

China-Russia Relations:

Putin's Ostpolitik and Sino-Russian Relations

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In contrast to the lack of contact between Russian and Chinese top leaders for the first half of the year, the newly inaugurated Russian President Vladimir Putin began the third quarter in a whirl of presidential diplomacy which took him to Dushanbe (Tajikistan), Beijing, Pyongyang, Okinawa, and Tokyo. The three summit meetings between top Russian and Chinese leaders in less than two months, on both bilateral and multilateral occasions, were part of Putin's "eastern-phase" diplomacy.

Shanghai-Five: First Acquaintances

The annual "Shanghai-Five" summit meeting in Dushanbe, Tajikistan on July 5-6 was the first time Putin met his Chinese counterpart, Jiang Zemin, since Putin assumed the Russian presidency. The Putin-Jiang "mini-summit" during the "Shanghai-Five" regional forum apparently focused on the Anti-Ballistic Missile Treaty (ABM) and the U.S. proposed national missile defense (NMD) system. To dispel China's concern over the Russian proposed "booster phase" missile defense and possible cooperation with the U.S., Putin took the initiative to explain Russia's "principal position" on the issue of NMD. Jiang Zemin, though he "appreciated" Putin's explanation, nonetheless expected to "further strengthen and deepen" the Moscow-Beijing cooperation in this area of "global security and stability." The Chinese president was quoted as saying that China "supports Russia's position that the integrity of the ABM Treaty must be maintained." The report, however, did not mention other aspects of Putin's suggestions for joint Russian-U.S. and Russian-European efforts to develop theater anti-missile systems.

The two-day regional summit was not just a symbolic occasion to ink the 20-point joint communiqué prepared by the five foreign ministers prior to the summit. China and Russia tried to obtain some substantial gains from the summit, including joint opposition to NMD and theater missile defense (TMD), as well as enlisting support for PRC's position on the Taiwan issue and Russia's actions in Chechnya. The five nations also agreed to rename and expand "Shanghai-Five" into "Shanghai Forum" which would include Uzbekistan. [*Editors' note: This also opens the door for possible Indian participation as suggested by Russia. For more, see this quarter's guest commentary.*]

On separate occasions during the regional summit, Russian and Chinese presidents put forward their own issues on the agenda. Putin expressed Russia's intention to increase its military presence in some central Asian states. Unlike Eastern Europe, there is no institutionalized Western effort in central Asia to squeeze out Russia's influence. Instead, political instability in almost all of these former Soviet states presents Russia with real opportunities to renew its traditional ties. Already in Tajikistan, some 25,000 Russian troops are establishing a permanent presence along Tajikistan's southern border with Afghanistan. Putin visited Uzbekistan in November 1999, and the region was the first place for his presidential diplomacy. After years of "neglect," the new president clearly wants to reassert Russian influence in Central Asia for economic, strategic, and anti-terrorist reasons.

While the Central Asian states are inching back to Moscow's military umbrella, which remains perhaps the only meaningful power pillar for a much-weakened Russia, Chinese President Jiang Zemin used the occasion to deepen China's economic relations with these former Soviet republics by inviting them to participate in China's ambitious plan to develop its western region. Meanwhile, Jiang conducted state visits to Tajikistan and Turkmenistan before and after the regional summit.

Despite this strategic maneuvering between Moscow and Beijing over the smaller Central Asian states, the Dushanbe conference was a timely occasion for Putin and Jiang to put final touches on various issues for their next "working summit" in Beijing (July 18-19).

Putin's "Assault on The [Great] Wall"

Despite their shared interest in many other areas of mutual concern, the Russians and Chinese apparently had different expectations for the much anticipated but delayed Beijing summit. For some in Russia, Putin's "assault on The [Great] Wall" (Russian diplomats' reference to Putin's presidential trip to China) should pass the "test" of Chinese hospitality -- the test that used to send Yeltsin "into a spin," remarked a Russian commentator, "when [Yeltsin] felt so moved that he dumbfounded the whole world with some impromptu remarks about the nuclear issue." For the Chinese, however, policy continuity from Yeltsin to the new president was perhaps one of their paramount concerns.

