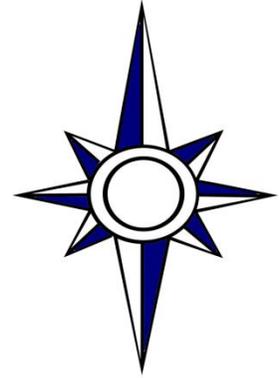


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



China-Russia Relations: Mounting Challenges and Multilateralism

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China-Russia economic relations were “reset” on New Year’s Day 2011 when the 1,000-km Skovorodino-Daqing branch pipeline was officially opened. The pipeline, which took some 15 years from conception to completion, will transport 15 million tons of crude annually for the next 20 years. The low-key ceremony marking the launch of the pipeline at the Chinese border city of Mohe was followed by several rounds of bilateral consultations on diplomatic and strategic issues in January. In March and April, Moscow and Beijing sought to invigorate their “joint ventures” – the Shanghai Cooperation Organization (SCO) and the Brazil, Russia, India, China (BRIC) forum – at a time when both Moscow and Beijing feel the need for more coordination to address several regional and global challenges and crises.

Fifth round of China-Russia Strategic Security Talks

Chinese State Councilor Dai Bingguo visited Moscow on Jan. 23-25 to attend the fifth round of China-Russia Strategic Security Talks with his Russian counterpart Security Council Secretary Nikolai Patrushev. Chinese media reported that Dai had an “in-depth exchange” of views with the Russians on “important international and regional issues of common concern.” The talks were initiated in 2005 and the first round of consultations took place in Beijing in December 2009, when Russia and China signed a protocol on strategic security cooperation. The next round is scheduled to be held later this year in China.

There were several major issues for this round of the bilateral security talks. One was to assess the bilateral cooperation on global issues including those at G20, the SCO, and the BRIC forum as well as on regional hot issues. The two sides believed that their cooperation “helped maintain regional and world peace, safety and stability.” Beyond those specific issues, Dai and Patrushev also tried to envision their strategic partnership from a more “comprehensive” and longer-term perspective (10 years), as 2011 is the beginning of the second half of the 20-year implementation of the Treaty of Good Neighborliness, Friendship, and Cooperation. Although both sides pledged to “adhere to the principles of mutual trust, win-win cooperation and good neighborliness while conducting strategic coordination,” they also recognized the rapidly changing regional and global situation, as well as their respective domestic setting, required an adjustment of their effort.

One area where the two strategic partners needed to coordinate their positions was the Iran nuclear issue. Throughout 2010, Moscow seemed to gradually reverse its tough opposition to sanctions against Iran, leaving China somewhat exposed to Western pressure. Part of the reason for Moscow’s changing position on Iran is the “smart diplomacy” of the Obama administration. Whereas the US-Russian “reset” gained momentum throughout 2010, culminating in December

2010 with the US Senate ratification of the New Strategic Arms Reduction Treaty (New START), US pressure on China regarding the crises in Korea Peninsula, East China Sea, and South China Sea, clearly squeezed China's strategic space. Although both Russia and China voted to support the UNSC Resolution 1929 in June 2010, Beijing seemed more reluctant than Russia to do so. In comparison, Russia has more at stake in Iran (economic, military sales, nuclear technology, etc.) than China, which is largely in commercial areas.

The need to coordinate their Iran policy was the top priority when Russian and Chinese Deputy Foreign Ministers Sergei Ryabkov and Wu Hailong held consultations in Moscow on Jan. 17. A Russian Foreign Ministry statement posted on its web site said the two deputy ministers looked into the "current situation around the Iranian nuclear program" and related issues such as strategic stability, nuclear nonproliferation, arms control, and space security, as well as "prospects for cooperation within the BRIC framework." This round of consultation at the deputy foreign minister-level apparently did not resolve all the issues. In the evening of the same day, China's Foreign Minister Yang Jiechi initiated a phone call with Russian counterpart Sergei Lavrov, again focusing on Iran.

