DOUBLE OR NOTHING:
HOW THE CHINESE HAVE BEEN STEALING RUSSIAN TECHNOLOGY
AND WHY THE RUSSIANS MAY CONTINUE TO PROVIDE OPPORTUNITIES

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ABSTRACT 

China has depended on Russia for new aerospace technology since the beginning days of the People’s Republic. Initially it was given freely but, after relations between the two countries grew rocky, China began to steal Russian technology and even sell cheaper imitations to states that had traditionally relied on Russian supplies. Even since Sino-Russian relations were again normalized, China has still abused the terms of agreements with Russia regarding proprietary technology. For the past decade, Russia has been understandably hesitant to sell China much of value. Recently, however, Russia has been willing to entertain the idea of selling its most advanced fighter jet to China. There are a number of explanations for why Russia would be willing to take such a risk, but ultimately it is because the risk is diminishing as Russia comes closer to developing even more advanced replacements.
The research and writing of this thesis would not have been possible without the help of the many people who supported me along the way. I wish to dedicate it to them.

Many thanks,
Chandler Grigg
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Introduction

Though Russia and China have a long and well-established history of trading in military aviation technology, Russia has sold few combat fighter jets to China in the past decade. This is due to numerous Chinese infractions on the terms of agreement with Russia that have led Russia to compete with its own technology on the international market. When Xi Jinping made his first official state visit as head of state of the People’s Republic of China (PRC) in March 2013, his first stop was Moscow. Shortly after his arrival, Chinese state media reported that the Russians and the Chinese had signed a major arms deal which would include the transfer of 24 Sukhoi Su-35 multirole air superiority fighter jets and four Lada-class diesel powered submarines, among other military units.¹ Russian state media officially denied the claim, but Russia has indicated its willingness to go forward with a deal, which in and of itself warrants consideration.² The Su-35 is the world-class fighter jet that headlines the Russian air force and it contains some of Russia’s most advance avionics technology. The purpose of this paper is to examine why Russia would be willing to risk losing the proprietary technology of the Su-35 to China in spite of China’s previous actions, which have resulted in stolen and copied Russian military technology, and in spite of China’s demonstrated willingness to compete with Russia for arms contracts on the global market using imitations of Russian technology. There are a number of possible explanations, but a close examination of the transactions involved support the theory that Russia’s willingness to sell the Su-35 to China is a function of the Su-35 being displaced by a new fifth generation fighter jet, the Sukhoi Prospective Airborne Complex of Frontline Aviation (PAK FA), as Russia’s primer fighter jet. As the PAK FA draws nearer to completion, the risk to

reward ratio of selling the Su-35 will continue to shift until Russia is willing to sell it at a competitive price to international consumers, including India, Brazil, and even China.

**China’s Historical Dependency on Russian Technology**

China has been receiving the majority of its defense imports from Russia since the early 1950s, as the Soviet Union aided China in establishing its infant aerospace industry. In 1958, the USSR reduced its military aid to the PRC in response to the political instability associated with the Great Leap Forward. In 1960, the Sino-Soviet split resulted in a cessation of military development assistance. This dealt a harsh blow to China’s fledgling aerospace industry. In 1962, the Soviet Union sided with India in the Sino-Indian War (1962), contributing to India having closer ties with Russia than to China in the present. Today, even though the Sino-Soviet split nominally ended in 1989, Russia’s military relationship with China has been uncertain while Russia has taken advantage of many growth opportunities for its robust relationship with India. Just as jet engine technology was replacing propellers in the air forces of the major modernized world powers and becoming the core of aerospace technology in the 1950s, China’s production and advancement capabilities stagnated. Prior to the Sino-Soviet split, the Chinese either purchased their aircraft directly from Russia, or built their own by copying Russian designs with the permissions of Moscow.³ The last jet engine the Chinese were able to create before the Sino-Soviet split was the Liming Wopen-6A turbofan, used in the Shenyang J-6, which they reverse-engineered from Russia’s Tumanski RD-9B used in the Mikoyan MiG-19, in 1958. The Chinese struggled to advance jet engine technology without Russian help and were still using the J-6, with its Wopen 6A turbofan, as late as 1981. In 1989, President Mikhail Gorbachev of the Soviet Union visited China and formally reestablished relations, but the

³ “Russia Close to Sign Su-35 Fighter Deal with China.” *RIA Novosti*, June 03, 2012.
alliance between the two countries has remained fragile to the present. Since the re-normalization of relations, China has illegitimately gained greater military technology from the Russians on a number of occasions.

