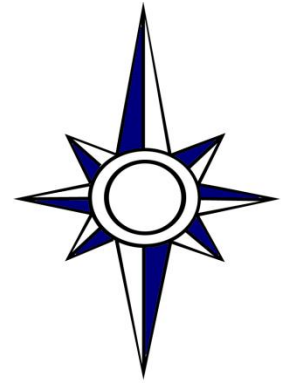


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



**China-Russia Relations:**

## ***Peace Mission 2010* and Medvedev's Visit to China**

**Yu Bin**  
**Wittenberg University**

For much of the third quarter, Russia and China were besieged by disasters of various kinds. Leaders sent each other messages to express their sympathy and support while relief materials were delivered. Bilateral relations began to gather momentum at the end of August when Prime Minister Putin attended the opening of the Russian-Chinese oil pipeline. In September, the Shanghai Cooperation Organization kicked off its *Peace Mission 2010* exercise in Kazakhstan. This was followed by President Medvedev's state visit to China in the name of "comprehensively deepening Russian-Chinese strategic partnership relations." All of this occurred against the backdrop of heightened tension on the Korean Peninsula after the sinking of the South Korea Navy ship in March and the rapid deterioration of China-Japan relations after Japan's seizure of a Chinese fishing boat in early September.

### **From Russia, with oil**

On Aug. 29, Prime Minister Vladimir Putin opened the valve to pump the first cubic meters of technological oil (oil needed to fill the pipeline) into the 72 km Russian section of the 999 km Russia-China oil pipeline between Skovorodino in Russia's Amur region and Daqing in northeastern China, thus symbolically executing a \$25-billion deal for 300 million tons of oil to be shipped to China over the next 20 years (2011-2030). The Skovorodino-Daqing branch line is a spur from the 4,857 km Eastern Siberian-Pacific Ocean oil pipeline (ESPO).

The ceremony in the Russian city of Skovorodino, however, remained symbolic because the Chinese section (927 km) was still under construction, most of which had to go through one of China's most important ecological zones with dense forests and permafrost (104 km). To protect the pipelines from both frost and fires, many sections of the pipeline have to go underground at an average depth of 2.2 meters below the surface. By late September, when President Dmitry Medvedev was in Beijing, China had completed construction.

Even with the infrastructure in place, the amount of oil to be sent through the pipeline is subject to negotiations. Some Chinese argued that China should purchase the oil at a price lower than that offered at Kozmino (ESPO's terminus at the Pacific Ocean) because the distance from Skovorodino (where the spur to China branches off from ESPO) to Kozmino is about 2,000 km, but just 60 km to the Chinese border. The Russians, however, insisted on the price at Kozmino and there was no such a thing as "friendly price." At least for the first year, Russia would get the ESPO's terminus's price.

There is no question that the completion of the China spur from the ESPO oil pipeline represents significant progress in bilateral energy cooperation. China will gain additional energy security in its still expanding appetite for raw materials. For Moscow, the opening of the China spur, together with the symbolic opening of the Kozmino oil terminal in December 2009, is of global and strategic significance. “This is an important project for us as we are diversifying the supply of our strategic commodity. Until now most supplies were made to Europe ... and this is a noticeable competition to the European route,” Putin remarked at the opening ceremony in the Russian village of Skovorodino. By the time the first oil started to flow toward China, an average of 120-130 million tons of Russian oil has gone to Europe annually over the past 30-40 years. This Skovorodino-Daqing spur line could pump 15 million tons of petroleum to the energy hungry China, with the potential to double that amount to 30 million tons annually. The eventual opening of the ESPO line will enable the dispatch of 50 million tons of oil to the Pacific coast.

