



Clingendael

Netherlands Institute of International Relations

Russian-Chinese Security Relations

Moscow's Threat from the East?

Marcel de Haas

Nº

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Report



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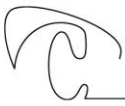


Abstract

After the collapse of the Soviet Union, a wide-ranging improvement of bilateral relations developed between China and Russia. Nowadays, Russia and China maintain a strategic partnership consisting of comprehensive cooperation in the areas of diplomacy, defence and security, as well as energy. However, whereas Russia until recently took the lead in the relationship between Beijing and Moscow, this has now turned around: China has become stronger than Russia. During the course of the last decade, more and more signals have appeared that the Sino–Russian teamwork is crumbling. What will the security relationship between Moscow and Beijing look like in the future?

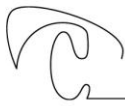
Russo–Chinese security cooperation has mainly consisted of mutual foreign policy statements and actions, not of intensive (socio-)economic cross-border ties. Disputes have occurred in recent years. Furthermore, the importance of energy and arms deals – the core of their cooperation – is steadily decreasing, because China has found alternative energy suppliers – to avoid dependency on Russia – and because China nowadays is manufacturing weapon systems itself. When China has reached enough independence from Russia in military technology and has created sufficient alternative ways of gaining energy, Beijing might well ‘dump’ Russia as a ‘strategic’ partner. Differences have also come to the surface in the military field. Whereas joint war games were earlier a united demonstration to show the West their command in the Asia–Pacific region, more recent unilateral exercises include scenarios in which the other is considered the potential adversary.

The good relationship between Moscow and Beijing deteriorated between 2005 and 2010, probably in particular as a consequence of China’s rejection of Russia’s war against Georgia and Moscow’s subsequent recognition of the Georgian separatist regions in 2008. Beijing’s increasing intrusion in ‘Moscow’s Central Asia’ and in its Far East province, as well as China’s rapid military build-up, have raised awareness in Moscow of a threat from China. Beijing is acquiring more and more economic influence in the former Soviet Central Asian states, especially in the energy domain. China is replacing Russia as the ‘imperial’ power in Central Asia, economically but also politically, pushing Moscow out of the Central Asian Commonwealth of Independent States (CIS) republics, its traditional realm. In recent years, Moscow has been investing heavily in its Far East province in order to counterbalance the population decline, as well as China’s economic and demographic ‘takeover’ of this region. Furthermore, Russian military capabilities in the Far East have been reinforced. As to



cooperation in regional international organizations, the relationship between Russia and China is also deteriorating. Parts of Russia's security elite were reluctant about Moscow's involvement in the Association of South-East Asian Nations (ASEAN), out of fear that this might position Russia on a collision course with China. In the BRICS group of countries (Brazil, Russia, India, China and South Africa), just like in the Shanghai Cooperation Organization (SCO), China stresses economic aspects, whereas Russia's objective is to reinforce its international status. This is yet another discrepancy that might lead to further disputes between Beijing and Moscow. The nowadays outspoken suspicions of a Chinese threat could cause the Kremlin to draw back from Beijing and to seek an intensification of political, economic and security ties with the West.

The West should follow a double-track policy by recognizing China's rising power but also by maintaining its cooperation with Russia. The North Atlantic Treaty Organization (NATO) should establish a NATO–China Council with Beijing. The European Union (EU) should strengthen its ties with the Asia–Pacific region and keep track of the Russo–Chinese relationship through enhanced cooperation with ASEAN. The Dutch government should also strengthen its ties with ASEAN, by making use of its outstanding relations with Indonesia. All of the Western actors should avoid taking sides between Moscow and Beijing.



Map 1: Russia



Source: United Nations Cartographic Section, New York, USA.

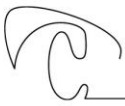


Abbreviations

ABM	Anti-Ballistic Missile Treaty
ARF	ASEAN Regional Forum
APEC	Asia–Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
BRIC	Grouping of Brazil, Russia, India and China
BRICS	Grouping of Brazil, Russia, India, China and South Africa
CGS	Chief of the General Staff
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organization (<i>Organizatsiya Dogovora o Kollektivnoy Bezopasnosti</i>)
DFP	Decree on Foreign Policy of the Russian Federation
EAS	East Asia Summit
ESPO	Eastern Siberia to the Pacific Ocean – oil pipeline
EU	European Union
FPC	Foreign Policy Concept of the Russian Federation
FSB	<i>Federal'naya Sluzhba Bezopasnosti</i> (Russian Federal Security Service)
MFA	Ministry of Foreign Affairs
MIC	Military–Industrial Complex
MoD	Ministry of Defence
MoU	Memorandum of Understanding



NATO	North Atlantic Treaty Organization
NSC	National Security Concept of the Russian Federation
NSS	National Security Strategy of the Russian Federation
ODKB	<i>Organizatsiya Dogovora o Kollektivnoy Bezopasnosti</i> (Collective Security Treaty Organization)
OFP	Overview of Foreign Policy of the Russian Federation
PLA	People's Liberation Army (of China)
PRC	People's Republic of China
RF	Russian Federation
RIC	Grouping of Russia, India and China
SCO	Shanghai Cooperation Organization
SCRF	Security Council of the Russian Federation (<i>Sovet Bezopaznosti Rossiyskoy Federatsii</i>)
TAC	Treaty of Amity and Cooperation in South-East Asia
UN	United Nations
USA	United States of America
USSR	Union of Soviet Socialist Republics – Soviet Union
WTO	World Trade Organization

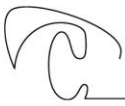


Introduction

The relationship between the Russian Federation (RF) and the People's Republic of China (PRC), and their predecessors, should be characterized as one with ups and downs. Both at the time of tsarist Russia and imperial China, as well as during the period of the Union of Soviet Socialist Republics (USSR) and communist China, periods of intensive cooperation alternated with eras of confrontation. At the end of the 1950s, relations cooled between both communist powers, and deteriorated in the 1960s to an armed confrontation in 1969 at Damanski Island on the border Ussuri River, which Moscow transferred to the PRC to solve the dispute. In 1991, just before the collapse of the USSR, a breakthrough between both states was accomplished by signing an agreement on the delimitation of the main part of the border and by discussing other topics of future cooperation (Paramonov and Stokov 2006: 4; 14). After the downfall of the Soviet Union, a comprehensive improvement of bilateral relations developed between China and Russia in the 1990s. For instance, the long-standing border disputes between both states were settled in agreements. Moreover, Russia agreed to provide China with oil and gas. China also became one of the best customers of Russian arms and equipment, and Moscow and Beijing issued joint statements on rejecting (US) dominance in the international arena. Furthermore, both powers conducted joint war games (Blua 2005; 'Putin Stresses [...] 2005; 'Russian, Chinese President [...] 2005; Haas 2006; Haas 2010: 166). Today, Russia and China maintain a strategic partnership consisting of comprehensive cooperation in the areas of bilateral and international politics, defence and security, as well as energy.

However, whereas Russia was the big brother until recently in the relationship between Beijing and Moscow – in political, economic and military might – nowadays this has turned around: China has become stronger than Russia. Pertaining to population size, with some 140 million Russians but 1.3 billion Chinese, China outstrips Russia nearly ten times. In 2010 China's economy was already four times the size of Russia's, and was the second largest economy in the world after the USA. Moreover, Beijing's defence budget is the second biggest in the world (the USA is number one), while Moscow's accounts for the third largest. Russia only outnumbers China in nuclear weapons; its conventional defence forces and troops of other security departments, formally 1.5 million, are less than half of China's 3.7 million soldiers (Trenin 2012: 7–9).¹ This new order in the relationship between Moscow and Beijing,

¹ For these statistics, see online at <http://www.nationmaster.com/compare/China/Russia/People>; <http://www.nationmaster.com/compare/China/Russia/Economy>; and



in which China is no longer the junior partner, undoubtedly must have consequences for cooperation between both actors.

This Clingendael Report will explain the progress and current status of Sino–Russian cooperation in the field of security, as it has developed since the start of Putin’s presidency in 2000. Security is understood in a broad context – that is, in addition to the military–political domain, energy security will also be discussed, since energy is a strategic asset (for the survival) of a state.² First, an analysis will be provided of the way in which the relationship with China has formally been expressed in Russia’s foreign and security policy since 2000. Next, it will describe how the political cooperation between Russia and China has been established and in what way this has become visible in the international arena. Specific attention will be given to cooperation in the domains of energy and military security. Another crucial topic in the relationship is Beijing’s attitude towards Russia’s Far East province. Furthermore, China is vying for influence in post-Soviet Central Asia, in Russia’s traditional sphere of influence. Finally, the Report will clarify how both actors are heavily involved in the Asia–Pacific region, especially because of their active participation in regional organizations.

In addition to describing the past and present in the Russo–Chinese security relationship, this analysis focuses in particular on the recent deteriorating relations. Formally, relations between Beijing and Moscow are outstanding. However, during the last decade more and more signals have appeared that this close cooperation is crumbling. What are the reasons behind the growing breakdown of the partnership between China and Russia? How has disintegration of the relationship come to the fore in the different areas of cooperation? What will the security bond between Moscow and Beijing look like in the future? And what will this mean for other actors in the international arena? As a Russia scholar and not a specialist on China, I will address the different issues from the perspective of Moscow, which is a first limitation of this research. A second limitation is that this work mainly covers security relations between Russia and China, so other areas of cooperation will not be discussed, or only minimally, in this Report.

<http://www.nationmaster.com/compare/China/Russia/Military> (accessed 14 December 2012).

2 Energy security entails an assurance for the producing side that gas and oil are produced, transported, delivered and paid for without hindrance. For the consuming side, energy security entails undisturbed receipt of resources at reasonable prices, which ensures that the state can function stably (Haas, Cillessen and Tibold 2006: 11).



China in Russia's Security Documents (2000 - 2012)

Russia's basic security document is its National Security Strategy (formerly Concept). From this political or grand strategy, the other two vital documents are derived: the Foreign Policy Concept (FPC); and the Military Doctrine. China was already present in one of the security Reports of Vladimir Putin's first presidential term (2000–2004). The National Security Concept (NSC) of 2000 and the Military Doctrine of 2000 did not refer to China. However, the FPC of 2000 stated that policy emphasis would be on the invigoration of Russia's participation in the main integration structures of the Shanghai Five (Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan), in whose creation Russia played an active role.³ The FPC continued that one of the crucial directions in Russian foreign policy in Asia was developing friendly relations with the leading Asian states, primarily with China and India. The concurrence of the fundamental approaches of Russia and the People's Republic of China (PRC) to the key issues of world politics was regarded as one of the basic mainstays of regional and global stability. Russia pursued the development of mutually advantageous cooperation with China in all areas (MFA RF 2000). During Putin's second term in office (2004–2008), China was listed in the 2007 Overview of Foreign Policy (OFP). The OFP cited cooperation with China in the formats of the Russia–India–China Troika, BRIC (Brazil, Russia, India and China), the Shanghai Cooperation Organization (SCO), and in the Asian–Pacific region. China was considered a traditional, trustworthy and strategic partner, whose friendly relations formed an important track of Russia's foreign policy (Kremlin 2007a/b).

Putin's successor, Russian President Dmitry Medvedev (2008–2012), put a lot of emphasis on the East in his FPC of 12 July 2008, by asserting deepened engagement in the format of the Troika (Russia, India and China), with China and India bilaterally, in the Russian–Chinese strategic partnership, as well as in the format of the BRIC. In addition, the FPC explicitly mentioned the Collective Security Treaty Organization (CSTO) as a key instrument of maintaining stability and ensuring security in the Commonwealth of Independent States (CIS), and the SCO, for its role in creating a network of partners in the Asia–Pacific region. The FPC's emphasis on strengthening ties with India and China and with the CSTO and SCO, in combination with its opposition towards the (Western-orientated) European security structure, was evidence that Russia's interest in seeking security arrangements was moving from the West to the East (Kremlin 2008a/b). Explicitly, the FPC 2008 stressed Russia's

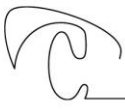
3 The 'Shanghai Five' grouping was the predecessor of the Shanghai Cooperation Organization (SCO).



