
WHY DID RUSSIA'S PIVOT TO ASIA FAIL?

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On the surface, the concept of a Russian pivot to Asia made sense, particularly greater cooperation between Moscow and Beijing. But, as a pair of fellows from the Mercator Institute for China Studies in Berlin and a senior associate at the Carnegie Moscow Center made clear in separate articles published this month, Russias Asia pivot has failed so far to bring benefits to Moscow.

Two years after the Kremlins rift with the West, Moscows hopes that a new business relationship with Asia would make up for Russias losses have not materialized, Alexander Gabuev of the Carnegie Moscow Center begins his analysis of Russias pivot to nowhere.

Thomas S. Eder and Mikko Huotari began their recent Foreign Affairs article by remarking, Ever since Europe imposed sanctions on Russia for its invasion of Ukraine, Moscow has held high hopes of countering them by strengthening its alliance with China on energy, defense, and agricultural trade and investments.

Whats at the core of this failure? One place to look is at the motivation for increasing cooperation in both Moscow and Beijing. Russias deteriorating relations (and trade) with Europe precipitated a search elsewhere for partners. For this reason, the \$400 billion gas deal signed in May 2014 drew headlines. But the devil, as always, was in the details: Russia would be getting less money per cubic meter of gas than when it sold to western Europe and in the past two years the construction dates have been pushed further into the future.

Russia needs China, but China has options.

Gabuev makes this case in reference to Russias seeming inability to work with Asian financial institutions, citing Russias only big success with Chinese banks as a \$2 billion loan to Gazprom. Beyond that, little was forthcoming:

The reasons are obvious. It turns out that even the Big Four Chinese banks have been complying with Western sanctions, although Beijing officially condemns the sanctions. Given the choice between the opportunity to increase their presence in Russias high-risk market (previously small and now even more shriveled with GDP in constant decline) and the potential to strengthen their positions in the huge and stable markets of the United States and the EU, Chinese banks are opting for the latter. A strategic partnership does not rule out financial judiciousness.

In the energy realm, Eder and Huotari point to the fact that Russia is but one of many hydrocarbon suppliers for China, including Angola, Equatorial Guinea, Iraq, Turkmenistan, and perhaps, soon, Iran—that are helping China diversify its energy sources...

And in some cases, like that of Turkmenistan, Russias losses have been Chinas gains. Over the past few years, trade of Turkmen gas to Russia (for resale to Europe) has dried up. In January, Gazprom announced it would stop buying from Turkmenistan altogether after the trade had already plummeted from a high of 40 billion cubic meters of gas in 2008 to 4 bcm in 2015. Meanwhile, Turkmenistan shifted exports to China. In the first three months of 2016 alone, Turkmenistan supplied China with 10.6 bcm of gas — a 33 percent increase over the same period in 2015. The Central Asia-China pipeline already has three operational lines and a fourth is under construction which will increase capacity to 85 bcm per year.

In essence, Eder and Huotari write, rather than playing Europe by engaging with China, Russia is getting played by China.

For sake of argument, consider how Russias Asia pivot has differed from the United States pivot (excuse me, rebalance) to Asia. As Shannon Tiezzi and I argued in a recent article for FiveThirtyEight, one of core aspects of the U.S. pivot was simply showing up in Asia. Much of the United States increased involvement in the region focused on participating in multilateral forums which many Asian powers prioritize as venues to build consensus and conduct diplomacy. At the same time, bilateral interactions with China have also received increased attention.

Russias Asia pivot has focused primarily in China, to the exclusion of other powers. Gabuev comments that Russian President Vladimir Putins decision to skip last years East Asia Summit and the APEC summit was a blunder:

Putin is famous for disliking multilateral events and only attending them for the sake of one-on-one meetings. But Putins snub of APEC, where symbolic gestures are fundamental to policy and international relations, was interpreted to mean only one thing: Russia was not pivoting to Asia, it was pivoting to becoming Chinas junior partner.

In the end, Russias pivot to Asia will continue to underperform as long as the Russian economy is withered and its relations with Europe tense. That said, the two share a number of strategic interests and the failure of this pivot doesnt necessarily undermine the political sympathy Beijing has for Moscow.

Kaynak/Source: