### RUSSIA'S POLITICAL STRATEGY TOWARDS CHINA, 2000-2014

Dissertation submitted to Jawaharlal Nehru University in partial fulfillment of the requirements for the award of the degree of

#### **MASTER OF PHILOSOPHY**

ANAMIKA



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#### DECLARATION

I declare that the dissertation entitled "RUSSIA'S POLITICAL STRATEGY TOWARDS CHINA, 2000-2014" submitted by me in partial fulfillment of the requirements for the award of the degree of MASTER OF PHILOSOPHY of Jawaharlal Nehru University is my own work. The dissertation has not been previously submitted for any other degree of this university or any other university.

Ananila ANAMIKA

#### CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.

Prof. Sanjay Kumar Pandey Chairperson, CRCAS

& Mlhenon

Prof. Anuradha M. Chenoy

Supervisor

# Dedicated to My

## Beloved Tarents and

My Nani

#### **CONTENTS**

Acknowledgement		ii
List of Abbreviations		iii&iv
List of Table	S	v
Chapter I	: Introduction	1-7
Chapter II	: Putin's Political Strategy Towards China: Redefining	the Relations
		8-30
Chapter III	: Russia-China Relations in the Emerging International	System 31-55
Chapter IV	: Russia's Political Strategy - A View from China	56-70
Chapter V	: Conclusion	71-73
References		74-81

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Anamika

#### LIST OF ABBREVIATIONS

APEC	: Asia-Pacific Economic Cooperation
ARF	: ASEAN Regional Forum
ASEAN	: Association of South East Asian Nations
ASEAN+1	: ASEAN and India, Japan, Korea, China (Any one Country)
ASEAN+3	: ASEAN, Japan, Korea, China
BDB	: BRICS Development Bank
BRICS	: Brazil, Russia, India, China, South Africa
CIS	: Commonwealth of Independent States
CNPC	: China National Petroleum Corporation
CRA	: Contingency Reserve Fund
CSTO	: Collective Security Treaty Organization
EAR	: East Asia Region
EAS	: East Asia Summit
ESPO	: Eastern Siberian – Pacific Ocean
EU	: European Union
FAR	: Far-East Region
GLONASS	: Global Navigation Satellite System
IMF	: International Monetary Fund
MENA	: The Mideast and North Africa
MFN	: Most Favored Nations
MoU	: Memorandum of Understanding
NATO	: North Atlantic Treaty Organization
PRC	: Peoples republic of China
R& D	: Research and Development
RCSP	: Russia-China Strategic Partnership
SCO	: Shanghai Cooperation Organization

TAC : Treaty of Amity and Cooperation
UNO : United Nations Organization
UNSC : United Nations Security Council
USA : United States America
USSR : Union of Soviet Socialist Republics
WB : World Bank

#### LIST OF TABLES

Table 1	: Russia – China Bilateral Trade (2000 to 2011)
Table 2	: Major Arms Sales from Russia to China

Table 3: Russia- China Trade (1992-1999)

Chapter I

Introduction

#### **Chapter I**

#### Introduction

This study is about Russia's strategy towards China and their relations in the changing world order. In this context, we should know some important fact about these two nations. Russia – China are the world's ninth –largest and world's largest countries by population. They are amongst the world's leading military and economic players. Both countries share 4000 kilometer border, which is the one of the world's longest borders. Both command nuclear arms arsenals and permanent membership of United Nations Security Council. Extremes have also characterized the course of relations between the Moscow and Beijing. In the 21<sup>st</sup> century, few bilateral relationships between the great powers have been characterized by fluctuations as extreme as that existed between Moscow – Beijing. To understand their ebbs and flows partnership it is necessary to look into the Soviet history.

History defined as the collection, analysis and interpretation of past events, which helps to provide a strong platform for building future relations and understanding the present. It is argued that in the international system, there are no true friend and permanent enemy, but a nation's interest leads the friend and foe. Russia – China ups and downs relations are an example of this view. Despite being communist nations, both Soviet Union and China have fought against each other as enemies. But today Moscow and Beijing developed their relations as "great strategic partners" and "equal partnership level".

Before the collapse of the Soviet Union, Soviet – China relations were characterized by a number of ups and downs. In 1950 after the establishment of the People Republic of China, two leading communist countries signed the "Treaty of Friendship, Alliance and Mutual Cooperation". In 1956, Nikita Khrushchev propounded "peaceful coexistence" concept with the US and its allies, which leads the ideological confrontation between the USSR and China. In 1969 it turned into serious conflict and border clashes. Hence, the period of 1960s to 1970s Russia – China regarded as one of

the main rivals in the international system. It continued till end of 1980s, in the 1989 with the effort of Mikhail Gorbachev relations between USSR and China finally normalized. After the End of the Cold War, newly independent Russia and China have taken a turn towards a renewal and strengthening of Russia-China ties. It ends the four decades long suspicion and bilateral crises.

While the foundations of Russia – China partnership were laid by the final year of Gorbachev leadership, but notable progress towards close cooperation has been seen during the Putin presidency. In the emerging international system, Russian - Chinese officials assert that their relations reached "at their best in history", and some scholars have stated that the development of relations with Beijing is the greatest Russian foreign policy success after cold war period.

During the Putin presidency, Sino – Russian relationship is much healthier than any other period the Russia. It is the direct impact of Putin's strategies towards China. In 2001, soon after coming to power, Putin signed a "Treaty of Good –Nieghbourliness Friendship and Cooperation" with China. This treaty proved as a milestone to expand Sino- Russian relationship. Putin was the only Russian leader who was committed to resolve bilateral tensions between Russia – China for greater cooperation. The record of achievement is more impressive with respect of the bilateral agenda, there is no confrontation exists currently. Bilateral tensions like- 4300 km long border issue and Chinese illegal migration into RFE almost have been resolved. The two nations have reached a mutual understanding over their role in the Central Asian region.

Economic ties have also touched a new place, which was the weakest dimension of the Sino – Russian strategic partnership before Putin regime. Two – way official trade has also increased during the Putin's first presidential term from \$ 5.5 billion in 1999 to \$15.7 billion in 2003, and by the end of 2014 it reached \$95 billion. In recent years, Energy and arms transfer emerged two main sectors of bilateral trade between Russia – China. There are many common values which make their partnership more valuable and strong in the international system such as:

- Both have adopted similar views regarding the re-structuring of post –cold war international order.
- The two emphasized the primacy of the United Nations in global decision making.
- They condemn the United States intervention in other nations territories on the ground of humanitarian intervention and limited sovereignty.
- They aspire to construct a multipolar world order with the other emerging powers such as: India, Brazil, South Africa etc.
- They have identical positions on the war against terror, Non Proliferation of weapons and international conflict management etc.
- They want autonomous decision making and equal share of decision making in the international political and economic institutions.
- They oppose the hegemony of NATO.

Although, two nations have shown their commitment to develop their political, economic and military ties, etc. But Beijing's increasingly influence in the international system because of its economic clout and this has become the concern for many neighboring countries, including Russia. China's growing political and economic power emerged as the major threat of Russia's national interest. At the same time, many of China's officials have regarded Russia as a minor player in the global arena. In spite of having some differences on their ties, Russia – China relations are increasing with time.

Academic scholars have recently begun to devote attention to the development of Russia- China relations, but there are still many factors contributing to the growing bilateral relations remains yet to be analyzed. In my study, I tried to find out such factors in Sino- Russia relations such as: Russia – China cooperation in institution building, their role in promotion of multipolarity, alliance politics, etc. These new dimensions of Sino – Russian approaches remain silent until mid 1990s; have emerged as the effective step to enhance the bilateral cooperation between the two countries. The main aim of this

study is to examine what role these factors have played to forge strong and stable ties between Russia and China. The primary focus of my study is analyzed their ties on the period of President Putin's regime because the major changes in Russia- China relations turned around at this time.

Accordingly, my study formally explores the following hypothesis: 'Russia – China need each other's strategic partnership to create conditions, where they can balance the main super power USA' and 'The Russian and Chinese relations are an input in managing relations with Russia's relations with the CIS and Central Asia and China's relations with ASEAN'. At the first glance, Sino – Russian rapprochement in the field of counter United States hegemony may appear to be a truism. However, these kinds of relations and mutual understanding between two countries have never seen before Putin regime.

This study will cover a period of Putin presidency from 2000-2014. The start date of my research was set by after the end of Yeltsin regime and development of Sino – Russian relations during Putin presidency. The Core of my research is analyzing events which proved helpful to strengthen bilateral interaction between Moscow – Beijing. My research will end in 2014, this year proved as a good year of history in terms of political and economic relations.

The main research question of this research tries to answer is the following: what are the strategies and tactics followed by Russia to become an influential global player with the help of China? More specific research question are also included like: How are the popular attitudes of both the nations influencing the development of their relations? Is there a threat of Russia becoming a satellite of China? What are the challenges faced by Russia in adopting a strategy towards China? How is this relationship shaping the international system?

#### **Literature Review:**

Development of Russia – China relations received board importance among the academic scholars to understand Russia- China relations after the disintegration of the

Soviet Union. This scenario has changed during the Putin presidency and became the major subject at the international level. After the Yeltsin rule, Putin came as a powerful ruler of Russia. He propounded the balance foreign policy which was rejected the US hegemonic status at the international system and tried to maintained good relations with former territories of Soviet Union and other emerging power like China, India and Brazil, etc. Most of the scholars try to cover major issue areas between Sino- Russia relations such as: geopolitics, energy, arms trade, Russian Far East, institution building, promotion of multi-polarity and common values and bilateral interaction on Central Asia etc.

Many renounced scholars have done their work on the topic of Russia – China relations. Older academic records on this topic include a book by Alexksander Lukin (2002) where he has given detailed study of the historical development of Russia – China since the eighteenth century. Elizabeth Wishnick (2001), she focuses Russia- China relations during the 1990's. Another scholar Natasha Kuhrt (2007) provides a comparative study of Sino – Russian rapprochement in the Putin and Yeltsin rule respectively. Most recently work done by Bolo Lo (2008) where he talked about geopolitical factors and treats many dimensions of Russia- China's strategic partnership and differences between them. Recent work done by Robert Bedeski and Niklas Swanstrom that emphasizes on the energy and security dimension of the Russia- China relations.

Russia-China relations are increasing day by day, and their partnership threatening the US hegemony. Strengthening partnership and new trends on their ties influenced the think tanks and policy reports and studies to write about the changing nature of Russia – China relations in the emerging international system.

#### **Theoretical Perspective:**

According to my research, here I am presenting theoretical approach of Russia – China rapprochement. *Realist and Neorealist* theory can fit to understand geopolitical goals and interests which have affected Russia – China perspective towards each others. Kenneth Waltz's and John Mearsheimer's structural realist approaches identify systemic environment under which both parties would have to felt to work collectively against US and other western powers or to balance against each other.

*Liberal* perspective can be applied to examine the bilateral trade and liberalize the economy between the two sides. For the understanding their cooperation in institution building *Neoliberal institutionalism* will help to analyze their interaction through institution building and their policy to break the hegemonic situation with the other powers. Robert Keohane and Joseph Nye stated that "international institutions can mitigate anarchy and buttress reciprocity and cooperation between states by setting clear rules for interstate interaction, offering a constant forum for bilateral negotiation and provide policy makers with critical information and expertise".

#### **Research Methodology of the Study**

The research would follow historical, descriptive & analytical and quantitative approach. Initial thoughts were formulated based on the premise that the possible outcome of the research would be useful in understanding the importance of Russia's strategy towards China in the changing global trends. The historical method describes the background to the development of Sino- Russian relations. Quantitative method analyses the existing literature and collects data to compile the charts and tables. Descriptive and analytical method will also be identified in the study. The research will be done mostly through secondary resources and on the available primary resources. These include reports by the respective governments, political speeches, books, articles, commentaries, newspapers along with internet sources. This helps to answer the research questions formed and validate hypotheses.

#### Plan of Study/Organisation Chapters:

This research work shows Russia's strategies towards China in the changing international system that helped to construct a stable and strong partnership between two countries. The study contains five chapters in total.

The first chapter of research contains a general introduction with the inclusion of literature review, theoretical perspective of study, scope, time period, methodology and description of Chapters.

Chapter second outlines the Putin's policies towards china and marked difference from Yeltsin period. This chapter divided in two parts: the first part provides a brief note of China's importance in Russian foreign policy and development of Russia- China relations after the collapse of the Soviet Union. Second part offers an overview of Putin strategies to strengthen the bilateral relations in various sectors like political, economy, military and energy and the difference between Yeltsin and Putin policies and growth on Russia-China relations.

Chapter third provides a brief overview of the different dimension of Russia – China cooperation in the emerging international system. It analyzes the share values between Russia and China that help to align both parties in terms of their national interest. It also provides their partnership in institution building in order to expand their bilateral interaction and condemn unipolarity. Major institutions which are outlined in this chapter are SCO, ASEAN and BRICS. The chapter demonstrates their rapprochement in the promotion of multi-polar world order through the shared perspective and alliance politics. At least it tries to explain obstacles that are the major cause of weakening relations between Russia – China.

Chapter forth of this research discusses Russia's grand strategy and its implication in interaction with other nations like China. It also discusses Russian perspective to partnership with China with the special highlights of China's view on Russian perspective. This chapter also provides two types of approaches to understand light and dark sight of their partnership.

Chapter fifth is related to finding of the research. The outcome of the research is showing broadly highlighting the relevance of the findings. It will show the references drown from the study. It is no less than the other chapters; it will accomplish the outcome showing the possibilities for successful conclusion of the partnership.

## **Chapter II**

## Putin's Political Strategy towards China: Redefining the Relations

#### **Chapter II**

#### **Putin's Political Strategy towards China: Redefining the Relations**

#### Introduction

The bilateral relations between Russia and China occupy an important place in international and regional politics. After the end of cold war Sino – Russian relations reached a stage of cautious embrace from a period of contentious issues between the two was resolved in the 1990's. Throughout the Soviet era, both the countries were converging as well as opposing contrasting views, but after the collapse of the Soviet Union, the relations turned to be overwhelmingly positive. The policies of Putin strengthened the relationship and brought vital changes. He highlighted the necessity of political exchanges and meetings. Preference was given to political dialogue and high politics. This made China rethink about its relation with its neighboring 'big brother' and included many salient aspects in its foreign policy. The phrases like "long lasting enemies turned to "friends", "good partners", "great and prosperous neighbors" reveals the redefined relations between them. Russian – Chinese relations can be analyzed under different heads which are as follows: political, economic and military, as well as energy etc.

#### **Importance of China in Russian Foreign Policy**

In the Russian foreign policy, China is a priority list for establishing strategic partnership and Russia has made every effort to establish mutual cooperative relations. There are many influential factors behind this policy which are as follows

China shares a long border with Russia and for achieving internal stability and development, Russia must develop friendly relations with China. On the other side, China gained attention due its geographic location which proved conducive for Russia's own development.

