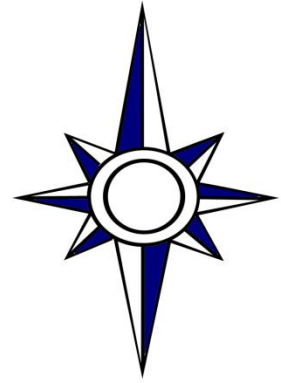


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## China-Russia Relations: Politics of Two Anniversaries

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The summer of 2011 marked two anniversaries for China and Russia. In June, the Shanghai Cooperation Organization (SCO) celebrated its 10<sup>th</sup> anniversary at the annual SCO Summit in Astana, Kazakhstan. Over the past 10 years, the regional security group has grown fed by its “twin engines” of Russia and China. Immediately following the SCO Summit, President Hu Jintao traveled to Moscow, marking the 10<sup>th</sup> anniversary of the signing of the Friendship Treaty between Russia and China. There was much to celebrate as Moscow, Beijing, and the SCO have achieved stability, security, and sustained economic development in a world riddled with revolutions, chaos, crises, and another major economic downturn. The two anniversaries were also a time to pause and think about “next steps.” While the SCO is having “growing pains,” China and Russia have elevated their “strategic partnership relations” to a “comprehensive strategic cooperation and partnership.”

### SCO 10 years on

On June 14-15 in the Kazakh capital of Astana, the SCO celebrated its 10<sup>th</sup> anniversary while holding its 11<sup>th</sup> annual summit. There are plenty of reasons for the SCO to celebrate at this moment. Starting with six original members (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) in June 2001, the regional organization has reached out to include four observer states (Mongolia, Iran, India, and Pakistan), two “dialogue partners” (Belarus and Sri Lanka) and an Afghan “liaison group.” The formal SCO member states occupy a territory of around 30 million sq. km, which makes up three-fifths of the Eurasian continent, and have a population of 1.5 billion, which makes up a quarter of the planet’s population. If observer and dialogue members are included, the SCO represents about half the world’s population on the bulk of the Eurasian continent. Physical setting aside, the SCO has been well entrenched with growing influence in the region.

In Astana, the heads of state of its member states reportedly held “in-depth exchanges” regarding the past, present, and future of the SCO, as well as key regional and global issues. They believe the SCO has passed its infancy and will further mature. Specifically, it has become an effective mechanism for maintaining security and promoting socio-economic development, despite sea changes in the region. The leaders pledged to continue fortifying their time-honored bond as “Silk Road partners,” to bring more benefits to their over 1.5 billion people and to make new contributions to world peace and development. Still, security and economics topped the agenda in Astana, against the backdrop of a general state of instability and chaos in both North Africa and Western Asia. The much-anticipated phased withdrawal of the US from Afghanistan also

was seen as influencing the security outlook for the region. There was a consensus in the SCO that what is happening in North Africa and Western Asia should not occur in Central Asia.

Several secondary documents were inked in Astana in the areas of health care cooperation, and combating drugs; the most important document signed was the 10-part Astana Declaration. The Declaration provides a general assessment of the SCO's performance in its first decade (Parts 1 and 2) and its prospects for the next decade. Parts 3-6 deal with global and intra-regional issues. While reiterating the SCO's traditional functions of combating terrorism, separatism, and extremism, Part 7 identifies drug-related crimes, internet security, Afghanistan, and socio-economic conditions as giving rise to terrorism and extremism. The last three parts are devoted to economic, social, and cultural development of the SCO. The general tone is rather sober in assessing the first 10 years. The bulk of the document focuses on current challenges and future trajectory of the organization.

### **Beijing's newfound interest in security**

For quite some time, there seems to have been a tacit division of labor between Moscow and Beijing. While the former has had more leverage in the area of security, the latter has been expected to do more in the economic area. This general pattern of behavior, however, may not continue. In Astana, China took the SCO presidency for 2011-12 and while suggesting this would be the SCO's "Year of Good-Neighborliness and Friendship," there are strong signs that China is ready to prioritize security and stability.

In his speech at the summit, President Hu Jintao called for strengthening the SCO's ability to defend against real threats and ensure lasting peace and stability. "We should grasp core issues and key factors affecting the region's security, and we should build a more perfect security cooperation system. We should improve the organization's operational capability and its ability to make rapid response," said Hu. "We should relentlessly crack down on the 'three forces' of drug smuggling, and transnational organized crimes. We should hold joint anti-terror military exercises on a regular basis."

Hu's emphasis on security issues is not just rhetoric. In early May, China, Kyrgyzstan, and Tajikistan conducted a joint anti-terror drill, codenamed *Tianshan-II*, in Kashi (Kashgar) located in China's Xinjiang Autonomous Region. The last time such a drill was held was in 2006. China hosted the first-ever meeting of SCO military chiefs in late April. When Vice President Xi Jinping met them in Beijing, he used the phrase "defense and security cooperation," which is a significant departure from the more frequently used term "security" by Chinese officials. Although the two terms are related, "security" largely means internal affairs, while "defense" is externally oriented.