It remains to be seen how Moscow and Beijing can coordinate Iran policy. In its news report on the fifth Strategic Security Dialogue, China's official news agency, *Xinhua*, did not directly mention the Iranian nuclear issue as part of the 2010 "accomplishments." In his subsequent meeting with Dai, Russian President Dmitry Medvedev appeared to reassure his visitor, saying that Russia saw China as its "closest partner, a position that will never be changed." In his response, Dai said that the "first 10 years of the 21st century had been important" for Sino-Russian relations and that China was willing to work with Russia to develop their strategic partnership "at a higher stage."

SCO springs to action

February was unusually quiet for Sino-Russian bilateral relations. The unusually long Lunar New Year holiday (Feb. 2-8), which was extended by many until Feb. 17, was a time for family, food, and fireworks. The world, however, was becoming increasingly restless as mass protest (first in Tunisia and then in Egypt in January) quickly engulfed the Arab world, thanks in part to the widely used "social media." By February, the sudden escalation of violence, first in Egypt and then Libya, forced governments around world, including China and Russia, to launch emergency operations to remove their nationals from the affected countries.

The "Arabic spring" proved contagious, and perhaps even dangerous, for many Central Asian states with similar socio-political environments, which in April 2010 gave rise to large-scale turmoil in Kyrgyzstan and the ouster of President Kurmanbek Bakiyev. Even China was on edge as the phrase "jasmine revolution" was spreading through cell phones and the internet in February, when US Ambassador to China Jon Huntsman "accidentally walked by" a crowd of several hundred people gathered in Beijing. Some saw this as US involvement in an attempt to destabilize China. The planned withdrawal from Afghanistan beginning in July 2011 by the US also injects a sense of uncertainty into the region's future. SCO members, therefore, "are still facing long-term, complex, and diverse security threats and challenges" according to Chinese

Defense Minister Liang Guanglie in his speech to the annual SCO Defense Ministers Meeting in Astana, Kazakhstan, on March 17.

This meeting was part of the routine ministerial meetings prior to the annual SCO Summit scheduled for June. The defense ministers discussed counterterrorism, personnel training, joint exercise issues, and agreed to “upgrade” military cooperation. They also approved a cooperation plan for 2012-2013. Participants included Chinese Defense Minister Liang Guanglie, Kazakh Defense Minister Adilbek Dzhaksybekov, Kyrgyz Defense Minister Abibilla Kudaiberdiyev, Russian Deputy Defense Minister Ivanovich Antonov, Tajik Defense Minister Sherali Khairulloev, and Uzbek Deputy Defense Minister Rustam Niyazov. SCO Secretary General Muratbek Imanaliev and Director of the Executive Committee of the SCO Regional Antiterrorist Structure Dzhenisbek Dzhumanbekov were invited to attend as observers.

SCO’s annual defense ministerial meeting was followed by several other sessions including:

Time/Place	Sessions	Issues
March 25 Tashkent, Uzbekistan	Council of the SCO Regional Counter- Terrorism Structure (RATS)	- Implementation of the SCO's 2010-2012 program of cooperation in combating terrorism, separatism, and extremism; - <i>Tian Shan-2 2011</i> anti-terrorist drill to be held in China on May 6.
March 30 Astana, Kazakhstan	Combating drug smuggling	Approved a 2011-2016 anti-drug strategy & its implementation program, to be adopted in Astana during the annual SCO Summit in June.
April 13-14 Tashkent, Uzbekistan	RATS and CIS Anti- terror Center	Discussed anti-terror security, and how to protect vital and sensitive facilities and military infrastructure.
April 24-25 Beijing & Shanghai	SCO chiefs of general staff	First meeting of its kind since SCO debut 10 years ago. A memo was signed. PRC Vice-President Xi Jinping met the chiefs in Beijing.
April 28 Astana, Kazakhstan	SCO interior and public security ministers	A protocol signed on measures fighting transborder crime, organized crime, drug trafficking, illegal migration and cyber-crimes.
April 29 Astana, Kazakhstan	SCO security council secretaries	Discussed how to strengthening the coordinating role of the secretaries meeting within the SCO.

