



**CHINA-
EURASIA**



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The CEF Monthly is the monthly newsletter of the China-Eurasia Forum, and can be viewed online at <http://www.chinaeurasia.org/Newsletter.html>. The CEF Monthly contains featured analysis on China-Eurasia relations, a summary of recent events in the region, links to relevant articles from other publications, and new public documents.

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SPECIAL NOTE

Malia Du Mont and Matthew Oresman just returned from Shanghai, where they were the only Americans invited to participate in the 4th annual Conference on Central Asia and the Shanghai Cooperation Organization, sponsored by the Shanghai Institute of International Studies. The three-day conference focused on the security and economic dimensions of the future of the SCO; participants came from all the SCO member countries.

Matthew Oresman also attended the 6th annual Conference of Central Asian Studies, sponsored by the Center for SCO Studies at the Shanghai Academy of Social Sciences.

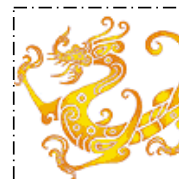
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By Matthew Oresman, Director of the China-Eurasia Forum

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ANALYSIS

Judging the Future Success of the SCO

By Matthew Oresman

Director, China-Eurasia Forum

Within the next two weeks, the lights will turn on at the new Shanghai Cooperation Organization (SCO) secretariat in Beijing and at the new counterterrorism center (known as the Regional Antiterrorism Center, or RATS), in Tashkent, Uzbekistan. These two locations will begin

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preliminary operations in preparation for the official launch of the SCO in January 2004.

The organization has been abuzz with work in the last several months in preparation for this event. Beginning in August with the SCO counterterrorism exercises [for details, see the September 2003 edition of the *CEF Monthly*], there have also been two major meetings, including one for SCO Foreign Ministers on September 5th in Tashkent and a Prime Minister's summit in Beijing on September 23. At these meetings, the SCO member nations worked to resolve the final problems relating to the official launch of the organization. These problems included the SCO's budget, staffing arrangements, and future development. While no solution has yet been reached on how cooperation with other non-member nations or international organizations should occur, a budget agreement was finalized. Although official numbers were not presented, the SCO's operations budget is expected to be in the low millions (USD). Additionally, these meetings also re-focused the SCO's energy on economic cooperation. Although counterterrorism and border security will be the organization's most prominent features in the near-term, a new commitment to economic cooperation over the long term is meant to normalize trade relations and encourage a collective approach to infrastructure building, particularly the regional transportation network.

As the SCO takes these next historic steps in the coming months, it is important to have benchmarks by which to judge the organization and assess its success and future viability. Below are six criteria by which the SCO should be judged. They reflect both the institutional and strategic challenges facing the institution.

1) A working secretariat with some measure of autonomy and political leverage

In many cases, an international organization is only as effective as its leader. For the SCO to survive, the new Secretary General, Zhang Deguang, and his staff must be able to leverage their positions in order to promote the collective interests of the member states in the face of individual self-interest. This will be particularly difficult given the authoritarian nature of the individual member states, their often-dogmatic perceptions of their own national interests, and the relatively low rank of Zhang Deguang. He is the former Chinese ambassador to



Russia, in contrast to NATO's Lord George Robertson, who was England's Defense Minister, and other prominent international organization leaders who are usually Presidents, Prime Ministers, and Foreign Ministers, and thus may not be able to wield much influence over the strongman leaders of China, Russia, and Central Asia. The leaders of the individual national will have to cede Zhang Deguang some authority for the SCO to work effectively.

2) A fully funded budgetary mechanism that meets the needs of the organization

In many ways, this is self-evident, but the history of the Shanghai Cooperation Organization is one of fits and starts. While there has been a growing political commitment to the organization by its members, a strong financial commitment has not yet been observed. There are concerns among many scholars that the SCO counterterrorism center is not being given enough resources to contribute to the regional security system in a substantial way. Moreover, the mere fact that the "Shanghai" Cooperation Organization's secretariat had to be located in Beijing in order to save money does not bode well for the organization.

3) A regional anti-terrorism structure that is more than an information exchange and can ably assist in responding to terrorism-related crises

Central Asia does not need another conference center to discuss terrorism and regional security problems. By some accounts, this is what the SCO counterterrorism center is poised to become. This will contribute little to the security situation of the region. Any SCO center will have to be able to address real problems and crises stemming from regional instability. It will be a wasted opportunity if Russia, China, and the Central Asian states come together in Tashkent merely to discuss their problems without putting real resources into combating them. A SCO center that seeks to contribute to regional security must play an active role in responding to a terrorist incident or imminent threat. This role can range from coordinating the resources of member nations to having a stand-by reaction force to manage the crisis. In any case, the SCO must have a "boots on the ground" presence to be a true force for regional security improvement or it will become quickly irrelevant. Additionally, any future center must be able to incorporate anti-drug and organized crime activities into its mandate. These are real and present



threats to Central Asia, Russia, and China. To ignore them is to allow for any success against terrorists to be quickly lost.

