St. Petersburg consensus: On Russia-China bonhomie

News
President Xi Jinping high-profile three-day state visit to the St. Petersburg International Economic Forum last week include some panda diplomacy and underscore the strengthening Beijing-Moscow axis at a time when relations for both with US continue to fray

More in News
- In St. Petersburg Mr. Xi and Mr. Putin emphasised that bilateral relations were at a historic high, marked by increased diplomatic and strategic cooperation.
- Russian President Vladimir Putin and his Chinese counterpart Xi Jinping made it clear in St. Petersburg that the tensions with the West had only drawn them closer.
- Russia’s annual investment gathering was boycotted by the U.S. Ambassador to Russia, Jon Huntsman. His absence was ascribed to the prevailing environment in Russia for foreign entrepreneurs, typified by the detention of U.S. private equity investor Michael Calvey on allegations of fraud.

Reasons for rift between Russia and west
1. Ukrainian crisis: Moscow’s annexation of Crimea in 2014 and the stand-off in eastern Ukraine
2. Nord Stream 2 gas pipeline from Russia to Germany: Russia’s tensions with the U.S. and some EU countries stem also from their opposition to the 1,200-km-long Nord Stream 2 gas pipeline from Russia to Germany.
   - U.S. objections draw in part from its eagerness to export liquefied natural gas to Europe, besides thwarting Moscow’s ambition to dominate the region’s energy market.

European states, notably Germany, recognise the importance of engaging with Russia to contain Mr. Putin’s expansionist aims. Equally, President Donald Trump’s “America first” policy is compelling potential rivals to make common cause.

China and Russia in recent time
- Trade between Russia and China grew almost 25 percent last year, reaching $108 billion — finally breaking the $100 billion milestone sought for years, even if partly based on higher oil prices.
• In advance of the forum, Huawei signed a deal with MTS, Russia's largest telecoms operator, to develop 5G technologies and launch a fifth-generation network in Russia.
  ✓ The deal comes as Huawei, one of China's most important companies, is at the center of an escalating trade war between Beijing and Washington.

• **China participated in Russian military exercises** on its eastern border last September, marking a watershed.

• Moscow and Beijing have been **adopting common positions at the UN Security Council** on critical international issues.

• Both sides have a keen interest in developing the Arctic, where Russia hopes Chinese money and demand will replace the West in developing oil and gas fields.
  ✓ Russia eventually expects that global warming will open up a competitive sea route to Asia through the Arctic, with China being a prime market.

**Impact of China Russia ties**

• Chinese cooperation would prove critical for Russia’s elaborate plans to exploit the Northern Sea Route along the Arctic as an alternative transportation hub.

• Give boost to china’s Belt and Road initiative

**Challenges**

• China’s Belt and Road initiative will overshadow Russia’s historical control over Central Asia, since Moscow cannot compete economically.

• But it hopes China will continue to accept a major Russian role in security for the region, once part of the Soviet Union. Russia and China share a common goal in hoping to exclude the United States.

**St. Petersburg International Economic Forum**

• It is an annual Russian business event for the economic sector, which has been held in St. Petersburg since 1997, and under the auspices of the Russian President since 2005.

• The key purpose of the Forum is to provide a practical tool for business, helping to overcome the barriers, both geographical and informational, dividing Russia and other countries.

• The Forum brings together the chief executives of major Russian and international companies, heads of state, political leaders, prime ministers, deputy prime ministers, departmental ministers, and governors.