- Russia cannot make its presence in Asia Pacific without the help of China. In recent years, Russia expands its Asia –pacific diplomacy for integrating its economy in the eastern part of the fast growing Asia -Pacific economies.
- By the end of cold war Russia lost its superpower status, while the United States emerged as a hegemonic power, with the capacity to influence the international system. Most of the decisions of the Security Council are taken in favor of United State. It is clear from this that the gap between the United State and Russia is increasing day by day. In this case, China's partnership can help to bridge the gap between the United States and Russia.
- NATO's expansion towards Eastern Europe is the biggest threat to Russia's security. Russia's opinion is that, China is transforming from a big regional power to an influential global power. Thus, Russia can expand its international status by strengthening its cooperation with China.

#### **Emergence of Strategic Partnership**

Russia's rapprochement with China over the past two decades has in many ways reflected the larger evolution of Russian foreign policy since the collapse of the Soviet Union. For the understanding of evolution of Russia – China strategic partnership, my study will cover three distinct stages of the development of their relationship.



#### **1992:** Normalization of Relations

In the early days of Russia's independence 1990-1996, its foreign policy was west centric as it depended on the west for economic transformation, hoped for western technology, FDI and its infrastructure building. Yeltsin was a great supporter of Atlanticist approach.<sup>1</sup>His primary goal was to include Russia as a part of the western democratic camp. For that reason, he neglected Asia and other former allies of the Soviet Union. Later Yeltsin was not satisfied with western powers attitude. The help he got in reviving the Russian economy and building infrastructure was also considerably less than it was promised. The newly formed Russian Federation government felt that in international issues Russia was ignored by the western powers. Thus, it got no incentive from its "West Centric policy". In the mid 1990's Yeltsin decided to change his West Centric policy and announced his priority towards the Asia –Pacific region. This change of foreign policy paved way for deeper integration with China. In the year 1992, Yeltsin visited to China and announced that relation with China would be given priority in Russian foreign relations. During this visit Yeltsin and his counterpart Yang Shang Kin signed a document "Joint declaration on the basis of Sino –Russian relations". This meeting can be termed as first Russia - China summit. In this way, through his visit Yeltsin set the tone of friendship and cooperation with China (Smith 2000).

#### 1996: From "Constructive Partner" to "Strategic Partnership"

In September 1993, Jiang Zemin made a visit to Russia. Jiang was the first Chinese president since the days of Mao Zedong, who made the visit to Russia. This produced a second joint statement striving hard to establish a stable bilateral relationship as a "constructive partnership" oriented. As a result, Russia extended its preference for China as a "constructive partnership in January 1994. In May 1995, Jiang made a visit to Russia to attend the 50<sup>th</sup> ceremony of Russia's victory in the World War II. During his visit Russia promised its support for "One China policy".<sup>2</sup> In April 1996, during the time of third Russia – China summit Yeltsin signed a new accord proclaiming the forming "strategic partnership" with China (Norling, 2007).

<sup>1</sup> It advocates to support for cooperation between Europe and North American nations (U.S, UK, Canada etc.) regarding political, economic, and defense areas, with the purpose of retaining the security and prosperity of the participating countries, and to secure the values that unite them.

 $<sup>^2</sup>$  One china policy explains that there is only one state called People's Republic of China, despite the existence of two governments which are claiming to be China. According to this policy, nations that are willing to diplomatic relations with PRC must break official relations with the Taiwan and other islands which it controls.

Changes in ministerial position within the Russia also help to create an environment in favour of China friendly foreign policies. In January 1996, Andrei Kozyrev replaced by Primakov as a new foreign minister of Russia. Primakov was in favour of Eurasianist approach. Thus Major thrust of his policies was preserved Russia's own identity as a Eurasian power and re-engagement with long term friends like China, India, North Korea. In this way, The Strategic partnership with China exhibited greater strides towards cooperation between them. Russian president Yeltsin and Chinese president Jiang Zemin in the year 1997 during the announcement of the Joint declaration regarding a multi-polar world showed their interest regarding the construction of strategic partnership for the next century (Imam, 2001).

#### According to Zaki Laidi-

"Multipolar system is a system in which power distributed among significant poles concentrating wealth and military capabilities and ability to block or disrupt major political arrangements threatening their major interests".

The argument for a multi-polor world according to the Russian and Chinese narrative is that even while there is one super power, there are many other major powers in the international system. Thus, the world is not unipolar, as described by western thinkers, but is in fact multi polar. Through this narrative of multipolarity, Russians and Chinese, sought to construct an international system in which major powers could also be a pole and influence the international system. The Russian and Chinese strategic elite thus had a common idea of limiting US dominance, similar vision towards economic progress. These securities and economic concerns have led to greater cooperation between the two.

#### 2001: Soft-Peddling the "Friendship Treaty"

In 2000, when Vladimir Putin came to power, relations with China are much better than any other time earlier, mainly after the signing "Treaty of Good Neighbourliness, Friendship and Cooperation" on July 16, 2001. The treaty was signed between Russia and China with the aim of expanding their ties in every sphere of cooperation such as: geopolitical, economic, military, and other vital international issues. This treaty was the first such accord between two Eurasian powers after the disintegration of the Soviet Union.

The 2001 treaty, both sides agreed to expand their cooperation in five major areas:

- ✤ Joint actions to condemn the United States hegemonic status.
- Resolving the long border dispute (4300km) between two countries.
- Enhancing the cooperation in arms sales and technology transfer.
- ✤ Increasing the level of energy and raw material supply.
- ✤ Cut down the rise of militant Islam in central Asia.

During the Putin's presidency, these five areas emerged as the major principle of Russian foreign policy in order to retrieve Russia's great power status in international level. Thus, 2001 treaty proved as a landmark to setup qualitative and equal level partnership between Russia – China.

#### **Putin's Policy towards China:**

After coming to power in January 2000, Putin strategized to enhance Russia's cooperation with China and established relations on more or less business methods. His policy was translating the rhetoric of strategic partnership into the real thing. Putin's major focus was to enhance the relationship at personal level. Putin was fortunate enough in this issue because his Chinese counterpart Hu Jintao who came to power in 2002 was also of the same view. Putin and Hu Jintao were very much identical in age and their views were also much more similar about contemporary global politics. Their rapprochement can be seen in many international and regional issues such as: Anti-American policy in the case of Iraq (2003), Importance of state sovereignty and territorial integrity, establishment of peace and stability in the Central Asian region, withdrawn of NATO forces from Central Asia (2005) and Security on the Korean peninsula, etc (Lo, 2008).

Their personal dynamics also showed a parallel growth in Russia –China bilateral relations. Bilateral relations between two nations reached a qualitative level with the five

time enhancement of trade from \$ 11 billion in 2003 to \$ 60 billion in 2010 (Tellis and Wills, 2006). During Putin - Hu periods gas pipeline projects emerged as the major thrust for strengthening Russia - China bilateral relations. In 2004, Russia's Federal Service for Ecological, Technological and Nuclear Supervision signed a route for a 2,550-mile Siberian pipeline to the Far East with China (Mangier, 2006).

Both leaders have promised to do everything they can do to strengthen their mutual trust and bilateral ties. Putin's strategy towards china served as a base for taking bilateral ties to the next level. The relations can be analyzed as follows:

#### **Political Cooperation**

The political relations between Moscow and Beijing were mostly based on mutual interests, but not on mutual affection. As strategic partners, both sides have the opinion that they will be mutually benefited if stable political relations are maintained. Accordingly, they supported the fair international order, but it suffered lack of long term bond.

Russia and China decided to resolve border disputes which were the major obstacle between the cooperation. In May 1991, under the leadership of Gorbachev the first border agreement was signed. In 1996, Yeltsin followed Gorbachev footstep and signed second border agreement. In this way till the end of the 20<sup>th</sup> century, both sides resolved almost all their border disputes excluding those issues concerning some small islands. In 2000, Putin came to power as new president of Russia, after that Russia's cooperation with China reached a new record. Putin agreed to the importance of China in international level and stated that the partnership with China would foster his goal to enhance Russia's status in the global arena (Kuhert. 2007).

The new phase started with the normalization of relations between Russia and China after the Putin's visit to China in July 2000. Nine agreements were concluded by Putin during his visit to China on education, banking and energy cooperation (Smith, 2000). The signing of "Treaty of Good Neighbourliness, Friendship and Cooperation" in 2001 enabled them to exchange common defense mechanisms and new weapons sale in a secret way. For example, article 7 of this treaty discusses the notion of trust with regard to the border area. And article 9 focuses that if one party of treaty believes that there is a threat of aggression, which could be a threat to peace, then two parties will work in order to eliminate the threat (Kremlin, 2003).

Putin followed article 6 of the 2001 treaty and tried to settle border dispute between two nations. Later, in 2004 during his third official visit to China, his attention was to finalize the long border dispute between two countries. As a result Putin agreed to give some part of its territory to China along with the Amur and Ussuri rivers in order to resolve border issue with China. Although, Yeltsin tried to resolve border issue with China and signed two agreements in 1991 and 1994 to delimiting the eastern and western part of border area. But Heixiazi Island and Yinlong Island remained as disputed area. Putin settled islands (Heixiazi Island and Yinlong Island) dispute by signing the border agreement with China, over which confrontation stared between two nations in 1969. With this agreement Putin ended 40 years long border dispute between Russia – China and opens the new door of bilateral cooperation and create a better international environment for internal development (Bin, 2005).

The 2004 agreement showed the eagerness of two nations to finally settle the border dispute in order to enhance their cooperation. In addition, July 21, 2008, foreign ministers of both countries signed a final border treaty, which resolved the 4,300 long border disputes between Moscow and Beijing (Lukin, 2013). As a result of this treaty by 2009 the border issue was finally resolved. The resolution of the border proved to be a major step in building confidence between Russia and China.

#### **Policies under Medvedev**

Medvedev becomes the new president of Russia by the end of Putin's eight year rule in 2008. His policies in terms of china were not different from Putin's. He continued Putin's policies to reinforce the Moscow's relationship with Beijing with the some changes. So his periods can be termed as "Medvedevian" in form, but undoubtedly "Putinist" in content. Medvedev's top agenda was modernizing Russia's economy and lessening the Russia's dependency on oil and gas. For this purpose, He tried to expand Russia's relations with China on all front such as: arms trade, foreign policy, energy, security, high technology, innovation, etc. May 2008, soon after becoming the president, he made his first official visit to China. During his visit Medevdev signed a joint declaration in which both sides shared like-minded views regarding the international politics and opposition of United States missile defense system. Russia- China also signed an agreement in the field of nanotechnology, aerospace and nuclear energy. Medvedev followed several policies in order to strengthen Russia's bilateral relations with China, which can be analyzed as follows:

- Medvedev has given the priority of high politics between the head of states and top official level of the bilateral interaction between Russia China. Both sides are enjoying regular and close relations at the top level, in which both parties discussed major global issues and bilateral relations. Since 1996, Russo China annual summit between the heads of states has been working. There are more than two dozen various intergovernmental and subcommittees are working in different areas of cooperation.
- The Second foundation of the Moscow Beijing cooperation is made up of cross border and transnational interactions. Although there is little growth in this field, but are driven by vital interest among the both sides people and business man. Both sides government are tiring to enhance cross border interaction. Hundreds of administrative units and millions of people are involved in this relationship.
- Medvedev was highly concerned about expanding the economic cooperation with China for the modernization of Russia's economy. As a result, during his presidency, Russo – China trade relations showed a qualitative level with the fourteen times enhancement of trade since 2000 to 2011 (from \$ 5.72 billion to \$ 79.3 billion) and human exchange grew from 997,000 people to 2.54 million. Chinese investment in Russia also increased from \$ 100 million to \$ 2.6 billion and Russia's investment in China reached \$ 1 billion. Cross- border trade also rose from \$ 1 billion to \$ 8 billion (Larin, 2012).

#### Putin and the Next Phase of Chinese-Russian Relations:

In May 2012, Putin started his third term as a president of Russia. Soon after handling the office, Putin has undergone significant changes in his domestic and foreign policy yet certain fundamental principals remained constant. In terms of China, his policies were the advance form of his past strategies with the little change of his former policies (Sakwa, Galeotti, and Balzer, 2015).

After one month of his third presidency, Putin made his visit to China in 5<sup>th</sup> June 2012. During his visit, energy and foreign policy issue were high agenda of talk between two of them. Both sides also adopted a similar view regarding the global problems such as Syria, where they exercised veto in the United Nations resolution. With this visit Putin showed his commitment to expand Russia's cooperation with China to a new level vigor into bilateral relations by following with the past and new opening up the future (Blagov 2008).

Putin's policies towards China are based on promotion of scientific and technological advancement, expanding energy cooperation, improvement in economic efficiency, increasing the level of people to people exchange, effective involvement in multilateral grouping (SCO, BRIC); strengthen Russia's military capability with the joint military exercises with china and denouncing the US hegemony, etc (Sui, 2013).

#### Sino – Russian Rapprochement Preventing the NATO Expansion

With the demise of the Soviet Union, Warsaw pact also demolished. However, its western counterpart NATO remained in existence. In 1999, NATO adopted a new strategic concept under which NATO can intervene other countries internal affairs. NATO works on the principle of "collective security" which means an attack on one nation will be attacked in all nations. In 2001, During the Afghanistan crisis, first time NATO forces entered the Asian territory. NATO expansion towards the Asian territory and Russia's Far East Region considered as the major security concern by Russia-China.

Togetherness is more vivid in certain issues like opposing the United States and Japan initiative to develop an anti – missile system in Asia, NATO expansion towards the former Soviet Union and Asian territory, the NATO intervention in Kosovo (1996) and

NATO bombing of Yugoslavia in 1999 etc. In May 2005, Putin and Jintao signed a joint statement to condemn the United States monopoly in world affairs. Followed by this in the same year, in SCO summit, China supported SCO's decision to withdraw western forces from Central Asia region (Haas 2007).

#### **Economic Cooperation:**

During the last years of Yeltsin presidency, bilateral trade between Moscow and Beijing went down to \$ 4,365 million. However, both sides' leaders set a target to increase their trade by \$ 20,000 million by the year 2000. Declining trade was the direct impact of 1998 economic crisis which hit both East Asia and Russia badly. Economic issues were given prior importance in the list by Putin – Jiang at 2000 summit and China stated that it will facilitate preferential treatment to Russian imports; it is expecting same from the Moscow's side. In 2000, their trade relations, increased nearly 41.60 percent with the \$ 6,181 million, although it did not touch the target of \$20,000 millions, which was set by Yeltsin and Jiang at the forth Russia – China summit in 1997. On the other hand Chinese export to Russia increased by 60 percent (Kuhrt, 2007).

