Analysis of, and Prospects for, Neighborhood Policy between Mainland China and Russia

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Abstract

Chinese neighborhood policy lasts for a long time. Neighboring nations paid tribute to China in a tributary system in exchange for bilateral security. In 1953 the goals of mainland China’s diplomacy were formulated as “Five Principles of Peaceful Coexistence.” When mainland China began reforms in 1978, its economy started to grow rapidly. But relationships with its neighbors were not so steady. For instance there were territorial disputes over Bolshoi Ussuriysky Island (Hēixīāzi Dǎo) and in the border area between mainland China and India. To stabilize its economic development, mainland China adopted a neighborhood policy, pursuing coexistence and multi interests with neighboring nations. The territorial dispute over Bolshoi Ussuriysky Island (Hēixīāzi Dǎo) was resolved by bilateral compromise. This paper reviews Chinese foreign policy toward Russia from the perspective of the ancient Chinese tribute system and the modern neighborhood policy.

Keywords: Neighborhood Policy, Tributary System, Five Principles of Peaceful Coexistence, Shanghai Cooperation Organization
I. Introduction

The relationship between mainland China and Russia has changed frequently since the end of World War II. It was very friendly in the early 1950s, but was then broken for ideological reasons in the late 1950s; exchanges were only resumed in 1978. Each period is marked by many complicated international and domestic political factors, but throughout there was only one constant factor: the importance of the other side for both parties. President Vladimir Putin first visited mainland China when he took office the second time in 2012. On the other hand, President Xi Jinping chose Russia as the nation he visited first when he took office in 2013. The relationship between the two nations is at the highest level historically according to both official and media reports.

Russia is confused about whether to head east or west because of its location at the center of the Eurasian continent. Which direction is taken depends on the focus of national development at any given time. For example, after 1989 Russia adopted a westward policy, accepting European political and economic systems and science. The main theme of this movement was to reform the old system, so Russia tried to imitate Western Europe. Russia’s economy is in now a better state than it was in the 1990s, but Russia still depends on its energy industry and foreign capital. Mainland China, the second largest economy in the world is an appropriate partner with which Russia can cooperate in developing its economy.

Mainland China, however, is restricted militarily by the U.S.- Japan Alliance, and its first priority is to break through this strategic blockade. Russia has also been restricted for a long time by NATO, so military cooperation between Russia and mainland China seems inevitable. To prosper the Chinese economy needs a stable supply of
energy. Secretly worried by having to rely so much on imports passing through the Straits of Malacca, mainland China has spared no effort to find a long-time and steady partner. In 2013, a gas cooperation plan reemerged when the two nations signed an agreement to supply gas to mainland China after the price was agreed on by both sides. Facing the economic rise of mainland China, neighboring countries are concerned about their own security. To alleviate their disquiet, Beijing has worked out a neighborhood policy to improve interaction with its neighbors. This paper discusses Chinese neighborhood policy, and how it might influence or change the mainland China-Russia relationship.

II. The Formation and Content of the Chinese Neighborhood Policy

The cornerstone of ancient China’s neighborhood policy was the tributary system, formed and expounded during the Western Han dynasty. Neighboring regions were treated as a buffer zone, a shield against more distant peoples. China did not force its neighbors to pay tribute but was prepared to offer security against outside aggression to those nations which did send tribute. Among the benefits sought by these neighbors we may list four.

1. Political Interests

Coronation ceremonies for the kings of the neighboring nations ensured legitimacy, which the Chinese government would uphold, even by force, in the event of political disturbance or a coup. However, internal weakness within in China itself would reduce its ability to ensure security. For instance, when the Donghak uprising in 1894 threatened Korea, the Chinese accepted a Korean invitation to intervene. In the course of this intervention, Japan was accidentally attacked, leading to a Japanese takeover of Korea which China was
unable to prevent.

2. Economic Interests

Given its vast territory and abundant resources, China was able to resist trade with European countries in the eighteenth century. They were allowed limited opportunities only if they adhered to the traditional tributary system, sending tributary gifts in return for those granted by China.

