

7 Russia and the Rivalry for Oil and Gas in the South China Sea

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Abstract One of the dimensions of the South China Sea conflict relates to the struggle for energy resources on the sea's continental shelf. This chapter explores the characteristics of Russian oil and gas projects in the South China Sea as well as the prospects and obstacles for their realisation. Russia is tied into the oil and gas resources of the South China Sea primarily through its joint projects with Vietnam. Russian collaboration with Vietnam in the hydrocarbon sphere is distinguished by a long history of interaction in this field, strategic partnerships with both Vietnam and China (the main opponent of Hanoi in the South China Sea conflict), and a complex approach to energy cooperation. Today, Russia faces serious challenges in its energy policy in the South China Sea: rivalry with foreign companies, indirect pressure from China, tense Vietnam–China relations (and, as a result, Hanoi's mistrust of Moscow), and confrontation with the West.

Keywords South China Sea, Russia–Vietnam relations, Russia–China relations, energy cooperation

Introduction

The South China Sea (SCS) conflict is one of the most serious problems of contemporary international relations in the Asia–Pacific region. Participants of the dispute over the Spratly and Paracel islands and surrounding waters consist of the People's Republic of China, Taiwan, and some states of South-east Asia (Brunei, Malaysia, the Philippines, and Vietnam). In addition, some SCS water areas are claimed by Indonesia. The conflict is complicated by the involvement of some external actors (including the United States). External actors do not claim the Spratly or the Paracel Islands and, as a rule, do not support the pretensions of participants in the conflict, but they pursue their own political, strategic, and economic interests. One of the reasons for the

attention of the international community to the SCS conflict might be the rich volumes of oil and gas on the continental shelf of this sea. Many states are trying to get access to these resources. Participants of the dispute are ready to call foreign partners to explore and exploit the oil and gas resources on the continental shelf. However, some of the oil and gas fields are situated in the disputed areas, and this complicates the situation in the zone of the conflict.

Russia is also tied into the SCS conflict, including the issue of energy resources. Its indirect involvement in this dispute is mostly the result of its partnership with Vietnam and of the nature of its relations with the PRC. The energy sphere traditionally has been a strong element of Russian policy in the Asia-Pacific region, but—in contrast with its relations with China, Japan, and South Korea—Russia in its partnership with Vietnam acts not as an exporter of energy resources but as a supplier of technologies and know-how in the energy field. Moscow is actively cooperating with Hanoi in the exploration and exploitation of oil and gas resources on the continental shelf of the SCS. Russia's participation in these energy projects stipulates the involvement of Moscow in some aspects of the SCS conflict, including rivalry for oil and gas resources.

This chapter will define the key elements and the nature of Russia's involvement in the energy issues of the SCS, and the factors of global and regional policy influencing Russian energy projects in the SCS. As a hypothesis of this research, the author proposes the following case: despite the high level of Russian–Vietnamese political relations and the solid starting position of Moscow in energy cooperation with Hanoi, nowadays Russia may be confronting serious challenges to its interests in the oil and gas projects on the continental shelf of the SCS.

The author analyses the issue of Russian energy policy in the SCS in the context of Russian–Vietnamese relations, the foreign policy of Vietnam, problems of SCS conflict, and Russian–Chinese partnership. The chapter focuses on the connection between the global dimension of Russian foreign policy and regional interests of Moscow in Southeast Asia. The author examines new challenges for Russian energy companies wanting to access the resources of the SCS and forecasts further problems and prospects for their activity in Vietnam.