There was a decline in the bilateral trade level by 8.88 percent to \$5,632million in 2000. It occurred due to lower Russian exports to China, which amounts up to \$4,021 million in 2001 as compared to Russian exports to China in previous years. While on the other side Chinese exports increased by about 69.93 percent. The year 2002 saw a record turnover in their trade and it reached \$9, 172 million, but couldn't reach the Yeltsin target point. The year 2003 also showed influential growth in relations with trade amounting to \$11,143 million. It was 7 times less than Sino – US trade.

Beijing was not satisfied with such a big trade gap between China, Russia and US. Due to this Putin stressed that the structure of economic cooperation should be improved by adding large amount of manufactured goods and less raw materials. But Beijing did not show any interest in Russian goods and it further banned imports from Russia. Russia had little interest on Chinese goods, which are inferior to Japan and South Korea. Putin proposed the "strategy for the economic development of Siberia and the far east" to promote diversification of Siberian economy i.e., away from raw materials exports.

During Putin's tenure, bilateral trade has been increased with the change in trade structure. It was mostly constituted with raw materials and military hardware. But it did not help for long term development in the Far East region of Russia. Thus, Prime Minister Fradkov urged to increase the share of machinery in exports up to 10 percent. 2004 proved to be another good year as trade between two countries reached \$14,753 million; it was 29 percent more than 2003 trades. In 2005 trade between Russia - China amounted around \$ 20,288 million and Putin stressed that in next five years trade would reach to 80,000 million from \$ 60,000 million. After resolving border issue, it increased hopes on expanding their economic and trade relations.

Under the Khabarovsk Kari government Russia – China Investment Forum was established with the help of the ministry of trade in which around 500 Russian and Chinese businessman participated. After that Chinese leaders and businessman also showed their interest in investing in Russia. This forum holds meetings annually and provides the environment for promoting bilateral investment and cooperation. Both nations signed 54 investment projects with the \$5 billion over the period of 2004- 2007 (Gidadhubli, 2005).

End of the 2007, their bilateral trade reached \$ 40,305million and 2008 bilateral turnover accounted \$55,770 millions, which was the 38.36 percent more than 2007. But in 2009, it declined by 30.10 percent and reached \$38,978 million due to the impact of financial crisis of 2008. During the following year, China's investment in Russia was around \$ 10 million, which amounted to 11.9 percent of total foreign investment in the economy of Russia. At the end of 2010, bilateral trade improved by 50.96 percent with the trade margin reaching\$ 58, 842 million (Trenin, 2012).

During the Putin's third term presidency, the foreign direct investment and bilateral trade aspects are giving thrust for Russia – China to construct a strong economic relationship. Both parties understand that their effective political relationship is highly

dependent on their economic relations. So both nations are trying to enhance their economic partnership through bilateral trade and foreign direct investment. In 2012, with the accession to WTO, Russia liberalized its economic policy which is helpful to expand its economic partnership with other nations.

Year	Export to China	Import From China	Total Trade Volume	Increase or decrease in total trade
2000	5,233	948	6,181	41.60
2001	4,021	1,611	5,632	-8.88
2002	6,790	2,382	9,172	38.59
2003	8,161	3,270	11,431	24.62
2004	10,020	4,733	14,753	29.06
2005	13,049	7,239	20,288	37.51
2006	15,734	12,888	28,622	41.07
2007	15,893	24,412	40,305	40.81
2008	21,049	34,721	55,770	38.36
2009	16,093	22,885	38,978	-30.36
2010	19,783	39,059	58,842	50.96
2011	32.020	46,011	78,031	32.61

Table -2.1 Russia – Chain bilateral trade

Source: IMF direction of trade statistics, N.B: trade levels are in millions of \$ US

#### **Military Cooperation**

Military cooperation is a crucial element of Russia – China relationship since the end of cold war. Both sides stressed that they are strategic partners and development of

military cooperation is a part of their strategic partnership. Defence cooperation between Russia and China are need based and can be termed as complimentary to each other. Moscow requires funds to continue its defence establishments on the other hand China has found a cheap and reliable arms supplier to meet the needs of its defence requirements. Russia – China followed three ways to enhance their military cooperation-

- Military political cooperation by the high-level meetings between military chiefs and defense ministers.
- Military training cooperation through the joint military exercises and military education.
- Military technical cooperation with the promotion of technology, transfer of arms and production of military equipment.

After the end of the Soviet Union, Moscow became one of the important arms suppliers to China. In 1989, after the Tiananmen incident in China, western nations imposed sanctions and dismissed their arms supply to China. At that time, Russia was the only source for arms sales and China accounted 50 percent arms trade with Moscow. This aspect of military cooperation helped both parties. For Russia it was helpful to uphold its military industries and employment. Beijing perceived it as a positive environment to rearmament its armed forces and to build its own national industry. The volume of China's military cooperation from Moscow increased, in a row with the conventional weapons, components and technologies. At the end of 1998, Russia was keen to sell its high-tech military equipment to China such as: Su30fighters, anti ship missiles, etc (Zhuravel, 2012).

Between the years 1991 to 1996, Russia's arms supply to China was estimated to be around \$1 billion a year. Later from 2001-2006, Russia's arms export to China reached \$ 2.7 billion a year. Reportedly the two had signed a military sales package in 1999 promising to increase their trade to \$20 billion between 2000 and 2005. China also obtained technical know how of SU-30 MKK multirole fighter aircrafts (Rangsimaporn, 2006). Beijing has extended beyond simple arms transfer by modernizing the navy. In the recent times many joint exchanges like the acquisition of two 956E Soveremenyi class destroyers with supersonic nuclear capable Moskit missiles SSN- 22. It also got Kamov Ka-28 (Helix) anti-submarine, destroyers based helicopters, including four kilo class diesel submarines (Kryazheva, 2000).

Moscow is trying hard to maintain its status of second largest producer of arms. The construction of two VVER-1000 nuclear power plants can be characterized as practical decision. The first unit construction began in October 1999 near Liyanyungang in the north-eastern province of Jiangshu, presently called as Tianwan. The Second unit was expected to follow one year later on which the work has started in the year 2000.

The resumed relations not only brought them together from loggerheads but also enabled China to be successful in upgrading its military potential. Russian global positioning system, GLONASS was also used by China. This Global Navigational Satellite System can be utilized to record and take satellite pictures adopted not for commercial but also for exact military information. Russian whole hearted proposal to China to use GLONASS to the full extent shows the expanding relationship. The programme is already in place to train Chinese military students, scientists and engineers in Russian defence institutions.

As expressed by the Hong Kong media Chinese design and production facilities are assisted by 1500 Russian scientists. The pace at which their relations are developing militarily can be understood by analyzing the deal that was signed during Putin's visit to China in 2000. According to the deal Russia will supply 15 billion \$ of new generation weapons or will grant license to manufacture by its own. They devised permanent mechanisms for long term cooperation focusing on research and development and also attempted for a near close cooperation in the manufacture of military equipment.

Col. Gen Valeri Manilov, first Deputy Chief of General Staff of the Russian armed forces visited Beijing from Nov 2000, he stated that current staff talks enabled us to make headway in all areas of military and military technological cooperation. Further, Russia was ready to supply advance military technology to china i.e. nuclear weapons blueprint, Su-27 fighter jet, multiple warhead technology and A-50 Beriev AWACS early warning planes for the needs of China's national security and defence interests.

Since 2007, there has been a notable decline in Moscow's sales to Beijing with an average of \$1 billion per year. Although the volume of arms trade fluctuate sharply from year to year, in the following years deliveries remained at the low point and it continued same till 2010. It was the result of Russia's extreme arms supply to China, which helped Beijing to increase the size of its own military industry. After 2006, China stopped purchasing arms equipment from Russia. Consequently, in the years of 2008-2010 Russia's arms export business dropped to 18 percent from 10 percent. But again at the end of 2010, Russia's arms supply to China grew (Blank, 2012)

At the end of 2014, China is the second largest arms importer from Russia, which amounts to 61 percent of its total arms imports (Shipri Year Book, 2014). It shows that Russia's arms supply to China remained as a major part in strengthening their bilateral relations.

S. No	Weapons
1	Su-30 MKC
2	Batteries of S-300 PMU1( SA-10 A Grumble) systems
3	Truck launchers and 196 48N6E missiles
4	Kilo- class submarines
5	Sovremenny- class destroyers
6	Tor-Mi (SA-15 Gauntlet) SAM systems
7	Su-30 MKK
8	Batteries of S-300 PMU2( SA-10B Favorite) systems
9	Mi-17I/ Mi-17 V5 helicopters
10	AL -31F ( for Su-27s and Su-30s)
11	RD -93 engines for FC-I super 7

 Table: 2.2 Major Arms Sales from Russia to China

12	IL-76 military transport planes	
13	IL in flight refueling tankers	
Courses Massery Defense Drief 1 the //red hasst m		

Source: Moscow Defense Brief, <u>http://mdb.cast.ru</u>

#### **Energy: A New Dimension of Cooperation**

In recent years, energy has emerged as an important factor of cooperation between Russia and China. China's economy is still energy based as a result of which its dependence on oil will continue to grow and Russia is the best option to fulfill its energy needs. On the other side Russia also welcomes it to overcome its social crisis and build infrastructure. It can be said that their energy relations are based on the mutual benefit quotient. Under the Putin's leadership, energy became the source of achieving its great power status. Putin changed his energy strategy which created tension with the European Union. According to new energy strategy the APR's share of Russian oil exports has increased from 3 to 30 percent by 2020 (Christoffrsen, 2012).

Energy is the one of the most important field which took their economic status to the highest point in the 21<sup>st</sup> century and consequently relations stemmed to multiple levels –

- ✤ systematic level of the global oil market
- ✤ State to state level with the signing of MoU.
- Company to Company level (CNPC, Yukos, Rosneft, Transneft are the main companies)
- Through the pipeline projects.

Energy cooperation started with the signing of a memorandum of understanding by the Chinese national petroleum corporation (CNPC) and the Russian energy ministry in July 2001 in order to promote oil pipeline between Russia and Daquing in north – east China. Later, Yokus and China united Oil Company signed a contract on the sale of 300000 tons of oil. But it was not succeeded after Yokos's owner had been arrested and the project was stopped. Thus Beijing failed to strengthen its position in Russia's energy market. Despite the collapse of Yokos contract, Russia was eager to increase deliveries of oil to China. Subsequently, at the end of 2005, 5.18 tones oil was delivered to China by rail routes. In fact the oil delivery by train was costly and time taking still it helps to keep afloat parts of steel and railcar industries (Ambrosio, 2005).

After the Iraq crises both parties signed a deal to construct an oil pipeline from Siberia to China; Moscow gave word to Beijing to sell its crude oil. In 2005, Putin visited China and he stressed to enhance bilateral ties, especially in the field of energy with the promotion of Russian oil companies in china and bilateral projects that would distribute those supplies to third world countries, etc. A historic deal was agreed upon by them through which oil export to China will be doubled. The construction of an oil pipeline from Moscow to Beijing is considered as a huge deal by Kremlin along with a gas – transmission project connecting eastern Siberia and China's far east. However, in 2008 Russian oil exports reduced, due to the differences over prices, which stood as an obstacle in the construction of an oil pipeline from eastern Siberia to China. Following year long negotiations, both parties agreed on the construction of an oil pipeline and the creation of an ESPO oil pipeline indeed became operational from 2011. In 2009, leaders from both sides finalized a deal according to which Russia would supply oil to China for next 20 years.

Putin is keen on extending relations with Asia, which helps it to prove that it's independent from the west. After becoming subject to the sanctions of the west, Russia lost its ability to raise reserves and energy development. Aligning with China raised its hopes in energy cooperation. As a sign of hope China also supported Russia's state owned oil company Rosneft. Chinese assistance of \$ 25 billion to construct a pipeline from Siberia to China is noted as a good move. Russia offered China a major role in this. The pipeline will extend the country's connection to Europe through East. The benefits it achieves from this increased gasification are varied in nature. Export potentials will increase in no time making it a role player in the world market. The second gas pipeline that would be developed stands as a common transit for the regions of Yakutia and Irkutsk. It estimated to be completed by 2018. Putin welcomed China to be part of vankor oil field owned by it. This shows that Russian restrictions for entry of foreign powers were not regarded in the case of China (ESPO working paper, 2014).

#### **Marked Difference from the Past**

With regard to the foreign policy of Russia it is not a tough task to identify leaders, according to their peculiar strengths or weaknesses. They can be strategically placed according to the context of policy. In my study, I am differentiating Yeltsin and Putin policies in terms of defining their relationship with China.

#### Yeltsin's Policy

After the collapse of Soviet Union Yeltsin assumed charge as the first president of Russia. When he came to power, Russia's system had begun to fail in economic and political terms. It was the direct consequence of Gorbachev's reforms which he initiated last years of the Soviet Union. Due to these reforms Soviet Union collapsed and Russia emerged as the successor state of the Soviet Union. It was Yeltsin's historical fate to reform the system and increase the influence of Russia in the global level (Desai, 2005).

Subsequently, Yeltsin formulated several policies which can be stated as follows:

- He was the great follower of Atlantisim approach. His main concern was to make Russia as a part western world. Consequently, his policies were influenced by western principles and norms Such as: following the liberalized economy under the guidelines of western institutions (IMF and WB) which later led to many serious problems (Donaldson, 2000).
- In the early days of his presidency, Yeltsin did not give much attention to China and other former allies of the Soviet Union as he is more focused in increasing relations with the west in order to gain economic stability. They promised to provide help in infrastructure building. But after one year of his presidency, when he visited to China he was impressed to engage with the country. China occupied a prominent place in Russian foreign policy. In 1996 their relation upgraded to strategic level.
- As strategic partners, Russia China cooperated in many areas such as political, economic, military, international issues, etc. Yeltsin was the only leader who concentrated on resolving the joint border issue with China. In 1991, he

concluded a treaty with China in order to settle a border dispute. A steady growth in relations is experienced, specially after that i.e. cross- border trade. Trade in arms showed bright spots in their economic relationship. Yeltsin was convinced of the necessity of supplying arms to China and announced that Russia is ready to trade on all fronts including arms equipment (Iwashita, 1996).

Year	Exports	Imports	Total
1992	3.52	2.34	5.86
1993	4.98	2.69	7.67
1994	3.50	1.58	5.08
1995	3.80	1.66	5.46
1996	5.15	1.69	6.84
1997	4.09	2.03	6.12
1998	3.64	1.84	5.48
1999	4.22	1.50	5.72

Table: 2.3 Russia- China Trade, 1992-1999

Source: IMF direction of trade statistics, various years.

Note: all figures are in \$billion.

