



■ China's "pro-Russia" neutrality and its implications for relations with the European Union

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The reaction of the People's Republic of China to Russia's aggression against Ukraine has revealed the existence of a strong Sino-Russian alliance extending significantly beyond the present conflict in the east. Both states see the United States as their main rival in the international arena and are united by the narrative of the need to revise the liberal world order dominated by the US and the Western world. However, Russia's founderings in Ukraine, the united front of the West in the face of the invasion, and growing pressures on China from both Moscow and the EU, have put Beijing in an uncomfortable position, forcing it to relinquish its strategy of balance and apparent neutrality. What the Chinese authorities will do next with regard to the war in Ukraine and its alliance with Russia will not be without impact on EU-China relations. Europe can be expected to modify its approach to Chinese relations by strengthening its own resilience and competitiveness, ensuring further diversification, and stepping up its involvement in the Indo-Pacific region.

A "no-limits" Sino-Russian friendship

Even as late as January 2022, on the occasion of the 30th anniversary of establishing diplomatic relations between the People's Republic of China (PRC) and Ukraine, President Xi Jinping spoke of "deepening mutual political trust" and offered President Volodymyr Zelensky a chance to further expand extensive cooperation within the framework of the China-Ukraine Strategic Partnership ([FMPRC 2022](#)). However, such commitments soon turned out to be hollow. In a joint statement released after Xi's

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meeting with Vladimir Putin during the Beijing Olympics (February 4), the two states proclaimed a China-Russia friendship “with no limits and with no ‘forbidden’ areas of cooperation” ([CASI 2022](#)) and a commitment to coordinate their policies on strategic issues and security. Their Beijing meeting appears to have marked the moment in which Russia gained China’s backing for its aggression against Ukraine twenty days later, as was confirmed by the subsequent reaction of the Chinese authorities.

Although one may wonder whether to give credence to commentators’ suggestions that Putin “played” Xi, which were seemingly confirmed by the initial problems evacuating over 6,000 Chinese nationals from Ukraine amidst Russian’s escalating onslaught ([Stimson 2022](#)), it is difficult to imagine that no consultations on the matter took place during the Beijing meeting between the two leaders. According to *The New York Times*, the Chinese officials had “some level of direct knowledge” on Russia’s plans, and requested that Russia not invade Ukraine before the end of the Winter Olympics in Beijing ([New York Times 2022](#)).

China's reaction to the invasion: “pro-Russia neutrality”

The narrative adopted by the Chinese authorities in response to Russia’s attack on Ukraine suggested Beijing took a position that could best be described as “pro-Russia neutrality” ([Handelsblatt 2022](#)). China’s stance essentially boiled down to accepting Russia’s policy even if it did so indirectly and in a manner obscured by publishing numerous contradictory messages.

One reason China avoided siding with Russia directly on its war with Ukraine was the constraints that came with its long-standing foreign-policy principle of non-interference in the internal affairs of another country (the Chinese authorities have invoked this principle in their response to US and European criticism of its actions in Xinjiang and Hong Kong). The rhetorical gymnastics of Chinese diplomats were a balancing act intended to avoid denouncing Russia’s aggression towards Ukraine and supporting it directly. A case in point is China’s abstention from the vote on the UN General Assembly resolution that condemned the Russian attack on Ukraine (March 2).

The Chinese narrative rested on the three main premises of not referring to Russia’s actions as “war” or “invasion”; showing an understanding for Russia’s security “concerns” and blaming the United States and NATO for escalating the row over the Ukraine conflict; recognizing the right of every state - including Ukraine - to sovereignty and territorial integrity. Such contradictions appeared in the speech of Chinese Foreign Minister Wang Yi even during the 58th Munich Security Conference, four days ahead of the Russian attack (February 20); and Yi’s telephone conversations with EU leaders to a similar effect in direct reaction to the commencement of hostilities by Russia (February 25). An additional message in China’s officials’ subsequent communications (made not only by Wang Yi, but also by Prime Minister Li Keqiang and Permanent Representative of the PRC to the UN Chen Xu) emphasized that China supports all efforts to resolve the conflict peacefully and calls for de-escalation while

stressing “the historical complexity” of Ukraine’s situation and the fact that the PRC “makes its own judgments” ([FMPRC 2022](#)).