4) The coordination of military/security aid, operations, and expenditures

The SCO, particularly China and Russia, must work to avoid duplication between themselves and with the United States on expenditures and operations in the region. There are pressing shortfalls, such as border control and counterterrorism equipment and training within the Central Asian security infrastructure that need to be met. It achieves nothing for China, Russia, the United States, and other outside nations to expend resources on the region in a way that fills some gaps excessively and leaves other demands unmet. These nations cannot afford to waste resources, and the SCO has an important role, particularly as it seeks to cooperate with other regional organizations, such as NATO, OSCE, and ASEAN, in coordinating security operations and expenditures between different groups.

5) The implementation of a regional transportation pact as the first step in SCO regional economic integration

An excellent article by Li Gang and Liu Huaqin of the Europe Section of the Chinese Ministry of Commerce Trade Institute, "Proceeding Gradually: Study on Regional Economic Cooperation in the Shanghai Cooperation Organization," pointed out that true economic cooperation between the SCO members, especially in the area of free trade, is unattainable in the short, and possibly medium term. In reality, the individual economic and political situations of the member states are so different that a free trade area is all but impossible in the next several years. Additionally, energy cooperation - the most successful of any form of regional cooperation - is almost exclusively limited to China, Russia, and Kazakhstan on a bilateral basis and is not a solid foundation for regional cooperation due to the fact that other SCO members like Tajik have no significant resources. The first step in any form of regional economic integration is improving the transportation infrastructure between states. It is still very hard to move goods and labor across SCO borders. In part this is a bureaucratic problem, but the main issue is purely technical. As Hu Jintao suggested at the May 2003 SCO summit, the SCO should commit itself to drastically improving the regional transportation network over the next several years. A pact among member nations is necessary for this undertaking and should be



adopted at the earliest possible time after the January launch. If the SCO cannot fulfill its pledge to be an economic, as well as a security, organization, it will lose considerable credibility and the interest of the Central Asian members will wane in the face of large aid packages from the United States, EU, World Bank, and other institutions.

6) Cohesion among member states and the ability to expand the SCO in size and scope

One issue facing the future of the Shanghai Cooperation Organization is that its neighbors have just as much interest in those issues confronted by the SCO. Mongolia, India, Pakistan, Iran, and Turkey all have interests in regional security and economic cooperation. Additionally, external powers, such as the United States, have a stake in the future development of the region. The problem for the SCO is to figure out how to expand without losing its ability to function. This is especially true given the Kashmir problem and India and Pakistan's ability to make it a central topic of any multinational organization in which they are members, as well as the difficulties of dealing with Iran under the threat of American economic sanctions. Furthermore, allowing non-regional nations, such as the United States, in the organization will dilute the influence of China and Russia. The SCO will have to expand at some point, or at least form partnerships with these countries, as well as with other international organizations operating in the region. Learning to do this correctly will be a central task for the SCO in the next year.

Equally important is maintaining the cohesion among the member states. Despite Uzbekistan's newfound position as host of the SCO counterterrorism center, it has behaved as a half-member since its accession to the organization. Other nations, too, have displayed their divergent interests and political problems with continuing robust engagement with the SCO. If the SCO is to endure, it must remain a collective unit and establish a communal identity. This will prevent future disagreement by member nations in the face of more attractive alternatives, or disappointment over potential failures of the organizations.

The SCO has many hurdles ahead of it, and it is still questionable if this group will be able to survive in a region where so many other international organizations have failed. These six criteria highlight the challenges facing this still nascent endeavor, but they should be heeded if the SCO is to have any chance of success.



NEWS

1) Month in Review

Counterterrorism and law enforcement:

- China donated 1.12bn yuan (about \$136 million) worth of laboratory equipment for detecting narcotic substances to the Kazakh government as part of their cooperation agreement signed last year. Additionally, China gave forty Chinese-manufactured Cherokee and Super Cherokee jeeps to the Kazakh Ministry of Defense. The cooperation program will last until 2008.
- After observing the "Great Wall" anti-terrorism exercise held in Beijing on September 26, 2003, Chinese President Hu Jintao urged all departments across the country to implement anti-terrorism measures to guarantee national security and public safety.
- The OSCE and Uzbekistan began a joint project to combat money laundering and the financing of terrorism on October 6.
- It was reported in Kazakhstan that the United States is helping the nation build its first Caspian Sea military base.
- Indian Defense Minister George Fernandes, noting the improvement in relations with China, particularly in light of the recent (apparent) settlement of the Sikkim issue, called for joint military exercises to be conducted between the two nations.
- Politics and Social Movement:
- Members of the of the Uyghur diaspora in Kyrgyzstan have criticized First Deputy Prime Minister and Justice Minister Kurmanbek Osmonov for publicly stating that Uyghur separatism 'represents a threat to the country.