In late May, China's military reiterated that it was ready to further strengthen the SCO against terrorism and other security threats. At a regular press conference, Chinese Defense Ministry spokesman Geng Yansheng said that "China is willing to continue stepping up its exchange and cooperation with the other [SCO] member countries in terms of defense and security, on the basis of mutual trust and reciprocity, and make joint efforts with them to improve our ability to combat the 'three evil forces' (of terrorism, separatism and extremism) and other new threats and

challenges and create peaceful and stable environment for the country's development and people's livelihoods."

During the SCO Summit, China's official *Xinhua News Agency* published an article titled "SCO's 10-year Path: Defense and Security Are Crucial." The writer attributed the origins, evolution, and success of the SCO to the devotion of the organization to the security issues confronting its members and the region in the previous decade. "The origins of the SCO were the common need for security," said the *Xinhua* piece. "With the huge impact resulting from the collapse of the bipolarity of the world, the issue of security and cooperation badly needed new institutions and perspectives. In both Eurasia and the world, there has been a huge increase of nontraditional and cross-border crimes such as terrorism, separatism and extremism, drug trafficking, illegal immigration and cross-border crimes. Under these circumstances, the SCO, which makes regional peace and stability its priority, came to the forefront." It just so happened that 9/11 occurred three months after the SCO's founding, which testified to the timely and precise decision to create the SCO.

In the next few years, the SCO adopted a charter (2002) with a clear dedication to safeguarding regional security, set up a Secretariat in Beijing and its Regional Counter-Terrorism Structure (RCTS) in Tashkent, Uzbekistan (2004) to coordinate anti-terrorist activities, and signed the "Treaty on Long-Term good-Neighborliness, Friendship and Cooperation" for the SCO states (2007). Perhaps the most significant security-related achievement of the SCO was the complete resolution of disputes along its 3,000 km of borders, which had been the main source of centuries-long instability and conflict in the region. Over the years, the SCO conducted seven large bilateral or multilateral military exercises. It successfully provided security services to international events including the 2008 Beijing Olympics, 2010 Shanghai Expo, 2010 Guangzhou Asian Game, 2010 Moscow V-E Day and the 2011 Astana-Almaty Asian Winter Games. "The SCO has significantly narrowed the space of terrorism, which is more important than catching and eliminating a few terrorists or terror groups," argued Zhang Deguang, the SCO's first secretary general.

Beijing's newfound interest in SCO defense and security issues should not be a surprise for several reasons. One is the pending withdrawal from Afghanistan by the US military. Though "phased," it is unlikely to stabilize the war-torn country, and the growing insurgency in Afghanistan is sure to have a spillover effect on its neighbors. A more proactive approach is needed. Moreover, the past decade has witnessed China's growing economic presence in Central Asia, where thousands of kilometers of oil and gas pipelines are vulnerable to sabotage. Since early 2011, Beijing has watched as its economic holdings evaporated in many parts of the Arab world and North Africa. If the SCO is to avoid such a consequence, its member states must improve the current security mechanism. Last but not least, Russia seems more interested in maintaining its own security assets in the region through occasional unilateral actions as seen in its decision to provide transit routes for US and NATO supplies. In addition, the Collective Security Treaty Organization (CSTO), which has overlapping membership with the SCO (Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan), has proven to be ineffective despite the creation of its Collective Rapid Reaction Forces in early 2009. In October 2007, the SCO and CSTO signed an agreement to broaden cooperation on security issues, however, their interaction remains ad hoc. In other words, CSTO cannot be counted on for the security needs of

the SCO. Given these developments in the midst of the “Arab Spring,” China’s concern regarding security and defense is also shared by other SCO members.

Beijing’s growing interest in SCO defense and security issues is still in transition. For example, Assistant Foreign Minister Cheng Guoping used the term “security” without “defense” in his talk to the press on June 15 when the SCO heads of state were meeting in Astana. He also chose to put the issue of development ahead of security. Regarding security, Cheng promised that China would handle the issue “within the existing security mechanism, i.e., on the basis of SCO “consulting mechanisms” such as the Council of Security Secretaries and the Council of Internal Ministers. Cheng also identified the Russia-dominated Commonwealth of Independent States (CIS) and CSTO as being involved in regional stability.

### **It is still the economy, stupid**

China’s growing interest in the SCO’s security does not mean a sharp priority shift. Security and development remain the “twin engines” for the health of the regional group. If anything, China’s growing interest in security suggests a more balanced approach in managing SCO affairs as China’s economic involvement has surged in the past decade. In 2010, China’s trade volume with other member states was eight times greater than it was in 2000, reaching \$83.97 billion. Sino-Russian trade increased five times compared with 2000, reaching \$55.45 billion, and China has now become Russia’s biggest trade partner. China’s trade with central Asian countries has increased at an average annual rate of about 40 percent; in 2010, it was 14.81 times higher than it was in 2000, reaching \$28.52 billion. In the first 10 years of the SCO, China provided favorable loans worth more than \$12 billion to other SCO member states for economic development.