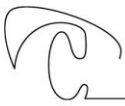
cooperation with Eastern organizations, such as the CSTO, the SCO and BRIC, which intended to advance their growing political and economic power in the international arena. With the exception of BRIC, these organizations usually involved a key role for Russia and included CIS member states, which depend on Moscow for their security, as minor actors. In these cooperation frameworks, which are favoured by Russia, partnership priority towards China and India was a vital feature. China – just like Russia – has been a leading member state of the SCO, and India has fulfilled an observer status with it. In BRIC the ‘troika’ of Russia–China–India emerged once again, with Brazil as the fourth cooperation partner. Furthermore, the FPC 2008 elaborated on the trilateral cooperation of Russia, China and India. This dialogue has reached further than only political consultation. For example, Russia is an important supplier of energy and arms to the other two states; India and China have taken two-thirds of the Russian defence industry’s arms sales at their expense. Moreover, the three countries recognized extremism, separatism and terrorism as common threats: for Russia this referred to the Caucasus; for China to Xingjian province; and for India to the Kashmir mountains.

The oriental troika of Russia, China and India in theory thus has impressive potential in terms of nuclear weapons, the world’s largest armies, Russia’s energy resources, India’s and China’s powerful economies, and one-third of the world’s population. However, this theoretical potency of the Russian–Indian–Chinese troika was undermined by differences, for instance on economic competition, border disputes, or on opposing political viewpoints. Such a potentially influential oriental troika was hence not likely to become a powerful triangle. Mention of China in Medvedev’s next document – the National Security Strategy (NSS) of 2009 – was rather limited (Kremlin 2009). Russia was to increase its cooperation in such multilateral formats as RIC (Russia, India and China, the so-called Troika) and BRIC. This was a mere continuation of the policy of the 2008 FPC. The Military Doctrine of 2010 did not mention China at all (SCRF 2010), probably because the West – that is, the USA and NATO in particular – was the obvious opponent and because *formally* addressing China as a possible future threat was considered to be taboo. This attitude was certainly obvious when Chief of the Russian General Staff (CGS) Makarov, explaining military reforms in June 2009, discussed the threats surrounding Russia from all sides, except from the East. A possible Chinese threat was not to be addressed (McDermott 2010b). On the other hand, there have been more and more indications since 2009 that Russian security elites are increasingly aware that China’s rise as a power is not only found in the economic but also in the military realm, and as such constitutes a threat to Russia (see also the section below on Military Exercises; and Blank 2012b: 256).

Right from the beginning of his third presidential term (2012–2018), Vladimir Putin apparently wanted to attach a lot of attention to foreign policy. On the very day that he was inaugurated as the RF’s President on 7 May 2012, Putin issued a decree on the course of Russia’s foreign policy (Kremlin 2012). This Decree on Foreign Policy (DFP) described China as a partner with whom strategic cooperation should be deepened. Furthermore, the DFP mentioned the usual forums of the BRICS and SCO, in which Beijing and Moscow cooperated. This policy line fitted Russia’s approach ever since 2000, when Putin increased attention for China and the Asia–Pacific region. The DFP now remarked that cooperation within the Association of South-East Asian Nations (ASEAN) was to be one of the cornerstones of an intensified policy towards the Far East. Since the start of his first term,



President Putin had already recognized the growing importance of China, both as a bilateral partner of Russia, as well as a partner in the Asia–Pacific region. Putin’s and Medvedev’s security documents frequently elaborated on cooperation with China, bilaterally, trilaterally with India, and in organizations such as the SCO, BRIC(S) and ASEAN.



Political Cooperation

Bilateral Ties

After the collapse of the Soviet Union, Russia's relationship with China improved steadily during the 1990s. Initially, under President Yeltsin, Russia followed a course of integration with the West, since it desperately needed the West in order to recover from its economic problems. However, in the mid-1990s Moscow decided that the pro-Western priority of its foreign policy was to be replaced by one of striving towards a multipolar international system – that is, without a leading role for the USA. This change of course cleared the way for a policy of rapprochement towards China, since cooperation with China would enforce Russia's multipolar objective. Already in 1996, (then) leaders of Russia, Boris Yeltsin, and of China, Jiang Zemin, referred to the relationship between both states as a 'strategic partnership' (Paramonov and Stokov 2006: 5). An important factor of the rising relationship was that both Russia and China shared similar perspectives on developments in the international arena. As strategic partners, Beijing and Moscow opposed a unipolar (US-dominated) world, but instead advocated a multipolar international system. The post-Cold War international situation – with the USA playing the lead role – was refuted, so an anti-US direction was an important feature of the Sino-Russian strategic partnership. This view on international politics was laid down in an agreement of April 1997 (Smith 2000: 14).

In order to advance their cooperation further, China and Russia realized very well that their border disputes should be resolved. In May 1991, under Gorbachev, the Soviet Union signed the first border agreement. A second agreement was signed under Yeltsin in 1996 (Trenin 2012: 9). In 1999 both parties to a large extent agreed on the borders, leaving only some islands as disputed territories (Paramonov and Stokov 2006: 6). A further accord on the frontiers was agreed under Putin in 2004, when Russia ceded to China a small portion of Russian territory along the Amur and Ussuri rivers (Trenin 2012: 9). Finally, in July 2008 the Russian and Chinese foreign ministers signed another border treaty, which settled the demarcation of the 4,300-kilometer border. However, Chinese media made it clear that the agreement was seen as a territorial handover by Moscow (Blagov 2008b).

In addition to the border settlements, by 1999 already some 100 agreements had been signed on economic cooperation between Chinese and Russian regional authorities (Paramonov and Stokov 2006: 6). In 2000, with Vladimir Putin as Russia's new president, Russia's cooperation with China received a substantial boost. Putin was convinced that a good



relationship with Beijing would foster his goal of strengthening Moscow's status in the international arena. For both actors, undesirable Western actions – such as the military action in Kosovo (1999) and the US/UK invasion of Iraq (2003) – would further strengthen their ties and their mutual objective of a multipolar international system.

President Putin visited China in July 2000, resulting in the signing of nine agreements on banking, education and energy cooperation (Smith 2000: 15). In 2001 China and Russia signed a Treaty of Friendship and Cooperation, which allegedly included secret appendices on common defence, military cooperation in space, cooperation on military technologies and new weapons' sales (Cohen 2001). Furthermore, also in 2001, the founding of the SCO out of the Shanghai Five grouping, with Beijing and Moscow as the leading nations, was more evidence of a growing connection between the two actors. In 2006, the rapprochement between Russia and China had already resulted in 13 summit meetings and more than 160 agreements since the collapse of the USSR (Paramonov and Stokov 2006: 5). After Putin's first two terms as President, RF President Dmitry Medvedev further reinforced Russia's partnership ties with China in 2008. Not only in the field of security but also in areas such as military cooperation, energy, (the arms) trade and foreign policy, the two countries were seeking a closer relationship. Already at the end of May 2008, soon after his presidential inauguration, Medvedev made his first visit to Beijing. A joint statement of Russian President Medvedev and his Chinese counterpart Hu Jintao included a number of likeminded views of international politics, including rejection of the US missile defence system. In addition, the parties signed deals on nuclear energy, aerospace and nanotechnology (Blagov 2008a). In June 2012, just a month after starting his third term in office, President Vladimir Putin made a visit to China. The visit focused on the rapidly growing economic ties between the two countries and underscored their shared stances on burning international controversies such as Syria ('Russia–China unity [...] 2012). With this early visit to Beijing, Putin hence continued to give priority to cooperation with China.

However, although the Russia–China bilateral partnership of the last two decades has materialized in many agreements, cooperation has to a large extent been limited to the fields of arms and energy, with hardly any true cross-border cooperation in socio- and other economic fields. Although trade relations were continuing to grow, with China overtaking Germany as Russia's leading trading partner in 2010, Russia was only China's 14th largest customer (Trenin 2012: 30; 33). Apparently, both parties, because of their diverging national interests, did not have a desire for a closer, intertwined relationship.

Foreign Policy

The intensification of Sino–Russian bilateral ties also became visible in likeminded views on foreign and security issues. After signing the Treaty of Friendship and Cooperation in 2001, common views were already visible, when Russia supported China's claims regarding Taiwan and China backed Moscow's military action in Chechnya (Cohen 2001).

Moreover, Beijing and Moscow joined forces against the US–Japanese initiative to develop a theatre anti-missile system in Asia, NATO enlargement, NATO’s ‘interventionist’ Strategic Concept of 1999 (justifying its military action in Kosovo), and against the US desire at that time to amend the 1972 Anti-Ballistic Missile Treaty (ABM) Treaty and to develop a National Missile Defence (Smith 2000: 14–15).⁴ During the build-up to the Iraq crisis of 2002–2003, relations between Russia and China further intensified, resulting in intentions of cooperation and an emphasis on multipolarity. In May 2003 Vladimir Putin and his Chinese counterpart Hu Jintao held a summit in Moscow on the eve of a SCO meeting (Ambrosio 2005: 1203). Russia and China found themselves in a strategic partnership aimed at countering the (Western/US) ‘monopoly in world affairs’, as was made clear in a joint statement by the Chinese and Russian Presidents in July 2005 (Blua 2005; ‘Putin Stresses [...]’ 2005; ‘Russian, Chinese President [...]’ 2005). Furthermore, in 2005 China backed Russia in the call at the annual SCO Summit for foreign (that is Western) forces to be withdrawn from the Central Asian region (Haas 2007b: 9–10).

However, this harmonious Russo–Chinese cooperation in international affairs gradually showed some signs of ‘demolition’ when national interests led to opposing views in the international realm. In August 2008 the usual Sino–Russian friendly relationship and conformity on international security was disturbed when China did not approve of Russia’s recognition of the independence of Abkhazia and South Ossetia after the Georgian conflict, considering its own separatist problems in Tibet and Xinjiang. Moreover, China prevented the SCO from supporting Russia in this matter (Wagstyl 2008; ‘Asia Sides with West [...]’ 2008; Trenin 2012: 20). China also gained more and more (economic) influence in the former Soviet area, for instance by making huge investments in Central Asia, Belarus and Moldova (Trenin 2009: 73). Whereas Moscow had always warned the West to keep out of its (former Soviet) sphere of influence, it was now confronted with Beijing conducting such activities in its backyard. Russia was also becoming more dependent on China in other regions of the world, for instance in its policy towards Syria (Tsygankov 2012). China – because of its increased economic and political leverage – had thus become the driving force in the bilateral agenda of Moscow and Beijing. Moreover, Moscow was losing its clout over its Far East province (see the section below on China’s Interest in Russia’s Far East Region) and the global economic power shift from Europe to the Pacific region meant that Russia was forced to increase its activities in its east (Trenin 2009: 77). Because of a rising China in these regions and its own diminishing influence, Russia had to learn to live with a strong and increasingly assertive China, and to avoid clashes with this new power.

Moscow, however, did not want to accept losing influence in its relatively new area of interest, the Asia–Pacific region. China’s growing dominating attitude in the region became more and more visible. Beijing allegedly not only warned the USA not to interfere in this region, but Russia as well. In April 2012 Beijing ‘advised’ Moscow to stay out of a cooperation agreement with Vietnam. Nonetheless, Russia did not stop its arms and energy sales to Hanoi, nor its defence cooperation, to obtain facilities for its navy in Cam Ranh.

4 In the Treaty on the Limitation of Anti-Ballistic Missile Systems of 1972, the USA and the USSR agreed that each was allowed to have only two anti-ballistic missile (ABM) deployment areas, which were so restricted and so located that they could not provide a nationwide ABM defence or become the basis for developing one. After 9/11, US President George W. Bush annulled the ABM Treaty, and on 13 June 2002 the USA’s unilateral withdrawal from the ABM Treaty came into effect (see <http://www.fas.org/nuke/control/abmt/>).

Furthermore, Russia also showed some rapprochement towards Japan in its dispute with China on the Sankaku Islands (Blank 2012a). In addition to Vietnam, in the Asia–Pacific region Moscow was also selling arms to Malaysia and Indonesia, as well as other countries that were worried by China’s (military) rise and its territorial claims to most of the South China Sea (Trenin 2012: 22). Russia clearly would not allow China to dominate the Asia–Pacific region and set its own course of cooperation with countries in this region, independent from Beijing.

