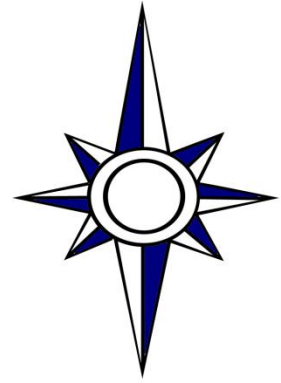


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



China-Russia Relations: Navigating through the Ukraine Storm

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Against the backdrop of escalating violence in Ukraine, Sino-Russian relations were on the fast track over the past four months in three broad areas: strategic coordination, economics, and military relations. This was particularly evident during President Putin's state visit to China in late May when the two countries inked a 30-year, \$400 billion gas deal after 20 years of hard negotiation. Meanwhile, the two navies were drilling off the East China Sea coast and the Conference on Interaction and Confidence Building Measures in Asia (CICA) was being held in Shanghai. Beyond this, Moscow and Beijing were instrumental in pushing the creation of the \$50 billion BRICS development bank and a \$100 billion reserve fund after years of frustrated waiting for a bigger voice for the developing world in the IMF and World Bank.

Putin in Shanghai for state visit and more

President Vladimir Putin traveled to Shanghai on May 20-21 to meet Chinese counterpart Xi Jinping. This was the seventh time they have met since March 2013 when Xi assumed the presidency in China. The trip was made against a backdrop of a deepening crisis in Ukraine: 42 pro-Russian activists were killed in the Odessa fire on May 2 and pro-Russian separatists in Donetsk and Luhansk declared independence on May 11. Four days after Putin's China trip, the Ukrainian Army unveiled its "anti-terrorist operations," and on July 17 Malaysia Airlines Flight MH17 was downed. At the end of July, the EU and US announced new sanctions against Russia with a focus on the oil and defense sectors. By the end of August, Germany warned that the crisis in eastern Ukraine was "slipping out of control" and needed to be reined in to avoid direct military confrontation between Ukraine and Russia. Meanwhile, Russia was reviewing its military strategy in anticipation of NATO's decision to deploy a 4,000-person rapid reaction force in Eastern Europe. President Putin went so far as to declare, "I want to remind you that Russia is one of the most powerful nuclear nations," and "[T]his is a reality, not just words."

Putin had three immediate goals in mind for the Shanghai summit with Xi: upgrade Russia's relations with China, finalize a huge gas deal with China after 20 years of negotiations, and attend the Conference on Interaction and Confidence Building Measures in Asia (CICA). All were scheduled long before the Ukraine crisis, particularly the CICA conference. The Ukraine factor, however, added urgency to the goal of closer coordination between Moscow and Beijing. Indeed, Putin's trip to Shanghai was just a few days before Ukraine's presidential election on May 25. China's support, or at least its understanding, seemed particularly desirable at this point.

While there were plenty of signs of Russia's eagerness for closer relations with China, the two sides also seemed to side-step the Ukraine issue. In an article in the official *People's Daily* just two

days before Russian Foreign Minister Sergey Lavrov's working visit to Beijing, a leading Chinese Russia expert, Feng Yujun, director of the Institute of Russian Studies at the China Institutes of Contemporary International Relations, indicated that the Ukraine crisis "will be mentioned, but it will not be a key topic." Russian Ambassador to China Andrey Ivanovich Denisov also believed that the Ukraine crisis would not "steal the show," particularly against the backdrop of the CICA conference where most participants were from Asian countries. In an interview with the Chinese media prior to his visit, President Putin did not discuss the Ukraine issue except at the end when he mentioned the neo-Nazis in Ukraine. Most of the published versions of this interview in the Chinese press, however, did not even mention Ukraine. There was no question that relations between China and Russia were far beyond the Ukraine issue. Both sides, however, understood that the Ukraine factor was in the background.