Russian–Chinese Partnership versus the United States in the South China Sea

Officially, Russia's position in the SCS conflict is neutral, but in some issues it supports both Hanoi and Beijing. For instance, Russia stands against the interference of “the third parties” in the conflict: at a briefing of the Russian Ministry of Foreign Affairs in July 2016, it was said that the SCS disputes had to be solved on the basis of international law; negotiations should be undertaken by participants of the conflict, and the interference of “non-regional” powers was “counter-productive.”¹

The “third parties” or “non-regional powers” are presumed to be, first of all, the United States, which is trying to counteract the reinforcement of Chinese positions in the SCS.² Officially, the US declares protection of *freedom of navigation* in the SCS and, in the framework of this policy, dispatches its warships into waters that are considered by Beijing as being under Chinese sovereignty. This American activity occasions harsh discontent and criticism from China. For its part, the US expresses resentment because of the development of Chinese military infrastructure on the Spratly and Paracel islands. Also, Washington tries to support the opponents of China in this conflict (including assistance in the defence sphere). US approaches to SCS issues are connected with the policy of containment of China. Control over the SCS has strategic importance for maritime communications between the Pacific and Indian Oceans. The position of Moscow toward US policy in the SCS is explained from one side by the development of interaction between Russia and the PRC and from other side by the aggravation of Russia–US relations.³ China has been playing more and more essential a role as a partner for Russia. The two countries are developing interactions in various spheres, including foreign policy and defence. China's importance for Russia has increased since the beginning of the Ukrainian crisis in 2014 and, especially, after February 2022. China, in turn, needs cooperation with Russia in the context of altercations with Washington and America's allies. Russia and China share a common view of the world order, including the issue of negative attitudes toward the global dominance of the United States.⁴ As a result, Russia has tried to demonstrate its indirect support for China on some SCS issues.

1 TASS, “MID RE.”

2 Bin, “China–Russia Relations,” 133.

3 Tsvetov, “Did Russia Just Side.”

4 Lukin and Kashin, “Rossiysko-kitayskoe sotrudnichestvo,” 137.

This is explained not only by solidarity with its strategic partner but also by attempts to counteract the US.

Partly from that point, Russia criticised the ruling of the International Court in The Hague adopted in July 2016. According to this ruling, adopted after the claim of the Philippines, China had no historic rights to the waters and islands of the SCS.⁵ This support by Russia had significant meaning for Beijing.⁶ Chinese media tried to emphasise (and even sometimes overestimate) Russia's solidarity with China on this issue.⁷ Incidentally, the ruling of the International Court could play a serious role in Russian maritime interests. Russian sovereignty over many maritime areas (including some Arctic territories) is held because of Russia's "historic rights" to these waters. The ruling in The Hague might create a very dangerous precedent for possible disputes on Russian maritime borders.⁸ Other forms of the demonstration of Russian support for China have included the joint Russian–Chinese naval drill that took place in September 2016 in the SCS. This drill was especially important for China (first of all, as moral support) because it happened soon after the ruling of the International Court. These manoeuvres, however, took place not in the waters contested by the PRC and other participants of the conflict but near the Chinese mainland.⁹ So Russia and China demonstrated their unity, but, at the same time, Moscow in some way distanced itself from territorial disputes with the participation of the PRC. Russia and China have been enlarging the scale of their defence cooperation since 2012, including annual naval manoeuvres. Some other Russian–Chinese naval drills also took place in "politically sensitive" areas—for instance, in the Black Sea in 2015 and in the Baltic Sea in 2017. In the opinion of experts, these regions might have been chosen specially because of their "symbolic status."¹⁰ The manoeuvres in the Baltic Sea were, according to some scholars, also indirectly tied to SCS affairs. They were not only a "tribute" to Moscow for the drill in the SCS but also an asymmetric reply to Great Britain and France for the involvement of their warships in the protection of freedom of navigation in the SCS.¹¹

In the context of this situation, it is interesting to analyse the rhetoric of Russian officials. For instance, the ambassador of Russia in China, Andrei

5 Mosyakov, "Politika Rossii," 30.

6 Sun, "Sino-Russia Strategic Alignment."

7 Lukin and Kashin, "Rossiysko-kitayskoe sotrudnichestvo," 144.

8 Gudev, "Rossiya i Kitai," 21.

9 RIA Novosti, "S mirnymi tselyami."

10 Paul, "Partnership on the High Seas."

11 Ibid.

Denisov, in an interview criticised accusations against Beijing as hindering freedom of navigation, but at the same time, he specially emphasised that Russia did not side with China in the SCS conflict.¹²

