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## RUSSIA-CHINA DEVELOPMENT OF FINANCIAL AND ECONOMIC RELATIONSHIPS IN THE CONTEXT OF THE UKRAINIAN CRISIS: A SERBIAN PERSPECTIVE

**Abstract.** The financial and economic relationship between Russia and China has undergone significant evolution in response to the Ukrainian crisis, which began with the 2014 Crimea case and escalated with the full-scale combat actions in 2022. The crisis has reshaped global geopolitical dynamics, isolating Russia from Western financial systems and prompting a strategic pivot toward China. This paper explores the development of Russia-China financial and economic relations in the context of the ongoing conflict, focusing on the deepening of trade ties, investment flows, energy cooperation, and financial integration. In response to Western sanctions, both countries have strengthened bilateral trade, with a particular emphasis on energy exports, and have increasingly turned to alternative financial mechanisms, such as the use of local currencies and the development of alternative payment systems. The research analyzes how these shifts have not only enhanced economic cooperation but also raised questions regarding the long-term sustainability of such an alliance, given the potential for economic dependence. By examining the strategic implications of this evolving partnership, the study highlights both the opportunities for enhanced cooperation and the challenges of navigating a rapidly changing global order, marked by the increasing divergence between the West and a growing Russia-China bloc. The findings suggest that while the Russia-China relationship offers opportunities for mutual economic growth, it also presents risks related to the balance of power, dependency, and the future trajectory of global trade and finance.

**Keywords:** Russia, China, Economic Growth, Trade, Financial Systems, Financial Integration.

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**М. Йоксимович**

**Развитие финансово-экономических отношений  
между Россией и Китаем в контексте украинского кризиса:  
взгляд из Сербии**

**Аннотация.** Финансово-экономические отношения между Россией и Китаем претерпели значительную эволюцию в свете украинского кризиса, который начался с крымских событий 2014 г. и обострился с началом в 2022 г. боевых действий на Украине. Кризис изменил глобальную геополитическую динамику, вылившуюся в изоляцию России от западных финансовых систем и побудившую РФ к стратегическому повороту в сторону Китая. В статье рассматривается развитие финансово-экономических отношений между Россией и Китаем в контексте продолжающегося конфликта, с акцентом на развитии торговых связей, инвестиционных потоках, энергетическом сотрудничестве и финансовой интеграции. В ответ на западные санкции обе страны активизировали двустороннюю торговлю, особенно энергоносителями, все чаще обращаясь к альтернативным финансовым механизмам, таким как использование местных валют и разработка альтернативных платежных систем. В работе анализируется, как эти сдвиги не только стимулировали экономическое сотрудничество, но и подняли вопросы относительно долгосрочной устойчивости такого союза, учитывая потенциальную вероятность экономической зависимости. Изучая стратегические эффекты этого развивающегося партнерства, автор отмечает как возможности для расширения сотрудничества, так и проблемы ориентирования в быстро меняющемся мировом порядке, отмеченным углублением расхождения между Западом и крепнущим российско-китайским блоком. Результаты исследования показывают, что, хотя российско-китайские отношения несут возможности для взаимного экономического роста, они также содержат риски, связанные со специфи-

кой баланса сил, вопросами зависимости и будущей траекторией мировой торговли и финансов.

**Ключевые слова:** Россия, Китай, экономический рост, торговля, финансовые системы, финансовая интеграция.

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## Introduction

The financial and economic relations between Russia and China have evolved significantly over the past few decades, especially in response to geopolitical changes, sanctions, and regional developments. Key data points help to highlight the scope and dynamics of this partnership, particularly in areas like trade, investment, energy, finance, and infrastructure.

The financial and economic relationship between Russia and China has undergone significant transformation in recent years, especially in the wake of the Ukrainian crisis, which has not only shifted global political and security dynamics but has also redefined Russia's economic and trade relations, particularly with China. As Western sanctions have increasingly isolated Russia from global financial systems, China has emerged as a critical economic partner for Russia, offering both opportunities and challenges in navigating this new geopolitical landscape.