In 1991 the Chinese, along with the rest of the world, observed the great technological strides made by the U.S. military as it fought in the first Gulf War using advanced jet fighter technology and laser-guided bombs. Though the Chinese were shocked at how capable the U.S. military was during the Gulf War and realized that the People’s Liberation Army (PLA) was overall antiquated by comparison, they particularly noted the capability of the U.S. Air Force. As military analyst Andrew Scobell observed, “The primary lesson of the Gulf War in the eyes of many PLA leaders [was] the primacy of airpower, particularly the importance of controlling airspace or at least denying it to a hostile power.”4

With the collapse of the Soviet Union, Russia went through a challenging decade. It still had an advanced military, but its economy was in shambles. China’s situation was the opposite. It had been going through a period of strong economic growth the past several years, but was still struggling to develop the military technology it needed. For example, in 1984 it had yet to complete the WS-6 turbofan which it had hoped to employ in the J-9. In spite of having started work on the WS-6 in 1965 it was still faulty some 20 years later and had become effectively antiquated before it was finished. Military sanctions from the West prevented China from purchasing military weapons systems from other industrialized nations, and without help from Russia, China was decades behind the West in terms of military avionics development.

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China’s Willingness to Adopt Russian Technology Illegitimately

In 1991, China made a deal with Pakistan for the sale of Chinese-built FC-1 fighter jets. Russia initially supplied the Klimov RD-93 engines used in the FC-1, but in 2010 Russia decided to pull its support for the project in light of protestations from India. Rather than suspend operations with Pakistan, China instead began to equip the FC-1 with a Chinese-produced engine, the Shenyang WS-13. The Chinese claimed it was indigenously developed, but with the same specifications and essential characteristics as the RD-93, the short timeframe involved, and relative Chinese capabilities, this claim was dubious. Russia stepped in to block the continuation of sales but was ultimately unsuccessful in preventing the proliferation of the imitation turbofan.

In 1992 Russia sold 24 Su-27SK multirole fighter jets to China in a $1 billion contract. The fourth-generation fighters gave the People’s Liberation Army Air Force (PLAAF) a much needed jump-start towards modernization. In 1996 Beijing paid Moscow $2.5 billion for a license to build an additional 200 Su-27SKs at their plant in Shenyang, under the moniker “J-11.” An anti-exporting clause in the agreement was implemented to protect Moscow from competing with its own product in the international market. In 2004, after having familiarized itself with the production process, Beijing reneged on the deal, stopped paying the fees, and announced an intention to export the J-11. Pakistan showed interest in purchasing J-11s from China and Russia announced that the deal violated international agreements. In 2007, Beijing provided some minor radar updates to the J-11 and unveiled the J-11B, available for export. China heralded the J-11B as an “indigenous strike-fighter,” but with the same dimensions, performance capabilities, and armaments as the Su-27, it was a hollow claim.

The pattern continued with the development of the J-15, China’s newest Navy jet, which closely resembles the Russian Su-33. Although by 2003, the Russians were already leery of the Chinese, as evidenced by dramatically declining arms sales, Ukraine was still a willing trade partner. Ukraine had access to all but the most contemporary Russian technology and was able to sell Su-33s to China which were then reversed engineered. The Chinese J-15 emerged shortly thereafter, bearing a strong resemblance to the Su-33.

When the Chinese offered to purchase 3 to 4 Su-35s from Russia, Russia continued to be hesitant. The majority of advanced fighter aircraft in the world today are fourth generation aircraft. The only operational fifth generation aircraft are the F-22 Raptor and the F-35, both of which are produced by the United States. The Su-35, while technically in the fourth generation, is one of the most advanced fourth generation fighters currently in operation, sometimes referred to as being a generation 4++ fighter.6 As the most advanced fighter jet in the Russian Air Force, it is globally competitive and would provide valuable technical insights Chinese engineers.