Foreign Minister Lavrov made his one-day "working visit" to Beijing on April 15 to size up China's willingness and ability to support Russia, publicly or not, in the Ukraine crisis. What exactly was talked about between Lavrov and his Chinese hosts remains undisclosed. Nevertheless, two things stood out: he was received by President Xi, a sign that the Chinese continued to attach great importance to relations with Russia, and Lavrov seemed to be deeply satisfied with the outcome. In his press conference after the talks, Lavrov expressed "gratitude for the objective, considered and responsible position" taken by China on Ukraine. Meanwhile the Russian Foreign Ministry described relations with China as "the best they've ever been." Putin himself echoed this point, saying to Chinese reporters on the eve of his Shanghai trip that Russia's cooperation with China had reached its all-time best and that the two sides were ready to expand ties in numerous spheres.

Putin's talks with Xi in Shanghai focused on economic cooperation and foreign policy coordination for both global and regional issues. In the economic area, the focus was on financial coordination to expand the scope of direct national-currency settlements in trade, investment, and loans. These steps were imperative for Russia as it has suffered from huge capital flight. In the first quarter of 2014 alone, \$51 billion left Russia. In 2013, Russia's capital outflow was \$62.7 billion. Already in the first quarter of 2014, Russian enterprises borrowed \$13.16 billion from China, a huge rise from \$32 million in the first quarter of 2013.

In Shanghai, Xi and Putin also pushed for "practical cooperation" (务实合作). The joint communiqué after the talks called for more growth in mutual capital investments, including in transport infrastructure, projects for the integrated development of fields of mineral resources, energy production, building affordable housing in Russia, and military-technical cooperation. For China, this "new stage" of strategic partnership relations was, and perhaps should be, the economic base, which had been the weakest link. Although China has been Russia's largest trading partner for some time, it represents only a fraction of China's total trade volume. With the first round of Western economic sanctions against Russia explicitly focused in the financial area, Moscow will turn to China, at least for the time being, for more financial and economic inputs. The two sides were also determined to work on joint projects in the areas of aerospace, nuclear energy, health care, agriculture, regional development, and the environment.

In the area of international security, the two emphasized their coordination in the fight against terrorism and cross-border criminal activities, cyber security, missile proliferation, peaceful use

of outer space, multilateralism, dialogue between civilizations, and peaceful resolution of regional issues such as Libya, Syria, Palestine, Korea, Iran, Afghanistan, and Ukraine. In this context, global, regional, and multilateral dialogues and cooperation mechanisms were viewed as the preferred solution for problems. Among those forums, the G-20 and BRICS were seen as vital for sustained and fair global economic development. Other projects either jointly or singly managed by Moscow and Beijing – such as the Shanghai Cooperation Organization (SCO), Eurasian integration, Russian-China-Indian trilateral dialogue, New Silk Road Economic Belt – were also discussed. The two also would work together in other multilateral forums such as the East Asian Summit, ASEAN Regional Forum, APEC, and CICA.

With these goals and measures in mind, Xi and Putin officially unveiled in Shanghai a “new stage” for the current “comprehensive partnership relations of strategic coordination” (中俄全面战略协作伙伴关系新阶段). Many of the issues and declared goals were “routine” for leaders of the two countries whenever they have met in the past. Yet, the Ukraine crisis seemed to add some urgency. For this, they would maintain and deepen the current dialogue and cooperation mechanism, and “create new venues of coordination if necessary.” As a final touch to their joint effort for regional and global stability, the history issue was also prominently featured. As the 70th anniversary of the end of World War II was approaching (in 2015), Xi and Putin emphasized in their joint statement that “Russia and China will hold joint events to celebrate the 70th anniversary of victory over German fascism and Japanese militarism ... and continue to resolutely deter the attempts to falsify history and to disrupt the post-war world order.”

From Russia, with gas

Putin’s real business in China was business, though he doubled-down and made a state visit prior to the CICA meeting. In this first foreign visit since the Ukraine crisis, Putin focused on economics. Prior to the trip, the Russia side revealed that as many as 43 documents were being prepared for Putin’s state visit to China and “98 percent” of the 30-year gas deal was finished before the summit. The \$400 billion contract signed in Shanghai would supply China, beginning in 2018, with 38 billion cubic meters of natural gas per year (bcm/y) for 30 years. Some speculated that in 10 years Russia may send Asia as much gas as it currently exports to the European market (about 162 bcm/y), which is of strategic significance by itself.

