

Chapter Fourteen

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Russia and China: New Trends in Bilateral Relations and Political Cooperation

Executive Summary

- There are two pillars in the current Russia-China bilateral interactions. The first is their relationship in the sphere of “high politics,” between heads of states and top-level officials. The second is made up of cross-border and transnational relations.
- For the past two decades, “high politics” has continuously grown and the political will of both parties has been one of the few engines contributing to the rapid growth of bilateral trade and economic exchanges.
- The structure of transborder economic exchanges that spontaneously emerged in the 1990s remains the weakest point of Russian-Chinese relations and hinders their development.
- While the leaders of the two countries demonstrate high levels of mutual confidence, the political trust between the two countries is still lacking at the lower-administrative and public levels.
- Russia and China have repeatedly demonstrated that they have similar approaches to key issues of contemporary world order and major international problems. The struggle against perceived American hegemony is the most powerful driver bringing Moscow and Beijing together.
- In recent years, there seems to be a growing conviction of Russian and Chinese leaders that relations between the two states could become the cornerstone of a new security system in East Asia and the Pacific region. At this stage, the joint Russo-Chinese initiative on “new security architecture” in the region looks fairly abstract, representing a set of attractive principles that almost every country will accept, rather than real and substantive initiatives. However, it may start to look more attractive in the context of growing instability in the region and the world.

Introduction

The year 2011 was marked by several “small anniversaries” of the recent history of Russia-China relations. Twenty years ago (December 27, 1991), Beijing announced the recognition of Russia as an independent state, after which the Protocol on bilateral relations was signed (December 31), becoming the first of hundreds of Russian-Chinese agreements in the post-Cold War history of their relations. Next was the fifteenth anniversary of the “strategic partnership” between the two countries (April 1996), declared by the parties to become the core of their relations in the twenty-first century. Ten years ago, the Shanghai Cooperation Organization was established (June 2001) and the “Treaty on Good Neighborly Friendship and Cooperation between the Russian Federation and the People’s Republic of China” signed (July 2001). The leaders of both states called it a “political document that determines the development of Sino-Russian relations in the new century.”¹

As the legal formalization of a strategic partnership, it was and it is. For both states, the treaty had and still has an important ideological, regulatory, and practical importance. First, it has sealed their common approaches to many issues of each country’s domestic policies, as well as to processes and phenomena of international affairs. The latter is no less important than the former. The bilateral relationship is vital not only for Russia and China, it has also become one of the landmarks of world politics. At the very least, the leaders of China and Russia believe so.² Second, the treaty has constructed the basis for concrete decisions in various areas of bilateral relations.

¹ Moscow Joint Statement of Russia and China Heads of State (Московское совместное заявление глав государств России и Китая), *Collection of Russia-China Documents (Сборник российско-китайских документов)*, 1999–2007 (Moscow, 2007), 153.

² In November 2010, summing up the regular Summit, heads of governments of the two countries stated that the development of Russian-Chinese relations, “not only brought actual benefits to both peoples, but also made an important contribution to strengthening peace and stability in the world,” *Joint Communiqué of the 15th Summit of Heads of Governments of China and Russia*, (中俄总理第十五次定期会晤联合公报), <http://www.fmprc.gov.cn/chn/gxh/zlb/smgg/t771908.htm>.

Bilateral Relations

Current Russia-China bilateral interactions are based on two solid pillars. The first is the relationship in the sphere of “high politics,” between heads of states and top-level officials. For two decades, this relationship has continually demonstrated a very high standard, sometimes to the detriment of practical results. Not surprisingly, the superlatives have become almost mandatory in the political assessment of bilateral relations. In April 2011, not long before his trip to China, Dmitry Medvedev reiterated the thesis of the “highest point” of Russian-Chinese relations in their entire history³. China’s Foreign Ministry officials, evaluating the results of Sino-Russian relations in 2010, also stated that “the bilateral political mutual trust, practical cooperation, people-to-people exchanges, and strategic coordination reached an unprecedented level.”⁴

There is a lot of evidence to support such assessments. First of all, there are regular and close contacts at the highest level, during which the partners confidentially discuss the most pressing issues of world politics and bilateral relations.⁵ Since 1996, a mechanism of annual meetings of heads of governments of Russia and China has been functioning. There are two dozen various intergovernmental committees and subcommittees working in different fields of relations. Consultations on strategic security issues are held regularly. Intergovernmental and interagency agreements cover virtually all areas of bilateral cooperation. Actually, the political will of both parties is one of the few engines that has assured the rapid growth of bilateral trade and economic exchange during the past decade.