Moscow and some other Central Asian countries perceive these impressive economic figures quite differently. On the day of the SCO Summit, presidential aide Sergei Prikhodko said that Russia did not perceive China’s financial and economic activities on the territories of other SCO members as a threat to its interests and hoped that China would be more flexible in its credit, indicating a complex feeling about the relationship between China and other SCO members. The *Moscow Kommersant*, an online pro-Kremlin business daily, was more straightforward, saying that the SCO’s economic integration “would mean that Central Asia and Russia would become the suppliers of raw material for China and the markets for its export commodities... [T]he SCO’s economic projects would enclose all the adjacent economies in a Greater China.” The journal deplored that the former Soviet republics run the risk of becoming a raw material appendage of China, while being an unwilling supplier of raw material to the West.

China is well aware of the mixed feelings of other SCO members, despite the financial and economic input China has made to the region. According to Zhao Mingwen, director and researcher for the China Periphery Security Studies Center at the China Institute of International Studies, China and Russia have different goals regarding the SCO. “China hopes to take advantage of the SCO to boost its political influence and economic development vitality, while Russia for its part wants to take advantage of this platform to reassemble its character as a central Asian partner, enlivens ‘its own’ CSTO and Eurasian economic community, and restore its former influence in central Asia.” “Under this mindset,” argued Zhao, “Russia is not very willing to see the SCO develop too rapidly.” Some SCO members were even “full of misgivings over

deepening and expanding cooperation with China, and are worried that they will in the end become economic appendages to China.”

In his keynote speech to the 10<sup>th</sup> Conference of Central Asia and SCO on July 10, 2011, Russia’s National Coordinator for the SCO Kirill Barsky went as far as to use the phrase “China’s economic expansion” in Central Asia. The Chinese participants were also taken back by an Uzbek scholar, who argued that China’s economic activities did not benefit Central Asian countries at all. Chinese participants disagreed with these assessments by listing various developments and changes in the region. What is clear is that with its continued economic growth, China is faced with a situation in which perceptions of its economic input in the region are mixed at best and may not be welcome in the long term.

### **SCO growing pains**

In the past decade, SCO’s remarkable growth is largely “on the periphery,” meaning the security group reached out to several other regional countries with “secondary” relationships such as the induction of four “observer members” (Mongolia, Iran, India, and Pakistan) and two “dialogue partners” (Belarus and Sri Lanka), plus an Afghan liaison group. The core of the SCO – China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan – remains unchanged despite the mounting pressure for formal membership from several of the SCO “peripheral” countries such as Iran (2007 and 2008), India (2010) and Pakistan (2006).

SCO membership expansion, however, is at best a “dilemma” for the SCO, according to an analysis in the influential Chinese journal *Liaowang (Outlook)* published by *Xinhua*. As a result, there has not been a single new member since June 2010 when the SCO Summit approved the “Regulations on Accepting New Members.” Prior to the June 2011 meeting in Astana, SCO General Secretary Muratbek Imanaliyev told the press that no new members would join because the members would discuss “the adoption of a memorandum of duties for joining SCO. It will be provided to the countries that have applied to join SCO. However, I would like to say that there will be no instant decision on this matter.” The memorandum of duties “does not form obstacles for accession to SCO, it determines the parameters for joining (the organization),” said Imanaliyev.

What really prevents the SCO from accepting new members is a lack of consensus among current members, particularly Russia and China, regarding which countries should be admitted. Russia wants India to join, primarily to counter the growing influence of China. India’s immense size, huge population, growing economic power, military might, and political influence around the world are needed to balance those of China, particularly in Central Asia. Members of the Russian delegation to the Astana Summit revealed that Moscow “is very sympathetic toward the Indian application and will do everything it can to support it,” according to a *Kommersant* correspondent. “If we admit India, the SCO will contain not two heavyweights – Russia and China – but three. It will make things much easier for us,” *Kommersant* quoted a delegate.

Russia’s concern over China’s influence in Central Asia is not new. The Kazakhstan–China oil pipeline and Turkmenistan–China gas pipeline were the first to break Russia’s monopoly over Central Asia’s energy exporting business. Both were constructed during the first 10 years of

SCO existence. The 2008 financial crisis further elevated China's financial clout and political influence, particularly in areas adjacent to China. At the SCO's Yekaterinburg Summit in 2009, Russia's ambitious idea of abandoning the US dollar and reinforcing the role of national currencies in transactions among SCO member countries, though supported by China, was quickly overshadowed by Beijing's \$10 billion credit line for the SCO participants. To Moscow's dismay, many SCO members, Kazakhstan in particular, have availed themselves of Beijing's financial largesse. For these reasons, among others, Russian officials concluded, while traveling to Astana for the SCO 10<sup>th</sup> anniversary, that China is now the "informal leader" of the organization that Moscow was hoping to make the springboard from which to restore its influence in Central Asia.

