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THE DYNAMICS OF RUSSIAN WEAPON SALES TO CHINA

Stephen J. Blank

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FOREWORD

Russia has recently sold or transferred many military weapons or technologies to China. Russian state policy has also officially joined with China in a relationship described as a strategic cooperative partnership. Some Russian diplomats also say that there is virtually complete identity with China on all issues of Asian and global security. Dr. Stephen Blank examines this relationship carefully for what it reveals about both states' international security policies.

As he focuses on Russian arms sales to China, he finds that these sales and China policy, in general, reveal much that is disturbing about the nature of the Russian policy process and Russia's profile in Asia. Indeed, it appears that Russia needs China more than China needs Russia and that Russia has lost control of the policy process. Arms manufacturers are making their own deals with China, bypassing the government. Their actions reflect the broader picture by which private sectors or lobbies are able to capture control of Russian state policy and manipulate it to their own interest, not to a discernible Russian national interest.

Russian policy increasingly appears to be moving toward a confrontation with the United States from which only China will gain as a state, while private Russian interests also profit at the expense of Russia's strategic position. The anti- American aspects of this process also apparently accord with the widely reported Chinese suspicions about U.S. policy. For this reason, the evolving nature of the Russo-Chinese relationship is or should be of utmost interest to policymakers and analysts alike.

The Strategic Studies Institute is pleased to offer this report as a contribution to the informed debate regarding Russian and Chinese policies, and U.S. relations with both states.

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BIOSKETCH OF THE AUTHOR

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SUMMARY

For the past few years China has acquired substantial amounts of Russian military and dual-use technologies. These acquisitions are a key element of the rapidly developing Russo-Chinese *entente* and play a prominent role in their mutual relationship. But the arms sales also reveal much about the nature of Russia's policy process.

Arms sales are now critical to Russian defense industry because the state cannot afford to procure weapons for its own forces. Exports remain essentially this industry's sole source of income. Although many defense firms have received subsidies of one sort or another, and even recently obtained their own ministry to defend their interests, only if they export can they be sure of surviving. China's hunger for weapons imports matches Russia's need and creates a perfect fit between both sides. But close examination of this industry's activities indicates that it is selling China state-of-the-art systems and weapons or licenses, like the license for the SU-27 Fighter, without government authorization. In other words, Russia's government has lost control over its arms sales program but dares not react negatively, despite the military implications of such transfers for its own security.

The reasons for this are essentially two-fold. One is that under President Boris Yeltsin a privatization of state policy has taken place. Private lobbies, sectors, and factions are able to seize control of state policy and state assets and exploit them exclusively for their own narrow interests. No concept of national interest operates here even though these groups invariably choose to present their activities in the light of advancing Russian national interest. For example, arms sellers argue that now that they can sell freely abroad, their program of unrestricted sales will allow Russia to compete with the United States in Asia and save its defense industry in the bargain.

These arguments neglect deeper strategic analyses of China's objectives in Asia and the general Asian security balance. They focus singlemindedly on getting state subsidies and cash, much of which goes unreported or into private bank accounts. In effect, China is able to exploit these industries' and officials' greed, and the absence of central coordination to get the best deals for itself. So the first reason why the government does not stop the uncontrollable and uncontrolled sales is its inability to do so at a time when officials also obtain private gains.

The second reason pertains to Russia's policy perspectives, which view China increasingly as a strategic partner and, even in some official or quasi-official documents, as an ally. This partnership is explicitly directed against the United States as a

power that allegedly seeks to restrict Russia's and China's pursuit of their national interests. Russian spokesmen say China supports the reunification of the Commonwealth of Independent States (CIS) under Russian auspices, opposes NATO expansion, offers markets for Russian producers besides arms firms, and supports Russia's participation in Asian international fora. Of course Beijing knows that Russia needs it to enter organizations like the Asia-Pacific Economic Cooperation (APEC), and exploits that understanding in every way possible, since Russia is the *demandeur* in the relationship. Still, Russian policy, despite complaints by several public figures and military men concerning its strategic implications, is firmly pro-Chinese and evidently seeks to align itself on every issue of Asian and international security with Beijing.