The Skovorodino-Daqing branch line, therefore, has been part of Russia’s energy strategy to tap into the vast Chinese potential market rather than rely solely on Russia’s traditional customers in Europe. But in the short term, Russia will become more a material supplier to the “Chinese factory,” something hard for the Russian elite to accept. This oil pipeline, therefore, has been used by Moscow as leverage for other “cooperative projects” such as Russia’s expanding foothold in China’s nuclear energy sector. It is no coincidence that President Medvedev presided over the signing of both the oil pipeline deals and those for No. 3 and 4 *VVER-1000* units for China’s Tianwan nuclear power plant. In addition, Russia is constructing two *BN-800* fast-neutron reactors in China, forming joint ventures with China to extract uranium in Russia, expanding Russia’s electricity supply to China, aggressively seeking Chinese investors to the newly created high technology industrial zone in Zelenograd (Russia’s “Silicon Valley), and implementing dozens of large-scale investment projects in Russia’s Far East, according to a 2009 “Action Plan to implement the China-Russia Treaty of Friendship, Good-Neighborliness and Cooperation (2009-2012)” and the cooperation and planning program for northeast China and Russia’s Far East and Eastern Siberia Area. In 2010, Russia plans to supply China with 12 million tons of coal and would like to increase that to 15-20 million tons per year.

According to Putin, “Our cooperation with China is not limited to just hydrocarbons. Military-technical cooperation is also of great importance and nets hundreds of million dollars. Machinery supplies are growing. Speaking of energy, Russia is China’s main partner in the field of peaceful use of nuclear energy, and equipment supplies here amount to billions of dollars... For Russia, the work in this region makes sense as long as it is aimed at developing the Far East and the implementation of this project contributes significantly to the fulfilling of this task.”

For both Moscow and Beijing, the completion of the Skovorodino-Daqing branch line represents encouraging progress for further economic interactions at a time when the Russian economy is showing signs of an upturn after a two-year slow down as a result of the global economic crisis. By late August, the Russian Economic Development Ministry raised its 2011 GDP growth forecasts from 3.4 percent to 4.2 percent. Bilateral trade is projected to reach the pre-crisis level of \$58 billion in 2008. Russia’s foreign trade surplus in the first five months of 2010 almost doubled to \$79.9 billion from \$41.9 billion. Finally, a wholesale market jointly funded by China and Russia and selling Chinese goods, which has already attracted 1,100 businesses and potentially more, opened on Sept. 16 near the Moscow Ring Road.

## *Peace Mission 2010*

The Shanghai Cooperation Organization (SCO) held its joint antiterrorist exercise, *Peace Mission 2010*, in the Matybulak training range in Kazakhstan's Zhambyl region in September. It is the seventh exercise launched under the SCO framework since 2002 and the third multilateral one (the other two multilateral drills were conducted in 2003 and 2007). More than 5,000 troops from Kazakhstan, China, Kyrgyzstan, Russia, and Tajikistan participated. Uzbekistan decided not to join, despite an invitation. More than 1,600 armed vehicles, 100 artillery pieces, and 50 combat aircraft and helicopters were involved in the drill. China, Russia, and Kazakhstan each contributed 1,000 troops.

The scenario involved joint operations and simulations against a "terrorist" group taking up position in an urban populated area. The exercise was divided into four stages. On Sept. 10, general staff chiefs from SCO member states held "military-political consultations" in Almaty's Military Engineering Institute of Radio Electronics and Communication. Gen. Saken Zhasuzakov, first deputy defense minister and chief of the staff of Kazakhstan's Armed Forces, presided. Other participants included China's People's Liberation Army (PLA) Chief of the General Staff Gen. Chen Bingde, First Deputy Defense Minister and Chief of the Staff of Russia's Armed Forces Gen. Nikolai Makarov, First Deputy Defense Minister and Chief of the Staff of Kyrgyzstan's Armed Forces Col. Taalaibek Omuraliev, and First Deputy Defense Minister and Chief of the Staff of Tajikistan's Armed Forces Gen. Ramil Khalilovich Nadirov.

