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CHINA- RUSSIA RELATIONS

“BEST AND WORST TIME” FOR BEIJING AND MOSCOW?

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Between April and early September, top Chinese and Russian leaders met four times: in Beijing (BRI Summit), Astana (SCO Summit), Moscow (Xi’s official visit), and Xiamen (BRICS Summit). Each time, Xi and Putin hammered on the “best-ever” theme for Sino-Russian relations. Meanwhile, the two militaries signed a four-year guideline for military cooperation and conducted their first naval exercise in the Baltic Sea. The world according to Beijing and Moscow, however, was being turned upside-down and inside-out as threats of nuclear war were hurled between the US and North Korea. Moscow and Beijing tried hard to [coordinate their Korea policies](#). In May, China’s Belt and Road Initiative (BRI) Forum received Russia’s public if not enthusiastic support. India’s unambiguous objection, however, turned out to be the precursor to a protracted standoff between India and China over a remote road on the Doklam plateau. The crisis was defused only a few days before the BRICS Summit in Xiamen. Few, if any, of those gathered at the summit’s 10th anniversary expected to be jolted by North Korea’s hydrogen bomb test on Sept. 3. Welcome to a brave new world of strong, and sometimes strange, leaders whose decisions have serious consequences for the world.

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All BRI roads lead to Beijing? Not so fast says Russia

On May 14-15, Beijing hosted the first international Belt-Road Initiative (BRI) Forum at the [Yanqi Lake](#) (雁栖湖) conference center. Of the 28 foreign heads of state at this “Leaders Roundtable of the Belt and Road Forum for International Cooperation,” President Vladimir Putin was the last to show up. His Russian Air Force One landed at Beijing Airport shortly before President Xi Jinping started to greet other participants at the conference center. It was unclear why Xi’s [chief guest](#) was “fashionably late.” Some Chinese netizens speculated that Putin is always busy as president of the “[fighting nation](#)” (战斗民族). Others thought that “Putin the Great”—[a phrase first coined by this author in 2004](#)—was actually on time, but only after Putin’s motorcade raced 45 km in 30 minutes from the airport to the conference site.

Xi unveiled the ambitious BRI in Kazakhstan in September 2013. Moscow’s initial reaction was [cautious](#) at best, despite Xi’s promised “[three Nos](#)” in its BRI drive through Central Asia: no interference with Central Asian countries’ internal affairs; no attempt to seek a dominant role in regional affairs; and no desire to create a sphere of influence in this traditionally Russian sphere. It took almost two years for China and Russia to start talks on the integration of BRI and Eurasian Economic Union (EAEU). By mid-2016, Putin came around to publicly supporting BRI.

Part of the reason for Russia’s turnaround was the steady expansion of BRI projects along the old Silk Road and beyond. In the past few years, 50 Chinese companies have invested in nearly [1,700 BRI projects](#), including the [\\$46 billion](#) China-Pakistan transportation corridor, a [railroad](#) to Singapore, massive oil and gas pipelines across Central Asia, [56 special economic zones](#) in 20 BRI countries with a total investment of \$19 billion, to mention just a few. In the medium-term (next 10 years), Chinese outbound investment is forecasted to reach [\\$1.5 trillion](#), a 70 percent increase over the previous 10 years (2007-16).

The Beijing forum was the logical step toward a “common destiny of human beings” ([人类命运共同体](#)), or Chinese-style globalization, against a backdrop of the West’s retreat from economic interdependence. Xi pledged an additional [\\$113](#)

[billion](#) in the next few years for the BRI. Some [270 deals/agreements](#) were signed between governments and firms. The number of Chinese deals with BRI countries totaled 109 in the first eight months of 2017, compared to 175 in 2016 and 134 in 2015, according to the [China Daily](#).

Despite China’s huge clout, Russia was no passive observer at the BRI Forum. In fact, Putin’s two-day visit, which was the first for 2017, was full of symbolism and substance. The Russian president was the [only head of state](#) from a major Western nation to come to the forum, though Italian and Spanish prime ministers and German and French economic ministers were also present, together with 1,200 political and business leaders representing more than 130 countries and 70 international organizations.



