

China, Russia confirm strategic cooperation

by Mary Burdman

China's and Russia's "strategic partnership of coordination" has been strengthened by the two nations' recent cooperation, along with France, in opposing a military strike against Iraq. At the same time, during a series of meetings between Russian and Chinese officials, culminating in the visit of China's Prime Minister Li Peng to Moscow on Feb. 17-18, the two giant Eurasian nations discussed the financial crisis sweeping Asia, and their mutual economic relations.

Russia and China have established regular, twice-yearly summit meetings as part of their strategic partnership. Li Peng's visit, during which a visit by China's President Jiang Zemin to Russia later this year was also discussed, was preceded by the visit of Russian Deputy Foreign Minister Grigory Karasin to Beijing during the first week of February, and the arrival of Vice Premier Li Lanqing there on Feb. 16. It was Li Lanqing, who had announced at the Davos World Economic Forum in Switzerland in January, that China would continue its enormous domestic infrastructure development program, the policy which has given China relatively greater protection from the financial and economic disasters sweeping the rest of Asia. Li Lanqing confirmed that China would invest at least the equivalent of \$750 billion over the next three years, primarily in infrastructure, including for water management, railways and other transport, and in housing construction and development of high-tech industries. This policy is also intended to productively employ the millions now being laid off, in the necessary reform of China's state-sector industries. Funding is to come primarily from China's huge domestic savings, of about 7 trillion yuan (\$875 billion) and government revenues, while reliance on foreign investment will be reduced.

Li Lanqing was invited to Moscow by Russian First Deputy Prime Minister Boris Nemtsov, who is responsible for economic relations with China, to attend the two nations' Subcommittee for Trade and Economic Cooperation. Li Lanqing later joined Li Peng's delegation. As Li Peng's term as Prime Minister ends this month, Li Lanqing's participation will ensure full continuity in the two nations' discussions.

During Karasin's earlier visit to Beijing, discussion focused on the financial crisis in Asia. Karasin informed the press

on Feb. 6 that China believes that the situation is really serious, but it is taking all necessary measures to prevent the negative consequences for its economy. Karasin said that China's current economic situation is having a positive impact on the common fight of Asian countries to overcome the crisis, Itar-Tass reported. The two sides considered all possible consequences of the financial crisis for Russia, China, and the entire region, he said.

Two days earlier, Karasin had met his Chinese counterpart, Ji Peiding, responsible for Middle East affairs, to discuss Iraq. Karasin had brought with him a message on the Iraqi crisis from Russian Foreign Minister Yevgeni Primakov, for Chinese Foreign Minister Qian Qichen.

It is of note, that the Secretary of the Russian Federation Defense Council, Andrei Kokoshin, also had visited Beijing on Jan. 23-27, for discussions on the development of the Russian-Chinese "strategic partnership," and the cooperation of their armed forces. On Jan. 24, French Foreign Minister Hubert Vedrine was also there.

Karasin announced on Feb. 16 that there will an "informal" Chinese-Russian summit this autumn, which he said would be "the key event of the year in Russian-Chinese relations." On the current state of bilateral relations, Karasin said that "relations with a great neighbor are of special, priority nature for Russia as well as for China."

'More developments'

After his first meetings in Moscow, Li Lanqing said, "We believe that Sino-Russian relations will achieve more developments in the new year." Li discussed China's economic development, its ongoing reform, and China's views of the Asian financial crisis with Nemtsov. The two discussed expanding cooperation in the areas of banking, energy, air freight, tourism, new and high-technology, and expanding trade.

Nemtsov said that the current level of bilateral trade was too low, and proposed increasing it through cooperation in the energy sector. In addition to the development of the Koytinskoye gas field, and Russia's participation in the construction of a nuclear power station in China, Nemtsov said that supplying electricity from the Irkutsk region in Siberia to China, is "a very serious project that may play an important part in the development of trade and economic relations between the two countries." Moscow would also like to discuss supplying Beijing with civil aircraft.

In addition, at Li Lanqing's suggestion, the two sides signed an agreement on the development of broad economic links among ten Russian and Chinese regions.

These visits prepared the ground for Li Peng's arrival. During the first day of his visit, he and Russian President Boris Yeltsin issued a joint statement rejecting use of force against Iraq, and calling the imminent visit to Iraq by UN General Secretary Kofi Annan, vital.