The bulk of the exercise time was allocated to the second phase (preparation on Sept. 10-13) and the third phase (simulation of a joint antiterrorist operation on Sept. 14-23) when participating units rehearsed and fine-tuned hardware and software including their interoperability. On Sept. 14-15, the participating units conducted the first stage of their air and ground operations. Russian, Kazakh, and Chinese forces coordinated and tested flight routes from the airfield to the site of the exercise and land routes for combat missions. Pilots held joint training sessions on providing air support for a joint ground operation. Chinese military aircraft such as the *J-10* fighters and the *H-6H* bombers flew from their homeland over 1,000 km into the airspace above the exercise area. This was the first time that China's military aircraft conducted a cross-border joint exercise. Over the next few days, military units rehearsed, with both simulated (twice) and live-fire drills (four times). The four separate drills included 1) fire-power preparation and breakthrough of "enemy" positions, 2) encircling and suppressing "enemies" in residential areas, 3) reserve forces joining the pursuit of fleeing "enemies," and 4) purging the "enemy" entrenched in their bases in a night operation.

The fourth and final "active" phase of the maneuvers was held on Sept. 24, when the combined forces launched coordinated ground and air attacks against 1,500 heavily armed "insurgents" occupying a border town, which included a final stage involving night operations. Defense ministers of the SCO member states came and observed the final drill.

By numbers, *Peace Mission 2010* was not the largest SCO "antiterrorist" exercises. *Peace Mission 2007*, which was held in Russia at the Chebarkul range of the Volga-Urals Military District, involved 6,000 troops, including 2,000 from Russia and 1,700 from China. More than

1,000 pieces of combat equipment, including 500 from Russia, were engaged. *Peace Mission 2010*, however, was the largest joint military exercise Russia and China have conducted outside the two countries. Russian and Kazakhstani forces did not bring in new weapon systems. Chinese forces, however, were equipped with many new weapons systems for the first time, including *H-6H* bombers, *J-10* fighters, early warning aircraft, aerial tankers, *Z-9* attack helicopter, *T-99* main battle tanks, *92B* Armored Personnel Carriers, 122mm self-propelled howitzers, etc.

One of the major differences between *Peace Mission 2010* and previous exercises conducted under the SCO framework lies in the effort to develop more interoperability among the participating units of the SCO member states. This involved more unified command and control and coordinated ground and air operations. “Troops of different countries communicate with each other more freely than before,” observed a Chinese reporter. Commandos of four countries were airlifted by the same *Mi-26* transport helicopter to the battlefield. Another difference was the more realistic circumstances under which the units rehearsed and practiced, according to Gen. Wang Haiyun, former defense attaché to the Chinese embassy in Russia.

For the PLA, the biggest benefit was to learn valuable lessons from its Russian counterpart, whose experiences in counterinsurgency (COIN) operations during the two lengthy wars with Chechen rebels (1992-1994 and 1999-2009) and “small wars,” such as the one in August 2008 with Georgia, are largely absent in the PLA’s recent history. The last large-scale military operation by the PLA, which was a brief border war with Vietnam, was fought more than 30 years ago. China’s own experiences in COIN operations and other operations are simply not adequate for the complexities and difficulties of the post-9/11 world of hyper ethno-nationalism and terrorism. Since 9/11, Chinese military academies and the General Staff have developed growing interest in the experiences and lessons of the antiterrorist operations of foreign militaries. While the US and NATO forces are seasoned in their Iraq and Afghan wars, the Russian experience is more applicable for the PLA. The Russian military’s experience in urban warfare and street combat is particularly valuable for the PLA as terrorist insurgencies have become increasingly transnational, flexible, high-tech, and lethal in their efforts to maximize terror’s impact. The seven antiterrorist exercises under the SCO framework – be they multilateral (2007 and 2010) or bilateral (2005 and 2009) – are of enormous importance for the PLA.

### **Medvedev “three strikes” in China**

Two days after the conclusion of *Peace Mission 2010*, President Medvedev began his second official visit to China. In three days (Sept. 26-28), he stopped in three Chinese cities for three purposes: Chinese northeastern coastal city of Dalian for the past (WWII), Beijing for current politics and business, and Shanghai for the future (visiting the Shanghai Expo).