In practical terms, both sides needed to get accustomed to one another while coping with new challenges to their respective national interests. Leaders in Beijing were anxious to see how the new president played out his self-proclaimed "European pragmatism and Asian wisdom." At a minimum, how would Putin's "quality-but-not-quantity" approach to summit meetings with Chinese leaders sustain the momentum in bilateral relations? The first summit between Beijing leaders and the new president was a particular challenge to Putin, whose career path actually had relatively little to do with Asia. His Chinese counterparts were not only thoroughly educated in Russia and spoke fluent Russian in addition to English, they also seasoned themselves in dealing with Putin's predecessor during the previous decade. Although Putin is the "un-Boris" and always seems on the cool side, the young (in relative terms) Russian president surely discovered

that China no longer only meant food with chopsticks, but presents a rising power with which Russia shares past and future.

Despite the unfamiliar and uncertain chemistry, Putin's visit turned out to be fruitful for both sides. The short working summit was focused on the Sino-Russian "strategic coordination partnership" and urgent issues such as NMD and TMD. The border issue was not even on the agenda, despite strong demand by some local Russian officials in the Far East to take the issue to the Beijing summit. With the joint statement on the ABM Treaty and the "Beijing Declaration," China secured its strategic partnership with the new Russian leader, who somehow let his Chinese counterparts wait "with impatience" during the first half of the year as he toured around the world. It was not a surprise, therefore, to see that the beginnings of the two most important documents signed in Beijing were devoted to the issue of policy continuity. All the previous commitments by the two sides--promoting multi-polarity, strategic regional border stability, policy coordination at all levels, non-interference in each other's internal affairs, and economic development--were reaffirmed.

Perhaps the most significant outcome of the summit was a more unified stance on NMD, about which Moscow and Beijing have had not-so-complete overlapping interests. With its huge (though somewhat rusted) nuclear arsenal, Russia could live with the U.S. NMD. From a Chinese perspective, however, the same system could immediately render China's minimalist nuclear retaliatory force obsolete.

The signing of the ABM statement in Beijing was a timely relief for China. It stipulates that Russia and China "are firmly opposed to the NMD" and warns that U.S. unilateralism would entail grave consequences not only the national security of Russia, China, and other countries, but also to the security of the United States itself and global strategic stability. Beijing hoped that it would be impossible for the Clinton administration to ignore the joint statement by two nuclear powers and permanent members of the UN Security Council.

For its part, the Russian side believed that the summit "substantially promoted trustful partnership and strategic cooperation," with the Joint Statement on anti-missile defense being "the most tangible and important." Before leaving Beijing for North Korea, Putin told reporters that if the United States disturbs the balance of forces made possible by the 1972 ABM Treaty, a response is bound to follow, and "I believe that neither Russia nor China will remain idle. We will try to restore the balance."

The timing of the two summit meetings between Russian and Chinese heads of state may have also been aimed at impacting President Clinton's decision on September 1 to postpone the initial NMD construction. Shortly after the "Shanghai-Five" meeting in Dushanbe (July 5-6), the Pentagon's test of its high-speed missile interceptor failed again (July 7). Putin then used his telephone conversation with Clinton on July 10 to put more pressure on the U.S. side. In the following two weeks, Putin consolidated an anti-NMD "alliance" with China in Beijing, "rediscovered" North Korea, and impressed other G-8 leaders and Japanese Judo lovers in Okinawa. Meanwhile, President Clinton literally

locked himself at Camp David for an elusive Mideastern peace accord, which perhaps had more to do with his place in history than Mideastern reality. Putin's presence at Okinawa effectively created a tie of 4:4 between the pros and cons over the NMD issue when Canadian Prime Minister Chretien, German Chancellor Schroeder, and French President Chirac all joined Putin in announcing their doubts/objections to breaking the 1972 ABM Treaty. Toward the end of the Okinawa conference, even Clinton and Putin issued a joint statement for "cooperation in the field of strategic stability." Clinton's announcement to delay the NMD deployment just a few days before the UN Millennium Summit opened in New York on September 6 averted a renewed coordinated effort by Moscow and Beijing to criticize U.S. unilateralism.