Meanwhile, Moscow understands the rather sensitive, and at times even difficult, relationship between China and India, as well as between India and Pakistan. India's SCO membership would have to be accompanied by Pakistan's entrance. Apparently to facilitate India's membership, President Medvedev, for the first time, publicly expressed Russia's support for Pakistan's SCO membership in a joint communiqué with the visiting Pakistan President Asif Ali Zardari on May 12, 2011. A month later, however, the SCO heads of state had failed to reach consensus about SCO membership for India and Pakistan. Instead, a "precondition" was set for the two South Asian countries: resolving their territorial problem. Not only did this avoid internal divisions among SCO members, but also it would encourage the two sides to seek compromise and peaceful settlement of their disputes, according to Russian sources. But as the Indian-Pakistani territorial dispute is perhaps the toughest dispute in the world and their SCO entrance is almost impossible in the foreseeable future if this precondition continues, Russia will not realize its goal of bringing in another power to balance China.

Compared with Pakistan and Iran, India's interest in joining the SCO is relatively recent. In 2009, Indian Prime Minister Manmohan Singh participated in a SCO summit for the first time. This was a departure from its lukewarm policy of keeping its distance, based on New Delhi's perception that the SCO was simply dominated by China and was anti-US. India's "new thinking" about the SCO, however, differs from Russia's assessment. New Delhi seems to see more opportunities in getting closer, or inside, the SCO primarily for fighting terrorism. India's External Affairs Minister S.M. Krishna, who joined the Astana Summit, made clear that India was mostly interested in the SCO's role in stabilizing Afghanistan after the drawdown of foreign troops. A stable and terror-free Afghanistan, according to India's vision, could become the geo-strategic bridge between Central and South Asia, as well as a trade and transit hub. Besides, India calculates that an expanded SCO could encourage and pressure Pakistan to fight terrorism within its borders. Indian officials also revealed that India is already involved with the SCO's Regional Anti-terrorism Centre (RATS) through intelligence-sharing regarding terrorist activities inside Pakistan. "We see the RATS as an important regional answer to the terrorism challenge," said Mr. Krishna.

Another possible reason for India's newfound interest in the SCO membership is that the US is apparently reassessing the utility of the SCO and appears to be closer to working with Beijing on the Afghan issue. In March 2011, US Assistant Secretary of State for South and Central Asia Robert Blake traveled to Beijing and held the first sub-dialogue on Central Asia. The purpose was to explore with the Chinese government how the two sides can collaborate and coordinate

efforts in Central Asia in “areas of mutual interest.” His discussions with Chinese officials covered a wide range of issues such as regional political developments, energy security, the role of multilateral organizations and humanitarian concerns. In his talk to the press in Beijing, Blake revealed “both sides have come away with a greater understanding of each other’s interests and each other’s priorities in Central Asia.” For India, this was a clear shift in the US attitude toward a more cooperative approach with China in Central Asia by supporting the SCO’s efforts.

Given this background, Beijing is perhaps among the most cautious about SCO expansion and favors a slow and careful approach. During an international conference in Almaty in February 2011, Chinese participants asked fundamental questions: Why should the SCO expand? What is the objective? What does the SCO charter say about expansion? These are important questions that need to be discussed among the SCO before new members are admitted.

Among those seeking SCO membership, Iran is the most eager to join and the most sensitive to handle. Again, China and Russia have different ideas regarding Iran. Russia wants to admit Iran to create a SCO “energy club,” which would be dominated by Russia. China, however, suggests that Iran needs to fulfill its international obligations regarding its nuclear program. China is afraid that Iran’s admission will bring Iran’s disputes with the West, particularly the US, into the SCO, which will affect the SCO’s ability to focus on major regional issues. In the 2010 Tashkent Summit, the SCO decided it would not accept any country that is sanctioned by the UN. This effectively blocked Iran from being accepted. Perhaps the least controversial with regard to SCO membership is Mongolia, which so far prefers to remain an observer while seeking cooperation in the energy and transportation sectors.