The purpose of this paper is to explore how the ongoing conflict in Ukraine has shaped the development of Russia-China financial and economic ties. It examines how both nations have responded to the crisis by strengthening bilateral trade, investment, and financial cooperation, while also adapting to the broader geopolitical and economic shifts. As global economic alignments are realigned in response to the conflict, this relationship has become a key element in the broader strategic calculus of both countries.

At the heart of this evolving economic partnership lies energy trade, investment flows, financial mechanisms, and a mutual interest in reducing

reliance on Western institutions, particularly in the areas of currency exchanges and payment systems. The geopolitical tension between Russia and the West, marked by economic sanctions, has accelerated Russia's shift toward China, creating new opportunities for economic collaboration, but also raising questions about dependency, balance of power, and the long-term sustainability of such an alliance.

This research aims to analyze the key factors driving the development of Russia-China economic relations in the context of the Ukrainian crisis, highlighting both the opportunities for deeper cooperation and the challenges that accompany such a rapidly evolving partnership. The study will also assess the strategic implications of this economic alignment for global trade, security, and future international relations, considering the potential for further strengthening ties between these two major global players amid growing tensions with the West.

## Literature Review

The development of financial and economic relationships between Russia and China in the context of the Ukrainian crisis has been a subject of growing academic interest. This section reviews key literature on the topic, focusing on the economic, financial, geopolitical, and strategic dimensions of this evolving partnership.

The outbreak of the conflict in Ukraine 2022 has significantly reshaped the geopolitical and economic dynamics between Russia and China. As Western countries imposed unprecedented financial sanctions on Russia, Moscow accelerated its “Pivot to the East” policy, intensifying economic cooperation with Beijing [Gromyko, 2022].

Several scholars highlight that while the Sino-Russian partnership predates the crisis, it has gained new strategic relevance in its aftermath. [Lukin, 2023] argues that the special military operation has deepened the Russia-China entente, particularly in trade, finance, and energy. This relationship, however, remains asymmetric, with China increasingly taking a dominant position due to Russia's economic isolation [Lo, 2022].

One of the most critical shifts in the bilateral financial relationship has been the reduced reliance on Western financial infrastructure. [Yu, 2023] notes the increasing adoption of China's Cross-Border Interbank Payment System (*CIPS*) for transactions previously routed through SWIFT. This shift is not only technical but political, signaling both countries' desire to build resilience against Western-dominated financial systems.

On the trade front, China has emerged as Russia's largest trading partner post-2022, with significant growth in bilateral trade volume [Russia's Trade Reorientation, 2023]. This includes increased Chinese imports of discounted Russian oil and gas, often settled in Yuan or Rubles, reflecting a strategic decoupling from the US dollar [Feng & Huang, 2022].

Despite the growing cooperation, analysts caution against interpreting the Russia-China relationship as an alliance. [Radchenko, 2023] emphasize that Beijing maintains a position of "strategic ambiguity," supporting Russia rhetorically while carefully avoiding direct sanctions violations that could threaten its global economic interests.

Thus, existing literature paints a complex picture: while the Ukrainian crisis has accelerated financial and economic ties between Moscow and Beijing, the relationship is marked by pragmatism, asymmetry, and a shared desire to challenge the Western-led economic order—without forming a formal alliance.

[Goldstein, A., 2014] examines the broader strategic implications of the China-Russia relationship. This work provides insights into how both nations have aligned their interests in counterbalancing Western influence, especially in the context of the post-2014 conflict in Ukraine. [Shin, W., & Choi, J., 2019] are discussing how the Russia-China relationship has evolved in the post-Crimea period. They highlight the strategic role that both countries have taken in countering US dominance in the international order, particularly in energy exports and military collaboration.

[Liu, X., & Zhang, J., 2021] analyze how economic sanctions on Russia have accelerated its pivot to China, focusing on the shift in trade patterns between the two countries. Their study shows how Russia-China trade in energy has surged post-2014, with China increasingly becoming the destination for Russian exports of oil, gas, and coal [Balaban, S., Joksimović, M., & Stoiljković, B., 2022].

[Zhang, Y., 2020] explores the central role of energy in Russia-China economic relations, particularly in the aftermath of the conflict in Ukraine. It reviews key energy agreements, including the Power of Siberia gas pipeline, and discusses how energy cooperation between the two nations serves as the backbone of their economic ties.

