

Sino-Russian Partnership since 9/11: Challenges and Prospects

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On July 16, 2001 China and Russia signed a treaty of Friendship, Good-Neighborliness, and Cooperation, leaving analysts wondering if a new alliance had been forged. Yet the Sino-Russian strategic partnership has turned out to be remarkably ineffective in addressing the new security challenges since 9/11. While summit documents signed in December 2002 and May 2003 addressed some of the shortcomings of Sino-Russian cooperation, relations between Russia and China have yet to live up to the promise of strategic partnership, with the exception of arms sales. This article will assess the international and domestic factors promoting Sino-Russian cooperation and explore the underlying obstacles and new challenges to their strategic partnership.

Prospects for Sino-Russian Partnership

A new era of Sino-Russian relations unfolded in the 1990s, leading to the creation of a constructive partnership in 1994 and a strategic partnership in 1996. The progress achieved in the 1990s was codified in the 2001 Friendship treaty, and amplified in summit communiqués signed in December 2002 and May 2003. One of the main underpinnings of the Sino-Russian partnership is broad agreement on a vision of a multipolar world order and opposition to increasing U.S. unilateralism. Russian and Chinese leaders hope that the strategic partnership between their two countries will help counterbalance U.S. power and contribute to the development of a more balanced distribution of power in the international system. In the text of the May 2003 summit declaration, Russian President Vladimir Putin and Chinese President Hu Jintao stated that "Both China and Russia maintain that a multi-polarized, just and democratic international order should be established on the basis of universally accepted international norms and that mutual relations among the countries should be built so that harmony and co-existence can be achieved among them."¹ To this end Chinese and Russian leaders have consistently advocated expanding the role of the United Nations in addressing global security problems.

Several key domestic concerns also have been important in providing a firm basis for Sino-Russian cooperation. China and Russia share a 4200km border, and are committed to its demilitarization and its dedication to

peaceful economic cooperation. Demarcation was concluded for the most part in 1997, and just three islands have yet to be demarcated: Bolshoi Island in the Argun River and the Bolshoi Ussuriiski/Heixiazi and Tarabarov/Yinlong islands in the Amur River across from Khabarovsk. For security and economic reasons Khabarovsk authorities object to any change in ownership of the two islands across from the city, and the decision regarding their final status has been deferred. Discussion of border questions and confidence-building measures involving Central Asian neighbors has acquired an institutional basis, through the formation in July 2001 of the Shanghai Cooperation Organization (SCO), including China, Russia, and their three Central Asian neighbors, Kazakhstan, Kyrgyzstan, and Tajikistan, plus Uzbekistan.

Both Russia and China attach a high value to territorial integrity. In the 2001 Friendship Treaty Russia indicated its unequivocal position on Taiwan, stating in Article 5 that China is the "sole legitimate government representing the whole of China and that Taiwan is an indivisible part of China" and emphasized its opposition to "Taiwan independence in any form."² Similarly, China has consistently supported the Russian policy on Chechnya and echoed Russia's position on non-interference in its domestic affairs. In a speech at Moscow's diplomatic university (MGIMO) Hu Jintao denounced terrorism in Chechnya and stated that both Russia and China were engaged in "a joint struggle against three world threats: terrorism, extremism, and separatism."³

Apart from general agreement on their approach to international security, the most important concrete area of Sino-Russian cooperation to date has been in arms sales. In 2002 China accounted for 55% of Russia's \$4.8 billion in arms sales. As a result of the significant Russian arms exports to China, Russia has now surpassed the United States as the leading arms exporter worldwide, and China is the world's top buyer of weapons, according to data from the Stockholm International Peace Research Institute.⁴

Sino-Russian military cooperation is extensive, including Russian exports of fighter aircraft, destroyers and Kilo-class submarines, and licensing rights for Chinese production of some Russian weapons systems, as well as training for Chinese military officers and assistance with maintenance of Russian-designed weapons systems.

¹ "Chinese, Russian Leaders Sign Joint Declaration - Text", Xinhua, May 27, 2003.

² "Sino-Russian Treaty on Good-Neighborliness, Friendship and Co-operation", Xinhua, July 16, 2001.

