

Russia's Invasion of Ukraine

Cementing US Global Preeminence

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Abstract

This article argues that contrary to some scholars' opinions, the Russian invasion of Ukraine has helped to cement the United States' preeminent position in global affairs. Through the provision of large-scale military aid and assistance to Ukraine, Washington and its allies have weakened Russian military and economic capabilities, reducing Moscow's role as a great power. A weakened Russia may also strain China's economic ties with Moscow, as China's own economic growth slows. Additionally, Beijing's closer cooperation with Russia exposes Chinese enterprises to secondary sanctions and risks antagonizing European states, reducing China–Europe trade and economic cooperation, as well as technology transfers. This could impede China's great-power potential and its ability to challenge US hegemony in the Indo-Pacific and globally.

The 2022 Russian invasion of Ukraine has sparked discussions and debates within the strategic and academic communities regarding its potential impact on US and Chinese global power dynamics. Some commentators suggest that the United States will be bogged down in the conflict, diverting its attention from the Indo-Pacific and weakening its ability to constrain China.¹ They argue that the United States is already overstretched, and its defense strategy lags behind its foreign policy objectives.² Furthermore, deep involvement in the conflict could take a toll on US material power.³ Conversely, others speculate that the conflict will strain the trans-Atlantic alliance, creating differences between major European states, such as Germany and Italy, and the United States, which

¹ Xiangwei Wang, "Ukraine-Russia crisis: China benefits if the US pivots back to Europe, but it won't want full-blown war – and would rather Taiwan doesn't get mentioned," *South China Morning Post*, 26 February 2022, <https://www.scmp.com/>; Stephen M. Walt, "How U.S. Grand Strategy Is Changed by Ukraine," *Foreign Policy*, 22 September 2022, <https://foreignpolicy.com/>; and "Ukraine: Will tensions with Russia dilute the US focus on Indo-Pacific, China?," *Hindustan Times*, 31 January 2022, <https://www.hindustantimes.com/>.

² Hal Brands, "The Overstretched Superpower: Does America Have More Rivals Than It Can Handle?," *Foreign Affairs*, 18 January 2022, <https://www.foreignaffairs.com/>.

³ Reid Standish, "How has the Ukraine war changed the Chinese-Russian partnership?," *Radio Free Europe Radio Liberty*, 24 March 2022, <https://www.rferl.org/>.

could potentially benefit China.⁴ However, the complex and evolving nature of the conflict makes it difficult to predict its full impact on global affairs.

According to some analysts Washington will now face the challenge of jointly confronting both Beijing and Moscow, as the China–Russia partnership aims to undermine the US-led liberal world order and diminish US influence worldwide.⁵ This is expected to place a strain on US power. These experts predict that Western sanctions against Russia could push Moscow even closer to China, making it more reliant on Beijing. This, in turn, could strengthen the China–Russia alliance and give Beijing significant leverage to extract concessions from Moscow. The resulting geopolitical shifts could further complicate US foreign policy objectives, necessitating careful consideration of Washington’s response to these developments.⁶

Conversely, other experts argue that the Russian invasion of Ukraine could actually serve to restore US/Western primacy. The invasion has brought the trans-Atlantic alliance closer together, with the West recognizing the importance of combining hard power and liberal democratic values to counter the threat posed by authoritarian challengers such as China and Russia. As a result, the economic, military, and diplomatic capabilities of the United States and its allies are expected to far outstrip those of a more united Sino-Russian alliance.⁷ This may herald the reemergence of *Pax Americana*, by helping “to rebuild an international order that just recently looked to be headed for collapse.”⁸

This article argues that the Russian invasion of Ukraine presents an opportunity for the United States to cement and reaffirm its preeminent position in the international arena. The conflict is expected to significantly undermine Russian military and economic capabilities in the coming years, reducing its role as a great power. This is due, in part, to the ongoing provision of sophisticated weapon systems to Ukraine by Washington and its allies, as well as a comprehensive range of sanctions imposed against Moscow. China is likely to find it challenging to sustain Moscow economically, given China’s own declining economic growth, and a weakened Russia could become a significant burden for Beijing to manage.

⁴ Standish, “How has the Ukraine war changed the Chinese-Russian partnership?”

⁵ For a detailed discussion regarding Russia–China efforts to undermine the US-led liberal world order, see Elias Götz and Camille-Renaud Merlen, “Russia and the question of world order,” *European Politics and Society* 20, no. 2 (2019): 133–53.

⁶ Hal Brands, “The Eurasian Nightmare: Chinese-Russian Convergence and the Future of American Order,” *Foreign Affairs*, 25 February 2022, <https://www.foreignaffairs.com/>; and Alexander Gabuev, “China’s New Vassal: How the War in Ukraine Turned Moscow Into Beijing’s Junior Partner,” *Foreign Affairs*, 9 August 2022, <https://www.foreignaffairs.com/>.

⁷ Brands, “The Eurasian Nightmare.”

⁸ Michael Beckley and Hal Brands, “The Return of Pax Americana? Putin’s War Is Fortifying the Democratic Alliance,” *Foreign Affairs*, 14 March 2022, <https://www.foreignaffairs.com/>.

Furthermore, in the event that China extends active support to Russia and increases cooperation between the two countries, China may face significant challenges, such as the risk of further damaging its vital trade and economic relations with the US and its allies and becoming a target of secondary sanctions. Specifically, China's increased cooperation with Russia may antagonize Europe, which could result in reduced China–European Union (EU) trade and technology transfers, leading to a further decline in China's economic growth, great-power potential, and ability to challenge US hegemony in the Indo-Pacific and globally.