War-torn Afghanistan could be the next for advancement. Several SCO members expressed support prior to the 2011 SCO Summit and at the SCO Foreign Ministers Meeting, both Russian Foreign Minister Sergei Lavrov and Kazakh Foreign Minister Yerzhan Kazykhanov expressed strong support for granting Afghanistan observer status while the SCO develops criteria for countries wishing to join. The main requirement is adoption of the SCO Charter and other key documents of the organization. Afghan President Hamid Karzai joined the 2011 SCO Summit and made a strong appeal for observer status for his country. “We want to become an observer in this important forum and hope that the Council of the SCO heads of state will respond positively to our request,” said Karzai. He also expressed the wish that SCO partners make investments in his country, particularly in mineral resources. President Medvedev echoed Karzai’s appeal and urged SCO member states to cooperate more broadly with Afghanistan. “Afghanistan is our neighbor, whose cooperation with the SCO could be stronger. I understand all participants in the forum agree with that,” Medvedev said, and “Security of all SCO member states largely depends on political stabilization in Afghanistan.” The Astana Summit, however, did not grant Afghanistan observer status. The pending US withdrawal was perhaps a main factor in the SCO’s indecision. The degree of SCO involvement with and in Afghanistan in coming years may have also become an issue of debate among SCO members.

The SCO’s inability to enlarge itself, particularly its “inner core,” may not be desirable. A Chinese analyst believes that if this issue remains unresolved, it would have “a bad impact” on the SCO’s prestige. The alternative, however, seems less desirable if the SCO’s “core” is to erode because of internal disputes. Therefore, SCO enlargement remains in a holding pattern.

## **Hu Jintao in Russia and two documents**

From the SCO Summit, President Hu Jintao traveled to Moscow for a three-day state visit on June 16-18. A major activity in Russia was to mark the 10-year anniversary of the signing of the Treaty of Good-Neighborly Relations, Friendship and Cooperation between Russia and China (Friendship Treaty hereafter) signed by former Presidents Jiang Zemin and Vladimir Putin on July 16, 2001. Ten years later, the two sides agreed to further elevate their ties from the current “strategic partnership relations” to “comprehensive strategic cooperative partnership based on equality, mutual trust, mutual support, common prosperity and friendship from generation to generation.” Hu met both President Medvedev and Prime Minister Putin. After his stay in Moscow, the Chinese president traveled to St. Petersburg to attend the city’s annual International Economic Forum. In the press conference with Medvedev, Hu described his talks with the Russian leaders as “frank, friendly and fruitful.”

In Moscow, Hu and Medvedev signed two important documents. In the lengthy 22-clause “China-Russia Joint Statement on the Current International Situation and Major International Issues,” they spelled out their consensus and priorities. The document begins with the issue of a growing gap between globalization and interdependence on one hand, and lack of global governance on the other, particularly in the area of international finance (Article 1). They called for united efforts by the international community to meet challenges. Specifically, the UN should be supported in its crucial role in managing international conflicts and development and its reforms should follow a fair, pragmatic, and gradualist approach (Article 2). The statement also pledges to coordinate policies in multilateral platforms, such as G20, BRICS, SCO, OPEC, and the Russia-India-China triangle mechanism (Articles 3-6); in the areas of missile defense, outer space, antiterrorism, nonproliferation, internet security, and global warming, (Articles 7- 11); and regarding issues in Europe, the Asia-Pacific, Korea, North Caucasus, Iran, Libya, Afghanistan, and Japan’s nuclear safety and reconstruction.

In contrast to this long and comprehensive document on world affairs, the document on the 10<sup>th</sup> anniversary of the signing of the Friendship Treaty is fairly brief. Aside from the difference in length, the anniversary document is a rather general piece with broad strokes of principles. The one on international issues describes most of the sub-issues with far greater detail and prescribes courses of action. One has the impression that bilateral relations seem more on-track while the two sides have gone to great lengths to coordinate closely on each of the foreign policy issues. Part of the reason may be the proliferation of issues and challenges facing the two nations. For example, the 2010 Sino-Russian joint communiqué signed during Medvedev’s Beijing visit specified 15 issue areas, compared with 22 in the 2011 document. New issues include the multiple crises in North Africa and the Japan earthquake. The last part specifies five areas of cooperation: high-level exchange and trust, economic cooperation, humanitarian (people-to-people) interactions, military-to-military relations, and coordination in foreign affairs. The key task is to create “deepened pragmatic cooperation” in economics.

This emphasis on “pragmatic cooperation” in the document was not accidental, as bilateral economic ties have always been considered the weakest link. According to Zhao Mingwen, director and researcher of the China Periphery Security Studies Center of the China Institute of



International Studies, although trade volume between the two countries halted a slide and rebounded in 2010, it only accounted for 1.87 percent of China's total foreign trade and 11.82 percent of Russia's. It was equivalent to 14.3 percent of China-US trade, 11.1 percent of China-EU trade, and 25 percent of Russian-EU trade. Further, Russia has dropped to China's 11<sup>th</sup> largest trade partner. Even though Chinese investment in Russia is increasing, it only accounts for 4 percent of accumulated foreign investment in Russia. In addition, there have been many twists and turns in energy cooperation between the two countries, and things have never gone smoothly. At the historic moment of the 10<sup>th</sup> anniversary of the "friendship treaty" in Moscow, the two sides again failed to agree on the large gas deal.