Increasingly, Russia is associating itself with China's policies for Asia and its outlook on world politics, seeing in this a way to obtain greater leverage as one of the poles of the emerging multipolar world. But while Russia obtains some cash (not as much as one would expect given the costs of these systems) and psychological or intangible benefits, China registers material gains. Russia plays gendarme for China in the volatile Central Asia, sparing China the need to intervene there to seal off the area from its rebellious Xinjiang province. China gets badly needed weapons, technology, and the services of Russian scientists at a low relative cost. It gains permanent leverage among regional and central lobbies who are influential players in the Russian policy process as well as a hold on many corrupt Russian officials. Beijing obtains support for its policies in Taiwan and, *vis-a-vis* ASEAN and the Spratly Islands issue, China also has won Moscow's support for its domestic programs that repress human rights. Russia pointedly ignores China's domestic repression of human rights which remains a source of tension in the Sino-U.S. relationship.

All these factors suggest that Russo-Chinese ties signal a relationship that is being driven by China's strategic interests and the private interests of Russia's arms dealers and other anti-Western elites as much, if not more, than by a reasoned calculation of Russian strategic or national interest. The bilateral relationship, despite U.S. complacency about it until now, has gone beyond normalization and friendship. But in view of the fact that much of Russian security policy is clearly out of control and being driven by China and a visceral anti-Americanism in Moscow, we need to show greater interest and concern over the evolving character of Russo-Chinese relationships.

THE DYNAMICS OF RUSSIAN WEAPON SALES TO CHINA

Since 1991 Russia has sold or transferred significant numbers of weapons and military technologies to China.¹ These arms sales and technology transfers have aroused considerable interest and apprehension abroad because of the uncertain direction of Chinese policies. Since China's military interests focus on Taiwan and the Spratly Islands in the South China Sea, foreign interest, as well, focuses on how Russian weapons affect the development of China's strategy and capabilities. As a result, analysts have overlooked the dynamics and motives of Russia's arms sales policies and how they affect Russia's position in the Sino-Russian relationship.

Russian Motives for Arms Sales to China.

Russia's arms sales must be seen in the context of its overall arms sales policy, its relations with China, and the global arms trade. Arms sales are critical to Russian defense industry and planners because the defense industry cannot survive on the basis of domestic procurements alone. Since Russia has yet to devise a coherent research and development (R&D) and military spending program, and cannot subsidize its defense industry as before, whole sectors of this industry either face an economic crash, or say they do. Since they lost the battle for state credits for domestic production and procurement, defense industrialists have consistently urged President Boris Yeltsin's government to subsidize them and give them as much freedom and control as possible in selling arms abroad.² Recently, facing a stiff presidential campaign, Yeltsin announced plans for a \$4 billion subsidy and elevated the officials who supervised and lobbied for defense industry to ministerial status.³ This action gave defense industry greater latitude and scope to continue to sell weapons with state consent, including state-of-the-art technologies and platforms even before the Russian military gets them.⁴

A second, urgent reason for the defense industry to sell abroad pertains to Russian defense policy. After 1991 and the breakup of the Soviet Union, Russia's military leadership faced a choice between preserving as many forces and divisions as possible and investing heavily in future technologies and systems. Like other militaries facing similar, if not so severe, fiscal stringencies, Moscow opted for readiness and force structure at the expense of military-technological R&D for the future.⁵ Consequently, Moscow cannot afford the forces it currently maintains.⁶ Indeed, nobody knows how many men are actually serving in one or another of the 22-24 armed forces legally operating in a country of 147 million people whose Gross

National Product (GNP) has fallen 40 percent since 1991. But the total is at least 2.5 million and probably closer to 3 or 3.5 million. Thus, the Ministry of Defense desperately seeks added revenues which could be gotten by selling surplus equipment. And due to the force reductions imposed by the Conventional Armed Forces in Europe (CFE) Treaty and the vast overproduction that has continued, in some cases, since 1991, Russia has many attractive weapons to sell, particularly combat aircraft.⁷ These aircraft were often new models that were "in the pipeline" when the Soviet Union collapsed and must be sold abroad if any of their costs are to be amortized.