A Weakened Russia

In response to Russia's invasion, the United States and its allies have provided Kyiv with political and diplomatic support, humanitarian aid, military intelligence, as well as billions of dollars' worth of arms and ammunition to enable Ukraine to defend itself against Russian aggression.

Military Assistance to Ukraine

Since August 2021, the United States has been providing military assistance to Ukraine, with the thirty-third drawdown of USD 400 million of arms and equipment announced on 3 March 2023.⁹ According to the Kiel Institute for World Economy, under the Biden administration, the United States has provided more than USD 75 billion in economic, humanitarian, and military aid and assistance to Ukraine.¹⁰ This includes man-portable antitank missiles, air defense systems (including the Patriot missile defense system), unmanned aerial vehicles and helicopters, towed and self-propelled rocket and tube artillery, armored personnel carriers, as well as vast amounts of ammunition and other military equipment. According to US Secretary of Defense Lloyd Austin, the United States wants to see “Russia weakened to the degree that it can't do the kinds of things that it has done in invading Ukraine.”¹¹ Fifty US allies, including most NATO members—especially the United Kingdom, Germany, and Poland—have also provided significant military aid and economic assistance to Ukraine. In February 2023, 11 countries, including the United States, decided to provide main battle tanks to Ukraine. Germany and various other European countries have agreed to provide

⁹ Antony Blinken, “Additional U.S. Military Assistance for Ukraine,” US Department of State, 3 March 2023, <https://www.state.gov/>.

¹⁰ Jonathan Masters and Will Merrow, “How Much Aid Has the U.S. Sent Ukraine? Here Are Six Charts,” Council on Foreign Relations, 22 February 2023, <https://www.cfr.org/>.

¹¹ Matt Murphy, “Ukraine war: US wants to see a weakened Russia,” *BBC*, 25 April 2022, <https://www.bbc.com/>.

Leopard 2 tanks, the United Kingdom will provide Challenger 2 tanks, and the United States will provide Abrams tanks.¹² Washington and its allies have stated that they will continue to provide military assistance and intelligence to Kyiv to defend Ukraine, including increasing supplies of heavy weaponry and spare parts to defend Ukraine's territory and sovereignty.

The US and allied military assistance to Kyiv has vitally strengthened Ukrainian resistance against the Russian invasion. Consequently, Moscow has been compelled to revise and scale back its military and political objectives from conquering and controlling all of Ukraine and deposing President Volodymyr Zelenskyy and his government to "liberating" or capturing the Donbas region in eastern Ukraine and establishing a land corridor to Russian-occupied Crimea in southern Ukraine. Reports indicate that the protracted war has caused significant losses to Russia in terms of manpower, material power, and low morale among Russian troops.¹³ Consequently, in September 2022, Russia was forced to partially mobilize 300,000 troops to offset its losses, bolster its defenses, and prevent the loss of occupied Ukrainian territory due to Ukrainian counteroffensives, and continue its invasion of Ukraine. According to UK intelligence estimates, Russia has suffered 175,000–200,000 casualties, including 40,000–60,000 deaths. The US estimates more than 30,000 mercenaries from the Wagner Group have also been killed or wounded since the beginning of the Russian invasion.¹⁴ These significant Russian losses of men and matériel have raised doubts whether Moscow can sustain an offensive in Ukraine for a long period of time.¹⁵

Military experts generally agree that Russia is facing a protracted struggle in Ukraine, particularly in the Donbas region, and that the war is likely to result in a stalemate or a "frozen" conflict. Even Russian president Vladimir Putin has acknowledged that Russia is embroiled in a long-term war. He stated, "As for the duration of the special military operation, well, of course this can be a long process."¹⁶ Russia has expressed a willingness to engage in talks to end the invasion but is not willing to withdraw from the territories it has captured in Ukraine

¹² David Brown, Jake Horton, and Tural Ahmedzade, "Ukraine weapons: What tanks and other equipment are the world giving?" *BBC*, 22 February 2023, <https://www.bbc.com/>. Ukraine believes that western tanks and other advanced western weapons can help Ukraine seize territory back from Russia and win the war.

¹³ Liam Collins, "Russian troops' poor performance and low morale may worsen during a winter of more discontent," *The Conversation*, 7 December 2022, <https://theconversation.com/>.

¹⁴ Phelan Chatterjee, "Ukraine War: Over 30,000 Wagner fighters injured or killed in Ukraine, says US," *BBC*, 18 February 2023, <https://www.bbc.com/>.

¹⁵ James Fitzgerald, "Chances of war ending this year pretty slim," *BBC*, 15 February 2023, <https://www.bbc.com/>.

¹⁶ John Psaropoulos, "Russia and Ukraine enter grim winter campaign as war losses mount," *Aljazeera*, 8 December 2022, <https://www.aljazeera.com/>.

or to formally renounce any of its maximalist war aims. Ukraine considers compromising on territory to be a red line, suggesting that the war will be protracted.¹⁷ Even if Russia were to achieve military victory, Ukrainians would likely resort to guerrilla tactics, resulting in a costly insurgency for Russia. Furthermore, analysts agree that a prolonged military conflict in Ukraine would have a detrimental impact on Russia's economy and significantly diminish its future military capabilities, owing to competing domestic pressures and priorities.

