



China-Russia Relations:

## Living with Putin's Unfading Glory and Dream

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Succession politics preoccupied both Moscow and Beijing in the last quarter of 2007. The 17<sup>th</sup> Congress of the Chinese Communist Party in October – which positioned China's fifth generation of leadership, particularly Xi Jinping and Li Keqiang, for the post-Hu Jintao China five years from now – paled in comparison to Putin's surprising posturing in early December to shape Russian politics beyond 2008. If his "Operation Successor" is implemented, Deputy Prime Minister Dmitri Medvedev would be elected Russian president in March 2008 and Putin would be prime minister for the next four to eight years. Then, Beijing may well live with Putin's leadership rather than his legacy for the next 16 years as he would be eligible to "succeed" Medvedev as Russian president after Medvedev's first or second term.

Russia and China, meanwhile, continued to interact at global, regional, and bilateral levels in various issues areas. The third Russia-China-India trilateral foreign ministerial meeting was held in late October in China's northeastern city of Harbin. This was followed by the sixth annual prime ministerial meeting of the Shanghai Cooperation Organization (SCO) in early November in Tashkent, Uzbekistan. A few days later, Chinese Premier Wen Jiabao traveled to Moscow for the 12<sup>th</sup> Sino-Russian prime ministerial annual meeting. By the end of year, bilateral trade volume reached an unprecedented \$47 billion after nine consecutive years of growth from 1999 when Putin began his tenure in the Kremlin. Nevertheless, Putin's presidency has also kept the long-expected Russian oil pipeline from extending to China.

### **Putin has his cake and still eats it too**

The last quarter of 2007 will go down in history as Putin's creative unending of his presidency. On Dec. 10, he publicly endorsed Deputy Prime Minister Medvedev as candidate for the United Russia Party in the 2008 presidential election, ending months of speculation about his successor. The following day, the "other shoe" dropped when Medvedev reciprocated by announcing that once elected, he would appoint his mentor to be his prime minister. Putin would therefore be able to stay on as a government insider and maintain the integrity of the Russian constitution, at least in theory.

Putinism – meaning political stability, economic statism, and a more nationalistic and proactive foreign policy – will surely continue. Despite the West’s polarized assessment of Medvedev as a liberal or as Putin’s shadow, Putin’s move is a sharp contrast to any succession politics in Russia’s 20<sup>th</sup> century. Previously, leadership changes have been the outcome of wars, revolutions, or coups and often led to significant if not radical changes in policy.

If Putin outfoxed the West and kept long-time Kremlinologists from seeing his soul, China’s Russia-watchers were also surprised. Yet, Chinese analysis of Putin’s plans to have his cake and eat it too was far less cynical and/or sinister than that of the West. Throughout December, Chinese pundits and media were feeding their curious audience with abundant and “professional” speculations. They noticed that behind United Russia Party’s victory in the Dec. 2 State Duma election (winning 64 percent of the seats) was Putin’s unprecedented approval rate (around 80 percent). For average Russians, the Yeltsin malaise – decline, disorder, decay, albeit with a more democratic society – was over, and Russia may have finally found its own identity and path.

For these reasons, among others, China seems cautiously optimistic about future relations with Medvedev’s – and Putin’s – Russia. The Chinese Foreign Ministry spokesman lost no time in calling the result of the Duma election “the choice of the Russian people.” President Hu Jintao sent a congratulatory message. As soon as Putin chose Medvedev as his successor, Chinese diplomats referred to him as “a good friend of the Chinese people” because of his “contributions to the development of relations between our countries” as Russia’s co-chairman of the organization committee for national years of the two countries.

Curiously, official Chinese sources have not directly commented on Putin’s possible job as prime minister. When Foreign Ministry spokesman Qin Gang was asked about this prospect, his rather indirect answer was that “we pay attention to such statements and we hope that the Russian elections will be successful.”

It remains to be seen how Russia’s “dream team” in the post-Putin era will interact with the outside world. One thing is clear: Russia will continue to rebuild its traditional status as a major power on the Eurasian continent. In this regard, the Sino-Russian strategic partnership that has guided relations since 1996 may not be an adequate framework because it was formed when Russia was weak and disoriented in the wake of the Soviet collapse. Cooperation and coordination are, and will continue to be, the mainstream of bilateral relations, particularly in foreign policy and in a multilateral environment. Beijing and Moscow, however, may need to be more innovative to manage the emerging dissonance and strains in economic relations, military sales, and even SCO management, which were quite obvious in the last quarter of 2007.