Meetings and Summits:

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- President Vladimir Putin of Russia attended the official opening of Russia's Kant Airbase located outside of the Kyrgyz capitol of Bishkek. The deployment, justified under the Collective Security Treaty, will eventually consist of around 500 soldiers and 20 aircraft.

Energy and Trade:

- Agence France-Presse reported that Russian Prime Minister Mikhail Kasyanov announced the postponement of the long-awaited 2.5-billion-dollar, 2,400-kilometer oil pipeline deal linking Russia's Angarsk oil fields in Siberia to refineries in northeastern China's Daqing city. He stated that Moscow is still committed to helping the PRC meet its energy needs, but three or four months would be needed to fully assess technical plans and environmental needs. In related news, it is reported that Japan has increased its offer to Russia to build the pipeline from Angarsk to Nakhodka to \$7 billion: \$5 billion to cover the entire cost of pipeline construction and an additional \$2 billion for future oil exploration in Siberia.
- Chinese National Petroleum Corporation (CNPC) and Kazakhstan's KazMunayGas have reached an agreement for China to finance the construction of an oil pipeline from Kazakhstan with an initial capacity of up to 20m tons of oil per year, with up to 50m tons in the future. CNPC will provide all necessary financing for the \$800m, 1000-km pipeline. The construction phase should be complete in 2006.
- According to Chinese sources, Royal Dutch/Shell has committed to participate in the US\$5.2 billion west-east natural gas pipeline project, bringing gas from China's western Xinjiang province to its east coast.
- A segment of the west-east pipeline began operations on October 8, bringing gas from Changqing Gas Field in Jingbian of Shaanxi Province to Shanghai.
- According to Kazakh sources, the second half of next year will see the launch of construction on the second phase of an oil

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pipeline running from Atasu to Alashankou. This will represent part of an export pipeline from Western Kazakhstan to China.

- China International Trust Investment Corporation (CITIC) Group will participate in several railway and subway construction projects in Uzbekistan, as well as the completion of Tashkent's subway system.
- ChevronTexaco sold its 65 percent stake in Kazakhstan's North Buzachi oil field to the Chinese National Petroleum Corporation (CNPC). CNPC is now sole owner of the North Buzachi field, which produces 8400 barrels a day and has an estimated reserve of 1.5 billion barrels.

SELECTED ARTICLES FROM OTHER PUBLICATIONS

2) 'Patience' piped in Russia-China oil talks

People's Daily
October 4, 2003

http://english.peopledaily.com.cn/200310/04/eng20031004_125393.shtml

“China must be patient when dealing with Russian oil and gas businesses, especially regarding the various twists and turns involved in the proposed Sino-Russian oil pipeline project, suggests a senior industry insider...”

3) Renewed Militancy Seen in Uzbekistan

By Peter Baker
Washington Post
September 27, 2003

<http://www.washingtonpost.com/wp-dyn/articles/A7400-2003Sep26.html>

“In Uzbekistan, a new season of Islamic militancy may be opening, the result of harsh government crackdowns by President Islam Karimov, who has become an ally of the United States. Rather than smother militancy, Karimov's campaign threatens to radicalize some of those

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Muslims who previously eschewed violence, according to an array of Islamic activists, scholars, human rights workers and foreign diplomats...”

4) Russia, with a little help from China, tries to outflank US in Central Asia

Ed Blanche
The Daily Star
October 4, 2003

http://www.dailystar.com.lb/opinion/04_10_03_e.asp

“Worried about American intentions, Moscow woos former Soviet republics and restores military bases on their territories...”

5) Three of a Kind: India, China and Russia

By Sultan Shahin
Asia Times
September 27, 2003

http://www.atimes.com/atimes/South_Asia/EI27Df01.html

“As the foreign ministers of India, China and Russia meet this week in New York as part of a trilateral that began two years ago, diplomatic observers and analysts are busy appraising the strategic implications of their growing affinity. Some see it as leading to the establishment of a "strategic triangle" to save the world, particularly Asia, from the uncertainties of a unipolar world that resulted from the collapse of Soviet Union. Others dismiss it as routine and inconsequential, pointing to the primary foreign-policy goal of all three to get in the good books of the sole superpower and to resolve their bilateral problems...”

6) Go West: China Looks to Transform Its Frontier

By Robert Marquand
Christian Science Monitor
September 26, 2003

<http://www.csmonitor.com/2003/0926/p07s01-woap.html?worldNav>

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“The Tazhong oil distillery bakes in the Taklimakan desert of western China, hours from the nearest city. Some 200 ethnic Han Chinese work in a huddle of buildings and machinery ringed by a "green belt" of vegetation to keep the swirling sand at bay. They are recruited from all over China, deemed to have the technical "talents" - a much-used word in this frontier territory - to operate sophisticated equipment...”