#### **Putin's Policy**

Yeltsin appointed Putin as the acting prime minister of Russia in the year 1999. After the Yeltsin announcement that Putin will be his successor, he contested for presidential polls. In December 1999, Yeltsin resigned and Putin was appointed as the acting president of Russia. In the 2000 elections, Putin got a majority and became the new president of Russia. Since 2000, Russia is under control of Putin. Putin has been one of the most active presidents in diplomatic terms. He followed a Multi-vector foreign policy that is engaging on all fronts. During his presidency, Moscow relations with Beijing reached their zenith (Kuchins, 2007). He adopted several policies which are detailed as follows-

- Putin has followed Eurasian policy.<sup>3</sup> In his foreign policy, he concentrated on renewing Russia's relations with China and other old friends of the Soviet Union. Putin did not ignore the growing importance of China in the international level, and announced a solid foundation for carrying expanded cooperation in the 21<sup>st</sup> century. The new pre-eminence of Beijing in Putin's policy was exemplified by the signing 2001 "Treaty on Good Neighbourliness, Friendship and Cooperation. Main highlights of the treaty were confidence and trust building measures and policies such as: to improve trust in the border area, and to enhance the military cooperation etc (Parrott, 2012).
- Putin is the pioneer of retrieving Russia's great power status in the global arena, which was neglected by Yeltsin. His policies towards China are much influenced by his concept of great power. One of the most notable areas in their cooperation is condemning the Unipolarity and striving in the promotion of a multipolar world order. Other areas where both parties showed identical growth are:
  - In the Prevention of the NATO expansion towards former Soviet territories.
  - In the regional organizations like SCO, BRICS, ASEAN.
  - Abstaining American intervention in the internal affairs of the country.
  - In the context of Central Asia, both nations are having a major role to maintain security and stability in the region.
- The bilateral trade between two countries reached the highest level. During his period some new areas (energy, military technology, space, etc) gained importance in enhancing Russia's bilateral trade with china. In the 21<sup>st</sup> century, energy became the most dominant area of cooperation among the nations. Putin is using energy as a tool of statecraft and diplomacy. During his rule, he initiated pipeline projects with China. Military technology emerged one of the lucrative areas of bilateral cooperation between Russia and China. At the end of the year 2014, the trade between the two countries was recorded as \$95.28 billion.

<sup>&</sup>lt;sup>3</sup> Eurasianism is based on the argument that geographically Russia is located both in Europe and Asia and it has both Asian and European elements in terms of people, religion and geography. It was believed that geographically, culturally, linguistically, religiously, psychologically as well as from national, ideological and philosophical contexts Russia is closer to Asia and shares many of the Asian cultures and mentalities than those of Europe".

## **Areas of Concern**

Apart from the strong strategic partnership between Russia and China, there are many concerns such as-

- Russian goods: China's complaint about quality.
- Russia's critic of China as "king of cloning".
- The Struggle of Siberian pipeline.

#### **Russian Goods: China's Complaint about Quality**

China is critical about the Russian weapons supplied to it. Mention can be made about the service life of optional and electronic detection devices used in the Su -27SK fighter. They have very short periods of service life. Replying to this Russia made a point on how China used the devices. It pointed that using them without protective coverings in bad weather would reduce their life span. This does not indicate our poor standards.

Russia cannot ignore this claim because China is the biggest importer of Russia's arms trade. It sold 100 advanced Su-30 MKK multipurpose fighters and 12 kilo class 877/636 diesel submarines as well as 956E/ EM missile destroyer to china.

Advanced technological weaponry sold by Russia to India is also a point of contention between Moscow and Beijing. China claimed that Russia is selling most advance technology to India, which it earlier denied to sell china. Chinese official says that the arms equipment sold to china is about 20 years old while India is getting advance and stealth technology.

#### Russia's Critique of China as King of Cloning

Russia complains on Chinese firms for counterfeiting its arms and ammunitions. In Recent years, Russian arms industry declined due to Chinese sheer speed and large scale of copycat equipments. It happened because often Chinese dealers used to come to Russia to buy arms and began negotiations by demanding them to show all technologies, photographs, etc. After exchanging all essential documents, the dealers never turned up again. After analyzing the underlying technology Chinese come up with the counterfeited version within two or three years. Mention can be made by the Chinese A100 multiple launch rocket system (MLRS), which is the copied version of Russia's SMERCH MLRS and The Chinese PLZ05 155-mm self-propelled gun (SPG) howitzer system is almost similar to the Russian 2S19MI SPG.

In the year 2000, there were rumors that Putin had concluded a secret decree in order to suspend the transfer of arms technology and know-how to China. Soon after the demise of the Cold War, China was willing to buy Russia's ready- made stock of military hardware. But now China is keen on more military technology transfer to develop its own defense industry while lessening its dependence on Moscow.

## The Struggle around the Siberian pipeline:

During the Putin's presidency, energy became the major area to strengthen Russia's power and prestige in the international level. Putin was the first Russian leader who initiated Siberian pipeline project, which was rejected by most of the Russian decision- makers. In 2001, an agreement was signed between Russia and China to show clear demarcation of Siberian pipeline that is from Nakhodka in Russia to Daqing town of China. In late 2003, the deal was finally settled by the head of Yukos and CNPC. This agreement also talked about expansion of oil exports to 20 million tons annually from that of 2006-2010. Russia – China signed a deal to construct the super pipeline via two routes, from fields in West Siberia and in east Siberia. The negotiations which went on more than a decade resulted into impasse. The contract for the pipeline was stalled (Norling, 2007).

Prediction is that in future also pipeline project will remain uncertain due to certain reasons such as:

• Environmental organizations are protesting against pipeline project, they argued that it will produce dangerous problems for the environment in the Siberian region.

- Dispute regarding payments for oil delivery also pose an obstacle for the pipeline project. Russia wants to maintain the European price, but china is bargaining it for yet a lower price.
- Beijing demands gas pipeline from the East Siberia to eastern China. On the other hand Moscow wants to launch it from western Siberia.

## Summary

During Putin's regime, Moscow - Beijing bilateral relations showed rapid growth in many areas such as political, economic, and military and energy, etc. Russia has stressed that closer ties with China is a geopolitical imperative to enhance Russia's status in the international level. An important aspect of their rapprochement was to resolve the border issues. Anti-western stance is the base for their political ties which is regarded by both as a common area of concern. In the economic field, Putin has changed the economic structure by adding raw material and military hardware in the bilateral trade. This enhanced the trade enormously which enabled it to reach the historical level, with the \$95.28 billion at the end of 2014. During his tenure, military and energy became the substantial areas of cooperation between Russia - China. China is one of the important exporters of Russia's arms and energy. In the energy field the initiation of the pipeline project by Putin with China further made its position strong in the energy field. Finally the relations are not as smooth as they were on paper; it's not the bed of roses many thorns or hurdles are experienced by both the countries in terms of China's illegal emigration to Russia's eastern part, Chinese copycat version of Russian military equipment, Chinese criticism on Russia's goods etc. These issues if not eliminated continue to pose problem in the near future.

**Chapter III** 

## **Russia-China Relations in the Emerging International System**

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## **Russia - China Relations in the Emerging International System**

#### Introduction

Russia's relationship with China is considered as the Russian Federation's greatest foreign policy success of the post-Soviet period. In recent years, Russia- China relations have reached a historic level when compared to any other time in history that is from tense conditions to good neighborliness to strategic partnership. In the 21<sup>st</sup> century, the two nations made an attempt to develop strategic partnership based on equality and mutual understanding. Russia – China relations are providing good peripheral environment and mutual cooperation which can be seen as a tool for promoting national, economic development and to ensure their influential positions in the international affairs. The strengthening of friendly and cooperative relations between them not only plays a constructive role in helping the two countries to carry out their respective strategies of development, but also has a significant impact in the continuing the changes and development of the post-Soviet international relations.

#### Shared Values between Russia and China:

Moscow and Beijing share common views on many national and international issues. It includes issues like the joint fight against terror, countering the supremacy of the United States, promoting multipolarity in the international system, strengthening the UN, noninterference in the domestic affairs of nations and other such issues, etc.

On the question of separatism, extremism and terrorism, both sides share common views today. In March 1995, Chinese president Jiang Zemin and Russian president Boris Yeltsin signed an agreement, in which Moscow reiterated its support to Beijing on Taiwan issue while China promised to extend its full support to Russia in dealing with the Chechnya problem. After coming to power, Putin sought to work together in dealing with these issues. SCO emergence is the direct impact of Putin's effort.

- Russia and China have similar vision regarding the US supremacy and they argue that this hegemony can be curbed only by actively constructing a multi-polar world order with other emerging powers. In April 1997 China's president Zemin visited Russia and during this visit both leaders issued a joint statement on the issue of multipolarity and establishment of a new international order. Both countries also rejected hegemony and power politics and emphasized that block politics and cold war mentality must be abandoned. In 2001, Russian president Vladimir Putin and Chinese president Jiang Zamin signed "The Treaty of Good Neighbourliness and Friendly Cooperation" in which two of them reaffirmed their commitment to establish a multi-polar world (Wilson, 2009).
- Both countries also share the same concern regarding the non interventionist policy. Government of Russia and China did not like interference of other states in their domestic affairs. On 24 November 1998, during the visit of Chinese president Jiang Zemin to Russia, the Russia ensured its "four no's" position. The basic thrust was no acceptance of the status of two Chinas, one China and one Taiwan; no support for Taiwan's independence; no sales of weapon to Taiwan and no support for participation of Taiwan in the United Nations and other international organizations in which only sovereign nations participated (Bellecqua, 2009).
- Russia –China are much more concerned about NATO expansion towards Eastern Europe and Asia. The NATO bombing of Yugoslavia from the end of March to mid June, 1999 and Iraq 2003 sent shock waves to both the countries, as it was done without the knowledge of the UNSC and tended to bring them together as a joint opposition of NATO action. NATO's intervention on 'humanitarian ground' was an ominous development. Being multi-ethnic and multi-religious state, both Russia and China have their own separatist movements, Russia in Chechnya and China in Taiwan, Tibet and Xinjiang province. Thus, the insoluble dilemma of their security regarding the internal disturbance in their domestic affairs, create the environment to bring Russia China under the one roof for condemning the NATO expansion toward their territories (Aneja, 2000).

• On the issue of security both Russia and China agreed on the collective effort. 9/11 incident produced political and normative rapprochement between Russia and China. Security issues became a primary agenda at the international level that were helpful to Russia for setting the strategic partnership with China.

#### **Russian – Chinese Cooperation in Building Institutions**

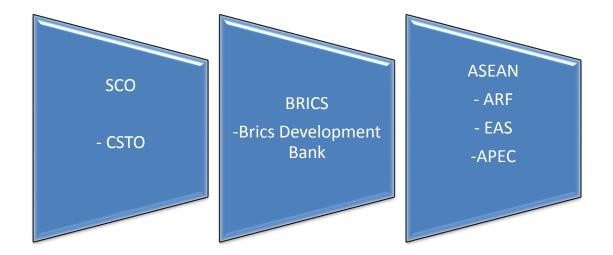
In the emerging international system, Institution building is the other political way to strengthen the relation between Russia and China. Both sides have shown their commitment to develop a network of bilateral institutions in order to establish a long lasting foundation for future progress. This institutionalization is important to expand the ties and fight against United States hegemony with the promotion of multi-polar world system. The conceptualization of multi-polarity helped in institutionalizing and giving a new description of their relations. The changing nature of the alleged relationship between President George Bush and Putin which played salient role in strengthening their cooperation implicitly shows Russia's priority towards China. George Bush authoritative behavior during the Iraq crisis (2003) and hailing the colour revolutions (2003-2005) in the former Soviet Union created the suitable environment for strengthening Moscow Beijing alliance (Lo, 2008).

Evidence shows that the cooperation with China, which is followed in this area is extended to other areas also such as: culture, political, education and military, etc. The first ever military exercises in August 2005 showed the base for development of politicalmilitary alliance. Besides this Russia- China active stance on enhancing the human contacts in education, culture and sports are commendable. Subsequently, it paved way for recognition of year of Russia in China in 2005 and year of China in Russia in 2007.

#### **Historical background:**

In the initial year of the Boris Yeltsin presidency, Russia's foreign policy was west – centric, and his foreign minister Andrei Kozyrev did not concern about Russia's active participation in regional and international organizations. Kozyrev developed his foreign policy based on ideas like universal values of global economic, promotion of human rights, nuclear security, democratic based society and environment, etc. The purpose of the Kozyrev foreign policy was to join the group of developed democratic and their economic institutions. In 1996, Evgenii Primakov became the new foreign minister of Russia and things started to change in Russian foreign policy. He stated that Russia should create an environment where it can extend and developed a favorable condition for its economic development. He emphasized to retrieve Russia's relations with former Soviet allies and must be "an equitable" and "mutual beneficiary". By his effort only Russia took active participation in the establishment of "Shanghai Five" in order to fight against three evils and protect regional stability in the Central Asia. In this way, Primakov provided a benchmark for Russia's active participation in regional, interregional and global organization. During the Putin presidency, institution building became the main instrument to expand Russia's interaction with other nations. Since 2000, Putin has been more concentrated on the growing importance of institutions such as - SCO, CSTO, BRICS, ASEAN, and APEC. Russia was keen to expand its role in these organizations in order to obtain strategic stability in areas like economic, security and also vital international issues with the help of China.

This study will discuss three main institutions, i.e. Shanghai Cooperation Organization (SCO), BRICS (Brazil, Russia, India, China and South Africa) and association of South East Asian nations (ASEAN) emphasizing the relations and cooperation between Russia – China in these organizations.



#### Shanghai Cooperation Organization (SCO)

SCO was formed in 1996, at the time, the countries concerned with this, called this group as the Shanghai Five. Russia –China and other three central Asian countries - Kazakhstan, Kyrgyzstan, and Tajikistan designed the organization as a regional forum to discuss issues such as demilitarization of their borders, enhance cross border cooperation, promote confidence building measures and fight against major security threats i.e. extremism, terrorism and separatism etc. Shanghai Five was the effort to break away Sino – Soviet tensions and start a fresh relationship. In 2001, after the inclusion of Uzbekistan, Shanghai five was renamed as Shanghai Cooperation Organization and issued a joint declaration in which they showed their commitment to work together to ensure stability and security in the central Asia. Over the years, the SCO has increased its regional relevance in the international level after the inclusion of India, Iran, Mongolia, Pakistan, and Afghanistan as observer states (Tumurkhuleg, 2012).

SCO's main priority is to promote and maintain regional security of the region. In order to develop security in the region SCO took the following measures: in 2003 it created a Counterterrorism Centre in Shanghai and in 2004 it established anti –terrorism structure established in Tashkent. The SCO provides a forum where all SCO's members can sit under one roof and discuss their existing problems and try to solve them collectively. SCO also helped to expand cooperation among the member countries in various fields such as: political, economic, military, energy and cultural fields. Arms trade and energy are the constituting elements of economic cooperation within the SCO countries. Primarily, the SCO was established for political and economic cooperation with the minor role of military cooperation for preserving regional security. During the 2005 to 2007, the SCO carried out a large military exercise, with an emphasis to counter terrorism and also to show its power and strength to others mainly Western countries. SCO is an important vehicle for Moscow – Beijing diplomacy to counter the United States in the region (Bordone, 2008).