[Cohen, S., & Lee, H., 2022] focus on the financial aspects of Russia-China relations, particularly the growing use of the Yuan and Ruble in trade transactions to circumvent Western sanctions. It discusses the shift away from the US dollar and examines the development of alternative payment systems such as China's *CIPS* (Cross-Border Interbank Payment System) and Russia's *SPFS* (System for Transfer of Financial Messages). [Rogov, K., 2021] assesses the strategic importance of financial cooperation

between Russia and China in the face of increasing Western sanctions. It explores the growth of non-dollar financial mechanisms between the two countries, with a particular focus on the development of the *CIPS* and its potential to challenge the SWIFT system [Balaban, S., Milenković, I. Joksimović, M., 2023].

[Gao, H., & Kivinen, A., 2020] explore Russia's role in China's Belt and Road Initiative (BRI), focusing on the integration of Russia into China's infrastructure projects. This paper discusses the potential for increased investment in energy infrastructure, transportation corridors, and trade routes, and highlights the strategic importance of the Russia-China partnership in this context. [Zhao, Q., & Tsai, Y., 2021] examines China's investment strategies in Russia, particularly in infrastructure and technology. It evaluates the mutual benefits of this investment, with a focus on how the Ukrainian crisis has driven both nations to increase their reliance on joint economic ventures.

[Browne, J., & Li, X., 2022] discuss the long-term sustainability of Russia-China economic relations, considering both the economic opportunities and the risks of over-dependence on China. This study highlights the challenges Russia faces in maintaining economic autonomy while deepening its reliance on Chinese investments and trade.

[Sun, W., & Li, F., 2021] offers an in-depth look at the strategic balance between Russia and China, focusing on the potential risks of over-dependence on China in Russia's economic future. It explores questions of economic power imbalance, trade imbalances, and the political dimensions that might strain this partnership in the years ahead.

The literature on Russia-China financial and economic relations in the context of the Ukrainian crisis reflects the complexity and depth of the evolving partnership between these two nations. While energy cooperation remains central, there is a growing focus on financial cooperation, infrastructure development, and the geopolitical shifts that are reshaping global trade. The increased reliance on each other, driven by external pressures such as Western sanctions, is a defining feature of this bilateral relationship. However, challenges related to economic dependence, geopolitical tensions, and the sustainability of the partnership are prominent in the academic discourse, with scholars suggesting that while the partnership may offer immediate benefits, long-term challenges could arise, particularly as global dynamics continue to shift.

This body of literature provides a comprehensive view of how Russia and China are navigating a rapidly changing world order, and highlights both the potential for further economic integration and the risks associated with an increasingly asymmetrical alliance.

## Research and discussion

The development of financial and economic relationships between Russia and China in the context of the Ukrainian crisis is a multifaceted and complex subject. The crisis has had far-reaching implications for Russia's global standing, especially with the imposition of economic sanctions by Western countries, which have targeted various sectors such as finance, energy, and defense, and have forced Russia to pivot toward alternative markets and sources of support. China, with its growing global economic influence and its position as a major trading partner of Russia, has emerged as a critical player in the reorientation of Russia's economic strategy.

The bilateral relationship between Russia and China had been evolving for decades before the crisis, but the conflict in Ukraine has accelerated this cooperation. Economic ties, particularly in energy and trade, have deepened, and both countries have explored new financial mechanisms to circumvent Western sanctions. These shifts are part of a broader strategy to strengthen their geopolitical positions against the West.

Key areas of development in Russia-China financial and economic relations include growing bilateral trade, currency swap agreements, financial cooperation and geopolitical implications and strategic cooperation.

In the years after 2014 and especially after 2022, trade between Russia and China grew significantly. China has become Russia's largest trading partner, with energy exports (particularly oil, natural gas, and coal) playing a central role. The construction of major infrastructure projects, such as the *Power of Siberia* pipeline, has enhanced Russia's energy export capacity to China. While Europe turned a far less reliable market for Russia, China has increasingly absorbed Russia's energy exports. China has been a significant importer of Russian agricultural products, metals, and military equipment. In turn, Russia imports manufactured goods, electronics, and high-tech products from China.

