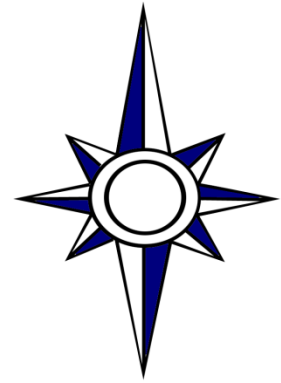


Comparative Connections

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China-Russia Relations: Putin Invited Xi: Overture to 2012

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For most of the first quarter, “uneventful” was the best description for bilateral relations between Russia and China. This is especially true when contrasted with the high-profile events in 2009 when bilateral trade declined 31 percent from \$56.8 billion to \$38.8 billion, Russia sank a Chinese cargo ship in February, the energy “deal of the century” was concluded in April, Moscow’s Cherkizov Market was abruptly closed in June, the 60th anniversary of diplomatic relations was celebrated in October, and the China-Central Asian gas line and Russia’s Eastern Siberia-Pacific Ocean oil pipeline were opened in December. Only in late March, with the five-day visit by Chinese Vice President Xi Jinping to Russia, was there a return from mutual “hibernation” and an “obsession” with the Obama administration’s policies, though for different reasons. Prime Minister Vladimir Putin’s invitation was also seen as a “back-to-the-future” effort to size up Xi, who is poised to assume the leadership spot in China by 2012. For Putin, 2012 is also the time to retake the Russian presidency, if he desires to do so.

Xi’s Russia trip: leaving no Russian territory behind?

Chinese Vice President Xi Jinping visited Russia at the invitation of Prime Minister Vladimir Putin on March 20-24. Although Xi’s visit was part of a four-nation trip (Russia, Belarus, Finland, and Sweden), China identified two significant aspects: it was the first important foreign visit paid by a senior leader after the conclusion of China’s annual parliamentary sessions and Xi’s role as both a leader of the Communist Party (one of the nine-member Standing Committee of the Politburo) and of the country (vice president). With these dual titles, Xi engaged in both inter-governmental and inter-party activities and met a wide spectrum of Russian political elites from both the ruling and opposition parties. Meanwhile, his five-day tour of Russia stretched from Russia’s outpost in the Asia-Pacific (Vladivostok), to St. Petersburg, which is Russia’s window to the West, and ended in Moscow.

During his two-day stay in Vladivostok, Xi discussed regional cooperation issues with the governor of Russia’s Primorsky Territory, Sergey Mikhaylovich Darkin, and other local officials. He also joined a bilateral symposium on economic and trade cooperation between Russia’s Primorye Territory and China’s northeastern provinces. This was followed by the signing of 15 agreements totaling \$1.6 billion for economic cooperation in technology, energy, and infrastructure development. These project agreements are part of the September 2009 intergovernmental agreement, “The Planning Framework for Regional Cooperation between Northeast China and the Russian Far East and Eastern Siberia,” which envisions more than 200 economic cooperation projects.

Xi's activities in Vladivostok also involved cultural and educational events, including visits to the Confucius Institute of Far Eastern National University, the "Ocean" All Russia Children's Center, where hundreds of Chinese children who suffered from the devastating 2008 earthquake had attended a rehabilitation program, and to a memorial complex of the Russian Pacific Fleet.

From Vladivostok, Xi flew across seven of Russia's nine time zones to St. Petersburg. Xi's arrival was of particular significance as China had just become the biggest trading partner for this most Westernized city of Russia, accounting for \$4 billion in trade for 2009. Its Chinese sister city, Shanghai, joined in 2006 with the St. Petersburg municipal government and the Export-Import Bank of China in the \$1.3-billion Baltic Pearl project, a combination of commercial, real estate, and tourism complexes. In his visit to the Baltic Pearl construction site, Xi said that it was the Chinese government's "unswerving policy" to encourage more enterprises to look overseas for investment and cooperation, and that Chinese should give full consideration to the interests of the Russians in any cooperative projects.

In her meeting with Xi, St. Petersburg Gov. Valentina Matviyenko, who is considered to be the most powerful female politician in post-Soviet Russia and a long-time friend of Prime Minister Putin, referred to Xi's visit as "historic." For the latter, however, "historic" also meant visiting an office in the city's Smolny Palace from which Bolshevik leader Vladimir Lenin led the October Revolution in 1917.