The Impact of Sanctions on Russia's Material Capabilities

Since Moscow's illegal annexation of Crimea in 2014, Russia has been the subject of Western sanctions. However, after Russia's full-scale invasion of Ukraine, the United States and dozens of other countries, including the United Kingdom and the EU, swiftly and substantially increased the scope of sanctions against Moscow, demonstrating their determination to counter Putin's expansionist policies. The US and its allies have imposed more than 11,000 new restrictions on companies, individuals, technologies and products from Russia.¹⁸ According to French Finance Minister Bruno Le Maire, the objective of the sanctions is to "cause the collapse of the Russian economy."¹⁹

Russia's economy has been targeted through various means, including financial sanctions, restrictions on imports of specific goods and services, bans on technology transfers, prohibitions against Russian investments in certain countries, as well as other restrictive measures. The financial sanctions imposed by the United States, the United Kingdom, the European Union, and other countries involve a partial asset freeze of Russia's central bank reserves and the exclusion of most of Russia's major banks from the global payment transfer network SWIFT, which was previously used for 70 percent of money transfers in Russia. The United States and its allies have also imposed direct sanctions on crucial Russian state-owned enterprises (SOE), prominent oligarchs, and nearly all members of Putin's inner circle, totaling approximately 2,600 individuals. In addition, these sanctions are restricting Russia's access to vital technologies, such as those utilized in the civil

¹⁷ Paul Kirby, "Ukraine war: Russia demands annexations recognised before talks," *BBC*, 2 December 2022, <https://www.bbc.com/>.

¹⁸ "Russia Sanctions Dashboard," *Castellum.AI*, 24 February 2023, <https://www.castellum.ai/>.

¹⁹ Elliot Smith, "The West is trying to destroy Russia's economy. And analysts think it could succeed," *CNBC*, 3 March 2022, <https://www.cnbc.com/>.

aviation sector, and preventing Russian flights from entering European and North American airspace.²⁰

Russia's crucial oil and gas exports have also been severely impacted by the sanctions. The United States banned Russian hydrocarbon imports, resulting in Russian oil being sold at a heavily discounted price of USD 20–33 per barrel.²¹ The EU has stopped importing coal and sea-borne oil from Russia. Germany completely banned the import of oil from Russia in late 2022. All these measures imply that supply of oil from Russia to the EU could decline by 90 percent in 2023 relative to 2022. In February 2023, the EU introduced an embargo on the import of petroleum products from Russia with Russia's share in the European market expected to fall to its lowest levels in history. The EU also significantly reduced the imports of gas from Russia with Germany becoming completely independent of Russian gas imports.²² The EU hopes to completely end its reliance on Russian energy before 2030. Similarly, the United Kingdom ended import of oil and oil products from Russia by the end of 2022. It imported no oil, gas and coal from Russia in January 2023 and also initiated a ban on the import of gas from Russia in January 2023.²³ Germany has suspended the approval of Russia's Nord Stream 2 gas pipeline, thus depriving Moscow of a significant source of export income in the short to medium term.²⁴ Additionally, Russia has halted the delivery of pipeline gas to Europe, once again using gas as a tool of economic statecraft against Europe.²⁵ In 2021, oil and gas exports accounted for approximately 40 percent of Russia's budget revenue and half of its exports.²⁶

On 5 December 2022, the EU implemented a ban on the import of Russian crude oil by sea, and on the same day, the G7 and EU set a worldwide price cap of USD 60 per barrel of oil exported by Russia. The oil price cap is intended to

²⁰ "What are the sanctions on Russia and are they hurting its economy?," *BBC*, 30 September 2022, <https://www.bbc.com/>; and Maria Snegovaya, Tina Dolbaia, Nick Fenton and Max Bergmann, "Russia Sanctions at One Year: Learning from the Cases of South Africa and Iran," CSIS, 23 February 2023, <https://www.csis.org/>.

²¹ Shruti Menon, "Ukraine crisis: Who is buying Russian oil and gas?," *BBC*, 8 December 2022, <https://www.bbc.com/>.

²² Szymon Kardaś, "Conscious uncoupling: Europeans' Russian gas challenge in 2023," European Council on Foreign Relations, 13 February 2023, <https://ecfr.eu/>.

²³ Paul Bolton, "Imports of fossil fuels from Russia," House of Commons Library, 13 March 2023, <https://commonslibrary.parliament.uk/>.

²⁴ On 26 September 2022, unknown saboteurs severely damaged the pipeline. Investigations into the attack on ongoing.

²⁵ Nord 1 and Nord 2 pipelines were blown up in an act of sabotage. Rob Picheta, "Gas is pouring out of the Nord Stream pipelines. Here's what you need to know," *CNN*, 28 September 2022, <https://edition.cnn.com/>.

²⁶ "Putin may collect \$321 billion windfall if oil and gas keep flowing," *Bloomberg*, 1 April 2022, <https://www.bloomberg.com/>.

prevent Russia from profiting from oil exports and funding its war of aggression. In December 2022, the United States and its allies announced that they will deny insurance to tankers delivering oil to countries that do not comply with the price cap, making it extremely difficult for Russia to sell above the cap. The price cap aims to reduce Russia's revenue and pressure its strained budget.²⁷ Russia's plans to redirect oil exports from Europe to Asia is cumbersome, time-consuming, and more costly, leading to reduced revenue and profits.²⁸ Washington and its allies have announced that further escalation of sanctions is still a possibility.

