



Institute of Chinese Studies

WEDNESDAY SEMINAR

*The Romance of Two
Kingdoms: Sino-Russian
Energy Relations*

REPORT

Speaker :
Prachi Aggarwal

27 September 2023

REPORT

Speakers: Dr. Prachi Aggarwal, Assistant Professor, Department of East Asian Studies, University of Delhi.

Chair: Prof. Alka Acharya, Honorary Director, Institute of Chinese Studies, New Delhi; and Chairperson, Centre for East Asian Studies, SIS, Jawaharlal Nehru University, New Delhi.

Date: 8 November 2023

Venue: Zoom Webinar

The seminar explored the complex relationship between China and Russia, focusing on energy, particularly natural gas, while delving into the implications of a Sino-Russian alliance for the present and the future of international relations. The speaker, Dr. Prachi Aggarwal, delved into the dynamic nature of energy relations and its geopolitical and economic ramifications. One of the key points was the role of operatives such as cartels and oligarchs in shaping energy diplomacy.

The speaker initiated the discussion with a reference to the novel, *The Romance of the Three Kingdoms*, and interspersed classic Chinese literature with current geopolitical trends. She argued that energy diplomacy, as one of the core national interests of China, could be grouped into two categories – securing energy and using energy to advance diplomatic objectives. Dr. Aggarwal claimed that with regard to China and Russia, energy diplomacy could be seen as a primary activity to advance diplomatic interests, with China proactively engaging in Outward Direct Investment (ODI) and the Belt and Road Initiative (BRI) to secure energy fuels.

Her focus on Russia was supported with reference to its role in establishing China's energy industry during the 1950s, as well as its capability of single-handedly dealing with China's energy needs. She further elaborated on the historically volatile relationship between the Chinese and Russians, mapped by different political and energy phases. It began with the "Friendship phase", passed through the "Jingoistic phase", and finally to reached the "Conciliation phase" (1978-89), during which the two countries began talks and collaborations on political and economic issues. She highlighted how despite numerous economic and political obstacles, both countries facilitated joint efforts in laying pipelines

and exploring oil and gas. Specific initiatives were mentioned, such as the oil-for-loan scheme, including a significant giveaway of 25 billion dollars to Russian companies as well as the Eastern Energy Company of China obtaining a mining license in Oak suits. She argued that domestic politics in Russia also played a significant role, as the state energy company, Gazprom, had been granted significant leeway by the government resulting in their monopoly over Russian exports. Lastly, Dr. Aggarwal discussed the impact of the Russian invasion of Ukraine on the oil and gas relations between Russia and other countries. She noted that after the invasion, several countries, including India and China, expressed interest in increasing their share of Russian oil and gas, which resulted in a shift of focus from Europe to Asia, eventually reaching a No-Limit partnership with China in 2022. Furthermore, the speaker also noted Russia's promotion of gas from border areas to diversify its energy portfolio and access new markets.

The Chair, Prof. Alka Acharya, remarked on the Western response to this “energy romance” between China and Russia. She pointed out the dilemma faced by American strategists in light of the European dependence on Russian energy supplies, and the difficulties the US will face in pushing their European allies. The speaker responded by outlining a two-pronged strategy adopted by the US to deal with the persisting conundrum while hoping for a better solution in the long run.

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