Party time

While today's Russian ruling elite have essentially abandoned Lenin's ideological legacy, Xi and his Chinese colleagues continue to pay homage to the Bolshevik leader while massaging market capitalism into managing the largest communist state in the 21st century. Part of Xi's mission in Moscow was to transcend this ideological divide by conducting the second "strategic dialogue" with the ruling United Russia (UR) Party on March 23. The Communist Party of China (CPC) and UR Party initially set up an inter-party mechanism in 1999 and held their first dialogue session in Beijing in 2009.

Nearly 100 delegates gathered in Moscow's Presidential Hotel for the dialogue under the theme of, "Chinese and Russian ruling parties' responsibility in the post-crisis era." Xi and Speaker of Russia's State Duma Boris Gрызлов co-chaired the meeting. In his opening speech, Xi encouraged the two parties "to continue the senior-level inter-party exchanges under new circumstances and carry out the agreement between the leaders of the two countries to constantly enrich the content of cooperation, create new cooperative forms, perfect cooperative mechanisms and raise the cooperation level for greater contribution to the comprehensive development of Sino-Russian relations," particularly during these times of international financial crisis. Xi briefed his Russian counterparts on how the CPC assessed the current situation and then made and implemented counter-crisis policies. When talking about the issue of effective governance, Xi also praised Putin for his role as the UR chairman in coping with the crisis.

Putin did not participate in the dialogue, but sent a congratulatory message saying that the dialogue between the two ruling parties was "of strategic nature" and "highly responsible."

Among the delegates were head of the National Energy Administration Zhang Guobao, Executive Vice Minister of the Policy Research Office of the CPC Central Committee and head of the CPC delegation He Yiting, Vice Minister of the International Department of the CPC Central Committee Chen Fengxiang, member of the Presidium of the UR General Council Zubarev, and deputy head of the State Duma Committee for Constitutional Legislation Irina Yarovaya. The meeting was described as “an intensive exchange of governance philosophies and experiences” in the areas of counter-crisis measures, anti-corruption, party building, effective governance, social welfare, and center-local cooperation.

Following the party meeting, Xi attended the opening ceremony of the Year of the Chinese Language in Russia, presided over the signing of 13 commercial and technology contracts valued at \$6.7 billion, and met separately with Prime Minister Putin, State Duma Chairman Boris Gryzlov, President Dmitry Medvedev, Chairman of Russia’s Communist Party Gennady Zyuganov, and Chairman of the Liberal Democratic Party of Russia (LDPR) and Vice President of the State Duma Vladimir Zhirinovskiy.

The “2012 factor”

In his meeting with the prime minister, Xi thanked Putin for inviting him for a “visit across Russia” and described the visit as “a dream come true” and “a great honor.” With “deep feelings of friendship toward Russia and the Russian people” as part of the generation that grew up under the influence of Russian literature, ideas and art, Xi said that he had been “enchanted by Russia’s nature, the cultured atmosphere and the hospitality of the Russian people.” Xi reiterated that relations with Russia were “a foreign policy priority. Maintaining long-term and successful development of bilateral relations and a strategic partnership is the policy of the Central Committee of the Communist Party of China and the Chinese government,” and that “in the future China and Russia should support each other on all strategic issues. We will invariably support you.” In response, Putin stated, “We have always supported China on most sensitive issues, including the Taiwan issue. I’d like to reassure you that Russia is ready to continue building its relations with China based on respect for our interests. Both Russia and China have many common interests.”

These words, in both public and private occasions, may not be pure rhetoric as the two large continental nations are moving and shaping their strategically important and operationally complex relationship across the second decade of the 21st century. In the longer term, 2010 is the beginning of another 60 years for bilateral relations as Chinese mythology depicts 60 years as a life cycle on the personal, social, and global levels. In the mid-term, the year is also the beginning of another 10 years of Putin’s political career as Russia’s national leader. Many Russian and foreign observers believe that the 58-year old prime minister has at least another 10 “useful” years in Russia’s high politics. If that is the case, Putin will surpass Joseph Stalin to become the longest-serving Russian/Soviet top leader since the Bolshevik Revolution in 1917. All of these possibilities depend on 2012 when the Russians will elect a new president.