Aside from the routine annual sessions, a notable exception was the first-ever meeting of the SCO chiefs of general staff in Beijing and Shanghai. The agenda was “to sum up the experiences in past cooperation and explore more extensive ways of cooperation in the future.” Among the participants were Kazakhstan’s First Deputy Defense Minister and Chief of Staff Saken Zhasuzakov, Kyrgyzstan’s First Deputy Defense Minister and Chief of the General Staff Taalaibek Omuraliev, Russia’s First Deputy Defense Minister and Chief of the General Staff Nikolai Makarov, Tajikistan’s First Deputy Defense Minister and Chief of the General Staff

Ramil Khalilovich Nadirov, Uzbekistan's Deputy Defense Minister Rustam Niyazov and China's PLA Chief of General Staff Chen Bingde.

The military chiefs first gathered in Beijing on April 24 where they separately met their Chinese counterpart Gen. Chen Bingde. In the morning of April 25, the chiefs were received by Chinese Vice-President Xi Jinping, who is also vice chairman of China's powerful Central Military Commission and is widely expected to succeed President Hu Jintao as the top Chinese leader in 2012. Xi reportedly praised the SCO's cooperation over the past 10 years, noting that the organization has played "a constructive role in Europe-Asia geopolitics, regional peace, stability and prosperity." China "highly values its exchanges and cooperation on defense and security with the SCO members," remarked Xi, and "will work closer with them under the SCO framework ... to competently crack down on new security threats ... in a bid to maintain a stable and peaceful environment for the SCO members' national development." The chiefs reportedly voiced joint commitment to further develop cooperation on defense and security.

After the morning meeting with Xi, the chiefs held the formal meeting in Shanghai in the afternoon. In his speech, Gen. Chen said that the purpose was to sum up past experience, study issues, open new areas of cooperation, and plan specific format and substance to deepen their future cooperation in defense and security. The brief meeting ended with the signing of a "Memorandum of the Meeting of the SCO's Chiefs of Staff."

The chiefs meeting, which was sponsored by China, had both symbolic and substantive elements. It was held at the 10th anniversary of the SCO founding. Since then, the regional security group has held several large-scale military exercises: "*Coordination-2003*" in Kazakhstan, and a series of "*Peace Missions*" including 2005 in China, 2007 in Russia, 2009 in China, and 2010 in Kazakhstan. The scale of the exercises and their level of interoperability are far below those of US-led alliances and the SCO members have so far played down their significance as "anti-terror" exercises. The fact that these exercises continue to date indicates SCO resilience.

That said, the limitations of SCO military integration are also obvious. The insistence on sovereignty and equality among SCO member states is not conducive to SCO interoperability. China's policy of non-interference in internal affairs prevents it from assuming greater leadership in SCO's security issues. In the first decade of its existence, Russia has been more interested in turning the SCO into a more security-military oriented organization, while China has remained content with its expanding economic influence. Few, if any, in the SCO would benefit from making the SCO an anti-US group.

With the rapidly evolving global and regional situation, plus the growing pressure from the US-led alliances in East Asia and the South China Sea, this "traditional" division of labor between Moscow and Beijing does not seem to meet China's needs for both economic development and a security guarantee. When Vice President Xi talked about "new security threats" and when Gen. Chen Bingde urged the SCO military chiefs to open "new areas of cooperation," and plan "specific format and substances" in order "to deepen their future cooperation" in defense and security areas, Beijing is sending out trial balloons for deeper and broader military cooperation among the SCO member states. China would like to develop a more balanced approach to its Central Asia policies with both economic and security mechanisms. For China, economic

prosperity without a minimum security guarantee is very risky, as was shown in late February when 30,000 Chinese workers were hastily withdrawn from Libya while Beijing helplessly watched its huge economic investment and geopolitical interest in that part of the world rapidly evaporate. China is determined not to let it happen again, at least not at China's door step in Central Asia, where China's huge and still growing investment and energy infrastructure requires bilateral and multilateral security protection. Years of economic outreach to SCO nations in Central Asia has made the region a vital and increasingly indispensable part of China's economic and geostrategic calculus. If this is the goal, Beijing can no longer shy away from pouring some new "wine" into the not-too-old "bottle" (SCO). Maintaining the status quo, or doing nothing, in light of the sweeping changes in northern Africa and the Middle East, is becoming unacceptable.

2012 "Overture"?