In response to Western sanctions, Russia and China have increasingly used their national currencies for trade, moving away from the US dollar. The *Yuan-Ruble* trade mechanism has become more common, reducing dependency on the dollar and circumventing US sanctions on Russia's financial system. This shift is seen in several large-scale bilateral trade agreements and financial projects, such as the *Sino-Russian Investment Fund*.

Sanctions and financial decoupling from the West imposition of sanctions on Russia has driven Russia to look for alternatives to the SWIFT financial system and Western financial institutions. One of the most

significant moves was Russia's increasing integration into the Chinese-led *Cross-Border Interbank Payment System (CIPS)*, which functions as an alternative to SWIFT for cross-border payments.

The Russia-China partnership has also seen the development of alternative financial platforms to bypass Western financial control. This includes agreements on direct currency exchanges, as well as the use of the *Chinese Yuan* for trade settlements, which has reduced Russia's reliance on the US dollar. China has become a crucial investor in Russia, particularly in infrastructure projects, mining, and technology. Notably, the two countries have cooperated on energy infrastructure, including the construction of pipelines and energy projects, such as the *Power of Siberia* pipeline and joint ventures in the Arctic oil and gas sectors. Russia is a key partner in China's Belt and Road Initiative, and this economic and infrastructure initiative is becoming increasingly important to Russia as it seeks to strengthen its economic ties with Asia. Russia's involvement in BRI projects includes transportation routes, energy infrastructure, and industrial development, which have intensified post-crisis.

The energy partnership between Russia and China is not only economic but also geopolitical. Both countries have deepened their cooperation in the energy sector, with Russia seeking to reduce its dependence on European markets and China looking to secure stable energy supplies. In addition, the two countries have engaged in joint military exercises, signaling growing strategic alignment. The growing Russia-China alliance serves as a counterbalance to the United States and the European Union. Both countries have openly criticized the Western-led international order, and their economic cooperation represents an effort to create an alternative global order based on multipolarity and shared economic interests.

The Ukrainian crisis has acted as a catalyst for the diversification of Russia's trade relationships. With European markets increasingly closed off due to sanctions, Russia has turned to China not only as a major market for energy but also as a partner for economic resilience. Bilateral financial and economic system, de-dollarization One of the major developments resulting from the crisis is the shift away from the dollar in Russia-China trade. This shift was accelerated by Western sanctions, which targeted Russia's access to dollar-based financial systems. As a result, China and Russia have moved toward using local currencies (the Yuan and Ruble) in their trade agreements, effectively reducing the influence of the US dollar in their economic exchanges. Infrastructure and Investment: China has used its growing economic leverage to become a central figure in Russian infrastructure projects, including the development of transport networks



and energy infrastructure. These projects have helped Russia mitigate the financial isolation it faced due to the Ukrainian crisis and sanctions.

The sanctions on Russia continue to pose challenges, including restrictions on financial transactions, technology imports, and access to global capital markets. This further complicates Russia-China relations, as both countries navigate international pressure. Although Russia-China economic relations have grown, there are concerns about the long-term balance of power in these relations. Russia remains heavily reliant on China for trade, technology, and investment, which may lead to a dependency dynamic that limits Russia's economic autonomy in the future.

The Russia-China economic relationship presents opportunities for both countries to deepen their collaboration in energy, infrastructure, and technology. Both countries are also well-positioned to influence the future of global governance and the global economic system, positioning themselves as leaders of a new multipolar order. With global attention turning to sustainability, there are opportunities for Russia and China to collaborate on green energy projects, such as renewable energy development, energy efficiency, and carbon capture technology. These initiatives could help diversify their economic portfolios and reduce reliance on fossil fuels [Joksimovic, M., & Stoimenov, S., 2024].

The Russia-China relationship in the context of the Ukrainian crisis has evolved into a more strategic and economically significant partnership. The economic cooperation between the two countries has been shaped by the geopolitical realities of the crisis, particularly the imposition of Western sanctions on Russia. The crisis has accelerated Russia's pivot to China, and the two countries have used this opportunity to strengthen their financial and economic ties. Moving forward, Russia and China are likely to continue deepening their economic relations, leveraging their growing trade in energy, the financial de-dollarization process, and joint infrastructure projects to build a more resilient and mutually beneficial economic alliance. However, challenges remain, particularly in terms of balancing the power dynamic in this bilateral relationship and addressing the potential risks of over-reliance on one partner.