3. Security Interests

Neighboring nations were prepared to accept the tributary system in return for the security it offered. In part, they were afraid of China’s power and used the system as a means of avoiding the risk of being conquered or annexed by China. Likewise, they could call on China to defend them against external attacks.

4. Culture and Technology Interests

Previous to the European Renaissance, China led the world in terms of technology and culture, with its invention of gunpowder, the compass and printing. Chinese philosophy, writing and building-techniques were imitated by neighboring peoples. For instance, in the seventh century the Japanese Emperor, Kotoku, sent monks and students to Chang’an (now Xi’an), the then capital of China under the Tang dynasty, so that they could learn from Chinese culture and share Chinese cultural assets by cooperating in the tribute system. The subsequent reform is known in Japan as the Taika Reform.

Contemporary Chinese neighborhood policy includes the four factors mentioned above and seeks to expand its reach to even more states. However, since the emergence of the modern nation-state with the Treaty of Westphalia, there has been a tendency to emphasize
self-sufficiency and to downplay what one can learn from other countries. Furthermore, Chinese legal and technological assets are no longer native to China but are learnt from the West.

The neighborhood policy was adopted from the start by the Chinese Communist regime. Former Premier Zhou Enlai put forward “Five Principles of Peaceful Coexistence” at an Asian-African Conference held in 1955. This continued in the spirit of the neighborhood policy. Former leader Deng Xiaoping suggested a policy named “Base on Asia-Pacific and Stabilize the surroundings,” and President Jiang Zemin’s report to the sixteenth Congress of the Chinese Communist Party mentioned “we will continue to cement our friendly ties with our neighbors and persist in building a good-neighborly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our surrounding countries to a new height.”

Xi Jinping indicated in the Peripheral Diplomacy Work Conference held in Beijing on October 24, 2013, that peripheral diplomacy includes three parts: a basic guideline, a general strategic goal, and work arrangements.

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A. The Basic Guideline of Peripheral Diplomacy

Xi Jinping mentioned notions such as “friendliness, sincerity, benefit and inclusiveness” and “being friendly to neighboring countries and developing companionship with neighboring countries.” “Friendliness” means insisting on the neighborhood and helping others, frequently visiting other nations and doing things that can warms heart, increase affinity and influence. “Sincerity” means dealing sincerely with neighboring nations, winning friendship and partners. “Benefit” means cooperating with neighboring nations according to the principle of mutual interests, ensuring these nations benefit from mainland Chinese economic development and that mainland China also gets benefits and power from mutual development. “Inclusiveness” means initiating tolerance, opening minds and actively pushing ahead with regional cooperation.

B. General Strategic Goal

The general strategic goal of current peripheral diplomacy is to accomplish a great revival of Chinese nationhood and increase relations with neighboring nations. Mainland China should create friendlier political relationships, tighter economic links, deeper security cooperation, and closer humanitarian connections.

C. Realistic Work Arrangements

President Xi highlighted that peripheral diplomacy should deepen mutual interests and be a win-win for all parties. It must include active participation in regional economic cooperation, firmer connections and linkage of infrastructure, the building of an economic belt “silk road,” and a “21st century sea silk road,” and the construction of a new pattern of regional economic integration. Mainland China
should insist on new security principles, including mutual trust, mutual benefit, equality and coordination, and developing security cooperation with neighboring nations.

The purpose of mainland China’s neighborhood policy can be divided into two parts: political and economic. From the political perspective, mainland China cannot only advance regional stability by maintaining good relations with neighboring nations, but also break through the strategic blockade in the East Asian region imposed by the U.S.A., thereby achieving the goal of forming a multipolar world and overcoming hegemonism. From the economic perspective, mainland China’s economic development requires regional stability. If regional security worsens, the first victim will be international trade and energy transportation, striking at mainland China’s domestic industry and businesses.

III. Realistic Actions taken by Mainland China toward Russia under the Neighborhood Policy

President Boris Yeltsin’s visit to mainland China in 1992 was a turning point in resuming official bilateral relations between mainland China and Russia. Both sides reaffirmed they were good neighbors and friends with mutual interests who could look forward to long-term cooperation on the basis of the “Five Principles of Peaceful Co-existence.” The success of the mainland China-Russia relationship has made it a model for mainland China’s neighborhood policy. In contrast to mainland China-India and mainland China-Vietnam relations, China and Russia not only resolved their territorial dispute over Bolshoi Ussuriysky Island (Heixi Dao) peacefully, they also

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enjoy constant political, economic, military and cultural exchanges.