7) Xinjiang Develops Trade Potential

By Clare Nuttall
Times of Central Asia
October 03, 2003

<http://www.times.kg/news/1091560.html>

“Xinjiang's proximity to Central Asia makes it a natural gateway for trade between China and the Central Asian republics. The recent Urumqi Trade Fair highlighted how the area is starting to realize this potential. However, while fear of separatist movements causes China to continue to suppress Uighur culture and to ignore the benefits of closer links between the Uighurs and their cultural kin in Central Asia the country is denying itself the benefits these links might bring...”

8) The Shadows over Central Asia

By M K Bhadrakumar
Asia Times
September 24, 2003

http://www.atimes.com/atimes/Central_Asia/EI24Ag02.html

“Two years ago, on September 22, the first contingent of American forces landed at the Khanabad military base in Uzbekistan. In the period since then, lines have appeared on the face of the "newly independent states" of Central Asia, which might seem from a distance as lines of disquiet and anxiety, but, on closer look, they indicate signs of a new maturity, of quick learning and adaptive skills that are requisites for surviving in a difficult world...”

9) Beijing's Central Asia Strategy

Jane's
October 06, 2003

View us online at <http://www.chinaeurasia.org/Newsletter.html>



<http://www.times.kg/news/1091736.html?s=print>

“Central Asia is assuming greater strategic and economic prominence and competition has intensified among powerful regional powers keen to enhance their influence. JID's regional correspondent assesses Beijing's strategy...”

10) Foreign Minister Confirms Kazakhstan's Multi-Vectored Policy

Eurasia Insight:

10/03/03

<http://www.eurasianet.org/departments/insight/articles/eav100303a.shtml>

Foreign Minister Kasymzhomart Tokayev confirmed during a recent public appearance in New York that Kazakhstan is committed to a multi-vector policy, under which Astana seeks to engage the United States, Russia and China simultaneously.

11) Russian Official Cautions U.S. on Use of Central Asian Bases

By Thom Shanker

The New York Times

October 10, 2003

<http://www.nytimes.com/2003/10/10/international/americas/10NATO.html?ex=1066795473&ei=1&en=d80ffd5c19a04ded>

“Defense Minister Sergei B. Ivanov of Russia said Thursday that his government expected the American military to withdraw from bases in two former Soviet republics in Central Asia once the mission in Afghanistan was completed...”

12) Towards Cooperative Energy Security In The Caspian?

By Stephen Blank

The Central Asia-Caucasus Analyst

October 08, 2003

http://www.cacianalyst.org/view_article.php?articleid=1805

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“Lukoil head Vagit Alekperov recently floated a proposal for the U.S. and Russia to jointly patrol oil fields, especially in Iraq. This proposal may have relevance for Caspian energy, at a time when Russia is increasingly vigorously pursuing its monopolistic ambitions in CIS energy affairs. If Russia is serious in pursuing a closer energy relationship with the U.S., joint patrolling of Caspian pipelines with direct American participation should be an option. Such joint patrolling would prevent unilateral domination by anyone of Caspian oil development, and also likely reduce Russian-inspired sabotage...”

13) China feels sting of unwanted Afghan export

By Mark Berniker
Asia Times
October 10, 2003

http://www.atimes.com/atimes/Central_Asia/EJ10Ag01.html

“It's no secret that heroin smugglers are running rampant across Asia, but from all indications the problem is getting worse, rather than better...”

14) NATO Bases in Central Asia

By Alexander Kim
Times of Central Asia
October 18, 2003

<http://www.times.kg/news/1092723.html>

“Russian Defense Minister, Sergey Ivanov recently made a shocking statement. At a news conference after informal talks with NATO Secretary General, George Robertson in Colorado Springs, he said Russia approved the presence of NATO military bases in Uzbekistan and Kyrgyzstan for the period of the anti-terrorist operation in Afghanistan only. "And not for longer!" the Minister stressed...”

15) The Russian-Chinese Oil Politik

By Yu Bin
Comparative Connections
October 2003

<http://www.csis.org/pacfor/cc/0303Qchina-rus.html>

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“The specter of oil is haunting the world. The battle of oil, however, is not just being waged by oilmen from Texas and done with "shock-and-awe" in the era of preemption. Nor does it have anything to do with the billion-dollar contract awarded to the U.S. firm Halliburton for the reconstruction of postwar Iraq. This time, oil, or lack of it, is clogging the geostrategic pipeline between the world's second largest oil producer (Russia) and second largest oil importing state (China) as they haggle over the future destination of Siberia's vast oil reserves...”

