

プロジェクト報告

Russia, China, and the New Continentalism

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Over the past 35 years, a remarkable continentalist transformation, ongoing yet obviously incomplete, has begun quietly to occur across Eurasia. Open state-to-state warfare has largely ceased, and economic ties have deepened.

Political barriers and historical antagonisms have been eroding, especially since the end of the Cold War, among such diverse nations as Russia, Turkey, and China. Transcontinental trade, driven by energy interdependence, has intensified, and interpersonal networks have deepened. Most recently, a transcontinental oil and gas pipeline network has begun to emerge, with potentially significant geopolitical implications.

To clarify how and why continentalism develops, I propose three simple hypotheses: (1) protocontinental political economic relationships are expected to develop readily in the energy area, where fixed costs and transaction costs are high, making risk reduction and the fostering of stable political economic ties a high priority; (2) protocontinental relationships will be strengthened by resource complementarities, and, (3) protocontinental relationships are strengthened by functional complementarity at the domestic level in areas like energy efficiency.

Such nascent, protocontinental, energy-related interactions can be observed vividly on the Eurasian continent, stretching from Northeast Asia to the Middle East and the gates of Europe, including Russia. Interactions within the Shanghai Cooperation Organization, Asia Middle East Dialogue and Gas Exporting Countries Forum, for example, often have this flavor, although they are but early signs of a potentially

deepening trend that has both formal dimensions and less formal network -centric aspects.

The countries involved - spread across the Middle East, Russia, Central Asia, South Asia and East Asia - are geographically contiguous, also share a common history several times more venerable than that of the United States itself, and are drawn together today by energy interdependence.

The nations of Eurasia, however are culturally distinct and share commonalities and complementation that can readily support deeper ties at least in some geographically related sectors such as energy, nonenergy resource extraction, and transportation. During the 1980's this led to deeper maritime ties, especially between the Middle East, on the one hand, and the advanced Japanese and Korea economies on the other.

Since the collapse of the Soviet Union and the acceleration of Chinese and Indian growth during the early 1990's, overland ties across Eurasia have also grown progressively more intimate. Eurasian continentalism is being driven not only by underlying resource complementarities, but also by historical shifts in the locus of economic growth and resource demand within key nations, most conspicuously.

China- since 2009 the largest energy consumer in the world since 2009. For the first two decades following the advent of the Four Modernization in 1978, Chinese growth and energy demand were largely concentrated along the east coast of the People's Republic of China (PRC).

Over the past decade, however, new inland growth poles, such as Chengdu, Xian , Chongqing, and even Urumqi and Kashgar in Xinjiang Province have emerged, creating new overland access energy imperatives as well.

This growth, together with geopolitical aversion to dependence on sea lanes dominated by the US Navy, is motivating the PRC to seek international pipeline access across its overland borders to the west, south and north – intensifying pressures for Eurasian Continental interdependence still further.

The Central Geopolitical Position Russia

In the geography and geopolitics of Eurasian energy, there is simply no avoiding the central position of Russia. It is, after all, the largest nation on earth, stretching

across nine time zones, in the heart of Continental Eurasia. Russia borders on both large and growing energy consumers like China and also major energy producers, including Kazakhstan, Azerbaijan, and across the Caspian, also Iran and Iraq.

Russia is also a critically important transit country, especially for Central Asia producers, with whom it is intimately and indeed coercively linked by extensive Soviet-era pipelines. The dependence of Central Asia producers on Russia's pipeline network, and on broader Russian economic and geopolitical support, allowed Gazprom to sell Turkmen gas in Europe during 2008, for example , at nearly triple the wellhead price in Ashgabat. The vast bulk of the difference was accounted for by monopolistic Gazprom transit fees. Russia traditionally used the revenue generated by controlling Central Asian gas access to the world to cross-subsidize extremely low domestic gas prices within Russia , thus creating strong political - economic incentives in Moscow to preserve the status quo.

One important aspect of Russia's geographical positioning - of major consequence both for energy economics and for geopolitics - is its central location astride major, established European energy supply routes. Russia is also the dominant natural gas supplier to many Western European nation in its own right. Given Europe's traditional geopolitical importance in world affairs, and the concentration of major oil and gas fields in the former Soviet Union, has a strong domestic preoccupation with the geopolitics of energy in Europe. It has thus historically tended to neglect opportunities to influence Asia, even though it shares long borders and deep, rising complementarities of interest in the energy sphere, thus, geography creates an as yet unresolved dilemma: will Russia orient itself westward toward Europe, or turn eastward toward Asia? At the same time, Russia's central geographical position also creates the basis and the rationale for Moscow's highly strategic use of energy as a diplomatic tool in dealing with both Europe and Asia. Due to Russia's geographical location and its traditional international standing , that sprawling nation is more central to the global geopolitics of energy than any of its Eurasian partners.

Russia also possesses almost a quarter of world proven natural gas reserves, concentrated in the Arctic and Siberia. And the Russian Federation is the one energy exporter that is also a member of the G8. In a post Cold War world where it has lost much of its former political -military clout, Moscow is relying increasingly on its centrality in the world of energy, to sustain a major role in international affairs.