Energy Cooperation

Another feature of the Russo–Chinese partnership was energy cooperation. With regard to oil deliveries by Russia, pipeline controller Transneft had been developing a project since the mid-1990s to connect eastern Siberian oil fields to the port of Nakhodka, close to Vladivostok, on the Pacific coast (Trenin 2012: 37). A memorandum of understanding (MoU) was signed in July 2000 by the China National Petroleum Corporation, the Russian Energy Ministry, a Russian pipeline company and the Russian Yukos oil company, on a feasibility study of an oil pipeline between Russia and Daqing in north-east China. Furthermore, a contract was signed between Yukos and the China United Oil Corporation on the sale of 300,000 tons of oil to the latter. However, after Yukos’s owner Khodorkosky had been arrested in October 2003, this project was stopped Yukos and the China United Oil Corporation on the sale of 300,000 tonnes of oil – to the annoyance of China. Beijing had thus failed to achieve a position on Russia’s energy market (‘Alliance with China [...]’ 2005).

After the Iraqi war of 2003, a deal was made between both parties to build an oil pipeline from Siberia to China, guaranteeing sales of Russian crude oil (Ambrosio 2005: 1203). Subsequently, in August 2005 during a visit to Beijing, Russia’s President Putin stressed bilateral economic ties, especially the work of Russian energy companies in China, bilateral projects that would distribute those supplies to third countries, as well as the delivery of Russian oil and gas to China (‘Putin Stresses [...]’ 2005). In addition, in November 2005 Russia and China agreed to double oil exports to China and to consider constructing an oil pipeline from Russia to China and a gas-transmission project from eastern Siberia to China’s Far East (‘Russia Agrees [...]’ 2005). However, in 2008 Russian oil exports to China were decreasing, because China was reluctant to accept Moscow’s prices. Differences over export volumes and prices of oil also prevented the intended construction of an oil pipeline from eastern Siberia to China (Blagov 2008a). In October 2008, after long negotiations, Russia and China finally agreed upon the oil pipeline to China, to be operational from 2011, and the Eastern Siberia to the Pacific Ocean (ESPO) oil pipeline indeed became operational in 2011, as foreseen (Blagov 2008b/2009; Trenin 2012: 37). In April 2009 both parties finalized a deal under which Russia would supply China with oil for 20 years (Blagov 2009), and in 2009 China extended credit to Russia’s state-owned oil company Rosneft and to Transneft, which operates Russia’s oil pipeline network (Trenin 2012: 37). In 2012 Russia borrowed US\$ 25 billion from China to build an oil pipeline from Siberia to China. In return, Russia provided China with major input into its energy firms, something that Moscow had previously rejected, to China as well as to the West (Blank 2012a: 252), a sign of how desperate Moscow had become to hold China in check, but probably also because Moscow was in need of finances.



Russia was also interested in becoming a natural gas supplier to China. In July 2000, during a visit by RF President Putin to China, a MoU was signed on a feasibility study for a gas pipeline from Russia's Irkutsk, involving the natural petroleum gas working groups of both countries. Furthermore, in November 2000 in China, Russian Premier Kasyanov discussed the construction of two gas pipelines from Russia to China: one from western Siberia to China's western provinces; and one from Russia's Irkutsk region to China and further on to South Korea (Smith 2000: 15). In 2008 disputes about prices prevented the intended construction of the *Altai* gas pipeline, from Russia's western Siberia to the Xinjiang region in north-west China (Blagov 2008a). In 2012 the plans for a gas pipeline to China remained stalled, with Beijing demanding a lower price from Moscow (Blank 2012a: 252).



Military Cooperation

Sino– Russian military cooperation mainly consisted of arms and technology sales from Russia to China, as well as of joint war games. However, military exercises by either one of the two states, preparing for war with the other, were another feature of their military relationship.

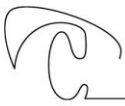
Arms Sales

After the fall of the Soviet Union, Russia became the major arms and military technology supplier for China. In 1989, following the suppression of the Tiananmen uprising in Beijing, neither Europe nor the USA were willing any longer to sell arms to China. Moscow subsequently became the only source of arms for Beijing, and at times, China accounted for 50 per cent of Russia's arms export (Trenin 2012: 40). This aspect of military cooperation served both nations. For Russia, the income from arms sales was a means to uphold its military industries, and thus also employment. For China, the benefit was initially rearmament of its armed forces, but in receiving military (high-)technology, it also served economic purposes, both as a boost for Chinese civilian technology and as a tool for creating its own national industry, which would support the Chinese army, as well as Chinese exports. The volume of Beijing's military procurement from Moscow grew steadily, starting with combat aircraft, air defence systems, warships and submarines (Paramonov and Stokov 2006: 7–8). As of 1998, Russia became increasingly willing to sell China high-tech weapon systems, such as Sukhoi (Su)-30 fighters, anti-ship missiles, and parts for Beijing's nuclear arms. In doing so, Moscow supported its own military industry, as well as enhancing China's military power and opposing the USA. In January 2000, Russia's Deputy Prime Minister Klebanov stated that China was Russia's main partner for arms sales, together with India accounting for over 50 per cent of its volume (Smith 2000: 14). Furthermore, in 2001 Russia was selling nuclear weapons' blueprints, multiple warhead technology, Su-27 fighter jets and A-50 Beriev AWACS early-warning planes to China (Cohen 2001). In the period from 1992–2005, China purchased some US\$ 15 billion of Russian weapons, representing about 40 per cent of Moscow's arms sales. The best years for Russia's arms exports to China were between 2001 and 2006, when Beijing bought an average of US\$ 2.7 billion of Russian weapons per year. Since 2006, Russia's sales to China have decreased considerably, to an average of less than US\$ 1 billion per year (SIPRI Arms Transfers Database 1991–2011). Regarding

technology, in 1996 Russia granted China licences for the production of Su-27 multi-role combat aircraft. In 2003 the bilateral military technology cooperation was further enlarged in a Russian programme of increasing licence agreements, providing the Chinese with access to high-technology weapon systems, such as nuclear submarines, strategic bomber aircraft, interceptor fighters, aircraft carriers and missile-equipped cruisers (Paramonov and Stokov 2006: 7–8; SIPRI Arms Transfers Database 1991–2011).

Russia's arms exports to China were an important factor in the cooperation between the two countries. However, Russia seemed to be well aware that China would like to obtain its most sophisticated military technology, which, in the case of deteriorating relations, might one day be used against Russia. Russia was thus reluctant to provide China with its state-of-the-art products. Moreover, there were indications that China was steadily acquiring enough knowledge to have a solid military industry soon of its own. Subsequently, in the coming years China began to buy fewer and fewer arms from Russia, which diminished the value of this cornerstone of bilateral relations ('Alliance with China [...] 2005). Reports started to circulate in 2007 that China was copying Russian arms technology for its own exports, that Beijing had shifted from purchasing ready-made equipment from Moscow to (co-) manufacturing weapons itself. Russian arms exports to China had dropped by two-thirds in 2007 because the size of Beijing's own military industry was approaching that of Moscow ('Is China Copying [...] 2008), and since 2007 no major arms purchases have been made by China. As a result, from 2008 to 2010 Russia's arms exports as a percentage of its overall arms business dropped from 18 per cent to 10 per cent, to about US\$ 800 million (Trenin 2012: 42; SIPRI Arms Transfers Database 1991–2011). Another reason for the reduction in arms' sales was that China sought more sophisticated technology than Russia was willing to offer. As for copying, once China had mastered the technology of Russia's Su-27SK *Flanker* fighter, it produced its own version, the J-11B, to sell to third countries, and subsequently ended its licence-contract with Moscow. Beijing even exported the J-11B to Pakistan without a permit from the Russian aircraft manufacturer *Sukhoi* (Petrov 2008). China was eager to do the same with the Su-33 *Flanker-D* carrier-based fighter, but the Russians were now aware of this copying attempt ('*Kitay sozdaët [...]*' 2009).

At the end of 2012, on the occasion of change of power in Beijing, the further reinforcement of China's People's Liberation Army (PLA) and of China's military-industrial complex (MIC) were mentioned as priority goals of the new leadership. By that time, Beijing's MIC was no longer inferior to that of Russia. It was capable of producing high-tech weapon systems and in higher quantities than all other arms-producing countries together. For instance, four types of combat aircraft were built at the same time, more than 100 planes per year, as well as one corvette ship per month being added to the Chinese navy. As for numbers, in 2012 China already possessed more tanks, artillery and combat aircraft than Russia (Khramchikhin 2012). Given the accelerating quality and production numbers of China's MIC and the subsequent reinforcement of the PLA, no longer secretly but now also outspoken, Russian officials voiced their concerns that with China's growing economic, political and military power, Beijing might one day use Russian weapons against Moscow.



Military Exercises

In 1999 the Russian and Chinese navies held joint exercises (Smith 2000: 14). Six years later, from 18–25 August 2005, for the first time in 40 years, Russian and Chinese armed forces, formally under the aegis of SCO, carried out large joint exercises, called **‘Peace Mission 2005’**. These war games comprised 10,000 military personnel, navy vessels and aircraft (Haas 2005). According to Russia’s minister of defence at the time, Sergei Ivanov, the decision to conduct bilateral exercises was made in Beijing in December 2004. China took the lead in proposing the size and participating type of forces, and the content of the manoeuvres. In the process of drafting the exercise plan, the number of Russian troops decreased, whereas the number of Chinese troops increased. Allegedly, China also took care of most of the costs of the manoeuvres (Plugatarev 2005; ‘Russia, China [...]’ 2005). The Chinese CGS, as well as his Russian counterpart, more than once stated that the manoeuvres were in line with United Nations (UN) principles and were not aimed against third countries (Perminova 2005). The formal objectives of the exercises were to fight international terrorism, separatism and extremism, as well as to enhance mutual combat-readiness against newly developing threats (Ventslovski and Litkovets 2005). Another aim of these exercises was to promote arms’ exports from Russia to China. From a military–operational point of view, Russians as well as Chinese gained from the experience of these bilateral exercises. Before the formal start of the exercises, Russian and Chinese airborne troops had already trained together. Whereas exercises with NATO forces are often characterized by complications because of differences in weapon systems, this problem was absent in this case, because China used a lot of Russian-made arms. The biggest problem to be encountered was the language barrier (Ventslovskiy 2005a; ‘Russians Encounter [...]’ 2005; Ventslovskiy and Litkovets 2005; Ventslovskiy 2005b). The Chinese armed forces were – as a consequence of China’s increasing political and economic power – in a stage of growth, in size as well as in ambition, so that practising command and control procedures, for instance, but also purely operational aspects such as carrying out an airborne assault, strengthened the capabilities of the Chinese forces. If Russia, however, considered that China could turn into a threat in the long run, then these exercises were also worthwhile for the Russian General Staff, by providing insight into how the Chinese armed forces operated and what their current capabilities were. The formal objectives of the exercises thus had little to do with the declared objectives of warfare against terrorism, but were actually nothing other than practice of conventional warfare, employing all services except for nuclear forces. In reality, the manoeuvres’ most likely objectives were for China and Russia to make it clear to the (Western) world that they considered themselves in control of the Asian–Pacific region and to deny others any interference in their sphere of influence. At the military exercises, Russia’s Defence Minister Ivanov stated that Russia and China – although no plans had yet been drafted – could conduct joint military exercises on a regular basis (‘Russia, China [...]’ 2005).

In August 2007 the SCO, but predominantly Russian and Chinese troops, again conducted large military exercises in China and Russia, under the title **‘Peace Mission 2007’** (Haas 2007a). The war games were now to be conducted not only in Russia – in the vicinity of the town of Chebarkul, in the Chelyabinsk region of the Ural Mountains – but to start (the first two days) in China, in the north-western city of Urumqi. Russia and China had different opinions on some aspects of the 2007 exercises. Regarding the size of the force contributions, China more than once pressured Russia during the consultation rounds to accept a bigger



Chinese contingent. Although Russia agreed to this, it did not agree to the Chinese request to participate with tanks and other heavy equipment, in order to keep the operation along the lines of the intended anti-terrorist scenario (Petrov 2007a/b; Litovkin, 2007a/b; Plater-Zyberk 2007: 4). Another conflicting aspect between Russia and China was the possible involvement of the CSTO (see the section below on Russian–Chinese Cooperation in Eastern Organizations). The Russian CGS, Army General Yuri Baluyevsky, intended to make these exercises a joint SCO–CSTO effort, but his Chinese counterparts turned this down. As a result of this Chinese rejection, the CSTO's input in the manoeuvres remained limited to representatives of its secretariat, staff and member states as observers (Litovkin 2007a). It appeared that China – in contrast to Russia – was interested in strengthening the military component, but without the CSTO's involvement. This probably also explained the delay in reaching a MoU between the SCO and the CSTO, as propagated by Russia, but carefully and hesitantly considered by China. An additional diverting view was the difference in attitude between China and the other participating SCO forces in the drills to China's apparent solo military action. For instance, all contributors to the war games – except for China – made use of ammunition, arms and equipment provided by Russia. China, however, had brought its own stocks of ammunition and material. Why the Chinese were unwilling to make use of Russian supplies remained unclear. The SCO 'Peace Mission' drills of 2005 and 2007 thus proved that the SCO had two lead nations, which publicly cooperated intensively, but behind the curtains were often involved in a struggle for power (Litovkin 2007c; Tikhonov and Denisov 2007; SCO 2007; Haas 2006).