Putin is reportedly furious about the large-scale provision of weapons by the United States and its allies to Ukraine, as well as the extent of the sanctions imposed on Russia. He was also apparently shocked by the degree of coordination among different countries. Although the Russian economy contracted by only 2.2 percent in 2022, according to the International Monetary Fund, inflation remains high at around 12 percent, and the ruble has only stabilized at 60 per USD (below the pre-invasion level of 75 per USD). The macroeconomic data conceals the true extent of the damage to the Russian economy, which has suffered severe damage in sectors such as manufacturing, automobiles, transport and others.²⁹ Consumer demand and incomes have fallen, the budget deficit is expected to rise, the ruble has been isolated internationally, and a banking crisis is looming.³⁰ The high interest rates imposed by Russia's central bank to stabilize the ruble are expected to further reduce economic growth by affecting money supply, and business and investment activity in Russia. Furthermore, many of Russia's most productive workers are now emigrating to escape economic hardship and escalating repression at home.

Even if a peace deal is reached with Ukraine, it is unlikely to result in the lifting of all the sanctions against Russia unless it includes the restitution of all internationally recognized Ukrainian territories to Kyiv's control, which is an unlikely prospect. As a result, Russia's economy is projected to suffer severely due to its economic, technological, and financial isolation. This in turn, could lead to long-term stagnation and the potential loss of its status as one of the world's major

²⁷ "Ukraine war: Price cap on Russian oil will hit Putin immediately – US," *BBC*, 3 December 2022, <https://www.bbc.com/>.

²⁸ Menon, "Ukraine crisis."

²⁹ Paddy Hirsh, "Why sanctions against Russia aren't working — yet," *NPR*, 6 December 2022, <https://www.npr.org/>; and Sergey Aleksashenko, "Russia after a year of sanctions," *Aljazeera*, 28 February 2023, <https://www.aljazeera.com/>.

³⁰ For a more detailed analysis, see Vladimir Milov, "Beyond the Headlines: The Real Impact of Western Sanctions on Russia," *Wilfried Martens Centre for European Studies*, 16 November 2022, <https://www.martenscentre.eu/>.

economies.³¹ Some experts warn that Russia may face economic turmoil similar to that of the 1990s, resulting in lasting economic depression and a disintegration of its modern and outward-looking sectors.³²

The sanctions will have a significant impact on Russia's military and defense industry. It will become increasingly difficult for Moscow to replenish spare parts for tanks, planes, guided missiles and other resources expended in the invasion that rely on high-technology imports from the United States and its allies.³³ The ban on semiconductor exports by Taiwan Semiconductor Manufacturing Company will also complicate Russia's operation of various advanced weapon systems. Additionally, most of the sophisticated computer chips used in these systems rely on US-patented technology, which is covered by the current embargos. As a result, Russia will struggle to keep pace with technological developments in the United States and China.

China's Economic Challenges

Russia may require substantial economic and military assistance in the future due to its weakened state. To strengthen Moscow, Beijing may need to offer significant economic aid and support, but this will be a challenging task. China's economic growth has been slowing over the past decade, and the COVID-19 pandemic has only worsened that trend. In addition, China faces fundamental structural and institutional issues in its economy, and President Xi Jinping's adherence to Marxist–Leninist ideology could further complicate matters. Beijing's authoritarian response to the pandemic is expected to result in a significant shortfall in economic growth targets for FY2022 and FY2023.³⁴ Additionally, China's aging population and demographic challenges are expected to have negative consequences for the country's future economic growth and overall national power.³⁵

While Xi has set the goal of doubling China's GDP per capita from USD 10,000 to USD 20,000 in 15 years as part of his "Vision 2035," China's economy is projected to experience a significant slowdown by 2030, with growth rates po-

³¹ Konstantin Sonin, "Russia's Road to Economic Ruin: The Long-Term Costs of the Ukraine War Will Be Staggering," *Foreign Affairs*, 15 November 2022, <https://www.foreignaffairs.com/>.

³² "Ukraine's war: the economic impacts," *Institut Montaigne*, 29 March 2022, <https://www.institutmontaigne.org/>.

³³ "Fact Sheet: United States, G7 and EU impose severe and immediate costs on Russia," The White House, 6 April 2022, <https://www.whitehouse.gov/>.

³⁴ "China Considers GDP Target of About 5% in Pro-Growth Shift," *Bloomberg*, 7 December 2022, <https://www.bloomberg.com/>.

³⁵ Thomas Fingar and Jean C. Oi, eds. *Fateful Decisions: Choices That Will Shape China's Future* (Stanford, CA: Stanford University Press, 2020).

tentially falling below three percent per annum.³⁶ Even before the COVID-19 pandemic, China's economic growth had already decelerated from double-digit annual rates in the first decade of this century to an average of around 6.5 percent during 2015–2019. In 2019, China's economy expanded at its slowest pace in the past 30 years, with reasons extending beyond the US–China trade war, such as low industrial productivity, high levels of corporate and provincial debt, overinvestment in the real estate and infrastructure sectors (leading to a crisis in the realty sector), and high savings rates alongside low consumer spending as a proportion of GDP.³⁷ Hence, China's economic slowdown has deep, structural, and long-term roots that have been building up over time. Addressing these challenges and obstacles will require a comprehensive approach.³⁸

However, restructuring the economy is extremely challenging due to deeply embedded political, cultural, financial, and business practices and institutions that have been created over more than three decades of double-digit growth rates and economic success. These practices and institutions favor the continuance of the existing model, which poses a significant political and institutional challenge to any reversal. Furthermore, shifting the growth engine from investment and export-led expansion to domestic consumption has not been successful and is expected to result in lower economic growth rates of 2–3 percent annually. As a result, the Chinese Communist Party (CCP) finds itself trapped by its own policies.³⁹

Since the 2007–2008 global financial crisis, and especially under Xi's leadership, China has moved away from Deng Xiaoping's long-standing policy of economic reform and liberalization. Xi has implemented *hard authoritarianism*, characterized by increasing party–state control over society and other aspects of life in China, and greater centralization of decision making, with Xi being referred to as “the Chairman of Everything.” Xi's development strategy differs from those of his predecessors, Jiang Zemin and Hu Jintao, in part due to the structural and

³⁶ Andrew G. Walder, “China's National Trajectory,” in *Fateful Decisions: Choices That Will Shape China's Future*, ed. Thomas Fingar and Jean C. Oi (Stanford, CA: Stanford University Press, 2020), 335–57; and Michael Pettis, “How China Trapped Itself: The CCP's Economic Model Has Left It With Only Bad Choices,” *Foreign Affairs*, 5 October 2022, <https://www.foreignaffairs.com/>.