The extent to which SCO members are receptive to Beijing's effort remains a question. The "Arabic Spring" may help convince other SCO members to develop a more robust collective defense mechanism, as stability and prosperity are in the interests of other SCO states. Still, one of the biggest unknowns is whether Russia will go along with Beijing's new-found interest in beefing up the SCO's security mechanism, particularly when many in Russia are still in the "reset" mode with the US. Russia may not be able to make up its mind until after the March 2012 presidential election, which will determine whether the Eurasianists (like Putin) or the Westernizers (like Medvedev) will be in the Kremlin for the next six to 12 years. Beijing's strategic-political clock, however, cannot wait as 2012 will witness the changing of guard in Beijing as well as in the US, South Korea, and Taiwan.

For Beijing, the biggest challenge is the US. Beijing's proactive posture in Central Asia seems to be based on at least three things. First, a domestically constrained Obama (the loss of the House of Representatives to the Republicans) may opt for more foreign policy successes, and any "softening" of his China policy would be counterproductive. In the aftermath of the killing of Osama bin Laden on May 1, Obama is on the way to shedding his "Nobel-Peace" image for one of a stronger and smarter statesman. In this context, Obama is unlikely to ease pressure on China in either economic and security areas until after he secures a second term.

Further, the planned US withdrawal from Afghanistan, starting from July 2011, is injecting elements of uncertainty into both the war-torn country and its neighbors. While the Obama administration is looking for a face-saving exit strategy, rebuilding Afghanistan will take years, if not decades. The Taliban is not going to fade away even if the US declares "victory" and runs. For China and other members of the SCO, a stable, strong, and prosperous SCO is the minimum requirement for the post-US Afghanistan, regardless of who is in power. China is encouraging Pakistan to engage Afghanistan in reconciliation and calling for the restoration of normalcy in both Afghan domestic politics and Afghan-Pakistani relations. After years of participating in SCO meetings at various levels, Afghanistan is being persuaded to join the SCO, beginning as an observer member, similar to India, Pakistan, Iran, and Mongolia.

Finally, Beijing is calculating that Washington will be able to concentrate its diplomatic attention and military resources on East Asia once it frees itself from the wars in Afghanistan and Iraq. A relatively stable Central Asia will function as strategic depth for China at a time when Northeast

Asia remains precarious after almost a year of heightened tension and when China's relations with Southeast Asia are cloudy because of South China Sea disputes.

Regardless of the 2012 presidential election in Russia, China's desire and effort to maintain a relatively stable Central Asia through the SCO parallel Moscow's interests. At least in the security area, Moscow is perhaps more able to pull more strings, particularly in using its dominant role in the Commonwealth of Independent States (CIS). On April 13-14, the SCO's Regional Anti-Terror Structure (RATS) and the CIS Anti-Terror Center (ATC) jointly sponsored a two-day conference in Tashkent to discuss and coordinate ways to protect vital and sensitive facilities and military infrastructure. The conference participants analyzed the trends and patterns of terrorist groups such as the Islamic Jihad Group, the Islamic Party of Turkestan, Hezb-e Tahrir, and the Islamic Movement of East Turkestan.

The conference was attended by representatives from anti-terror divisions of special services and security agencies of the SCO and CIS member countries as well as representatives from the Executive Committee of the Border Troops Commanders' Council, the Bureau for Coordination of the Fight against Organized Crime and Other Grave Crimes in the CIS, the United Nations Office on Drugs and Crime, the secretariat of the Collective Security Treaty Organization (CSTO) and the Conference on Interaction and Trust-Building Measures in Asia (CICA). "... [C]ounterterrorism and extremism ... may be efficiently resolved only by joint efforts," says a press release by the executive committees of the RATS, the SCO, the ATC, and the CIS.

BRICS in the great wall?

While Beijing and Moscow are trying to consolidate and invigorate the SCO for stability and security in the heart of the Eurasian continent, they are also actively shaping the BRICS as a multilateral forum for global issues, not only in the economic and financial areas, which was the original goal, but also for international political and security issues. On April 14, China hosted the third summit for the BRIC nations in Sanya on south China's island of Hainan Province, with the theme "Looking into the Future, Sharing Prosperity." South Africa was added as a new member in December 2010, so the BRIC group has become BRICS. The BRICS Summit was followed the next day by the annual session of the Boao Forum for Asia (BFA), a China-sponsored economic forum which has been held for the past 10 years. President Medvedev joined both economic conferences, plus made an official two-day visit to Hong Kong. All in all, he spent five days in southern China (April 13-17).

