscoop.com).

<sup>83</sup> “Hundreds of Russian and Chinese spies in Brussels—report,” *Deutsche Welle*, 9 February 2019, [www.dw.com](http://www.dw.com).

the American approach towards the EU and the development of a common agenda of maintaining the liberal international order, in other words, protecting the principles of democracy, free trade, maintaining Euro-Atlantic unity and the cooperation of democratic states against authoritarianism, as well as regulating the global order through existing international institutions. **This would create a common platform through which the EU would coordinate policy with the U.S.**, especially in order to force China to grant symmetric access to its market and comply with free-trade rules, and to roll back Russian aggression in Europe.

The second case would involve a **joint U.S.-EU response to any Chinese or Russian aggressive actions**. This could take place if China uses military force externally (e.g., an invasion of Taiwan) or massacres civilians on a scale similar to Tiananmen Square in 1989 (e.g., in Hong Kong or Xinjiang), or if Russia extends its war against Ukraine or uses force against any of its other neighbours. If the EU joins the U.S. in implementing a more assertive policy against China (e.g., active containment, pushback against Chinese influence, or a joint response to any Chinese aggression in Asia-Pacific) **this could change China's policy towards the EU**. China would most likely request and receive Russian support in its attempts to break the Euro-Atlantic anti-China alliance by focusing on the weaker partner—the European Union.

On the other side of the spectrum of potential future developments in transatlantic relations, **an existential crisis within the Euro-Atlantic community could tempt Russia and China to take advantage** of it and move to subdue the EU and detach it from the U.S. This may be likely in the event of the sharp intensification of EU-U.S. tensions. If the U.S. deepens its unilateral approach to foreign policy, based on isolationism, the primacy of American interests, economic sanctions against EU countries, and weakening Euro-Atlantic cooperation, this could create an opening for China and Russia. Because of the breakdown in transatlantic relations, the American economy would become less attractive for Europeans (the EU is currently the biggest trade partner of the U.S.).<sup>84</sup> And with the intensification of divisions within the EU, some EU members would most likely want to keep a strong relationship with the U.S. and the rest would push to speed up EU integration processes, leaving behind countries that slow them down, and look for alternative partners to the U.S.

Both developments would be extremely beneficial for Russia and China. Both could **try to fuel Euro-Atlantic tensions and weaken the EU further, but at the same time attract selected European countries by promising them closer cooperation**, especially in the political and economic spheres. Their aim would be to influence the EU's decision-making processes so that it would voluntarily align itself closer with China and Russia.

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<sup>84</sup> "Top U.S. Trade Partners Ranked by 2017 U.S. Total Export Value for Goods (in millions of U.S. dollars)," U.S. Department of Commerce, Census Bureau, Economic Indicators Division, [www.trade.gov](http://www.trade.gov); "Trade in Goods with European Union," U.S. Census Bureau, [www.census.gov](http://www.census.gov).

## CONCLUSIONS

**Neither China nor Russia are interested in the collapse of the European Union.** Their preference is nevertheless for a particular kind of EU, one that remains a solid trade partner and a source of funds and technology but also one that does not interfere in their internal and regional policies. Both countries use different methods to reach this goal and are already working independently to achieve it. China is building up its economic ties with its European partners, applying at times unfair trade and legislative practices to establish advantageous relations with them. Russia uses more confrontational methods (such as the employment of force, use of secret services, and cyberattacks) to enforce changes in the European security system and “normalisation” of relations, which to Russia means lifting the sanctions, restoring political relations, and intensifying economic exchange.

The China-Russia alliance is asymmetric in the sense that Russia is the junior partner, including in economic affairs. It seems that in case of conflict or immediate need of assistance, China may count on Russia while in the opposite situation, Chinese support might be limited to maintaining a neutral position and a wait-and-see approach (a good example is the Crimea case and China’s ambivalent stance, without explicit support for either Russia or Ukraine). Under these circumstances, the **EU should not pursue a policy aimed at decoupling Russia from China, for example, by expanding selective engagement with Russia but not the PRC.** Stronger Russia-China relations remains a risk but the EU may lose its normative power by accommodating authoritarian and illiberal Russia. By trying to attract Russia and “outbid” China, the EU would most likely be forced to accept some of the Russian demands, such as respect for its regional sphere of influence, and in that sense would violate its own core values and endanger its interests.

China and Russia share the same normative mindset as authoritarian political regimes based on illiberal norms. In that sense, despite recent U.S.-EU tensions about the law-based international order, strong transatlantic relations based on liberal and democratic values represent the best response to the threat of harmful Chinese-Russian cooperation. The **normative proximity between the EU and U.S. should involve closer cooperation or even coordination of policy towards Russia and China to defend the liberal order.** It is worth considering a U.S.-EU mechanism for the regular exchange of views about China-Russia cooperation and for agreeing countermeasures in terms of the normative dimension.

Still, despite the normative proximity, the EU and U.S. have different “toolboxes” when it comes to foreign policy, including towards China and Russia. Unlike the U.S., the EU does not have instruments such as powerful armed forces with military bases abroad or the status of a global superpower to pursue a confrontational approach. Instead, the EU is mostly a normative power and a huge, lucrative market. EU power projection is limited to values, norms, standards, and the economic dimension. Facing enhanced Russia-China cooperation, the EU cannot use U.S.-like instruments of political and economic coercion.

**Market access should be treated as the EU’s main instrument in its policy towards Russia and China.** The EU should **adopt and consequently execute protective measures** that will allow the bloc to assess and minimise the risk of engaging with Chinese and Russian businesses but not, by default, excluding them from the European market. The EU should also **adopt mechanisms that allow blocking Chinese and Russian entities from operating in Europe until there is corresponding economic and political access in both states.** For example, Chinese firms may be banned from taking part in EU tenders if European companies do not have access to the public procurement market in China.

**The EU**, a normative power, **should also maintain the sanctions on Russia** due to the country's violation of international law—its aggression against Ukraine and occupation of Crimea and Donbas. The sanctions may also prevent China from taking actions that undermine the international law-based order. The EU **also should be prepared to impose sanctions on China** in case it breaks international law and the rulings of international tribunals.



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