1. Economic Exchanges

A. Sino-Russian Energy Policy and Energy Cooperation

Mainland China began to explore for oil in its territory in the 1960s mainly in its eastern and northeastern regions, finding the Daqing, Shengli, and Liaohe oil fields. Mainland China exported crude oil from 1973, reaching a peak in the beginning of the 1980s. The domestic demand for oil outstripped supplies from 1984 onward, and by 1993 mainland China was an oil importer as its economy quickened and developed. Chinese energy strategy changed according to mainland China’s role in the international energy market. This is because the energy strategy of oil-exporting and oil-importing nations is very different.

During the Cold War, mainland China pursued the principle of self-sufficiency in energy. Initially good relations between mainland China and the Soviet Union soured in the late 1950s for ideological reasons, influencing many items of bilateral cooperation. When the Soviet Union ceased to supply mainland China with nuclear know-how, the Chinese realized the importance of self-sufficiency in energy, and began to pro-actively seek domestic sources of energy. In 1978, the then Chinese leader, Deng Xiaoping put forward his open-door policy, attracting foreign capital from the outside world, as a result mainland China’s consumption of energy gradually rose. With no new oil fields to be explored, the former principle of self-sufficiency was at risk.

Becoming an oil-importing nation instead of an oil-exporting one, mainland China made many efforts to find energy in the world,
thereby gradually coming to depend on imported sources of energy rather than on domestic supplies. Mainland China imported 2.9 million tonnes of oil in 1994, increasing to 70 million tonnes in 2000.4 Facing high demands for energy, President Jiang Zemin indicated clearly to the 14th Congress of the Chinese Communist Party in 1992 that besides the development of the energy industry, the best choice for industry is low consumption.5

Following mainland China’s economic success, Chinese oil companies now have sufficient capital and technology to invest in the foreign energy industry. But many nations are afraid of the Chinese attitude to these investments. They worry that their energy industry will be controlled by mainland China. Big Chinese oil companies have begun to study how to integrate the domestic energy industry from upstream to downstream, so that the huge companies formed by such mergers can go to the world. Three huge oil companies, China National Petroleum Corporation, China Petrochemical Corporation, and China National Offshore Oil Corporation, are called the aircraft carriers of the Chinese oil industry. They are finding appropriate markets in the world according to their capital and technology.

These companies hold consistent national interests and goals in foreign investment and avoid vicious competition weakening mainland China’s capacity in the energy field. Russia, central Asian, and other Asian nations are the first priority for mainland China’s foreign

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energy investments. The main reason for this is the possibility of building pipelines from these nations to mainland China. This method of transportation is better than shipping since it is not threatened by blockades imposed by other nations. Mainland China consumes a lot of energy because of its economic development, and this has increased its dependency on imported energy. Mainland China is not the only country which is developing economically, Russia is doing something similar. Mainland China and Russia understand their roles in the global energy market, and have enacted their own energy strategies.

Russia highlights geopolitics in its foreign policy. This is obvious in Putin’s era. Chinese scholar Zuo Fengrong mentions in her book Prospering Russia-Putin’s Foreign Strategy and Foreign Policy that Putin has stressed geopolitics in the process of Russian foreign strategy and foreign policy-making. This means that Russian foreign policy is based on real national interests, taking advantage of Russia’s geopolitical position. Energy is considered as one of Russia’s vital interests; it cannot be ruled out from geopolitical consideration. “Russian energy strategy contains interaction with other energy nations, and Russian economics, energy security, and geopolitical interests are considered when Russia engages with these nations. Protecting its economic security, Russia considers energy diplomacy to be a good method to adjust its international relations. Safeguarding national energy security is the first priority of Russia’s energy strategy, and Russia is pursuing her energy interests in every region of the world.”