From a Chinese perspective, both the joint ABM statement and "Beijing Declaration" underscored the Taiwan issue without direct reference to Chechnya. In his talks with Jiang, Putin was quoted as saying that Russia "firmly supports China's grand course of national unification with Taiwan." The joint statement on the ABM Treaty also reinforced China's position on TMD, a potentially explosive factor in troubled cross-strait relations with Taiwan as well as Beijing-Washington relations.

Partly because of the better-than-expected result from the brief summit, the Chinese side took the initiative to raise the issue of "how to further advance Sino-Russian relations of strategic partnership." President Jiang proposed a treaty on friendly cooperation for "all-encompassing cooperation between the two countries in political, economic, scientific, technological, military-technical, and international areas" in the new millennium. Believing that the summit "met Moscow's boldest expectations," Putin accepted Jiang's proposal to draft the agreement and said that it should define bilateral relations for decades to come. The proposed friendly cooperation treaty is expected to be signed in 2001 when Jiang Zemin visits Russia.

China Trade: Lights at the End of the Tunnel?

While Putin's visit to Beijing focused on strategic and general policy issues, the weak trade relationship between Moscow and Beijing was apparently a main factor for drafting a friendship and cooperation treaty which prioritizes trade and economic cooperation as the key for a long-term strategic partnership. According to Russian Foreign Minister Igor Ivanov, the agreement would enable Russia to tap its "enormous unused potential for mutually-beneficial cooperation with China in high technology as well as trade."

In broader terms, the emphasis on economics in the proposed friendship treaty reflects the basic principles of Russia's new foreign policy doctrine released a week before Putin's visit to China. The new doctrine scales down Russia's foreign policy goals to "more rational, more profitable" ones, particularly in the economic area. It was not a surprise, therefore, to see that most of the intergovernmental accords signed during Putin's brief stay in Beijing were in the non-political and non-strategic areas. These include: joint energy development; construction and operation of a fast neutron experimental reactor; banking and financial cooperation; education cooperation; and three additional accords regarding cooperation in energy sale, shipment, and transportation.

The two-way trade between China and Russia has actually been on an upswing in the first half of 2000 to \$3.56 billion, a 31.5% increase from the same period last year. China's imports from Russia, mainly fertilizer, rolled steel, refined oil, aluminum, and timber, reached \$2.68 billion, up 22.4% from the same period last year. China's exports to Russia, including garments, footwear, foodstuff, electronic products, and machinery, grew 70% to \$880 million. Still, the \$5 billion trade volume for 1999 was just a fraction of China's near \$100 billion trade with the U.S. The investment situation appeared at least equally discouraging. Years of effort to promote mutual investment have led to a mere \$140 million actuated Chinese investment in Russia and \$220 million of Russian investment in China. In the energy area, until 2005 when the proposed pipelines are complete, all Russian oil exports to China have to be transported by rail, whose limited capacity was the root cause for the insignificant share (1.5%) of Russian petroleum in China's total oil import (60 million tons in 2000).

Obviously, the lack of private effort from both sides and market deficiency in Russia were the main causes of low-level economic interaction. This led to a situation in which the only meaningful promoters for bilateral economic relations were the two governments. During Putin's visit, an accord was signed to assist China in constructing a fast-neutron cycle reactor with a capacity of 60 MW. China would become the second country to get such a reactor. Apart from financial benefit, Russia would get new jobs in the nuclear power sector.

Meanwhile, Vneshekonombank and the Bank of China signed an accord in Beijing to consider each other as priority business partners in the fields of Russo-Chinese trade and financial cooperation. The agreement supports investment projects in both countries and cooperation in the field of credit, including clearing operations in hard currency and clearing services to companies involved in Russo-Chinese border trade.

The highly publicized summit was somehow unable to resolve the issues concerning the construction of an \$1.7 billion oil pipeline from Russia to China, as the two sides were still at variance over several issues, in particular the route that the pipeline would take. Because of the enormous investment, the two sides agreed to take the issue to the next round of talks to be held in November during the Russian prime minister's visit to China.

Military Relations: Planning for the Next 15 Years

The Beijing summit also provided opportunities for the two militaries to meet again. Top defense officers held closed-door sessions to work out specific steps toward closer ties presumably in two separate yet related areas: short-term arms transfers and a long-term (15 years) cooperation plan.