Moscow would benefit greatly from normalized military sales with China, as opposed to the ad hoc agreements of the past 30 years, but Beijing has been sluggish in providing a legal guarantee against copying and reselling the Su-35 as it has done in the past with other models.7

Beijing has a number incentive that make the Su-35 appealing. If China could copy the Su-35’s engine it could advance its own next generation fighter jet programs. The J-20 and the J-31 would be formidable modern aircraft but for want of a better turbofan. The Russians have reason to be concerned that the Chinese would not be able to resist the temptation of using the Su-35’s Luylka Al-31FM turbofan without licensing permissions.8 China’s desire to maintain air superiority in the region is another reason for Beijing to find a way to make a deal work. China’s

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current fighter jets are likely outmatched by Japan's J-15s in the East China Sea. Moscow's standing offer of 48 units was a large enough deal to be worth the risk. As of Xi's Russia visit, the two parties seem to have settled on 24 units, though the final deal is still pending.

Based on available open-source evidence, Chinese progress in this critical area remains uneven and the whole China's efforts remains less than the sum of the parts. Given the overall capabilities inherent in China's defense industrial base and the resources likely being applied to this problem, experts expect that China will make significant strides, but will be unable to produce turbofan engines for fifth generation fighter jets until 2018-2023 at the earliest. When it does, this development will have profound strategic significance, as China will have entered an exclusive club of top producers in this area. By that time, however, Russia will be well established in the fifth generation and the United States will likely be capable of sixth generation fighter jet technology. China is aware of the great technological strides it has made in the past by reverse engineering more advanced equipment and will continue to do so as long as it perceives the only other option to be lagging behind other top producers.

The general consensus surrounding China's military aviation industry is that while is has made tremendous progress towards being able to produce a quality turbofan, which is the single most difficult and important component of building a jet fighter, they have yet to be able to produce a single example of a competitive model. For example, John Pike, previous director of military analysis projects for the Federation of American Scientists, stated that China's jet engines do not come close to American engines and that, "This is a sucking chest

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wound of Chinese military aviation." The primary Chinese military jet engine project, the Shenyang WS-10, is based on the American-designed CFM-56. The CFM-56 began its development as early as the 1960s and was commercialized in the 1970s. In 1987, the Chinese began attempting to reverse-engineer it in order to build the WS-10, and as of 2009 the Chinese have little to show for it. The Chinese aeronautical industry has traditionally had its greatest success working with Russian materials.

In spite of multiple cases of patent infringement, and the confusion regarding the sale of 24 Su-35s following Xi’s Russia visit, the deal is not off the table. There are a number of potential benefits for Russia to gain by this sale, in spite of the large potential risk. For example, as the direction of Sino-Russian relations is considered in the broader context, this deal appears to be a small concession on the road to greater gains. Politically speaking, stronger relations between Moscow and Beijing would constitute a power bloc that could prove an adequate answer to the United States’ rebalancing toward Asia, which is of concern to Russia as well as to China. Economically speaking, the money potentially lost or gained in this arms deal would be of little consideration relative to the potential pay-off of multiple large-scale energy contracts. Furthermore, if the sale of these jets is the concession required to make these deals go forward, it would be a small price to pay, especially considering the legal and technical safeguards that Moscow is putting in place. The Su-35 is the crown jewel of Russia’s Air Force, making it counterintuitive for Moscow to risk putting that technology in the hands of a buyer with a record like China’s. Nonetheless, should the deal be finalized, there are at least three explanations accounting for Moscow’s willingness to now sell 24 Su-35s to the Chinese. Most notably is the

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imminent production release of a new fifth generation fighter jet that will supersede the Su-35s role in the Russian air force. These three theories are based on politics, economics, and security strategy respectively and each theory warrant thorough consideration.

**The Theory of Politics and Power**

The theory that Moscow is open to selling the Su-35 to China for political reasons posits that the Kremlin’s primary objective is to accumulate geopolitical power and that all of its decisions are in some way tied to that end. Teaming up with China, the rising star of the international stage, is a prime way to achieve greater power. The military arms sales and the transfer of technology is less significant than the overall political and diplomatic cooperation demonstrated during Xi Jinping’s state visit to the Kremlin. Having full cooperation, particularly military and security cooperation, between the two neighboring giants is more important that securing the Su-35’s proprietary technology. This is particularly in light of the failed “reset” of relations between Russia and the United States and the United States’ strategic “rebalancing” towards Asia in addition to other nascent and perennial security concerns.