1 Putin and Xi at BRI summit in Beijing (Reuters)

In his speech at the opening session, President Putin presented a more ambitious blueprint for Eurasian integration by [urging](#) all participants to establish a large economic space in three separate geographic and geo-economic domains. The first consists of the Russia-led Eurasian Economic Union (EAEU), China’s BRI, the Shanghai Cooperation Organization (SCO), and ASEAN; the second is “a common cooperation framework from the Atlantic to the Pacific – for the first time in history”; and the third was the Northeast (Arctic) Passage increasingly available as a result of the rapid melting of Arctic sea ice. Russia would be at the center of this vast network, connecting places and players. Meanwhile, China’s BRI would be “boxed in” by the first scenario, eclipsed in the second one (by the Trans-Siberian Railway including the Baikal-Amur Mainline), and being one of many users of the newly available northern transit presumably with Russia’s consent and cooperation.

In Beijing, Putin seemed determined to hold Russia’s bottom-line. “We agree only to those

proposals that benefit us,” replied Putin to journalists’ questions at the BRI Forum. In addition to telling his Chinese host that Russia not only supported BRI but would actively contribute to achieving it, Putin also [stated](#) that “It is important that all of the existing integration structures in Eurasia and any new initiatives be based on universal and generally recognized foundations. They must also take into account the specifics of the member states’ national development models and be developed openly and transparently.” Putin, however, fully understood the downside of not working with the BRI. “It would be a shame not to make use of the opportunities this cooperation creates. Russia is open for cooperation with all countries, and today China is demonstrating its openness to the entire world,” [added the Russian president](#).

It remains to be seen how BRI will interact with Russia’s EAEU. Given the current trajectory, BRI is set to expand, regardless of what Russia does. Managing this increasingly asymmetrical relationship is an art. Chinese political and intellectual elites have so far been careful not to push the envelope in dealing with Russia over the BRI, which is in sharp contrast to Washington’s [Russia-bashing](#). President Putin remains popular in the Chinese public space as both a strong and capable head of state as well as a real man of muscularity. For Moscow, there is perhaps no alternative but to embrace BRI given a hostile West and recent US sanctions imposed by the Trump administration for alleged Russian interference in the 2016 US election. Between China’s open-ended and promising BRI and the West’s theoretically open but in actuality closed “liberal” international order, Moscow’s choice for BRI is both rational and practical.

A bigger SCO in Astana & growing apart?

The most significant development of the 17th SCO Summit in Astana was the entry of India and Pakistan into the group. Seventeen years after its founding, the regional security group finally took its first step to expand its core members from six to eight. In addition to its east-west breadth (from the Yellow Sea to the Baltic Sea), the SCO now stretches from Russia in the north to the Indian Ocean in the south. With nearly half the world’s population, this gigantic grouping intersects virtually all the world’s major civilizations/religions in the age

of, for better or worse, the [“clash of civilizations.”](#)

The chemistry of the SCO, however, is far from smooth. While the Astana Summit hailed the SCO’s “historical” enlargement, Indian and Pakistani membership went through years of deliberation (2009–2015) and the two South Asian nations would have to wait for almost two more years after the 2015 Ufa (Russia) Summit finally started the ascension process. In fact, India was interested in formal membership in the SCO as early as 2005 when it received observer status. From the early days of the SCO, the regional security group has been labeled as a [“NATO of the East”](#) in the West. The SCO’s [“survival-of-the-slowest” mode](#) was in sharp contrast to the steady eastward expansion of NATO, which had, in a matter of 10 years, pushed its eastern border three times (1999, 2004, and 2009) adding 12 new members to the fold.

Russia was the first to propose Indian membership. China had been reluctant to expand the group for at least three reasons. First, China believed the SCO should prioritize and improve its own structure and processes, particularly the ability to implement numerous signed agreements and turn those declarations into real policies. The record of the SCO has been disappointing at best. Even under the best circumstances, the inclusion of India and Pakistan would have made the SCO less efficient, given that decision-making is based on consensus building, not majority rule.