Even existing energy projects such as the Skovorodino-Daqing oil pipe line, which went into operation on New Year's Day in 2011, have seen disputes. While Russian companies argue that the price of transporting oil should be calculated based on the entire route of the Eastern Siberia-Pacific Ocean pipeline to the end point of the port terminal in Kozmino, China insists that the price formula should only include the cost of transportation from Skovorodino, which is 2,046 km from Kozmino. It is unclear how this misunderstanding was overlooked at the beginning when China provided Transneft and Rosneft with loans of \$10 billion and \$15 billion, respectively, for guarantees of long-term oil deliveries. After many rounds of talks in the past few months, the issue has been referred to the inter-governmental energy committee's next meeting in early September in Beijing. In July, oil supplies to China reportedly fell by half, indicating China's displeasure over the pricing mechanism.

### **Moscow's solo dances: away from Libya and arming Vietnam**

Another dimension of the prioritization of the international affairs is perhaps the lack of consensus and coordination between Moscow and Beijing in some areas. Within a month, for example, Moscow abruptly changed its policy from being critical of Western military actions in Libya in early May, to joining the "topple Gaddafi" campaign in early June, leaving China exposed to Western pressure. At a news conference after the G8 Summit in France, President Medvedev said Muammar Gaddafi's regime had lost its legitimacy and Gaddafi had to step down. In addition, Medvedev said Russia was willing to join the efforts to resolve the Libyan crisis and that it had sent delegates to visit Benghazi, the base of Libya's opposition. Apparently, Moscow did not inform Beijing of its decision to change course as *Xinhua* used the word "strikingly" for Medvedev's announcement to "join the Western powers."

A sense of betrayal and dismay quickly set in. A few days after the G8 meeting on May 26-27, a Chinese commentator went so far as to claim that "Russia has never been reliable. In almost all major international events that involved Russian interests – from NATO's eastward expansion and the Balkan crisis in the 1990s to the war in Iraq and other international conflicts in the 21<sup>st</sup> century – Russia always started off being tough before softening its stance. It always opted for open strategic contests to cover up secret deals; it tended to sacrifice its cooperative partners in order to seek interests for itself," said the author. Partly because of Russia's turn-around, China adjusted its own position regarding Libya in order to protect its investment there (estimated \$19 billion). In early June, China announced that it started to make contacts with Libyan opposition.

China's displeasure over Russia's sudden change of policy was fully reported in the Russian media. Nevertheless, on the eve of Hu's visit in mid-June, Russian officials called for a political settlement in Libya. In their joint statement on international affairs, Hu and Medvedev reiterated their common policies toward Libya:

The two sides are concerned about the situation in Libya. To prevent escalation of violence, the parties concerned must strictly abide by UN Security Council Resolutions 1970 and 1973 and should not misread or abuse them. The important thing is immediate cease-fire and political and diplomatic means to resolve the Libya problem. China and Russia will continue to work together within the UN Security Council, and support the African Union's mediation initiatives.

Ironically, Russia had departed, at least partially, from the above policies regarding Libya by unplugging its support to Gaddafi 20 days before. It is unclear how and why Moscow still paid lip service to its previous policies while Beijing still pretended to listen.

From that point on, Russian officials appeared to back-track from Medvedev's visibly pro-NATO stance. On July 15, a spokesman for the Russian Foreign Ministry said its position over the Libyan crisis had not changed, adding that the United Nations should play a central role in the settlement of the conflict. In late July, Foreign Minister Sergei Lavrov criticized the US and other countries for recognizing the rebel National Transitional Council as Libya's legitimate government, saying they were taking sides in the civil war. By the end of August when the rebels were approaching Tripoli, Russian officials became visibly dismayed over NATO's operation in Libya. Dmitriy Rogozin, Russia's permanent representative at NATO, publicly accused NATO of putting troops on the ground in Libya, thus breaching the terms of UN Security Council Resolution 1973. As the fall of Gaddafi's regime was imminent and Syria was becoming the West's new target, Russian and Chinese diplomats stepped up their coordination. In the last week of August, Deputy Foreign Minister Alexei Borodavkin twice received in Moscow Chinese Ambassador Li Hui at his request. The two sides seemed to have gone back to the more coordinated policies regarding Libya and Syria as they reaffirmed their countries' opposition to interference in Syrian affairs. Borodavkin also informed Li of Russia's approaches to Libya and the need for a political settlement in observance of Libya's independence, sovereignty, and territorial integrity.