While the “2012 factor” has been talked about in Russia since December 2007, when Putin chose Dmitry Medvedev as his preferred candidate for the 2008 presidential election, it is becoming increasingly clear that Vice President Xi Jinping will succeed President Hu Jintao as China’s

paramount leader by 2012. Putin's invitation to Xi for an official visit to Russia was, therefore, by no means routine and ordinary. At a minimum, Putin needs to reverse Russia's economic decline following the 2008 financial crisis. In the next few years, he will have to significantly improve Russia's economic development to pave the way for his second chance as president. That cannot be easily achieved without financial inputs from China, as total foreign direct investment in Russia plunged 21 percent in 2009. A stable and working relationship with Russia's most powerful, and still rapidly growing, neighbor (China) will also be a foreign policy plus for Putin. Taking on, sizing up, and befriending China's future leader for his post-2012 political life were, therefore, both a tactical and strategic imperative.

The specifics of the private Putin-Xi meeting remain unknown. Pre-meeting remarks indicated that the two discussed some issues regarding immigration, regional cooperation, environmental concerns of Russia, the current business climate, "trade order" and its negative impacts on the wellbeing of Chinese merchants in Russia, etc. A Russian source revealed, however, that the meeting was "extremely cordial and productive."

Xi's visit to Russia was remarkably similar to President Hu Jintao's May 2003 visit to Moscow and St. Petersburg, when the schedule of the new Chinese president – whose country was virtually shut down by the *Severe Acute Respiratory Syndrome* (SARS) epidemic just a few months before – was carefully choreographed with a bilateral summit in Moscow, the SCO annual summit in St. Petersburg, and a grand tri-centennial celebration in St. Petersburg.

Partnership, perception, and problems

The "chemistry" between Putin and Xi is an indicator of the seriousness of their exchange for both current and future issues. Although Putin may regain the presidency in 2012, the global and regional environment will continue to change, perhaps at a faster pace than Russia's domestic situation. In 2009, Russia's GDP shrank by 7.9 percent, while China's growth rate was 8.7 percent. As a result, the ratio of the two countries' GDP (in 2008 dollars) rose from 2.63:1 in 2008 to 3.13:1 in 2009 in China's favor. Beyond Russia, China's phenomenal economic growth, even through the global recession, has led to a proliferation of futuristic talks about China's leadership role and emerging China-US forums (e.g. Beijing Consensus, G2, Chimerica, etc.) in the English-speaking world. No matter how unrealistic these notions are deemed to be by analysts, their growing "noise" is discomfiting to Russian ears, who retain a sense of strategic "entitlement" as a superpower.

Nevertheless, the diminishing regional influence of Russia is becoming more visible. The 7,000 km Turkmenistan-Uzbekistan-Kazakhstan-China natural gas pipeline that went into operation in mid-December 2009 effectively broke Russia's monopoly over gas exports from Central Asia. Although Putin and other Russian officials publicly supported the project, it was, at best a "lesser evil" than any West-designed and sponsored gas line from the traditionally Russia-dominated region. The once profitable sale of Russian arms to China continues to stagnate and slid to 18 percent of overall Russian military exports in 2009 and is projected to further drop to 15 percent for 2010. The Russians also expressed "surprise," if not a grievance, when China tested a missile interceptor in early January 2010 without notifying the Russian side. This happened just two

months after the signing of the “Agreement on Mutual Notification of the Launches of Ballistic Missiles and Space Rockets” in October 2009.

For China, two incidents in 2009 – the sinking of the Chinese cargo ship *Xin Xing* (New Star) off Russia’s coastal city of Vladivostok and the closing of Moscow’s Cherkizov Market leading to a \$2 billion economic loss and dislocation of 30,000 Chinese businessmen – turned China’s largely positive perception of Russia and particularly of Prime Minister Putin more negative. For the first time in the 60 years of bilateral relations, the ordinary Chinese had said “no” to Russia in a media outburst, thus forcing the Chinese government to take stronger positions and actively work to resolve these issues. Recently, a survey by the influential *Pew Global Attitudes Project* showed a significant decline in favorable opinion of Russia among the Chinese people from 54 percent in 2007 to 46 percent in 2009. Although during the same period of time Russia’s favorable opinion of China dropped only 2 percent from 60 percent to 58 percent, an October 2009 survey by the Russian polling institute FOM indicated that 44 percent of Russians believed that the growth of China is a threat to Russian interests, while 39 percent polled said “no” and 17 percent had no opinion.

