

Chapter 6: Potential Divergence in Sino-Russian Relations

While Chapter 5 describes how Sino-Russian relations have normalized and developed in the past few years, Chapter 6 aims to describe how the seemingly amicable and beneficial relationship really has divergence written all over it. As was also described in Chapter 5, China is looking out for China's interests, the US is wary of the increasing Sino-Russian relationship, and the Russians are mistrusting of China, aiming to only use China to help elevate its power within the global system (especially its economy). Judging from these views of each other, the potential for divergence cannot be understated. Chapter 6 will describe the potential sources of such divergence.

6.1 Arms Trade

We can clearly see that from 1995 to 2005, China's Defense Budget, according to US sources, is estimated to be anywhere from \$7.6 to \$29.9 billion US, with a growth rate exceeding 394%. In 1990s, the total amount of Russia's arms exports to China was around \$1.08 trillion US. Since 1999, China significantly increased its defense expenditures in importing arms and military technologies from Russia, and in 2001 China had become one of the leading nations in terms of defense spending, well ahead of India, Turkey, Taiwan, and Saudi Arabia. As per the statistics and relevant information provided by Russia to United Nations, China was the largest consumer of Russian arms in 2005.²⁰

China and Russia each have their own reasons for undertaking such arms deals. China hopes to speed up the modernization of its armed forces, while Russia wants to earn hard currency from these sales, and to solve the financial difficulties affecting its defense industry. At present, nearly 40% of Russia's arms exports go to China, making Russia China's main supplier of arms. The weapons which China has already purchased from Russia include:

²⁰ See Table 1.

Sovremenny-class destroyers, IL-76 transport aircraft, SA -10 (S-300) surface-to-air missiles, Kilo-class submarines, T-80 main battle tanks, Tor-M1 short-range air defense missile systems, A-50 AWACS aircraft, Su-27 combat aircraft and Su-30 combat aircraft. In addition, in 1995 China paid \$2 billion US for the right to manufacture the Su-27 combat aircraft under license; China plans to build around 200 Su-27s by 2015.²¹

Table 1: 1995~2005 China's Defense Budgets and Annual Growth Rate

	官方公布之國防預算 (單位：十億美元) Official Statistics for Defense Budgets(billion US\$)	年成長率(%) Annual Growth Rate(%)
1995	7.581	15.64
1996	8.572	13.08
1997	9.801	12.84
1998	1.1201	15.03
1999	12.898	15.19
2000	14.584	12.15
2001	17.416	19.42
2002	20.46	17.5
2003	22.755	11.07
2004	25.395	11.6
2005	29.9	12.6

資料來源：中華民國國防部，《中華民國九十三年國防報告書》(台北：國防部，民國九十三年)，頁二十七；US DoD, *Annual Report on the Military Power of the People's Republic of China 2005* (Washington: US DoD, 2005),p21.

Sources: ROC Ministry of National Defense, *2004 National Defense Report*(Taipei: Ministry of National Defense,2004),p.27; US DoD, *Annual Report on the Military Power of the People's Republic of China 2005* (Washington: US DoD, 2005),p21.

Figure 1: China's Projected GDP through 2025 (2005 Prices)²²

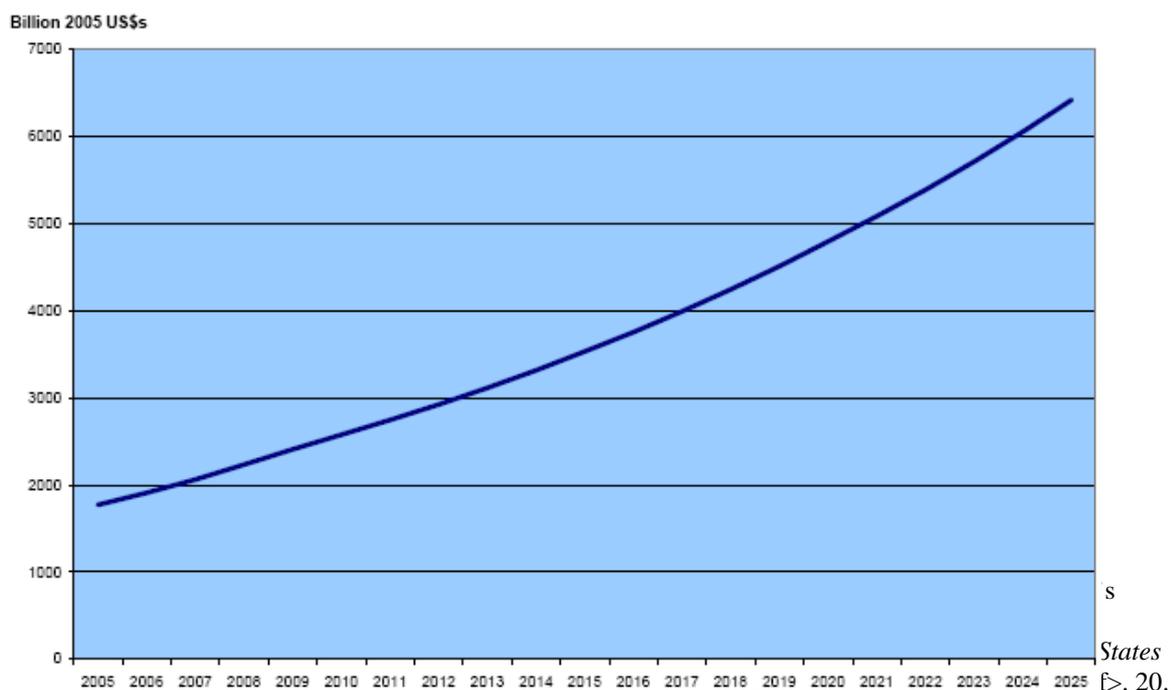
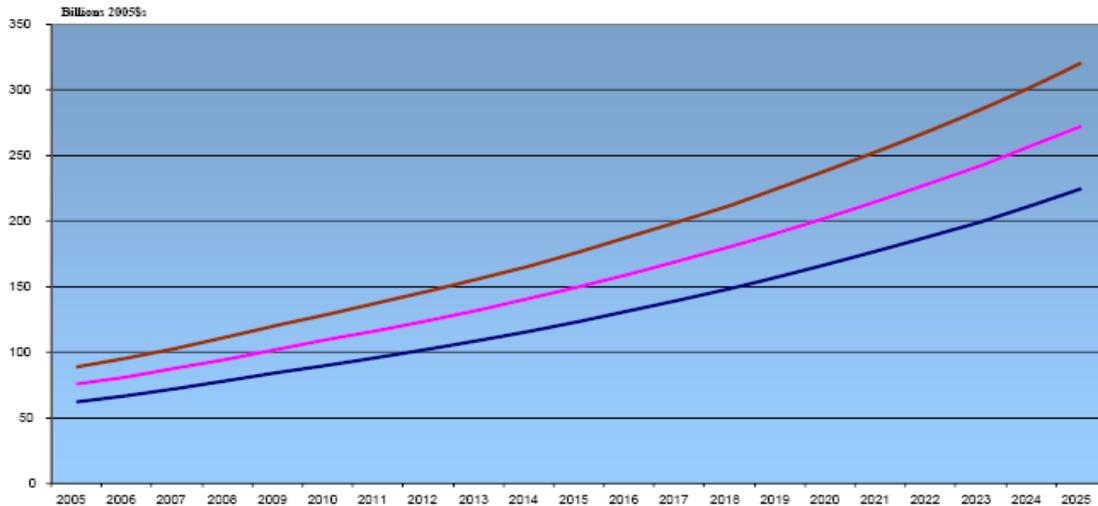


