

Russian president forges stronger ties in China

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Russian President Vladimir Putin's visit to China this week has strengthened ties between the two countries economically and strategically as both Moscow and Beijing come under mounting pressure from Washington. At the same time as the Obama administration is aggressively pursuing its confrontation with Russia over Ukraine, it is also consolidating its diplomatic offensive and military build-up against China known as the "pivot to Asia."

Putin and Chinese President Xi Jinping oversaw the signing of a \$400 billion deal on Wednesday to provide Russian gas from two Siberian fields to China through a 4,000 kilometre pipeline. The agreement is a major boost for Russia which has been heavily dependent on gas exports to European Union (EU) countries that have begun looking for alternative supplies amid the Ukraine crisis.

Negotiations over the deal have been underway since 2006 but failed to reach agreement on price and also Chinese investment in Russian oil and gas infrastructure in the Russian Far East. While Putin had made the agreement the top priority of the two-day trip, talks stalled on Tuesday and had to be extended. Hailing the outcome, Putin declared: "This will be the biggest construction project in the world for the next four years, without exaggeration. Our Chinese friends are complicated, difficult negotiators."

The price of gas under the 30-year deal has not been disclosed, but one estimate put it well below that paid by European buyers—one of China's requirements. China is also offering a loan of \$50 billion to finance development of the gas fields and the construction of the pipeline in Russia to the Chinese border. Gas exports are due to begin in 2018.

China will become Russia's second largest export market after Germany. The deal is a boon to the

Russian economy, which is projected to grow by just 0.2 percent this year. Russian parliamentarian Alexei Pushkov, from Putin's United Russia party, told the *Wall Street Journal* that the contract was also "of strategic significance." He added: "Obama should give up his policy of isolating China: It won't work."

The Chinese regime is also making a strategic decision. While China will pay higher prices for its gas than it presently imports from Central Asia, it will also reduce its reliance on LNG imports from US allies such as Australia and Qatar. Beijing is also acutely sensitive to its dependence on energy supplies shipped from Africa and the Middle East through South East Asia. US war preparations against China include plans for a possible economic blockade by seizing control of key "choke points" such as the Malacca Strait.

During Putin's visit, he and Xi also sought to cement closer strategic ties. Putin told the Chinese media that China was "Russia's reliable friend," adding: "It would be no exaggeration if I said that the cooperation between our two countries is at its highest level in history." The Russian and Chinese navies staged a major "Joint Sea-2014" exercise beginning on Tuesday and involving a total of 14 surface ships, two submarines and 15 aircraft in the northern area of the East China Sea.

China is confronting growing challenges to its territorial claims in the South China and East China Seas by Japan, the Philippines and Vietnam, which have been encouraged to take a more aggressive stance by the US. In his recent tour of Asia, President Obama publicly stated US support for Japan and the Philippines in the event of conflict with China. Washington has also sided with Vietnam in the latest standoff in the South China Sea over a Chinese oil rig in a disputed area near the Chinese-administered

Paracel Islands.

In an unprecedented move on Monday, the Obama administration provocatively announced charges of computer hacking and economic espionage against five Chinese military officers as part of its campaign to paint the China regime as aggressive lawbreakers. The hypocrisy involved is staggering given Edward Snowden's revelations of massive US spying on the world's population.

Putin attended the fourth Conference on Interaction and Confidence Building Measures in Asia (CICA) that Xi used as platform to push back against the Obama administration's pivot. CICA is a low-key grouping formed in 1992 by Kazakhstan with a membership of 26 nations stretching from Turkey to South Korea. Japan, the Philippines and other countries were present at the Shanghai gathering as observers.

As China assumed CICA chairmanship, Xi took the opportunity to call for a "new regional security architecture." He proposed that CICA should become a "security dialogue and cooperation platform" through the establishment of "a defence consultation mechanism" and "a security response centre."

The most noteworthy aspect of the proposed "architecture" is that it would not include the United States. Xi underlined the point by declaring that it was up to "Asian people to uphold Asian security"—a reference to Washington's open intervention over the past four years into what had previously been regional maritime disputes between China and its neighbours. "China's peaceful development begins here in Asia, finds its support in Asia, and delivers tangible benefits to Asia," he stressed.

Xi specifically warned that it would be "disadvantageous to the common security of the region if military alliances with third parties are strengthened." While Xi did not name the "third party," the Obama administration has been strengthening its alliances with Japan, the Philippines, Australia, South Korea and Thailand, as well as forging closer military cooperation with other countries throughout the region.

Xi's speech laid out a broad strategy aimed at countering the US "pivot" in the Asia Pacific region, but his proposal to transform CICA into a new regional security platform is fraught with divisions from the outset. Over the past four years the Obama administration has intervened in various regional

forums led by the Association of South East Asian Nations (ASEAN) to promote rifts and undermine China's influence. The US will use the same tactics in relation to CICA, if it perceives it becoming a threat.



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