The most recent large military contract between Russia and China was concluded in August 1999. As part of this multi-billion-dollar deal, Moscow supplies China with approximately 38 Su-30 and 22 Su-27 fighter aircraft. The contract would also grant China a license to produce Su-30s within the next few years.

Meanwhile, several other actual and possible deals are either being processed or discussed, including China's purchasing two additional Sovremenny destroyers for about \$1 billion and equipping China's diesel-electric submarines with Klab-S antiship missiles capable of hitting surface target 300 kilometers away. With the heightened tension across the Taiwan Strait and Taiwan's vow to take the war to the mainland, the People's Liberation Army (PLA) is eager to buy and/or license-produce additional S-300PMU and TOR-M1 air defense systems. Meanwhile, licensed production of the guided artillery shell Krasnopol M has already begun in China.

Prior to the Beijing summit, the Russian side prepared "a package of offers" for China which would require only "political decisions." Russian military-industrial complex insiders disclosed that these proposed deals, once approved, would be able to provide many major Russian companies "orders for the coming five to seven years."

These items, however, are what some Russians defined as "primitive forms of mediation in military trade," with Russia being the seller and China the buyer. The next phase of Sino-Russian military cooperation, accordingly, should focus on the more "advanced" forms, such as the joint development and manufacture of munitions and weapons.

Such thinking fits the two-stage, 15-year cooperation plan discussed during Putin's visit to Beijing. During the first five years (2000-2005), China would purchase from Russia up to \$15 billion of new generation weaponry in the form of either manufactured items or production licenses. Meanwhile, joint exercises and military training would be expanded across all military branches. Perhaps the most important aspects of the Sino-Russian military cooperation would be in the areas of joint research and development for the next generation of airplanes, missiles, and laser-based and other high-tech weapon systems. Joint efforts in developing these systems would be the focus for the second and longer-term phase of the plan (2005-2015).

Implications for the U.S. and Asian Security

The joint Russian-Chinese anti-NMD statement and proposed long-term Sino-Russian military cooperation, however, are by no means mere blank opposition to anything Washington does. In reality, strategic necessity and their respective national interests require both not to seek confrontation with the West in general and with the U.S. in particular. Shortly after the summit with Jiang, Putin told those at the G-8 Summit that neither China nor Russia was seeking any confrontation with the West and only the West itself can introduce confrontation to relations with the two poorer continental powers. Both Jiang and Putin later appeared on U.S. television to directly address to American audience. Jiang's attempt to maintain a ubiquitous smile and cheerleader style while facing Mike Wallace's relentless assault on China during the CBS *60 Minutes* program on September 2 was hardly confrontational. Putin's interview with Larry King on CNN shortly thereafter showed adequate pragmatism in the midst of mounting domestic and international criticism on his indifference and/or ineffectiveness during disasters such as the Kursk submarine and Moscow's Ostankino television tower fire.

The limit to Russian and Chinese opposition to the United States is largely derived from a simple reality that perhaps more than any time in their respective histories, China and Russia are engaged in the world trading system dominated by Western powers plus Japan. This strategic fact of life also explains why economic relations between Russia and China have been so insignificant and difficult to expand, despite the need for much more robust bilateral trade.

For the same reason, the current level of military cooperation between Beijing and Moscow does not necessarily target the U.S. alone, at least for the PRC. Although Taiwan is the main concern of the PRC, the perceived worsening regional security environment for China since the second half of the 1990s is perhaps an equally important factor in the minds of its defense planners. At the beginning of the new century, Asian security is indeed at a crossroads. Aside from an ever-powerful Japan and the increasingly difficult Taiwan issue, the nuclearized conflict between India and Pakistan has recently taken an even more dangerous turn, with both accelerating the development of their respective delivery systems. On September 18, India's missile "godfather" declared that the country is now capable of making inter-continental ballistic missiles (ICBM). A sea-based ICBM system with a range of 10,000 kilometers will be tested in 2001. India recently decided to acquire its third aircraft carrier from Russia and to build another one in the next ten years. Recent joint naval exercises with Vietnam and other ASEAN countries have extended India's naval presence to the South China Sea, an area where China is competing with others for sovereignty.