Another result of the choices made since 1991 is that the defense industry has been starved and cannot survive by procuring high-tech modern weapons. Firms cannot sell enough of them at home to justify the large initial capital investments that must be made when producing these systems. Hence exports become the only way out. From the standpoint of the defense industry and the military officials favoring massive arms sales, all of whom face a threat to survival, it makes no sense to hold back existing systems on the grounds of military secrets when they have newer, substantially more effective, systems in development.⁸ The imperatives of arming Russian forces with good weapons or of not altering the military balance with China do not enter into their calculations, and they incessantly blame the various state supervisory organs for not giving them a free hand and for their "evil stupidity" in restraining them by bureaucratic monitoring of exports.⁹

Moreover, many elements in these groups still believe that Russia has unique advantages due to the supposed cheapness of its labor relative to the West. They ignore the facts that due to the spiraling costs of technology and weapons and the diffusion of production know-how and technology abroad, the arms market is in long-term decline, and Russia is not uniquely competitive as a supplier. Instead, arms exports only offer a short-term solution. Concentration on exports as a substitute for conversion endangers the entire domestic base of defense industrial production and precludes a policy of choosing which defense firms survive and which will undergo dissolution and bankruptcy.¹⁰ In other words, the concentration on weapons for export will work against reform of the defense industry and its true conversion to market economics.

Thus, given the pressures generated by the defense industry and elements of the Ministry of Defense, the tremendous struggles for power atop the Russian government are unlikely to reverse the trend to free the arms sellers in their foreign activities. Nor is Russia likely to take full account of the portents in the world arms market. Instead, as the new Minister for Defense Industry, Zinovy Pak, suggested, all elements of the defense

industry, whether privatized or not, are demanding and need state subsidies.¹¹ In view of this lobby's proven power to pump resources out of the government, it is likely that the fundamentally unreformed defense industry will increase its leverage, particularly as large-scale financial-industrial groups join with the defense industry and add their market power to the defense industry's political access and economic standing.¹² Whoever takes control of the program will have to push arms sales seriously, if for no other reason than because only those firms who can export can survive in Russia and in today's global arms market. But perhaps equally telling in the Russian context will be those domestic pressures for preserving as much as possible of the defense industry in only this quasi-reformed state.

Another reason for the importance of arms sales to the government is the money that accrues both to corrupt officials and to the defense industry. These funds reduce the prospect of massive layoffs and bankruptcies in that critical sector. In addition, elites involved in the transfer of arms or technologies with significant military applications have apparently persuaded the regime that arms sales advance Russia's military leverage and influence abroad. Certainly this argument has long applied to Russia's deals with Iran. Those arms sales have been justified since 1992 on the grounds that they help keep the Caucasus and Central Asia quiet by making Iran depend on Russian arms. Therefore Iran will not foment unrest in the Muslim areas of the CIS.¹³ These groups claim that the same argument applies to Asia. A recent commentary on arms sales observed that,

The active promotion of Russian armaments in the Asia-Pacific Region is leading to a new balance of power taking shape there, in which the United States will no longer play the decisive role. Incidentally, it is not only there that this is happening. We have achieved considerable success over the past few years in Latin American countries which opens up good prospects for the Russian military industrial complex.¹⁴