16) Hizb-Ut-Tahrir Faces Internal Split In Central Asia

By Alisher Khamidov
Eurasia Insight
October 23, 2003

<http://www.eurasianet.org/departments/insight/articles/eav202103.shtml>

“There are indications that internal differences over strategy and tactics are threatening the cohesion of the underground radical Islamic organization Hizb-ut-Tahrir in Central Asia. Internecine rivalries could hasten the emergence of violent splinter groups, regional observers say...”

17) Russia Drops Anchor in Central Asia

By Sergei Blagov
Asia Times Online
27 Oct 2003

<http://www.eurasia.org.ru/cgi-bin/datacgi/database.cgi?file=News&report=SingleArticle&ArticleID=0001296>

“Russia has launched an air base at a military airfield in Kant, about 20 kilometers east of the Kyrgyz capital Bishkek, in a move that arguably brings the mountainous Central Asian state closer to Moscow's sphere of influence...”

NEW DOCUMENTS

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**18) Text of Joint Communiqué on the 8th Regular Meeting of PRC
and Russian Premiers**

Beijing, September 24, 2003

Wen Jiabao, premier of the State Council of China, and Mikhail Mikhaylovich Kasyanov, premier of Russia, signed a "Joint Communiqué on the Eighth Regular Meeting of the Chinese and Russian Premiers" in Beijing on 24 September. The full text of the communiqué is as follows:

At the invitation of Wen Jiabao, premier of the State Council of the People's Republic of China (PRC), Mikhail Mikhaylovich Kasyanov, premier of the Government of the Russian Federation (RF), paid an official visit to the PRC from 22 to 25 September 2003, during which the Eighth Regular Meeting of the Chinese and Russian Premiers was held in Beijing on 24 September.

Wen Jiabao, premier of the State Council of the PRC, and Mikhail Mikhaylovich Kasyanov, premier of the RF Government, held talks, and Hu Jintao, president of the PRC, Wu Bangguo, chairman of the Standing Committee of the National People's Congress, and Zeng Qinghong, vice president of the PRC, separately met with Premier Kasyanov.

I.

During the meeting with Hu Jintao, president of the PRC, the two sides, in the spirit of the "Treaty for Good Neighborliness, Friendship and Cooperation Between the PRC and the RF," had an in-depth exchange of views on developing strategic cooperation between the two countries in the fields of politics, economy, trade, science, technology and humanities and on pressing international issues.

Wen Jiabao, Premier of the State Council of the PRC, and Mikhail Kasyanov, premier of the RF Government, spoke highly of Chinese President Hu Jintao's first state visit to Russia between 26 and 28 May 2003, saying that the fruits of the meeting between the two heads of state are of important significance to the promotion of sustained and steady development of Sino-Russian relations. The two governments will make concerted efforts to actively implement the consensus and agreements



reached at the summit and will continuously work for new achievements in bilateral cooperation in all fields.

The two sides discussed the major direction for maintaining the sustained and steady development in bilateral cooperation in all fields. Both sides said that fruitful results have been attained in jointly implementing the treaty and expanding comprehensive pragmatic cooperation.

The two sides pointed out with satisfaction that the two nations have made progress in cooperation in the fields of economy, trade and humanities since the Seventh Regular Meeting of the Chinese and Russian Premiers (held in Shanghai on 22 August 2002).

Bilateral trade continues its momentum of rapid growth. The volume of trade reached another record high in 2002 and expects to see new breakthroughs in 2003.

The two sides have made substantive progress in expanding cooperation in humanities. This has further consolidated the social and spiritual basis for Sino-Russian strategic partnership.

The two sides spoke positively of the work done by the Committee for the Regular Meeting of the Chinese and Russian Premiers, the China-Russia Cooperation Committee on Education, Culture, Health and Sports and their subcommittees since the Seventh Regular Meeting of the Chinese and Russian Premiers.

Both sides agreed to the "Minutes of Seventh Meeting of the Committee for the Regular Meeting of Chinese and Russian Premiers," the "Minutes of the Fourth Meeting of the China-Russia Committee on Education, Cultural, Health and Sports Cooperation" and the "Regulations of the Tourist Cooperation Subcommittee of the China-Russia Committee on Education, Cultural, Health and Sports Cooperation."

While the Eighth Regular Meeting of the Chinese and Russian Premiers was being held, the two sides signed the following documents:

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-- "Joint Communiqué on the Eighth Regular Meeting of the Chinese and Russian Premiers"

-- "Minutes of the Seventh Meeting of the Committee for the Regular Meeting of Chinese and Russian Premiers"

-- "Memorandum on Developing Mutual Cooperation Between the State Development and Reform Commission of the PRC and the Ministry of Economic Development and Trade of the RF"

-- "Protocol Between the Ministry of Commercial Affairs of the PRC and the Ministry of Economic Development and Trade of the RF on Improving the Early-Warning and Consultation Mechanisms for Sensitive Commodities in China-Russia Trade"

-- "An Exchange of Certificates on the Ratification of the 'Consular Treaty Between the PRC and the RF'"

-- "Agreement on Cooperation Between the CITIC Industrial Bank and the Russian Foreign Trade Bank"

II.