³⁷ The share of household consumption in China's GDP is 20-percent lower than the global average, and investment as a share of the GDP is 20-percent higher than the global average.

³⁸ Raj Verma, “Increasing Centralisation in China: A Bane for Economic Growth,” *Asian Affairs* 53, no. 4 (2022): 831–51; and Nicholas Lardy. *The state strikes back: the end of economic reform in China?* (Washington, DC: Peterson Institute for International Economics 2019).

³⁹ Pettis, “How China Trapped Itself”; and Michael Pettis, “The Only Five Paths China's Economy Can Follow,” *Carnegie Endowment for International Peace*, 27 April 2022, <https://carnegieendowment.org/>.

institutional problems discussed above, which have created fears of the collapse of the CCP, and partly due to his Marxist–Leninist ideological proclivity.⁴⁰

During General Secretary Jiang Zemin’s tenure, China conducted a thorough analysis of the collapse of the Soviet Union, which led to the emergence of two schools of thought. The “liberal” school concluded that decades of institutional decadence and resistance to reform were the primary reason for the collapse of the Soviet Union. The proponents of the liberal school believed that the reforms introduced by Mikhail Gorbachev, including glasnost and perestroika, were not the problem, but rather that the system was unable to absorb them due to being introduced too late. As a result, the CCP must reform China’s social, economic, and political systems and carefully manage the opening up of China to avoid the same fate.

In contrast, the “conservative” school placed complete blame on Gorbachev for the Soviet Union’s collapse. Proponents believed that glasnost and perestroika should never have been introduced, and the Soviet Communist Party should never have separated the armed forces from the party. This school concluded that to avoid the same fate, China must tighten up the existing system and eschew reforms. While Jiang espoused the liberal school, Xi is a firm believer in the conservative school and is determined to prevent China from suffering the same fate as the Soviet Union.⁴¹

Unlike his predecessors Deng, Jiang, and Hu, who de-emphasized Marxism–Leninism and increased the role of the market in the domestic economy and China’s participation in the US-led global economic order, Xi is a firm believer in Marxist–Leninist ideology. Under Xi, ideology drives policy. His new Marxist nationalism shapes the presentation and substance of China’s domestic politics, economy, and foreign policy. Xi’s assertive and aggressive foreign policy, including “wolf warrior” diplomacy, is driven by his belief that the United States is in terminal decline and China’s rise and preeminence are inevitable. Thus, Xi’s ascent in China marks the return of the “Ideological Man.”⁴²

Under Xi, China is experiencing a shift toward a more centralized economic system characterized by skepticism toward market allocation of resources, restrictions on the private sector, and a growing role for state-owned enterprises (SOE). Additionally, the CCP’s Organization Department and United Front Work Department have expanded their reach into SOEs and the private sector. These

⁴⁰ Jude Blanchette and Evan S. Medeiros, “Xi Jinping’s Third Term,” *Survival* 64, no. 5 (2022): 61–90.

⁴¹ Blanchette and Medeiros, “Xi Jinping’s Third Term”; and David Shambaugh, “China’s Underestimated Leader: The Legacy of Jiang Zemin,” *Foreign Affairs*, 30 November 2022, <https://www.foreignaffairs.com/>.

⁴² Kevin Rudd, “The World According to Xi Jinping: What China’s Ideologue in Chief Really Believes,” *Foreign Affairs* 101, no. 6 (2022), <https://www.foreignaffairs.com/>.

policies are likely to result in a misallocation of resources, decreased total factor productivity, and lower economic growth.⁴³

In 2020, Xi introduced the dual-circulation strategy (DCS) with the goal of transforming China into a technological superpower and reducing China's dependence on the West. However, this strategy relies heavily on state-led technological innovation and domestic demand, potentially leading to a slowdown in innovation and economic growth. Additionally, Xi launched the "common prosperity agenda" in 2021, which aims to reduce income and wealth inequality through redistributive economic and fiscal policies. However, these policies could have negative effects on the private sector and overall economic growth.⁴⁴

The Chinese leadership faces both domestic and external challenges to the country's economy. Externally, the US-China rivalry in the Indo-Pacific and beyond has led the United States to impose tariffs on imports from China, limit China's access to technology, and partially decouple its economy from China, which hampers China's economic growth. Additionally, the COVID-19 pandemic has led to low economic growth globally, which affects China's predominant export markets in Europe and the United States. Rising nationalism and protectionism worldwide may also negatively impact China's economic growth. Beijing's aggressive and assertive foreign policy in the Indo-Pacific, coupled with its failure to address the COVID-19 pandemic transparently and effectively, reduced trust in China.⁴⁵

Due to the low economic growth, Beijing is likely to face numerous domestic challenges as the young and urban population increasingly demands higher living standards and better governance from the one party-state. This will render it extremely difficult to divert significant economic resources away from pressing issues such as education, poverty reduction, environment, climate change, investment in urbanization, defense, and internal security to provide economic assistance to Russia. Restructuring Sino-Russian trade relations to alleviate the structural pressures on Russia's economy is also a daunting task. Amid declining economic growth in China, a weakened Russia is more likely to undermine, rather than enhance, China's strength and hinder Beijing's global ambitions to challenge US preeminence and hegemony in the Indo-Pacific and beyond.