Other forms of assistance to China in the SCS might be arms sales from Russia. After 2014, Russian–Chinese military cooperation got a new impulse. For instance, experts noted that Russian S-400 anti-aircraft missile systems let China control a significant part of air space over the SCS.¹³ It is curious that US officials (for example, Rex Tillerson and James Mattis, being candidates for the secretary of state and the secretary of defence, respectively), compared Chinese policy in the SCS to Crimea’s integration into Russia.¹⁴

Demonstration of support to China in the SCS corresponds with the current interests of Russia in the sphere of foreign policy and reflects key trends of Russian–Chinese partnership. Moscow and Beijing are ready to indirectly cooperate against their shared opponent—the United States—but the Russian–Chinese alliance is in many ways informal, and the two countries are rivals in some regions.¹⁵ Russian interests in the SCS are mostly economic, and Russian strategic positions in Southeast Asia are not very powerful; so we can hardly talk about the formation of a military alliance between Russia and China, aimed against the USA, in the region of the SCS. After the beginning of the “special military operation” in Ukraine, China took a neutral position on Russia and continued economic cooperation with Moscow. However, Beijing is not interested in involvement in open conflict with the West on the side of Russia. Under these conditions, China might pursue a more careful policy to possible cooperation with Russia on SCS issues; and Moscow, in turn, cannot pay significant attention to the SCS conflict.

Russian–Vietnamese Relations and the South China Sea Conflict

Along with collaboration with China in the SCS, Russia supports Vietnam—a key opponent of Beijing in this conflict. Vietnam, like China, considers all the Spratly and the Paracels as its own territory. One of the variants of Russian assistance is military cooperation between Russia and Vietnam. Interaction

12 RIA Novosti, “Posol RF.”

13 Carlson, “Room for Maneuver,” 36–37.

14 Thayer, “The South China Sea.”

15 Kashin, “Rossiya i Kitai.”

in the defence sphere between Moscow and Hanoi has its origin in the period of the Cold War. The USSR supplied Communist Vietnam with weapons, and after the collapse of the Soviet Union, Moscow and Hanoi continued cooperation (but now on commercial foundations). Although the Cold War was ended and Moscow didn't need Hanoi as its ally against the US and China, Russia and Vietnam could maintain their political relations at a very high level. Vietnam took the course of diversifying its foreign policy, and Russia still played an important role for Hanoi as one of the centres of world policy. In 2001, Russia and Vietnam signed a declaration of strategic partnership. In 2012, the level of their relations was raised to "comprehensive strategic partnership." Vietnam is still the only Southeast Asian state to be a strategic partner of Russia. Cooperation in the defence sphere is considered a significant element of Russian–Vietnamese partnership. Vietnam wanted to get Russian weapons in many ways under the conditions of tensions with China in the SCS. This bilateral defence cooperation got a new impulse in the 2000s along with the escalation of the SCS disputes. For instance, Vietnam bought from Russia S-300 anti-aircraft missile systems, Bastion coastal defence missile systems, Su-27 and Su-30 jet fighters, Gepard-type frigates, and 636-type diesel–electric submarines. In the 2000–2010s, Vietnam became one of the leading partners of Russia in the sphere of arms exports, along with China and India. It's often underlined that Russian weapons enforced the strategic position of Vietnam in the zone of the SCS conflict.¹⁶ Furthermore, Russian–Vietnamese defence cooperation has a complex character. Russia and Vietnam jointly develop new types of weapons (for example, anti-ship missiles). Russia staged a training centre for Vietnamese submariners; Vietnam, in turn, granted Russian naval ships entry to the base at Cam Ranh Bay on particularly favourable conditions.¹⁷

Relations with China and Vietnam (first of all, in the dimension of the SCS), both having an official status as strategic partners of Russia, create a certain dilemma for Moscow.