On 21 April, 2005, SCO signed a memorandum with ASEAN in which both sides agreed to cooperate in following areas like counterterrorism, arms smuggling, human

trafficking, tourism, social development and economic and financial cooperation, etc. SCO's alignment with ASEAN expanded its role in Asia. At the same time, its institutional status strengthened and its scope broadened because SCO forced the United States to withdraw its military personnel from the region July 2005. SCO adopted non interference as a leading principal of the organization which emphasizes that no country will accept outsider's interference in their domestic affairs. In this way on the issues of human rights violations, The SCO members refused western nations interference in their internal affairs.

#### Strategic Alliance between Russia and China in SCO

Russia and China are the leading members of SCO to develop economic and regional security because other SCO member states have limited resources and capacities for action in economic development and regional security. Both sides regularly participate in the meetings of the SCO to voice their concerns about the rise in separatist and terrorist activity in the region, always placing these in the context of border misgivings regarding the growing practice of humanitarian intervention under the cover of "Responsibility to Protect" and change in the notions of sovereignty that has ensued. From the Chinese point of view, a very clear link exists between the Islamic fundamentalism that was based in and nurtured in Afghanistan, for example; Taliban and Al-Qaeda, and the aspirations of Xinxiang separatists and indeed Islamist part of former Soviet central Asia, for example Uzbekistan, and even Chechnya (Clackson,2014).

Russia and China see the SCO as an important vehicle for emerging greater political and regional cooperation, but with an intention that would help to control the role and influence of others power in the affairs of the region. Under the banner of SCO, Moscow and Beijing increasingly seek to condemn the United States and NATO influence in central Asia. After the 9/11 incident, U.S and NATO expanded their position in central Asia in order to secure their presence in Afghanistan and Central Asia region. The Geostrategic position of central Asia keeps United States strongly interested in keeping access and establishing cooperative and good relations with the Central Asian states. Moscow and Beijing are also opposing the United States democracy promotion in the SCO region. During the period from 2003 to 2005, colour revolutions have taken in the former Soviet space like Georgia (rose revolution 2003), Ukraine (orange revolution 2004) and Kyrgyzstan (tulip evolution 2005). Colour revolutions were the regimechange process by adopting non - violent methods such as: strikes, protest against government, demonstrations and advocate democracy, etc, which overthrew the authoritarian regime in post soviet place (Kukeyeva, 2006).

United States was the major cause behind the success of these revolutions in post soviet space. George Bush administration's ultimate goal was preserving the United States hegemony in the global arena. For that purpose he supported the installation of pro- western regime by providing foreign aid, using media especially internet, mobilization of youth and special program to support democratic rule etc. The revolutions in these countries were not meant to spread democracy but to eradicate Russia's growing influence in the former soviet territories. Their occurrence was not only troubled Russia – China, but also forced to formalize collective countermeasures to prevent its influence and shared common assessment of their causes and domestic implications. As a result, in the 2005 SCO summit, both states showed a similar view regarding the withdrawal of US forces from central Asia (Wilson, 2009).

Russia's influence in the region is the matter of its imperial past with the control on labor and energy resources and trading routes and economic interference while China is securing its position through expanding investment and trade relations in the region. There are also Russian concerns that China is making this Central Asian region as its economic hinterland. However, both these countries have negotiated to have confidence about China's influence here.

#### The SCO's Connection with the CSTO

In 2002, CSTO was established as an intergovernmental military organization by signing the Tashkent charter. From the beginning of the CSTO, SCO was willing to construct a closer connection with this organization in the field of security cooperation

and training instruments. But the development of closer ties between the two Eurasian organizations was a tough process. Uzbekistan tried to prevent strengthen ties between SCO and CSTO later on China took that role. In 2003, Russia tried to bring the two organizations together for expanding cooperation in the various fields such as: the drug trade, fight against terrorism and also formed an alliance to counter U.S. military involvement in the Central Asia region.

Russia can meet its strategic goals by participating in the two organizations actively. The logical reason is to maximize the benefits than it gets from being part of one i.e.; SCO. The expectations were optimistic, but the picture in actuality was different. This can be analyzed from the Chinese reluctance shown in signing the memorandum of understanding between the two organizations when Russia took the initiative for cooperation. Beijing views CSTO merely as a political, military organization, while SCO excessively stresses on both political and economic issues. China wants to side line itself from the impression of the outside world that it is aspiring to become or evolve like NATO. As China opts for "open door economic policy"<sup>1</sup> it considers such a development is against their principle of trade expansion. In addition to delaying memorandum between two organizations, China kept CSTO aloof in its SCO peace mission 2007. China has also rejected the Yuri Baluyevsky proposal, which was referred to make 2007 drills a SCO –CSTO event. The China reason for its objections is that Russia's closer ties with its allies Belarus and Armenia will lead the Russia to a prominent position in the SCO (Hass, 2013).

In spite of Chinese rejection, two organizations continued their efforts to strengthen cooperation in the field of security. As a result, in 2007, the SCO and CSTO came together during CIS summit in Dushanbe to sign an MoU, which was based on common goals and cooperation trends between the two Eurasian organizations. Under the cooperative memorandum, two side's secretaries will views on exchange the information, work together in order to cope with new threats and challenges and strengthen their

<sup>&</sup>lt;sup>1</sup> Chinese "Open Door Economic Policy" was initiated by Deng Xiaoping in December 1978 in the purpose of transformation of China's economy. According to this policy China opened the door to foreign investors who wanted to set up in china.

cooperation in the sphere of tackling illegal migration and drug trafficking and securing regional and international security (Frost, 2009).

Since it was signed by the secretariat of the both organizations, not by the top leadership; it is believed that the MoU does not make much difference to their cooperation. However, this MoU is a step forward and the Chinese and Russians can always revive it (Kerr, 2010).

#### Russia's role in the SCO's energy policy:

SCO comprises the world's largest energy producers such as Russia, Iran, Kazakhstan and Uzbekistan as well as major energy importers- India and China. Energy is the fundamental sector of cooperation among the SCO countries. Energy deals among the member countries are made on bilateral and multilateral level. Moreover, China received 13% of its import from Iran, which is supposed to increase in the near future. The territory of the SCO member contained 25 % of world's total oil reserves, 35% of coal and about 50% of gas reserves. The idea of setting up "energy club" was first raised by Putin in the 2006 SCO summit in order to coordinate of energy strategies , collective energy security , information coordination and issues regarding on the global energy market. The setup of an energy club finally got a shape in 3<sup>rd</sup> July 2007 at Moscow.

Energy club domain is not only limited to the members of SCO but also is open to the observer states, dialog partners, international organizations and business communities. They can take part in the structure. The benefit of this club is uniting energy importers and exporters to cooperate in energy strategies and attract attention to their problems.

Although most of the energy deals had been done bilaterally, the energy club tries to create the atmosphere for promoting and pursuing a common energy policy in favor of enhancing multilateral economic cooperation. Besides being an active partner in the SCO's energy club Russia never received support from the members and observers of the club. This is because China and others members of SCO do not want to rely on Moscow for fulfilling their energy needs. For this reason they maintained close relations with other partners for utilizing and to sell their energy resources (Matusov, 2007).

#### BRICS

The collapse of the Soviet Union changed the world scenario. It led to the verge of economic breakdown and the absence of the bipolar world that strengthened the hands of global financial institutions, i.e. WB, IMF which were under the control of the USA .These institutions had remained unrepresentative in the developing world. The Yekaterinburg conference in which Russia, Brazil, India, and China participated at the sidelines of SCO meeting was an attempt the construction of a multipolar world. But they were localized in their aims and interests or were narrow in their world view that it could not attract world opinion or created a critical situation. These circumstances made the US an indispensable superpower. Realist theorists called this and wanted to retain the idea and conceptualization of a unipolar world dominated by the US (Wohlforth, 1999).

However, the onslaught of neo-liberal regime and the general meltdown of economies and loss of jobs have forced the leaders to think of an alternative financial system and more equitable, democratic, multilateral and just world order. Brazil, Russia, China and India emerged as the fastest growing economies and together they developed the notion that they can assert the rights of other countries, and even question the supremacy of the United States. Together, these nations were given the name of the BRIC nations, though the term BRIC was coined by Goldman Sachs. BRIC started in 2009 as a quadrangular organization, joined by South Africa in the year 2011 and was changed to BRICS (Aldrighi, 2010).

Multipolarity strategically and economic cooperation plurality has become its main agenda and marked its influence in all spheres like political, economic, cultural and climate change. There are many advantages of the BRICS nation's coming together. BRICS countrie's populations and the sum of their GDPs makes more than one quarter of the world's GDP. Their aim is close cooperation between economies. And these nations are capable of building an alternative to the Brettonwood institutions. BRICS countries stood united against divisive counter moves of the west. The truly BRICS block will have to be built brick by brick.

#### **Russia- China bondage in the BRICS**

According to Goldman Sachs report by 2050 four states of the BRICS – (Brazil, Russia, India and China) would have become major economies of the world and together these economies will create a threat to the United States hegemony. Although BRICS nations are facing internal disputes, i.e. Russia –China competes in Central Asia and disagreement in border issue between India and China. They even share different approach within the BRICS such as; China emphasized on economic issues and Russia stressed an assertive foreign policy issue and aimed at strengthening Russia's position in the international arena. In spite of having differences between Russia-China both nations are highly concerned about the formation of strategic ties and a multi-polar world order and hinder western power dominance. China is concerned about being contained Russia's relations with the US are at its worst after the end of the Cold War. It is the result of Putin's anti-American policies.

Russia – China are playing a crucial role to bridge the gap between developing and developed countries because the north (developed nations) – south (developing nations) gap is increasing day by day in terms of industrialization, economies , literacy rate , per capita income ,living standard etc. In the Putin's Russia, three aspects were given importance in Russian politics – first gaining more leverage against the west, second economics based on Russia's recognition and third following its Eurasians identity. BRICS provided an opportunity to Russia to strengthen its international prestige with the help of China.

## **BRICS Development Bank: Challenging the Global Economic Order**

In July 2014, Leaders of BRICS countries launched a new multilateral and southern led development bank, named as a new development bank or BRICS development bank. This Bank will provide financing for infrastructure and sustainability projects in BRICs states and other developing countries. To achieve this goal BRICS nation will support public and private projects through guarantees, loans, equity participation, etc. Initial capital of the BRICS development bank will be \$100 billion. The

BRICS countries initially will share half that amount\$ 50 billion and each will contribute 10\$ billion. All the United Nations members can be the members of the BRICS bank and each member voting power will be according to its subscribed shares on the development bank's capital stock.

According to the Fortaleza declaration, The bank's headquarter will be in Shanghai, China and the rotating presidency of the bank will first go to India, while Brazil will chair the first board of the directors of the bank and Russia will chair the first board of governors finally a regional center will be set up in South Africa.

BRICS Leaders also showed their commitment to enhance their economic cooperation and also pledge to ending extreme poverty and inequality, with a special focus on gender equality and women's rights, aligning with environmental and social safeguards and establishing mechanisms for information sharing, accountability and redress, leadership on the sustainable development agenda, the creation of mechanisms for public consultation and debate, and the adoption a truly democratic governance structure (Oxfam policy brief, 2014).

The leaders also signed a document to establish a contingency reserve arrangement (CRA) to deal short- term balance of payments problems. Its initial capital is the \$100 billions, which will come in trenches: 18% each from Brazil, Russia and India, 41% from China and 5% will come from South Africa. The Contingency reserve arrangement's governance will consist of a governing council with the inclusion of one governor and one alternate governor and standing committee will make up by one director and one alternate director. The Arrangement of two BRICs development bank and Contingency reserve fund main instruments will be a liquidity instrument for providing funds in response to balance of payment problems and a precautionary instrument for permitting access to funds ahead of the anticipated balance of payment problems (Fortaleza Declaration, 2014).

The new development bank established as an alternative to the countering global financial institution, i.e. the World Bank and international monetary fund because these

financial institutes are in favor of western powers and mainly controlled by the United States. In this way the BRICs development Bank will be the alternative of the World Bank to provide financing for infrastructure development and contingency reserve fund as a competitor to international monetary fund in response to balance of payments problems. BDB and CRA are the direct result of discriminatory policies of the World Bank and International monetary fund towards developing countries. Under the structural adjustment programs the World Bank and IMF impose their borrowers include austerity measures, currency devaluation, privatization of state-owned companies and market liberalization. While Bretton woods institutions<sup>2</sup> ensure their economic help to the international community. The BRICS development bank will provide loans without any restrictions (Ban and Blyth, 2013).

In the WB and the IMF there is no such provision for providing equal rights to their member , but in these financial institutions, nations voting power defines its financial relationship with the institution: all top five voting power holders (U.S, Japan , Germany , UK and France) belong to the western camp hold 40% quota at these institutions. While BRICS development bank emphasized to provide an equal voting right to their member states: each BRICS countries have contributed \$10 billion so each BRICS nation will have equal rights. Equal voting share makes it different from the existing international financial institutions.

The World Bank and IMF have emphasized that they will work with BRICS development bank and there are possibilities that vis a vis BRICS development bank will come to per with those Brettonwoods institutions. BRICS development has the potential to change the nature of the international economic arena. However, the dominant system of market led growth characterises all these institutions. The BRICS bank increases the options of choice and competition between these Banks.

## ASEAN

<sup>&</sup>lt;sup>2</sup> Bretton Woods institutions were created in 1944 during the UN Monetary and Financial conference at the Bretton Woods. At the conference, member countries agreed to create a family of institution to address critical international financial issues. These institutions are IMF, WB, IFC, MIGA, WTO, ADB, and IDB etc.

ASEAN was established on 8<sup>th</sup>august 1967 in Bangkok, with the signing of the ASEAN Declaration by the ten South East Asian states. It was established as a regional organization for accelerating economic growth, social progress, cultural development and prevention of regional peace and stability among its member countries. In 1976, the "Treaty of Amity and cooperation" introduced the ASEAN's principal which included in its sovereignty, equality, integrity, noninterference in the domestic affairs of states, respect of the independence, peaceful settlement of the disputes, abstain from the threat of use of force and the pursuit of effective cooperation. TAC was used by ASEAN as a kind of accession clause for nations that want to cooperate with the organization. As a result China (2003), Russia (2004), India (2003), Japan (2004), United States (2009) has signed the TAC. Russia has acknowledged the influential role of ASEAN in the creation of many Asia Pacific institutions such as ASEAN regional forum (ARF), Asia-Pacific Economic cooperation (APEC) and the East Asian Summit (EAS). Russia has shown its desire to play a vital role of these institutions because of the increasing strength of these organizations (Trenin, 2012).

