

**CHINA-RUSSIA RELATIONS:
NEW OPPORTUNITIES AND OLD PROBLEMS**

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Executive Summary

On 8 June 2007, President Hu Jintao met President Vladimir Putin at the sidelines of the G8+5 Summit in Heiligendamm, Germany. It was the leaders' second meeting in less than three months. President Hu is scheduled to meet his Russian counterpart again in August 2007 in Kyrgyzstan.

The frequent exchanges between the two leaders were carried out against the backdrop of deteriorating ties between Russia and the United States. Recent spats between Washington and Moscow, including US' plans for a missile defence system in Eastern Europe, have prompted Beijing and Moscow to enhance their strategic partnership to counterbalance US unilateralism.

President Hu highlighted that new guidelines and directions are needed to sustain the partnership and had suggested that both sides step up economic interactions.

Despite rapid improvement in China-Russia relations after the establishment of the Russian Federation, China-Russia trade have been growing at a relatively slow pace. China-Russia trade only accounts for about 2 percent of China's total global trade, notwithstanding the fact that trade ballooned from US\$6 billion in 1992 to US\$33.4 billion in 2006,

The "Year of China" in Russia celebration seeks to boost bilateral trade by diversifying China-Russia trade. In fact, the event featured a business forum, an investment conference and a Chinese national exhibition displaying Chinese manufacturing products.

Nonetheless, China-Russia cooperation in the energy sector remains strong. In fact, China National Petroleum Corporation is teaming up with Russian oil companies to construct pipelines that would supply oil and gas from Russia to China.

China-Russia military cooperation is also expanding. From 1992 to 2006, China was reported to have spent about US\$250 billion on Russian armaments purchase. China is also seeking Russia's military technology to modernise its military and to develop its arms industry.

On the international stage, both China and Russia share similar positions on many international issues. One common desire, as pointed out by Chinese Foreign Minister Yang Jiechi during his visit to Moscow in July 2007, is to establish a multipolar world order.

Both sides have demonstrated these positions most clearly in the United Nations Security Council (UNSC) as they had vetoed a number of tough sanctions against Iran, Sudan, Myanmar and North Korea. Both Beijing and Moscow believed that outstanding global issues should be solved by dialogue and peaceful means.