Figure 2: China's Projected Defense Expenditures to 2025²³



Source: Defense Intelligence Agency.

Note: Projections, in constant 2005 dollars, show low, medium, and high-end estimates of China's future defense spending.

Continued economic growth and reform are essential to the PLA's modernization. In absolute terms, this translates into increased funding available for defense. Broad-based growth and modernization also expands China's economic capacities in industry, technology and human resources, enabling its leaders to accelerate military modernization in relative terms, as well. If China is able to sustain past growth rates—a challenge due to projected demographic changes, maturation of the industrial and technology base, and persistent financial inefficiencies—its economy could expand to almost \$6.4 trillion by 2025 (see Figure 1). For comparison purposes, in 2025 Russia's GDP is projected to be \$1.5 trillion, Japan's \$6.3 trillion, and the US \$22.3 trillion. Based on past patterns, China's defense sector will probably benefit from continued positive overall economic performance.

Tracking defense budgets in the early 1990s (see Figure 2), China has steadily increased resources for the defense sector. On March 4, 2005, a spokesperson for China's National People's Congress announced that China would increase its publicly disclosed

²³ Ibid 21.

defense budget in 2005 by 12.6 percent, to approximately \$29.9 billion, double the figure for 2000. This year's increase continues the trends that have prevailed for the past fifteen years of double-digit annual increases in China's published figures. When adjusted for inflation, the nominal increases have produced double-digit actual increases in China's official defense budget every year since the mid-1990s.²⁴

Projecting defense spending over a long period is problematic for the reasons cited above. Assuming that China's defense burden (proportion of defense expenditure as a percentage of GDP) remains constant, China's defense budget could rise three-fold or greater by 2025.²⁵ Focusing specifically upon the military-technology cooperation in regard to the Chinese Navy, the import of seven Russian battle fleets, six of them submarines and one destroyer, is significant. In 2006, China acquired from Russia another destroyer. The 2006 US Department of Defense Annual Report on the Military Power of People's Republic of China concluded that the statistics of Sino-Russian arms trade from 2001 to 2005 are as follows:

²⁴ Ibid.

²⁵ Ibid 20.

Table 2: 2001–2005 Weapons Systems Purchased by China from Russia

Equipment and Type	Delivery Date	Unit(s)
Su—30 MKK combat aircraft	2001	38
Kilo-class submarine	2002	Up to 8
Sovremenny-class II destroyer	2002	2 (the other 2 more have been ordered)
S-300 PMU-1 surface-to- air missile system	2002	4 battalions
Su—30 MK2 combat aircraft	2003	24
S-300 PMU-2 surface-to- air missile system	2004	8 battalions
AL-31F aircraft engine (equipped on F-10 fighter)	2004	100
IL-76 transport aircraft	2004	10
RD-93 aircraft engine (equipped on JF-17 fighter)	2005	100
IL-76 transport plan	2005	40
IL-78 tanker plan	2005	8

Source: Office of the Secretary of Defense. Military Power of the People’s Republic of China 2006. Annual Report to Congress

It is readily apparent that most of the military equipment being purchased by China from Russia is intended for naval and air force use. Clearly, China is seeking to strengthen its maritime and aerial offensive capabilities, in order to be able to win a “limited war under the conditions of hi-tech”. For its own protection, Russia has tried to keep its most advanced weapons and technology from flowing into Chinese hands. However, the weapons and equipment which Russia has provided are still very advanced compared with what the PLA possessed before. Given that China has very few sources from which it can purchase

advanced military equipment, Russia has become a very important source of weapons and technology for the PLA's attempts to modernize its equipment.²⁶