In Dalian, Medvedev visited the Russian Military Cemetery in the area of Lushun (former Port Arthur) and laid flowers at the memorial and the monument to Soviet troops. The Russian Military Cemetery in Lushun is a large burial place for tens of thousands of men and officers of the Russian/Soviet Army who died in the 20<sup>th</sup> century’s wars, including the 1904-1905 Russo-Japanese war (some 15,000), the Soviet-Japanese war at the end of WWII in China’s Manchuria (over 2,000), and the 1950-53 Korean War (several hundred). “Friendship with China is Russia’s strategic choice, it’s a choice that was sealed by blood years ago,” Medvedev told a Russian and

Chinese audience, including Mao Zedong's 73-year old daughter Li Min, after his visit to the cemetery. "We should jointly care for memory; the memory of future generations, averting any distortions of historic events; we should protect the truth about the events of that war; the more so, since there are forces, trying to distort this historic truth," Medvedev said. He also thanked China for renovating the memorial, which is one of more than 70 memorials commemorating Soviet war martyrs throughout China.

The bulk of Medvedev's stay in Beijing focused on strategic and business issues. This included meeting top Chinese leaders including President Hu Jintao, Chairman of the People's Congress Wu Bangguo, and Premier Wen Jiabao. The talks covered a wide range of issues regarding bilateral relations, regional and global politics, with the theme of how to push China-Russia strategic coordination to a new level by broadening and deepening this relationship.

President Hu opened the talks by saying Medvedev's visit would "have a powerful impact on the development of Russian-Chinese relations" and that China viewed and developed relations with Russia from a strategic and comprehensive point of view. Medvedev said that he intended to keep up the high intensity of contacts with the Chinese leadership. Indeed, this was the fifth Hu-Medvedev meeting for 2010. He also noted that Russia and China were becoming more interdependent and their future was closely interrelated. "It is Russia's diplomatic priority to develop its partnership of strategic coordination with China and will never waver," said Medvedev. Hu identified five areas for further practical cooperation:

- Expanding economic and trade investment and cooperation, improving trade structure, and maintaining steady growth of bilateral trade;
- Deepening energy cooperation, particularly in the safe and normal operation of the Sino-Russian crude oil pipeline, while promoting cooperation in petroleum industry, coal, and natural gas, and nuclear power industries;
- Broadening financial cooperation;
- Promoting regional cooperation and accelerating cross-border infrastructure projects; and
- Strengthening cooperation in high technologies and facilitating exchanges between scientific and technological personnel, and promoting the transformation of research achievements. China was also ready to strengthen cooperation with Russia in the areas of energy conservation, environmental protection, disaster prevention and relief, education, health, culture, sports, media, and tourism.

Medvedev was quoted as saying that he fully agreed with Hu Jintao's views on the further development of bilateral relations, adding that it was important to continue youth exchanges for the purpose of enhancing understanding and friendship between the two peoples.

Both Medvedev and Hu attached great importance to the bilateral strategic security consultation mechanism to deepen strategic coordination in international and regional affairs. With this, Hu emphasized that the two sides support each other's "core interests" and seek to safeguard

international strategic balance and stability. They then signed the “Sino-Russian Joint Statement on Comprehensively Deepening the Strategic Partnership of Coordination” and the “Joint Statement of the Heads of State of China and Russia on the 65th Anniversary of the End of the Second World War.” Besides the joint statements, the two foreign ministers also signed an agreement on the fight against terrorism, separatism, and extremism. The details of the antiterror agreement, however, were not disclosed.

The signing of the “Joint Statement of the People’s Republic of China and Russian Federation on Comprehensively Deepening the Strategic Cooperative Partnership” was perhaps the most important step for the deepening of the Sino-Russian strategic relations. The rather long document seems to devote equal attention to bilateral relations (Part I, 14 clauses) and world affairs (Part II, 15 clauses). In reality, Part I is largely about foreign and security issues. Clause 2, for example, is about mutual support of each other’s “core interests” (Taiwan, Tibet and Xinjiang for China and Northern Caucasus and Commonwealth of Independent States (CIS) regions for Russia). It also opposes the distortion of World War II history. Clause 3 focuses on the bilateral agreement on antiterrorism, separatism, and extremism signed by the two foreign ministers in Beijing and describes it as “a solid foundation for the two sides to work together to deal with these threats.” Clause 4 covers the global financial crisis and corresponding policies by the two sides. The remainder of part I addresses bilateral economic relations (clauses 5-10) and social/humanitarian exchanges (clauses 11-14).