In addition to the aforementioned joint Russo–Chinese military exercises, both nations have also conducted unilateral war games, in which the scenarios – although perhaps not outspoken – perceived the other party as a possible opponent.

In July 2005, the Russian Armed Forces conducted the command-post exercise '**Vostok-2005**' in the Far East region. These war games focused on opposing threats from separatist, radical, religious–national movements and international groupings. One of the major aims of the exercises was coordination of action between Russia's Ministry of Defence (MoD) forces and the troops of the other law-enforcement departments, the so-called 'power ministries', such as the FSB (*Federal'naya Sluzhba Bezopasnosti*, or Russian Federal Security Service), the Ministry of Internal Affairs and the Emergencies Ministry. Given the emphasis on action by the power ministries, the Russian Armed Forces only participated with 5,000 military, whereas the other law-enforcement departments brought in 14,000 troops. Interestingly, another essential aspect of the exercises was cooperation with similar security agencies of China, including the armed forces. Such bilateral cooperation with China was presented as a new concept of security policy (Mukhin 2005).

In 2006, China's PLA held an exercise in its **Shengyang military district**, featuring a 1,000 kilometre-long march of its troops. This scenario resembled operations similar to what China could conduct if invading Russia, raising concerns in Moscow with Russia's security elite about how the PLA might plan an offensive against Siberia (Trenin 2012: 41). Then in August 2009, China's PLA conducted its largest-ever military exercises, '**Stride-2009**', involving the deployment of approximately 50,000 troops over thousands of miles to test the PLA's long-distance mobility. Four military commands each delivered an army division to participate in a series of live-fire drills lasting for two months. Unlike previous annual



exercises, Chinese army divisions and their air units were deployed in unfamiliar areas that were far from their garrison training bases by civilian rail and air transport. One of the PLA's major objectives was to improve its long-range projection capacity (Yan 2009). Such large war games, as well as the aim of boosting the PLA's long-range power-projection capabilities, undoubtedly caused concern at Russia's General Staff.

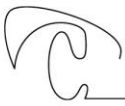
In June and July 2010 the RF Armed Forces conducted the '**Vostok-2010**' military exercises. These strategic war games involved 20,000 troops – that is, four times as many soldiers as in 'Vostok-2005' – warplanes and warships from three military districts and from the Pacific Fleet. In addition to improving the combat-readiness of the military, these drills were also meant to be – although not mentioned openly – a warning to China, which was represented by its military at the exercises (Rousseau 2012). The long-range use of fighter aircraft from European Russia to its Far East, artillery strikes coordinated by unmanned aerial vehicles and the launching of nuclear-capable missiles were especially intended to impress the Chinese. Moreover, Russia realized that in the case of an armed conflict, the RF Armed Forces would be easily outnumbered by huge numbers of Chinese soldiers. The 'Vostok-2010' war games were evidence of the assumption that in the scenario of an imminent conventional defeat, the Kremlin would feel itself forced to use nuclear arms against China's Armed Forces (McDermott 2010b). Furthermore, CGS Makarov admitted that the exercises were aimed at ensuring security and protecting the national interests of the state on the Far Eastern borders against a manoeuvring enemy ('*V Rossii nachinayetsya [...]*' 2010). The air and ground forces' war games of 'Vostok-2010' near Khabarovsk and Chita made no sense except in response to a force that threatened the territorial integrity of Eastern Siberia and the Far East. Only the Chinese army had the capability to strike that deep into Russian territory (Kipp 2010; McDermott 2010a). A Russian source even went as far as claiming that 'Vostok-2010' intended to make clear to China the limits of its expansion into Russia's Far East. The war games were allegedly also to demonstrate that the so-called 'strategic partnership' of the last twenty years between Moscow and Beijing had lost its significance in the eyes of the Kremlin, since it had only weakened Russia's economic and political position in its Far East and in Eastern Siberia (Khranchikhin 2010). At the exercises, President Medvedev asserted that these kinds of war games were to show that Russia is capable of solving problems in the Asia-Pacific region, also by applying military means ('*Serdykov ne velël [...]*' 2010; '*Okeanskiy zamakh [...]*' 2010).

China's Interest in Russia's Far East Region

The Far East region stretches over 40 per cent of Russian territory and possesses vast amounts of natural resources, including diamonds, gold, hydrocarbon, timber and fisheries (Blagov 2011). China has felt attracted to Moscow's Far East ever since tsarist Russia took over cities such as Khabarovsk and Vladivostok, and surrounding areas, from China in the nineteenth century. In 1858, 1860 and 1864, usually referred to by the Chinese as 'the unequal treaties', China 'surrendered' to Russia 1.5 million square kilometres of territory, nowadays comprising Primorie and Transbaikalia, the southern part of the current Russian Far East (Trenin 2012: 15; Lo 2010: 10). Not surprisingly, large areas of Siberia and the Far East are still shown as Chinese territory in Chinese school textbooks and maps.

Geographically, too, Vladivostok is much closer to Beijing than to Moscow (Smith 2007: 5–6; 9). Russia has a long border with China, some 4,300 kilometres. Russia is sparsely populated in its Far East region, with only 8 per cent of Russia's population in 2001 (less than 12 million people), but in 2012 this had been reduced by half to approximately 6 million people, which is a key issue in Russia's relations with China (Wilton Park 2001: 5; Rousseau 2012). In spite of investments by the Kremlin, for instance in medical centres and airfare subsidies, the outflow of people from the Far East has continued. Between 2002 and 2010, the population declined to 6.3 million, of a total Russian population of some 140 million (Medetsky 2012). Meanwhile, whereas in 2012 approximately six million Russians lived in the entire Far East province (East Siberia), more than 90 million Chinese were found in China's northern provinces bordering Russia, which are hence densely populated (Rousseau 2012). There are 63,000 Chinese citizens for every one Russian, per one kilometre of the Russian–Chinese border. As such, even a small number of Chinese migrants could make the Chinese the dominating ethnic group of Russia's Far East – that is, Sinification of the area, because of the demographic vacuum of the Russians (Smith 2007: 7). Indeed, Russia is increasingly facing illegal immigration from China. The numbers of Chinese immigrants has varied a lot, but several sources mentioned a flood of Chinese entering Russia, although this has always been officially denied ('Major Players [...] 2000').⁵ Although the numbers have diverged strongly, between 100,000 and 4 million Chinese immigrants were allegedly staying in Russia's Far

5 This source claims that four million Chinese were residing in Russia in 2004, and that with an annual inflow of 600,000, this would lead to ten to twenty million Chinese in Russia by 2015 ('Military Conflict over Natural Resources [...] 2005). However, according to another source, citing formal statements, in 2005 no more than 100,000 Chinese lived in Russia's Far East ('Russian Politicians [...] 2005).

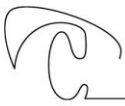


East in 2005 (Jansen 2005). A Russian source claimed that some 500,000 Chinese – legals and illegals – crossed the border with Russia in 2005. If that trend continues, by 2050 Russia would house some 10 million Chinese, making them the second-largest ethnic group in the Russian Federation after the Russians (Yasmann 2005). Distress at the possibility of a Chinese overthrow of Russia's Far East is hence growing.

Moscow's Fears of Sinification

The possible takeover of Russia's Far East by China, both demographically as well as economically, has been a concern for the Kremlin for a long time. In July 2000, Russian President Vladimir Putin was already warning of the Far East province speaking Chinese, Korean and Japanese, suggesting concerns over China's penetration into this region (Smith 2000, 15–16; Rousseau 2012). Viktor Ishayev, Putin's presidential envoy to the Far East and Khabarovsk regional governor in 1991–2009, repeatedly warned about the 'yellow threat', stating that China was considering the annexation of large parts of Russian territory. However, in 2003 Putin strongly disapproved of Ishayev's concerns, resulting in Ishayev no longer questioning the formal (non-threat-based) party line towards Beijing (Blagov 2012c). Nevertheless, other Russian officials also voiced warnings about China. In December 2005, Russia's Interior Minister, Nurgaliev, asserted that illegal migration – among other aspects – was creating a threat to national security in Russia's Far East ('Russian Interior Minister [...] 2005). Although Nurgaliev did not mention the word 'Chinese', and in spite of frequent formal statements contradicting such a development, he was likely referring to the continuous influx of illegal Chinese immigrants taking place in this region.

Another possible indication that Moscow feared a Chinese seizure of Russia's most eastern region appeared in December 2006, when Putin warned against socio- and economic isolation of the Far East from the rest of Russia, which would pose a serious threat to Russia's position in the Asia-Pacific region and to its national security ('President Warns [...] 2006). At a session of Russia's Security Council, Putin admitted that previous measures had failed to solve the problems of the Far East, such as the population decline, as well as the lack of transportation and information networks, preventing the region's integration in the rest of Russia. Likewise, in 2008 President Medvedev stated the need to raise the level of industrial production and the inflow of workers to the Far East, because of the serious threat of loss of territory (Rousseau 2012). In August 2012 (then) Premier Medvedev again warned that the government was to shield the Far East from the 'excessive expansion' of people from across the border (Medetsky 2012; 'Medvedev Urges [...] 2012). Warnings about a threat from China were also expressed by Russia's military. In 2009, not long after China's 'Stride-2009' war games, the Chief of the Russian Ground Forces' Main Staff for the first time publicly mentioned China's military threat to Russia's Far East. Furthermore, CGS Makarov also stated that China (and NATO) was Russia's most dangerous geopolitical rival (Blank 2012b: 257–258). In October 2010, Russia's navy commander also underlined China as a threat, although in this case referring to the Arctic region (Blank 2012b: 258–259).

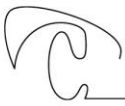


Beijing's Economic Seizure

For Moscow, the Far East became an increasingly uneasy development politically, because the regional Far Eastern authorities seemed to be more interested in China and other countries in the Asia–Pacific region than in relations with Moscow. The Far Eastern government aimed to keep a greater share of the tax revenue, instead of forwarding this to Moscow (Blagov 2012b). Moreover, in 2003 Putin's regional envoy revealed that the foreign trade of the Far East region was oriented only 20 per cent towards Russia but 80 per cent towards Asia–Pacific countries. In the Birobidzhan region, bordering China, regional Russian authorities also allegedly used federal budget transfers to finance Chinese businesses. Chinese farmers in Birobidzhan, who were subsidized by the regional Russian authorities, were selling their produce to China (Zarakhovich 2009). Furthermore, according to the Chinese press agency *Xinhua*, in June 2010 China had leased considerable parcels of land in the Birobidzhan and Khabarovsk regions to Chinese farmers. The logic of this goes two ways: between 50 and 70 million Chinese peasants lack adequate agricultural lands, and Russians are reluctant to work at the former collective farms. One source asserts that China has deliberately promoted the migration of its citizens to Russia's Far East province, which might have the consequence that by as soon as 2025 one could speak of 'China's Siberia'. Another source claims that the Chinese migration to Russia is not spontaneous, but a specific form of movement of manpower that serves the flow of goods – that is, the cross-border flow is stimulated by the Chinese authorities themselves. Furthermore, Chinese entrepreneurs have taken control of several companies with a monopoly in food supply, which leads to the conclusion that the Russian Far East will soon become economically dependent on China. Local Chinese, instead of the Russian authorities, are determining the future of Russia's Far Eastern province (Rousseau 2012). President Medvedev has also openly acknowledged that the Far East has to cope with huge infrastructural problems, forcing the Kremlin to cooperate with China's Heilongjiang province for the benefit of Russia's Far East province. Even more astonishingly, the Chinese press revealed that China has invested three times as much in the Russian Amur and Birobidzhan regions as Moscow (Blank 2012b).