Though the near-term goal of China's military modernization is to coerce Taiwan by force and prepare for a cross-Strait conflict, in the long term China has the potential capability as well as the ambition to challenge US hegemony in East Asia. US military deployment and the US-Japan Alliance have been the major factors contributing to stability in East Asia since the end of the Cold War, but the speed and the scope of China's military power expansion have altered the balance of power in the region and posed a challenge to regional stability and security. Recently, Beijing has begun advancing the theory of "China's peaceful rise", in hopes of alleviating neighbor states' anxiety about China's growing power. At the same time however, China continues to increase its military expenditure and expand its military power. In fact, Beijing's has attempted to employ its military capability as a means to enhance its influence in the region and to shape an international political and economic environment favorable for China's rise. Its ambition to become a regional power is very clear.²⁷

Meanwhile, as European Union (EU) officials have legitimized a lifting of the arms embargo, through consideration of very good political and economic relationships between the EU and China, the close Sino-Russian military cooperation might be adversely affected.²⁸ Due to the tensions among China, the US, and the EU, Russia used to monopolize the arms trade market in China with terms and conditions in disfavor of China, such as any arms trade should be approved by Russia's Department of Defense prior to the transaction, or Russia's refusal of providing its most advanced weapon. With bargaining power inferior to Russia,

²⁶ Tsai Ming-Yen. "PRC-Russia Military Ties: Background, Development, and the Impact on Taiwan's Security." *Taiwan Defense Affairs* 2, No. 3 (Spring 2002).

²⁷ Liu Chien-Hung. "China's Growing Military Power and Its Implications." *Taiwan Defense Affairs* 5, No. 3, Spring 2005.

²⁸ 新華網，俄羅斯媒體披露秘密：俄羅斯武器到底賣給了誰？2006年06月23日。(Sin-hwa network, Russian media explore secret: Whom Russia sold the weapon? June 23, 2006)

vis-à-vis arms trading, an unsatisfied Beijing could only accept it. However, if the EU lifts its arms embargo on China in the future, in order to maintain the arms trade market in China, Russian arms producers and exporters will strongly call for the Russian government to rescind the limitation on arms exports and provide China the same military technologies that Russia has sold to other countries before. Meanwhile, in compatible desire by both sides in opposition to US hegemony, Russia and China view a further cooperation in military modernization as a means of limiting US expansion.²⁹

It should also be acknowledged that Washington is seriously concerned that China may, with European technological support, speed up its already impressive military modernization. This could undermine regional stability in the Asia-Pacific in general and in the Taiwan Strait in particular. Currently, the EU still refuses to lift the arms embargo on China, due to its unimproved human rights record,³⁰ but it should not be underestimated that the EU continuously expresses its willingness to lift the embargo. In the past few years, a number of debates in the EU itself have been raised and constantly addressed the pros and cons of lifting the embargo. Meanwhile, even though the EU fails to reach any common understanding and no final decision can be expected on the EU side in the near future, both French and German leaders have promised to lift the embargo in public speeches.

6.2 Energy Security Considerations

While Russia's economy continued to decline accompanied by numerous negative internal tendencies including regional separatism, China confidently rose to a privileged position in the world economy and politics. Under these conditions, Russia's reliance on export of energy resources and exploding Chinese demand for these and other raw materials

²⁹ "The Military Power of the People's Republic of China 2005: Annual Report to Congress." *United States Department of Defense*. (Accessed 10 June 2007) <<http://www.fas.org/nuke/guide/china/dod-2005.pdf>>.

³⁰ 中央社，日重申反對歐盟解除對中國武器禁運，2007年06月07日。(Chung Yung She, Japan reaffirm its willingness EU to lift the arms embargo to China, June 7, 2007.)

created a particularly favorable background for expanding of bilateral trade in late 1990s and early 2000s.

As China's imports of energy sources grew faster and faster, China has become the second largest importer of oil after the US. From 2000, China accounted for two-fifths of the global growth in oil demand and in 2003 its oil consumption exceeded that of Japan. The growth of oil demand made China seek further energy cooperation with Russia. Moreover, in between 2003 and 2004, a number of external and internal developments served to remind Chinese leaders about their country's energy vulnerability. For instance, in the absence of a strategic oil stockpiling capacity and the pending US invasion of Iraq led Chinese oil companies into a panic, buying large quantities of oil on the world market. Under such circumstances, a constant oil supply from Russia became a hot topic in discussing how to strengthen China's energy security.

Nevertheless, China was to some degree frustrated by Russian's energy export policy. As Russia also sought to diversify its exports in energy to the wider Asia-Pacific region, especially with Japan, Putin adopted a two pronged foreign policy vis-à-vis energy trade towards Japan and China, and especially with his decision to favor Japan in the Siberian pipeline project, a decision which was opposed by most Russian decision-makers at the time and which was in contradiction with the agreement with China signed in July 2001.

The agreement specified that the Siberian pipeline would be built from Nakhodka in Russia to the Chinese town of Daqing. The 2,400 kilometer pipeline was planned to carry up to 20 million tons of oil, representing 12 percent of China's total oil consumption. In late May 2003, the deal was finally settled as the head of Yukos, Mikhail Khodorkovskiii, reached an agreement with Chinese state-owned oil company Chinese National Petroleum Company (CNPC). An agreement was also inked on expansion of oil exports in general, where Yukos pledged to boost oil deliveries to 20 million tons annually from 2006 to 2010,

to be increased to 30 million tons over the period from 2011 to 2030. The deal was supported by most concerned domestic actors in Russia, ranging from the Energy Ministry to Prime Minister Mikhail Kasyanov, as well as the pro-China group within the Russian Foreign Ministry.³¹

Yet Putin opposed reducing the pipeline to the sole Chinese option and started advocating the stretch to Japan instead. To be fair, this was not solely for the reason of short-cutting China but also because of a generous Japanese counter-offer. This coincided with a crack-down on the oligarchs and private interests in the Russian energy industry, and as is well known, the Yukos CEO Khodorkovskiii was arrested, Yukos assets were seized, and the pipeline to China was paused. In September 2004, in an effort to rescue the vital agreement signed with Yukos, Chinese Prime Minister Wen Jiabao paid an official visit to Moscow. He was unable to secure the construction of the pipeline but he managed to get the Russians to agree on an increase of oil exports. To ensure an uninterrupted supply of Russian oil, Chinese banks also provided Russia with a \$6 billion loan for them to acquire Yukos' assets in exchange for energy contracts. Finally, in October of the same year, Putin eventually decided on the route to Japan, but with a branch line extended to China.³² Since then Putin has shifted back to the Chinese option, still refraining from giving any details whatsoever when the project could be realized. Although China has tended to smooth over this disappointment with diplomatic rhetoric, it should not be any doubt that this has had a negative effect on bilateral relations.