#### **Russia's Participation in ARF, APEC and EAS:**

ARF was established in July 1993 and inaugurated in 1994. Russia has been the member of the ARF since its inception in 1994. ARF is the organization of 27 leading Asia –Pacific countries such as the USA, China, and Russia etc. Key agenda of ARF is to examine political and security issues of common interest. It is concerned with promoting confidence –building measures and developing preventive diplomacy in the Asia –Pacific region. To maintain proper balance of power in the region is the main principle of the forum. For this reason, even though the involvement of Beijing in regional dialogue was ensured, constraining China's rise, was also desired by ASEAN. Washington's inclusion and presence of Russia in the forum is seen as a counter to China and other regional powers. In the East Asia and Pacific region, all three major powers (United States, China and Russia) had a direct influence on the issues of peace and security. Russia used the ARF's regional balance of power policy for its own motive such as to enhance multipolarity and to condemn the United States like its missile defence plans.

Asia-pacific economic cooperation (APEC) came into existence in 1998, as a regional economic forum in order to facilitate trade and investment, cooperation and economic growth. In 1998 Russia became the part of APEC. APEC currently has 21 members and collectively these economies are representing 40% of the world's populations, about 44% of the world trade and around 55% of world GDP. Other than in the sphere of security, Russia was not prepared to take any action in the economic field of APEC. It shows that Moscow's involvement in APEC was based on political ground. Russia was enough strong to secure it foreign policy conception and development of interaction in all vectored. It became obvious that not a single regional and global problem can be solved without the active stance of Russia. This seemed to break past concepts like "West is west and East is east" (Kremlin, 2003).

Because of its increasing influence in the global arena, APEC invited Russia to join the forum. The United States, Japan and China expected to receive concessions from Moscow, in other areas such as market opportunities in Siberia and For East region (Rangsimaporn, 2009).

Russia has also joined East Asian Summit, which was founded in 2005. The East Asia Summit is ASEAN led forum by leaders of eighteen countries. EAS meetings would be held annually after the summit of ASEAN. EAS's agenda comprises issues regarding political, economic, security developments and escalating stability and economic progress in the region. From its inception Russia wanted to join the EAS but Russia's request was turned down because of Moscow's lack of substantive partnership with ASEAN and Russia's fear of damaging ASEAN's importance, even though Russia became the dialogue partner and signed the TAC. In 2011, due to Moscow's increased economic and political strength in the region, ASEAN recognized its importance and invited Russia to join the EAS (Sumsky, 2011).

## **ASEAN's Relation with Russia:**

ASEAN- Russia relations began about 20 years ago and their dialogue partnership dates back to July 1991 at 24<sup>th</sup> ASEAN ministerial meeting which was addressed by the

Russian deputy Prime minister. Two decades of relationship included in it a range of issues which are political, economic, social, ethical, etc. Russia became the full dialogue partner of the ASEAN in 1996 in Jakarta. Another turning point in the ASEAN–Russian dialogue was when Russia became the member to the Treaty of Amity and Cooperation in Southeast Asia (TAC) on 29 November 2004. Russia's accession to the TAC shows its strong commitment to peace, stability in the Asia pacific region. Moscow also participates in a series of ASEAN's meetings under the ASEAN – Russia dialogue. First ASEAN–Russia Summit, which was held in 2005 was evidence of Moscow's active stance in the Asia – pacific region. Joint declaration of the 2005 summit highlights ASEAN cooperation with the Russia in APEC and ARF as well as by developing cooperation between SCO and ASEAN. On the issues of transnational crimes - narcotics and terrorism, and cooperation in social, economic, energy and environmental fields ASEAN and SCO signed an MoU on 21 April 2005. ASEAN and Moscow also agreed to setup comprehensive programme of action 2005-2015, which will assist to realize the objectives and goals set out in the joint declaration (Buszynski, 2006).

On 30<sup>th</sup> October 2010, in the second ASEAN – Russian Federation summit, they mentioned to cooperate in the same forums as those of the first ASEAN – Russian Federation summit. In the sphere of security, Russia and ASEAN showed interest in eradicating international crime and terrorism. Energy is playing a vital role in enhancing their relationship. During the Yeltsin period Asia pacific region did not get importance from Russia, but under Putin it took an active stance in the ASEAN, APEC and ARF. Being an important Eurasian power, ASEAN created favorable conditions for Moscow to play a crucial role in the Asia pacific region (Chufrin and Hong, 2007).

#### **Russia** – China in ASEAN:

At the end of 1990s, Russia, China took active part in ASEAN such as China in the form of ASEAN+3 including the East Asian regions, Japan china and Korea the dynamic economic powers. China extended a helping hand to the South East Asian region during the economic crisis, which resulted to the increased trade exchanges. The formation of ASEAN+1 grouping shows its interest in the Asia Pacific diplomacy. As a counter to the growing role of China, ASEAN came up with the idea of forming a community called ASEAN community. On the basis of the EU model it started involving other important powers in the group (Batra, 2007).

Russia's intention to raise its trade with the region is seen as a welcoming move by ASEAN. China is suspicious about its security interests in the Spratly and parcel islands region with the East Asian nations. It is of the view that they might end up in a tough position if conflict arises between them. Over the issue, the Russian security elite were of the opinion that the same tension which persisted between the nations in the 1990's might arise if the clash between China and Japan continues over the small islands (Pan, 2009).

China's position in ASEAN also increased comparatively as it's in SCO. It was becoming a dominant figure in South East politics. As a consequent move ASEAN supported Moscow to join its forums in order to contain the growing influence of China. However, Russia is playing the role of guest same as China in ASEAN, not a crucial role as in SCO. Both the nations have equal say on the issues and roles of South East Asian regions (Rozman, 2011).

## **Russia's Great Power Ambitions and Chinese Passive Support**

"Russia has been a great power for centuries and remains so. It has always had and still has legitimate zones of interest abroad in both the former Soviet lands and elsewhere. We should not drop our guard in this respect; neither should we allow our opinion to be ignored" - *Vladimir Putin, State Duma in the Russian Federation, 1999* 

With the end of the cold war, Russia lost its superpower status, still there is a conception national and international discourse that Russia today is a great power and it will remain a great power. Under the Vladimir Putin great power claims has become a prominent characteristic of current Russian foreign policy, which in its implementation affects both Russians and their neighbors in other states. At the end of 1999, Putin's statement expressed belief in the greatness of Russia, saying that "Russia was and will be a great power, preconditioned by the inseparable characteristics of its geopolitical, economic, and cultural existence" (Ingmar, 2007).

Putin also emphasized the need for a strong state power as the main driving force of any change in Russia. In his address to the federal assembly in 2005, Putin stated that "Russia has been, is and will be major (krupneishei) European nation, where the ideas of human rights, justice ,freedom and democracy for any centuries have been determined values , sometimes even ahead of European standards" (Ingmar, 2007).

According to Putin, these values have determined the desire of Russia in extending their state independence and its role in strengthening sovereignty. He especially wanted to stress that the place of the Russia in the world would depend on how strong and successful it was. Thus, the great power claims are based on material and spiritual factors.

Russia's great power claim may be justified because of some important factors such as

- Russia has the largest land area in the world.
- It is placed second in terms of nuclear weapons after the United States.
- Russia has the largest reserves of oil and gas and in recent years, it became one of the biggest exporters of oil and gas.
- It has inherited permanent position in the United Nations Security Council as Soviet Union had.
- It has the capacity to resist hegemonic methods of the US and West.
- It has support from its neighbourhood.
- It maintains military capacity
- It negotiates with countries in the South

#### **Policy under Putin:**

During Putin's rule in Russia, the foreign policy of the country tilted towards retrieving its great power status. He followed several ways to strengthen its great power position in the domestic and international level –

#### **Domestic Level**

- Made Russia strong through self-reliance by increasing its living standards, economic potential and by energy trade etc.
- Increasing the share of the budget to the defence sector for strengthening Russia's military capability.
- Strengthen state power by adopting a centralized strategy in order to improve efficiency in administration and fight against corruption.
- Unite the people by promoting patriotism and by practicing national traditions.

## **International level**

- ✤ Increase its influence and status outside the country by all available means.
- Forge ties both with powerful countries and revive ties with old friends and allies in the developing world or third world.
- Bandwagoning with the leading western powers on the some issues and maintaining independence on the other along with the formation of alliances in order to counter them.
- Russia's bargaining position increased along the increasing price of energy and raw material world-wide.
- Active participation in the emerging global problems, i.e. terrorism, climate change etc.

## **China's Support:**

Moscow's relationship with Beijing has been characterized by a Geo- political understanding of the world. There existed a sense of willingness between them to make a short term compromise in order to remove tensions and give preference for bilateral interaction between the two great powers. Russia and China cooperation have shown more visible and positive in recent years, even though both countries have many disparities in terms of power (Jeffrey, 2011).

Directly, Beijing is not supporting Moscow's great power politics due to overlapping interests in the global arena, but it's an undeniable truth that both nations are inclined to each other which is evident by examining the following conditions –

- China has increased its trade and investment with the Russian Federation, mainly in the energy field through the projects such as ESPO.
- Russia China joint cooperation to oppose the United Nations intervention in Iraq, Syria and Libya.
- China's support of Russia in order to cut the role of NATO in the Eastern Europe and Central Asia region.
- Russia- China has proved to be a cooperative force in promotion of Multi-polar world system and oppose the unipolar system.
- China has given the priority to set their relationship based on regular summit, working- level meetings to expand security cooperation in the SCO and other multilateral institutions.

## Moscow- Beijing Alliances in the Promotion of Multi-polarity:

The concept of Multi-polarity has attained global importance during the end of the 19<sup>th</sup> century. Both the countries Russia and China have accepted on the concept and subsequently they have included it in almost all of their joint statements, declarations and treaties from the mid-1990s to the present.

"Multi-polarity will come in time...in perhaps another generation or so there will be great powers coequal with the United States, and the world will, in structure, resemble the pre-World War I era" - Two decades ago, Charles Krauthammer predicted.

The empirical evidence when observed shows that the prediction made by Krauthammer's is turning into reality in the beginning of the 21st century. In the past couple of years, it made all the countries to believe that the Multi-polar world would be the dominating principle.

China and Russia were in the frontline in the process of realizing this order and given utmost importance to multi-polarity when concluding the various treaties and policy documents. Mere concluding of policies does not validate the efforts by them because of the tumultuous past they share. But it , however vivid that the two nations are strongly striving for the realization of Multi-polar world order (Turner, 2009).

#### **Shared Perspectives:**

Moscow and Beijing played crucial role in the bipolar world order till the collapse of the Soviet Union. With the collapse, Unipolar world order under the leadership of US came into existence and both Russia and China lost their prominent positions in the international level. United States dominance spread all over the world and its intervention in the domestic affairs of the other countries increased substantively. China was the first country who faced United States dominance in its domestic affairs after the Tiananmen Square massacre . The United States dismissed the years long arm sale to China and was criticized by the western powers on the issue of human rights violations. After the Tiananmen Square incident China turned towards Russia in order to balance United States supremacy. On the Other hand Russia felt that the United States was directly responsible to cut its influence in the international arena so Russian political elites agreed to tie-up with other growing powers (Murarka, 1997).

In the context of retrieving their international status, both Russia and China came together to form an alliance to balance United States supremacy. In the leadership of Putin, Multi-polarity was given prior importance in the Russian foreign policy to condemn United States hegemony and creation of fair and just world order. Subsequently, Leaders of both the countries included Multi-polarity by giving thrust to their joint declaration, treaties and speeches.

In the 1997, first joint declaration about the formation of a Multi-polar and new world order was signed by Russia and China. Incidents such as U.S invasion of Kosovo, bombing of the Chinese embassy in Belgrade provide scenario for both Moscow and Beijing to combat the Unipolarty in the international arena (International Legal Materials, 1997).

Again in the 1999 in their joint statement both Moscow and Beijing showed their allegiance to counter the negative momentum that had been developed at the international level over the past years. In 2001, Russia and China signed a "Treaty of Good Neighborliness, Friendship, and Cooperation". In this treaty, Putin and Jiang committed

their joint effort to promote a just and fair new world order. In 2002, Putin emphasized that Moscow and Beijing have always stood for the formation of Multi-polar world by strengthening the role of the United Nations. Putin exemplified his renewed dedication to Multi-polarity with his strong opposition to the U.S. on the occasion of the invasion of Iraq. To Moscow and Beijing, the invasion of Iraq was nearly similar to its actions in Kosovo. To this end, Moscow's rhetoric did not extend any leniency to the United States. Putin, who took a major initiative towards promotion of Multi-polarity, rejected the unipolar world order at the 43rd Munich conference on security policy and stated:

"I consider that the Unipolar model is not only unacceptable but also impossible in today's world. And this is not only because if there was individual leadership in todays - and precisely in today's - world, then the military, political and economic resources would not suffice. What is even more important is that the model itself is flawed because at its basis, there is and can be no moral foundations for modern civilization" - Vladimir Putin, Munich conference on security policy, 12 may 2007.

## **Alliance Politics**

The ultimate aim of the alliance politics played by Moscow and Beijing is to pave way for the world where all the countries get equal priority and importance. Shanghai Cooperation Organization and BRICS are the major groupings, which balances united state's presence in central Asia and the later denounces the prestige of international financial institutions such as WB and IMF led by the US. SCO was created for the purpose of maintaining peace and stability in the central Asian region, but later with the expansion of NATO and increased United States presence in the region and around Afghanistan, it turned as the political and military organization. Today, BRICS directly threatens the United States hegemony through its policies. In 2014, BRICS nations established new development bank, which can be seen as an attack on global financial institutions. Russian president Putin asserted that BRICS is a key element in the emerging Multi-polar world because of its growing prestige in the global arena. In recent years, BRICs nations showed significant growth in GDP and purchasing power parity. Together BRICS countries GDP amounted to 4%, which is more than G-7 countries whose GDP is estimated at around 0.7%.SCO and BRICs, both organizations condemned the power politics and the violation of the other countries sovereignty. Moscow and Beijing are

playing a crucial role towards the attaining the aims and objectives of these institutions. In this way both the countries are full filling their national interests, by edging united states influence in the international system under the banner of alliance politics.

## Key Issues and Challenges in Russia – China Relations

Although, Russia – China sets their relationship in new level, there are many hurdles in realizing their relationship. They can grouped under three heads, which are as follows:

- 1. Strategic suspicion
- 2. Russia's Western Centrism
- 3. Imbalance of power

## **Strategic Suspicion**

- Mistrust is higher than that of the earlier period between them. Neither Russia nor China feels comfortable with each other. Beijing's officials complain that Russia is always keeping an eye on China like its growing military power, its involvement in Russia's For East region etc.
- China's blames that Russia is selling advanced technologies and weapons to India, while Russia is not interested to provide such technologies to China.
- China also feels that some time Moscow ignores it on issues of vital interest, i.e. Putin's unilateral decision to approve the united states troops presence in central Asia after the 9/11 incident and Putin's acceptance of the United States withdrawal from the Anti -Ballistic missile Treaty.
- Russian officials did not grow positive image on china due to the growing influence of China in the international level and suspected china as a danger for Moscow's national security.