In Part II, the Statement covers a wide range of global issues including the promotion of multipolarism and democratization in international relations (clause 1), coordination of macroeconomic policies for steady recovery (clause 2), global and regional stability (clause 3), UN’s bigger role (clause 4), G20 (clause 5), climate change (clause 6), arms control and proliferation (clause 7), threats and challenges in Asia-Pacific (clause 8), SCO (clauses 9 and 10), Korea (clause 11), BRIC and Russia-China-Indian trilateralism (clauses 12 and 13), Israeli-Palestine conflict (clause 14), and Afghanistan (clause 15). The two sides promised to coordinate their policies and promote global and regional stability.

If the foreign policy parts (Clauses 2-4 in Part I) are added, the joint statement devotes considerably greater attention to international issues. Within Part II, the document highlights “threats and challenges” in Asia-Pacific and emphasizes the following points:

- Respecting each other’s sovereignty, independence, and territorial integrity and not interfering in another country’s internal affairs;
- Reiterating the principle of equality and indivisibility of security;
- Adhering to national defense policies that are defensive in nature;
- Non-use of force or threat of force;
- No attempt or support for any actions to topple other governments or undermine another country’s stability;

- Political-diplomatic and peaceful resolution of disputes based on mutual understanding and compromise;
- Strengthening cooperation in addressing nontraditional security threats;
- Carrying out bilateral and multilateral military cooperation that does not target a third country; and
- Increasing personnel exchanges on border regions.

Given the heightened tension between China and Japan and on the Korean Peninsula, the wording indicates some consensus between Russia and China on regional security issues.

A pillar of the China-Russia strategic partnership is, however, business. This time, the two heads of state announced completion of the construction of the Russian-Chinese oil pipeline in a symbolic ceremony in Beijing. Russia will begin commercial oil deliveries to China from Jan. 1, 2011. Medvedev and Hu also presided over the signing of a dozen energy related deals including a protocol of a memorandum of understanding on cooperation on the use of coal; a strategic cooperation agreement on peaceful utilization of nuclear energy; a letter of intent on investment between the China North Industries Corporation and RUSAL, the world's largest aluminum producer; a contract on technology design for the No. 3 and No. 4 units of the Tianwan Nuclear Power Plant in Lianyungang; an additional agreement on buyer's credit for exports between Industrial and Commercial Bank of China and Russia's VTB Bank, as well as several other agreements on energy cooperation.

Even the long-stagnated military-technological sector started to show signs of life when the two reportedly discussed in their formal talks future Russian military sales to China. Russian Foreign Minister Sergey Lavrov said that new results of Russian-Chinese military-technical cooperation can be expected. "We do not have problems here. A very serious negotiation process is taking place. I am confident that its results will be known in the near future," Lavrov told journalists in Beijing. Prior to Medvedev's visit, Russian sources indicated that China is expressing interest in licensed production of certain military products, specifically, aircraft technologies. Another possible "breakthrough" might be the revival of purchasing Russian *Ilyushin*-series cargo and refueling planes.

### **Conclusion: Russia Day at the Shanghai Expo**

The last leg of Medvedev's China visit was Shanghai where he kicked off the "Russia Day" at the Shanghai Expo. Medvedev's last visit to Shanghai was almost 10 years ago in 2001 leading him to remark that "Shanghai of 2010 is totally different." In his speech for the Russia Day ceremony, Medvedev said that the exhibition was a huge festival that has brought together great numbers of people, dozens of nations, and focused on the common idea of how a city of the future will appear.