³ "China, Russia Should 'Affirm New Concept of Security' - Hu Jintao", ITAR-TASS, May 28, 2003.

⁴ Peter Starck "War on Terror Accelerates World Military Spending", Reuters, June 17, 2003.

Nevertheless, Russia has refused to sell China its most modern systems (including the Yakhont 300km supersonic missile produced in a Russian-Indian joint venture), and the weapons Russia sells to China are modernized versions of 1980s technology, ensuring that Moscow will retain its technological edge over China.

Energy promises to be another key sector for Sino-Russian cooperation. A number of bilateral and multilateral oil and gas projects have been under discussion for several years. More recently, however, concerns over energy security in the Middle East have heightened interest in China, as well as in Japan and South Korea, in energy cooperation with Russia.⁵

China has been purchasing oil from Sakhalin and in June 2003 a Sinopec delegation visited the island to discuss purchasing liquid natural gas (LNG). On May 29, 2003, CNPC signed two agreements with Yukos. The first agreement would double annual Chinese imports of Russian oil by rail to 6 million tons by 2005. A second agreement outlined a plan to supply 20 million tons of oil annually by pipeline beginning in 2005 and to increase the amount to 30 million tons per year in 2010. If implemented, the \$150 billion 25-year deal would account for 25% of Chinese oil imports and 10% of its oil supply, and provide \$60 billion in revenue for the Russian government.

The Russian government has yet to decide on the pipeline routing, however. One variant, preferred by China, would run 2,274km from Angarsk in Eastern Siberia to Daqing in Heilongjiang Province and cost \$2.5 billion. Transneft, Russia's state-owned oil distributor, and Japan favor a costlier and longer alternative route, terminating in Nakhodka and servicing the Japanese market as well. A number of other energy projects are under consideration, including the long-discussed Kovykta gas project, which would ship natural gas from Irkutsk by pipeline to Northeast China and South Korea beginning in 2008. Despite the resurgence of interest in Sino-Russian cooperation in the energy sector, China is also continuing to develop its domestic resources and actively pursuing several projects with other countries, including Kazakhstan, Azerbaijan, Australia, and Indonesia, to ensure diversification of supply.

Bilateral and Regional Problems: Imperfect Interdependence

At the May 2003 summit meeting, Hu Jintao and Putin pledged to boost Sino-Russian trade to \$20 billion in 2008. While a laudable goal, this was not the first time this target had been set. In 1996, Boris Yeltsin and Jiang Zemin also declared that bilateral trade should reach \$20 billion - by 2000. By the end of 2002, trade had reached \$12 billion, a record volume, but still low compared to China's trade with the United States or Japan. In the first quarter of 2003, Sino-Russian trade increased by 30% but may decline in

the second quarter as a result of disrupted air transportation and cross-border links due to the SARS crisis.

The poor reputation of Chinese goods in Russia has proved an intractable obstacle, although Chinese exports have fared better since the 1998 Russian financial crisis made higher-quality imports from other countries prohibitively expensive. To acquaint Russian consumers with a wider variety of goods than those procured by shuttle traders, Beijing opened two large department stores and a trade center in Moscow. The quality of Russian goods also is a problem - in 1999 China deferred participation in a joint project for the design and production of Tupolev-330 transport aircraft, for example, due to concerns over inadequate safety standards. After considerable pressure from the Russian government, which wants China to buy civilian aircraft as well as fighter planes, China finally agreed in September 2001 to purchase 5 Tu-204-120C medium-range transport jets, with an option to buy another 10, which could include passenger jets.

Cooperation has been proceeding in space, nuclear energy, and automobile production, but there have been some high profile failures as well. Russia's bid to provide turbines for China's Three Gorges dam was rejected as uncompetitive, leading some Russian officials to question China's commitment to Sino-Russian partnership. In December 2002, the China National Petroleum Corporation failed to acquire a 75% stake in Slavneft: in a less than subtle form of opposition to the Chinese bid, one of the members of the delegation that arrived in Moscow for the auction reportedly was kidnapped, and ultimately Sibneft and Tyumen Oil bought the Slavneft shares at a fraction of the price CNPC offered to pay.⁶