### **Russia-China-Indian trilateralism: A new beginning?**

Moscow’s pursuit of Russian-Chinese-Indian trilateralism – a brainchild of former Foreign Minister Yevgeny Primakov (1996-98) to counter U.S. unipolarity and

unilateralism – has remained inconsequential and inexplicable. This seemed to change in late October when Foreign Ministers Yang Jiechi, Sergei Lavrov and Pranab Mukherjee held their third trilateral meeting in Harbin, the capital of China's northeastern Heilongjiang Province on Oct. 24. Like the first two meetings (in New Delhi Feb. 14, 2007 and in Vladivostok June 2, 2005), this gathering revealed a huge gap between its potential (the three largest Eurasian nations talking together) and its operational utility. Unlike the previous meetings, however, the Harbin meeting took several small but crucial steps toward institutionalizing the annual meeting for future growth:

- A trilateral consultation mechanism was established at the level of director-general/division head among the foreign ministries to strengthen coordination and cooperation;
- Working-level mechanisms were set up at the director-general/division head to coordinate efforts of the three nations in agriculture, disaster management, medicine and health;
- Entrepreneurs and regions will be encouraged to enhance contacts and launch cooperation among them and facilitate this process;
- There will be a focus on “pragmatic” cooperation in economic and cultural interactions.

At the end of the meeting, the three foreign ministers signed a joint communiqué that was full of high-sounding principles for the conduct of international and regional affairs: to abide by the UN Charter and international laws; to engage in multilateralism for multipolarity; to work on climate change; to promote diversity of civilizations; to strengthen cooperation in combating terrorism, organized trans-border crimes and drug trafficking; and not to target any third party nor to form a military bloc. Although these principles are in almost all foreign policy declarations of the three nations, the fact that they were jointly expressed by the three foreign ministers was significant. “[The] fact that today the three countries have decided to confirm these fundamental principles should give an important signal saying there is no alternative to cooperation in the world if we really want to respond to the existing threats and challenges,” remarked Russian Foreign Minister Lavrov in the press conference following the meeting.

From the operational perspective, this foreign ministerial trilateral resembles the SCO's early development in that it focuses on building cooperation in functional areas at a lower level while seeking consensus and avoiding differences at the ministerial level. One example is India's possible role in U.S. missile defense, which has been jointly opposed by Russia and China. It was never put on the agenda, nor was it mentioned in the joint communiqué. Russian and Chinese foreign ministers simply let their Indian counterpart express himself in the post-meeting joint press conference by saying that “India does not take part in such military arrangements. Therefore the question of our participation did not arise [during the trilateral meeting].”

Nor does the joint communiqué refer to Myanmar, which was discussed in the trilateral meeting. Although all three ministers opposed sanctions against Myanmar, they seemed to disagree on how things should be worked out. While China hoped that the issue of Myanmar would be “ultimately” resolved by the Myanmar government and people, and stability should be restored, Russia seemed to favor a bigger role for UN special envoy Ibrahim Gambari. India, however, looked more to the process of political reform and national reconciliation on “a broad base and equally among all stakeholders.” In other words, India saw democratization as the right recipe for Myanmar.

At the end of the day, the third trilateral meeting was considered by all three sides to be a success because of the “considerable and concrete results,” according to Lavrov, who was clearly in the driver’s seat. He went on to emphasize that “The atmosphere at the talks was friendly and sincere. These aren’t just words, but a real reflection of the fact that the floor for tripartite meetings is becoming a point of mutual attraction and an instrument of mutually advantageous cooperation.” Chinese Foreign Minister Yang also was upbeat as he saw “consensus on international issues gradually increasing, pragmatic exchanges and cooperation in economic and other fields gradually developing in recent years.” India, the least sanguine among the trio, also got something out of the Harbin meeting. The joint communiqué actually says that “The Foreign Ministers of China and Russia reiterated that their countries attach importance to the status of India in international affairs and understand and support India's aspirations to play a greater role in the United Nations.” The three foreign ministers next meet in Russia in 2008.

### **SCO: in search of new directions**

When the six prime ministers of SCO member states met in Tashkent, Uzbekistan on Nov. 2 for their sixth annual meeting, the regional organization was poised for growth in several dimensions, including its new institutional linkage with the Collective Security Treaty Organization (CSTO), its growing “pain” with potential payoffs, and its possible enlargement through the admission of new members (Iran and Pakistan) at the end of the year. At the onset of the quarter on Oct. 4, the SCO and the CSTO signed a memorandum on cooperation in Dushanbe. The document makes it possible to expand partnership of the two organizations in security issues, fighting trans-border crime, and drug trafficking. The memo may not be overly important due to the considerable overlap of membership of the two organizations. Of the CSTO’s seven members, only Armenia and Belarus are not part of the SCO. Conversely for the SCO, only China is not a member of the CSTO. The document, however, was a significant gain for Moscow, which has driven the “merger” of the two groups since 2003 for the obvious reason that it is the “bridging” major power for the two groups. This “marriage of convenience” between the CSTO and SCO may be a long way from constituting an effective counter-weight to NATO, as it is commonly perceived. At a minimum, however, the two regional groups now will be able to coordinate their efforts in dealing with security-related issues.