## Developments in 2021 to 2025

The period from 2021 to 2025 has seen a significant deepening of financial and economic relations between Russia and China, driven by various factors such as the impact of the Ukrainian crisis, Western sanctions

on Russia, and the broader geopolitical realignment. Below is an overview of key data and projections for the period 2021–2025.

**Table 1. Bilateral Trade Volume overview of key data and projections for the period 2021–2025**

Year	Bilateral Trade Volume Russia and China
2021	\$146.9 billion USD
2022	\$185 billion USD
2023	\$185 billion USD
2024	\$200 billion USD
2025	2025 Projection: \$250 billion USD

*Source:* Author.

On Table 1 we can see bilateral trade volume overview of key data and projections for the period 2021–2025. In 2021, the turnover reached approximately \$146.9 billion USD, up by 37 % from the previous year (2020), indicating a strong recovery despite the pandemic's impact. Despite global uncertainties, trade has since continued to grow, and by 2025, it is projected to reach \$250 billion USD, underpinned by expanded cooperation in energy, technology, and infrastructure sectors.

Energy is the cornerstone of the Russia-China economic relationship, and it is expected to continue growing in the period from 2021 to 2025. Russia remained China's largest oil supplier. By 2021, Russia provided about 15–20 % of China's crude oil imports. This share is expected to remain stable, with Russia continuing to send significant amounts of oil to China through the *Eastern Siberia-Pacific Ocean (ESPO)* pipeline. By 2021, the *Power of Siberia* pipeline, which started operation in 2019, was transporting over 5 billion cubic meters of natural gas annually. This figure is expected to rise to 38 billion cubic meters per year by 2025. A second pipeline, planned to be operational by 2025, is expected to further increase the volume of Russian gas flowing to China. Russia is also expected to increase its exports of nuclear fuel and technologies to China. Joint nuclear projects, such as the Tianwan Nuclear Power Plant, will continue to grow in importance. Both countries are exploring potential joint ventures in renewable energy sectors like solar, wind, and hydropower as part of their energy diversification plans.

The move to de-dollarize trade between Russia and China has accelerated significantly, with both countries aiming to reduce their reliance on the US dollar. In 2021, approximately 20 % of trade between Russia and

China was conducted in local currencies (Rubles and Yuan), and the trend toward local currency settlements is expected to grow. By 2025, the share of bilateral trade conducted in Yuan and Rubles could increase to 30–35 %, as both countries seek to bypass the US-dominated financial system. Russia has been developing its own financial messaging system, *SPFS* (System for Transfer of Financial Messages), as an alternative to the SWIFT system. The use of *SPFS* in Russia-China transactions is expected to increase significantly. China's *CIPS* (Cross-Border Interbank Payment System), which facilitates Yuan-based transactions, is also gaining traction in Russia, providing an alternative to Western payment systems. Both nations are expected to continue investing in their financial systems, facilitating cross-border investments and trade, and expanding their economic ties through enhanced financial infrastructure [Živkov, D., Joksimović, M., & Balaban, S., 2021].

Investment is a key pillar of Russia-China relations, with China increasingly playing a leading role in financing large-scale infrastructure and industrial projects in Russia. In 2021, Chinese direct investment in Russia was estimated at \$15 billion USD. By 2025, Chinese investment in Russia could grow to \$25–30 billion USD, driven by projects in energy, high-tech, and transportation infrastructure. Key sectors receiving investment include the development of energy infrastructure (gas pipelines, nuclear reactors), transport (railways, ports), and technology (AI, telecommunications, electric vehicles). Russian investment in China remains more modest compared to Chinese investment in Russia but is expected to grow over the next few years, particularly in technology, energy, and high-value manufacturing sectors. Russia's involvement in China's Belt and Road Initiative (BRI) will deepen, particularly with the expansion of transport and logistics infrastructure across Central Asia, the Russian Far East, and into Europe. The development of new corridors, such as the China-Mongolia-Russia Corridor, is expected to further integrate Russian and Chinese markets.