6.3 Geographic Conflicts

Numerous geographic conflicts in the past have sullied Sino-Russian relations. Increasingly, new geographic conflicts are arising as Mongolia, Chinese immigrants into

³¹ Leszek Buszynski. "Oil and Territory in Putin's Relations with China and Japan." *Pacific Review* 19, No. 3 (September 2006).

³² Buszynski, *Op. cit.*, 289-290.

Russia, and the long border between the two countries continue to plague their relations. This section will address the history of this issue and why it will be a problem in the future.

Historical Distrust: The Notion of “Yellow Peril”

Since Russia is wary of China’s rise and China was threatened by Russia’s military power, there are numerous subjective and objective impediments to future intimate Sino-Russian relations. Although the Russian government refused to admit the critical influence of the “China’s threat” theory among Russians, long-standing Russian suspicions about China can be traced to both Russia’s current foreign policy and 13th century history.

From a historical standpoint, as Genghis Khan (成吉思汗) created the Mongol Empire in 1206, he organized his people and his state to prepare for war, splitting the route of invasion into two directions: south-bound invasion towards Western Xia (西夏), the Jin Dynasty (金朝), and the Song Dyansty (南宋); and West-bound assaults on Central Asia, Western Asia, and Europe. In less than 50 years, Genghis Khan and his successors invoked three invasions, allowing the Mongol army to storm most of the Asian and European Continents.

The first invasion: In 1218, Genghis Khan sent some emissaries to the Khwarezmid Empire (花刺子模), but when Shah, the emperor of Khwarezmid, executed the Mongol diplomats in defiance of the emerging great power, Genghis retaliated with a force of 200,000 men. In February 1220, the Mongolian army launched the Mongol invasion of Central Asia, defeated the Russian allied army, and conquered the Khwarezmid capital Urgench. Heading home, the Mongols destroyed Western Xia (西夏) as well.

The second invasion: After Genghis' death, Ögedei (窩闊台) was elected supreme Khan in 1229. During his reign, the Mongol armies expanded westward under the command of Batu Khan (拔都) to subdue the Russian steppe. Their western conquests included almost all of Russia, Hungary, and Poland. Ögedei's sons, Kadan and Güyük, attacked Poland and

Transylvania, respectively. Eventually, Mongol forces were moving on Vienna, launching a fierce winter campaign against Austria and Germany in the first wave into Western Europe, when Ögedei died. After the commanders heard the news of Ögedei's death, they withdrew from Vienna and returned to the Ikh kuriltai in Mongolia, never again to return so far west. In spite of the premature invasion of Europe, Mongols really terrified the Europeans, who began to call the Mongols the “yellow peril”.

The third invasion: As Güyük (蒙哥) was proclaimed great Khan in 1246, he dispatched Hulegu (旭烈兀), operating from the Mongol base in Persia, to lead armies that destroyed the Abbasid Caliphate (木剌夷) in Baghdad and also destroyed the cult of the Assassins, moving into Palestine towards Egypt. Again, when Güyük Khan died on the way to a battle against the Song Dynasty, Hulegu withdrew the Mongol armies and hastened to return for the great Khan election.

After these three epic invasions, the Mongol empire split into four parts: the Yuan Dynasty (元朝), Il-Khans (伊兒汗國), Chagatai Khanate (察合台汗國) and Golden Horde (欽察汗國), each of which was ruled by its own Khan. The Mongols established the largest contiguous land empire in history, with unbeatable armies. Europeans depicted this history as the “yellow peril”.

Until now, Russians are not likely to escape the historic fears of the “yellow peril.” For instance, in a 2004 poll regarding the Russian Far East people's attitudes towards China and the Chinese people, the results showed that China was the second most unpopular country, after North Korea. As for the menaces against Russia's interests and Far East security, China's expanding international presence was the highest chosen possible menace ahead of US hegemony.³³

³³ 吳大輝，評俄羅斯的「中國威脅論」。國際經濟評論。2005.5-6; (Wu Da-huae, “To review ‘China Threat’ in Russia, International economical criticizing, No.5-6, 2005)

The Russian government also expressed its concerns about China's growing military power in the past few years, even though it invariably claimed the importance of the Sino-Russian military-technology cooperation. Reportedly, General Sergei Ivanov, during his term as the Minister of Defense, had indicated that "Russia shall remain the prevailing military power against China" and restrained Moscow from selling the most advanced military technologies to Beijing, and to a large extent diminished the periods and numbers of Chinese engineers to be trained at Russian military facilities. Some Russian Intelligence officials in China put it bluntly, saying that it depicted Putin's suspicions of further arms sale to China in fears of equipping a potential military rival.³⁴

Obviously, Russia was ambivalent about China, especially in light of military cooperation. Although China has been a major Russian client in arms sale together with India, Russia sold more advanced weapons to India as compared with those China acquired, regardless of the numbers and the technological advancement of the weapon systems.³⁵

Therefore, it is not unreasonable for Moscow to widely debate to what extent Russia should continue its contribution to the growing Chinese military power, as many countries in Asia also fear that China might become a regional threat. Currently, China has maritime territorial and energy disputes with Japan in the East China Sea and Beijing's conflicts with Taiwan, Vietnam, the Philippines, Indonesia and Brunei over the sovereignty of islands in the South China Sea also remain unresolved.

