

## China's long game has just gotten a lot harder

**Putin's war against Ukraine has upended key assumptions**

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Before Russia invaded Ukraine, Beijing had assumed that time was on its side.

Because China's average potential gross domestic product is expected to be up to 5% a year, roughly double that of America's, it will likely catch up with the U.S. economy within a decade and a half.

China's ambitious efforts of achieving technological self-sufficiency, inconceivable in the short run, will likely bear fruit as well. With accelerated military modernization, Beijing has good reason to believe that it will be better positioned to sustain the U.S.-China Cold War as the country gains more hard power.

But Russian President Vladimir Putin's war against Ukraine has upended this key assumption. Instead of dividing the West, the war has brought the U.S. and its allies closer. NATO, which French President Emmanuel Macron derided as "brain-dead" not too long ago, has been reinvigorated.

The unprecedented economic sanctions imposed by a united West on Russia have demonstrated the awesome power it possesses despite talk about its decline that is popular in Chinese leadership circles.

For China, which might have benefited from a prolonged period of tensions between Russia and the West, the paths ahead have suddenly become far more treacherous. Instead of being a net beneficiary of a conflict between Russia and the West, China now finds itself perilously close to being collateral damage.

Its support for Putin, most critically the Sino-Russo joint declaration of a strategic partnership "with no limits" on Feb. 4, has aroused widespread anger in the West and triggered calls for making China pay for aiding and abetting Putin's aggression.

Regardless of the outcome of the war, China's relations with the West, its largest export markets and main sources of technology despite the ongoing tensions, will never be the same again.

One path forward for President Xi Jinping is to extricate himself from the newly cemented strategic alignment with Putin and seek a rapprochement with the West. While China's private entrepreneurs and pragmatists in the government would welcome such a volte-face, most senior leaders would doubt its feasibility.

Intense mutual hostility and distrust between China and the U.S. at the moment make it hard to imagine that anyone in the top leadership in Beijing can be persuaded of a conciliatory approach to the West that would require ditching Putin.

A second path, which would mean doubling down on the current course, would entail continuing to back Putin regardless of the consequences of his war and girding China itself for a complete breakdown of relations with the U.S. and its allies.

While the crippling economic blows against Russia are applauded in the West, Chinese leaders watch them with great alarm. Their country is far more economically tied to the West than Russia is. Although the same type of economic sanctions leveled at Russia would unavoidably hurt Western economies, they could be catastrophic for China in the event of a war across the Taiwan Strait.

The only insurance China has to protect itself against such perils is to sanction-proof its economy. This may sound appealing in theory, but in reality, the costs would be astronomical. Besides completely reversing China's opening to the West that began in 1979, such a fateful pivot would mean transforming a globally integrated economy that recorded \$6.05 trillion in total foreign merchandise trade in 2021 into a closed war economy.

Even if this can be done, as demonstrated by North Korea, the horrendous loss of efficiency could impoverish China again. The gap between China and the U.S. would expand as a result and make China weaker, not stronger.

Chinese leaders appear to realize the difficulty of patching up ties with the U.S. in the foreseeable future and the unattractiveness of economic autarky. That is why they have settled on a middle course.

In the short term, Beijing is trying an impossible balancing act. It wants to reassure Moscow of its support without appearing to do so to the rest of the world. At the same time, it is desperately trying to salvage its damaged international image by playing a positive role in attempting to find a face-saving off-ramp for Putin.

For the longer term, Chinese leaders will give even greater priority to economic security by accelerating their efforts to achieve economic and technological self-sufficiency. In the meantime, they will also take care to avoid a premature showdown with the U.S. over Taiwan. The decoupling of China and the West will thus pick up speed because both sides now conclude that their intensifying geopolitical antagonism makes economic interdependence undesirable and untenable.

However, China will still try to decouple on its own terms and exercise as much control as possible as to the pace and scope of economic disengagement from the West.

No one knows how long China can maintain its high-wire act. At the moment, the outcome of the war in Ukraine and Putin's political survival will largely determine China's course of action. Whether China wants it or not, its future is now tied to Putin's fate.