The Shanghai World Expo is the largest World's Fair site ever. On a 5.28 sq. km area spanning the two sides of the Huangpu River, more than 190 countries and 50 international organizations

participated in the expo. China expects 70-80 million visitors, including almost 100 foreign leaders. Just five days before Medvedev's visit (Sept. 23), the expo had its highest daily attendance with 631,100 visitors.

The Russian Pavilion was one of the most popular places and more than 5 million people had visited it since its official opening on May 1. This is the first expo pavilion Russia has built in 30 years. The sun-shaped structure is comprised of 12 white-and-gold towers symbolizing the 12 months of the year and sits on an area of 6,000 sq. meters. On Russia Day, more than 500 Russian artists performed in practically every platform at the Expo.

Medvedev was accompanied by Chinese Vice President Xi Jinping at the Russia Day opening ceremony and later in his visit to the Chinese pavilion. If events run their course, Xi may succeed President Hu Jintao in 2012. For many Russians, Zhang Zilin, the 2007 Miss World pageant winner, is a better known Chinese. In her speech at the Russia Day opening ceremony, Zhang said that Russia was the first of more than 80 foreign trips after winning the Miss World title in 2007. Showered with Russian hospitality in Moscow, Zhang was among the judges for the Miss Russia competition and the winner (Ksenia Sukhinova) later won the 2008 Miss World pageant when Zhang crowned her.

China-Russia relations have indeed become more comprehensive and gone well beyond the "strategic partnership."

## **Chronology of China-Russia Relations July - September 2010**

**July 22, 2010:** Russian Foreign Minister Sergey Lavrov and Chinese counterpart Yang Jiechi hold a working meeting in Hanoi on the sidelines of the 43<sup>rd</sup> ASEAN Foreign Ministerial Conference.

**Aug. 4, 2010:** First Deputy Foreign Minister Andrey Denisov meets Chinese Vice Foreign Minister Song Tao in Moscow to discuss in "a warm friendly atmosphere" a number of topical issues in Russian-Chinese including political contacts in the current year.

**Aug. 9, 2010:** Chinese President Hu Jintao and Premier Wen Jiabao each send a telegram of sympathy to Russian counterparts for the losses caused by the forest fires in Russia this summer.

**Aug. 16-26, 2010:** Five Shanghai Cooperation Organization (SCO) member states (Kazakhstan, Uzbekistan, China, Kyrgyzstan and Russia) and three observer states (India, Mongolia, and Pakistan) take part in the *Saratov Anti-Terror 2010* drill in Russia.

**Aug. 17, 2010:** President Dmitry Medvedev calls President Hu and expresses condolences after a mudslide in China's Gansu Province and Russia's readiness to provide aid. Hu thanks Medvedev and expresses concern over the situation in Russia's fire-stricken regions.



**Aug. 25, 2010:** President Medvedev and Prime Minister Putin express condolences to Chinese counterparts Hu Jintao and Wen Jiabao over the air crash in Yichun, China.

**Aug. 29, 2010:** Prime Minister Putin attends the opening of the 72 km section of a pipeline in Skovorodino of the Amur region that delivers Russian oil to China.

**Sept. 6, 2010:** Chinese Special Representative for Korean Peninsula Affairs Wu Dawei meets Russian Foreign Minister Sergei Lavrov in Moscow and exchanges views on the situation on the Korean Peninsula and restarting the Six-Party Talks.

**Sept. 9-25, 2010:** The SCO holds its seventh joint antiterrorist exercise, *Peace Mission 2010*, in Kazakhstan.

**Sept. 21, 2010:** Foreign Ministers Sergey Lavrov and Yang Jiechi meet on the sidelines of the 65th session of the UN General Assembly in New York.

**Sept. 26-28, 2010:** President Medvedev visits China at the invitation of Chinese counterpart Hu Jintao. He visits Dalian, Beijing and Shanghai and meets Hu, Parliament leader Wu Bangguo, Premier Wen Jiabao, and Vice President Xi Jinping.