In the opinion of many Western experts (for instance, Stephen Blank), the expansion of Russian–Vietnamese military interaction is connected with the intentions of Moscow to shape Vietnam as a counterweight to China in the regional balance of power.¹⁸ At the same time, China considers sales of Russian weapons to Hanoi a "lesser evil" and perceives it as attempts by

16 Thayer, "With Russia's Help."

17 TASS, "Russia, Vietnam Agree."

18 Blank, "Russia and Vietnam Team Up."

Russia to get commercial benefits from military cooperation with Vietnam.¹⁹ On the other hand, an alternative to the cooperation of Hanoi with Moscow might have been an enlargement of interaction in the military field between Vietnam and the United States and, as a result, the strengthening of American positions in the SCS and in Southeast Asia as a whole.

As mentioned in an article in the Chinese newspaper *Global Times*, Russian arms sales for Vietnam did not threaten China: they were stipulated by Russian interests in Vietnam, and China should view the role of Russia in Southeast Asia “positively.”²⁰

Besides, Russia sells weapons not only to Vietnam but also to China (in some cases, more advanced types of military devices). Russian and foreign experts share the position that the regional contradictions between Russia and China do not hinder their partnership. Brian Carlson wrote that Russia and China keep a “friendly neutrality” in their regional disputes.²¹ In the opinion of the Russian expert Vasilii Kashin, the positions of Moscow and Beijing can vary outside their attitude to the US-centric world order. The two countries can realise independent policies in different regions.²² The Russian researcher Alexander Korolev notes that regional contradictions between Russia and China, including those in the military sphere, do not prevent their rapprochement.²³ In his opinion, the Russian position towards the SCS is based on two approaches: *systemic anti-hegemonist balancing* and *non-systemic regional hedging*.²⁴ Russia is cooperating with China in the framework of confrontation with the United States, while in relations with Vietnam, the Russian position is founded on diversification of its policies between China, Vietnam, and other East Asian states. From my point of view, A. Korolev is right when he talks about two levels of Russian policy in the SCS. But the relations of Russia with Vietnam are based mostly not on hedging but on the evolution of ties between Moscow and Hanoi since the Cold War. Russia used the achievements of the period of the Soviet–Vietnamese alliance and tried to develop them in the context of the new situation. The other side of Russian policy in Vietnam was, according to the Russian expert Anton Tsvetov, an “image” issue. Promoting relations with Vietnam and other states of Southeast Asia, Russia tries to underline its image as a great power, realising a diversified

19 Wishnick, “In search of the ‘Other’ in Asia,” 120.

20 *Global Times*, “Russia Takes Larger View.”

21 Carlson, “Room for Maneuver,” 32.

22 Kashin, “Rossiya i Kitai.”

23 Korolev, “Systematic Balancing,” 397.

24 Korolev, “The Two Levels.”

foreign policy.²⁵ As a result, it would be more correct to talk about hedging mostly in the framework of the foreign policy of Vietnam, but not Russia.

Since February 2022, Vietnam has officially maintained a neutral position with regard to Russia; but Hanoi is anxious about Western secondary sanctions and more interested in cooperation and mutual understanding with the West than with Russia. That may create new obstacles for Russia–Vietnam cooperation, including in the military sphere.²⁶

Russian–Vietnamese Joint Energy projects in the South China Sea

Hedging, in the political course of Vietnam, also touches the sphere of energy cooperation. The participation of Russian companies in exploiting the oil and gas resources on the continental shelf is the other aspect of the involvement of Russia in SCS issues. Cooperation in the energy sphere is also considered one of the most essential elements of Russian–Vietnamese partnership. Joint exploitation of hydrocarbon resources on the shelf had already begun in the days of the Cold War. In 1972, Soviet geologists explored the shelf of the Gulf of Tonkin near the coast of North Vietnam. More successful was the work of Soviet specialists near the south coast of Vietnam. In 1974, vast oilfields were discovered on the continental shelf, controlled then by the government of South Vietnam. Soviet oilmen began to work there in the summer of 1975, shortly after the unification of the state under the Hanoi authority. In June 1980, the USSR and the Socialist Republic of Vietnam signed an agreement on the exploration and exploitation of oil and gas on the continental shelf of Vietnam.²⁷ In June 1981, the joint Soviet–Vietnamese company Vietsovpetro was founded (its shareholders were the Soviet foreign trade venture Zarubezhneft and Vietnam's state company Petrovietnam). The first batch of oil was obtained by Vietsovpetro in 1984. The company has continued operating after the collapse of the USSR. Besides the exploitation of the oil fields, Vietsovpetro began to obtain natural gas on the continental shelf. Vietsovpetro has discovered new oil and gas fields, and it is still one of the leading joint oil and gas companies working in Vietnam.