Like the Sino-Russian oil pipeline project, it took nearly 20 years for Moscow and Beijing to reach the final deal. In 1994, China and Russia signed the first of many memorandums of understanding (MOU) to build a natural gas pipeline to China. Negotiations were on-and-off over the next 15 years. In a 1999 agreement of intent, Russia asked for \$180 per 1,000 cubic meters, China was willing to pay \$165. The dramatic increase in energy price over the next few years made the reference price irrelevant. In March 2006, the two sides signed another MOU, in which Russia committed to building both eastern and western pipelines to China with an annual capacity of 600-800 bcm starting from 2011. To coordinate the talks, China and Russia set up a regular dialogue mechanism at the level of deputy prime ministers in 2008 with a new \$300-vs-\$200 baseline. The talks progressed against the backdrop of the 2008 financial crises. By June 2009, the two sides agreed to supply China 700 bcm annually starting from 2014 or 2015. In the next two years, there was little, if any, real progress in moving beyond the signed documents. The talks were “deadlocked” during the 16th annual prime ministerial meeting in October 2011

as the two sides seriously disagreed about the pricing of the gas deal. Putin's June 2012's visit to China resumed the negotiations. In December 2012, the two sides started talking about a western natural gas pipeline project. The real momentum came during Xi's first Russia visit in March 2013 when China National Petroleum Corporation signed an initial agreement with Gazprom.

The Ukraine crisis seemed to provide Russia with strong impetus to compromise on the pricing gap that had prevented closing the deal. Both sides, however, denied the "Ukraine factor" in reaching the agreement. Two days after the contract was signed in Shanghai, Putin told Chinese Vice President Li Yuanchao at the St. Petersburg Economic Forum that our Chinese negotiators "drank quite a bit of our blood during the negotiations." It is not clear how serious Putin was. His half-joking tone was clearly an indication that the Russian side softened its position in Shanghai. "The Chinese are very serious negotiators. But they are also reliable partners who seek to reach agreement, listen to their counteragents, listen to their friends, work towards compromise and find it, and this is extremely important," remarked Putin to Li. Russian scholars indicated that the Ukraine crisis did affect the final leg of the negotiation but not as much as some in the media speculated. Professor He Maochun of Qinghua University in Beijing disclosed that the final price agreement is still above Russia's bottom line.

The marathon deliberation and negotiation process seems to be the norm for major Russian-China energy projects over the past two decades. The idea of an oil pipeline from Russia's East Siberia to China was first proposed by then Russian President Yeltsin in the mid-1990s. It took nearly a decade for the Russians to finalize an internal decision for a 4,857-km (3,018 mile) Eastern Siberia-Pacific Ocean oil pipeline (ESPO). A 64 km (40 miles) branch line to China's northeastern Heilongjiang province was finally completed in September 2010 and Russian oil began to flow to China in January 2011. In comparison, the 2,228 km (1,384 mile) China-Kazakhstan oil pipeline was completed between 1997 and 2003. Several gas lines between China and Central Asia took even less time to complete.

Thus far, the pace of implementing the 30-year deal seems much faster. On Sept. 1, while visiting Russia for the 11th Meeting of China-Russia Energy Cooperation Committee, Chinese Vice Premier Zhang Gaoli flew to Siberia to view welding of the first roll of tubes on the east route of the China-Russia natural gas pipeline being extended from the Kovyktin and Chayandin gas fields in east Siberia to China's northeastern provinces. The heightened crisis in Ukraine and uncertain future of Russia's energy exports to Europe were apparently stimulus for the gas line construction, observed an analysis in the official *Xinhua* News Service.