“Russia shows its charisma in energy diplomacy at global, regional, and state levels. According to Russia’s actual strength and contemporary global circumstances, energy is still the main “weapon” for Russian diplomacy. Energy interests in former Soviet states, in the EU, and in northeast Asia directly connect with Russia’s political stability and economic development.”

Putin hopes that Russia can play a “bridge” role connecting East and West, thus focusing Russian foreign policy on Europe and the Asia-Pacific region. Russia has enacted a “Russian Energy Strategy in 2020” plan. This plan was announced in 2003 and later revised. The document shows that Russia will expand energy connections with the EU and the Commonwealth of Independent States (CIS). These areas are traditional interests for Russia, and the CIS is an important chip to use in counter-balancing the Western world. Although an energy supplier in the global energy market, Russia participates positively in investing in energy exploration in east and central Asia, consolidating its important position in the energy field. Moreover, Russia and the EU have signed an “Agreement for Strategic Energy Partnership,” creating a dialogue mechanism in the energy field.

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After the signature of a “Joint Declaration” between mainland China and Russia in 1994, economic interaction began officially. Bilateral trade relations developed fast, and the amount increased rapidly. The “Sino-Russia Strategic Cooperative Partnership” initiated in 1996 encouraged economic cooperation between both sides. Trade reached more than US$ 10 billion that year in 2000 and almost US$ 90 billion in 2013. On the other hand, although both sides intend to cooperate in the field of energy, they are not prepared to compromise on prices. The main reason for this is that Russia desired to sell mainland China energy at the same high it charges Europe which mainland China is unwilling to accept. After the foundation of the Shanghai Cooperation Organization (SCO), a platform to negotiate energy cooperation seems to have been found. In September 2013, both nations signed an agreement about gas supplies to mainland China, which was an instance of bilateral gas cooperation.12 In May 2014 in Shanghai, the two nations signed “The Memorandum on China-Russia East Line Natural Gas Cooperation Project” and “The China-Russia Purchase and Sale Contract on the Supply of Natural Gas via the East Line.” According to these two agreements, Russia will provide gas to mainland China by its eastern pipeline from 2018, with the amount of gas supplied set to increase, reaching 38 billion cubic meters per every year.13

B. The Development of Russia’s Far East Region

The Russian Far East Region was a frontier in the Cold War

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era. After the Cold War, northeast Asia became an important area for economic development, but the Russian Far East Region developed comparatively slowly. When Soviet Union leader Mikhail Gorbachev took office, he proposed the development the region, but he lacked the authority of the Soviet era. In 1992 President Boris Yeltsin forcefully announced that Russia should move forward to the East. The document “The Concept of Foreign Policy of the Russian Federation” indicated that Russia should prevent the U.S.A. from being the sole superpower in the world, and should develop friendly relations with northeast Asian nations. In this way, Russia could maintain its traditional influence and interests.14

Russia created a free economic zone in Nakhodka in 1990, and added another two in the Jewish Autonomous Oblast and the Sakhalin Oblast in 1991. An Industry Park was created after a meeting of the Russian and South Korean presidents in Primorsky Krai in 1994, and Russia enacted preferential policies to attract foreign businesses. Russia announced “the Federal Programme for the Economic and Social Development of the Far East and the Transbaikal for 1996-2005),” connecting the Russian Far East Region with neighboring nations. This program planned to improve regional economic development and investment.

Mainland China became Russia’s foremost trade partner in 2012, with bilateral trade reaching US$ 88 billion. In his election guidelines, Putin said “first of all, I am convinced that China’s economic growth is by no means a threat, but a challenge that carries colossal potential for business cooperation—a chance to catch the Chinese wind in the sails of our economy. We should seek to more actively form new co-

operative ties, combining the technological and productive capabilities of our two countries and tapping mainland China’s potential—judiciously, of course—in order to develop the economy of Siberia and the Russian Far East.”