Russia's Retort

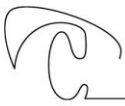
Because of continued demographic (the influx of Chinese immigrants and departure of Russians) and economic developments, Moscow has hence gradually been losing its grip on its Far East, not only because of China's growing involvement in the region, but also because Russia's Far Eastern authorities have demonstrated acts of separatism by keeping tax revenues and supporting local Chinese economic activities. It was also not inconceivable that the flood of Chinese immigrants was more than a coincidence, but a planned policy directed from Beijing in order to increase its influence gradually over this Russian region. The reasons for such a population policy were perhaps to create an overflow area for Chinese citizens from densely populated regions in China, but also to gain a political and/or economic foothold in Russia's Far East, which is rich in energy sources. An increasing awareness grew in Moscow of the necessity to counter China's swelling grip on Russia's Far East province. This awareness was put into formal policy approaches, although was not openly mentioned as aimed to counter Chinese influence. The policy lines were political, military/security, and economic.



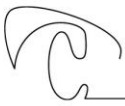
In the *political* field, in his DFP of 7 May 2012, President Putin stated that Moscow should strengthen regional integration processes to enhance the socio-economic development of Russia's regions of East Siberia and the Far East (Kremlin 2012). Next, on 21 May 2012, Putin formed a new, dedicated authority – the Far Eastern Development Ministry – to coordinate the implementation of regional development programmes and to manage state-owned assets. Viktor Ishayev was appointed head of this new agency. Contrary to his earlier warnings on China, Ishayev now advocated new measures to encourage the economic development of the Far East region (Blagov 2012c/d).

In the *military and security* domains, Russia allegedly intended to create another joint military grouping of defence forces and internal and security troops of the power ministries, after first setting one up in Russia's primary area of insecurity, the North Caucasus. Since there was no threat of Islamic extremism in Russia's Far East, in contrast with the areas of Chechnya and Dagestan, the formation of a joint military command could only be related to a potential threat from China. However, after the 2005 statement on creating a joint command in the Far East, any further information stayed out of the public realm, so this plan has presumably not yet been effected. Nevertheless, other steps were taken to increase Russia's security in its Far East. In the field of domestic security, the FSB reinforced its capacities in this region to confront domestic security threats – such as separatist and radical religious-national movements, organized crime, border security and terrorism – but presumably also to keep a closer watch on China. This security service task was probably also meant to counter a too-close 'alliance' of regional Russian authorities with China. The FSB established a dedicated regional centre in Khabarovsk, with a department in Vladivostok. The FSB operated in close cooperation with defence forces, internal troops (Ministry of Internal Affairs) and the police. In addition to domestic security, steps were also taken towards external security – that is, in the military field. The RF Armed Forces deployed military units close to the border with China along the river Amur, and in Sakhalin, Kamchatka, Birobidzhan and Khabarovsk (Mukhin 2005). Furthermore, in March 2010 the Commander of the Siberian Military District announced the deployment of two brigades closer to the Chinese border near Chita, to counterbalance the presence of five combined-arms armies across the border in China (McDermott 2010b). Then in June 2011, President Medvedev ordered the strengthening of coastguard units in the Vladivostok area, ahead of the 2012 APEC summit (Blagov 2011). As part of Russia's rearmament plans, the focus of its navy (that is, ship building) was reoriented to the Asia-Pacific region, reinforcing Russia's Pacific Fleet, to meet the Chinese challenge.

Economically, Putin's priorities for the Far East province was to develop areas such as the energy sector, infrastructure, transport, logistics and public services, to create new economic opportunities, attract investors and incite workers to relocate to the Far East, in order to stop the population decline. The Kremlin and the Amur oblast thus together launched a programme to encourage millions of Russians living elsewhere in the CIS to relocate to the depopulated border areas with China. The first substantial investment from Moscow in the Far East was in 2007, when the Kremlin started actively promoting faster growth of Russia's Far Eastern regions, by pledging to allocate up to US\$ 21.6 billion by 2013, to fund development projects in Eastern Siberia and the Far East, accumulating to US\$ 324 billion by 2025 (Blagov 2011). Furthermore, President Putin promised large sums for the construction of facilities and infrastructure, to host the APEC summit in Vladivostok in September 2012,



and launched a Far Eastern gas programme. Moscow's investments in Vladivostok were Russia's second-biggest construction effort after those for the 2014 Winter Olympics in Sochi (Rousseau 2012; Medetsky 2012). In October 2012, Putin, now in his third term, ordered Gazprom to reactivate the 2007 Far East gas programme. The development of new gas fields was to meet domestic demand and also to increase export to the Asia–Pacific region. New liquefied natural gas plants in Vladivostok, ready by 2018, were to make Vladivostok the new centre of Russia's gas export to countries such as China, India, Japan, South Korea, Taiwan, Thailand, Bangladesh, Singapore and Vietnam (Blagov 2012a). Furthermore, the Kremlin offered tax incentives to expedite development of the Far East. In October 2012, Premier Medvedev promised development projects for the Far East in transportation, communication and other areas of infrastructure (Blagov 2012b). Conversely, a joint Russian–Chinese programme for 2009–2018, which was agreed in September 2009 to foster smooth trade relations, still demonstrated that Russia is the supplier to China of raw materials and China of manufactured goods. In this way, Russia's dependence on China's economy has only increased further (Rousseau 2012).



China's Intrusion in 'Russia's' Central Asia

According to its security documents, the Kremlin grants itself the right to interfere in the former Soviet Union's area, as its rightful sphere of influence, being the successor state to the USSR. In the past, Russia was afraid of meddling by the West, especially in Central Asia, after the deployment of Western troops to Afghanistan as a result of the terrorist attacks of 9/11. At Russia's instigation, the SCO Summit in 2005 hence encouraged the West to withdraw its forces from the Central Asian region.

However, it was China, and not the West, that was acquiring more and more economic influence in the former Soviet Central Asian states, especially in the energy domain. With its booming economy, growing population and increasing need for energy, China needed Central Asia for reasons of energy security as well as for expanded trade. Unlike the West, China made neither political demands nor complaints about human rights. In the Central Asian states, China mostly focused on infrastructure building and natural resource extraction. Although these Chinese investments were more than welcome and beneficial to the economies of the Central Asian countries, they actually had no alternatives besides accepting the Chinese offers. However, it also made them increasingly dependent on Beijing, possibly also politically. China concentrated its efforts in Central Asia on Kazakhstan, Uzbekistan and Turkmenistan, with Tajikistan and Kyrgyzstan on the sidelines.

As a connecting factor, in 2007 China also starting building the Turkmenistan–Uzbekistan–Kazakhstan–China gas pipeline, of which the two parallel lines became effective in 2009 and 2010. Furthermore, Beijing was interested in the speedy construction of a railroad to connect China, Kyrgyzstan and Uzbekistan (Saipov 2012b; Socor 2012). In addition to – and connected with – energy deals, China also brought its own population: more than 300,000 Chinese are living in Kazakhstan, some 200,000 are housed in Kyrgyzstan; and approximately 150,000 are found in Uzbekistan, Turkmenistan and Tajikistan together (Orozobekova 2011).

Kazakhstan is the most important partner for China in Central Asia, because it possesses substantial resources of oil, gas, coal, iron ore, zinc, copper, titanium, aluminium, silver and gold. China provides soft loans to Central Asian states in exchange for access to key raw materials. As such, in 2009 China granted Kazakhstan a loan of US\$ 10 billion to boost its economy. Some fifteen majority-Chinese companies are active in China. In 2011 China already had a bigger stake in the Kazakh energy sector than Russia (Orozobekova 2011). In

December 2005, the Atasu–Alashankou oil pipeline between Kazakhstan and China was opened, and in May 2006 oil pumped from Kazakhstan reached China, thus marking the first direct pipeline import of oil to China. This Sino–Kazakh pipeline was to be enlarged from 1,000 to 3,000 kilometres and would eventually provide China with some 15 per cent of its crude oil needs (‘China Makes Further Economic Inroads [...]’ 2006; ‘Kazakh–China Pipeline [...]’ 2005; ‘Circumventing the Bear’ 2005; ‘Kazakh Oil Reaches China’ 2006).

After the 2007 SCO Summit in Bishkek, Chinese President Hu Jintao made a state visit to Kazakhstan, at which an agreement was signed for the second phase of the Kazakh–Chinese oil pipeline, extending westward, thus linking China with the Caspian Sea. Moreover, both countries announced the construction of a gas pipeline to transport Turkmen gas to China via Kazakhstan, which was completed by 2009 (Blank 2012b: 255). China wanted to avoid energy dependency on Russia. In addition to decreasing energy dependency on Russia, China’s alignment with Kazakhstan was allegedly also caused by disappointment in Russia’s actions, the failed agreement with Yukos in particular (see the section above on Energy Cooperation). Another argument was that by redirecting Kazakh oil pipelines through China instead of through Russia, China’s influence over Kazakhstan and Central Asia would increase at the expense of Russia’s position. Apart from energy, China was also conducting military cooperation with Kazakhstan, so Kazakh military received education and training at Chinese military academic institutions. Furthermore, since 2002 Kazakh and Chinese defence and other security forces have engaged in joint and multilateral exercises. In addition to the usual three evils of the SCO – terrorism, separatism and extremism – both parties considered Afghanistan, narcotics trafficking and transnational organized crime as common threats. Nevertheless, Russia remained Kazakhstan’s main supplier of arms. Moreover, military cooperation overall with Russia was much more intensive than with China, in particular through the CSTO military alliance, to which China did not belong (Weitz 2012). Furthermore, although cooperating with China, Kazakhstan had a considerable Russian minority and is therefore hesitant about following an anti-Russian political course. Kazakhstan is hence keeping all its doors open in its international cooperation, not only with Russia and China, but also with the West (‘SCO Energy Ties’ 2007).

In 2004–2005, a cooling of relations occurred between the USA and **Uzbekistan**, because of Tashkent’s bloody ending of an uprising in Andijan. Tashkent consequently turned away from the USA to Russia, but also to China. The Chinese and Uzbek leaders met twice in 2005, resulting in investment agreements and credit contracts (Orozobekova 2011). China next concluded an energy deal with Uzbekistan on oil and gas exploration on the eve of the 2006 SCO Summit (Bezlova 2006; ‘China Makes Further Economic Inroads [...]’ 2006). On the sidelines of the SCO Summit of June 2012, Uzbekistan and China established over 30 trade, economic, investment and financial agreements, and since August 2012 Uzbekistan has been supplying China with gas on a regular basis (Saipov 2012b). In addition, China is not only developing military cooperation with Kazakhstan, but also with Uzbekistan. The Chinese defence minister thus visited Uzbekistan in 2011, and the PLA’s CGS did the same in 2012. Cooperation was established on high-level visits, technical exchanges and training programmes. Both countries share visions of non-interference and rejection of foreign military bases in the region (Saipov 2012a).



In **Turkmenistan**, China seeks to monopolize Turkmen natural gas exports. In 2006 China and Turkmenistan signed a 30-year contract of Turkmen gas deliveries, starting in 2010, and in December 2009 the first branch of the Turkmenistan–Uzbekistan–Kazakhstan gas pipeline became operational. In 2009 and 2010, China gave Turkmenistan loans of US\$ 7 billion to develop a gas deposit. At the SCO Summit of June 2012, both sides agreed to expand the delivery volume and the pipeline’s capacity (Socor 2012; Orozobekova 2011).

During the June 2012 SCO Summit, China also discussed with **Tajikistan, Kyrgyzstan and Afghanistan** the possibility of branch-offs from the existing gas transit pipeline through these countries, to end in China. Other than Uzbekistan and Kazakhstan, these three transit countries lack natural gas resources and infrastructure (Socor 2012). Russia has been well aware of China’s increasing energy links with Central Asia. Since the Central Asian gas exporters began to reorient towards China, instead of Russia, Gazprom was tasked with countering this development. In May 2007, Russia thus signed an agreement with Kazakhstan and Turkmenistan to build a new gas pipeline and to upgrade the existing pipeline along the Caspian Sea coast. However, in 2012 this new pipeline still remained on Report, and although Gazprom sustained some of its Central Asian projects, its clout in Central Asia is diminishing overall (Blagov 2012a).

Russian–Chinese Cooperation in Eastern Organizations

In its fight against US global hegemony and in agreement with its subsequent policy line of striving for a multipolar world order, cooperating with China in Eastern international organizations – such as the SCO, CSTO, BRICS, ASEAN and APEC – has been a firm strategic objective of the Kremlin under Putin's leadership since 2000. From the beginning of his presidency, Vladimir Putin has been aware of the importance of the Asia–Pacific region to achieve economic gains, as a means to develop Russia's Far East province, as well as for political reasons, to strengthen Russia's position in this area and to counteract the USA's leverage over the region. More specifically, in November 2000 Putin described the Asia–Pacific region as the 'common home' of Russia and its neighbours in this region, a description that was earlier used for Moscow's relationship with Europe. This new description of the Asia–Pacific region also implicitly meant a change of course of priority cooperation with the Asia–Pacific instead of with (Western) Europe (Smith 2000: 13).