³ Dmitry Medvedev Interview with China Central Television (April 12, 2011), available at: <http://kremlin.ru/transcripts/10911>.

⁴ China and Russia, <http://www.fmprc.gov.cn/eng/wjb/zzjg/dozys/gjlb/3220/t16725.htm/>.

⁵ In 2010, Dmitry Medvedev and Hu Jintao met seven times (April in Brasilia, May in Moscow, June in Tashkent, Moscow, and Toronto, September in Beijing, and November in Seoul), while in 2011 they held only three meetings, but the results of the official visit of Prime Minister Vladimir Putin to Beijing in October 2011 more than offset a smaller number of meetings between the heads of states.

The second foundation of Russia-China cooperation is the cross-border and interregional interactions. These have little to do with interstate cooperation at the highest level, but are driven by vital interests of the people and businessmen living on both sides of a very long, Russian-Chinese border. Hundreds of administrative units and tens of millions of people are involved in this relationship.

In the first decade of the twenty-first century, Russia and China embarked on major bilateral projects. These projects are not very numerous, mostly having humanitarian or sometimes even virtual character. They somewhat pale against the backdrop of the cooperation of the mid-1950s, when the Soviet Union literally created new industries in China and introduced advanced technologies to it. But the partners did not have such projects for half a century. The largest economic project covers energy cooperation, which, according to Russian Foreign Minister Sergei Lavrov, today not only serves “as the main load-bearing structure of cooperation,”⁶ but, following the statements of Chinese experts, “has a strategic character,” because “it is raised to the level of economic strategy and energy diplomacy.”⁷ This cooperation includes not only a long-term agreement to supply Siberian oil to China, but also joint projects in natural gas, coal, and nuclear and hydro power.

On January 1, 2011, the Russia – China pipeline was put into service officially, and, during its first year of operation, 15 million tons of oil were delivered to China through it. Actually, that is not much, given China’s huge total-energy consumption. Russia accounted for just 6 percent of the country’s oil imports in 2011, while the Middle East remains the main supplier of petroleum for China. However, in this time of growing competition for energy resources and the deterioration of the situation in the Middle East

⁶ Article by Russian Foreign Minister Sergei Lavrov in *Renmin Ribao* (15 July 2011), available at: <http://www.mid.ru/bdomp/nsrasia.nsf/1083b7937ae580ae432569e7004199c2/c32577ca00174586c32578ce0022e15a!OpenDocument>.

⁷ See Jin Jianghong, *The Results and Perspectives of China-Russia Cooperation in Energy Sphere (2010-2011)*, (Цзинь Цзяньхун. Итоги и перспективы китайско-российского энергетического сотрудничества 2010-2011 гг.), <http://legal-way.ru/news1377.php>.

and North Africa, Russia's importance for China as a strategic partner in energy increases.

The program of regional cooperation between Russia's Eastern Siberia and Far East and China's Northeast, adopted by Medvedev and Hu Jintao in September 2009, is still more symbolic than real, but, if revised and modernized, it could act as a locomotive to develop both countries' peripheral territories.

There are some impressive concrete results of bilateral relations.

In terms of economy, since 2000 to 2011, the volume of Sino-Russian trade has increased almost fourteen times (from US\$5.72 billion to US\$79.3 billion)⁸, of accumulated Chinese investment in Russia, from US\$100 million to US\$ 2.6 billion, and Russian investment in China, from US\$220 million up to nearly US\$1 billion.⁹

In the area of human exchanges, the number of Russians who traveled to China grew from 997,000 people in 2000 to 2.54 million in 2011.¹⁰

Regarding cross-border cooperation, from 2000 to 2011, the volume of trade between the Far East and China rose from US\$1.1 billion to \$8 billion, while that between Heilongjiang province and Russia grew from US\$1.4 billion to US\$19 billion.¹¹ During the same period, the number of Chinese workers annually involved in the economy of the Far East and Transbaikal region increased from 15,000 to 90,000.