Russia has increasingly relied on China for trade and investment to mitigate the economic impact of Western sanctions. In response to the growing geopolitical tensions with the West, Russia and China are expected to strengthen their strategic partnership, not only in economic terms but also in political and military cooperation. The two countries are expected to coordinate more closely on regional security issues, particularly in Central Asia, the Arctic, and the broader Asia-Pacific region.

As mentioned earlier, trade is expected to reach \$200 billion USD by 2024, and possibly \$250 billion USD by 2025. The energy trade between the two countries will continue to grow, with a significant increase in natural

gas exports to China and continued oil trade through the ESPO pipeline. The use of local currencies and alternative financial systems (such as *SPFS* and *CIPS*) will continue to rise, reducing Russia and China's reliance on US-dominated financial systems. Both countries will increase their investments in each other's economies, with Chinese companies likely to increase their stakes in Russian infrastructure, energy, and technology sectors.

From 2021 to 2025, Russia-China financial and economic relations are expected to continue expanding rapidly, with a focus on energy, trade, financial cooperation, and strategic investment. The ongoing geopolitical shifts, particularly the Ukrainian crisis, have provided a strong impetus for the two countries to deepen their economic ties, reduce reliance on Western markets, and develop alternative financial systems. These trends suggest a future of increasingly integrated bilateral relations, with implications for global trade and finance as Russia and China solidify their economic and geopolitical partnership.

The Ukrainian crisis has functioned as a powerful catalyst for deepening the financial and economic partnership between Russia and China. Confronted with sweeping Western sanctions and financial isolation, Russia has turned eastward, not only as a strategic imperative but as an economic necessity. This section examines the transformation in three core dimensions: financial cooperation, trade reorientation, and geopolitical asymmetry [Živkov, D., Balaban, S., & Joksimović, M., 2022].

One of the most significant developments in the bilateral relationship has been the accelerated move toward financial sovereignty and de-dollarization. Russia and China had already taken modest steps toward conducting trade in national currencies. Post-2022, this shift has become a strategic priority. According to [Yu, 2023], the share of transactions settled in Yuan and Rubles surged, and Chinese financial platforms like *CIPS* began to replace SWIFT in Russia-China settlements. This adaptation has not only enabled Russia to continue international transactions but also supported China's long-term goal of internationalizing the Yuan. China, while cautious not to violate Western sanctions, has nonetheless provided financial breathing room to Moscow by keeping its banks engaged in non-sanctioned sectors and promoting Yuan liquidity in Russian markets. However, the relationship remains transactional rather than institutional, lacking the formal mechanisms typical of Western financial alliances.

In terms of trade, the post-crisis period has witnessed a dramatic increase in bilateral trade volume. By the end of 2023, China had become Russia's largest trading partner, with trade exceeding \$200 billion USD annually [Russia's Trade Reorientation, 2023]. Much of this growth is

driven by Russia's exports of energy and raw materials at discounted prices, which China has strategically capitalized on.

This shift has led to a restructuring of supply chains, with Chinese firms replacing Western manufacturers and investors exiting the Russian market. Simultaneously, Chinese technology and infrastructure companies have expanded their footprint in Russia, further entrenching Chinese economic influence. However, this dependence is asymmetric — Russia has far fewer alternatives than China, giving Beijing increased leverage in negotiations and long-term agreements [Lukin, 2023].

Strategic cooperation, not alliance geopolitically, the Russia-China relationship has deepened, but not matured into a formal alliance. Analysts agree that China remains strategically ambiguous in its support for Russia. While Beijing echoes Moscow's criticism of NATO expansion and supports a multipolar world order, it stops short of offering military or overt material support that could trigger secondary sanctions [Radchenko, 2023].

This delicate balance allows China to benefit from Russia's isolation without fully committing to its military objectives. It also reflects China's desire to maintain its global trade relations and avoid direct confrontation with the West. Therefore, the Russia-China partnership, while strengthened economically, remains pragmatic and interest-based, guided more by shared opposition to the U.S.-led global order than by mutual ideological alignment.

Overall, the Ukrainian crisis has undeniably accelerated the pace and scale of Russia-China financial and economic cooperation. However, this development is best understood not as a convergence of equals but as the repositioning of a sanctioned power within China's economic orbit. Financial innovation, alternative trade networks, and shifting currency dependencies are transforming Eurasian economic geography—yet this transformation is heavily tilted in China's favor.