Given these challenges in bilateral relations, current and future political elites in Russia and China cannot, and should not, take their strategic partnership for granted. Indeed, despite the sustained efforts by both governments to push their citizens to get acquainted with one another in the past few years – China’s Year of Russia in 2006, Russia’s Year of China in 2007, China’s Year of Russian Language in 2009, and Russia’s Year of Chinese Language in 2010 – there has been no significant change in mutual perceptions according to the Pew surveys, although one may hypothesize that those cultural and language activities may have prevented the level of favorable opinions from deteriorating even further.

The Obama factor

Partnership and problems, therefore, seem to be the norms of the bilateral relationship. They are, however, not the only issues between Russian and Chinese leaders. Indeed, much of the first-quarter lull regarding bilateral interaction was due to the fact that both Moscow and Beijing paid more attention to the “smart,” and “not-so-smart,” policies of the Obama administration.

For Moscow, Obama’s decision not to deploy missile defense system in Poland and the Czech Republic was a promising precursor to an even bigger diplomatic breakthrough for both sides, when Washington and Moscow worked out details of a new Strategic Arms Reduction Treaty (START) to be inked on April 8, 2010. For the next two to six years (if Obama is able to win elections for a second term), this is a favorable sign for smooth bilateral relations. Even former US Secretary of State Madeleine Albright, a long-time critic of Putin’s Russia, has been toying with the idea of Russia joining NATO.

Obama’s China policy, however, has been seen as far less consistent and certain, at least in the eyes of the Chinese. After a few months of stability and high expectations, Beijing was angered by a series of what it saw as policies reversals by Washington regarding Taiwan, Tibet, trade, Google, and currency issues. Indeed, many in China have become nostalgic for the “good old days” of the Bush administration.

Obama's seemingly different approach to relations with Russia and China, deliberate or not, have apparently inserted a wedge, at least psychologically, in the Moscow and Beijing strategic partnership. Russia's recent shift from its long-time *de facto* "neutrality" policy toward Iran's nuclear issue is seen by some in China as a consequence of the warming trend in US-Russian relations, with the effect of leaving China isolated and exposed on the Iranian issue.

Under these circumstances, Xi's visit to Russia – scheduled between the annual and routine summits of Chinese and Russian presidents and prime ministers – was both timely and future-oriented for vital and delicate bilateral relations.

Chronology of China-Russia Relations January - March 2010

Jan. 11, 2010: Russian missile warning systems detect a test by China of an interceptor missile, although China had not given prior notification.

Jan. 25, 2010: The Shanghai Cooperation Organization (SCO) sponsors a conference in Moscow for deputy ministers of foreign affairs on Regional Consultations on Afghanistan.

Jan. 25-26, 2010: Chinese and Russian frontier defense troops complete the first joint patrol along the Argun River, an ice-covered boundary river in the east of China's Inner Mongolia.

March 12, 2010: First Deputy Foreign Minister Andrei Denisov travels to Beijing and meets Vice Foreign Minister Wang Guangya and Foreign Minister Yang Jiechi to discuss a "collective approach" to the resolution of the Iranian nuclear problem, Afghanistan, the opening of the Year of the Chinese Language in Russia.

March 20-24, 2010: Chinese Vice President Xi Jinping makes an official visit to Russia as part of his four-European nation tour (Russia, Belarus, Finland and Sweden).

March 21-25, 2010: China's State Councilor Liu Yandong makes an official visit to Russia at the invitation of Russian Deputy Prime Minister Alexander Zhukov in order to attend the opening ceremony of the Year of the Chinese Language.

March 26, 2010: The seventh meeting of the SCO cultural ministers is held in China's Hainan Province. Li Changchun, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, speaks at the meeting.

March 29, 2010: President Hu sends a telegram to the President Dmitry Medvedev expressing his condolences to the families of those killed and injured in the attacks in the Moscow metro. Hu also said that "China strongly condemns these attacks and expresses its support for the Russian efforts in fighting against terrorism, protecting its national security and social stability."