## **Russia's Western Centrism**

- Russia views China as a parochial and backward nation when compared to the western counterparts, so it did not receive the respect which western nations enjoy.
- In spite of adopting a "Multi-vector policy",<sup>3</sup> Russia always remains western centric in its actions.
- Since from starting, Russian leaders emphasized their connections to the West. It followed in the footsteps of the west in building value laden society through which it strengthened its relations with the western nations.
- China sees Russia's western centric approach as a threat of its national interest and fears that in the future Russia might turn against China.

## **Imbalance of Power**

- \* Russia fears that China with its unique policies will overtake it in the near future.
- Chinese economy stands second after the United States and predicts, say that till 2040, China will overtake the U.S.
- The dramatic rise of China is accepted by all the countries in the including United States. This makes Russia's position low in the global arena.
- China holds one of the world's significant military forces and nuclear capabilities.
- China established itself as an influential power in the region of Central Asia and East Asian region and also in the multilateral groupings like SCO, BRICS. This was possible by supporting them economically.

#### Summary

The changing international world order made the two powers to engage deeply in their partnership. There are many areas in the domestic and international level, where Russia and China shares common views such as – condemning the United States supremacy and promotion of multi-polarity, Non- interference in the internal affairs of the states, counter the NATO's role in Eastern Europe and Asia and many more.

<sup>&</sup>lt;sup>3</sup> Since the year 2000, Russia has fallowed a multi-vector foreign policy which is based on the clear understanding of its potential and responsibility readiness to equal and mutually beneficial cooperation with those who are interested in it.

Through the Institution building both Russia and China enhanced their role in the international arena and it became the important part of the Moscow - Beijing political relationship. Moscow and Beijing together have raised the influence of the SCO and have gained mutual benefits from their leading positions in the organization. In the format of the BRICS, Russia -China evolved new cooperation and in recent years they occupied a prestigious position in the global arena mainly after the establishment of a BRICs development bank. ASAEN is another forum, where both countries have shown interest. ASEAN provided a platform for Russia to strengthen its political position in the Asia Pacific region by countering the United States dominance in the region. China already has a key position in the region. In order to cut its growing influence ASEAN invited Russia to prevent China from becoming the leading power. Russia is also engaging itself in the other regional organization such as – ARF, EAS, and APEC. Russia – China efforts in the promotion of Multi-polarity by including the concept in their joint statements and declarations. Alliances with other emerging powers can't be denied. Since Putin came to power, Moscow had become an influential in the international system by involving in security issues. During his tenure great power politics became the crucial part of Russia's foreign policy and he highlighted some policies which can enhance its great power status. The Russia-China Partnership is at the crossroads with many issues and challenges included in it yet are striving to evolve a niche of friendship by overcoming them.

**Chapter IV** 

# Russia's Political Strategy – A View from China

## **Chapter IV**

## Russia's Political Strategy – A View from China

#### Introduction

Any nation's strategy must answer some questions like what external forces threaten them? What can the national leadership do to protect them? And what is the nation's core interest? In Russian foreign policy these questions remain crucial factors in its strategic partnership with other nations. In Putin's grand strategy, foreign, economic and defense policies have been followed according to the need of Russia's domestic priorities. China continues a major player in Russian foreign policy since 1996 and Putin's strategy gave it priority in order to establish "greater strategic partnership". Behind the development of a strategy towards China by Putin lies the idea of a global strategy aiming to counter US hegemony, and to attain economic interdependence to secure the internal stability of Russia and to grow as an alternative to the western world. But China has different view regarding Putin strategy where it would like a strategic alliance, but simultaneously not have a direct confrontation with the west. Russia – China strategic partnership can be understood by two different scenarios. First is the "optimistic scenario" that shows a strong and stable collaboration between them at the international level. Second is "pessimistic scenario" that talks about the differences of their interests which are major causes of the weakening partnership between the Russia- China duo.

## **Putin's Grand Strategy**

For the last two decades Russian leaders have constructed new strategies, concepts and doctrines in order to plan long term horizons to 2020 and beyond. In the initial years of Putin's third presidency, a series of changes and instructions have been noticed in Russian foreign policy. Putin has set out some goals and objective to bring back Russia as a dominant power in the international system (Monaghan, 2013). This can be defined as Putin's grand strategy in which he included major values and principles such as -

- ✤ Russia must secure itself against any attack and intimidation.
- ♦ United States is the only nations with the greatest material for attacking Russia.
- For security purposes, Russia and its bordering nations must serve as a buffer against the dominant western world specially United States, so that they need not be subservient and aligned with the US.
- ✤ Russia should be prosperous for achieving internal security and stability.
- It should focus more on the development of natural resources and industrialization, which acts as the path of Russian prosperity.
- Speedy development of energy resources needs advance technology and capital, so other countries are welcome and China is the one of favorite country in this sense. Though, energy is part of the grand strategy so it should be under the control of the government.
- Because United States is the only country which can attack Russia, so Moscow believes that it should do anything that weakens US position in the global arena.

#### **Russian perspective to construct partnership with China:**

Russia – China relations have improved in the last fifteen years and the growth in political, economic and foreign policy relations is unprecedented. Although their partnership appears very identical in many issues, but both sides have different perspectives regarding the construction of a strategic partnership with one another. For Russia, China partnership is the way to secure its security interest and geopolitical ambitions while China sees its partnership with Russia, just to secure its energy and arms, equipment import and establishment of peace and stability in central Asia (Mancoff, 2011).

Besides this China sees Russia has a great market place. In other word, Russia sees strategic value with the China while China sees the economic value in Russia. These two goals can be both compatible and contradictory, as we see below in our chapter.

Moscow's agenda in partnership with Beijing is manifolds which can be analyzed as follows-

- First is related in the construction of a "global strategy" which means using this partnership to condemn the United States hegemony and try to establish a multipolar world order. Russia's policy is colored by contradictions and antagonisms with the west often seen as anti western thinking in some quarters, especially after Putin came to power in 2000. Today, Russia stands more stable and prosperous at the domestic sphere and enjoys an increasingly prestigious position in the post soviet space. But it remains a minor player at the international level. Putin understands that Russia needs to raise its strategic partnership with China in order to strengthen Russia's positions at the international level (Lo, 2008).
- Russia believes that China represents both the present and the future with the enhancement of its political, economic and military capabilities. They argue that the rise of China will undoubtedly be the main dimension of power in the coming years. If the china's rise continues as many scholars predict, then leverage from partnership with China will expand and it will help to undermine US position. Some scholars believe that in the near future US hegemonic status will be replaced by China, but we believe that this single domination is not possible because both states are enough capable to balance and contain one another with the help of other influential powers like Russia , European powers and India. Putin adopted the "multi-vectored" foreign policy in order to maximize its influence in the emerging international system. In the coming future Russia will be the third dominant player in the global arena alongside the US and China (Ikenberry, 2008).
- Russian partnership with China as an alternative to the west. China's growing partnership with Russia is providing the comfort at a time when Moscow's partnerships with European nations are not showing positive signs mainly after the Crimean crisis (2013) and after the west along with the US declared sanctions on Russia on the issue of Ukraine. Russia faces its own challenges, reducing the energy export to Europe after the imposition of sanctions. This crisis is poised to reshape the energy politics by increasing Russia's energy cooperation with China.

In May, 2014, Russia signed a \$ 400 billions energy deal with China (Skalamera, 2014).

#### **Chinese view on Russian Perspective**

China's partnership with Russia is successful in many areas like counter security threats in Central Asia region such as separatism, extremism and terrorism, weapons technology, energy sphere, etc (Swanstrom, 2012). But, there are many issues where China's perspective differs from Russia that can be seen as follows-

- China believes that Russia holds a dominant position in the affairs of former Soviet states like Central Asia and Siberia region and in the decision of the United Nations Security Council. But in the sphere of counter the Unites States hegemony, it is not capable of playing such a role. That is why China has not attempted to use its partnership with Russia as a bargaining counter in dealing with the US in a good sense (Lo, 2008).
- Beijing views that there is no need to engage itself in balancing games because it has already reached a dominant position in the Asia pacific region and other continents (South Asia, South East Asia, Africa etc). China has established closer ties with ASEAN countries and in recent years its partnership with the US and European Union has expanded. In the African continent, its influence is increasing day by day with its huge amount of investment and development assistance. Estimates show that nearly one billion people consumers use Chinese goods and about 500 companies are working in China. In this way we can say that China has an important position in the world economy.
- China does not want to ruin its relationship with other important players above all the US. That is why Beijing did not show any interest in forming a formal alliance. It enjoys strong relations with the United States and their bilateral trades are ten times higher than Russia – China trade. Although, China opposed American hegemony along with Russia, France and Germany on many issues, like American intervention in Yugoslavia, Kosovo, Iraq, etc. but it made the efforts to maintain the prestigious position in the UN Security Council.

- Both sides have shown their interest in enhancing their bilateral ties for the purpose of security interests. But their priorities are different. Moscow is worried about how to secure its Far East region from the "Chinese threat" like illegal migration; military presence and economic interest, etc. On the other hand China also wants to secure its frontier not to protect against an improbable Russian attack but so that it can concentrate on economic transformation and reunification with the Taiwan.
- The security relations between two are symmetrical in terms of Central Asia. China is more concerned about Islamic extremism and Uighur separatist activities in Xinjiang. The Russian partnership helps China counter these threats and strengthening regional security. But one major difference in the context of security is that Russia wants to secure its eastern part and northeast China while China's focuses on the future of western regions. This is the only reason behind the Chinese effort to strengthen the Shanghai Cooperation Organization (Berryman, 2007).
- Energy is another area where both nations have different opinions, but compatibility in terms of Russia is an exporter and China an importer of energy. There is a connection between their partnership and China's policy of energy import. In the 21<sup>st</sup> century energy has emerged as an influential factor among the member countries in order to develop interaction and expand their bilateral relations. During the Putin presidency, energy rapprochement between two of them touched a historical record. Together, both sides are working oil and gas pipeline projects such as East Siberian –Pacific oil pipeline. Some issues like price fixing where China wants to leverage on gas and oil price, but Moscow wants to sell on the European price and place for the project are the major obstruction behind the failure of the pipeline project. China has sought to translate political warmth into negotiating advantage due to competition for Russian energy by other Asian powers specially Japan (Lo, 2008).

## Approaches on the Russia – China Strategic Partnership

Russia- China strategic partnership can be seen through the lens of two different approaches. The first is an optimistic approach, generating a strong and stable RCSP in the emerging international system. The second is a pessimistic approach that talks about the geopolitical clash between two nations and economic based partnership, etc. we will conclude this chapter as our own third approach that balances these two approaches.



### **Optimistic Approach**

## The Russia-China Strategic Partnership (RCSP) is Truly Global

Andrew Korybko in his article "Washington's Nightmare Comes True: The Russian-Chinese Strategic Partnership Goes Global" (23 august 2014) stated that-

"Each hand of the Russia- China strategic partnership is intended to wash the other and complement its counterpart in regions/states where it may be at a relative disadvantage vis-à-vis its partner, with the end-game intent of establishing true global multipolarity. Russia is the Balancer and China is the Gateway. The further that one moves from these two, for example, to the Mideast and Latin America and Europe, the more they can see the pure multipolar objectives and close coordination between these states; likewise, the closer they get to these two Eurasian cores, the more complex the relationship appears and the more difficult it may be to understand"- Andrew Korvbko, Global Research, 23 august, 2014.

Moscow- Beijing emphasized that their partnership is not an alliance against any coalitions and third countries. They are developing their relationship according to their mutual interest and it does not pose any threat to bordering nations and other powers of the international system. Both sides, leaders also showed their commitment to the formation of a continental partnership with the inclusion of a New Silk Route, Northern Sea Route and Eurasian Economic Union. There are many continent where Russia – China are showing their interest to cooperate each other in order to enhance their power and prestige in the global level. Their cooperation can be seen as follows -

- In Europe, China is providing opportunities for Russia under the banner of Chinese grand strategy to enhance trade with European Union through three ways like the Silk Road, Northern sea route and Eurasian land bridge. Last two parts go through Russian territory which are giving direct access Russia to enhance its geopolitical prominence between China and Europe.
- The Mideast and North America have been the focal point of intense Moscow Beijing strategic cooperation especially after the 2011 Arab spring. United States action in Libya and regime change there gave the serious concern to Russia-China, as they of the opinion that their bordering countries would also meet with the same fate, if they still continue with internal destabilization and became vulnerable at that point. Both nations also fulfill their specific roles by entering into partnerships with MENA countries. Russia established strong political and military partnership with Syria, Iran and Egypt. While China's interaction with MENA based on deep energy trade and 60 percent of its oil coming from MENA.
- ✤ In Latin America, Russia China strategic partnership is active in near laboratory conditions. This region is removed from the geopolitical intrigues of Eurasia, so building Moscow – Beijing's cooperation is easy here. It can be understood by the unaccustomed eye easily. During the Putin presidency, Russia has returned to this region and reestablished contact with the region. It conducts joint military exercise with Venezuela, Gazprom has begun investing in

Argentina, Bolivia and Rosneft is working in Venezuela. Putin and Medevdev have made visits to Latin America and subsequently Russia agreed to reopen its base in Cuba. On the other hand China is the fastest growing investor in the region and established itself as the second largest trading partner with the \$241.5 billion in 2011. China has also financed the Nicaragua Canal, which will diversify trans- oceanic crossing leaving away from the United States Panamanian client state and makes way by inviting more investors beyond the America. Russia – China's growing influence in the region is challenging the American hegemony, but it is doing so through peaceful and political means mainly Russia's military – diplomatic contacts and political balancing and china's economic strengthening.

#### **Russia is an Irreplaceable Strategic Partner in RCSP:**

The Ukraine crisis and imposition of sanctions against Russia by US and its allies threaten the Russia's economy and its energy exports. The Russian economy started declining and Its GDP growth showed 1.3 percent reduction in 2013 which was 4 percent less than 2012 According to W.B report, Russia's GDP will decline by 2.9 in 2015 while European bank for Reconstruction and Development predicted that its economy will decline by nearly 5 percent (Connolly, 2014). At that time China offered help to Russia to overcome its economic crisis by the Yuan swap line. Chinese commerce minister Gao Hucheng stated that "expanding a currency swap between the two nations and making increased use of the Yuan for bilateral trade would have the greatest impact in aiding Russia"(Korvbko, 2014).

October 2014, China – Russia signed a three year's currency swap line with the amount of 150 billion Yuan. China has its own motive behind the currency swap deal with Russia. China's major concern is promoting Yuan as an alternative to the dollar for global trade and finance (Durden, 2014).