As Russian military advances in Ukraine ground to a halt and the West came together on sanctions against Russia, China altered its narrative in a number of ways. Ever more prominent was a tone of concern with the developments. China made it known it was “unhappy with the current state of affairs” ([Handelsblatt 2022](#)), while intensifying calls for de-escalation. In a telephone conversation with the Ukrainian Minister of Foreign Affairs Dmytro Kuleba (on March 1), Wang Yi offered assurances (according to Ukraine) that “China was prepared to spare no effort to end the war in Ukraine by diplomatic means”. This was also the first time that Yi used the term “warfare” and stated that China was “highly concerned” about harm to civilians. Despite apparently embracing Ukraine’s position, Wang Yi continued to call on Ukraine to abandon its plans to join NATO because “regional security cannot be achieved by expanding military blocs” ([FMPRC 2022](#)). A few days later, he even claimed that the friendship between China and Russia was “rock-solid” and that no matter how uncertain and demanding the international situation may be, both countries would maintain their strategic cooperation, and keep their relations “free from interference” by third countries ([FMPRC 2022](#)).

Although as a result of restrictions on media pluralism imposed by the Chinese authorities, one can hardly speak of an open public debate in China, it is worth noting certain differences in the views of the Chinese elite regarding the war in Ukraine. The prevailing pro-Russian narrative made a clear attempt to shift responsibility for the war to the United States, whose aspirations to steadily expand NATO eastwards and persuade Ukraine to adopt a pro-Western policy allegedly “left Russia with no other choice but to adopt more drastic response measures.” Another parallel trend was more moderate, although criticism against Putin’s actions and calls on the PRC to distance itself from Russia were suppressed by the authorities. A case in point is the promptly censored open letter of five professors from renowned Chinese universities (February 26) expressing their strong opposition to Russia’s war on Ukraine, questioning Russia justifications of its invasion and supporting the Ukrainian nation’s effort to defend their country ([MERICS 2022](#)).

China as Russia’s lifeline amidst Western sanctions?

The lack of opposition to the Russian invasion of Ukraine on the part of the Chinese authorities raises the question of what Beijing’s reaction is going to be to the Western sanctions. There never have been misgivings that China would decline to join the sanctions imposed on Russia. In addition, China has ample capabilities to support Russia as its key economic partner. The PRC accounts for 25% of Russia’s imports and nearly 50% of its exports. However, in its bilateral economic relations, Moscow is a mere junior partner given that China’s GDP is about 10 times greater than that of Russia.

In response to the proclamation of sanctions by the West, Beijing announced it would continue its normal trade relations with Russia and warned against the imposition of

secondary sanctions that would affect China. As early as February 2022, China lifted restrictions on the imports of food and agricultural products from Russia, although this move resulted from prior decisions. Cooperation with China was to become Russia's lifeline, especially after the freezing of the foreign currency reserves held by Russia's central bank (around 13% of which were held in Chinese yuan). Moreover, after being excluded from the SWIFT system, Russian banks could turn to China and use the Chinese-currency-based CIPS system as an alternative. The two countries' energy cooperation was also significant: after the launch of the Power of Siberia gas pipeline in 2019, whose construction was agreed within months of the EU's imposition of sanctions on Russia for the annexation of Crimea in 2014, Russian gas imports to China rose by 50% by 2021. The construction of a second leg of the pipeline is now being prepared. Russia is also China's second largest source of coal imports.

However, economic cooperation with China seems insufficient to offset the impact of the sanctions imposed on Russia. Experts believe that closer trade relations with China could "help" Russia, but would fall short of "fully offsetting" the consequences of Russia's growing isolation by the West ([Handelsblatt 2022](#)). Meanwhile, maintaining access to the yuan reserves would "clearly not be enough" since the yuan is not a convertible currency and accounts for only about 2% of global transactions ([Politico 2022](#)). For the same reasons, the CIPS system cannot serve as a full-fledged alternative to SWIFT for Russian banks. The Chinese system processes ca. 11000 transactions per day, while SWIFT accounts for approx. 40 million per day ([Washington Post 2022](#)). In addition, a possible EU ban on Russian gas imports could not be offset by a pivot towards China, at least not in the short term. For instance, in 2020, around 83% of Gazprom's gas supplies landed in Europe ([Asia Times 2022](#)).

Beijing sees Russia's Western-sanction-driven pivot to China as an opportunity to boost its economy while making Russia economically dependent on cooperation with the PRC. However, a substantial bailout of Russia would isolate China internationally given the united front of developed economies that have banded together to impose sanctions on Russia (apart from the EU and the USA, sanctions were also imposed by the UK, South Korea, Japan, and Singapore). In the long term, Beijing officials must also consider the consequences of a possible disruption of economic relations with the EU, which are vital for China's further development in such key sectors as automotive and new technology.