If China is not happy with Russia's sharp policy turns, Russia's mounting arms sales to Vietnam has also triggered growing concern in Beijing. By December 2009, Vietnam officially became one of Russia's biggest arms clients thanks to its orders for six *Kilo*-class submarines and 12 *Su-30* fighter jets. Vietnam's submarine deal is Russia's second-largest contract for submarines in the post-Soviet period, after a 2002 contract with China for eight similar submarines. It was also Hanoi's biggest arms deal since the end of the Vietnam War. By late August, Vietnam received its second and final *Gepard*-class guided missile frigate from Russia at Cam Ranh naval port. Vietnam ordered two of the *Gepard*-class frigates in a December 2006 deal worth an estimated \$350 million, with the warships featuring a "stealthy" superstructure and helicopter facilities – a first for the Vietnam People's Navy (VPN). Meanwhile, Russian NPO Mashinostroyeniya, a producer of cruise missiles, was negotiating with Vietnam to supply the *Bastion* mobile coastal missile systems, which are designed to destroy various types of surface ships. The system uses

*P-800 Yakhont (SS-N-26)* anti-ship cruise missiles, and has a maximum range of 300 km. President Medvedev reportedly gave “personal consent” to NPO Mashinostroyeniya, and the deal may even be sweetened with a loan from Russia.

The Russia-Vietnam arms deals were occurring at a time of heightened tension in the South China Sea between China and several ASEAN nations, including Vietnam. Although several PLA observers did not believe that Vietnam’s arms purchases would immediately affect China’s interests, internet chat rooms indicated that few if any in China would like to see continued arms deals between two of China’s neighbors at China’s expense. Chinese officials and the Chinese media have so far refrained from openly criticizing Russia’s arms sales to Vietnam.

Curiously, four days before President Hu traveled to Moscow for the state visit, *Xinhua* put a *Voice of America (VOA)* piece on its web page with the title, “US Media: will China be enraged by Russia Arming Vietnam?” The *VOA* piece describes that among those Russian arms are six *Kilo*-class submarines, worth \$1.8 billion, to be delivered in 2014-19. The *Gepard*-class frigate is the Russian Navy’s most sophisticated surface combatant. After the delivery of the two frigates, Vietnam and Russia are negotiating the possibility of assembling more such frigates in Vietnam. The *Su-30MK* fighters are particularly designed to destroy surface ship. With these purchases, Vietnam will become the largest recipient of Russian arms, second only to India.

### **Military-to-military relations**

Despite Beijing’s irritation over Russia’s policies involving Libya and Vietnam, military-to-military relations showed signs of life over the summer. In early July, the Russian federal state unitary enterprise Rosoboroneksport concluded a contract for over \$500 million worth of aircraft engines to China. The AL-31 engine, which is installed in the *Su-27/30* type of twin-engine heavy fighters, is specially developed for equipping the Chinese Air Force *J-10* fighters. The same engines sold to China earlier: 54 in 2003, 100 in 2007, and 122 in 2009.

In late July and early August, two Chinese Navy ships, the training ship *Zheng He* and the *Luoyang* guided missile frigate, paid a four-day visit to the port city of Vladivostok. The Chinese naval squadron was led by North Sea Fleet Commander Vice Adm. Tian Zhong. The *Admiral Vinogradov*, a large anti-submarine ship in Russia’s Pacific Fleet, hosted the two Chinese ships during their visit. During the visit, the Chinese Navy’s official delegation and sailors also visited a number of historical sites in the capital of the Primorsky Territory. In addition to visiting each other’s ships, the Chinese sailors socialized with their Russian colleagues in various formats and held a friendly soccer match. The Chinese ships were open for public tours.

In early August, PLA Chief of General Staff Gen. Chen Bingde paid a six-day visit to Russia at the invitation of Russian Chief of the General Staff and First Deputy Defense Minister Nikolai Makarov. In Moscow, Chen held talks with Makarov, met Russian Defense Minister Anatoly Sedyukov, and visited an infantry brigade of Russia’s West Command in Moscow. Chen and Makarov signed a memorandum agreeing to hold bilateral naval maneuvers in 2012. “We treat the People’s Republic of China as a great power, without which global security issues cannot be resolved,” Makarov said, describing Russian-Chinese relations as “trustful.” Key members of

Chen's team included Chen Yong, assistant to chief of general staff of the PLA and Wang Jiaocheng, deputy commander of the PLA Nanjing Military Area Command.

A joint statement on bilateral military ties was issued at the conclusion of the visit. The signed document says that the two countries have agreed to further enhance military exchanges at various levels and maintain strategic coordination to better deal with new challenges and threats from regional and global security issues. The next round of dialogue will be held in Beijing by the end of 2011. Chen's visit to Russia was widely reported by the media in both countries. In contrast to the effort to elevate bilateral political relations (with an additional dimension of "comprehensive" strategic partnership), Sino-Russian mil-mil relations have changed substantially in the past few years.

One significant change is that the role of Russian military sales to China in the overall military-to-military relations has been reduced. China no longer purchases large volumes of complete weapon systems such as the *Sukhoi*-series fighter/bomber, *Kilo*-class sub, *Ilyushin*-series military cargo plane, etc. for two main reasons: Russia's reluctance to sell more advanced systems and China's increasing ability in military research and development (R&D).