China’s second concern was that the [tension and hostility](#) between India and Pakistan would be brought into the SCO. Beijing’s own difficult relations with New Delhi might have weakened China’s role within the SCO. The [expectation](#) that the SCO would help resolve the India-Pakistan disputes was perhaps an illusion as [Indian commentators](#) insisted there was no role for third-party mediation in the India-Pakistan conflict.

Finally, many in China understood that Russia supported India’s accession into the SCO as part of Russia’s geopolitical strategy to balance a steadily rising China, particularly in Central and South Asia. For the same reason, Moscow has resisted China’s suggestion to turn the SCO into a free trade zone, which could lead to post-Soviet SCO members (Kazakhstan, Kyrgyzstan,

Tajikistan, and Uzbekistan) drifting further into China's geo-economic orbit.

As a result, the SCO remains a policy articulation and coordination platform at best. Chinese analysts understood that the inclusion of India and Pakistan meant complications and challenges ([机遇和挑战](#)) for the group. Beijing therefore would not let the issue of India's SCO membership stand between its strategy for its rise and increasingly difficult relationship with the West/US on the one hand, and Russia's regional concern over China's clout on the other.

Still, the SCO's first enlargement was not China's preferred option. Unlike the almost constant praise of Indian and Pakistani membership at the opening session at the Astana Summit, President Xi merely acknowledged that "Today, we will admit India and Pakistan as the SCO formal members" ([“今天，我们将接收印度、巴基斯坦为成员国”](#)). The bulk of Xi's speech was devoted to broad and specific measures to strengthen the cohesion and coordination of the SCO into what Xi called a community of common destiny ([命运共同体](#)).

Possibly as a safeguard against deepened division within the SCO resulting from Indian and Pakistani membership, the Chinese president began his speech by calling for SCO unity. "The current global and regional situations are going through deep and complicated changes with numerous uncertain factors. Only by united actions can these threats and challenges be appropriately managed," said Xi. Xi proposed drafting a five-year guideline for the SCO "Treaty on Long-term Good-neighborliness, Friendship and Cooperation" ([《上海合作组织成员国长期睦邻友好合作条约》](#)) signed into effect in 2007 at the SCO Bishkek Summit. Given the deteriorating security situation in Central Asia and Afghanistan, Xi also proposed to set up a SCO defense and security forum as well as a three-year cooperation guideline for combating the "three evil forces" (terrorism, separatism, and religious extremism). Obviously, Beijing did not think the current security arrangements were adequate in the post-enlargement SCO.

Xi did not completely abandon the economic dimension of SCO development. Instead, he proposed a gradual process for a regional economic cooperation structure ([“逐步建立区域经](#)

济合作制度性安排”). Meanwhile, China would support "strategic linkage" ([战略对接](#)) between its BRI, Russia's EUEA and Kazakhstan's Bright Road ([“Nurly Zhol”](#)) economic strategy (since 2015).

In Astana, China took over the SCO rotating chair for the 2018 summit in China. In his speech to the other heads of state, Xi donated [10 million Chinese yuan](#) for the SCO Secretariat to improve its work environment and other activities.

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In contrast to Xi's lip-service to the Indian and Pakistani membership, President Putin spoke of the significance of SCO enlargement. He reminded his audience that it was during the Russian presidency of the SCO in 2015 that the ascendance process started. "In less than two years, India and Pakistan have met all the conditions and completed all the necessary procedures," remarked Putin. Aside from welcoming the new members, Putin's concern was the "unprecedented surge in terrorism and extremism" all over the world, including Central Asia. He proposed to resume the work of the SCO-Afghanistan Contact Group, which was suspended in 2009.

In the absence of the contact group, Russia and China seemed to have gone different paths regarding Afghanistan. While Russia hosted its own [Afghan Peace Conference](#) (five times by early 2017), China ran its mini-Afghan project, the "Quadrilateral Counter Terrorism Coordination (QCTC) Forum" with Tajikistan, Pakistan, and Afghanistan at the level of chief of the General Staff. Indeed, the first assignment for China's new chief of staff, [Gen. Li Zuocheng](#), was to travel to Dushanbe, Tajikistan, for his meeting with QCTC counterparts in late August. This was just a week after [US President Donald Trump's televised speech on Aug. 21](#), committing 4,000 additional US troops to Afghanistan. Unlike Moscow's Afghan conferences that included China, Pakistan, India, and Afghanistan with both governmental and security officials, QCTC excludes Russia and India and is a strictly military/security forum for senior officers ([“阿中巴塔”四国军队反恐合作协调机制高级领导人会议](#)).

