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Deepening and Complicating Global Fragmentation and the Geopolitics of Eurasian Energy

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On September 2nd, a summit was held in Beijing between Chinese President Xi Jinping and Russian President Vladimir Putin, reaffirming the two nations' commitment to strengthening their strategic partnership in response to the intensifying fragmentation of the global order. During the summit, over 20 bilateral cooperation documents were signed, covering key sectors such as energy, artificial intelligence, and space. Both China and Russia are engaged in adversarial and tense relations with the United States, and their enhanced strategic alignment appears to have a common purpose to counter mounting pressure from Washington.

The deepening divide between the U.S. and China, as well as the broader schism between the Western bloc and the Sino-Russian axis, has rendered the global landscape increasingly complex. The growing prominence of the Global South further complicates this fragmentation. Additionally, the foreign policy trajectory under the Trump 2.0 administration threatens to exacerbate global divisions, introducing greater uncertainty. The issue of Trump tariffs not only poses challenges to the global economy but also forces difficult decisions upon traditional U.S. allies such as Japan and the EU. Moreover, the very concept and value of "alliances" in U.S. foreign policy may be undergoing a fundamental transformation. These multifaceted geopolitical dynamics are exerting diverse and far-reaching impacts on global energy affairs.

Among the energy-related developments discussed at the summit, the most notable is the expansion of natural gas trade between China and Russia. The "Power of Siberia" pipeline, operational since 2019, currently facilitates the supply of Russian natural gas to China. On September 2nd, Gazprom CEO Alexey Miller announced an agreement with the Chinese side to increase annual gas deliveries via this pipeline from 38 billion cubic meters to 44 billion cubic meters. This expansion, utilizing existing infrastructure, represents a swiftly actionable form of cooperation with significant strategic value for both nations.

In parallel, Russian media reported progress on a new pipeline project, "Power of Siberia 2," which would span 2,600 kilometers from Western Siberia through Mongolia to China. Miller reportedly stated that this pipeline could deliver up to 50 billion cubic meters of gas annually to China. Combined with the existing pipeline, total gas exports could approach almost 100 billion cubic meters per year, marking a substantial expansion in Sino-Russian energy trade.

The "Power of Siberia 2" project has long been under consideration but gained renewed attention following Russia's invasion of Ukraine and the subsequent imposition of energy sanctions by Western nations. As pipeline-based gas exports to Europe plummeted, Russia sought alternative markets, with China emerging as a key destination. While oil exports could be redirected to China and India via tanker shipments, pipeline gas exports—tied to fixed infrastructure—require either increased capacity on existing routes or the construction of new pipelines. Without such measures, replacing lost European market volumes is virtually impossible.

However, Russia's weakened bargaining position as a "seller" is evident. The loss of European pipeline markets and the need to invest in new infrastructure for Chinese export places Russia at a disadvantage. China, fully aware of this dynamic, is likely to negotiate assertively on pricing and other terms. The lack of a formal announcement from the Chinese side regarding the potential natural gas trade expansion suggests lingering uncertainty. Nevertheless, if the Russian claims are accurate, it may indicate that a compromise—possibly involving Russian concessions on pricing—has been reached.

The realization of this new pipeline project will require considerable time, given the scale of infrastructure development involved. Negotiations over more detailed contractual terms will likely remain complex and protracted. Still, if both the expansion of existing pipeline capacity and the agreement on new construction are confirmed, they can be interpreted as tangible outcomes of the increasingly fragmented and complex geopolitical reality.

The construction of large-scale energy infrastructure and the expansion of gas exports between China and Russia will have profound implications for Eurasian energy geopolitics. Sharing a common objective of countering U.S. influence, both nations stand to benefit: Russia can secure demand for its energy exports, while China can enhance its energy supply security. For Russia, this shift compensates for lost European markets and strengthens access to the growing Chinese market. For China, it offers competitively priced gas from a new source.

This cooperation may provoke a response from the United States, which is considering secondary tariffs on countries continuing to import Russian energy as part of its pressure campaign to end the war in Ukraine. It may also impact the expanding U.S. LNG supply from a viewpoint of global gas market competition. Similarly, the EU, seeking to reduce dependence on Russian pipeline gas and LNG, may view Sino-Russian energy cooperation as a countermeasure. Yet, some European countries remain interested in competitively priced Russian gas, adding further complexity.

Even within the China-Russia relationship, pipeline expansion entails geopolitical complexity. For Russia, while increased exports to China are advantageous, growing dependence on a single buyer may weaken its strategic position. The risk of facing a monopsony—where China becomes the dominant buyer—cannot be ignored. For China, while securing affordable Russian gas is beneficial, excessive reliance on Russian energy could pose long-term risks. Absent the current global fragmentation, China and Russia—both major powers sharing a border—might not have overcome their potential strategic mistrust. The evolving strategic environment, shaped by escalating tensions with the United States, underpins this energy cooperation. Meanwhile, U.S.-India relations are also showing signs of strain, particularly in light of the 50% tariff issue. China and Russia are actively leveraging multilateral frameworks such as BRICS and the Shanghai Cooperation Organization to strengthen ties with India and other Global South nations. In conclusion, the deepening and increasingly complex geopolitical fragmentation—especially under the Trump 2.0 administration—is making it ever more difficult to anticipate future developments in international energy affairs.

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