25 Tsvetov, "After Crimea," 70.

26 Mosyakov, "Rossiya i V'etnam," 119–120.

27 Voronin, "Energeticheskoe sotrudnichestvo," 166–167.

Since the beginning of the 2000s, new Russian companies have been working on Vietnam's continental shelf. Gazprom entered Vietnam in 2000. In 2002, Gazprom and Petrovietnam established the joint company Vietgazprom. The Russian companies TNK-BP and Lukoil expanded into the Vietnamese market in 2011. Rosneft bought assets in Vietnam from TNK-BP in 2013. In 2014, Lukoil stopped its work in Vietnam. In May 2021, Rosneft declared its intention to sell its shareholdings in energy projects in Vietnam to Zarubezhneft.

The cooperation of Russian energy companies with Vietnam involves more than just joint offshore projects in the SCS. In the framework of cooperation in the energy sphere, Vietnamese partners got access to oil and gas resources in the territory of the Russian Federation. Zarubezhneft and Petrovietnam founded the joint venture Rus'vietpetro in 2008. This joint company began to work in 2010 in the Nenets Autonomous District. In 2009, Gazprom and Petrovietnam created the joint company Gazpromviet, which began to work in the Yamal-Nenets Autonomous District and the Orenburg Region. In 2014, Gazprom and Petrovietnam agreed on cooperation for the exploitation of energy resources on the shelf of the Pechora Sea. In 2013, an agreement on cooperation for joint exploitation of resources in Russian territory was signed by Rosneft and Petrovietnam. The granting of access for Vietnamese partners to energy resources in Russia determines in many ways the offer of new offshore areas in Vietnam for Russian companies.²⁸

Russian energy corporations are also developing some "parallel" projects in Vietnam. Gazprom has been promoting a project for the production of gas engine fuel in Vietnam. Gazprom and Novatek have discussed issues for sales of liquefied natural gas to Vietnam.²⁹

Energy cooperation has occupied a special place in Russian–Vietnamese relations, and issues of joint exploitation of hydrocarbon resources on the continental shelf of Vietnam have traditionally been included in the summit agendas of the leaders of Russia and Vietnam.

28 Samofalova, "V obmen na Pechorskoe."

29 Toporkov, "Gazprom i Novatek."

Russian Energy Politics in the South China Sea: Prospects and Challenges

All the previously mentioned circumstances created a favourable background for the further progress of Russian–Vietnamese cooperation for the exploitation of oil and gas fields in the SCS. Russia and Vietnam have rich experience in the realisation of joint projects. Moscow was the first foreign partner of Hanoi in the sphere of exploitation of resources on the continental shelf. Russian–Vietnamese energy cooperation carries a multi-level character. Vietnam is now demanding more energy, and so it is interested in new projects on the shelf of the SCS; but at the same time, Russia is confronting some challenges in Vietnam. Firstly, Russia has no monopoly like the USSR on energy cooperation with Vietnam. When the Soviet Union launched joint projects with Hanoi, Vietnam was almost completely internationally isolated. But now, Vietnam is developing cooperation with many Western and Asian energy companies. In the second part of the '80s, the government of Vietnam initiated market economical reforms and began cooperation with foreign countries. In 1987, Vietnam adopted an act on foreign investments that opened its doors to participation by foreign companies in the exploitation of energy resources.³⁰ Vietnam was interested in the involvement of as many foreign companies as possible in order to get more profitable conditions (from both the commercial and technological points of view). Moreover, activities of foreign companies in the SCS are bound to cause further engagement by external actors with the problems of the SCS and would help to set a regime of *internationalisation* of the conflict, which is favourable for Hanoi's interests. Under such conditions, Vietnam would have more opportunities for manoeuvring and could negotiate with Russian companies, staying in more sustainable positions. At the same time, we can see some examples of cooperation between Russian and foreign companies in Vietnam. For instance, in 2002, Gazprom began interactions with the Indian company ONGC.³¹ Zarubezhneft collaborated with the Japanese company Idemitsu.³²