Joint Sea-2014 and Peace Mission-2014

Since Xi Jinping assumed the presidency, there has been a military component to his meetings with President Putin. In March 2013 during his first trip to Russia as China's president, Xi visited Russian military's Strategic Defense Command headquarters. This was the first time the top secret Russian command facility was ever opened to a foreign leader. In Xi's meeting with Putin in February 2014 (Sochi Olympics), the two held a joint video conference with Chinese and Russian naval captains whose ships were escorting Syrian chemical weapons in the Mediterranean Sea. In Shanghai while attending CICA, Putin and Xi presided over the opening ceremony of the joint naval drill *Joint Sea-2014*.

China and Russia held two large military exercises between May and August 2014. Although this was far less frequent than those exercises between the US and its allies, they have become quite routine and regular in the past 10 years (see Table 1). Both *Joint Sea-2014* in May and *Peace Mission-2014* in August were held in China. Although the timing of these drills was decided long before the Ukraine crisis, the turmoil faraway seemed to have a subtle effect on the execution of these drills.

Table 1: China-Russia Joint Military Exercises, 2003-2014

Code-Names	SCO	Russ-Ch	Time	Location	Force Size
Coalition-2003	*		Aug. 6-12	Kazakhstan & Xinjiang	1,300
Peace Mission-2005		* n	Aug. 18-25	Vladivostok & Shandong	10,000
Peace Mission-2007	*		Aug. 9-17	Chelyabinsk, Russia	4,000
Peace Mission-2009		*	July 22-26	Khabarovsk & Taonan	1,300
Peace Shield-2009		n	Sept. 8	Gulf of Aden	6 warships
Peace Mission-2010	*		Sept. 9-25	Kazakhstan	5,000
Joint Sea-2012		n	April 22-27	Qingdao, China	25 warships
Peace Mission-2012	*		June 8-14	Tajikstan	2,000
Joint Sea-2013		n	July 5-12	Peter the Great Gulf, Russ	19 warships
Peace Mission-2013		*	July 27-Aug. 15	Chebarkul, Russia	1,500
Joint Sea-2014		n	May 20-26	East China Sea	16 warships
Peace Mission-2014	*		Aug. 24-29	Zhurihe Drill Base, China	7,000

* = Infantry with aerial support

n = naval

Joint Sea-2014 was launched on the same day of the CICA's fourth summit in Shanghai on May 20 and ended on May 26. It was the third joint drill of the two navies since April 2012 and was perhaps the most inter-operational and realistic activity in the history of joint Russian-Chinese naval exercises. A total of 14 surface ships, two submarines, 9 fixed-wing warplanes, six shipboard helicopters and two operational detachment-phas (ODAs) joined the drill off the coast of Shanghai. Russia's Pacific Fleet dispatched its missile cruiser *Varyag*, the destroyer *Admiral Panteleyev*, the large landing ship *Admiral Nevelskoy*, the torpedo boat *Bystry*, the tanker *Ilim* and the oceanic tugboat *Kalar*. The Chinese dispatched 8 surface vessels, two submarines, 9 fixed-wing aircraft (*Su-30s* and *J-10s*), six helicopters, and two Special Forces units. It was also the first time that all three Chinese fleets – North Sea, East Sea, and South Sea Fleets – participated in the drills. Russian was the language for communication between the two navies. Chinese Navy Commander Adm. Wu Shengli and Russian Navy Commander Gen. Viktor Chirkov were present throughout the drill.

The scenario for the exercise was sea lane protection and was divided into four stages: pre-action preparations, joint action planning, joint action execution, and summing up and comments. All Chinese and Russian vessels were mixed into three different groups. Commanded by both Chinese and Russian commanders, these formations conducted nine joint drills: anchorage defense, assault on targets at sea, antisubmarine operations, escort action, inspection and identification, air defense, rescue of kidnapped ships, search and rescue, and using actual weapons at sea. The mixed formation required unprecedented data sharing and exchange

between the two navies. The two sides did not set pre-determined scenarios but mainly conducted self-determined force-on-force drills in a “back-on-back” pattern. This raised the difficulty of the exercise to a new level.