The Ukraine crisis pushes both nations to enhance their bilateral relations in order to reduce dependency on the western nations. As a result, in May 2014, Russia- China signed \$ 400 billions gas deal with China and both nations are jointly working new weapons system. For China, Ukrainian crisis provided an opportunity to reach out Russia's energy market and weapons technology (Gabuev, 2015).

After the crisis, Putin looked towards Asia, predominantly to China in order to diversify from the west. In May 2014, during the visit of Shanghai, Putin signed 46 documents with China along with \$ 400 billions historic gas deal. Again in October 2014, Russia - China concluded 38 agreements on energy, finance, and high – speed rail cooperation during the 19<sup>th</sup> annual meet. In November 2014, under the sideline in APEC meet Putin signed 17 agreements with Beijing. The Agenda of these agreements impressed the outside world. Russia – China strengthened their relations in three strategic spheres: energy, finance and infrastructure and technology (Gabuev, 2015).



#### **Russian-Chinese Integration Strategies for Eurasia: Forming A New Condominium**

Russia – China are considered as two major players in the Eurasian heartland with regard to their strategic background. Russia's Eurasian Economic Union and the Chinese economic corridors diplomacy with the New Silk Route are two major projects in the Eurasian space. Vladimir Putin proposed the economic integration regime through Eurasian Economic Union in 2011 with the two other Eurasian nations Kazakhstan and

Belarus in order to create a new association by creating common institutions and norms. His ambitions and vision centered around building a political - economic block in the former Soviet space under the leadership of Russia and to attain privileged status in the post Soviet sphere. Finally, 1st January 2015 Eurasian economic commission came into existence with the inclusion of Armenia (Bordachev & Skriba, 2015).

Russia's Eurasian policy can be described in the following ways:

- Formation of the new organization which can fulfill Russia's interest and make Russia's partners respect the concluded agreement.
- ✤ Focus on economic dimension of cooperation.
- Sticking to the principal of equality.
- Preserving subsidies and other commercial preferences for the participating nations in Eurasian integration.
- Putting economic pressure on nations which have adopted anti- Russian attitudes like Ukraine, Georgia etc.

On the other side Chinese president Xi – Jinping forwarded the idea of "New Silk Route" as an "economic belt" in September 2013 for the purpose of connecting China to Europe via Central Asia. It is an attempt to build a high-level network of railways, highways, port to clear the way for trade with Eurasia. The major aim behind the launch of maritime silk route related to the idea of economic expansion abroad. Beijing's "new silk route" and "new maritime silk route" is open for Asia through Africa to Europe. Together, these projects will facilitate in bringing regional and global benefit by infrastructure building and construction of new trade routes (Tiezzi, 2014).

Chinese aims and objectives of new the Silk Route and the Maritime Silk route can be seen as follows

- The silk route and maritime silk route collectively will provide a platform to link up with three continents Asia, Africa and Europe.
- Strengthening economic cooperation through the economic belt and road initiative.

- ✤ Infrastructure building for enhancement of trade.
- Establish political and cultural ties with participant countries in a form of "mutual respect and mutual trust".

## **Pessimistic View:**

#### **Russia – China Headed for an Inevitable Geopolitical Clash**

Moscow's great power concept and Beijing's dream to expand its status in the international system as per the US inherently can sow the seeds of a geopolitical clash between them. Sino- Russia strategic partnership is nothing more than strategic expedience and it can break down anytime due to Beijing's propensity for economic benefit and differences on strategic benefit. Moscow's growing influence in the Asia Pacific region forced China - US to adopt a reactive foreign policy in order to cut Russia's strategic influence in the Asia – Pacific region. The main reason behind the Russia – China geopolitical clash is the Chinese dream which envisages a new international system with the bipolar structure comprising China and US (Korvbko, 2014). Moscow – Beijing geopolitical clash can be seen in many regions like North East Asia, central Asia and South East Asia etc.

- North East Asia After the end of cold war North East Asia emerged as the region of intense geopolitical rivalry among the Russia, China and US. In recent years, this region is showing number of strategic developments such as China has tightened its military position against Japan while Russia opened its strategic talk with Japan as a form of Russia- Japan 2+2 in 2013 and committed to be a game changer in this region. Russia's partnership with Japan is significant to strengthen its positions in this region. At the same time China is busy playing games against Japan (Kapila, 2013).
- Central Asia- There are several differing views regarding the Russian Chinese rivalry in Central Asia region. Russia's aim is to secure political and economic integration with the other Central Asian countries like Kazakhstan and so on Kyrgyzstan under the banner of Eurasian Union. It has also maintained collective

security commitment with other three nations (Kazakhstan, Kyrgyzstan and Tajikistan) in the form of the CSTO. On the other side China established itself as a soft power with the lucrative business contracts and strategic energy deal with the all nations of the Central Asia especially Turkmenistan. China's increasing influence in this region emerged as one of the main reason for Russia's fear that this region could fall under the control of China. It has developed deep economic partnerships with all former Soviet states in the Central Asia expect with Uzbekistan. China's commerce with Central Asian countries topped with the \$46 billion at the end of 2012. While, Russia's total trade with Central Asia consituted \$ 27.3 billion in 2011. Upgrading its partnership with Kazakhstan is one of the biggest victory of China's economic strategy because it is centered on crucial geographical issues like energy and nuclear cooperation. China is also providing loans to restructured Kazakhstan industry and set up a free trade area in China-Kazakhstan border (Parrott, 2012). Chinese economic integration is opposed by Russia and other Central Asian countries for different strategic reasons. All countries of the region condemned the FTA, which was initiated by China via SCO due to fear with these countries becoming Chinese economies protectorates.

South East Asia- China is the dominant player in this region and in the last two decades it has grown its soft power diplomacy. However, its aggressive move against Vietnam in the south China and effort to divide ASEAN unity on the issue of South – China disputes has not yielded expected results. On the other side, Russia has maintained a significant political position with the military supply linkages. Russia has historical linkages and long lasting friendship with Vietnam since the Soviet era and currently Russia is supplying submarines to Vietnam that has given strong intention against China's rising power in the region. They are also willing to expand their economic cooperation within the format of Eurasian Union. Malaysia is the other costumer of Russia's arms equipment in South East Asia. Russia's tendency to arms supplying without deliberate decision and against his will can be damage to Russia – China strategic partnership (Korvbko, 2014).

The geo-political clash in north East Asia and South East Asia is the clash of strategic interests between Russia and China. After the annexation of Crimea Russia has showed it power and placed itself as an independent power centre.

## **Russia is No More a Junior Partner in RCSP:**

After the end of the cold war, China believed that Russia is not as strategically powerful as China. But in the recent times the scenario has changed and Russia stands as an independent power center in the global arena. Moscow has reinforced its position with the special strategic relationship with the East Asian and Pacific countries and its Long-lasting natural allies like India and former soviet countries. On the other hand, China has no natural allies except Pakistan and North Korea. China may be economic super power , but Russia has its own place in the international system because of its vast energy resources. Even, China gives immense political and strategic leverages to Russia in order to fulfill its energy needs (Mankoff, 2011).

## Chinese Illegal Immigration to Russia's Far East Region poses the Threat for RCSP:

The illegal immigration of Chinese poses clear challenge for Russia and its eastern provinces. Predictions are that there are millions of Chinese staying in the Russia's Far East region. The Russian media played a vital role to bring up this issue in the public dominion. A prominent nationalist Dmitry Rogozin spoke in a radio interview in 2005 that nearly 5 million Chinese people were crossing the border and later his view was shared by many Russians. About two million Chinese are living in the eastern part of Russia, which is one third of the total population of the region. Most Chinese who come to the eastern part of Russia comes under two main categories: traders and workers (Repnikova and Balzer, 2009).

There are many challenges which are faced by Chinese illegal immigrants in the Far East-

- Most of the Chinese immigrants is peasant people and they are willing to go abroad in search of a good life, but international criminal groups offer them illegal travel to spread criminal activities in the region.
- Chinese traders are conscious to maintain their influence in the region by promoting chief goods and services.
- These Chinese immigrants showed considerable growth on the local economy, such as: construction industry, land and property and forcing down price for goods and services.
- These Chinese workers are seen by Russians as industrious, skilled and sober, who are better than local people. In this way, they are cutting the local people's earnings in the region.

Soon after coming to power, Putin took strong steps to stop illegal migration of Chinese people in the region and tried to solve it with Chinese help. In 2000, Russia and China signed an agreement on "citizens coming and going". In this agreement, both sides specified that after May 25, 2000, citizens of each nation need to have a valid visa to visit the other country. In 2000, Russian government passed a law on the status of foreigners in Russia, which can be considered as an effort to prevent illegal migration. This law stated that all foreigners (who are staying in Russia) must have a migration card with their nationality and occupation. Due to the Russian regulations, illegal migration has been drastically reduced.

### Summary

Russia's strategy towards China shows two different faces; one side Russia strengthened its partnership with China in order to condemn the United States supremacy and construction of multi-polar world order. On the other side Russia's interests are clashing with China in many regions such as: Central Asia, South East Asia and Pacific and Eastern part of Far East etc. China, which is the main strategic partner of Russia in 21<sup>st</sup> century, has different view regarding the Russian strategy like-

- China did not accept Russia as an influential player in the international system as it was propounded by Russian president Putin.
- China believes on equal and mutual beneficiary partnership not as an alternative of any other players.
- China doesn't want to involve any kind of balancing game because it has already gained influential status in East Asian and Pacific nations.
- Russia's policies are against western countries specially US. While Beijing is enjoying a good relationship with the United States.

Russia- China Strategic Partnership can be seen in two different scenarios: first is Optimistic approach which talked about strong and fruitful partnership in the global arena. Second is pessimistic approach that emphasized clashes between their national interests in various regions. Ultimately, there are no such approaches existing between them. Their partnership based on their common values and security threats. In recent years, their "mutual beneficiary rapprochement" showed an identical growth in Russia – China bilateral relations.

Chapter V

Conclusion

#### **Chapter V**

## Conclusion

This dissertation provides a general outline of Russia's strategy towards China and its benefit with a special emphasis on Putin's policy. The analysis gives an introduction about the theories that are applicable in the study with the brief description of methodologies. Introduction to the multilateral institutions like SCO, ASEAN, and BRICS is also given. Such a discussion is done to clarify Russia-China partnership under the banner of multilateral organizations that would deliver faster and more benefits. These organizations are seen as posing a threat to the US hegemonic positions at the international level. The study argues that during the Putin presidency, Russia-China relations are better than any earlier time of history.

The evolution of Russia – China relations since the disintegration of the Soviet Union have been considered as a success story. This is a perfect example to show how two great rivals in the past have reframed their relations and have posed challenges to experts and strategists who could not predict such radical changes. These two countries have been able to not only manage and curb their differences, but to construct the relations at stable and strong strategic level. Both sides are able to maintain strong strategic partnership in the last two decades. The Russia- China partnership is based on mutual interests of both sides. Russia comes 2<sup>nd</sup> in terms of crude oil production after Saudi Arabia and it also has the largest gas reserve that makes the Russian position strong at the global level. Whereas China is an energy hungry country with abundant cheap labour and has a cutting edge manufacturing industry. Thus, we can say that it is a practical necessity that has brought the two nations together. At the same time the two have controlled the nationalism constructed against the other. Historically also these two countries have not had any major antagonism against each other. The Two countries have greater ground to discuss their strategies to deal with the international --community. There are a number of shared concerns where two countries have adopted similar vision such as: both have condemned unipolarity. Both are in Opposition to NMD and TMD; both have asked for, Restructuring of the UN. Both are founding members and want to

strengthen the SCO. Both have been, working together in multilateral forums like the WTO. The Chinese accept near mutual acceptances of Russia's hegemony as a guarantor of order in Eurasia, etc. The partnership is also fruitful in the sphere of political, economic, military, energy and security, etc.

Putin strategies are the major factors behind the strengthened Russia – China relations in the 21<sup>st</sup> century. Putin's constructed his policy, according to the need of national interest and improve the living standard of the people. He was committed to revive the Russian great power status at the international level. He understood that China is the only country which can help to retrieve its great power status. Because in the beginning of the 21<sup>st</sup> century, China has emerged as a fast growing economy and it stand after US. Thus, after coming to power, Putin strategized to expand Russia's ties with China and established relations at personal and political levels. He signed the "Treaty of Good Neighbourliness, Friendship and Cooperation" on July 16, 2001 with the purpose of enhancing bilateral cooperation in every sector such as: political, economy, military and energy etc.

Putin and his counterpart Hu Jintao's personal dynamics showed a historical growth in Russia- China bilateral relations. They were very identical in their views about international politics like the Iraq crisis (2003), withdraw of NATO forces from Central Asia, etc. During Putin and Hu Jintao regime, bilateral trade between the two countries reached \$ 60 billion in 2010. In their regime energy and arms technology transfer became two new areas that gained importance in order to strengthen bilateral ties.

Putin was only Russian leader who took initiative to participate in multilateral institutions with China for the enhancing Russia's influence out of their territory. Today, Russia's active partnership can be seen in many international, regional, inter- continental organizations like SCO, BRICS and ASEAN etc. Under the banner of these multilateral institutions Russia- China are trying to curb US authoritarian position and striving in the promotion of a multipolar world order. The conceptualization of multipolarity helped in institutionalizing and giving a new description to Russia - China relations.

In spite of this strong partnership, there are some issues and challenges in Russia – China relations.

- Mistrust is higher than that of the earlier period between them. Neither Russia nor China feels comfortable with each other. Many scholars in Russia have pointed that in future China might turn against Russia.
- Bilateral trade has not reached to the mark as expected by both the nations. Russia
   China bilateral trade is less than ten times of China US bilateral trade.
- Chinese illegal migration to Russia's Far East region poses clear challenges for Russia's national interest.

Russia's strategy to construct a Russia's partnership with China centered on mainly three perspectives -

- ✤ Forming "global strategy" to construct a multipolar world order.
- Strengthen Russia's partnership at political, economic and military levels.
- China emerged as the alternative to the western nations and gives confidence to Russia.

But China has adopted different views regarding the Russian perspectives- China did not accept Russia as an influential player in the international system. China believes that an equal partnership is not an alternative since China is economically much more powerful than any of the other players. It does not want to indulge in the balancing game because it has already gained influential status in the global arena.

In the changing world scenario, Russia – China strategic partnership can be understood by two different approaches: first is an optimistic approach that talks about stable and strong partnership in the global arena. Second is pessimistic approach that deals with the clash between their interest in many regions such as North East Asia, Central Asia and Far East etc. Ultimately, the scenario can be neither over pessimistic or optimistic. The reality is that these two countries are bound in a strategic relation that is likely to grow and the future will depend on the domestic trajectories as well as the shape of the international system. References

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