Another possible challenge that might be mentioned is the SCS conflict itself and the factor of China. Vietnam strives to invite foreign partners for work in those areas of the shelf that are de facto controlled by Hanoi but considered by Beijing as belonging to China. The PRC, for its part, acts in a

30 Buszynski and Sazlan, "Maritime Claims," 157.

31 Trigubenko, "Osnovnye napravleniya," 303–304.

32 Vo, "Etapy i napravleniya," 89.

similar way. China sometimes puts pressure on foreign companies cooperating with Vietnam in disputed areas. Russian companies have also experienced demonstrations of displeasure by Beijing. In April 2012, Gazprom signed an agreement with Vietnam for the exploitation of Sections 05.2 and 05.3 within the oil fields on the shelf, situated in areas contested by China. Earlier, the British company BP had refrained from exploiting these sections, being confronted with Chinese pressure. After the signing of the agreement between Gazprom and Vietnam, the Ministry of Foreign Affairs of China made a statement with indirect criticism of the Russian company. In this statement, the Chinese officials appealed to corporations from third-party states to refrain from working in the disputed areas until the resolution of the territorial conflict. Vietnam replied with harsh declarations. Russia, however, maintained its position; Gazprom continued its work on the blocks, and this issue was settled after the visit of the Russian Foreign Minister Sergei Lavrov to Beijing in May 2012.³³

A similar episode took place in May 2018, when the representative of the Chinese Ministry of Foreign Affairs criticised the work of Rosneft on the field of Lan Do. The media reacted with publications with sensational headlines (for instance, “The First Chinese Warning”)³⁴ and predicted the rise of altercations between Russia and China.

In August 2020, there was one more case, connected with Rosneft in the SCS. Rosneft suspended and then terminated a contract with Noble Corp from the UK for the purchasing of a semi-submersible exploration rig for work in the SCS. The media reported that this happened because of pressure from China. However, the initiator of the termination of the contract with Noble was Rosneft’s partner, Petrovietnam.³⁵ The selling of the shareholdings of Rosneft is also sometimes explained by the factor of indirect Chinese influence. Rosneft has numerous joint projects with Beijing, and so the Russian company preferred to stop its work in Vietnam for the sake of stable relations with China.³⁶

On one hand, we can talk about “special relations” between Moscow and Beijing in the SCS. Firstly, Moscow and Beijing are partners regarding many problems of world policy. Secondly, despite the conflict of interests on some problems of the SCS (for instance, the cooperation of Russia and

33 Lokshin, *Yuzhno-Kitaiskoe more: trudnyi poisk soglasiya*, 113–114.

34 Fadeeva, “Pervoe kitaiskoe preduprezhdenie.”

35 Neft’ i capital, “Rosneft’ otkazalas’ ot bureniya.”

36 Neftegaz.ru, “Zarubezhneft’ mozhet kupit’ aktivy Rosnefti.”

Vietnam in the spheres of arms sales and work in the disputed areas of the continental shelf), Russia de facto supports China in many aspects of this conflict. Thirdly, Russia is the only great power that is ready to align with Beijing in the SCS conflict. As a result, Russia can keep its own line, relatively independent from Chinese positions, for issues of development of its oil and gas projects in the SCS.