Nor is this an isolated example of arms industry boosterism. Pavel Felgengauer, Russia's most prominent defense correspondent who is close to the General Staff and MOD, wrote recently that they and defense industrialists believe that China's need for military technology to keep up with the arms race in the Taiwan Straits and Southeast Asia (which owe much to China's belligerence and prior arms purchases from Russia) will lead Beijing to the Russian defense industry. And these contracts "could become not only a way for our hapless military-industrial complex to preserve jobs and earn money, but also the start of a long-range strategic partnership and a new balance of forces in Asia that would favor Russia."¹⁵

Arms sales then become the royal road to a revival of Russian power, prestige, and position at a global level against the United States which is still seen as the main enemy. Since the defense industry is unreformed in structure and composition and regards the United States as its main rival, its leaders and spokesmen have been in the forefront of the anti-American orientation in Russian policy.¹⁶ Thus, to the degree that factions sharing that outlook dominate Russo-Chinese arms sales and the bilateral relationship, Western and pro-Western powers and domestic reformers face a hostile coalition, if not bloc, in Asia.

Another reason for pushing arms sales, and one that connects defense industrialists with military men, is that keeping these production lines "hot" regardless of a true account of economic costs and gains helps reduce unit and developmental costs for existing and new weapons. Then the ensuing economies of scale benefit the military buyers of these systems who can obtain more weapons for the same or maybe reduced costs.¹⁷ Foreign sales can also help recover costs for the next generation systems when one line goes out of domestic production.¹⁸ And since Russian industry is being subsidized *de facto*, exports seemingly provide the exporter, whether it is the defense industry or the Ministry of Defense, with large profits.¹⁹

The Nature and Effects of Russian Policy.

Still, Russian arms sales policy will likely remain strategically incoherent. Arms sales regulations are not legislated public law but rather presidential decrees subject to revision or noncompliance provided one has sufficient clout. More generally, Kevin O'Prey writes that state policy, with special reference to arms sales, is characterized by a chaos that makes claims of gridlock in the United States look like paradise. On bad days, the government can issue five decrees which contradict each other and, in any case, are not obeyed. Presidential aides occasionally introduce decrees in Yeltsin's name without his knowledge, or in spite of his opposition to them. Regional governments frequently ignore these decrees. Consultation among regularly constituted organizations on major defense policies does not occur. This helps explain how Russia stumbled into Chechnya while the Council of the Ministry of Defense was not told about the planned invasion. Defense conversion issues and arms sales are no different, and since 1992 every state organization with some responsibility or turf in this area has competed with every other agency to do the same thing.²⁰

The government does not effectively control either arms sales policy in general or relations with China in particular. In July 1996, Sukhoi Design Bureau admitted that the deal

transferring licenses to China for its own production of the SU-27 fighter that markedly upgrades the strategic capability of China *vis-a-vis* all its neighbors was negotiated by Mikhail Simonov, its General Director, on his own, without official authorization or knowledge.²¹ Simonov did so to gain funding for the future SU-37 fighter which otherwise could not have been produced because there is no money for it. Moscow had to accept this deal lest it anger China and undermine a crucial pillar of its Asian policy and overall world policy.

But Moscow pays high costs for such acquiescence and loss of control over its defense industrial sector. Aviation sector experts pointed out that Sukhoi's action deprives Russian plants of the opportunity to manufacture and export fighter planes that could bring in approximately \$1.2 billion. Instead, domestic production in China will allow Beijing to repudiate its previous plans to buy at least 50 SU-27s from Russia over the next 5 years. These experts also observe that China can now make slight variations in the SU-27, set up serial production under a Chinese plane, and violate the license's stipulations on the number of planes that Beijing can manufacture annually (between 50-200 according to the contract). China can then turn around and compete with Russia for fighter exports in Asia and elsewhere.