After the signing of the security memo, the Nov. 2 SCO prime ministerial meeting largely focused on economic issues, particularly energy. Russia appeared more eager and able to regain its economic prominence in its traditional Soviet space in central Asia, where

China is fast expanding its outreach and interests. A day before the meeting, a Russian official declared that the SCO enters “an entirely new stage of its development,” as previously approved investment projects are implemented. He indicated that Russia “intends to adjust the program of economic cooperation between the SCO members ... in order to ensure a more active and effective implementation of the designated projects.” What the Russian official had in mind was perhaps some reappraisal of these unfinished and/or delayed projects so that a more economically vigorous Russia may have a bigger role in and get more reward from these projects. The Russian official was particularly keen in bringing these unimplemented projects within “the scope of the SCO Business Council and the Interbank Council,” which are “translators” of government initiatives to specific companies. Russia also pushed for the creation of a SCO “energy club” “for effective use of natural resources.” The call for creating a SCO energy club was also one of the main themes of Russian Prime Minister Viktor Zubkov during the formal SCO prime ministers meeting the following day. He specified that such a club would be a planned international “nongovernmental consultative body within the SCO” on energy industry relations between SCO member states.

Russia’s effort to institutionalize SCO economic activities, however, was not echoed by China. In his formal speech to SCO prime ministers, Chinese Premier Wen Jiabao focused instead on improving the investment environment within the SCO so that “cooperation among enterprises,” especially medium- and small-sized ones, would be facilitated. Wen emphasized that laws, regulations, and policies in this regard, including conditions for unified customs clearance, should be enhanced in a gradual manner. Meanwhile, the SCO should prioritize projects approved by all SCO member states. All in all, Wen suggested that the SCO governments and intergovernmental agencies should play a supportive and facilitating role in the SCO’s economic development, rather than being movers and shakers themselves in the market.

Nor did Wen show interest in the “energy club” to centralize energy supply and demand among SCO members. Wen’s speech never touched the topic. Russia’s effort in this regard means strengthening much of the existing energy infrastructure among former Soviet republics in Central Asia, through which much of the oil and gas is being sent from Central Asia to Russia for redistribution. The Kazakhstan-China oil pipeline commissioned for commercial operation in July 2006 with an annual capacity of 20 million tons of crude is seen by Russia as a diversion of its energy strategy. Similarly, China’s current effort to transfer gas from Turkmenistan via Uzbekistan (525 km) and Kazakhstan (1,293 km) will be another deviation from Russia’s oil politicking in the region. There is perhaps very little that Russia can do to prevent these ongoing projects between China and other Central Asian states from being completed and implemented. SCO’s energy club may make it more difficult for future large-scale projects with China. China’s lack of enthusiasm for the energy club is reflected in the 20-point joint communiqué, in which the issue appears as number seven. It remains to be seen how China’s market socialism and Russia’s economic statism will be moderated through the SCO in Central Asia.

The regional organization, however, never stopped making news. On Dec 27, Deputy Foreign Minister Alexander Losyukov announced that the SCO “will have to consider the admission of new members in the future” He specifically mentioned Iran and Pakistan, both of which have observer status. It was not clear how and why Moscow chose the end of the year to push for SCO enlargement. Losyukov’s remarks were made the same day Benazir Bhutto was assassinated in Pakistan, which triggered further instability in the only Islamic nation with nuclear weapons. It was also a time when the U.S. National Intelligence Estimate, released in November 2007, sharply raised the threshold for Iran's nuclear weapon program, thus opening a window of opportunity for promoting relations with Iran.

### **Wen’s visit to Russia**

Premier Wen’s visit to Russia was the last stop of his multi-nation tour, which included Turkmenistan and Belarus prior to his attendance at the SCO’s annual prime ministerial meeting in Tashkent. Wen portrayed his trip to Russia as crucial when he told Russian media before the trip that China-Russia relations “are now both at their best in history and at the most important historical stage.” He specifically referred to “the next decade” as an important historical period for both the evolution of the international situation and the development of China-Russia relations, as the premier was not sure what would happen in both areas.

In Moscow, Wen and Russian counterpart Viktor Zubkov signed nine agreements, including the joint communiqué and a basic agreement between Russia's Atomstroyexport and the Jiangsu Nuclear Power Corporation to build a second phase of the Tianwan nuclear power plant. In their talks and joint communiqué, both heads of governments pledged to broaden strategic, political, economic, and scientific cooperation between the two nations. In Moscow, Wen joined the closing ceremony of the “Year of China,” marking the end of the reciprocal China-Russia national theme years (2006-07). He also met President Putin and their meeting was said to have lasted much longer than was scheduled. Given that the visit was before Putin made his announcement regarding his successor, the extra time may well be part of his succession politicking, which, some have argued, needs China’s tacit acceptance.