On the other hand, China is, in fact, obviously influencing Russia for its energy projects in the SCS, and the case of the sale of Rosneft assets in Vietnam to Zarubezhneft can prove this suggestion.

Moreover, the “special” character of Russian–Chinese relations on the issues of the SCS might create a challenge for the partnership of Moscow and Hanoi. Vietnamese public opinion is sometimes dissatisfied by both the absence of direct Russian support for Hanoi in its conflict with China in the SCS³⁷ and defence cooperation between Moscow and Beijing.³⁸ Also, for instance, Vietnam perceived Russia’s support of China after the ruling of the International Court in The Hague and the joint Russian–Chinese naval manoeuvres in the SCS very negatively. The rise of interactions between Russia and the PRC might impact the position of the Vietnamese authorities in the future regarding the further progress of cooperation with Russia for the exploitation of oil and gas fields in the South China Sea. However, despite the rise of Russian support for China on SCS issues, during the visit of Vietnamese President Tran Dai Quang to Russia in June 2017, Moscow and Hanoi agreed to enlarge the zone of oil exploration and exploitation on the SCS continental shelf.³⁹

Another challenge might be caused by the development of collaboration between Vietnam and the United States. The US is strengthening its position in Vietnam and demonstrating its support for Hanoi in the SCS conflict. Now, Washington perceives Vietnam as a useful instrument of American policy for the containment of China. The United States has a more solid position than Russia regarding economic cooperation with Vietnam (the US is now Vietnam’s second trade partner after China) and is expanding its political, defence, and humanitarian interaction with Vietnam. Washington is trying to expand its positions in the energy sector of Vietnam, including offshore oil and gas projects. Under the circumstances of disputes with China in the

37 Mazyrin and Kobelev, *Rossiia-Vietnam*, 6.

38 Problemy Dal’nego Vostoka, “Rossiisko-kitaiskie otnosheniya na sovremennom etape,” 28.

39 Mosyakov, “Politika Rossii,” 33.

SCS, Hanoi can count cooperation with the US in the hydrocarbon fields as a strategic and political factor.⁴⁰ Russia is not only a competitor of the United States in Vietnam in some spheres (first of all, in energy and military cooperation) but also an opponent of Washington in the global balance of power. The United States, according to the opinion of some Russian researchers, is trying to undermine the Russian presence in Vietnam, playing with the Chinese factor.⁴¹ It could be surmised that the aggravation of US–Chinese and US–Russian relations might impact the issue of Russian companies’ participation in the exploitation of oil and gas resources of the SCS.

On one hand, the role of China’s factor in Russian–Vietnamese relations seems to be negative, but for the time being, it is not critically fatal. Potentially, Russia could take the role of a mediator in the Chinese–Vietnamese dispute and act as a power, maintaining friendly relations with both Beijing and Hanoi. Russian experts have proposed, for instance, joint cooperation between Russia, China, and Vietnam in the sphere of oil and gas exploitation in the disputed areas of the SCS. These countries might create a joint tripartite company under guaranties from Russia as a mediator between China and Vietnam.⁴² Hanoi has serious conflicts with China, but it doesn’t want an open confrontation. Vietnam and China are developing cooperation in many spheres (including ties between the Communist parties of the two states).⁴³ Vietnam and China have a precedent of settling territorial disputes on the basis of joint economic collaboration. In 2000, the two countries delimited the borders of their exclusive economic zones and continental shelf in the Gulf of Tonkin and agreed on areas of joint fishery. That treaty also created the conditions for a possible joint exploitation of hydrocarbon resources in those waters.⁴⁴ So Russia has potential opportunities to assist the establishment of measures of confidence between Vietnam and China in the sphere of exploitation of oil and gas resources in the SCS. On the other hand, the situation with the hydrocarbon resources of the SCS differs from fishery cooperation. Besides, since February 2022, Russia has hardly had the intention or necessary opportunities to propose such a project. Both China and Vietnam would perceive this initiative with anxiety and distrust under the threat of a negative reaction from Washington and America’s allies.