⁴³ Verma, "Increasing Centralisation in China."

⁴⁴ Rudd, "The World According to Xi"; and Blanchette and Medeiros, "Xi Jinping's Third Term."

⁴⁵ Raj Verma, "China's diplomacy and changing the COVID-19 narrative," *International Journal* 75, no. 2 (2020): 248–58; and Blanchette and Medeiros, "Xi Jinping's Third Term."

Chinese Assistance to Russia and the Growing China–Europe Divide

If Beijing chooses to continue providing active support for Moscow, despite the difficulties mentioned earlier, it may incur significant economic and diplomatic costs that could even be debilitating for China. A major concern for Beijing in supporting Russia is the possibility of trade repercussions from the West. Given that US–China relations are already strained, strengthening ties with Moscow after the Kremlin’s invasion of Ukraine also risks alienating Europe and harming trade and economic cooperation between China and Europe, as well as technology transfers.

Over the past several years, China’s political and diplomatic relations with the EU and the United Kingdom have deteriorated rapidly despite Beijing’s efforts to increase its influence in Europe and weaken the strong trans-Atlantic link between Europe and the United States. Disagreements with individual European states over human rights and trade policy, controversies surrounding Huawei’s involvement in 5G network development, the origins of the COVID-19 pandemic, mass repression in Xinjiang province, Beijing’s curbing of democratic liberties in Hong Kong, and diplomatic relations with Taiwan have all contributed to the weakening of China’s standing and influence in Europe, including the United Kingdom. Furthermore, China’s “17+1” program of economic and political outreach to Central and Eastern European states has largely fallen apart, and relations between Beijing and the EU reached a new low in early 2021 when both sides imposed sanctions on each other following Brussels’ criticism of events in Xinjiang, which was followed by an indefinite suspension of negotiations for a China–EU Comprehensive Agreement on Investment.⁴⁶ These developments have led to growing efforts in Europe to restrict Chinese investment and involvement in critical infrastructure and in strategically important sectors of the economy. The European perception of China has shifted from an economic partner to a geostrategic and ideological rival.

Amid these increasingly tense relations with Europe, China’s position of implicit support for Russia during its invasion of Ukraine risks exacerbating European suspicions of and misgivings toward Beijing. At the virtual EU–China summit held on 1 April 2022, Beijing declined to take a tougher stance toward Russia, prompting European Council president Charles Michel to caution Beijing that “any attempts to circumvent sanctions or provide aid to Russia would prolong the war.”⁴⁷ Moreover, China has been warned by its primary trading partners in

⁴⁶ “MEPs refuse any agreement with China whilst sanctions are in place,” European Parliament, 20 May 2021, <https://www.europarl.europa.eu/>.

⁴⁷ Philip Blenkinsop and Yew Lun Tian, “China tells EU it will pursue Ukraine peace in its own way,” *Reuters*, 2 April 2022, <https://www.reuters.com/>.

Europe that an expansion of Sino-Russian trade to help Russia evade Western sanctions could negatively impact China's trade relations with them. US and European officials have also publicly highlighted China's purported willingness to provide Moscow with substantial economic, financial, and potentially even military support to bolster Russia's faltering offensive in Ukraine, and have warned Beijing against doing so.⁴⁸

On 28 April 2022, Germany's lower house of parliament overwhelmingly passed a petition in support of Ukraine that included a clause urging the German government to impose sanctions on China if Beijing seeks to circumvent Western sanctions on Russia or supply Moscow with weapons.⁴⁹ In February 2023, Biden administration officials, including US Secretary of State Antony Blinken, confronted China's top diplomat, Wang Yi, with claims that Beijing is considering providing weapons and ammunition to aid Russia's war effort in Ukraine, and stated that such a step would have "serious consequences" for the US–Chinese relationship.⁵⁰ Washington's allies and partners in Europe have echoed such warnings in their own encounters with Chinese top officials.⁵¹

Despite the considerable risks that the Kremlin's invasion of Ukraine poses to Chinese interests, there has been no indication so far that Beijing is planning to abandon its tacit support for Russia (while at the same time claiming neutrality). However, Beijing's perceived support for Russia risks worsening public and leadership perceptions of trade relations with China in Europe, burying any last hopes that the deepening divide in Sino-European trade relations can be bridged again and making a timely conclusion of the projected investment agreement between Brussels and Beijing even more improbable. Russia's invasion of Ukraine has heightened the sense of urgency in European capitals, particularly Berlin, to expedite risk divestment in critical infrastructures away from Europe's geopolitical rivals, which would likely have severe repercussions for China as well. As China's economy remains highly dependent on trade with the West and technology transfers in various sectors of high-technology manufacturing, such developments could further slow China's economic growth, impacting its great-power potential and its ability to challenge the status of the United States in the Indo-Pacific and globally.

⁴⁸ Stuart Lau, "EU has 'very reliable evidence' China is considering military support for Russia," *Politico*, 18 March 2022, <https://www.politico.eu/>.

⁴⁹ Andreas Rinke and Ju-min Park, "Germany's Scholz visits ally Japan, not China, on first Asian trip," *Reuters*, 28 April 2022, <https://www.reuters.com/>.