## Future Outlook

The future development of Russia-China financial and economic relations in the context of the Ukrainian crisis is likely to be shaped by several key factors, including geopolitical dynamics, evolving economic strategies, and the global response to the ongoing conflict. As Russia continues to navigate the international sanctions imposed by the West and China's growing economic influence, the trajectory of their relationship will play a crucial role in the future of global trade, finance, and security. Here are some key expectations for the future:

Energy will remain the cornerstone of Russia-China economic relations. Russia's increasing isolation from European energy markets will likely result in further deepening of energy exports to China. China's need for energy security, particularly natural gas and oil, will continue to make Russia an important partner. The expansion of projects like the *Power of Siberia* pipeline and other energy infrastructure initiatives will likely be prioritized. Meanwhile, as both countries face pressure from Western nations, Russia may also diversify the types of energy it supplies to China, including expanding cooperation in nuclear energy, renewable resources, and technological innovations in energy efficiency. The joint development of energy resources in the Arctic and other regions may also become a focus.

The trend of reducing reliance on the US dollar in bilateral trade is expected to continue, with both countries utilizing local currencies like the Ruble and Yuan for trade settlements. This move is not just a response to Western sanctions but part of a broader strategy to establish a more independent financial ecosystem between Russia and China. With both nations increasingly sidelining Western financial networks like SWIFT, the expansion of alternative financial infrastructures such as China's *CIPS* (Cross-Border Interbank Payment System) and Russia's *SPFS* (System for Transfer of Financial Messages) is expected to grow. These systems will play a crucial role in maintaining secure financial transactions between the two countries and may gain traction in other non-Western countries [Grujić Vučkovski, B., Paraušić, V., Jovanović Todorović, M., Joksimović, M., & Marina, I., 2022].

Russia's alignment with China's Belt and Road Initiative (BRI) will likely expand, particularly in areas of infrastructure development. The development of new trade corridors, transportation infrastructure (such as railways, highways, and ports), and energy projects will be a central part of the growing partnership. Russia could increasingly serve as a gateway for Chinese goods into Europe, strengthening its role as a transit hub. China is a global leader in advanced technologies, including 5G, artificial intelligence, and green energy. Russia, with its growing need for modernization and technological advancement, may look to deepen cooperation with China in these sectors. Collaborative efforts could include joint ventures, technology transfers, and R&D partnerships, particularly in energy technologies, artificial intelligence, and cybersecurity.

China's investment in Russia will likely increase, especially in sectors such as energy, manufacturing, technology, and agriculture. With the decline in Western investments due to sanctions, China may take a more prominent role in financing key Russian projects, helping to drive economic growth, particularly in Russia's eastern regions. Investments in

infrastructure, technology, and joint ventures are likely to grow, particularly in high-tech and green industries. New trade agreements and initiatives: The establishment of new trade agreements and initiatives between Russia and China is expected, covering a broader range of sectors, from agriculture to high-tech industries. These initiatives will help further solidify economic ties and diversify Russia's trade away from traditional Western markets.

As tensions with the West continue, Russia and China will likely enhance their political and strategic cooperation, positioning themselves as key players in a multipolar world order. This economic partnership will extend beyond trade, encompassing geopolitical issues such as regional security, military cooperation, and counterbalancing Western global influence. The Russia-China alliance will likely increase its influence in global institutions, particularly in organizations like the United Nations, BRICS, the Shanghai Cooperation Organization (SCO), and the Asian Infrastructure Investment Bank (AIIB). This growing economic and political clout could challenge existing global governance structures dominated by the US and EU, fostering the emergence of a new global order centered on multipolarity.

One of the major risks in the Russia-China economic relationship is the potential for economic imbalance. Russia may become increasingly dependent on China for trade and investment, potentially weakening its economic autonomy. Any geopolitical or economic shifts within China could also have significant consequences for Russia, especially given the strategic dependence on Chinese markets and technology. There are also underlying challenges, particularly concerning geopolitical ambitions. Both countries have different strategic goals, and tensions could arise over issues such as the control of regional trade routes, technological dominance, or the influence over Central Asia. These tensions may occasionally surface, particularly if either country perceives the other's actions as encroaching on their core interests.