In his second term, Putin further focused on Asia–Pacific's growing importance. He saw economic activity shifting from the Atlantic to the Pacific and realized that Russia had an advantage in this environment because of its location between the two. He planned to increase the share of Russia's energy exports directed to Asia from 3 per cent to 30 per cent in the following ten to fifteen years (Saunders 2006). Considering this awareness of Asia–Pacific, Putin's interest in involvement in specific regional organizations was a logical consequence.

Putin's successor, Dmitry Medvedev, in his term in office as Russia's President from 2008–2012, continued the reinforced attention for Asia–Pacific. Evidence of this policy was clearly found in summer 2009, when Russia hosted three international summits – of the SCO, CSTO and BRIC – in Yekaterinburg (Trenin 2009: 72; 'Russian Foreign Policy [...] 2012). Although China was not involved in the CSTO, this organization was also relevant for China, because of its military activities in Central Asia and its interest in security in and around Afghanistan.⁶

6 The Collective Security Treaty Organization (CSTO) is a Russian-led military alliance with Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan as the other member states. Uzbekistan suspended its CSTO membership in June 2012 ('Uzbekistan Suspends [...] 2012; Ontoyev 2012). Just like NATO, the CSTO has a military assistance provision (Article 4), which states that aggression against one party will be considered an attack on all parties (CSTO 1992). The main responsibilities of the CSTO are defence cooperation, the manufacturing of weapons, training of military personnel, and peacekeeping activities, a common integrated air-defence system, and the fight against terrorism and narcotics, especially in Central Asia (Kaczmarek



In addition to these organizations in the East comprising – among others – former Soviet republics, Moscow has also been active in purely Asia-Pacific organizations: ASEAN and APEC. The fact that Putin in his subsequent term as President from May 2012 further proceeded on the path of turning away from Europe and reorienting towards Asia-Pacific was made clear by the pomp and circumstance around the APEC Summit in Vladivostok in September 2012 (Felgenhauer 2012). As described later, in its active stance in organizations such as the SCO, ASEAN and BRICS, Russia's relationship and cooperation with China has constantly been an essential characteristic.

Shanghai Cooperation Organization

The Shanghai Cooperation Organization (SCO) is a regional international organization comprising states in Europe, the Near East, Central Asia and South-East Asia (Haas 2007b). The SCO includes China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan as member states, with Mongolia, Iran, Pakistan and India as observer states.⁷ SCO member states have a population of nearly 1.5 billion people, which is about one-quarter of the total world population. Including the four observers, the SCO encompasses nearly half of the world's population. In addition to member states Russia and China, the observers India and Pakistan bring together in the SCO four nuclear-weapon states. Furthermore, the Chinese and Russian armed forces are among the largest armed forces in the world.⁸ The SCO provides cooperation in political, military, economic, energy and cultural fields. Important ingredients of economic cooperation are (conventional) arms trade and energy. Although the SCO started as a security organization, SCO members have frequently stated that it was primarily meant for political and economic cooperation and that military cooperation – focusing on domestic security – played a minor role. Nevertheless, in 2005 and 2007, the SCO conducted large military exercises, called 'Peace Missions', with an emphasis not only on counter-terrorism, but also as a demonstration of force, to show others (the West) who is in control of the Asia-Pacific region (see the section above on Military Exercises). Although under the aegis of the SCO, these drills were dominated by Russia and China, the organization's leading actors. As for the international legal connotation of security, there was common understanding within the SCO that 'non- interference' in internal affairs is a leading principle. Accordingly, the SCO's members refused Western criticism on their human rights practices. However, when it came to collective action against domestic uprisings, the March 2005 revolution in Kyrgyzstan demonstrated disagreement within the SCO as to whether or not to act, with China allegedly in favour and Russia against military intervention (Weitz 2006: 41–42). In 2008, Medvedev's first annual summit of the SCO, which was held on 28 August in Dushanbe, Tajikistan, was dominated by the Russian–Georgian conflict, which had taken place earlier that month. The final declaration of the summit meeting only expressed

2005; 'Moscow Reinforces Military Cooperation [...] 2005; 'Korotko: Mirotvortsy [...] 2006).

7 In practice, the observer states participate in many of the SCO's activities, such as the annual summits, and as observers at military exercises. Their position is specifically mentioned in the regulations of the SCO Energy Club. Their status is therefore more than simply that of observer.

8 The SCO members and observers account for some 2.7 billion people of the world's 6.4 billion population (Haas 2007b: 5). For armed forces manpower, see online at http://www.nationmaster.com/red/graph/mil_arm_for_per-military-armed-forces-personnel&b_printable=1 (accessed 7 December 2012).



careful support for Russia's role in this conflict, but Russia's recognition of the independence of the regions Abkhazia and South Ossetia did not receive any support from the other SCO member states. The countries of the SCO themselves had to cope with secessionist movements, so did not recognize the independence of the two regions, out of fear for growing separatism within their own borders. This also certainly applied to China, because of Tibet and the Xingjian province. Consequently, opposition against recognition of Georgian separatist regions – considered by Beijing as a primary threat to its national security – was a logical development (Haas 2010: 111–112).

The SCO's Link with the CSTO

An important aspect of the security policy of the SCO was that Russia and China did not always see eye-to-eye on a closer relationship between the SCO and the CSTO. The development of closer ties between the SCO and CSTO was not an easy process. Uzbekistan first prevented a strengthened connection, and China later took on that role. Already in 2003, Russia had the intention of bringing the two organizations closer together, for the purpose of increasing the fight against terrorism and the drug trade, but probably also to form an 'Eastern bloc' against Western military involvement in the Central Asian region, in and around Afghanistan. As of 2006, steps were made towards an intensification of relations between the SCO and the CSTO. In May 2006, SCO Secretary-General Zhang Deguang stated that the Council of Ministers of Foreign Affairs of the SCO had instructed the SCO Secretariat to arrange cooperation with the CSTO in the field of security. However, one year later in 2007, expectations were shown to have been too optimistic. The negotiations on a MoU between both organizations – of which the text was completed and only awaited signing – had come to a deadlock as a result of Chinese reluctance. According to China, the CSTO, with its collective military force and a military assistance article, was primarily a political–military organization, but the SCO was to remain a political–economic organization. China feared that a closer relationship between the CSTO and the SCO might give the impression to the outside world that the SCO endeavoured to become a 'NATO of the East'. Since China would like to keep all (trade) doors open, it regarded such a development as counterproductive to its economic and political interests. Other than Russia, and in spite of the Russo–Chinese joint rejection of the dominating policies of the USA, China did not want to damage its crucial economic ties with the USA. Trade relations between China and Russia were much less (Smith 2000: 15).

In addition to delaying the MoU between the SCO and the CSTO, China also prevented the CSTO from contributing to the SCO's 'Peace Mission 2007' military exercises. In November 2006, China had rejected the proposal of the Russian CGS, Yuri Baluyevsky, to make the 2007 drills a SCO–CSTO event (SCO 2006; Litovkin 2007d). Apart from China's fear for a transformation of the SCO into a military alliance, another reason for its objections to further CSTO–SCO cooperation was probably that this might strengthen Russia's position in the SCO by bringing in two of its 'allies', Armenia and Belarus. On 5 October 2007, during a CIS summit in Dushanbe, the signing of the MoU between the SCO and the CSTO at last took place. Presumably, to receive consent from China, the agreement comprised a MoU between the Secretariats of both organizations and not between the organizations themselves, although in practice that would not make any difference (Haas 2010: 47).



The SCO's Energy Policy

The fact that the SCO contained major energy exporters – Russia, Kazakhstan, Uzbekistan and Iran – as well as significant energy importers – China and India – consequently also made energy one of this organization's topics of cooperation. Energy deals were usually made on a bilateral or multilateral, but not on a common, joint basis. The SCO served as a convenient platform for concluding energy deals, also on a bilateral level (see the section above on China's Intrusion in 'Russia's' Central Asia). Moreover, Beijing received 13 per cent of its oil imports from Iran, which it intended to increase. SCO oil reserves, including SCO observer Iran, were some 20 per cent of the world's total. The aggregate gas reserves of Russia, Central Asia – including Turkmenistan, which is not (yet) aligned to the SCO – and Iran exceeded 50 per cent of the world's known reserves, according to a Russian formal source ('Energy Outcome' 2006).

At the SCO Summit of 15 June 2006, energy was publicly put on the agenda as a major issue for the first time. At this summit, Russia's President Putin announced the intention of the founding within the SCO of an 'Energy Club', in order to develop a joint SCO course of action in the field of energy. On 3 July 2007 this 'Energy Club' was established in Moscow. The regulations of the 'Energy Club' – in which the SCO observers also take part in this capacity – explain that it unites energy producers, consumers and transit countries in coordinating energy strategies, with the aim of increasing energy security (Haas 2007b: 26–27). Although so far energy deals had been made bilaterally, the foundation of the SCO's 'Energy Club' was a step towards a common energy policy, even though it was still unclear what the intentions were. In spite of Moscow's active stance on energy policy within the SCO, the energy politics of SCO members and observers were not always in harmony with Russia's ideas. For instance, China and other SCO countries did not want to be fully dependent on energy ties with Russia and subsequently also focused on other partners in their need for or sale of energy.

ASEAN

The Association of South-East Asian Nations (ASEAN), which was founded in 1967, is a regional political, economic and security organization of ten states in South-East Asia. Its aims include accelerating economic growth, social progress and cultural development among its members, protection of regional peace and stability, and opportunities for member countries to discuss differences peacefully.⁹ In 1976 ASEAN captured its principles in a Treaty of Amity and Cooperation in South-East Asia (TAC). It contained principles such as respect for independence, sovereignty, equality and territorial integrity, and non-interference in the internal affairs of states; peaceful settlement of disputes; refrain from the threat or use of violence; and the pursuit of effective cooperation. ASEAN uses the TAC as a kind of accession clause for countries that want to cooperate with this organization. Thus, the USA (2009), Russia (2004), China (2003), Japan (2004), New Zealand (2005), Australia (2005),

9 The ten members of ASEAN are Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Burma (Myanmar), Cambodia, Laos and Vietnam (ASEAN 2012).

Pakistan (2004), India (2003) and North Korea (2008) have signed the TAC. The main decision-making forum of ASEAN is the – convened twice a year – ASEAN Summit of heads of states and governments (Haas 2011: 204).

Russia has recognized ASEAN's vital regional role, also in the formation of Asian–Pacific regional institutions, such as the ASEAN Regional Forum (ARF), Asia–Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS). Moscow has shown itself to be well aware of these institutions surrounding ASEAN, and has been eager to be a part of these projects.

Subsidiary Bodies: ARF, APEC and EAS

The *ASEAN Regional Forum* (ARF) was established in July 1993 and inaugurated in 1994. Russia has participated in ARF since its start in 1994. Among the 27 ARF participants are leading Asian–Pacific countries such as Russia, the USA and China, but also the EU. ARF's aim is to discuss political and security issues of common interest and concern and to contribute to confidence-building and preventive diplomacy in the Asia–Pacific region.¹⁰ The balancing of power was a major principle of its founders. Thus, the involvement of China in regional dialogue was to be ensured ('Regional Organizations' 2010: 1442–1443). ASEAN also desired Washington's inclusion in ARF, to constrain Beijing's rise, while the participation of Moscow was seen as a counterweight to the other regional powers. All three major actors had a direct influence on peace and security in the East Asia and Pacific region. Russia used the regional balance-of-power policy for its own purposes – that is, to enhance multipolarity and to counter the USA, for instance its missile defence plans (Rangsimaporn 2009: 789–790; Haas 2011: 204).

In 1998 Russia joined the *Asia–Pacific Economic Cooperation* (APEC), which originated in 1989. APEC is the Asian–Pacific regional economic forum for facilitating economic growth, cooperation, trade and investment. APEC's 21 members account for approximately 40 per cent of the world's population, approximately 55 per cent of world GDP and about 44 per cent of world trade.¹¹ Other than in the realm of security, Moscow was ill prepared to take action in the economic field of APEC. Clearly, its involvement was based on political grounds, not economic. However, this also applied to ASEAN's invitation to Moscow to join APEC; China, the USA and Japan expected to receive concessions from Russia in other areas (Rangsimaporn 2009: 790–791).