Obviously, people who do wish to give a positive assessment of the results of the development of relations have enough arguments. Yet the skeptics have no fewer arguments to the contrary. If anybody evaluates the results of the past decade in Russia-China relations in

⁸ China Customs, available at: <http://www.customs.gov.cn>. According to the Russian side, Russia-China trade reached \$83.5 billion in 2011" (V. Putin, Russia and China: New Horizons for Cooperation, June 5, 2012, available at: <http://eng.kremlin.ru/news/3955>)

⁹ Dmitry Medvedev's Interview to China Central Television, April 12, 2011, available at: <http://kremlin.ru/transcripts/10911>.

¹⁰ National Tourism Administration of the People's Republic of China, available at <http://www.cnta.gov.cn>; The Russia Federal Agency for Tourism - <http://russiaturism.ru>.

¹¹ Federal Customs Service, Far Eastern Customs Directorate, available at: <http://dvtu.customs.ru>; Heilongjiang Provincial Bureau of Statistics, available at: <http://www.hlj.stats.gov.cn>.

terms of “what has not been done” and “let’s compare,” he will certainly be much more pessimistic about them. The proponents of such an approach will not fail to notice that, over the past decade, Russia has dropped from the top ten trade partners of China, its share in China’s foreign trade is less than 2 percent, the volume of trade between Russia and China in 2010 was 8.6 times less than China’s trade with the European Union, 8.2 times less than its trade with the United States, 5.4 times that with Japan, and 3.7 times that with South Korea, the share of Russia’s investments in China and China’s in Russia is below 0.5 percent¹² of the total foreign investment in each of these countries, Russia has turned into a resource exporter and an importer of finished goods from China, and so on.

Even if this assertion is true, was there an alternative? Hardly so. The mentality and mindset of the Russian political and business elite of the past two decades, as well as the patterns and outcomes of socioeconomic reforms in Russia, leave no doubt that these results of bilateral interaction have actually been predetermined. It is the Russian elite’s and the overwhelming proportion of the population’s traditional piety of the West and wariness and suspicion of the East that have hindered numerous attempts of the Chinese leadership to deepen Sino-Russian relations.

It is natural that elements of stagnation in Russia-China relations have shown most visibly in the economic field. The structure of bilateral economic exchange that spontaneously emerged in the 1990s remains the weakest point of Russian-Chinese relations and hinders their development. That was the system in which the barter trade and exchange of low-quality goods dominated, while smuggling, “gray imports,” “shuttle trade,” and speculative transactions flourished. That system created an ideology and infrastructure (including a social one) of relations that still influences both countries’ and people’s minds and actions.

¹² See: China Customs Statistics, available at: <http://www.chinacustomsstat.com>; Invest in China, Investment Statistics, available at: <http://www.fdi.gov.cn>; An Analysis of Russia-China Bilateral Economic Relations, available at: <http://china.inconnect.ru/?id=50>.

The China side saw the roots of stagnation in the insufficient level of mutual trust. The Russian side has responded to China's complaints with accusations about "lack of policy credibility." As a result, almost all basic documents and major speeches of political leaders of the two countries for the past five years, addressed to their Chinese and Russian partners, included pledges "to strengthen political mutual trust." In particular, Dmitry Medvedev has frequently emphasized that "Russia-China ties are in a period of favorable development, with mutual political trust between the two countries obviously enhanced... that Russia is willing to work together with China in strengthening mutual political trust..."¹³ According to Medvedev, "our countries..., the majority of our citizens . . . remain close, neighboring, friendly,"¹⁴ and the Russian-Chinese relations have never before been "characterized by such a high level of mutual trust."¹⁵

While the leaders of the two countries demonstrate a high level of mutual confidence, the idea of deep political trust between the two countries and peoples still lacks a strong administrative and political framework. Nor does it have broad support among the Russian and Chinese bureaucracy and general population. Distrust of Beijing itself, and its policies, in particular, is deeply rooted among Russian political and business elite and ordinary people. The idea of a "China threat" is alive, horror stories about the future of Chinese expansion in Russia fill the space of the Russian Internet. Moreover, Russia still lacks a deep understanding of its own interests in the East, as well as that of the role of China in its very vague and amorphous Asia-Pacific strategies.