2. Political and Military Exchanges

Political and military cooperation cannot maintain the rapidity of economic cooperation, because of the influence of the “China threat.” Soothing suspicion from the world in the name of “peaceful development,” mainland China cannot conclude an overt military alliance with Russia. After the establishment of the SCO in 2001, mainland China and Russia used anti-terrorism as a cover to fight “terrorism, separatism and extremism” in central Asian countries. Through the anti-terrorism military exercise of the SCO, the two nations have in fact established periodical joint military exercises. Whilst there were no military exercises in 2008, there have been military exercises every year since 2002, beginning with joint military exercises with mainland China and Kirghizia on their borders. Anti-terrorism military exercises have gradually increased the nations’ self-assurance, meaning that they can exclude “outsiders” such as the U.S.A. The exercise can separate the “we” in the region from the “they” of others. It can gradually form “friend-foe identification” in the region, and this may make the relationship between mainland China and Russia

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become closer.

3. Cultural Exchanges

The two nations have also become closer in their cultural exchanges. Both sides use language as a catalyst to deepen their bilateral relations by hosting reciprocal “country years” and “language years,” such as the “Russian year” hosted by mainland China in 2009, and the “Chinese year” hosted by Russia in 2010. The effect of these cultural exchanges cannot be evaluated on the basis of political goals, but it is a fact that bilateral relations have intensified. A symbol of this are the reciprocal visits of the two presidents. In 2010 an historical record was broken when they clocked up six meetings, including two reciprocal visits. Xi Jinping chose Russia as the first country to visit when he took office in March 2013, and both presidents met four times on other occasions. They also phoned each other three times, and exchanged letters 16 times in the same year, breaking a record for mutual visits and communication between mainland China and Russia. By now, 2014, there have been five mutual visits.

IV. The Significance of the CICA and the Future of Sino-Russia Relations

1. The Meaning and Decision of the 4th Summit of the CICA

The Conference on Interaction and Confidence-Building Measures in Asia (CICA) was initiated by President Nursultan Nazarbayev of

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The Conference comprises 26 members, including mainland China, Russia, India, and Pakistan and 11 observers, including the U.S.A., Japan and the Philippines.\textsuperscript{20}

The 4\textsuperscript{th} summit of the CICA was held in Shanghai in May 2014. Xi Jinping delivered a speech at the opening ceremony saying that no nation could sacrifice the security of other nations to pursue so-called “absolute security,” infringing the legal rights of other nations. The result of this conference is as follows:\textsuperscript{21}


A. It Passed the “Shanghai Declaration”

This Declaration highlights respect for the legitimacy of Asian nations pursuing common development and progress, and promises security in the Asian region. Furthermore, it mentions that security has “sharing, inalienable, equal, and comprehensive” characteristics, so each nation in the region has its own interests and security. No nation can maintain its own interests faced with security issues, and each nation should pursue “comprehensive cooperation, and sustainable security” on the basis of consensus among nations in the region.

B. It Put Forward an “Asian View of Security”

Xi Jinping indicated that Asian countries should develop a “universal, equal and inclusive vision of security,” adopting an attitude of zero-tolerance of “terrorism, separatism and extremism.” Asian nations need to respect their mutual sovereign independence, and territorial integrity, not interfere in the domestic affairs of other nations. Xi Jinping explained the character of security and the means of pursuing security by saying that “a country, in seeking to determine its own security, should not sacrifice that of other countries... no country should seek to monopolize regional security affairs and trample on the rights of others.” Otherwise, it will be like the Kazakh proverb that one who tries to blow out other’s oil lamp will set his beard on fire.22

C. It Asserted the independence of Asian affairs

The most important goal of this summit was to build the notion

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that Asian people should manage their own affairs, like the Monroe Doctrine initiated by the U.S.A. in 1823. Xi Jinping clearly mentioned that “security problems in Asia should eventually be solved by Asians themselves who are able to achieve regional peace and stability through cooperation... If Asian countries speak with a common voice, they have the capacity to solve Asian problems themselves.\(^\text{23}\)

Moreover, the joint naval exercise “Joint Sea – 2014” held by mainland China and Russia in the framework of the SCO took place at the same time as the 4\(^\text{th}\) summit of the CICA. Xi Jinping stressed that the exercise expressed that both nations should face new challenges and threats consistently, and demonstrate a new level of mutual strategic trust and strategic cooperation. The U.S. media reported that it looks rather worrying from a Western point of view that the group has agreed to expand and that India, Pakistan and Iran are all keen to join: the rise of a kind of mainland China-led NATO to which even America’s friends, such as India and Pakistan, seem drawn.\(^\text{24}\)