In addition to ARF and APEC, Russia has also joined a third grouping around ASEAN, the *East Asia Summit* (EAS). EAS, which was founded in 2005, is an ASEAN-led forum held annually by leaders of eighteen countries, the ten members of ASEAN supplemented with

10 The 27 participants of the ARF are Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia, Japan, Democratic People's Republic of Korea, Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Philippines, the Russian Federation, Singapore, Sri Lanka, Thailand, Timor-Leste, the United States and Vietnam (ASEAN Regional Forum 2012).

11 APEC's 21 members are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Taiwan, Thailand, the USA and Vietnam (APEC 2012).



China, Japan, South Korea, India, Australia, New Zealand, Russia and the USA. Moscow and Washington were allowed to join in 2011. EAS meetings are held after the annual ASEAN Summit.¹² EAS's agenda includes topics such as strategic, political, economic and security developments in the region, and enhancing stability and economic progress. In January 2007, EAS adopted a declaration on East Asian energy security. This document's intent was to provide energy security by promoting alternatives to conventional fuels, but also by striving for an ASEAN transmission network and a trans-ASEAN gas pipeline (Haas 2011: 205). Russia wanted to join EAS from its start, but its request was turned down because of Russia's lack of substantive relations with ASEAN, and for fear of damaging ASEAN's significance, even though Russia met EAS's other two membership criteria – the status of dialogue partner and signing the TAC. As a compromise, on 14 December 2005, right after the first ASEAN–Russia Summit, President Vladimir Putin – as a guest, because Russia had been granted observer status – attended the first EAS meeting. In due course, because of Moscow's increased economic and political weight, also in the region, ASEAN recognized its importance and invited Russia to join EAS in 2011 (ASEAN–Russia 2005; Rangsimaporn 2009: 791; Sumsy 2011: 63, 67–68).

ASEAN's Cooperation with Russia

Relations between ASEAN and Russia go back to July 1991 when a deputy prime minister of the Russian Federation attended the Opening Session of the 24th ASEAN Ministerial Meeting in Kuala Lumpur. ASEAN and Russia have since then developed good political and security relations (ASEAN–Russia 2012). A major step in direct relations between Moscow and ASEAN came in July 1996, when Russia was granted the status of dialogue partner of ASEAN (Rangsimaporn 2009: 789). Another milestone in the ASEAN–Russian dialogue was when Moscow acceded to the TAC on 29 November 2004 (ASEAN–Russia 2012). A first ASEAN–Russian Federation Summit was then held on 13 December 2005. The Summit Declaration was evidence of Russia's active stance in the Asia–Pacific region, explaining ASEAN's cooperation with Moscow in ARF and APEC, as well as by promoting cooperation between ASEAN and the SCO. On 21 April 2005, ASEAN and SCO had already signed a MoU, with transnational crime – such as terrorism and narcotics – and cooperation in economic, environmental, social and energy fields as the main ingredients (ASEAN–SCO 2005). The Declaration of the second ASEAN–Russian Federation Summit, held on 30 October 2010, mentioned cooperation basically in the same forums as those of the first summit. In the realm of security, Moscow's relationship with ASEAN was especially found in countering terrorism and transnational crime. Energy was viewed as one of the most promising areas for Russia's cooperation with ASEAN (ASEAN–Russia 2012).

Neglected under Yeltsin during the 1990s, the Asia–Pacific region became important for Russia under Putin, as demonstrated by his active stance in ASEAN's forums, ARF and APEC. Putin's successor, Dmitry Medvedev, continued this line of active involvement by visiting Asian–Pacific countries such as China, Vietnam, South Korea and India, by attending

12 The EAS's 18 members are Australia, Brunei, Burma, China, Cambodia, India, Indonesia, Japan, Laos, Malaysia, New Zealand, the Philippines, Russia, Singapore, South Korea, Thailand, the USA and Vietnam (Sumsy 2011: 63).



the second ASEAN–Russian Summit in Hanoi in October 2010, by meeting APEC leaders at their Summit in Yokohama in November 2010, and by joining the third ASEAN forum – EAS – in 2011 (Sumsky 2011: 63). As a Eurasian power, for Russia ASEAN has offered opportunities to play a more influential role in the Asia–Pacific region. Furthermore, it has raised Russia's prestige as a vital actor in the international arena. Moreover, as a part of its emphasis on multipolarity, through ASEAN the Kremlin could diminish the USA's predominance in this region.

Economic gains were another aspect of Russia's interest in ASEAN; it served Moscow's endeavours for energy deals and arms sales. For instance, Russia's energy strategy of 2003 envisaged a rise of the Asia–Pacific share of Russia's oil exports to 30 per cent and natural gas exports to 15 per cent by 2020. Part of this plan was constructing an oil pipeline to the Pacific. Nevertheless, Moscow's primary energy customers remained in North-East Asia, not in ASEAN's South-East Asia region. Conversely, with regard to arms sales, South-East Asia represented a profitable market for Russian weaponry, hence also increasing Moscow's influence in the area. However, Russia's arms deliveries, especially those to China, also caused a regional arms race, when states such as Taiwan and others felt threatened, for example by possible Chinese military action against the Spratly Islands. The alleged Chinese threat, in turn, further stimulated demand for Russian arms. On the other hand, arms sales – as Russia's major and thus limited economic asset in Asia–Pacific – hindered Moscow's desired increase of influence on ASEAN (Rangsimaporn 2009: 797–799, 801–802).

Russian–Chinese Relations in ASEAN

At the end of the 1990s, just like Russia, China also became more active in ASEAN, such as in 1997 in the so-called 'ASEAN+3' format, which was comprised of talks of ASEAN with China, Japan and South Korea, the three rising regional economic powers. China was also willing to support the region during the economic crisis at that time, so trade between China and its southern neighbours increased. China also started to show more interest in taking a leading role in diplomacy in Asia–Pacific. Consequently, because of China's increasing political and economic weight, more and more an 'ASEAN+1' – that is, China – took the forefront. To avoid being overruled by Beijing, however, in the early 2000s ASEAN adopted a format of 'ASEAN Community', a union concept that was derived from the EU model. ASEAN would have a stronger stance towards China when acting as a unit, preventing China from becoming the region's sole leader. The creation of EAS was another of ASEAN's methods to counterbalance China's growing influence by involving other important actors, such as Russia and the USA (Sumsky 2011; Rozman 2011: 6). In the 1990s, in spite of the described importance of ASEAN for serving Moscow's objectives, parts of Russia's security elite had been hesitant about seeing Russia join ASEAN (forums), out of fear that Russia might be put into a difficult position if a conflict arose between China and ASEAN (members) over the Spratly Islands in the South China Sea (Rangsimaporn 2009: 793). With the 2012 clash between China and Japan about some small islands, the distress of Russia's security elite in the 1990s of a possible dispute between Moscow and Beijing might return (Haas 2011: 206; Fackler 2012). Similarly to its status in the SCO, China's leverage on ASEAN has also increased. In this case, ASEAN supported Moscow's desire to join its forums, as a counterbalance to Beijing. However, Russia – just like China – has only the status of a 'guest'

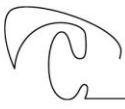


in ASEAN, not a leading role, as both actors enjoy in the SCO. China and Russia have so far been on the same line on issues of ASEAN's region. However, as was the case with Russia's 'occupation' of Georgian regions, which met China's disapproval, the Kremlin might not always necessarily agree if China projects its power on territories in adjacent seaways. Moscow's and Beijing's interests and active participation in ASEAN could hence possibly cause damage to their bilateral 'strategic partnership'.

BRICS

BRICS is a group of leading emerging economies – Brazil, Russia, India, China and South Africa – with the latter invited to join in 2010. The grouping, as such, was introduced in a Goldman Sachs report of 2003, asserting that by 2050 the first four states would have become the largest and most influential economies alongside the USA, thus breaking US hegemony (Aris 2011: 2). The BRICS members, consisting of some 3 billion people or half of the world's population, are all – except Russia – developing economic powers that are acquiring a significant influence on regional and global affairs. Although cooperating, at the same time the BRICS countries also face internal disputes, such as disagreements between India and China over border issues, and between Russia and China competing in Central Asia.

In 2009, the Yekaterinburg summit of BRICS was meant to demonstrate Moscow's increasing leverage in the international arena. However, this was not the case, first of all because Russia's resource-based economy was more severely hit by the global financial crisis than those of the other BRICS countries. In 2009, Russia's gross domestic product fell considerably, while the Chinese and Indian economies boomed, and that of Brazil just stagnated (Trenin 2009: 73; Aslund 2012). Furthermore, whereas the other BRICS members, such as China, emphasized economics, Moscow stressed an assertive foreign policy, aimed at strengthening Russia's position in the international arena. Russia also became disappointed in China, especially as Beijing resisted Moscow's actions against Georgia in the war of August 2008, as earlier discussed. Evidence of Russia's frustrations with China was a statement by former RF Deputy Foreign Minister Adamishin that Russia had refused to become a junior partner of the USA; instead it had become a junior partner of China (Aslund 2012). Moreover, Brazil, China and India were already World Trade Organization (WTO) members, whereas Russia had for a long time been hesitant about gaining WTO membership – it joined the WTO not earlier than August 2012 (Alexandrova 2012). In spite of these political and economic differences, many of the agenda points and views of the BRICS summits were in line with Moscow's external policy, as was also the case with opinions expressed in the bilateral partnership with China (Aris 2011). Cooperating with China in the BRICS format hence remained one of Russia foreign policy lines.

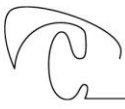


Assessment

Russia has repeatedly stated that closer relations with China were a geopolitical objective in order to strengthen Russia's global position ('Presidential Envoy' 2005). Nonetheless, this close and strategic relationship with China could very well turn out to be for the shorter term, as a result of augmenting conflicting interests in political, economic and security fields. During the last decade, their bilateral political ties have improved rapidly, as seen in agreements on economic, technological and military cooperation. An important aspect of the partnership was the settlement of the border regions. However, the bilateral covenant in this field already revealed differences, with China considering the handing over of territory by Russia as a sign that Moscow is the weaker party in the partnership. Furthermore, the bilateral cooperation mainly consisted of mutual foreign policy statements and actions, not on intensive (socio-)economic cross-border ties.

Sino-Russian foreign political cooperation has primarily focused on an anti-Western (US) stance. There was no genuine desire for country-to-country political cooperation. The foreign policy cooperation has also demonstrated bias, such as, on the one hand, joint declarations in crises such as Syria, as part of their mutual interest in sovereignty and non-intervention in domestic issues, but, on the other hand, disputes, such as on Russia's support of (Georgian) separatism, the option of military intervention in Kyrgyzstan, and China's increasingly dominating role in Central Asia, setting Russia aside out of its traditional realm. Also elsewhere, in the Asia-Pacific region, for example, Beijing and Moscow have demonstrated contrasting interests.

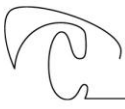
Russo-Chinese economic cooperation has only been substantial in the areas of energy and arms, with Russia as supplier and China as recipient. Economic (trade) ties in other areas have not been significant. Moreover, the importance of energy and arms sales is steadily decreasing, because China has sought and found other energy suppliers – to avoid dependency on Russia – and because China is itself more and more manufacturing weapon systems. Sino-Russian cooperation in the field of energy was a combination of teamwork, as well as of competition. A number of ambitious joint efforts were launched, but disputes between both parties arose in due course, especially over energy prices. Furthermore, to avoid dependency on Russia, China also focused on Central Asia for its energy needs. China no longer needs Russia as much for energy and arms. When China has reached its goal for independence in military technology and has created sufficient alternative ways of gaining



energy, Beijing may well ‘dump’ Russia. Moreover, by supplying China with military technology, Russia has created a strong competitor to its own military industry on the world market. With China’s growing military power, and a possible further breakdown of political unity between Moscow and Beijing, China might one day deploy Russian(-designed) weapon systems against Russia, for instance in the Asia–Pacific region, where both actors have interests at stake.