With China's rapid military modernization, the gaps in military capabilities between China and any its neighbors have increased. If Beijing decided to press its neighbors into accepting its sovereignty claims by threatening or using military force, few except Japan could really resist. In particular, the *US 2005 Annual Report on the Military Power of the*

³⁴ 李中邦，中俄大規模軍演，日本最不是滋味。台灣日本綜合研究社，2005年10月6日。(Lee Chung-bang, Sino-Russian large scale military display upsets Japan.) <<http://www.japanresearch.org.tw/special-26.asp>>.

³⁵ 胡鍵，俄羅斯應對中國和平崛起的戰略分析。當代世界與社會主義，2006年第2期。P.135。(Hu Gian, Russia should analyze the strategy on Chinese Rise, Modern World and Socialism, No 2, P. 135, 2006.)

People's Republic of China has issued a warning that China is expanding both the quantity and quality of its missile forces, that the ranges of China's missiles cover all regional countries, and that these missiles will be an effective coercive tool to deal with any regional contingencies. From this perspective, China's missile forces are not only directed against Taiwan, but also raise security concerns for other East Asian countries. These missiles are the greatest potential threats in the region. Therefore, it's not wise for other countries to remain silent on China's increasing missile deployments.

For Japan, China's rise as a regional military power is likely to threaten the security of sea lanes of communication on which the Japanese economy relies heavily. If China were to attack Taiwan or establish forward military bases on islands in the South China Sea, Japan's transport ships and national security would immediately be put at risk. Therefore, it is no wonder that Japan explicitly defined China as a source of threat in its *National Defense Program Outline* (NDPO) published in 2004,³⁶ as Russia was definitely not excluded as well.

Given the complexity of the regional situation in the Far East, US experts believe that geopolitics will limit the improvement of Sino-Russian relations, as the large immigration of Chinese into Russian territory is a primary source of tension, even though this was more of a concern during the Yeltsin era than in Putin's. With a flow of immigrants pouring across the border, Russia, and primarily local authorities, has shown great concern over the "Sinocization" of Russia's Far Eastern region and by extension, the potential of Chinese tanks rolling up to Siberia to reclaim these territories that it lost in the 19th century. Considering the historical and current role of nationalism within the two countries, this uncontrolled migration may very well turn radical, putting severe strains on the bilateral

³⁶吳東野，「美日安保與東北亞安全情勢」，〈《戰略安全研析》〉，第一期（民國九十四年五月），頁二六。 (Wu Dong-ya, US-Japan and North-east Security Situation, 《Strategic Security Analysis》, No. 1, May 2005.

relationship. This is paradoxical considering the urgent need for a working-age population in the depopulated Russian Far East.³⁷

It is obvious that Russia's mainstream policy has become less ideological, more driven by the economic and geopolitical considerations. In short, to raise revenues and to increase its sphere of influence to counterbalance China, Russia has sought to develop closer relationships with Japan and India as well as restore relations with Vietnam and both Koreas. Consequently, Russia's effort is to recreate its influence in the Korean peninsula, the South China Sea, and Indian Ocean. As noted by Dr. Nadia Alexandrova Arbatova, head of the Department of European Politics at the Institute of World Economy and International Relations of the Russian Academy of Sciences, a unilateral confrontation with the US hegemon, precipitated by Moscow, won't necessarily give rise to a multi-polar world. On the contrary, it might lead to a bi-polar system in which Russia is subordinated to China's order and might increase the risk of China's incursion into Russia's Far East and Siberia regions. The expert called for the Russian government not to ignore these thoughts in the consideration of future policy.

Far Eastern Regional Politics: "Good Neighbor" or "Covetous Overstayers"

In the early 1990s, there was little basis for a strong and open bilateral relationship between China and Russia. During the late nineteenth and early twentieth centuries, ethnic Russians co-existed with Manchurians, Chinese, Koreans and Japanese on both sides of the border. However, Soviet policy enforced ethnic exclusion to strengthen its control over the Far East, and the last remnants of the Chinese presence in the region disappeared in the 1960s. Until 1983, only one border crossing existed, and even when Sino-Soviet relations began to improve in the 1980s, contacts were tightly controlled. Only 10,000 Chinese workers were

³⁷ Alekseev and Hofstetter, 2006.

permitted to enter Primorskii Krai, Russia's so-called "gateway to the Pacific", and until 1986, postal links and telephone connections were either non-existent or available only through Moscow and Beijing.³⁸

The collapse of the Soviet Union sharply increased cross-border contacts. In recognition of the importance of China as a close powerful neighbor, in 1992 Boris Yeltsin made a state visit to Beijing. Yeltsin agreed to lift many of the visa restrictions impeding cross-border trade. A year later, 13 ports, four bridges and three airports spanned the longest section of the border, between Heilongjiang and the Russian Far East; the Chinese State Council had authorized three border cities—Heihe, Suifenhe and Hunchun—to pursue cross-border trade; and China had opened a consulate in Vladivostok.³⁹

But closer links with China rapidly became a sensitive issue in Russian regional politics. Throughout 1992 and 1993, the Russian press reported running totals of Chinese reputed to be in the region. Between 200,000 and two million illegal Chinese immigrants were estimated to be in the Russian Federation in 1993-1994. Nazdratenko's administration claimed that 150,000 Chinese "overstayers" were present in Primorskii Krai alone. Chinese traders were blamed for rising crime rates in border cities and accused of profiteering from privatizations, creating housing shortages and fuelling unemployment rates.⁴⁰ In Vladivostok, one analyst suggested that a Chinese autonomous province would be established in the region within 30 years.⁴¹

These fears were greatly exaggerated. Operation Foreigner, the Russian Border Guard's attempt to clamp down on illegal immigration from China, netted its largest single

³⁸ Peter Kirkow. "Regional Warlordism in Russia: The Case of Primorskii Krai." *Europe—Asia Studies* 47, No. 6 (1995): 923-27. See also James Clay Moltz. "Regional Tensions in Russo-Chinese Rapprochement." *Asian Survey* 35, No. 6 (June 1995): 515.