Implications for EU-China Relations

The EU has indicated that it saw China as a potential mediator and that China's capabilities could be used to influence Moscow. In this vein, in an interview with Wang Yi, High Representative of the European Union for Foreign Affairs and Security Policy Josep Borrell said that Chinese support for dialogue and cessation of hostilities "could be helpful" ([EEAS 2022](#)). Similar proposals were made in talks between Olaf Scholz and Emmanuel Macron with Xi Jinping (8 March), although the Chinese leader nevertheless refrained from making any commitments to engage China in any negotiations or de-escalation efforts. Nevertheless, Xi Jinping noted that the sanctions

would affect global finance, energy, transportation and stability of supply chains, which is “in the interest of no one” ([Politico 2022](#)).

The position taken thus far by the Chinese authorities has made it impossible for China to assume the role of a mediator in the Russian-Ukrainian war, at least not in the way that Europe imagines. If Beijing chooses to lean on Moscow to de-escalate hostilities or put an end to the conflict entirely, it will do so solely in China’s interest making sure no such move can be interpreted as China’s siding with the Western world. Taking the side of the West would be contrary to one of Xi Jinping’s central foreign policy tenets, which is for China to compete against the United States and strive to revise the US-dominated international order (that principle also being the strongest bond in the present Sino-Russian alliance). China is continuing to seek to erode the EU-US alliance also in the context of the war in Ukraine. As Minister Wang Yi put it, “China and Europe are two major forces for world peace, two big markets for common development and two great civilizations for human progress. [...] We will continue to support the independence of Europe and a united and prosperous EU” ([FMPRC 2022](#)). Chinese politicians’ pledges to support Europe’s independence and its efforts to achieve strategic autonomy should be viewed as wishful thinking to see Europe decouple from the United States, which, they argue, has set its sights on building a two-bloc system and starting a new Cold War that will pit the West against China (and Russia).

What the Chinese authorities do next regarding the war in Ukraine will not be without impact on EU-China relations. The growing pressure from both Russia and the EU puts Beijing in an uncomfortable position, forcing it to forgo its strategy of balance and apparent neutrality. Accepting Russia’s requests for military support for its invasion of Ukraine would be tantamount to explicitly siding with the aggressor and putting China on a collision course with the countries of Europe and the US. None of this would be in China’s best interest as EU relations are essential for its economy. To quote Wang Yi, “China views its relations with Europe from a strategic, long-term perspective. China’s policy toward Europe [...] will not be affected by any turn of events” ([FMPRC 2022](#)). On the other hand, Beijing’s prior record makes it difficult to expect a positive response to calls from Western countries to expressly condemn Putin’s policy.

Regardless of the course the PRC takes going forward, the EU can be expected to change the way it views its partnership with China. The last two components of the triple term “partnership - competition - systemic rivalry”, which define the EU’s current policy towards China in line with the 2019 strategy document, will become even more important. The change will concern a number of areas: 1) resilience, i.e. further development of instruments to protect Europe’s interests in the face of economic competition with China; 2) diversification to reduce economic dependence on China, which in the context of current conflicts with Russia should be recognized as a security threat; 3) engagement in the Indo-Pacific, a region of key importance for both the US and China, especially with respect to Taiwan.

1. In strengthening resilience, the EU can be expected to either maintain or accelerate the development of instruments to protect its competitiveness,

including investment screening, access to public procurement, intellectual property protection, a ban on forced labor import, and respect for human rights and the environment in global value chain due diligence. China's cooperation with Russia may also force the EU to control more strictly Huawei's access to Europe's 5G markets and China's (non-economic) propaganda and espionage in EU countries. Another way for the EU to strengthen its global competitiveness vis-à-vis China will be the Global Gateway initiative envisioned as the EU's response to China's RDI.