The two navies had not previously drilled in this part of the East China Sea where China and Japan dispute over the Diaoyu/Senkaku Islands. Chinese naval expert Li Jie was quoted as saying that the choice of drilling areas allowed the Russian Navy to become familiar with the environment, currents, and weather “in order to meet future needs.” Although Chinese and Russian navies conduct drills on annual basis, joint air target identification and air defense were added to the drills, a clear indication of Russia’s support of China’s move to set up its Air Defense Identification Zone (ADIZ) earlier this year, according to Wu Dahui, a Russia expert at Qinghua University in Beijing.

Putin and Xi presided over the opening of the joint naval exercises, which was unprecedented in the history of joint military exercises, said *Ming Bao* in Hong Kong. In his speech to the sailors of the two navies, Xi Jinping said that the exercise indicated a new level of mutual trust between the two countries, and more exercises would be conducted in 2014-15 period. In his speech, Putin expressed support for further strengthening mil-mil relations with Russia. “President Xi was the first foreign head of state ever to visit the command-and-control center of the Russia’s military,” remarked the Russian president. He also reminded his audience that China and Russia were allies in World War II. “Our countries were allies in the WWII years and jointly resisted the aggressor. The heroic feat of our peoples will be an eternal example of bravery, patriotism and fortitude,” said Putin. “Russia was sincerely grateful to the Chinese partners for cherishing the memory of thousands of Russian compatriots who died liberating northeastern China.”

*

Peace Mission-2014 was the fifth Shanghai Cooperation Organization (SCO) joint multinational exercise and the largest since *Peace Mission-2005*. It was also part of the SCO Cooperation Plan for 2014-15 developed by the defence ministerial meeting. On Aug. 24-29, more than 7,000 troops from five SCO member states, including 2,200 from outside China, conducted the week-long exercise in Zhurihe training base in Inner Mongolia. This was the first time Chinese units conducted training with foreign units in China’s most advanced training base, which has facilities to simulate various battlefield scenarios including digitized and electronic warfare. Among the participating units were ground and air forces, special operations, and others tasked with electronic countermeasures, reconnaissance, mapping, and positioning. The Chinese even dispatched an all-female Special Forces unit. According to the Chinese, *Peace Mission 2014* was the first time the exercise operation was commanded by a Chinese general and it was also the first time when the chiefs of the six SCO general staff met during the exercise.

The drill focused on joint multilateral decision-making and action, with intelligence sharing between the SCO members. The exercise scenario involved a separatist organization, supported by an international terrorist organization, plotting terrorist incidents and hatching a coup plot to divide the country. The SCO then dispatched military forces to put down the insurrection and restore stability at the request of the country’s government. Deputy chiefs of the general staffs from China, Kazakhstan, Kyrgyzstan, and Tajikistan, along with the deputy commander of Russia’s Eastern Military Command, participated in the opening ceremony on Aug. 24.

The exercise was divided into two phases: the campaign preparation phase from Aug. 24-28 and campaign execution phase on Aug. 29. During the first phase, the SCO units conducted three rehearsals. The Russian unit consisted of a motorized-rifle battalion with *BMP-2* infantry fighting vehicles, a reinforced tank company with *T-72s*, a battery of *SAU 2S3 Akatsiya* self-propelled guns, an air-defense platoon with the *ZSU-23-4 Shilka*, a battery of *BM-21 Grad* multiple-launch rockets, a platoon of marksmen, and a mortar battery. About 100 assets were exercising, including four *Su-25* ground-attack aircraft and 8 *Mi-8AMTSh* helicopters. The bulk of the Chinese force came from the elite 38th Group Army of the Beijing Military Region, which is part of the PLA's strategic reserves. For decades, the 38th Group Army was trained with the Soviet military as its target. *Peace Mission-2014* was the first time that the units worked with Russian as friendly forces. Although both China and other SCO countries insisted that the exercise was for anti-terror purposes, one wonders about the implication for employing strategic forces such as the 38th Army equipped with China's most advanced *ZTZ-99* main battle tanks and *ZBD-86* APCs, as well as the use of *J-10* and *J-11* jet fighters.

Laying “BRICS” for a brave new world of international finance?