Even Vietnam is now poised for major military modernization by becoming one of the top five arms importers from Russia, with 12 Su-27 and Su-27 fighter planes, and OSA-2 missile boats. Vietnam is also showing interest in purchasing MiG-31, more Su-27, and Su-30 fighter planes to eventually bring the total number of Su-27 and Su-30 planes to 30. The issue of arms supply was the top agenda during Vietnamese Prime Minister Phan Van Khai's talks in Moscow in early September.

"Don't Ask, Don't Tell": Beijing-Moscow vs. Washington-Taipei

Before Putin's July trip to Beijing, a widely circulated piece of news in Asia was about Putin's offer to China of direct military assistance in a Taiwan Strait crisis. Singapore's largest Chinese language newspaper *Lianhe Zaobao* (United Morning Post) broke the news by supplying great details of the alleged "Putinism." The Russian president was quoted as instructing the Russian military that, in case the U.S. military involved itself in the Taiwan Strait situation, Russia would dispatch its Pacific Fleet to cut off the route of the U.S. fleet in order to keep the latter far away from the Taiwan Strait. The story was recycled many times by many Asian news outlets, caused major stock market tumbles in Taiwan, and was even picked up by a periodical under the official Chinese newspaper *Renmin Ribao* (*RMRB*).

While hypothesizing with many "ifs," the *RMRB* story never questioned the authenticity of the story. Nor did the Kremlin and other top Russian officials publicly deny the

“rumor” except the disbelief and disagreement voiced by some lower-level Russian officials. Perhaps the most unusual muteness was kept by Washington. Neither top officials nor major media in the United States ever reacted to the “rumor.”

The collective official silence over the widely-spread rumor, however, may signify a quiet but significant turn in major power politics in East Asia; that is, all sides are opting to do more while talking less. Unlike Boris Yeltsin’s a-lot-of-thunder-but-little-rain, the younger Russian president may even enjoy the “don’t ask, don’t tell” game.

For its part, Beijing, too, opts for less talk but more work. Unlike the 1995-96 missile launching for maximum psychological impact on Taiwan, the PRC has been carefully and seriously preparing itself for the eventuality of a military showdown with Taiwan. While the door to peaceful unification with Taiwan remains open, military exercises of all sizes are matters of routine. By late fall, all major Chinese cities including Beijing and Shanghai tested their air defense sirens and emergency mechanisms for the first time in 50 years.

These policy changes in Beijing paralleled similar tactics adopted by Taiwan’s independence-minded president Chen Shui-bian. For Beijing, Chen’s “soft-talking” actually covers more determined and sophisticated efforts to steer the island away from the Mainland. It remains to be seen how far the game of strategic ambiguity will be played out in East Asia.

Chronology of China-Russia Relations July-September 2000

July 4, 2000: Foreign ministers of the “Shanghai-Five” (Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan) meet in Dushanbe, Tajikistan.

July 4, 2000: China and Russia reportedly signed a \$1.4 billion accord to manufacture additional Su-27 jet-fighters in Shenyang, China. A \$2 billion agreement signed in 1996 by China and Russia licensed China to assemble up to 200 Su-27s.

July 5-6, 2000: The 5th annual “Shanghai-Five” annual summit meeting is held in Dushanbe, Tajikistan. Name is changed to “Shanghai Forum” as Uzbekistan joins.

July 7, 2000: A 800,000-kw Russian-made thermal power generating unit, the largest of its kind in China, starts producing electricity in northeast China’s Liaoning Province.

July 10, 2000: Russian President Putin calls U.S. President Bill Clinton, informing the latter of his trip to China and North Korea in the coming week. A major topic of discussion is the U.S. NMD system.

July 17-18, 2000: President Putin visits Beijing for his first official summit with his Chinese counterpart Jiang Zemin. The two sides sign nine documents including the Beijing Declaration and Joint Statement on Anti-Ballistic Missile Treaty.

July 19-21, 2000: Participants from China, Kazakhstan, Russia, and Mongolia meet in China's Xinjiang Uygur Autonomous Region. An Altay Regional Cooperation Agreement is signed to promote multilateral cooperation in animal husbandry, cultivation, mining, and tourism.

July 22, 2000: Russian presidential representative in the Far Eastern Federal District states that Ussuriiski and Tarabarov islands, which were left out of the recently set Russian-Chinese demarcation limits, "definitely" belong to Russia.