The increased cooperation between Russia and China may lead to a shift in global trade patterns, particularly in Eurasia. As both countries forge stronger economic links, they could serve as a model for other countries seeking to circumvent Western sanctions and align with a rising multipolar world order. This shift could lead to the emergence of new economic blocs outside the Western-dominated system, further diversifying global trade networks. This would also have a significant impact on global supply chains, particularly in the areas of energy, technology, and manufacturing. Countries that rely on Russian energy and Chinese products may find themselves increasingly dependent on this alliance, which could alter the global supply chain dynamics and economic partnerships.

## Conclusion

The Ukrainian crisis has profoundly reshaped the financial and economic landscape of Eurasia, with Russia and China emerging as increasingly interdependent — yet strategically unequal — partners. As Russia has faced mounting isolation from Western markets, it has turned to China not only as a trade partner but as a financial lifeline. In response, China has seized the opportunity to solidify its influence over a resource-rich neighbor while advancing its own goals of financial sovereignty and global currency diversification.

This deepening relationship, however, is marked more by pragmatism than partnership. While economic ties have expanded — particularly in energy, finance, and infrastructure — the underlying asymmetry has grown more pronounced. China has maintained a careful diplomatic posture, avoiding full alignment with Moscow while still enabling and benefiting from Russia's reorientation.

Ultimately, the evolution of Russia-China economic relations in the present context underscores a broader shift in the global order. Both nations are building alternative mechanisms to reduce their vulnerability to Western dominance—yet this process also reveals internal imbalances, diverging priorities, and the limits of their cooperation. For Russia, dependency on China risks long-term economic subordination; for China, support for Russia must be weighed against its global ambitions and economic ties with the West.

Thus, the current trajectory of the Russia-China economic relationship is not a new Cold special military operation bloc, but rather a strategic convergence of convenience, shaped by crisis, opportunity, and shared—but not identical—interests.

The future of Russia-China financial and economic relations in the context of the Ukrainian crisis is marked by both opportunities and challenges. While their growing partnership offers significant potential for mutual economic growth, especially in energy, finance, and technology, it also carries risks associated with economic dependence and imbalances. As the global geopolitical landscape continues to evolve, the Russia-China alliance will play a critical role in shaping global trade, finance, and international relations in the coming decades. The future of this relationship will depend on how both nations manage their mutual interests and navigate the complex global challenges ahead, with both cooperation and competition likely to define their evolving partnership.

The development of financial and economic relationships between Russia and China in the context of the Ukrainian crisis marks a significant



shift in global economic and geopolitical dynamics. The ongoing conflict has acted as a catalyst, pushing Russia to deepen its ties with China, as it faces increasing isolation from Western nations due to sanctions and diplomatic pressures. The growing partnership between the two nations is not only a response to geopolitical challenges but also an indication of a broader realignment in global power, with both countries seeking to reduce their reliance on Western-dominated financial systems and institutions.

Bilateral trade, particularly in energy resources, has flourished, with China becoming Russia's largest trading partner. Key projects such as the *Power of Siberia* gas pipeline and various joint infrastructure investments have solidified the energy dimension of the relationship. Moreover, financial cooperation between the two countries has intensified, with initiatives like the use of the Yuan and Ruble in bilateral trade, as well as the development of alternative payment systems to bypass Western financial networks, such as SWIFT.

However, while this partnership provides Russia with much-needed economic support, it also presents significant risks. Russia's increasing reliance on China, particularly in areas such as energy exports and technological imports, could lead to an imbalance in the relationship, potentially making Russia more vulnerable to Chinese economic pressures. The long-term sustainability of this alliance depends on both countries balancing their economic interests, navigating the challenges of dependency, and addressing issues related to governance and strategic cooperation.

Ultimately, the Russia-China economic partnership, catalyzed by the Ukrainian crisis, underscores the shifting contours of global economic power. As both nations continue to develop and expand their economic ties, the implications for global trade, finance, and international relations will be profound. While this alliance offers opportunities for mutual economic growth and a counterbalance to Western influence, it also requires careful management to avoid over-dependence and to ensure a balanced and sustainable partnership in the future. The evolution of this relationship will continue to play a crucial role in the broader geopolitical landscape as both countries pursue their respective strategies in a rapidly changing global order.

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