¹³ Hu Jintao Meeting with Russian President Medvedev, March 3, 2011) (胡锦涛会见俄罗斯总统梅德韦杰夫), available at: <http://www.fmprc.gov.cn/eng/zxxx/t874486.htm>.

¹⁴ Dmitry Medvedev's Interview to China Central Television, (April 12, 2011), available at: <http://kremlin.ru/transcripts/10911>.

¹⁵ Dmitry Medvedev's Interview to *Renmin Ribao* newspaper (September 26, 2010, available at: <http://kremlin.ru/news/9020>).

As for China, it needs, as Alexei Voskresensky notes, Moscow's "informal political and diplomatic support"¹⁶ to resist attacks of the ideologically hostile West. From the economic point of view, however, the "hostile" but rich and advanced West is much more important and attractive to the mostly pragmatic Chinese than ideologically close, but technologically backward, Russia.

A certain stagnation in bilateral economic relations, an increased number of international issues on which the views of Russia and China have much in common, and, most important, increasing pressure on China from the United States and the desire of Beijing to enlist Moscow's support in engineering the "new world order" have resulted in Beijing's attempt to shift the accent of Russian-Chinese relations into the sphere of international affairs and regional security. Moscow once again went in the wake of Chinese initiatives.

World Politics and Security

Summarizing the development of Russian-Chinese relations in the last decade and assessing their current status, Moscow and Beijing have declared "a new stage of their development." Once again, the initiative comes from the Chinese side, which is experiencing increasing pressure from the United States in the international arena and needs not only a secure rear, but also a reliable partner and ally in international affairs. Russia, in the Chinese leadership's opinion, may be such a partner. Elaborating on this theme, in November 2011, Hu Jintao said, "The next ten years will be a period of important strategic opportunities for national development in both China and Russia... The efforts of the two countries to deepen their all-round cooperation and strengthen mutual support will be of great significance to safeguarding the national sovereignty, security, and developmental interests of both nations,

¹⁶ "Changing China in the Changing World," *Far Eastern Affairs* (2011), 1: 67.

and to promoting more balanced relations between international forces.”¹⁷

Since the 1990s, Russia and China have successfully coordinated their approaches to key international issues. The two countries have held the same or similar positions on global issues such as the UN Security Council reform, global economic governance, climate change, food security, and energy security, as well as in addressing regional flash-point issues, including the Korean Peninsula, Iran, Syria, and Afghanistan. China and Russia established Shanghai Cooperation Organization, which, during the past ten years has become “an important pillar of regional security and stability, providing strong support for the peaceful development of the region.”¹⁸ Experts make too much of the potential contradictions between Russia and China in Central Asia, but it is clear that their common desire to prevent the strengthening of American influence in the region, as well as the spread of radical Islam there, far outweighs their potentially conflicting interests.

As for Russia, the syndrome of a “China threat,” which is well pronounced in shaping Moscow’s policy toward the two countries’ bilateral relations, disappears when it comes to international affairs. In this area, China is, so far, Russia’s confidante and partner, especially facing, if not a common enemy, a shared opponent, that is, the American thrust to dominate in international affairs. The struggle against perceived American hegemony is the most powerful driver bringing together the Kremlin and Zhongnanhai in contemporary international affairs.

In recent years, one can see a growing conviction of Russian and Chinese leaders that relations between the two states could become the cornerstone of a new security system in East Asia and Pacific region. The initiative to establish a comprehensive Asia-Pacific architecture of security and cooperation proposed by the leaders of the

¹⁷ Hu Jintao Meeting with Russian President Medvedev (November 3, 2011) (胡锦涛会见俄罗斯总统梅德韦杰夫), available at: <http://www.mfa.gov.cn/chn/gxh/tyb/zyxw/t873599.htm>.