40 Le, “The Strategic Significance.”

41 Tekhanovich, “Voennoe sotrudnichestvo,” 137.

42 Mazyrin and Kobelev, *Rossiya-Vietnam*, 9.

43 Lokshin, “V’etnamo-kitayskie otnosheniya,” 80–81.

44 Nguen, “V’etnamo-kitaiskie otnosheniya,” 73.

Another obstacle for Russian companies in Vietnam might be the general situation in the oil and gas industry of Russia. Sanctions, imposed on Russia after 2014, have touched the energy sphere (including the issues of access to loans and new technologies).⁴⁵ They have decreased the ability of Russian companies to drill on the continental shelf of the SCS (especially in new and deep-water areas) and weakened their positions in comparison with foreign competitors. This situation in the oil and gas sphere has worsened since February 2022. Despite this complicated situation, Russia plans to expand its presence in the energy sphere of Vietnam. For example, in April 2022, Zarubezhneft declared its intention to purchase shares of the South Korean company KNOC on gas field 11-2,⁴⁶ but this deal still has not been accomplished.

One last problem for Russia in Vietnam might be competition between Russian energy companies. For a long time, Zarubezhneft has been trying to keep its monopoly in Vietnam and make obstacles to the access by other Russian ventures to Vietnam's energy market.⁴⁷ Also, Rosneft and Gazprom competed for the acquisition of shares in the Vietnamese oil refinery plant Dung Quat.⁴⁸ Rosneft and Zarubezhneft fought over new areas on the continental shelf in the SCS. Vietnamese partners used this situation and set conditions of their being granted access to new oil fields in Russia in return for the distribution of sections in the SCS to either of these two Russian companies.⁴⁹ Rivalry between Russian companies let Vietnam manoeuvre between different partners and bargain more profitable deals.

Conclusion

Issues of the exploitation of hydrocarbon resources and rivalry for access to them are traditionally considered important elements of the SCS conflict. Moscow is involved in these problems mostly through its cooperation in the energy sphere with Vietnam. Russia has important advantages in the rivalry for the resources of the SCS—mainly its high level of political partnership

45 Sevast'yanov and Reutov, "Neftegazovye proekty Rossii," 130.

46 Mosyakov, "Rossiya i V'etnam," 124.

47 Vo, "Etapy i napravleniya," 88.


48 Rogalev and Ruban, "Razvitie sotrudnichestva," 39.

49 Samofalova, "V obmen na Pechorskoe."

with Vietnam, the historical ties of Moscow and Hanoi, and the experience of joint exploitation of oil and gas fields on the continental shelf. Russia is also ready to propose for Vietnam an interaction for “parallel” projects—for example, a joint exploitation of oil and gas resources in Russian territory. The friendly relations between Russia and China let Russian companies feel relatively more secure when at work in disputed areas of the shelf.

However, Russia may encounter some challenges when realising its projects in the SCS, due to both economic and political factors. On one hand, we have its rising rivalry with foreign companies. Vietnam is trying to diversify its energy policy and develop cooperation with a broad circle of foreign partners. After February 2022, Vietnam can take a more careful position with regard to Russia and can create a more favourable environment for other foreign partners. On the other hand, the SCS conflict (and, most of all, tensions between China and Vietnam) might negatively affect Russian offshore projects. The partnership between Moscow and Beijing for some issues of the SCS is perceived by Vietnam with suspicion and anxiety. The US, in turn, demonstrates its support for Hanoi against China and looks negatively on the Russian presence in Vietnam (especially in the context of tensions between Russia and the West). Russian interests in Vietnam might be influenced by global policy trends—notably, the United States conflicting with China and Russia. Previously, Russia could keep the situation under control and manoeuvre between Vietnam and China, but the US–Russian confrontation made Russia’s position in the SCS much more vulnerable. The approaches of Vietnam and even China to cooperation with Moscow have become more restrained. Russia, in turn, cannot pay enough attention to the SCS in this situation and would prefer to concentrate on saving its current positions and commercial interests.

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