2. The war in Ukraine and the EU's sanctions has thrown into sharp relief serious problems resulting from the economic dependence of European states on Russia, which had been growing for years, especially in the energy market. Against this background, Europe needs to learn its lessons, also with respect to China relations, and reflect on its economic dependence on China and options to prevent it. Debates on this subject have been stepped up in Germany, which is China's largest economic partner in Europe, and for which China has been the world's biggest trading partner since 2016. The German authorities' growing realization of the related threats to German and European interests has been reflected in the statements of its officials, one of whom said: "Today it's Russia. Tomorrow it could be China" and that it is crucial to say goodbye to the current "naïve" model ([GMF 2022](#)). According to Parliamentary State Secretary in the Federal Ministry for Economic Affairs and Climate Action Franziska Bratner (Alliance '90/The Greens), the current challenge for Germany is to be more "able to act" and "get more diversification in imports and exports from China" ([Politico 2022](#)). According to the authors of the Kiel Institute for the World Economy report on German-Chinese economic ties, published prior to the Russian attack on Ukraine, the strategy of maximizing profits on the Chinese market pursued by German companies, especially in the automotive industry, has led to dependencies that may now "become a problem" for West Germany. This has helped China "gain a more powerful negotiating position in the geopolitical competition" ([IfW 2022](#)). The way out of this quandary and the way to achieve greater diversification is to combine state aid for companies investing in other markets or transferring their activities to such markets from China with the tightening of restrictions on technology transfers to the PRC and better control of research and development cooperation to avoid know-how and intellectual property acquisitions by Chinese companies.
3. The Western world's reaction to the Russian invasion of Ukraine was to provide China with a litmus test showing how its plans towards Taiwan could be realized. Chinese commentaries included calls for Beijing to learn from the war and follow the Russian example to resolve its Taiwan and South China Sea disputes. From the Chinese perspective, the aggression against Ukraine will slow the US's strategic pivot from Europe to the Indo-Pacific region, which means that "the geopolitical balance would again tilt in China's favor" ([MERICS 2022](#)). Although China is unlikely to mount a direct attack on Taiwan any time soon (also due to

the unity the West has shown in response to Putin's actions), the wider Indo-Pacific region will certainly see growing tensions and competition between China on one hand and the US and the EU on the other. Europe's growing interest in this region has been evidenced by the September 2021 publication of the EU Strategy for Cooperation in the Indo-Pacific and the Forum organized by the French Presidency of the Council of the EU (22 February) attended by ministers of foreign affairs of 27 EU member states and 30 states from the Indo-Pacific region. The EU seeks to broaden and strengthen a network of democratic allies in that part of the world. The cooperation is to focus on protecting the freedom of navigation, developing bilateral security partnerships, expanding the presence of European naval forces and holding joint exercises in the region; the economic front focus would be to carry out projects as part of the Global Gateway. It is difficult not to deem such an EU strategy as a response to China's growing expansion in the South China Sea and the entire Indo-Pacific region.

Conclusions

Despite the varied and often contradictory narrative promulgated by the Chinese authorities in response to Russia's invasion of Ukraine, it should be noted that declarations of support and understanding of Russian security concerns and the pinning of responsibility for the outbreak of the war on NATO and the US make clear how important an ally Russia really is for Beijing. However, such a response undermines China's pledges of neutrality and support for the sovereignty of all countries. The course of the war and the reaction to it on the part of Western countries have run counter to China's interests. This has been evidenced by the gradual easing of Beijing's narrative as the events unfolded. The cost to Russia and the unity shown by the West's response will also delay any radical measures against Taiwan on the part of China.

What remains unclear are the consequences of China maintaining such a stance as the war continues in the event that Russia aggravates the situation or if the conflict drags on, either of which would increase the harm China's economy and mar its image. For this reason, the Chinese authorities kept its options open by abstaining from the vote on the UN General Assembly resolution (rather than voting against it) and refraining from explicitly backing Putin's policy or providing it with military support in its war. Moreover, such reactions testify to Beijing's calculations, in which an important role is played by its economic ties and cooperation with Europe.

Without a doubt, China will make its assessments and choose its actions solely on the basis of its own interests rather than out of its willingness to stand on either side of the conflict. Further pressure from European states and the US may compel Beijing to adopt a more confrontational course and support Russia directly. It therefore appears advisable to use China's indecision and reluctance to imperil its EU relations and precipitate the emergence of opposition blocs in the global balance of power prompting the West to view the PRC and Russia as a hostile authoritarian alliance. From the European perspective, it would be prudent to keep channels of communication with Beijing open and keep close tabs on any changes in China's balance of



benefits and losses associated with support for Russia. The next EU-China summit, scheduled for April 1, 2022, will provide a good opportunity to do this. It is also key that the EU learn its lessons from the present circumstances also in terms of its Chinese relations making sure they can be used to increase the EU's resilience, potential and competitiveness while reducing its economic dependence on the PRC.

The statements expressed herein reflect solely the opinions of its author.

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