The BRICS (Brazil, Russia, India, China, South Africa) nations held their sixth annual summit in Fortaleza, Brazil on July 15. The highlight of the meeting was the unveiling of a plan to establish its \$50 billion New Development Bank (NBD) and a \$100 billion Contingency Reserve Arrangement (CRA). In a few years, the development bank may reach a financing capacity of up to \$350 billion, according to *Asia Times online*.

The five BRICS members are the largest economies outside the OECD (Organization for Economic Cooperation and Development). They account for more than 43 percent of the world's population, 21 percent of the world's GDP, and 17 percent of global trade. The most striking sign of the BRICS' significance to the world economy is their share of global foreign-exchange reserves (\$4.4 trillion by the end of 2013). Four of the five BRICS countries are among the top 10 foreign exchange holders, and China's share (\$4 trillion) is bigger than the next six holdings combined (Japan \$1.28 tril.; EU \$0.74 tril.; Saudi Arabia \$0.55 tril.; Russia \$0.47 tril.; and Switzerland \$0.53 tril.).

Despite this clout, the BRICS countries have been largely marginalized in the Western-dominated global financial institutions such as the International Monetary Fund (IMF) and the World Bank. China, for example, has less voting power in the IMF and World Bank than Belgium, the Netherlands, and Luxembourg combined. Although the IMF committed itself in 2010 to reforming the representation deficit for developing countries (increasing it to 6 percent), Washington alone has 17 percent of the voting weight. Some European countries and the US Congress have been either unwilling or unable to take any meaningful actions to “modernize” these aging, if not outdated, global institutions (70 years since their founding in 1944). The BRICS members therefore “remain disappointed and seriously concerned with the current non-implementation of the 2010 International Monetary Fund (IMF) reforms, which negatively impacts on the IMF's legitimacy, credibility and effectiveness,” said the [Fortaleza Declaration](#) issued immediately after the summit. From China's perspective, the creation of the BRICS' own bank and reserve pool was “compelled” by the West's indifference and inaction.

As a country undergoing Western sanctions because of the Ukraine crisis, Russia's financial sector has been hit hard. Putin therefore had a more urgent need for a non-Western financial institution as an option to the West-dominated international financial system:

In the BRICS case we see a whole set of coinciding strategic interests. First of all, this is the common intention to reform the international monetary and financial system. In the present form it is unjust to the BRICS countries and to new economies in general. We should take a more active part in the IMF and the World Bank's decision-making system. The international monetary system itself depends a lot on the US dollar, or, to be precise, on the monetary and financial policy of the US authorities. The BRICS countries want to change this.

One day after Putin's remarks on the BRICS financial institutions, the US imposed a new round of sanctions against Russia. The next day, MH17 was downed in east Ukraine, killing all 298 people on board. It seems likely the Ukraine crises will only deepen in the coming months.

Beijing's "neutrality" and "reluctant alliance" with Moscow

Beijing declared neutrality from the beginning of the Ukraine crisis for the basic fact that China has had good relations with both Russia and Ukraine coupled with the fact that China has had nothing to do with any of these crises (the ouster of President Yanukovich, the Crimea takeover, and the downing of MH17). Given the still escalating confrontation between Russia and the EU/US, neutrality is perhaps the only rational, or least harmful, choice for Beijing. Furthermore, there is little China could do to defuse the crises. From time to time, Beijing is described as the "biggest winner" in the Ukraine crisis. In actuality, China's interests have been seriously undermined by the crisis. By the end of February 2014 when President Yanukovich was toppled, what was seen as an opportunity for China in late 2013 (Yanukovich's visit to China and \$8 billion loan package to Ukraine) was fast evaporating. So were China's extensive interactions in the areas of military-technological connections, a major source of China's military modernization that was not particularly liked by Russia.

Despite China's neutrality, a "strategic opportunity" (战略机遇) – meaning the US strategic attention is directed to places other than China, as expected by some in China in the early phase of the Ukraine crisis – seems remote. Instead of reposturing to Central Europe after Russia's takeover in Crimea, the Obama administration has actually intensified its rebalancing actions around China's peripheries as reflected in President Obama's travel to Japan, Korea, and the Philippines in April. Worse still, some critics of the US Ukraine policy went so far as to argue that Russia be ignored so that the US would be able to concentrate on the rising China.