³⁹ James Clay Moltz. "Regional Tensions in Russo-Chinese Rapprochement." *Asian Survey* 35, No. 6 (June 1995): 520. See also "Russian Far East & Siberia." In *Asia 1994 Yearbook, Far Eastern Economic Review*, (December 1993): 197.

⁴⁰ Portyakov. "Are the Chinese Coming?"

⁴¹ James Clay Moltz. "Core and Periphery in the Evolving Russian Economy: Integration or Isolation of the Far East." *Post-Soviet Geography and Economics* 37, No. 3 (March 1996): 185.

haul in November 1996, when just 22 illegal immigrants were caught trying to enter Primorskii Krai.⁴² According to one Russian analyst, only 87 Chinese have settled permanently in Amurskaya Oblast since 1987, and 170 in Khabarovskii Krai.⁴³ Nevertheless, the perceived “immigration crisis” provided an opportunity for Far Eastern governors to assert their views on Russia’s appropriate relationship with China.

In February 1995, just before Kozyrev was to start an official visit to China, Nazdratenko called for sections of the agreement ceding parts of the border region to China to be revised, declaring “as long as I am governor I will not give up even a meter of soil.”⁴⁴

The Russian Far Eastern media cited Chinese rail and road links ending at the border as evidence of China’s long-term territorial ambitions. Local Russian administrators stalled transport projects. Amurskaya Oblast, although the worst hit of all Russian border areas by the post-Soviet downturn in trade, refused until 1996 to match Chinese offers to fund half the construction costs of a bridge across the Amur River. Although China was the largest investor in the region in 1993, local officials polled on their preferred investment partners listed it a distant fourth (with 4%) after the US (64%), Japan (44%), and South Korea (16%).⁴⁵

According to a new migration law enacted in January 2007, foreigners in Russia can only occupy 40% or less of employees in retail businesses and only Russian citizens have been allowed to engage in selling retail goods on the market since April 2007.⁴⁶ However, cheap Chinese goods are very important for the Russian people in the Far Eastern region, who are poor or out of work. If 10 times the foreign retailers are leaving the market, the price

⁴² “Russia: ‘Illegal’ Migrants from PRC Deported from Maritime Kray.” *Rabochaya Tribuna* 23 November 1996. 3, translated in FBIS-SOV-96-229, 27 November 1996.

⁴³ Portyakov, “Are the Chinese Coming?”

⁴⁴ Valentina Voronova. “The Governor Said: Not an inch!” *Obshchaya Gazeta*, No. 19 (May 1995): 11-17, translated in FBIS-SOV-95-112, 12 June 1995.

⁴⁵ Won Bae Kim. “Tumen River Development and Economic Cooperation.” *Asian Perspective* 19, No. 2 (Autumn/Winter 1995): 88.

⁴⁶ 「俄新移民法生效 中國商販甩貨回國」，大紀元，2007年1月16日。(Russian New Immigration Law is in operation, Chinese Goods Delivered Home, Da Gi Yuan, Jan. 16, 2007.) <<http://epochtimes.com/b5/7/1/17/n1592886.htm>>.

would be three times more expensive compared with present prices. Therefore, this is not a very good policy for the Russian people because Chinese goods are very cheap and the Chinese labor is very important for the market. However, the Russian government feels threatened by the migration of the Chinese in large numbers so they enacted this law.

Central Asia and Mongolia: Partnership or Accommodation?

Chinese and Russian interests have long clashed in the Central Asian states of Kazakhstan, Kyrgyzstan and Tajikistan, and in Mongolia. The Sino-Soviet split compounded tensions between the two: China revived its claims to sections of the Kazak and Kyrgyz borders, and to some 33,000 km² of Tajikistan. The Soviet Union exerted pressure on northern China through a massive military build-up along the Central Asian border and stationed forces in Mongolia within striking distance of Beijing. Moscow also fuelled separatist sentiment in the Chinese border and stationed forces in Mongolia within striking distance of Beijing. Moscow also fuelled separatist sentiment in Chinese border province of Xinjiang by granting special privileges to ethnic Uighurs (the dominant minority in Xinjiang) resident in Soviet Kazakhstan and Kyrgyzstan. China in turn developed ties with Pakistan, armed the mujahedin in Afghanistan during the 1980s and demanded Soviet withdrawal from Mongolia as a precondition for Sino-Soviet normalization.

With the decline of Russian influence in the region since 1991 and the emergence of inexperienced new governments, the scope for continued tensions would appear considerable. However, Russia and China's concern for domestic and regional stability have provided the basis for limited strategic accommodation in Central Asia. This understanding has not resulted from Russia's efforts to develop an elite political partnership, but from the evident advantages to both sides. This process has enhanced both countries' role in the region and extracted important concessions from Mongolia and the new Central Asian states.

