

How China Is Taking Advantage Of The Ukraine Crisis

Helen Raleigh [@HRaleighspeaks](#)

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After months of buildup, Russian President Vladimir Putin has begun his long-planned invasion into Ukraine. While all eyes are on Russia and Ukraine, China has wasted no time taking advantage of the situation.

First, China made another show of force to Taiwan. A few hours after Russia's invasion began, Taiwan [reported](#) nine Chinese aircraft had entered its air defense identification zone (ADIZ). Even though China's People's Liberation Army (PLA) recently [increased both the frequency and the number of fighter jets](#) it sent near Taiwan's ADIZ, the timing of the most recent incursion was unmistakably tied to Russia's invasion in Ukraine.

China's move on Taiwan serves multiple purposes. One is to fend off any international comparison of Taiwan and Ukraine.

After British Prime Minister Boris Johnson expressed concerns that the

outcome of the Ukraine crisis might affect the future of Taiwan, a Chinese foreign ministry spokesperson [insisted](#) that "Taiwan is not Ukraine. Taiwan has always been an inalienable part of China." Beijing reinforced this message by sending fighter jets to Taiwan's ADIZ as the Ukraine crisis unfolded, demonstrating that it will do whatever it wants to Taiwan, whenever it chooses.

The PLA's show of force was also meant to intimidate both the Taiwanese and their government. As the rest of the world is witnessing bloodshed in Ukraine, Beijing wants to warn the Taiwanese that they could easily be next, so it is better to give up any resistance now.

China Working to Assist Russia's Aggression

Besides intimidating Taiwan, China quickly offered support to Putin's aggression through economic means, enhancing China's economy while bolstering Russia's economic dependency on China.

Before Russia invaded Ukraine, Russian President Putin and Chinese leader Xi Jinping announced their alliance by issuing a defiant [joint statement](#) before the Beijing Winter Olympic Games' kickoff. They made it official that a new multipolar world order has arrived, in which Russia and China are united against the United States. Besides the joint statement, Xi and Putin [signed](#) several trade agreements, committing China to purchase a significant amount of agricultural and energy products from Russia.

Shortly after Russia's invasion of Ukraine began, China [announced](#) it would lift all restrictions on wheat imports from Russia. Beijing previously imposed such restrictions due to concern about plant diseases in agricultural imports. Agricultural product exports play a vital

role in Russia's economy and the nation is the world's largest wheat exporter. Amidst western sanctions, China's purchasing orders will provide some relief to Russia's economy.

Beijing didn't do it out of altruism. Due to environmental pollution, increasing demand from a growing population, and the supply chain affected by Beijing's "zero Covid-19" restrictions, China has been facing [food shortages](#). Therefore, increasing food imports from Russia will help Beijing address food security.

Working Together to Undermine the U.S.

Stepping up wheat imports is only the beginning of the economic lifeline that China is supplying Russia. U.S. President Joe Biden [announced](#) new sanctions on four large Russian banks and restrictions on certain Russian state-owned enterprises from raising money in international markets. These sanctions are unlikely to have a much-desired impact on Russia because Russia is increasingly relying on China's alternative banking and capital market systems through the Chinese currency-based payment system.

Chinese leaders believe that to replace the United States as the sole world power, Chinese currency, yuan, must become a widely used international reserve currency like the U.S. dollar. China has encouraged foreign governments to use yuan for trade settlement and foreign companies to issue yuan-denominated debt in China's capital markets to facilitate the yuan's internationalization. In addition, China's central bank, the People's Bank of China, launched the first phase of the China International Payment System (CIPS) in 2015 to ease trade settlement and investment denominated in the yuan.

Even before invading Ukraine, Russia had increased its reliance on Chinese currency and CIPS to blunt the financial sanctions imposed by the United States and its allies. The South China Morning Post [reported](#) that “about 17.5 percent of trade between China and Russia was settled in yuan in 2020, marking a big increase from 3.1 percent in 2014.” In addition, “Chinese currency accounted for 12.8 percent of Russian foreign exchange reserves in 2020 and 30.4 percent of its sovereign-wealth-fund holdings in July last year.”

China’s ambassador to Russia, Zhang Hanhui, [reportedly](#) told a Russian TV station the day before Putin invaded Ukraine that China was “pleased to see that its currency has been widely used in Russian trade, financial investments and foreign reserves.” Zhang expected to see more yuan settlement in the two nations’ energy deals. These comments indicate China is taking advantage of the Ukraine crisis to speed up the yuan’s internationalization and to position its own payment system as a viable alternative to the U.S. dollar-dominated international financial system.

China Sees Russia as its Pawn

Xi doesn’t see Russia as an equal partner but as a valuable pawn to realize his vision for China — to replace the United States as the sole superpower in a Sino-centered and autocracy-friendly new world order. An economically weak but militarily aggressive Russia suits Xi’s vision.

Xi deploys China’s economic power to support Putin, counting on the Russian military to keep the West, primarily the United States, occupied and to draw attention away from Beijing’s geopolitical expansion. Meanwhile, the more Russia is economically isolated from the western world due to sanctions and becomes more economically dependent on

China, the less likely Putin's Russia will present a threat to challenge China's dominance.

Shockingly, the Biden administration has failed to recognize China's strategic calculations so far. The New York Times [reports](#) that Biden administration officials shared intelligence on Russia's troop buildup with China, hoping Beijing would help avert Russia's invasion of Ukraine. Chinese officials rebuffed the United States and apparently shared the information with Moscow.

The sooner the Biden administration abandons the delusion that China will be a responsible world power in solving the Ukraine crisis, the better the United States can focus its resources on responding to Russia's aggression with the most effective means.

Helen Raleigh, CFA, is an American entrepreneur, writer, and speaker. She's a senior contributor at The Federalist. Her writings appear in other national media, including The Wall Street Journal and Fox News. Helen is the author of several books, including "[Confucius Never Said](#)" and "[Backlash: How Communist China's Aggression Has Backfired](#)." Follow her on Parler and Twitter: @HRaleighspeaks.