With the deepening of the Ukraine crisis, there has been talk in both Russia and China about elevating the current strategic partnership into an alliance. President Putin, however, said many times this year that Russia would not pursue an alliance with China. Other top Russian officials were also wary about the compulsory and intrusive nature of a formal alliance. In his July visit to China, Russian Presidential Administration Head Sergei Ivanov stated several times that Russia and China had no plan to build a military alliance, and Russian-Chinese mutual trust has nothing to do with Ukraine. In a press interview in late April, Putin said that Russia and China had no plan whatsoever to build any type of military and political alliance. This was because such an

alliance had become outdated. He reiterated this in his talk to Russian diplomats at the seventh conference of Russian ambassadors on July 1. Ten days later, Ivanov told reporters in Beijing that despite fruitful cooperation with China, “I do not see any significance for a new military alliance with China, and China, too, also does not see any significance,” and “Russia and China “are alliance partners without alliance responsibilities.” Speaking about the SCO, Ivanov insisted that “nobody would ever propose such a goal.”

Despite these official denials, pundits in China have been debating the pros and cons of allying with Russia, and the scope of such an alliance. While some argue China should not get too close to Moscow lest it alarm the West, the general consensus is that the current state of strategic partnership with Russia – short of a formal alliance – is just right. Beijing’s *Global Times*, for example, commented that the Sino-Russian strategic partnership is constructed not for dealing with the US and the West, but driven by their respective interests. In fact, better bilateral relations have rarely affected their respective relations with the US in the recent past. Western pressure, nevertheless, makes such a convergence of interests more valuable and stronger ties with Moscow would enhance their respective relations with the West. That said, the *Global Times* suggested that a healthy and enduring Sino-Russian relationship actually needs certain doses of “calm and indifference” (一份坦然和淡定) and that some distance between the two is perhaps more comfortable for both Beijing and Moscow. Within such a construct, China should be ready to protect its own interests in managing the growth of bilateral relations; Sino-Russian friendship should have space for interstate competition for interests; and interstate friendship should be nurtured, but not spoiled. The *Global Times* published these words when Xi and Putin were meeting in Shanghai, and while their oilmen were bargaining to the small hours of May 21 over the final draft of the gas agreement.

Russian scholars, too, do not see any real prospect for a tight military alliance such as NATO or the Warsaw Pact in the Cold War. “Russia will not fight for China in the Taiwan Strait nor in the Sea of Japan. And China won’t engage in combat in Crimea for Russia, either,” said Alexei Arbatov, head of the Center for International Security at the Institute of World Economy and International Relations of the Russian Academy of Sciences. “One key reason for this is that China’s trade volume with America and EU is five to six time larger than that with Russia,” added Arbatov.

Despite opposition to a Sino-Russian alliance, Russian and Chinese pundits are actually talking about several different types of alliances such as political, strategic, or military. What Beijing and Moscow seemed to be trying to avoid is reference to a military alliance. Meanwhile, the two countries are moving toward a de facto political and strategic alliance. In early May, China released its first national security report. In a news conference about the report, analysts called for “allying with Russia” while “reaching out to Europe and stabilizing relations with US.” They proposed a “political alliance” with Russia, which they said was being sought by President Putin. This was the case despite the fact that the report itself does not have any explicit wording about an alliance with Moscow. The press conference was nine days before Foreign Minister Lavrov’s working visit to Beijing. The press conference’s additional “alliance component” seemed to indicate some added emphasis by those in China favoring closer strategic relations with Russia.

In the final analysis, a tight alliance between Moscow and Beijing, similar to NATO and other US-led alliances, is neither likely nor necessary in the short- or medium-term, unless the core interests of both are perceived to be in jeopardy. For better or worse, the current policies of the Obama administration – punishing Russia and hedging against China with a largely militarized Asia pivot – are driving Russia and China into each other’s arms.