The peoples of Central Asia and Mongolia have traditionally turned to Russia for support against China, giving Moscow a distinct advantage over Beijing. However, the collapse of Soviet power allowed China to fill the economic and strategic vacuum. The Soviet Union fell before border agreements could be signed, leaving the reluctant new states of Central Asia with the prospect of negotiating directly with Beijing. After the withdrawal of Soviet/ Russian forces from Mongolia in 1992, the country was left with only 20,000 troops to cover its 4,5000km border with China.⁴⁷ As in the Russian Far East, an early boom in cross-border trade collapsed amid local press complaints of poor-quality Chinese goods and hints of illegal immigration.⁴⁸ Cross-border ethnic and linguistic ties complicated the situation. According to Chinese and Soviet censuses, Xinjiang is home to 1.1 million ethnic Kazaks, 375,000 Kyrgyz and 7.2 million Uighur. The Uighur, Turkic-speaking Muslims, are now a minority in Xinjiang (49%) as a result of internal Han Chinese colonization.⁴⁹ A further 266,000 Uighur live in Kazakstan and Kyrgyzstan.⁵⁰

Russia's increasingly strident conception of its regional interests since late 1992 has had immediate consequences for Central Asia. As Kozyrev explained in October 1993, Russia would not countenance "losing geopolitical positions that took centuries to conquer".⁵¹ Moscow sought a continued stake in the region's economic development, particularly exploitation of fossil-fuel resources, protection of ethnic Russians and the promotion of stability as a buffer between Russia's vulnerable southern rump and the Middle East and South Asia. These demands become more insistent in the light of conflicts in Nagorno-Karabakh, Chechnya and Tajikistan, the former Soviet south's arc of crisis.

⁴⁷ Bertil Lintner. "Mongols Fear Hordes." *Far Eastern Economic Review*, 18 May 1995, 30.

⁴⁸ Frederica Moroni. "A State in Transition: Security Issues in Kazakhstan." *International Spectator* 29, No. 4 (October-December 1994): 46.

⁴⁹ Keith Martin. "China and Central Asia: Between Seduction and Suspicion." *RFE/RL Research Report* 3, No. 25 (June 1994): 26-36.

⁵⁰ Gudrun Wacker. "China Builds Ties, Trade Across its Western Border." *Transition* 2, No. 17 (23 August 1996): 30.

⁵¹ Quoted in Stephen Page. "The Creation of a Sphere of Influence: Russia and Central Asia." *International Journal* 49, No. 4 (Autumn 1994): 806.

It has been argued that, with considerable gains at stake, China will increase its involvement in the region at Russia's expense, either strategically or economically. Central Asia and Mongolia will thus become the arena in which Sino-Russian strategic tensions are more likely to be played out.⁵² One Russian analyst has warned that China is moving toward a leading position in the struggle for influence in the post-Soviet era.⁵³

The Russian government is aware of this fact, but Central Asian stability is a common goal of Russia and China; their policies towards the region and each other are mutually supportive. However, there is little evidence that shared concerns have led to overt coordination or partnership. Russia and China have signed an intelligence-sharing agreement that presumably covers Central Asia and Afghanistan. But relations are best described as suspended competition rather than active cooperation or diplomatic framework to enhance strategic interests.

Russia's interest in developments in Central Asia is deeper than that of China. Although a spill-over of violence or activism from Central Asia or Afghanistan is a concern, Beijing would be reluctant to intervene across its borders. Martha Brill Olcott notes that "Chinese sovereignty...may depend as much on Beijing's ability to influence events across its borders as it does on controlling events within."⁵⁴ But that requires a fundamental Chinese policy shift which is unlikely in the foreseeable future. Nor does China face economic challenges to the same degree: for many in Russia, Western oil and gas deals threaten to undercut the country's economic and political role. Pipeline routes are critical to Russia's

⁵² Bruce E. Elleman. "Russian Policy in the Chinese Context." In Stephen Blank and Alvin Z. Rubenstein (eds), Imperial Decline: Russia's Changing Role in Asia. Durham, NC: Duke University Press, 1997. 109. See also Stephen Blank. "Energy, Economics and Security in Central Asia: Russia and its Rivals." *Central Asian Survey* 18, No 3 (1995): 396.

⁵³ Irina D. Zvyagelskaia. "Central Asia and the Caucasus: New Geopolitics." In Vitaly Naumkin (ed.), Central Asia and Transcaucasia: Ethnicity and Conflict. Westport, CT: Greenwood Publishing Group, 1994. 133.

⁵⁴ Martha Brill Olcott. Central Asia's New States: Independence, Foreign Policy and Regional Security. Washington DC: United States institute of Peace Press, 1996, 36.

future influence in the region. This disparity limits the opportunities for a more overt strategic understanding.⁵⁵

The relative success of Russia and China's normalization strategies in Central Asia and Mongolia begs comparison with the difficulties they have faced in pursuing their bilateral agendas. Russian leaders see a closer political partnership with China as a means of stemming their declining economic and strategic control, and of fending off other potential competitors. But, without a coordinated pursuit of normalized cross-border ties, the effect is a disjointed and insubstantial arrangement of limited lifespan. Moreover, Russia's attempts to deal with China in isolation in order to freeze the status quo--at least temporarily--in its favor carry considerable risks.

In Mongolia and Central Asia, however, shared concerns have allowed relations to progress more smoothly. Behind the talk of "new" security arrangements, Russia hopes for a more active cooperation with China but both countries have individually played to the region's long-standing fears of their larger neighbors. Under the guise of multilateralism in the "four-plus-one" framework, a series of essentially bilateral agreements have been made under which Moscow and Beijing have pledged to respect Central Asian sovereignty. In return, the Central Asian states have in effect declared their support for Russia and China's internal-security agendas.⁵⁶

Cultural Conflicts

Looking back in history, wars are most likely to break out among nations when there are clashes of both ideologies and fundamental national interests. From the perspective of historical development, the Sino-Russian relationship also embodies an interaction between a potential strong power and an existing strong power. Such as the so called "yellow peril" that

⁵⁵ Jennifer Anderson. *The Limits of Sino-Russian Strategic Partnership*. Oxford: Oxford University Press for the International Institute for Strategic Studies, 1997. 47-48, 57-58.