Although Chinese officials like to speak of the considerable complementarities between the Chinese and Russian economies - Russia has land and resources, while China has surplus labor, which Russia needs, and lacks sufficient land and resources - regional relations have been one of the weaker areas of the Sino-Russian partnership.⁷ Regional leaders in Primorskiy Krai and Khabarovsk Krai took a critical approach to border demarcation efforts and, fearing that a more open border would encourage illegal Chinese immigration to the sparsely populated Russian border regions, have been vocal in their opposition to a liberal border regime, despite the economic benefits derived from regional economic cooperation with China.⁸

Trade between Heilongjiang Province and Russia amounted to \$2.3 billion in 2002, nearly 20% of the overall volume, and the province's trade has been expanding by 30% over the past three years. Nevertheless, since the Chinese Northeast and the Russian Far East share many of the same problems (especially underdevelopment and a lack of investment capital), the most promising avenues for Sino-Russian trade involve greater cooperation between

⁵ Vladimir Ivanov, "Russia Emerging as Energy Powerhouse", *The Daily Yomiuri*, June 14, 2003, p. 8.

⁶ David Murphy, "Crude Pressure", *The Far Eastern Economic Review*, February 13, 2002, p. 28.

⁷ For a detailed examination of this issue, see Elizabeth Wishnick, *Mending Fences with China: The Evolution of Moscow's China Policy from Brezhnev to Yeltsin*, (Seattle: University of Washington Press, 2001), Chapter 9.

⁸ On Russian concerns over Chinese illegal migration to the Russian Far East, see Vil'ya Gel'bras, *Kitaiskaya Real'nost' Rossii*, (Moscow: Muravei, 2001).

China's coastal provinces and the Russian Far East. There is now a direct air service between Shanghai and Vladivostok, and Russian Far East business delegations have been traveling to southern China in search of new partners.

Transit trade involving South Korea may also provide new opportunities, and South Korean shippers have explored a variety of transit trade projects. In the spring of 2000, three new car ferry routes and one new container route opened, linking South Korea, China, and Primorskiy Krai. The growing economic cooperation between China and South Korea, involving offshore production of consumer goods, which are then exported via the Trans-Siberian Railway (TSR) to Central Asia, Russia, and Europe, has led to a 49% increase in the container volume on the railway in 2002.⁹

Since 2000, the Russian government has been promoting a rail link from the TSR to the inter-Korean railway in an effort to encourage tripartite economic cooperation between Russia and the two Koreas. In this instance, however, Russia and China are squaring off as competitors: China, too, plans to connect its railway to the inter-Korean railway, via the Seoul-Sinuiju line, in the hope of becoming the gateway for cargo traveling from Asia to Europe. If the TSR were connected to this line, then cargo would begin moving through Russian territory in East or West Siberia. However, if the TSR were linked to the Seoul-Wonsan line, cargo would travel a much greater distance on Russian territory, all the way from Nakhodka in Primorskiy Krai, the terminus of the TSR, to Europe. Fearing that the new rail projects would diminish the role of local ports, which are dependent on trade with South Korea, some Primorskiy Krai officials are opposed to the development of a new Russian-Korean rail corridor.¹⁰

New International Challenges to Sino-Russian Partnership

In the aftermath of the 9/11 terrorist attacks against the United States, it appeared as though a strategic realignment was taking place in international politics, which would render the Sino-Russian partnership obsolete. Putin was one of the first leaders to pledge his support to the U.S.-led anti-terrorism coalition. China and the United States overcame recent tensions to cooperate in intelligence gathering. Apart from issuing joint bilateral statements condemning terrorism, China and Russia presented no united response to the terrorist attacks either together or through the SCO.

To recoup their influence over Central Asia at a time of expanding U.S. military influence in the region, China and Russia have taken a number of steps since 9/11, both individually, and jointly through the auspices of the SCO. At the SCO summit in May 2003, members agreed to locate the organization's secretariat in Beijing. In a

testament to China's support for the organization, the Chinese government is offering the SCO office space free of charge and China's Ambassador to Russia, Zhang Deguang, is slated to be executive secretary. The SCO plans to hold joint peacekeeping exercises in Kazakhstan this year and in China next year.