During a press conference the next day, Li Peng described the greater development of Russian-Chinese relations in comparison to U.S.-Chinese ties. Asked about the difference between Sino-Russian and Sino-U.S. strategic partnerships, Li Peng said that "China and Russia have established an equal and trustworthy strategic cooperative partnership toward the 21st century, whereas China and the United States will devote their efforts to establishing a constructive strategic partnership." The purpose of the relations among all three nations, he said, is "to play a constructive role in safeguarding world peace and promoting the development of mankind, and to give expression to the principle of non-alignment, non-confrontation, and not targetting any third country. In this sense, there is common ground for Sino-Russian and Sino-U.S. strategic partnerships."

However, he said, "the Sino-Russian strategic cooperative partnership has become more substantive in content since its establishment. Practice has proved that strengthening the Sino-Russian strategic cooperative partnership conforms to the long-term basic interests of the two countries, is beneficial to promoting the formation of a multipolar world pattern, and is thus good for maintaining world peace and stability. So I will reiterate that it is not just an expedient measure for China to maintain a strategic cooperative partnership with Russia."

As yet, U.S. President Bill Clinton has not set a date for his visit to China this year. Actually, the Chinese side had wished him to return Jiang Zemin's October 1997 state visit to the United States at the earliest possible date, perhaps even this spring, but it does not appear likely the visit will occur before autumn.

Russia and China signed five bilateral agreements during Li Peng's talks with his counterpart Viktor Chernomyrdin. These included an intergovernmental agreement on the settlement of Russia's debts to China in the payment of state credits, an agreement on ship-building cooperation, an agreement to simplify Russian citizens' access to trade centers on the Chinese border, an agreement on a new railroad passage over the Russian-Chinese border, and a protocol on bilateral trade and cooperation in 1998. Li Peng called for bilateral trade to be "significantly expanded," saying that the annual \$6 billion trade turnover is too low. He said that direct links must be established between the most industrialized Chinese provinces and Russian regions.

The joint communiqué issued on Feb. 18 emphasized the importance for world events of the Sino-Russian joint declaration on world multipolarization and the establishment of a new international order, which the two Presidents had signed during Chinese President Jiang Zemin's visit to Moscow on April 22-26, 1997. The central theme of that summit, was the creation of a "new, just and rational, political and economic world order."

In this context, the communiqué expressed both sides'

"grave concern for the Iraq situation," and called for its political settlement. China "appreciates the active diplomatic mediation Russia has made for settling the conflict through peaceful means, and Russia positively assesses the relevant constructive efforts China has made," the communiqué read.

The communiqué also emphasized the two nations' growing cooperation in the Asia-Pacific region, and said that "the Sino-Russian strategic cooperative partnership is not targetted at any third country. . . . China and Russia, two major countries in the Asia-Pacific region, are deepening their cooperation for consolidating Asia-Pacific peace and stability. The two sides hope the Korean peninsula will maintain its lasting peace and are continuing to work hard to this end. . . . China and Russia attach great importance to creating favorable conditions for economic development in the Asia-Pacific region. Both sides are willing to maintain close bilateral and multilateral contacts."

Among concrete developments on the economic front during this period, was that Russia's Rosstankoinstrument company announced on Feb. 21 it was signing a \$10 million deal to supply China with pressing machinery. Rosstankoinstrument represents over 200 Russian machine-tool and instrument manufacturers. The firm's president, Nikolay Panichev, said that he expected the contract to be signed with Great Wall Industrial Corporation, which coordinates more than 40 military and civilian plants. He said that Rosstankoinstrument would help the Chinese corporation to modernize its industrial enterprises, and the latter would market Russian machinery in China. Annual sales of Russian equipment in China could amount to \$300-400 million in 1999-2000. The contract would increase capacity utilization from 30-35% to 80-90% at 15 or 16 major Russian equipment makers and enable them to break even.

Panichev noted, however, that "times were still hard in the sector. Nearly all factories closed last year with losses, despite sustaining the same sort of output as in 1996. Output in commodity value was \$270 million, still half the 1993-94 levels."

China Daily Business Weekly reported on Feb. 22 that, although general trade between China and Russia fell in 1997, border trade rose rapidly. While bilateral trade in 1997, at \$6.12 billion, was down 10.5% from 1996, border trade soared by over 50%, to over \$1.25 billion. In addition, Yevgeni Nazdratenko, governor of Russia's Maritime province, has proposed to Nemtsov, that a Russian-Chinese industrial estate be developed in the Nakhodka free economic zone. The Nakhodka seaport is an important transport junction, close to the Russian-Chinese border, from which the coal exports of China's northern provinces are shipped to the Asia-Pacific region. A transport route to link Nakhodka to Harbin, in China's Heilongjiang province, is also being proposed.