The term BRIC was first coined by Goldman Sachs executive Jim O'Neill in 2001 for the world's four "emerging" economies of Brazil, Russia, India, and China. Over recent years, interactions between BRIC countries increased and expanded regarding important issues concerning international economy and development. In 2009, the first BRIC summit was held in Russia and the second one in Brazil in 2010. The combined territories of the BRICS countries account for nearly 30 percent of the world's total land area and they are home to 42 percent of the world's total population. In 2010, the group contributed 18 percent of the world's GDP, 15 percent of global trade, and over half of the world's foreign direct investments. From 2001 to 2010, inter-BRICS trade increased with an average annual growth rate of 28 percent. Total trade among the five countries was \$230 billion in 2010. The entry of South Africa makes BRICS a

global entity, though this was largely because of geopolitical factors rather than economic factors. That is, South Africa represents over 1 billion people residing in more than 50 countries on the continent of Africa.

Chinese President Hu Jintao chaired the meeting, with Brazilian President Dilma Rousseff, Russian President Dmitry Medvedev, Indian Prime Minister Manmohan Singh and South African President Jacob Zuma in attendance. In his speech, Hu made four points regarding peace and prosperity for the 21st century: 1) strengthening world peace and stability is the prerequisite for development, while respecting sovereignty for internal affairs and promoting democracy for international affairs; 2) promoting economic development for all with “just and equitable” international monetary and financial systems, as well as an international free trade system; 3) promoting international exchange and cooperation at various multilateral international forums; 4) intensifying cooperation between BRICS nations with the principles of solidarity, mutual trust, openness, transparency and common development.

Compared with Hu’s speech of principles, Medvedev sounded more practical when he reminded his audience that all BRICS member-states currently sit on the UN Security Council and “we should take advantage of this special situation” to boost the potential of the UN. The Russian president particularly emphasized the need for further reform of the international monetary and financial system, as well as the need to reduce the volatility of world prices for agricultural products (Medvedev somehow did not touch on the more volatile price fluctuation of energy products). He concluded his speech with Russia’s deep concern about the events in Libya and civilian casualties.

As a multilateral economic forum born after the 2008 financial crisis, the Sanya meeting gave particular emphasis to international political and security issues. Both Hu and Medvedev talked about the crisis in north Africa and West Asia, and for Hu, international peace and stability “are the foundations” of economic development. The change was significant from a year before when the key words for the Brazil meeting were “global governance and reform.” In 2011, they were “peace, security, development and cooperation.” In the 2010 BRIC declaration, “Meeting of High Representatives for Security Issues” was ranked number three in priority for the following year; in 2011, it tops the to-do list.

As a sign of intensified cooperation, the Sanya Declaration has a separately attached “Action Plan,” which identifies 14 “existing cooperation programs” to be enhanced, four “new” areas of cooperation, and five new proposals to explore. Among those items, cooperation and coordination within the UN and G20 framework are prominently featured. It was not accidental that the four original BRIC members abstained from the March 17 UN Security Council Resolution 1973 regarding the no-fly zone over Libya. South Africa, on the other hand, voted in favor of the UN resolution.

While political and security issues were elevated in the BRICS Summit, one of the biggest developments for enhanced economic cooperation was an agreement by the five national banks to expand local currency settlement and lending to facilitate the countries’ economic growth and reduce their reliance on the US dollar. The pact was hailed as “very substantial” and “path-

breaking” as it would greatly promote trade and investment facilitation among the BRICS nations and could effectively avoid the risk from exchange rate fluctuations.