China : Consumer Catalyst for Eurasian Energy

China's energy China's energy circumstances are at once simple and fateful in three major aspects: 1) China is the most populous nation in the world, with well over 1.3 billion people. 2) Its per - capita consumption of energy, and most other resources are well, remain extremely low-less than one-third of Russian and less than one-fifth of comparable American levels. 3) China's per capita energy consumption, amplified massively at the national level by its huge population, is expanding rapidly as its people grow more affluent. And that per capita usage, fueled by raising automobile and consumer appliance ownership, as well as China's growing, energy-intensive industrial base, will like continue to rise. China's energy consumption from 2007 to 2035 is expected by the U.S. Department of Energy to increase at an average rate of 3.1% annually. And unintended consequences of this sort may subtly contribute to the building of transcontinental Eurasian energy relationships, since well over half of the distance from the Caspian Sea and the Persian Gulf to Beijing and Shanghai lies within Chinese borders.

China's economic centrality in Asia—and indeed globally—became clear following the global financial crisis of 2008. Beijing's massive stimulus package in response to the crisis, and the symbolically important Beijing Olympics both took place in the same year. Yet Chinese policy making curiously failed to exploit China's centrality within Eurasia until the advent of Xi Jinping's administration in 2013.

Jiang Zemin had, of course, begun actively promoting Western development within China itself during the late 1990s. And Hu Jintao included major southern and western China infrastructure projects in his mammoth stimulus plan of 2008. Yet Chinese policy makers did not clearly exploit the enormous latent potential of Eurasian continentalism to leverage China's regional and global roles until Xi Jinping. When China finally did unveil its continentalist policies, as will be seen, they proved to be the most detailed and substantive of any Eurasian nation.

Backed by Chinese economic firepower and the creation of new multilateral institutions at Chinese initiative such as the Asian Infrastructure Investment Bank, those policies showed prospect of having a major impact on the economic development of the continent. They provided a general vision of new roads, railways,

power grids, pipelines, and other needed infrastructure.

That vision invited broad international cooperation, but under circumstances where China could serve as a strategic catalyst and a beneficiary, in both economic and geopolitical terms. President Xi unveiled his continentalist policies, popularly known as “One Belt, One Road” (OBOR) during the fall of 2013, with two important and related speeches half a continent apart, in Kazakhstan and Indonesia.

New Eurasia (Russia and China)

Historic changes in transport, finance, and industry over the past two decades have created a natural space for steadily deepening Sino-European relations, especially in Central and Eastern Europe, grounded in historical networks from Cold War days. Meanwhile, new transit routes across and around Eurasia, between China and Europe, are growing more numerous, more cost-efficient, and easier to use. They are amplifying political-economic supports for deepening Sino-European interdependence, and provoking the gradual emergence of an increasingly integrated Eurasian continent.

Rapidly developing new transport options are just as rapidly drawing Europe and China closer together and are synergistic with financial, industrial, and e-commerce complementarities. Structural transformations of early post-Cold War days in Europe, newly including the expansion of NATO and the birth of the Euro, intensify serious, fundamental strategic tensions between Russia and much of Europe. Deepening American provincialism under Donald Trump, together with differences over security and environmental matters, are complicating Europe’s traditionally central trans-Atlantic ties.

Europe’s relations with China are not without shadows, especially for the northwestern side of the continent, which is growing less rapidly and remains more challenged industrially by China than Europe’s south and east. On trade, steel is a flashpoint, between Europe and China, with high-tech sectors a rising competitive concern. Demands for both trade and investment reciprocity are rising, as Chinese global competitiveness steadily rises. Yet unanimity rules within the European Union inhibit a coherent EU policy response, despite the marked European frustrations with the status quo.

For much of Europe, especially Germany, the Mediterranean, and former socialist states in the East, China looms as an attractive partner, despite some long-term misgivings. Deepening Sino-European ties across Eurasia, in turn, give the continent the sheer mass and integrity in global geo-economic terms that Mackinder foresaw a century ago. Sino-European reconnection leads both Eurasia and the world ever closer to a fateful new era - a broader, worldwide systemic transition point, a Crossover to a new structure of international affairs, raising the specter of historic transformations in global political-economic governance that remain as yet only dimly and vaguely understood.

Moscow is a natural, albeit junior, economic partner for a growing China—less than one-fifth its economic size—and an attractive strategic partner as well. Russia and China share a 2,200-mile border in the heart of Eurasia and have distinctly complementary resource endowments. China has provided the bulk of the increment in global energy demand for more than a decade, and for the foreseeable future will be the largest energy consumer in the world.

Russia conversely has a quarter of the world's conventional natural gas reserves and substantial amounts of oil and other raw materials. In 2016 and 2017 it was also China's largest oil supplier.

For most of the two centuries that Russia and China have been in close contact, the two Eurasian giants have, however, had delicate and often explicitly conflictual relations. There has been a quantum transformation, however, over the past decade.

The deepening Sino-Russian entente, in which China holds leverage, has had a series of dramatic manifestations since the Ukraine crisis erupted full-scale in early 2014. On the economic side, there has been the May 2014 Sino-Russian energy agreement and the May 2015 agreement to consolidate China's Silk Road Economic Belt and Russia's Eurasian Economic Union. In December, 2019 the massive Power of Siberia pipeline, linked Siberia with northeast China, was launched. The two countries are also engaging in increasingly elaborate and geopolitically meaningful joint exercises. Post-Ukraine political-economic developments within the Sino-Russian relationship, in combination, are thus bringing Russia and China closer together, and in more durable institutionalized ways, than at any time since the Sino-Soviet split of the late 1950s. Their deepening entente is a major dimension of Eurasia's nascent development of a New Continentalism. This development intensifies, in particular, the

insecurities of Taiwan, and the challenges of pariah states, while also providing China with greater access to central and eastern Europe.

In future years, such developments could well, have significant, global geo-economic and geopolitical implications.