Since the collapse the Soviet Union and the troubled decade of the 1990s, Russia has been regaining economic power and global relevance. With diplomatic victories in Syria, Georgia, and Ukraine, it has established political capital. It has fought to maintain influence in its “near abroad,” which primarily consists of former Soviet republics. It has fought to make itself indispensable to Western Europe, through exports of its energy resources. It has been the global arms dealer to those nations that are not eligible for arms shipments from the United States. Though the country is beset with many difficulties, the growing confidence in its own re-emergence is reflected in Russia’s advances and policy achievements.15 Due to the instability of

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the future European Union energy demands caused by the development of alternative fuels and
the unpopularity of Russian contracts, Moscow has multiple strong incentives to seek after the
already-compelling opportunities posed by stronger relations with China if it wishes to continue
these advancing trends.

Tying its fate with China is a sure way to keep Russia in the front line of the latest
international relations developments. Voting as a bloc on multiple important issues before the
United Nations Security Council (UNSC) demonstrates the two nations’ willingness to work
together and to cooperate. Their shared goals of non-interference and state autonomy bring them
together as political allies with shared interests in shaping the norms of the international system.
Governments that have exhibited behaviors similar to those of governments in nations that have
been invaded by Western powers understandably have a stake in promoting the value of
complete national sovereignty.

Though China and Russia have a strong incentive to cooperate on the UNSC, their
relationship in other fields has historically been rocky. Russia maintained large territorial
holdings in China for some two hundred years, until 1898. In the 1940s, Russia pressured China
into signing the Yalta agreement, which recognized the national independence of Mongolia. The
Sino-Soviet split of the 1960s had ramifications which are still felt in the present. In 1969 the
two countries engaged in an armed conflict over a territorial dispute with regard to an island off
the coast of Helongjiang Province. Russia maintained a strong troop presence along its border
with China until 2008, when Moscow pulled back the troops some 300 miles.
Conversely, public opinion in Russia does not lean favorably toward China. In addition to
repeated major violations of Russian copyright in the military avionics sector, China is seen as
untrustworthy for having shifting alliances. China sided with Russia in the 1950s, the United States in the 1970s, and the Third World coalition of the non-aligned in the 1980s.16

Though a number of these differences are in the distant past, historical memory often plays a large role in the international relations of Asia. The chilling effects of historical memory can only be overcome by strengthening present relations on all fronts, including alignment on commerce, politics, and security issues. The sale of the Su-35s could be a concession to help grease the gears of goodwill. Xi’s historic visit to Moscow was a landmark event in Russia-China ties. In making Russia the first destination of his first foreign trip as head of state, President Xi made a diplomatic statement that China’s relationship with Russia is of primary importance.

Though there are undoubtedly a great number of economic incentives driving the Sino-Russian relationship in Moscow as well as in Beijing, this first explanation holds that these economic benefits are ancillary to the diplomatic and geopolitical gains Russia makes in having strong ties with China. It treats the economic benefits as a positive externality—a fortunate bonus, rather than the main goal. Alternatively, according to this explanation, economic incentives are a means by which nations may promote strong political ties. Economic advancement is not the primary incentive for the actions taken by either Russia or China.

The Theory of Economics and Wealth

The theory that economic forces are driving Russia to reopen negotiations for the Su-35 purchase posits that Russia’s main objective is economic security and the Russia is willing to put the Su-35 at risk for the sake of securing energy deals with a new and growing market in China.17 The core of the Russian economic model is energy exports.18 Russia generates far more

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revenue from its energy deals than it does from its arms sales. As China continues to grow economically, it is becoming increasingly thirsty for energy imports. A single energy contract with China could be worth billions of dollars and would certainly be worth more than 24 Su-35s. If the Su-35 is what needs to be sacrificed in order to make the energy deals move forward, then it would be well worth the risk of jeopardizing the proprietary technology that the aircraft contains in its technological infrastructure in order to bring more valuable deal into fruition.

Russia is already actively putting the infrastructure in place for massive oil and gas pipelines into China, and for more reasons than one. China has been fighting to gain control over the energy resources of Central Asia, in Russia’s sphere of influence. By forging an energy deal, Russia would not only be ensuring massive profits for its energy sector, it would also be guarding the commercial development of its periphery. The project will increase the annual carrying capacity of Baikal-Amur Mainline (BAM) and Trans-Siberian Railway by 25 million tons of cargo, up from 16.2 million tons in 2011.\(^\text{19}\) China and Russia have struck major energy deals worth billions of dollars in the past, such as in June 2006, when Russia’s state-controlled oil firm Rosneft signed a deal with Sinopec, China’s second-largest oil company, to acquire a 51 percent stake in Russian crude producer Udmurtneft. State-controlled Sinopec had already won a tender to buy a 96.7 percent stake in Udmurtneft from the Russian–British joint venture TNK-BP for $3.5 billion, with a prior condition that it was to sell 51 percent of its stake to Rosneft.\(^\text{20}\) Such deals were not dependent on successful military arms deals.