Chronology of China-Russia Relations

May – August 2014

May 8, 2014: Russian First Deputy Prime Minister Igor Shuvalov visits Beijing and meets Vice Premier Zhang Gaoli. They focus on bilateral investment and practical cooperation in the financial area.

May 14, 2014: Foreign Minister Sergei Lavrov speaks by telephone to Chinese counterpart Wang Yi. They discuss President Putin’s upcoming China visit and the Syria issue. They are ready to “closely coordinate their actions in the United Nations Security Council.”

May 19, 2014: Chinese Vice Premier Wang Yang and Russian Deputy Prime Minister Dmitry Rogozin chair the Regular Prime Ministers Meetings of China and Russia in Beijing.

May 20-21, 2014: President Vladimir Putin visits China at the invitation of Chinese counterpart Xi Jinping. They meet in Shanghai prior to the fourth summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA).

May 20-26, 2014: China and Russia hold the *Joint Sea-2014* naval exercise in the northern part of the East China.

May 22, 2014: Russia and China veto a draft resolution to refer the Syrian civil war to the International Criminal Court (ICC). This is the fourth time Russia and China use the right to veto draft resolutions against Syria.

May 23, 2014: President Putin meets Vice President Li Yuanchao on the sidelines of the St Petersburg International Economic Forum.

June 4-6, 2014: Russian Security Council Secretary Nikolai Patrushev travels to Beijing for the first meeting of a cooperative mechanism on security and law enforcement with Meng Jianzhu, head of the Commission for Political and Legal Affairs of the Communist Party, and co-chairs the 10th round of China-Russia strategic security consultation with Yang Jie

June 24, 2014: Chinese State Councilor Yang Jiechi visits Moscow and meets Chairperson of the Russian Federation Council Matviyenko. They discuss issues related to the joint development of Russia’s Volga River region and China’s Yangtze River valley.

June 25-26, 2014: Shanghai Cooperation Organization (SCO) holds its third meeting of the heads of the border services in Qayroqqum, Tajikistan. They discuss a draft plan of joint

measures in anticipation of the withdrawal of the International Security Assistance Force from Afghanistan, and evaluate the status of the joint border operation *Vostok-2014* by the border services of the SCO member states.

July 9-11, 2014: Russian Presidential Administration Chief Sergei Ivanov visits China.

July 14-19, 2014: First Deputy Chairman of the State Duma Ivan Melnikov (Communist Party) leads a group of parliamentarians on a visit to China.

July 15, 2014: Presidents Putin and Xi meet on the sidelines of the sixth BRICS Summit in Fortaleza, Brazil.

July 22-28, 2014: Three Chinese *Su-30* fighter jets participate in Russia's "Aviation Dart-2014" international aviators' race in the Russian cities of Lipetsk and Voronezh. Pilots from various countries compete over flying abilities and air-to-surface combat skills.

July 30-31, 2014: Annual SCO Foreign Ministers Meeting is held in Dushanbe, Tajikistan. They call for an open, fair, and independent investigation into the MH17 downing incident. They also discuss other issues of common concern including UN's role, Iran nuclear issue, WWII anniversary, etc., and approve the draft guidelines for granting SCO member status.

Aug. 21, 2014: President Xi Jinping visits Mongolia and voices support for Mongolia's proposal to hold a trilateral summit with Russia to further strengthen consultation and cooperation among the three neighbors.

Aug. 24-29, 2014: SCO stages its *Peace Mission-2014* anti-terrorist military drill in China's Zhurihe training base in Inner Mongolia.

Aug. 27-29, 2014: Russian Chief of the General Staff Gen. Valery Gerasimov visits Beijing to meet Chinese counterpart Col. Gen. Fang Fenghui and Central Military Commission Vice-Chairman Fan Changlong. Gerasimov also attends the SCO Meeting of General Staff Chiefs.

Aug. 29-Sept. 1, 2014: Vice Premier Zhang Gaoli visits Russia to co-chair in Moscow the 11th Meeting of China-Russia Energy Cooperation Committee with Russian Deputy Prime Minister Arkady Dvorkovich. He then flies to Siberia to view the welding of the first roll of tubes on the east route of China-Russia natural gas pipeline.