The two sides unanimously agreed that the target of "achieving a breakthrough in the development of the bilateral economic and trade relations as a whole and bringing about an increase by a big margin in trade volume" set by Hu Jintao, president of the PRC, and Vladimir Vladimirovich Putin, president of the RP, should be taken as the main direction for work. To this end, the two premiers held that they should concentrate efforts on jointly unfolding cooperation in the following areas:

1. Tap existing potential and improve the commodity composition of bilateral trade through increasing the proportion of machinery, equipment and other products with a high added value.

2. Create stable and foreseeable conditions for trading principal commodities in Sino-Russian trade, and make effective use of the early-warning and consultative mechanisms for sensitive commodities in



bilateral trade to reduce trade conflicts.

3. Eliminate existing differences and end bilateral talks on Russia's entry into the World Trade Organization as soon as possible in order to achieve the goal of making China one of the first group of countries to sign relevant documents with Russia.

4. Standardize non-regular trade and kick off the China-Russia joint working group for the standardization of trade order as soon as possible.

5. Further develop cooperation between China and Russia in making investment in high-tech industries, such as machine-building, light and textile industries, electronics and telecommunications, as well as in the exploitation of resources, forestry industry and timber processing within the Russian territory, establish joint-venture enterprises, and identify, initiate and support large-scale show-case projects.

The Russian side welcomes China's participation in the development of Russia's Siberia and Far East region and is willing to jointly determine mutually beneficial areas of cooperation and implement projects already agreed upon.

The Chinese side welcomes Russia's participation in the implementation of China's strategy of developing the western region and is willing to join hands in studying the main direction of cooperation and possible projects for cooperation.

6. In accordance with the "Joint Statement Between the PRC and the RF" signed between the two heads of state on 27 May 2003, the two sides will continue to implement projects of cooperation in the field of energy. Efforts will be made to promote cooperation between Chinese and Russian companies in the laying of crude oil pipelines, the exploitation of oilfields and the expansion of crude oil exports to China via railways. Chinese and Russian companies will also be encouraged to continue their cooperation in the field of natural gas.

Both sides will continue to give support to Chinese and Russian companies participating in China's west-to-east gas transmission project.

7. Continue to carry out cooperation in the peaceful use of nuclear

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energy, including the construction of nuclear power stations and the expansion of cooperation in recycling nuclear fuels, such as building a new phase of the plant for centrifugal concentration of gaseous uranium, and develop cooperation in the nuclear technology and nuclear safety.

8. Continue to carry out cooperation between Chinese and Russian companies in the use of Russian modern equipment and technology to construct generator groups with a capacity of 800,000 kwh and greater.

9. Further promote cooperation in science and technology between China and Russia, and strengthen cooperation between scientific institutions of the two sides, especially cooperation between key state scientific academies and institutions; protect intellectual property rights in the process of cooperation; coordinate cooperation in using technologies for shifting the production military products to civilian products, turning scientific and technological achievements into commodities, and applying high-tech to industrial production; give support to the establishment and development of Sino-Russian science and technology parks, and establish as soon as possible relations of long-term cooperation in the prevention, diagnosis and control of atypical pneumonia and other dangerous diseases caused by viruses.

10. Implement in good time priority items for cooperation in the field of aerospace already agreed upon between the two sides, create favorable financial and technological conditions for implementing the Sino-Russian plan for cooperation from 2004 to 2006, including studying the possibility of setting up an aerospace representative office of the other side in Beijing and Moscow.

11. Actively implement the joint outline for cooperation in the development, production and supply of aviation technological products with good prospects signed by China and Russia on 4 November 2002. Continue to negotiate the sales to China of aviation equipment produced by Russia.

12. On the basis of existing achievements, consolidate and develop cooperation between China and Russia in telecommunications and the information technology, and at the same time, special attention will be paid to taking measures by both China and Russia to enable Russian mobile telecommunications businessmen to enter China's



telecommunications market as soon as possible.

Both sides have proposed to set up electronics research and production bases in their own cities, where necessary conditions are available.

13. Make greater efforts to enhance cooperation between Chinese and Russian banks, expand the scope of cooperation, strive to increase the number of banks participating in cooperation, strive for the credit support of Chinese banks to commodities exported to China that have a long production cycle, and unfold cooperation between banks in providing funds for fighting money laundry and cracking down on terrorism.

III.

