China anticipates a breakthrough in energy talks during President Xi Jinping’s visit to Moscow this week, an achievement that may strengthen ties between neighbors wary of U.S. motives on issues from Iran to Asia policy.

China wants to sign an agreement on a natural-gas pipeline during Xi’s three-day trip starting tomorrow, Vice Foreign Minister Cheng Guoping said at a briefing in Beijing yesterday. The visit will be the first state trip abroad for Xi since he was appointed Communist Party chief in November and president last week, the official Xinhua News Agency said.

A deal for the pipeline would open a new market for Russia supplies as demand in Europe weakens. That and other agreements during Xi’s visit may boost relations as Russia and China seek stronger alliances to counter what they see as U.S. efforts to exert more influence in the Asia-Pacific and the Middle East.

“Energy cooperation is the crown jewel of China and Russia cooperation,” said Li Lifan, deputy director at the Center of Russia and Central Asia Studies at Shanghai Academy of Social Sciences. “The mutual trust built upon energy cooperation could quickly spread to other areas.”

The state visit to Russia is part of a trip in which Xi will later later head to a BRICs summit in South Africa. A deal on a gas pipeline would bring to fruition a decade of talks to supply as much as 68 billion cubic meters of gas a year to the world’s second-biggest economy.

Different Tone

“We will have some outcomes related to energy, investment and major projects of strategic importance,” Cheng said. “We expect some breakthrough on these pragmatic cooperation fields.’

Cheng struck a different tone than OAO Gazprom Chairman Viktor Zubov, who said March 19 that talks with China are difficult because of disagreements over price for natural gas China wants to buy. Gazprom is the world’s biggest natural-gas producer.

“We expect to bring our positions closer together,” Gazprom spokesman Sergei Kupriyanov said by phone yesterday, referring to the talks this week.

Analysts including VTB Capital’s Dmitry Loukashov expressed less optimism than Cheng about the possibility of a major deal. In a note to clients yesterday, analysts led by Loukashov said they don’t
expect a final contract in the near future. VTB Capital is the investment banking arm of Russia’s second-largest state-owned lender.

China imported 42.5 billion cubic meters of natural gas including LNG in 2012, up almost a third from a year ago, according to statement from National Development and Reform Commission in January. China’s natural gas consumption reached 147 billion cubic meters in 2012, NDRC said.

**Working Groups**

Companies and working groups from the two sides are having “intensive discussions” in Moscow on transporting natural gas and constructing a pipeline, Cheng told yesterday’s briefing.

During the trip, Xi and President Vladimir Putin may move forward on defense-related deals for Russia to transfer technology for aircraft and jet engines, according to a March 18 report from Washington’s Carnegie Endowment for International Peace.

China and Russia should “strengthen coordination in international and regional affairs to safeguard world peace, safety and stability,” Xi said in an interview, according to the Xinhua News Agency.

Russia and Chinese interests have aligned at the United Nations Security Council. Both are wary of the U.S. stance on Syria’s conflict and Iran’s disputed nuclear program. Chinese state media have expressed skepticism about U.S. President Barack Obama’s pivot toward Asia, with the official Xinhua News Agency saying it showed Washington’s “strategic mistrust” of Beijing.

**Multipolar Order**

Putin’s government has aspired to a “multipolar” world as opposed to what it says is a unipolar dominated by the U.S.

“This is time to balance the U.S. ’rebalancing,’” Shen Dingli, director of the Center for American Studies at Fudan University in Shanghai, said in an e-mail yesterday. “Among all possible destinations that could be viewed to be able to help China to achieve such balance, Russia is most appropriate given its own power status and its strategic balancing with America.”

While China may look to Russia, it’s also nurturing ties with the Obama administration. Xi’s first guest as state president was U.S. Treasury Secretary Jacob Lew, who met him March 19. The two nations also came to an agreement on imposing stricter sanctions over North Korea’s nuclear program.

In the meeting with Lew, Xi said the U.S. and Chinese economies have a “seamless connection” and the relationship is of great importance.

**US Ties**

“In general, I believe that the US-China relationship is better that what it appears,” Huang Jing, a
political science professor at the National University of Singapore, said in an e-mail yesterday.

Making Russia Xi’s first stop is an “easy choice” given the two countries’ similar concerns about the U.S. and the fact that they have no major disputes, Taylor Fravel, a professor at the Massachusetts Institute of Technology who studies China’s relations with its neighbors, said in an e-mail yesterday.

Putin visited China a month after regaining Russia’s presidency last year, telling reporters that the two had lifted Russian-Chinese cooperation “to unprecedented heights.”

Xi’s visit “fully shows the high level of importance attached to China-Russia relations by the new central leadership,” Cheng said. “Destablizing factors and uncertainties are on the increase. Hegemonic politics and new interventionism is on the rise.”

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