It is interesting to note that the SCO did not conduct any military exercises for 2017, which

was a surprising break from its [normal practice since 2006](#). The reason for the pause is unclear, given the deepened concern expressed by SCO leaders in Astana and the signing of the SCO Convention on Counteracting Extremism as part of the security-enhancement measures.

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It would be wrong to write off the SCO because of “growing pains.” Russia and China have been dreaming different dreams in the same bed (SCO) ever since the inception of the SCO in 2001. While post-Soviet leaders try to preserve Russia’s influence and interests in Central Asia, China sees economic opportunities in these newly independent nations. Despite their separate interests, shared concerns of stability and security in this volatile part of the world serve as strong incentives for Moscow and Beijing to coordinate their policies through the SCO.

Whatever the deficiencies of the SCO, this part of the vast Eurasian landmass is perhaps one of the few oases from chaos, civil wars, regime change, refugee flows, and rising populism. And this may well be the main motives for India and Pakistan to join the SCO. The disputes and conflicts between the two South Asian nations will continue, and the SCO may not be able to exercise any forceful constraints. Nevertheless, the two will find themselves in an annual event that will allow them to work on “anger management.” The final resolution of the century-long conflicts and disputes over territory, ideology, and security between China and other original SCO members in the 1990s also serves as a model of conflict resolution and confidence building that constituted a solid ideational basis for the founding SCO members, in addition to their more tangible security and economic interests.

Largely because of these previous efforts, the Astana summit witnessed a business-as-usual atmosphere. Formal and informal meetings focused on [two issues](#): assessing the SCO’s current performance and future orientation, and exchanging views on global and regional issues. [Eleven documents](#) were adopted at the meeting, including the Astana Declaration of the SCO Heads of State and the SCO Convention on Counteracting Extremism. The declared goal of the convention was to strengthen the international legal framework for countering “new challenges and threats” that previous

documents may not cover, presumably a reference to the growing presence of ISIS and the SCO’s enlargement.

President Xi and President Putin met on the sidelines of the Astana Summit. This was just 20 days after their meeting at China’s BRI Forum. Xi thanked Putin for Russia’s “[positive commitment](#)” to support and participate in the BRI. Xi also talked about the new opportunities and challenges that the SCO faced, including the [unity and coordination between SCO member states](#).



2People’s Daily, June 8, 2017

BRICS in Xiamen: for the next 10 years

The Korean nuclear crisis keeps escalating as Pyongyang tests ballistic missiles, hydrogen bomb, and miniaturized warheads, while trading threatening remarks with President Trump. For China and Russia, Korea is right on their door step and the 6.3 Richter scale [earthquake](#) presumably caused by North Korea’s hydrogen bomb test on Sept. 3 was felt in China’s northeastern provinces and Russia’s Far East region.

While the nuclear test was a powerful tremor for both the region and the world, Beijing was perhaps more surprised and certainly irritated by a tense 73-day standoff with the Indian Army at Doklam. The incident was particularly disturbing because India injected itself into the dispute on behalf of its protectorate (Bhutan) over what China considers its own territory, thus setting a precedent for India along other disputed stretches of the Sino-Indian border. India made the move just a week after its SCO ascendance, which was not liked by China. Only a few days before the scheduled BRICS Summit in China in early September was a disengagement understanding reached (Aug. 28).

Prime Minister Narendra Modi's airplane was [the last](#) to land in Xiamen at 20:30 on Sept. 3 in the midst of a rainstorm. While Chinese netizens were amused by Putin's "fashionably late" arrival for the BRI Forum in May, the tone of Chinese media for Modi's late arrival was low-key relief. No BRICS member would gain anything if Modi failed to show up, deliberately or not. As host of the annual summit and perhaps its most important driver, China would like to see a more coherent and influential BRICS at the onset of its second decade. Russia, too, would benefit more from a successful BRICS at a time when its relations with the West are at a historically low level. Russia may enjoy a certain psychological edge by playing balancing games between India and China. This could, however, backfire against Russia's long-term interests. For India, its absence at the Beijing BRI Forum may be justified by its objection to the China-Pakistan Economic Corridor (CPEC). There was no reason, however, not to join the Xiamen Summit of BRICS as New Delhi has a significant stake in the group.