Both sides unanimously agreed that unfolding cooperation in the field of humanities will broaden the social basis for partnership between China and Russia, deepen mutual understanding between the two peoples and strengthen the exchange of the fruits of civilization of the two great nations. Both sides will actively promote contacts and bilateral activities in the fields of education, culture, health, sports, tourism, the media, films, television and archives; draft relevant agreements to strengthen and improve mechanisms for cooperation in the field of humanities, including the establishment of state cultural centers of the other side. The Russian cultural festival to be held in China, the Chinese cultural festival to be held in Russia and the first festival of Chinese and Russian university students to be held in Shanghai will be grand events strengthening cooperation in the field of humanities between the two countries.

Both sides spoke highly of the achievements of the Fifth Plenary Session of the Sino-Russian Committee for Friendship, Peace and Development held on the eve of the regular meeting of the premiers of the two nations. China and Russia set up this committee in 1997 at the suggestion of the Chinese and Russian heads of state for the purpose of enhancing mutual understanding and traditional friendship between the two peoples, promoting good-neighborly and friendly cooperation between the two sides and consolidating and expanding the social basis for strategic partnership between the two nations. The two premiers believed that the committee will continue its systematic work in

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consolidating and expanding the social basis for Sino-Russian relations after the reelection of the committee. Its work of strategic significance requires long-term, unremitting and extensive participation and active promotion by all social circles, departments and localities of both countries.

Both sides firmly believe that the implementation of the plan for the work of 2003 and 2004 adopted by the committee will greatly promote cooperation between the two countries through nongovernmental channels, and deepen and strengthen mutual understanding and traditional friendship between the Chinese and Russian people.

IV.

Both sides have attached great importance to cooperation in cracking down on illegal immigrants. In accordance with the agreement reached between the heads of state of the two countries, both sides are seizing the time to make preparation for the establishment of a Sino-Russian joint working group for the issue of immigration.

V.

Both sides are determined to solve the problem of environmental protection, including the protection of the ecological systems of the Heilong Jiang and other cross-boundary rivers, and to carry out close cooperation to prevent cross-boundary environmental pollution. On the basis of jointly monitoring the ecological situation of cross-boundary water bodies, joint measures will be formulated to improve the Heilong Jiang, and the formulation of an agreement between the two governments on cooperation in the protection of cross-boundary water is also being considered.

The two sides will jointly carry out cooperation with other countries and various international organizations on environmental protection, the protection of biological diversity and the establishment of cross-boundary natural reserves.

The two sides will strengthen cooperation in the prevention and elimination of contingencies and will formulate a relevant government agreement on this as soon as possible.



VI.

Both sides expressed that they will continue to give each other firm support in efforts to safeguard national unity, sovereignty and territorial integrity. The Russian side reiterated its principled stand on the issues of Taiwan and Tibet.

VII.

The two premiers pointed out with satisfaction that the Shanghai Cooperation Organization (SCO) is gradually developing into an important international organization after a two-year initial stage and is now playing an increasingly outstanding role in safeguarding regional security and promoting mutually beneficial cooperation.

Both sides spoke highly of the results of the SCO Moscow Summit held on 28 and 29 May 2003 and the Beijing meeting of the prime ministers of SCO member states on 23 September 2003, and unanimously held that the "Outline for Multilateral Economic and Trade Cooperation Among SCO Member States" adopted at the meeting of prime ministers marked the beginning of the process of the SCO multilateral mutually beneficial regional cooperation.

China and Russia attach importance to the cooperation between various SCO member states and between the two sides within the SCO, and are willing to work together with other member states to continue to make concerted efforts to promote the continuous advance of the SCO and to make greater contribution to the cause of peace and development of the region and the world as a whole under the guidance of the "Shanghai Spirit" of "mutual trust, mutual benefits, equality, cooperation, respect for diversified civilization and seeking common development."

The two sides reiterated their willingness to make concerted efforts to further strengthen partnership and cooperation in international affairs in order to establish an international order based on fair play, democracy, strict observance of the norms of international law and the aims and principles of the UN Charter, common security, sovereignty, equality and mutual respect. China and



Russia will continue to actively promote international cooperation in all fields, including the enhancement of the efficiency of existing multilateral cooperative organizations and mechanisms.

Both sides said they will strengthen cooperation in ensuring world peace and security, preventing international conflicts and working for their peaceful solution. Both sides emphasized the need to solve disputes and crises by political and diplomatic means. In this connection, the two premiers support reinforcing the authority of the United Nations and its Security Council.

Both sides emphasized that the central role of the United Nations in international affairs should be promptly strengthened and the United Nations should consolidate the unity of the international community in the face of global challenges and threats.

The two premiers pointed out that the most important direction for improving the work of the United Nations is to strengthen existing collective mechanisms while ensuring the "UN Charter" is not damaged and that it is necessary to improve existing mechanisms and establish new ones on the basis of agreement unanimously reached through negotiation and acceptable to all parties.