After the dust settled, the Russian president sent a message Dec. 13 to President Hu Jintao in response to the latter’s congratulations on the victory of the United Russia party in the Dec. 2 parliamentary elections. In his message, Putin praised “the objective attitude of the Chinese government towards internal political processes in Russia.” “[T]his proves the strength of our bilateral partnership and strategic cooperation which we are going to further increase in every possible way.”

On Dec. 30, Putin sent another message to Hu saying that relations between Russia and China have a strong impact on the formation of a just world order. “Russian-Chinese relations provide a vivid example of friendly and mutually beneficial cooperation, based on long-term, strategic interests. Russian-Chinese political, economic and humanitarian ties have been developing vigorously, bringing visible benefits to the Russian and

Chinese peoples. Strong interaction between our two countries in the world arena is an important factor of building a just world order with due account taken of civilized political-economic diversity,” claimed Putin. There was, conspicuously, no reciprocal New Years greeting from his Chinese counterpart.

## **Chronology of China-Russia Relations October-December 2007**

**Oct. 1, 2007:** President Vladimir Putin sends a message to Chinese counterpart Hu Jintao on the PRC’s 58<sup>th</sup> anniversary, saying that the level of Russian-Chinese relations is at unprecedented levels.

**Oct. 4, 2007:** Shanghai Cooperation Organization (SCO) and the Collective Security Treaty Organization (CSTO) sign a memorandum on cooperation in Dushanbe that enables expanded security cooperation between the two organizations. The document was the result of several years of consensus building from 2003.

**Oct. 23, 2007:** President Putin sends a congratulatory letter marking the 50<sup>th</sup> anniversary of the Russian-Chinese Friendship Society. The letter says that people-to-people contact “has largely helped save the Russian and Chinese peoples’ traditional feelings of empathy for each other,” and “promoted normalization of inter-state ties and raise[d] them to the level of a trustful partnership and strategic interaction. A ceremony was held in Moscow for the anniversary.

**Oct. 23-30, 2007:** Russian Constitutional Court President Valery Zorkin visits China at the invitation of the Chinese Supreme People's Court Xiao Yang.

**Oct. 24, 2007:** Foreign ministers of India, China, and Russia hold third trilateral meeting in Harbin, in Heilongjiang Province. The ministers “thoroughly discussed” “key global issues.” Special attention is given to cooperation in East Asia, the Asia-Pacific Region, and the SCO.

**Oct. 24-29, 2007:** A delegation of the Chinese People's Political Consultative Conference (CPPCC) led by Vice Chairman Li Zhaozhao visits Russia. Li meets Deputy Chairman of the Russian Federation Council Dmitry Mezentsev.

**Nov. 2, 2007:** The 6<sup>th</sup> SCO Prime Ministers Meeting is held in Tashkent.

**Nov. 5-6, 2007:** Premier Wen Jiabao visits Russia for the 12<sup>th</sup> annual prime ministerial meeting with Russian counterpart Viktor Zubkov. Wen meets Putin and joins the 2<sup>nd</sup> Russian-Chinese Economic Forum in Moscow. Nine agreements, including the joint communiqué, are signed.

**Nov. 7-10, 2007:** The 11<sup>th</sup> round of strategic consultations between the General Staff Headquarters of the Chinese and Russian military are held in Moscow. PLA Deputy

Chief of the General Staff Ma Xiaotian and Deputy Chief of the General Staff and Russian Chief of Intelligence Directorate Alexander Rukshin jointly chair the consultation in a “frank and friendly atmosphere.” Ma also meets Chief of the General Staff of the Russian Armed Forces Yury Baluyevsky.

**Nov. 12, 2007:** The Russian-Chinese Forum on Economic and Legal Issues is held in Vladivostok. Participants include Russian Supreme Arbitration Court President Anton Ivanov, presidential envoy in the Far-Eastern federal district Oleg Safonov, Chinese Foreign Minister Yang and Commerce Minister Bo Xilai.

**Dec. 13, 2007:** President Putin sends a message to President Hu in response to the latter’s congratulations on the victory of the United Russia party in parliamentary elections on Dec. 2. In his message, Putin praises “the objective attitude of the Chinese government towards internal political processes in Russia,” and says “[T]his proves the strength of our bilateral partnership and strategic cooperation which we are going to further increase in every possible way.”

**Dec. 30, 2007:** Putin sends greetings to President Hu saying that relations between Russia and China have a strong impact on the formation of a just world order.