July 24-31, 2000: A delegation of Russia's Unity Party visits China at the invitation of the Central Committee of the Communist Party of China.

July 25, 2000: Russian Foreign Minister Ivanov stops in Shanghai for an economic conference before traveling to Bangkok, Thailand for the 7th ASEAN Regional Forum (ARF).

July 26, 2000: Russian President Putin and Chinese Chairman Jiang Zemin hold an hour-long telephone conversation. Putin briefs Jiang on his visit to North Korea and the two leaders exchange views on ways to further develop Russian-Chinese relations. Jiang informs Putin that he is in charge of the drafting of the friendship and cooperation treaty and suggests speeding up the drafting process.

July 27, 2000: Russian Foreign Minister Ivanov meets with Chinese Foreign Minister Tang in Bangkok, Thailand where both take part in the 7th ARF.

July 27, 2000: The governor of the Russian Khabarovsk territory states that the Ussuriiski and Tarabarov islands on the Amur river, which China calls disputed, "are a native Russian territory."

July 28, 2000: Russia's Deputy Foreign Minister Georgy Mamedov "on the instruction of the Russian leadership" informs the Chinese ambassador in Moscow Wu Tao of the results of the G-8 Summit in Okinawa and President Putin's talks in Japan with the heads of the leading industrial countries. The two also touch upon "the priorities of keeping global strategic stability."

Aug. 14, 2000: Russia delivers the first group of China-ordered Su-30 fighter aircraft to the Chinese air force. This is the first of up to 40 similar jets the Russians agreed to sell the Chinese.

Aug. 22-24, 2000: Dai Bingguo, chief of the International Department of the Central Committee of the Chinese Communist Party, visits Moscow.

Aug. 22-24, 2000: A Chinese public security delegation visits Habarovsk. A protocol is signed on the order of deportation of border transgressors. Border guards of the Russian Far East and the Heilongjiang province record for the first time the order of expulsion of Russian and Chinese citizens violating passport regime and committing other violations.

Aug. 28-31, 2000: Russian and Chinese border guards meeting in Vladivostok produces a protocol on cooperation between the two countries' border services. Earlier joint efforts significantly reduced the number of violations on the Russian-Chinese border in the Primorye region from 317 in 1998 to 224 in 1999, and to a mere 87 in the first six months of 2000.

Sept. 6, 2000: Representatives of Russia, China, and South Korea initial in Moscow a tripartite agreement on the involvement of Korea's Cogas company in a feasibility study for the construction of a pipeline from the Kovyktinskoye gas-condensate field to China and South Korea and the development of the Kovyktinskoye field.

Sept. 7, 2000: Russian Prosecutor General's Office and Federal Security Service officials hand over to Chinese authorities two citizens of China who had fought for rebels in Chechnya. An understanding was reached at the July summit in Beijing that Chinese citizens detained in Russia would be extradited to China.

Sept. 7, 2000: Initiated by China, a separate and first-ever summit attended by leaders from the five permanent members of the UN Security Council (China, Russia, the United States, France, and the United Kingdom) is held on the sidelines of the UN Millennium Summit.

Sept. 8, 2000: Russian Deputy Foreign Minister Alexander Losyukov states in Tokyo that it was possible in theory to develop military-technical cooperation not only between Russia and Japan, but also trilateral cooperation including China.

Sept. 12-14, 2000: The director of Russia's Federal Border Guards Service visits Beijing. The visit focuses on joint efforts to fight the illegal drugs trade, illegal immigration, and setting up border crossings. Agreement was reached on a proposal from the Russian side to set up a joint working group which "will seek to inquire objectively into illegal immigration."

Sept. 11-19, 2000: Li Peng, Chairman of China's National People's Congress (NPC), visits Russia with a group of 50 NPC deputies. Li's group visits Russia's "science town" Novosibirsk in central Russia and port city of Vladivostok.

Sept. 21, 2000: Chinese Ambassador to Russia Wu Tao in Vladivostok states that China intends to open a general consulate in Vladivostok in the Primorye region in Russia's Far East where every third joint venture in the region involves Chinese capital.

Sept. 21-25, 2000: China's naval destroyer *Zhenghe* visits Russian Pacific Fleet at Vladivostok for a friendly port call.