Even with these movements toward a greater role of the BRICS nations in world economics and politics, it is still too early to predict their future in a world of rapid change and growing chaos. Intra-BRICS trust has yet to be enhanced and these countries need to develop an effective permanent interactive mechanism. Different levels, speed, priority, and potential for economic development naturally lead to different interests and goals. China’s approach of “seeking common ground while avoiding differences” (*qiu tong cun yi*, 求同存异) may work for awhile. Differences, however, cannot be avoided forever. Russia and its close ally India remain wary of China’s “ambition” of using the BRICS forum for its own interests. Brazil and India complain about China’s currency policy. The rapid movement of Chinese, Indian, and Brazilian companies into Africa is seen as challenging South Africa’s presence on the continent. Beyond the intra-BRICS suspicions, the fact that “each of the five countries regards its ties with the US as its most important bilateral relationship and each is excessively wary of displeasing Washington” (*The Hindu online*, April 16, 2011) makes the US a “shadow” participant of the BRICS. China, with its economy accounting for almost half of the aggregate GDP of the group, may not be able or perhaps willing to be an “ordinary” member. The issue is not “if,” but how Beijing will lead the enlarged group while avoiding deepening suspicions from others.

What is driving the five emerging economies together is not only the dysfunctional international financial and trading systems, but also increasingly, and perhaps more urgently, the fact that the developing world is being engulfed by instability, civil wars, and outside intervention. In this sense, the multilateralist “space” – from SCO to BRICS and, to a lesser degree, the Boao Forum – that Beijing and Moscow are enlarging and invigorating is attractive as a different type of the world away from chaos and conflict.

Chronology of China-Russia Relations **January – April 2011**

Jan. 1, 2011: The 1,000-km-long pipeline (72 kilometers in Russia and 927 km is in China) is officially opened after a two-month trial.

Jan. 17, 2011: Russian and Chinese Deputy Foreign Ministers Sergei Ryabkov and Wu Hailong hold consultations in Moscow on Iran, strategic stability, nuclear nonproliferation, arms control, space security, and cooperation within the Brazil, Russia, India, China (BRIC) framework.

Jan. 17, 2011: China’s Foreign Minister Yang Jiechi and Russian counterpart Sergei Lavrov hold a phone conversation regarding Iran’s nuclear issue, the BRIC framework, strategic stability, nuclear nonproliferation, arms control, and space security.

Jan. 23-25, 2011: State Councilor Dai Bingguo and Russian Security Council Secretary Nikolai Patrushev hold the fifth round of the Russian-Chinese Strategic Security Talks in Moscow. Dai meets Russian President Dmitry Medvedev on Jan. 24.

March 17, 2011: SCO defense ministers hold their annual meeting in Astana. They issue the Joint Communiqué of the SCO Member Nations' Defense Ministers Conference and approve the "Cooperation Program of the SCO Member Nations' Defense Departments from 2012 to 2013."

March 25, 2011: Council of the SCO Regional Counter-Terrorism Structure meets in Tashkent.

March 30, 2011: SCO holds a session on combating drugs smuggling in Astana to discuss the anti-drug strategy for 2011-16 and the "SCO Anti-drug Strategy Implementation Program."

April 6, 2011: Russian Deputy Foreign Minister Alexander Saltanov and Chinese Ambassador to Russia Li Hui meet in Moscow. They call for re-launching the Middle East peace process and settling the Libyan crisis through diplomatic methods.

April 13-14, 2011: SCO Regional Anti-Terror Structure (RATS) and CIS's Anti-Terror Center sponsor a two-day conference in Tashkent to discuss ways to ensure anti-terror security, and to protect vital and sensitive facilities, and military infrastructure.

April 13-14, 2011: BRIC nations hold their third summit with a new acronym (BRICS) as South Africa joins the group. The next summit will be held in India.

April 13-17, 2011: President Medvedev visits China to attend the BRICS Summit on April 14, the Boao Forum for Asia on April 15, and to visit Hong Kong on April 16-17.

April 15-16, 2011: The annual meeting of the Boao Forum for Asia is held in Hainan.

April 24-25, 2011: SCO military chiefs meet for the first time since the SCO was formed in 2001.

April 28, 2011: SCO's interior and public security ministers hold their second meeting in Astana and sign a protocol on measures on further fighting against transborder crime, organized crime, drug trafficking, illegal migration and cyber-crimes.

April 29, 2011: SCO hold its sixth Security Councils Secretaries Meeting in Astana.