⁵⁶ Ibid 59.

happened in the 13th century, which become an unforgettable nightmare for Russia and other European countries.

The logic of history is that potential strong powers will eventually challenge the existing strong powers in politics, the economy and militarily. The history of ancient Rome and that of modern and contemporary Europe have repeatedly proven this point. Therefore, American conservative scholars such as Aaron Friedberger and John Mersheimer have insisted that the confrontation between two big countries, China and Russia are inevitable as well.

The bourgeois in England, during the Napoleonic War, could put aside ideological differences with the feudal monarchies in continental Europe and forge an alliance with them to fight France. Similarly, during World War I, bourgeois nations such as England, France and the United States were willing to form an alliance with the rather feudal monarchy of Russia. During World War II, the socialist Soviet Union and the Chinese Communist Party also followed the same principle to form an anti-Fascist alliance with the United States, England and France. In the 1970s, China had split with the Soviet Union that shared the same ideology and improved its relationship with the “American imperialists.”

Yet when a nation’s ideology and its national survival are not in conflict, this nation’s confrontation with its opponent will be doubly uncompromising. The Russian historian Yevtally writes, “To the rulers in Europe, the red headscarf that Marat used to wrap his head was more lethal than Napoleon’s golden Crown.” In 1815 they believed Napoleon was going to wage a general war by “reviving Marat.” Yet, in fact, Napoleon not only would never intend to do so, he also was most afraid of doing so. But Vienna, London, Berlin and St. Petersburg all believed he would do so, thus further increasing their irreconcilable hostility toward the French conqueror.”

In the early 16th century, Ottoman Turkey and Venice were confronting each other not only in the arena of commercial interests but also in an ideological battle between Islam and Christianity. Finally, they fought a major naval battle in 1517, which resulted in Turkey's defeat. Turkey has been in decline ever since. In 1588, before the naval battle that destroyed the Spanish Armada, Spain and England not only had clashes over overseas trade but also had an irreconcilable ideological battle. Spain stood for the old Roman Catholic Church and England for Protestantism. The defeat of the Spanish Armada made England a strong naval power. After the 1789 French Revolution, Prussia and France became archenemies due to territorial disputes and ideological confrontation. The two nations have since fought the Franco-Prussian War, World War I and World War II.

The European Union has nuclear weapons, and enjoys strong comprehensive unified power. Various EU nations share similar ideologies, governmental systems, and cultural values, which has created among them a psychological identification and affinity. The United States has issues with the EU, but does not have enmity against it. This reveals how important ideology is in deciding the level of hostility among nations. The Napoleonic Wars became extraordinarily fierce because the two sides of the wars both shared a convergence of national interest for survival and ideologies (England was an exception and its diplomatic value system dictates that national interests overshadow ideological concerns). The Russian civilization originated in Europe. It seems to have inherited the European tradition of emphasizing ideology. Furthermore, due to its strong comprehensive national power, Russia has even surpassed Europe in expanding the role of ideologies. However, the two countries also share common interests. Furthermore, the international and geographic situation makes it impossible for the Russians to isolate China or impose a comprehensive containment policy against China as did the United States during Cold War against the Soviet Union. Therefore,

the two countries have areas in which they can co-operate. Sino-Russian relations will develop along a rough road of cooperation and conflict.

The United States, on the one hand, is a unique super power, not only is its overall national strength is far superior, it also maintains a forceful rising momentum in various fields, compared with China and Russia. Americans themselves are full of vigor being a world leader, interfering all over the world.⁵⁷

However, because China and Russia's vital importance in the U.N. Security Council, the position of US seems to be threatened. For instance, North Korea's missile test-launches on America's national day this year, caused America to consider a draft Security Council resolution against North Korea, but was countered by China and Russia. Because both countries hold veto power in the U.N Security Council, the positions will make it very difficult to win approval for tough measures against Pyongyang. The American superpower will not ignore the improving relations of China and Russia in the future.

With a rapid upgrade of its overall national strength, China shows increasing concern over international affairs and its spheres of influence are widening. Such is a sense of responsibility for a big nation and also a natural result of China's rapid expansion of its own interests. China can hardly take an attitude of evasion on many issues.

In 2005, US Deputy Secretary of State Robert Zoellick used the notion "stakeholder" to give a faithful representation of Sino-US relations. However, during Chinese President Hu Jintao's visit to the US, he stated that the relations between the two countries are as "constructive cooperators" rather than "stakeholders."

It is acknowledged that Sino-US relations are very important bilateral relations in the world today; as the world's biggest developing and developed countries, China and America

⁵⁷ Ni Lexiong. "The Sino-US Relation and Its Structural Clash." *The Global Time (Huanqiu Magazine)* 29 March 2004. (Accessed 11 June 2007) <<http://my.opera.com/PRC/blog/show.dml/489781>>.

shoulder immeasurable responsibility for world peace and development. Therefore, even a minor change of Sino-US relations can affect the international situation. In this sense, Russia's leader should be concerned about whether Sino-Russian relations would be influenced by Sino-U.S relations or other international forces or not.

Russia is under a democratizing phase, but China is still a communist country, there indeed exist structural conflicts in the Sino-Russian relationship. As an ancient saying goes, "if you are not one among my people, you must think different." The root of the "different thinking" lies in culture and ideology. This ancient saying contains condensed historical experience, demonstrating that differences in ideologies inevitably create suspicion and insecurity, which, if stimulated under certain conditions, further develops into enmity and causes confrontations.

Therefore, in overcoming a variety of profound problems faced by mankind, and in encountering separate set of challenges to their respective economic and political confrontations, both countries still have a long way to go.