Both sides unanimously agreed that the peacekeeping activities conducted by the UN Security Council are a major way for the United Nations to promote the political solution of armed conflicts. Both sides said that it is necessary to strengthen the legal basis for contemporary peacekeeping activities and expand the cooperation between the United Nations and other regional organizations in resolving conflicts strictly according to the "UN Charter" and resolutions of the Security Council.

Both sides also emphasized that Chapter 8 of the "UN Charter" should be taken as the basis for the cooperation mentioned above. On the basis of this, the activities of regional organizations should conform with the aims and principles of the United Nations and any action of using force taken within the framework of these organizations should be authorized by the Security Council.

The two premiers unanimously held that the implementation of the proposal on the establishment of a global system to deal with new



challenges and threats, a proposal made by Russia based on Resolution 57/145 of the UN General Assembly, will enable the effective use and coordination of activities of the international community in crucial areas of world life. Both sides will make efforts to bring about the adoption of a substantive resolution on initiating actual work to establish such a system at the 58th Session of the UN General Assembly.

VIII.

The two premiers reiterated that the two sides will energetically carry out cooperation in the fight against terrorism, extremism and separatism, the proliferation of weapons of mass destruction, cross-border crimes, trafficking of drugs and weapons, preventing ecological disasters, preventing and controlling communicable diseases and dealing with other pressing challenges of the times. Both sides emphasized the need to strengthen multilateral cooperation against terrorism in accordance with the international law and the principles of the UN Charter, on an equal basis, and under the leadership and with the coordination of the United Nations and its Security Council. It is impermissible to practice double standards or put terrorism and extremism on a par with any nation or religion.

The two sides agreed to strengthen the work of the Security Council's Counter-Terrorism Committee, including unfolding cooperation between the committee and regional and subregional organizations, such as the SCO, and bring about the adoption of the draft "Comprehensive Convention on International Terrorism" put forward by India and the draft "International Convention on Stopping Nuclear Terrorism" put forward by Russia as soon as possible.

Both sides maintained that both the "East Turkistan" and Chechen terrorist forces are component parts of the international terrorist forces and that China and Russia will strengthen coordination, mutual support and cooperation in the fight against these terrorist forces.

IX.

The two sides pointed out that maintaining global strategic stability, promoting the process of multilateral arms control and disarmament, and preventing the proliferation of weapons of mass destruction and their



carriers are conducive to regional and world peace, security and stability, and this task has become more and more urgent. Both sides maintained that to ensure a weapon-free outer space and to prevent arms race in outer space are of strategic significance to maintaining a peaceful and foreseeable outer space environment and conform with the fundamental interests of various countries. The international community should hold talks and conclude new international legal documents on this as soon as possible. The two sides agreed to further strengthen consultation and cooperation on strategic stability, multilateral arms control and control over exports to prevent proliferation.

X.

The Chinese and Russian premiers maintained that safeguarding peace and stability on the Korean Peninsula conforms with the interests of various parties, including China and Russia, and is also the common desire of the international community. Both sides held that it is necessary to ensure a nuclear-free Korean Peninsula, observe regulations on nonproliferation of weapons of mass destruction, and at the same time, resolve the issue of DPRK's reasonable concern over its security. It is necessary to resolve the nuclear issue on the peninsula peacefully through dialogue. The process of the dialogue starting from the tripartite talks held in Beijing in April 2003 and the six-party talks held in Beijing in August 2003 should be continued, and all parties should do more work that is conducive to talks.

The Russian side spoke highly of the Chinese side's positive contribution to promoting the talks in Beijing and pledged to continue to support the mediation of the Chinese side. The Chinese side expressed appreciation for the constructive role played by the Russian side in the efforts to peacefully settle the nuclear issue on the peninsula and welcomed Russia's active participation in the process of talks. Both sides agreed to further strengthen consultation and cooperation on issues on the Korean Peninsula, including the nuclear issue.

XI.

Both sides unanimously held that it is necessary to restore Iraq's stability and sovereignty and realize the Iraqi people's right to determine the country's future and the disposal of the country's natural resources as



soon as possible. The two sides are convinced that in order to bring about the speedy normalization of the situation in Iraq, the international community must extensively participate in Iraq's post-war reconstruction. In particular, the United Nations should further bring its role into play in the process of resolving the Iraq issue.

XII.

Both sides said that they will continue to make efforts to promote the Middle East peace process and urged the international community to make concerted efforts to restore peace, security and stability in the region as soon as possible.

The Eighth Regular Meeting of the Chinese and Russian Premiers was held in the spirit of strategic cooperation and in an atmosphere of friendship and cooperation, which is unique to the relations of the two countries. Both sides expressed satisfaction with its results.

Both sides agreed to hold the Ninth Regular Meeting of the Chinese and Russian Premiers in Russia in 2004. The specific date will be discussed through the diplomatic channel.

The Premier of the State Council of The People's Republic of China

The Premier of the Government of The Russian Federation