⁵⁰ Ana Swanson, "China's economic support for Russia could elicit more sanctions," *New York Times*, 22 February 2023, <https://www.nytimes.com/>.

⁵¹ Andrea Shalala and Susan Heavey, "EU official warns of sanctions if China crosses 'red line' and arms Russia," *Reuters*, 3 March 2023, <https://www.reuters.com/>.

In the meantime, Chinese companies are facing significant challenges in maintaining trade and investment relations with Russia, due to the risk of Western secondary sanctions. These sanctions limit Beijing's ability to continue engaging commercially with Moscow. Despite its opposition to Western-sponsored sanctions, China has largely complied with them. Shortly after Russia's invasion of Ukraine, major Chinese state-owned banks, including the Bank of China and Industrial & Commercial Bank of China, began to restrict financing for Russian oil and commodity purchases and downgrade their business ties with Russian banks to avoid being targeted with secondary sanctions. The Beijing-dominated Asian Infrastructure Investment Bank and the Shanghai-based New Development Bank have both announced a pause in all activities connected to Russia and Belarus. Other Chinese banks are also searching for ways to continue doing business with Russian clients while avoiding secondary sanctions, such as entrusting some of their business to smaller, domestically-focused banks to handle transactions that larger, internationally exposed institutions would avoid.⁵² China's UnionPay card payment system, which the Kremlin had hoped to rely on after the departure of Western bank card service providers, has refused to cooperate with any sanctioned Russian banks.⁵³

When Washington and its allies imposed severe sanctions on Moscow in early March 2022 by banning various Russian banks from using the SWIFT system of financial communications, some Chinese media suggested that China's home-grown Cross-Border Interbank Payment System (CIPS) could be used to circumvent Russia's SWIFT ban.⁵⁴ However, since CIPS currently only covers a small portion of international trade and uses SWIFT as a primary communication channel, Beijing's ability to support Moscow in this regard is severely limited. The restrictions on using SWIFT, as well as other imposed restrictions, such as insuring Russian commercial shipping, are also having direct adverse effects on Sino-Russian bilateral trade. Despite Beijing and Moscow's repeated declarations in recent years to "de-dollarize" their trade relations, around 70 percent of bilateral trade was still being conducted in foreign currencies, primarily Euros and US dollars, prior to the war.⁵⁵

⁵² Egan Tham and Julie Zhu, "Chinese banks scramble for 'workarounds' as Russia sanctions impinge," *Reuters*, 3 March 2022, <https://www.reuters.com/>.

⁵³ "China's Visa alternative cuts off Russian banks over sanctions – RBC," *Moscow Times*, 2 September 2022, <https://www.themoscowtimes.com/>.

⁵⁴ Jeff Pao, "China media goads Russia to use CIPS over SWIFT," *Asia Times*, 1 March 2022, <https://asiatimes.com/>.

⁵⁵ "Russia coal and oil paid for in yuan starts heading to China," *Bloomberg*, 7 April 2022, <https://www.bloombergquint.com/>.

In 2022, Chinese imports of Russian energy products—mainly crude oil, natural gas, and coal—rose considerably as Moscow had few alternative outlets for its exports. However, China's ability to absorb energy and commodity imports from Russia has been limited due to a slowing Chinese economy and a lack of essential transport infrastructure. China has little spare capacity along key pipelines and shipping routes, and Chinese traders face difficulties in obtaining financing from state-controlled banks concerned about falling afoul of Western secondary sanctions.⁵⁶ Sinopec, China's state-run oil giant, halted negotiations for a USD 500-million investment in a new gas-chemical plant and gas-marketing venture in Russia due to similar concerns about sanctions. In March 2022, officials from Sinopec, as well as fellow state-owned energy companies China National Petroleum Corp (CNPC) and China National Offshore Oil Corp (CNOOC), were summoned by China's Ministry of Foreign Affairs to a meeting reviewing their commercial ties with Russian companies and urging caution when purchasing Russian assets.⁵⁷ In general, Chinese companies have been hesitant to increase their investments in Russia's upstream energy sector as Western firms are rapidly divesting from their assets there.

Beijing is mindful of being viewed as a channel for importing sanctioned Western technologies into Russia, which could result in Chinese companies being excluded from Western markets or from accessing high-end technologies that China cannot yet produce domestically. These concerns have manifested in Beijing's reported decision to avoid supplying Russian airlines with replacement parts for Western-designed civilian aircraft, as well as the decisions of Chinese electronics companies such as Huawei, Oppo, Xiaomi, Honor, or Lenovo to significantly reduce their exports to Russia or to leave the Russian market altogether. Some companies have even relocated much of their staff from Russia to Central Asia.⁵⁸ Chinese car manufacturers and suppliers have also cut their exports to Russia, with some—such as Chery and Weichai—suspending their cooperation with Russian manufacturers. Additionally, the economic fallout of Russia's inva-

⁵⁶ Muyu Xu and Dominique Patton, "China's March coal imports from Russia plunge 30% on year," *NASDAQ*, 20 April 2022, <https://www.nasdaq.com/>.

⁵⁷ Chen Aizhu, Julie Zhu, and Muyu Xu, "China's Sinopec pauses Russia projects, Beijing wary of sanctions – sources," *Reuters*, 28 March 2022, <https://www.reuters.com/>.