For leaders of all three large Eurasian powers (Russia, China, and India), BRICS should be "used" to build a common house, or platform, for shared interests of economic and socio-political development, in a world of instability, fluidity and economic nationalism. Since its inception, [BRICS](#) has contributed more than 50 percent of the world's economic growth, and its share of global GDP has increased from 12 percent to 23 percent. The BRICS' record of economic growth, however, has been asymmetrical. Its outgoing investment in 2016, for example, reached an unprecedented \$197 billion, but their mutual investment constituted only [5.7 percent](#) of the total. This indicates a huge potential for future growth in their economic interactions, which was the goal of the BRICS New Development Bank (NDB). Already the NDB has approved [\\$3 billion](#) loans for 11 projects since its first loan in December 2016. By the end of 2017, NDB will process another [\\$3 billion loan](#) for 10-15 projects. In August, NDB opened a branch office in Africa where both China and India have huge and growing economic footprints. In Xiamen, BRICS leaders conducted [a dialogue session](#) with representatives of the world's developing nations (Egypt, Mexico, Tajikistan, Guinea, and Thailand), and President Xi committed [\\$500 million in aid](#) for "South-South" cooperation.

BRICS also began coordinating security and foreign policies with its first foreign ministers meeting. The [long-term goal](#) is to achieve global governance by transcending, not replacing, the West-led system with its own version of "circle of partners." For this purpose, BRICS members would cooperate and coordinate in three general areas: political-security, economic development, and cultural/civilizational reciprocity. Indeed, cultural and humanitarian exchanges are designated as the next growth area. Already, BRICS held its first movie festivals (New Delhi in 2016 and Chengdu in 2017) and [Games](#) (June 2017 in Guangzhou).

At the Xiamen BRICS Summit, both sides of the Himalayas tried to put aside the "[D-word](#)," (Doklam), while focusing on opportunities for cooperation and economic development. "As the two largest developing and 'emerging' nations, a healthy and stable Sino-Indian relationship is in the interest of both sides," [Xi](#) told Modi, and that China wants peace but not confrontation. Xi suggested that the two sides should see each other as opportunities but not threats. Modi reportedly agreed. To the delight of India, the [Xiamen declaration](#) listed – together with other terrorist groups – two Pakistan-based terrorist groups, Lashkar-e-Taiba and Jaish-e-Mohammad, and expressed "concerns" for their "violent actions."



3Prime Minister Narendra Modi with Chinese President Xi Jinping and his wife Peng Liyuan during the BRICS Summit in Xiamen (Associated Press)

The Sino-Indian border disputes are far from resolved. Events of the past few months demonstrated that these disputes between two large powers can be managed, which was a gain for both sides as well as for SCO and BRICS, in which China, Russia, and now India, have invested huge stakes. Moreover, those disputes are only part of their overall relationship and the latter should not be a hostage of the former. At a minimum, China and India should learn how

to live with – and contain if possible – disputes, while exploring other areas of mutual interests.

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“It was the best of times, it was the worst of times.” When President Xi quoted the English writer Charles Dickens in his keynote speech at the annual [Davos Economic Forum](#) in January 2017, he may have intend to juxtapose a more globalized and confident China with Trump’s “American-first” strategy. But Dickens’ words anticipated some trajectories of the past four months, some of which are still unfolding. Dickens’ famous words may well be the norm in the real world, in which the best and worst things always coexist. How to manage and live with these contradictions while trying to keep one’s enemies closer, however, still separates statesmen from politicians.

CHRONOLOGY OF CHINA-RUSSIA RELATIONS

MAY – AUGUST 2017

May 14-15, 2017: President Vladimir Putin travels to Beijing for China's Belt and Road Initiative (BRI) Forum. He meets President Xi Jinping and Premier Li Keqiang. They discuss the integration of the BRI and Russia's Eurasian Economic Union (EAEU).