In addition to arms sales, the other part of Sino–Russian military cooperation comprised joint military exercises. On first sight – and in public statements – this area demonstrated unity, a combined effort of military power to show the USA and others that China and Russia were in command in the Asia–Pacific region. However, the joint exercises also served to gain more insight into the military capabilities of the other ‘partner’. Moreover, a closer look revealed disputes on the content of the bilateral war games. Both sides also conducted unilateral exercises, including scenarios in which the other was considered the potential adversary. Interestingly, whereas the ‘Vostok-2005’ exercises included military cooperation with China, at ‘Vostok-2010’ the relationship with Beijing had already cooled. ‘Vostok-2010’ was meant as a warning to China. The good relationship between Moscow and Beijing had apparently deteriorated between 2005 and 2010, probably in particular as a consequence of China’s rejection of Russia’s war against Georgia and Moscow’s subsequent recognition of the Georgian separatist regions in 2008. As such, Chinese and Russian military exercises can be regarded as an extension and thermometer of the overall relationship between the two countries. Clearly, war games, in addition to teamwork against a mutual (US) opponent, also disclosed feelings of fear and threat, especially from the Russian side, since Moscow had become the inferior military party.

Russia considered protection of its Far East region as a main concern. By deploying reinforcements of defence forces and other (power ministries’) troops in the Far East, and by implementing measures to enhance the socio-economic development of this region, Moscow has given evidence that it takes a possible Chinese threat seriously. In recent years, Moscow has been investing heavily in its Far East province in order to counterbalance the population decline as well as the Chinese economic ‘takeover’ of this region. Russia’s shift in policy emphasis from Europe to the Asia–Pacific region was hence not only because of economic profits in the area. This geopolitical change of course was also taken to guard itself against growing Chinese influence in the South-East Asian region, and in the Russian Far East province in particular. As well as its Far East province, another of Moscow’s major security concerns in its relations with China was how Russia could maintain its sphere of influence in the former Soviet Union’s area. China was acquiring more and more economic influence in the former Soviet Central Asian states, especially in the energy domain. Moscow, in its turn, disapproved of Beijing’s emergent energy ties with Central Asian states, and by way of its Gazprom firm tried to convince these states to engage in closer energy cooperation with Russia. However, this policy seemed to be less and less successful, and China continued its march into Central Asia. As the rising star in the East, China was not hesitant about damaging its (former) partners. This became visible in the eastern part of the CIS when China established bilateral cooperation with the Central Asian states. China was replacing Russia as the ‘imperial’ power in Central Asia, economically, and therefore also politically. Moscow could not prevent being pushed out of the Central Asian CIS republics, its traditional realm.



As to cooperation in regional international organizations, the relationship between Russia and China was also deteriorating. Since Putin's second term as President (from 2004–2008), Moscow had become a more powerful player in the international arena and demanded not only to be part of discussions on international security but also to influence the global agenda in this field. The Kremlin could best achieve this endeavour by starting from its 'own backyard', the former Soviet area, especially in Central Asia, as manifested in the SCO. However, in addition to China's growing leverage over this region, the SCO member states held interests that diverged too much, which prevented this organization from becoming a dominating economic and/or military alliance. The SCO hence seemed to be a spear point, but sometimes also a breaking point, for Russia's international position. The SCO's member states and observers were often short of constructive, common objectives. More importantly, Moscow and Beijing sometimes took contrasting viewpoints in the SCO forum, for instance on the military feature of this organization – which was opposed by China – and on Russia's support for the separatist regions in Georgia. Meanwhile, in order to avoid harming its economic ambitions, Beijing was eager to prevent too close ties between the SCO and the CSTO, which Russia desired. Regarding separatism, China condemned Russia for recognizing the Georgian separatist regions of Abkhazia and South Ossetia, as contradicting the SCO's principle of considering separatism as one of its main threats.

Russia and China together have raised the standard of the SCO and have gained mutual benefits from their vanguard positions in this organization. However, China's star has been rising above that of Russia, also with regard to the SCO. Supported by its economic (investment) input to the Central Asian states of the SCO, China was able to strengthen its influence in the SCO at the expense of Russia, thus becoming the dominating actor in this organization. Resulting from the change in leadership position, a number of disputes between Moscow and Beijing have already come to the surface in the SCO and it is likely that more contrasting views will arise in the future.

ASEAN is another regional organization in which Russia and China have shown a growing interest. ASEAN has served Russia's foreign policy goals, such as strengthening ties with the Asia-Pacific region, countering US dominance in this region and thus enhancing multipolarity. However, China's political and economic leverage has also grown in ASEAN's region. ASEAN thus invited Russia to join its forums in order to prevent China from becoming the overruling party in this area. Parts of Russia's security elite were hesitant about Moscow's involvement in ASEAN, out of fear that this might position Russia on a collision course with China, for instance concerning Chinese power projection in adjacent seaways. They consequently felt that ASEAN could be detrimental to the Sino-Russian 'strategic partnership'.

Moscow and Beijing also cooperated within the BRICS format. Here, just like in the SCO, differences of interests became quite clear. China stressed economic aspects, whereas Russia aimed to reinforce its international status – another discrepancy, which could lead to disputes between Beijing and Moscow.

Considering that Russian-Sino relations are deteriorating in all areas of cooperation, when China no longer needs Russia for energy and military hardware, and perhaps also fed by Moscow's fear of a powerful China, Russia's fear of China could in due course cause the Kremlin to draw back from closely cooperating with China and to seek an intensification of

political, economic and security ties with the West. According to its political strategy, Russia's National Security Strategy of 2009 considered NATO and the USA to be the Russian Federation's principal external threats. However, China – and not the West – might well be, or develop into, Russia's factual danger from abroad. If China's leverage becomes so strong that it can stretch its power into Russia's Far East, Moscow might feel obliged to align itself with the West in the field of security cooperation, in order to keep its territorial integrity intact.

Policy Recommendations

The USA is becoming more interested in China as an actor in the Asia–Pacific region, which is becoming the economic hub of the future. In his defence strategy of early 2012, US President Obama clearly revealed a US policy shift from West to East, by withdrawing forces from Europe but reinforcing troops in the Asia–Pacific region. The US administration is well aware of China's growing military power, which could threaten the region and US interests (White House 2012; Whitlock 2012). Since the Asia–Pacific region is becoming the new global economic centre of gravity, it makes sense for other Western countries and organizations to do the same as the USA, and to pay more attention to Asia–Pacific, and thus also to China. Another reason for the West to become more involved with China is the role that Beijing may play in Afghanistan after the withdrawal of NATO forces in 2014. Consequently, because of 'competition' with China, Russia will lose priority in the West.

Within NATO circles, the option of establishing a NATO–China Council, comparable to the NATO–Russia Council, has nowadays become an agenda item. In November 2012, NATO Secretary-General Anders Fogh Rasmussen stated to the NATO Parliamentary Assembly in Prague that such a NATO–China Council would be possible in the future ('NATO/China' 2012). Just five years ago, in November 2007, such a rapprochement of NATO towards Beijing was still unthinkable, when I suggested creating a NATO–China Council in a publication on the SCO. At the time, Dr Jamie Shea, then Director of Policy Planning at the Office of the Secretary-General of NATO, was still very cautious about the Alliance's cooperation with China (Haas 2007b: 62; Haas and Beerthuizen 2008: 28–29). Because of China's rising global importance and its influence over Central Asia and Afghanistan, NATO should keep watch on Beijing but also maintain stable relations with China, and should not wait any longer about approaching Beijing to establish a NATO–China Council. At the same time – as a double-track policy – cooperation between the NATO Alliance and Moscow should be maintained at the current level, with the NATO–Russia Council as its primary forum. Since NATO would do well to be friends with both Russia and China, a possible Russian move towards reconciliation with the West – out of dread for China – should be carefully studied, since the USA and NATO will also have to take their own interests in the Asia–Pacific region, as well as their relationship with China, into account. On the other hand, an improved relationship with Russia could also be in the interests of the West, as this could serve its enhanced focus on the Asia–Pacific region, where both parties – Russia and the West – are confronted with China's rising economic and military power.

Closer to home, the best position for the EU towards China, Russia and the Asia–Pacific region is probably found in reinforcing its ties with ASEAN. Like the EU, ASEAN is aiming to

establish a community of states. Furthermore, ASEAN also provides cooperation in a range of areas, such as economics, energy and military security, just as the EU does in Europe. More importantly, Russia and China both cooperate with ASEAN in its different forums. By cooperating more intensively with ASEAN, the EU could keep a close watch on Chinese and Russian activities in Asia–Pacific, while avoiding being blamed for taking sides with one of the two actors.

Is the future of Russian–Sino security relations of any relevance for the Netherlands? Yes, but perhaps not so much in the military field, where the Netherlands will follow the course of NATO, but more in the economic realm. The Netherlands is a big investor in Russia, so too close ties with China could harm Dutch economic interests in Russia. China, however, is also likely to become an important trade partner for The Hague. Consequently, Dutch–Russian (energy) trade should not damage The Hague’s relationship with Beijing. Just as with the EU, the most sensible way of keeping track of Russia, China and the Asia–Pacific region would be for the Dutch government to strengthen its cooperation with ASEAN. Here, the Netherlands has a big advantage compared to most other EU states. Indonesia is a vital player in ASEAN, and the Netherlands has strong historic and cultural ties with Jakarta. Furthermore, the Clingendael Institute has already for a long time – at the request of the Dutch MFA – trained many Indonesian diplomats and is regularly organizing seminars with the Indonesian MFA.¹³ Given this valuable position, the Dutch government would do well to strive for a better stronghold in ASEAN, by way of its excellent ties with its Indonesian counterpart.

For all actors in the West – NATO, the EU and the Dutch government – the future of Russo–Chinese relations is relevant. A deteriorated relationship between the Russian Federation and the People’s Republic of China could be harmful for economic cooperation with the West. One not so likely, but still not impossible, future of military tensions between Moscow and Beijing – considering that both parties possess nuclear arms and that Russia would have to use them against a conventionally superior China – would endanger global peace and security, and thus Western security interests. Most importantly, the West should avoid being dragged into choosing sides between Moscow and Beijing. ASEAN seems to be the best ‘instrument’ for the West in the Asia–Pacific region, to foster economic cooperation in the region, to maintain a neutral position between both actors, and to monitor the development of Russian–Sino security relations.

¹³ The author has participated in such a seminar in Jakarta in November 2010, lecturing on ASEAN’s security policy. See also: <http://www.clingendael.nl/asia/publications/?id=8399&&type=summary>.



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CSRC	–	Conflict Studies Research Centre
EDD	–	<i>Europe Diplomacy & Defence</i>
EDM	–	<i>Eurasia Daily Monitor</i>
FT	–	<i>Financial Times</i>
ITAR-TASS	–	<i>Informatsionnoye telegrafnoye agentstvo Rossii</i>
JIR	–	<i>Jane's Intelligence Review</i>
KZ	–	<i>Krasnaya Zvezda</i>
NG	–	<i>Nezavisimaya Gazeta</i>
NVO	–	<i>Nezavisimoye Voyennoye Obozreniye</i>
RFE/RL	–	Radio Free Europe/Radio Liberty
RIAN	–	Russian Information Agency Novosti / <i>RIA Novosti</i>

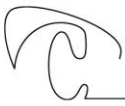
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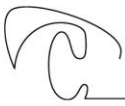
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Russian – Chinese Security Relations

Moscow's Threat from the East?

Russia and China maintain a strategic partnership consisting of comprehensive cooperation in the areas of diplomacy, defence and security, as well as energy. However, whereas Russia until recently took the lead in the relationship between Beijing and Moscow, this has now turned around: China has become stronger than Russia. During the course of the last decade, more and more signals have appeared that the Sino-Russian teamwork is crumbling. The importance of energy and arms deals is steadily decreasing, because China has found alternative energy suppliers and because China nowadays is manufacturing weapon systems itself. Furthermore, whereas joint war games were earlier a united demonstration to show the West their command in the Asia-Pacific region, more recent unilateral exercises include scenarios in which the other is considered the potential adversary. Beijing's increasing intrusion in 'Moscow's Central Asia' and in its Far East province, as well as China's rapid military build-up, have raised awareness in Moscow of a threat from China. The West should follow a double-track policy by recognizing China's rising power but also by maintaining its cooperation with Russia. NATO should establish a NATO-China Council with Beijing. The EU should strengthen its ties with the Asia-Pacific region and keep track of the Russo-Chinese relationship through enhanced cooperation with ASEAN. The Dutch government should also strengthen its ties with ASEAN, by making use of its outstanding relations with Indonesia. All of the Western actors should avoid taking sides between Moscow and Beijing.

About the author

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Colophon

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