Russia has a comparative advantage in energy resources. Its share of natural gas as a primary energy source is remarkably high compared to the rest of world. Russia has the world’s


\(^{19}\) Hou Qiang. "Russia to develop Far Eastern railway network." Xinhua, April 05, 2013.

\(^{20}\) "Rosneft, China’s Sinopec sign deal to buy Russian oil co." RIA Novosti, November 17, 2006.
biggest natural gas reserves, mainly owned and operated by the Russian monopoly Gazprom, which controls 94 percent of Russia's natural gas production. In a global context, Gazprom holds 25 percent of the world's known gas reserves and produces 16 percent of global output. In 2011, Russia was the world's biggest natural gas producer with 637 billion cubic meters which accounted for 19.4 percent of global natural gas production.\textsuperscript{21} With the new contract that was announced after Xi's visit to the Kremlin, Russia will double its oil exports to China, matching the supply that Saudi Arabia currently exports to China. Because Russia's economic model is largely based on the export of these resources, and because China's continued economic growth depends on being able to find the energy supplies required to run a large and growing economy, the Sino-Russian relationship has clear advantages. Certainly the incentives are strong enough that both parties would be willing to put aside historical differences and enhance their cooperation efforts across various sectors. Former Chinese Vice Premier Wang Qishan, speaking of the potential for Sino-Russian economic cooperation, said, "China's rapid economic growth creates a huge market for Russia's energy exports... Economic development needs energy while energy exports have to look for markets... Russia, which is rich in energy resources and enjoys advantages in such sectors as oil and gas exploration and extraction, as well as chemical industry, could be China's secure, long-term and reliable energy supplier."\textsuperscript{22} Wang's analysis is shared by those who benefit from the railway and other extended infrastructure development occurring across the largely neglected regions near the Sino-Russian border.

According to the economic explanation, it is important that President Xi went to Russia first, but observers should not overlook the fact that he went to Africa in the same trip, visiting Tanzania, South Africa, and the Republic of the Congo. Africa has contained the promise of

\textsuperscript{22} "China's growth creates market for Russia energy exports: vice premier." \textit{Xinhua}, June 02, 2011.
countless untapped natural resources for the Chinese for years as they have sought to develop the infrastructure and trade agreements to extract the energy supplies of the African continent. This, combined with the fact that when President Xi was in Russia the single most prominent upshot was not the announcement of the arms deal, but rather was a multibillion dollar energy deal, suggest that slaking its thirst for oil is China’s core incentive with regard to much of its international relations around the world and that Russia is no exception.

The powerful economic incentives provided by these large deals are precisely the reason why they do not provide much explanatory power for the Su-35 question. The two parties have a strong business advantage to be gained and will therefore not be restricted because of a stalled military arms deal. Relations between Russia and China were worse in 2006 than they were in 2013 when purchasing the Su-35 again became a possibility for China. Separate energy deals continue to move forward as Europe becomes less of a secure energy market and as Chinese demand continues to grow because economic forces are pushing trends in those directions, not because the Su-35 negotiations are moving forward.

**The Military-Strategic Calculation**

Russia wants both the political and economic benefits of close relations with the PRC and therefore is willing to make concessions, but this is a minor concession because the PAK FA, Russia’s fifth generation fighter jet, will go into operational testing in 2014 and will be ready for full production in 2015. In other words, the cost of an exportable Su-35 is too high under current market conditions barring an order larger than any potential consumer is willing and able to request. As the potential deal to sell Su-35s to Brazil reveals, the Russians are prepared to risk selling it on the open market, just not at prices that are viable for any buyers. India and South Korea are also potential markets for the Su-35 when it can be sold at competitive prices, but the
fact that Russia has yet to successfully sell any Su-35s despite various countries showing interest, indicates that Russia is more concerned with the specific relevant market conditions than it is about larger theories of international relations. The only variable that relates to these various instances is the Su-35 itself. When the PAK FA enters its production phase the price of the Su-35 will go down and it will be competitive against other fighters in its class. It is possible that when that time comes the Su-35 will be sold at a premium to China, or that China will be required to purchase a certain number of aircraft but even if that is not the case, the risk of China reverse engineering the Al-31 or other components will be compensated for by the added currency flows directed into the Russian aerospace industry as a result of the purchase.