In the future, sales of entire weapons systems to China are still possible; however, China is more interested in obtaining certain technologies and engaging in cooperative R&D. Gen. Chen Bingde's trip to Russia made clear this goal of Chinese military relations with Russia and other countries. Russia was the first leg of Chen's three-nation tour, which also took him to Ukraine and Israel. While Ukraine-China military technology cooperation is rapidly growing, Israel has perhaps one of the biggest potential sources for the Chinese military to obtain sophisticated military technology. In both Ukraine and Israel, Chen and his team were warmly received. Moreover, Chen's Ukraine visit followed President Hu Jintao's state visit to the country – the first in 10 years by a Chinese president – during which huge economic and investment packages were inked. It was unclear if the PLA deliberately put together Chen's trips as a way to put psychological pressure on Russia. For Moscow, the message of Chen's extended Eurasian trip was both subtle and unambiguous.

Perhaps coincidentally, this summer was also a time for the PLA to unveil several of its new military platforms. In early July, the first prototype of the carrier-based *J-15* fighter/bomber was revealed on the internet. The aircraft is believed to be based on the *T-10K-3*, a prototype of the Soviet-designed *Sukhoi-33* that China acquired from Ukraine sometime in 2001 and fitted with domestically produced radars and weapons. A month later, the first Chinese aircraft carrier, which is actually a totally refurbished *Admiral Kuznetsov*-class aircraft carrier named *Varyag* obtained from Ukraine with \$20 million in 1998, conducted its first sea trial. It is widely reported that Ukraine is deeply involved in the refitting of the former Soviet carrier.

## **Chronology of China-Russia Relations**

### **May – August 2011**

**May 6, 2011:** Foreign Minister Yang Jiechi visits Moscow and meets Foreign Minister Sergey Lavrov. They discuss the upcoming visit to Russia by President Hu Jintao and express “great concern” regarding Libya situation.

**May 6, 2011:** China, Kyrgyzstan, and Tajikistan conduct a joint antiterrorism drill codenamed *Tianshan-II* in Kashi (Kashgar), in China’s Xinjiang Autonomous Region.

**May 13, 2011:** Foreign Minister Yang Jiechi meets Russian counterpart Sergey Lavrov on the sidelines of the Shanghai Cooperation Organization (SCO) Foreign Ministers Council meeting.

**May 14, 2011:** SCO foreign ministers hold their annual meeting in Astana of Kazakhstan to prepare for the SCO Summit.

**May 31, 2011:** Seventh round of the Sino-Russian energy negotiators meeting is held in Moscow. Vice Premier Wang Qishan and Deputy Prime Minister Igor Sechin preside and attempt to resolve the recent dispute over the pricing for pipeline supply of oil.

**June 2, 2011:** Vice President Xi Jinping and President Dmitry Medvedev meet in Rome while attending the 150<sup>th</sup> anniversary of unification of Italy as guests of Italian President Giorgio Napolitano.

**June 4, 2011:** Defense Minister Liang Guanglie and First Deputy Prime Minister Sergei Ivanov meet while attending the Shangri-La Dialogue in Singapore. They conduct “a candid and in-depth exchange of views” on bilateral relations as well as other issues of common concern.

**June 15, 2011:** The 19<sup>th</sup> SCO summit is held in Astana, Kazakhstan. Several agreements are signed, including the Astana Declaration.

**June 16-18, 2011:** President Hu Jintao makes a state visit to Russia.

**June 20-26, 2011:** Vice Chairwoman of the Russian State Duma Svetlana Zhurova pays an official visit to China with a delegation of young lawmakers from Duma. They meet Wu Bangguo, chairman of the Standing Committee of the National People’s Congress (NPC).

**July 22, 2011:** Foreign Minister Sergey Lavrov and Chinese counterpart Yang Jiechi meet briefly in Bali, Indonesia, on the sidelines of the ASEAN events.

**July 29-Aug. 3, 2011:** Two Chinese Navy ships make a four-day visit to the port city of Vladivostok. Chinese warships last visited Vladivostok in 2008.

**Aug. 3-8, 2011:** Gen. Chen Bingde, chief of the General Staff of the Chinese military, visits Russia at the invitation of Russian Chief of the General Staff and First Deputy Defense Minister Nikolai Makarov.

**Aug. 20-25, 2011:** North Korean leader Kim Jong Il visits the far eastern region of Russia and meets President Dmitry Medvedev on Aug. 24 in Ulan Ude.

**Aug. 24, 2011:** Deputy Foreign Minister M.L. Bogdanov receives Chinese Ambassador to Russia Li Hui at the latter's request. They have "a detailed exchange of views" on the situation in Libya, Syria, and the Middle East as a whole.

**Aug. 25-27, 2011:** Kim Jong Il visits Northeast China following his Russian tour and meets State Councilor Dai Binguo in Heilongjiang province on Aug. 26.

**August 26, 2011:** Deputy Foreign Minister Alexei Borodavkin meets Chinese Ambassador Li Hui at the latter's request. They exchange views on "pressing regional issues," including the Korean nuclear problem.