¹⁸ Yang Jiechi, “Work Together for Good-neighborliness and Harmony, on the Occasion of the Summit Commemorating the Tenth Anniversary of The Shanghai Cooperation Organization, available at: http://www.fmprc.gov.cn/eng/topics/hjtcxshfh_2011/t829905.htm.

two countries during the visit of Dmitry Medvedev to China in September 2010 became the logical result of that mutual conviction, as well as Russia and China's close cooperation in international affairs. The two sides called for the establishment of an open, transparent, and equitable system of security and cooperation in the Asia-Pacific, based on the principles of international law, non-bloc principles, and taking into account the legitimate interests of all parties.¹⁹

The initiative has been circulated as an official document of the sixty-fifth session of the UN General Assembly. Its provisions were voiced in the statements of Russian Foreign Minister Sergey Lavrov at various international forums, including the East Asia Summit in November 2011. According to Lavrov, "the strategic dialogue within the framework of the EAS should focus on improving the architecture of security and cooperation in the region. In this work, it is important to proceed from a strong commitment to the principle of the indivisibility of security and of the inadmissibility of attempts to strengthen one's own security at the expense of others."²⁰ Russian foreign-policy officials believe this initiative may be a unifying idea for the Asia-Pacific region.²¹

From China's perspective, the initiative to create such an architecture is in line with its intention to convince the international community of Beijing's peaceful intentions, as well as promote the concept of "China's Peaceful Development." Symbolically, at the beginning of September 2010, shortly before initiating a new security idea for the Asia-Pacific, China's State Council published a "White paper on peaceful development," which reiterated China's foreign-policy aims, including promo-

¹⁹ Russian Federation and Chinese People's Republic Joint Statement on Comprehensive Deepening of Sino-Russian Partnership and Strategic Cooperation (Совместное заявление Российской Федерации и Китайской Народной Республики о востороннем углублении российско-китайских отношений партнерства и стратегического взаимодействия), available at: http://news.kremlin.ru/ref_notes/719.

²⁰ Statement by Russian Foreign Minister Sergey Lavrov at the Sixth East Asia Summit Plenary Session (Bali, Indonesia, November 19, 2011), available at: http://www.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/aa5c9cedd0a55a3f4425794f003aabb2!OpenDocument.

²¹ Russian Deputy Foreign Minister Alexei Borodavkin Interview to the Newspaper Kommersant (Moscow, November 29, 2011), http://www.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/4c9e11d31995fa1d442579580059c486!OpenDocument.

tion of a “new thinking on security featuring mutual trust, mutual benefit, equality, and coordination,” as well as Beijing’s desire to create “a peaceful international environment and favorable external conditions.”²²

The Chinese leaders directly link this “new thinking” with the principles developed in the SCO, the so-called “Shanghai spirit, featuring mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations, and pursuit of common development. As Hu Jintao declared at the 11th Meeting of the Council of Heads of State of the Shanghai Cooperation Organization, the SCO “provides the international community with invaluable experience in searching for a new kind of security thinking and state-to-state relations.”²³

At this stage, this “new security architecture” looks fairly abstract, representing a set of attractive principles that almost every country would accept rather than real and substantive initiatives. But it may start to look attractive in the context of growing instability in the region and the world.

Conclusion

The experience of the past two decades shows that Russia and China are not particularly effective friends in the economic dimension. With the exception of energy cooperation, general economic interaction looks bleak. In addition, stressing economic recovery and modernization of the nation, Russia’s leaders don’t seem able to divert their eyes from the Western capital and markets, while Beijing’s capabilities to assist Russia in this area are deemed insignificant. It is possible that a too close attention of top leadership to the economic field creates the opposite effect. Moscow and Beijing do it much better in global and regional politics and security, where they have many similar interests and common approaches. Therefore, the focus of their relations slowly moves to this area.

²² China’s Peaceful Development (中国的和平发展), (September 2011), available at: http://www.gov.cn/zwggk/2011-09/06/content_1941258.htm/.

²³ For Peace, Development and Enduring Friendship, remarks by H.E. Hu Jintao, President of the People’s Republic of China at the Eleventh Meeting of the Council of Heads of State of the Shanghai Cooperation Organization, (Astana, June 15, 2011), available at: http://www.fmprc.gov.cn/eng/topics/hjtexshfh_2011/t833513.htm.