Whereas the Su-35 is comparable though superior to an F-18, the Sukhoi PAK FA will be comparable to an F-22 Raptor. By pushing the deal back to 2014 the Russians are signaling that they will be prepared to begin selling the Su-35 to the Chinese when they are ready to move the PAK FA into operational testing. If Russia pushes the deal back yet again into 2015 it will be signaling that it would rather wait until the PAK FA is in full production mode. The political and economic benefits of having a close alliance are strong for both Russia and China, but these benefits can accrue without the Su-35 deal. When the Su-35 no longer represents the most advanced technology in the Russian air force, the risk to benefit ratio will favor a deal. Increased economic and political ties between the two countries creates an environment that is supportive of military and security cooperation, but with the advent of the PAK FA, the sum that the Chinese are willing to pay will become worth the risk of losing certain proprietary technology.

The risk becomes particularly palatable when combined with the contractual obligations that the Russians are incorporating into the deal. As such, it becomes a viable concession for the Russians and a landmark gain for the Chinese. The only pre-requisite for selling the Su-35 is that
the potential market benefits outweigh the potential market risks. These conditions have not yet been realized, but come closer to being realized as Russia develops new aircraft more advanced than the Su-35. Therefore, as Russia becomes increasingly close to producing the PAK FA, it is becoming increasingly willing to sell the Su-35 to China.

Conclusion

The Chinese have repeatedly violated Russians’ trust by infringing earlier contractual agreements, leading to Russia’s hesitancy to sell advanced weaponry to China. That said, the Russians and the Chinese are simply too well suited to the needs of the other to ignore the potential of future relations. They each have strong geopolitical, diplomatic, and economic incentives to strengthen relations.

The state of Sino-Russian affairs has been rocky for the past twenty years. Though the Sino-Soviet split may have formally ended, relations have remained troubled and unsteady in spite of multiple goodwill gestures made on both sides. Xi’s March 2013 visit seems to have signaled a possible shift in the big-power relations towards a warmer and more cooperative environment. Furthermore, China needs Russia’s cooperation on the UNSC to support its domestic policy agenda.

Russia also has many noteworthy advantages to be gained from having good relations with China, and increased military arms sales would help to facilitate good relations. Having a stronger alliance with China would shore up Russia’s geopolitical clout, increase legitimacy and political power, and make its rivalry with China for power in Central Asia more manageable to balance with other facets of its relationship, adding weight to the theory that the Su-35 deal is driven by political motives. The political explanation posits that economic advantages would come as a positive externality to the two parties’ real goal, which is power. The problem is that,
due to arms sanctions from the West, China already relied upon Russia for military imports, so there is no incentive to risk the technologically sensitive information related to the Su-35. Russia already receives all the benefits without having to pay the extra cost.

Economically, Russia and China also have a strong incentive to cooperate. Russia's economy is based far more heavily on energy exports than it is on arms sales. As such, even if the Chinese do manage to pirate the technology of the Su-35, it would be small price to pay relative to the billions of dollars’ worth of energy resources that the Russians would be selling to the Chinese. Ultimately, the politics are forced to fall into line so as to facilitate the economic benefits, and the Su-35 deal is a part of those political negotiations. The problem with the theory that the Su-35 deal is driven by economic motivations is that there are insufficient incentives to warrant the risk. China has shown that it is willing to go to great lengths to get energy resources from countries that offer nothing else in return though its multiple partnerships throughout Africa. In Russia's case, China is already receiving large amounts of arms from the Russians, regardless. Energy supply and other economic deals have been going forward without the Su-35 negotiations and without Moscow having to put the Su-35’s proprietary technology at risk.

Ultimately, the only reason why Russia would sell the Su-35 on the international market is because Sukhoi feels that, as a product, it can be priced to sell competitively relative to similar models from other countries. This will only happen when Russia is no longer risking its best aircraft to counterfeitters. Furthermore, by emphasizing the development of the 6th generation PAK FA, Russia can make a small concession and receive great dividends. The conditions and restraints placed upon the Chinese with regard to technology transfers further hedge the deal, giving Russia even more time before the PAK FA needs to be in mass-production phase. The Chinese may get everything they asked for, but it will come at a relatively low cost and with
tremendous gains for the Russians. Both parties would come away with a major trade victory, resulting in an upward cycle of improved relations, but only because Russia has learned to hedge it bets.
Bibliography