⁵⁸ "Huawei suspends new orders, furloughs Russia staff amid sanctions threat – reports," *Moscow Times*, 11 April 2022, <https://www.themoscowtimes.com/>; and Marina Tyunyaeva and Anastasia Kurasheva, "Huawei vynuzhdenno perevodit sotrudnikov iz Rossii v Kazakhstan [Huawei is forced to transfer employees from Russia to Kazakhstan]," *Vedomosti*, 4 September 2022, <https://www.vedomosti.ru/>.

sion of Ukraine has complicated a significant Sino-Russian industrial joint venture to develop a wide-body commercial passenger aircraft: the CRAIC CR929.⁵⁹

Notwithstanding the concerns of China's private enterprises, the Chinese government remains committed to provide some measure of strategic support to Russia. Consequently, since late 2022, various Chinese companies and research institutes have been targeted by US sanctions for supplying Russia with dual-use components and military-related services.⁶⁰ It is likely that the list of sanctioned Chinese entities will increase, as Chinese officials have so far reacted coolly to US and European pleas to not supply military hardware to Russia in the future. The concerns of Western states have been further amplified by the fact that Beijing has markedly increased the frequency of joint military exercises with Russia since the start of Moscow's invasion of Ukraine, including numerous naval exercises and joint patrols in East Asia and Africa.

During repeated high-level meetings with Russia's leadership, China's top diplomats have demonstrated a commitment to continue supporting Russia, even at the expense of harming China's relations with the West. On the diplomatic front, this entails shielding Russia by voting in favor of Moscow whenever Ukraine-related votes have been cast at international forums, such as the United Nations Security Council and General Assembly, UN subsidiaries like the Human Rights Council or the International Atomic Energy Organization, but also the G20 or the International Court of Justice. Moreover, Beijing has essentially carbon-copied and amplified the Russian narrative about the war in Ukraine, both in its official diplomatic statements and throughout all of its state-controlled media channels. When Chinese diplomats belatedly announced a twelve-point peace plan proposing a framework to end the violence in Ukraine in late February 2023, one year into the war, this initiative was quickly dismissed by Western states as lacking substance and concrete proposals, merely repeating vague slogans and covertly favoring Russia.⁶¹ In the final instance, as US intelligence sources have claimed since early in the war, Beijing's determination to support Russia in the

⁵⁹ Anastasia Lvova, "Gruznoye izvestiye: kitayskaya Weichai prekratila postavki dvigateley KamAZu [Gruznoye Izvestiye: Chinese Weichai has stopped supplying engines to KamAZ]," *Izvestiya*, 1 September 2022, <https://iz.ru/>; Denis Ilyushenkov, "Sanktsii pomeshali Chery obosnovat'sya na UAze [Sanctions hindered Chery's establishment at UAZ]," *Vedomosti*, 26 August 2022, <https://www.vedomosti.ru/>; and Minnie Chan, "US\$50 billion Russian-Chinese joint venture to build passenger jet at risk as cracks appear in partnership," *South China Morning Post*, 23 July 2022, <https://www.scmp.com/>.

⁶⁰ Nick Wadhams, "US sanctions Chinese companies supplying Iranian maker of drones sold to Russia," *Bloomberg*, 9 March 2023, <https://www.bloomberg.com/>; Ana Swanson, "China's economic support for Russia could elicit more sanctions," *New York Times*, 22 February 2023, <https://www.nytimes.com/>.

⁶¹ Alexander Gabuev, "Inside China's peace plan for Ukraine," *Carnegie Politika*, 1 March 2023, <https://carnegieendowment.org/>.

present crisis is being driven from the top, by Xi himself, notwithstanding skepticism among more junior members of the Chinese government apparatus.⁶² Driven by personal and ideological convictions, Xi has instructed his government to further deepen ties with Putin's Russia, even though doing so is likely to harm China's relations with many of its main trading partners and ultimately create additional obstacles for its continued development.⁶³

Conclusion

When Putin ordered an invasion of Ukraine, he most likely saw it as a way to not only reclaim "historic Russian lands," but also to diminish US influence in eastern Europe and weaken its global standing. However, Putin's actions may ultimately have the opposite effect. Despite predictions that Russia's aggression would lead to a decline in US global power and benefit China, this article has shown that Putin's war is actually helping to solidify and reaffirm America's dominant position in world affairs.

The conflict in Ukraine will likely leave the foremost global rivals of the United States in a structurally weaker position. The resolute and strategically coordinated response by Washington and its allies is expected to diminish Russia's economic, military, and diplomatic capacities, as well as Moscow's ability to project power beyond Russia's "Near Abroad," particularly into the Middle East and Africa. While Moscow's relations with China are likely to intensify further, Russia's status will become increasingly subordinate to Beijing's, weakening their partnership in structural terms. China will need to consider whether it is willing to support a faltering Russia, given its own economic challenges and the negative repercussions for its trade relations with Washington and its European allies. Therefore, Beijing has little to gain from the present conflict, and it is difficult to imagine a scenario in which China could capitalize substantially.

Perhaps the greatest obstacle to Washington being able to reaffirm its global preeminence is, in fact, the political turmoil, partisanship, and polarization that has become the "new normal" of US domestic politics. These factors will likely continue to hamper Washington's ability to pursue a coherent grand strategy in close coordination with its allies. 🌐

⁶² Julian Borger, "China has already decided to send economic aid to Russia in Ukraine conflict, US officials fear," *The Guardian*, 15 March 2022, <https://www.theguardian.com/>.

⁶³ Lingling Wei and Marcus Walker, "Xi Jinping doubles down on his Putin bet. 'I have a similar personality to yours,'" *Wall Street Journal*, 14 December 2022, <https://www.wsj.com/>.

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