Perhaps more importantly, however, both China and Russia have been taking measures to enhance their individual influence over Central Asian security to counter the American military presence in the region.¹¹ Russia has established a military base in Kant, Kyrgyzstan, and has sought to revive cooperation with Central Asia through existing CIS institutions. China held peacekeeping exercises with Kyrgyzstan in October 2002 and gave \$3.5 million in technical assistance to Kazakhstan's military. China also joined a new Asian confidence-building organization in June 2002 and established an interdisciplinary group under the auspices of the Chinese Academy of Social Sciences to study regional security issues.

Sino-Russian cooperation also has been limited in the current North Korean nuclear crisis. Russian and Chinese leaders have conferred several times on the issue and their May 2003 summit declaration included their clearest statement to date on their views of the crisis. Hu Jintao and Putin advocated a peaceful diplomatic solution, resulting in a non-nuclear Korean Peninsula, but also called for security guarantees for North Korea and support for its development.

Nevertheless, it is China that U.S. officials have singled out as a potential mediator in the crisis, and Russia seems likely to be left out of upcoming multilateral talks, despite its active diplomacy on the Korean Peninsula in recent years. The Sino-Russian partnership notwithstanding, South Korea, rather than China, has been the most vocal supporter of Russia's inclusion in multilateral talks.

The Iraq War is another issue that promised to bring Russia and China closer together, much as the Kosovo crisis did in 1999. Although Russian and Chinese leaders preferred a U.N.-sponsored solution to the crisis over Iraq's alleged possession of weapons of mass destruction and were critical of the U.S. decision to intervene with a coalition of the willing, Russia cooperated much more with France and Germany on the issue than with China. Nevertheless, the May 2003 declaration outlines a series of priorities shared by the Russian and Chinese governments regarding Iraq, including stability and humanitarian intervention, respect for Iraq's sovereignty and control over its natural resources, a leading role for the United Nations in resolving the crisis in Iraq, and respect for the legitimate rights of neighboring countries and other concerned parties.

⁹ Hisako Tsuji, "Growing International Use of the Trans-Siberian Railway: Japan is Being Left Out of the Loop", *ERINA Report*, Vol. 52, June 2003, p. 23.

¹⁰ Irina Drobysheva, "Primorskiy Krai Concerned about Russian-Korean Rail Link", *Russian Region Investor*, 3, no. 10 (May 23, 2001), <<http://www.iew.org>>.

¹¹ To support the war effort in Afghanistan in the fall of 2001, the U.S. negotiated basing agreements with Uzbekistan and Kyrgyzstan, and secured airport access in Tajikistan and later Kazakhstan.

Conclusion

Contrary to expectation, the Yeltsin era turned out to be the best period in Sino-Russian relations, and subsequent leadership change in both countries has raised new questions about the future development of the partnership. Putin's enthusiasm for improving relations with the United States in 2001-2002 and diplomatic overtures to Europe have left Chinese leaders wondering if Russia is reevaluating the priority of the Sino-Russian relationship. In an interview with Renmin Ribao on June 4, 2002, Putin insisted there had been no such reassessment, but when pressed on the issue, he admitted that both China and Russia need the U.S. more than each other in areas such as economic cooperation.

The generational change now taking place in the Chinese leadership also may have significant consequences for China-Russia relations. In contrast to Jiang Zemin and Li Peng, who speak Russian and lived and worked in the Soviet Union during the period of Sino-Soviet friendship in

the 1950s, the current generation of Chinese leaders became politically active during the Cultural Revolution, a time when the Soviet Union was demonized as China's ideological opponent. Future generations of Chinese leaders will be Western-educated and even farther removed from the historical legacy of Sino-Soviet friendship.

The viability of the Sino-Russian partnership also will depend on its ability to make a meaningful contribution to pressing security and economic issues. The ineffective response of the Sino-Russian partnership to the events of 9/11 and limited cooperation in subsequent crises in Iraq and North Korea attest to the difficulty Russian and Chinese leaders have had in giving substance to their vision of a multipolar world order. Thus far military cooperation has been the most effective area of Sino-Russian partnership. If Russia and China succeed in moving forward with their substantial agenda for energy cooperation, however, Sino-Russian cooperation could finally acquire a more long-term and stable basis.