The 14\(^\text{th}\) meeting of the Council of Heads of State of the SCO was held in Tajikistan’s capital Dushanbe, Xi Jinping put forward four goals: adhering to taking responsibility for maintaining regional security and stability, adhering to the goal of achieving common development and prosperity, sticking to the principle of promoting the connection of people’s hearts, insisting on taking the expansion of foreign communications and cooperation as an impetus.\(^\text{25}\)

\(^{23}\)“China president speaks out on security ties in Asia.”
\(^{25}\)“Xi Jinping Attends SCO Summit in Dushanbe and Delivers Important Speech Stressing Gathering People’s Will and Power and Coordinating Sincerely to Push SCO to a New Level,” Minister of Foreign Affairs of the People’s Republic
This paper argues that military exercises in the framework of the SCO appealed to anti-terrorism in the past, and the only participants were mainland China and Russia. Military cooperation seems to have been upgraded after the May 2014 summit. Mainland China has put fresh impetus into its long-term neighborhood policy, trying to form a tributary system like that of ancient China by offering economic incentives. Xi Jinping claimed that Asian people should manage their own affairs, and mainland China obviously desires to control the situation in the East Asian region. A tributary system or something similar will reemerge when the Chinese neighborhood policy is put into action. Of course, the formation of a new order should get support from big powers, and Russia is an appropriate one. Political and military relations will continue to deepen toward the development of a military alliance. At the same time, cooperation over gas supplies will help mainland China to break the Malacca dilemma and stabilize the Chinese economy.

2. The Future of the Sino-Russian Relationship

Chinese authorities have constantly sought to express the continuity of their foreign policy by flexibly adapting to circumstances and proposing new ideas to match external changes.

Neighborhood policy was put forward at the 16th Congress of the Chinese Communist Party. This explained the policy in the following terms: “we will continue to cement our friendly ties with our neighbors and persist in building a good-neighborly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our surrounding countries
to a new height." The wording was changed at the 17th Congress of the Chinese Communist Party, such that the text now reads “we will continue to follow a foreign policy of friendship and partnership, strengthen good-neighborly relations and practical cooperation with our neighbors, and energetically engage in regional cooperation in order to jointly create a peaceful, stable regional environment featuring equality, mutual trust and win-win cooperation.” The neighborhood policy is defined quite broadly. In 2012, the explanation of the policy reverted to a shorter version: “we will continue to promote friendship and partnership with our neighbors, consolidate friendly relations and deepen mutually beneficial cooperation with them, and ensure that mainland China’s development will bring more benefits to our neighbors.”

The New World Order created by mainland China will probably not replace the American new world order.Combining Confucianism and Communism, Chinese foreign policy is characterized by self-interest rather than preserving common global values. This means that this new world order is regional in scope and that the goals and methods of Chinese foreign policy depend on geographical distance. In preserving its own interests, mainland China makes strong gestures in its immediate vicinity, such as in the South China Sea. Mainland Chinese foreign policy to Latin America and Africa focuses on economic interests. While gaining more resources and seeking its interests,
mainland China will not hurry to build a new world order in these regions, and will follow existing rules if they guarantee its own interests.

Development in Russia’s Far East region and energy cooperation have led to a peak in contemporary economic relations between mainland China and Russia. Chinese economic development is supported by energy, which Russia provides by pipelines which will increase security by avoiding transportation by sea and helping to break dilemma in Malacca. Both nations take advantage of the framework of the Shanghai Cooperation Organization (SCO) to strengthen their quasi-alliance in military relations by periodic military exercises. Facing strategic challenges in the East Asia region from the U.S.-Japan alliance, mainland China should cooperate with Russia closely. Although the strategic interests of both nations in central Asia maybe overlap in part, they still cooperate instead of competing. But this does not mean that there are no contradictions between the two nations. Although they have agreed in the SCO to fight separatist movements, Russia strongly supported South Ossetia in 2008 and Crimean separatism in 2014. Mainland China expressed embarrassed but made no comment on these two incidents. It could be that this attitude will become a factor of instability between the two nations.
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