May 22, 2017: Deputy Foreign Minister Igor Morgulov and Assistant Foreign Minister Kong Xuanyou co-chair the Russian-Chinese Dialogue on Security in Northeast Asia in Moscow. They express concern over the serious deterioration of the situation in the Korean Peninsula following Pyongyang's pursuit of its missile and nuclear programs and what they consider the disproportionate US military reaction, including the deployment of THAAD in South Korea.

May 25-26, 2017: Foreign Minister Wang Yi visits Moscow and meets Russian counterpart Sergey Lavrov. They discuss bilateral issues including Xi's July visit to Russia, as well as situation on the Korean Peninsula and the Syrian conflict. Wang meets President Putin prior to meeting Lavrov.

May 29, 2017: Deputy Foreign Minister Igor Morgulov meets Chinese Ambassador to Russia Li Hui in Moscow.

June 7, 2017: Shanghai Cooperation Organization (SCO) defense ministers hold their annual meeting prior to the SCO Summit in Astana and sign a Protocol of Intent between the SCO defense ministries in studying and preserving the historical and cultural heritage, and also approve the SCO Defense Ministries' Cooperation Plan for 2018-2019.

June 7, 2017: Chinese Defense Minister Gen. Chang Wanquan and Russian Defense Minister Sergei Shoigu meet on the sidelines of the SCO Defense Minister Meeting and sign the "Guideline for the 2017-2020 Sino-Russian Military Cooperation."

June 8-9, 2017: SCO holds 17th annual Heads of States Council Meeting in Astana.

July 3-4, 2017: President Xi Jinping visits Russia. He is awarded the Order of St Andrew the Apostle. Agreements signed during the visit include Joint Statement on the Further Expansion of Comprehensive Partnership and Strategic Cooperation, Joint Statement of the Russian Federation and the People's Republic of China on the Current Status of Global Affairs and Important International Issues, and an action plan to implement the Treaty on Good-Neighborliness, Friendship and Cooperation for 2017-2020.

July 25, 2017: Russia, China and Mongolia hold a first-ever anti-terror exercise, codenamed "[Border Consolidation-2017](#)" (巩固边疆-2017).

July 24-27, 2017: Russia and China conduct the "active phase" of their *Joint Sea 2017* naval drills in the Baltic Sea, which is considered an "[inner European lake](#)." This is the first time the Chinese Navy exercised in the Baltic Sea.

July 26-28, 2017: China and Russia hold 13th strategic [security consultation](#) in Beijing, co-chaired by State Councilor Yang Jiechi and Security Council Secretary Nikolai Patrushev. The discussion focuses on Korea and mil-mil ties including, technical cooperation. Patrushev also participates in the [fourth](#) meeting of the China-Russia Law-enforcement and Security Cooperation Mechanism, and the seventh Meeting of BRICS High Representatives for Security Issues.

Aug. 11, 2017: Foreign Minister Lavrov says China did not aim its newest *Dongfeng-41* ([DF-41](#)) intercontinental ballistic missiles (ICBM) at China when deploying them in Heilongjiang Province bordering Russia. Deployment of the *DF-41* is believed to be a response to the US missile defense system ([THAAD](#)) in South Korea.

Aug. 15, 2017: Foreign Minister Lavrov initiates a phone call with Chinese counterpart Wang Yi regarding the situation on the Korean Peninsula. "No one is allowed to provoke an incident in areas close to China and Russia," according to the Chinese Foreign Ministry.

Aug. 21, 2017: Deputy Foreign Minister Igor Morgulov travels to Beijing for consultation with Deputy Foreign Minister Kong, China's new special envoy for North Korea in May.

Aug. 26, 2017: Gen. [Li Zuocheng](#) (李作成), China's new People's Liberation Army chief of staff, travels to Dushanbe, Tajikistan to attend the second round of the Quadrilateral Counter Terrorism Coordination ([QCTC](#)) forum between China, Pakistan, Afghanistan, and Tajikistan. Li meets separately with Gen. Qamar Bajwa, chief of Pakistan Army Staff on the sidelines.