With this license China also is acquiring specialized technologies for manufacturing titanium structural elements. Even if Russia refuses to supply component parts, China can then manufacture the SU-27 on its own. Finally, aviation sector experts note that the SU-27 is the "base model" for all of Russia's fourth-generation fighters which have lost their place in the world market, thanks to this deal. While a "fifth-generation" fighter would be the ideal solution, military-industrial experts doubt that Simonov and Sukhoi will put one into serial production in the next 5 years since not even a prototype has been tested yet.²² These technological and production issues do not include, of course, the fact that China's overall military capability against all enemies, real or potential, has also greatly increased, severely adding to the burden regional Russian military forces might face.

Nor was this an isolated case. An excellent example of the dangers inherent in the loose control over Russia's weapons program appeared in 1995 when China purchased upper-stage rocket engines. This sale violates the Missile Technology Control Regime (MTCR) that Russia had pledged to accept. Yet these purchases did not go through the official channels. Instead the engines were sold directly by the Ministry of Defense without notifying the company that produces them, NGO Energiyamash, and despite a requirement that the state license the sale.²³

Meanwhile, not only is Russia transferring conventional and

nuclear weapons and know-how to China and providing weapons that can be used against it, Russia is also selling major new weapons systems like the SU-27 and SU-30 Fighters to states which are most likely to be China's main military rivals: India, Malaysia, South Korea. Russia also is offering weapons to other Southeast Asian states like Vietnam and Singapore, and hints at the availability of SU-27 fighters to Japan.²⁴ And some key Russian elites still want to sell or transfer weapons to North Korea, supposedly to regain leverage and influence in Pyongyang.²⁵

The facts that such intentions arouse disquiet across Asia and have caused a notable cooling of Moscow's once-promising ties with Seoul illustrate the lack of strategic coherence to this policy or, more broadly, to Russia's Asian policy. Russia's Asian policy is excessively influenced by this arms sales policy that incessantly pushes to sell weapons indiscriminately. To the degree that partisans of a vigorous and unrestricted arms sales program triumph, their victory represents the primacy of narrow, sectoral, and bloc or factional interests over any concept of national interest. In a real sense, Russian security policy in Asia will then have been privatized. That is, it will be a policy conducted mainly for the benefit of selected private interests.²⁶ This trend is already visible, and could compromise Russia's and other Asian states' security, facilitate an Asian arms race, and give some of the most unreformed sectors of the Russian elite a strong position in state policy from which they can obstruct further reform.²⁷

Accordingly, Russian policy is distinguished by the absence of coherence and consistency due to the struggle among the "multipolar" interests and opinions at the policymaking level and the government's utter disorganization.²⁸ In this struggle, powerful factions in and around Russia's government strive to monopolize as much as possible of the policy processes that concern them. In highly technical issues like arms sales, it is easier for these interests to gain their goals.²⁹ Thus,

In the area of WMD [weapons of mass destruction] (and especially BM-ballistic missiles) proliferation, it is the narrow interest groups representing producers of some types of exportable hardware and materials that are especially eager to obtain "absolute" authority in laying out and implementing policies benefiting primarily their own positions. As traditionally was done in the former Soviet Union, additional practical means of achieving such a monopoly position are setting up a heavy veil of secrecy and acting under the guise of "overriding national security expediency."³⁰

The defense industry and its new eponymous ministry are one of those groups in contention with other interested parties. This

group's economic needs intersect with opportunities for corruption, Russia's strategic and economic interest in friendship with China, and China's continuing interests in friendship with Russia and cheap weapons.

The Chinese Arms Transfer Offensive.

China seeks weapons as well as production technologies and know-how, i.e., offsets, and the SU-27 incident illustrates how Beijing prevailed in obtaining those goals despite Russian officials' earlier misgivings.³¹ This episode also suggests that, Russian protestations to the contrary, China, if it exerts itself, can get what it wants and that it, not Russia, is driving this relationship. Russian analysts observe that their authorities seem "largely unprepared" to recognize or confront proliferation threats from Moscow's closest neighbors, despite the facts that suggest such threats are real. Indeed, they seem to welcome China's need to compete with Taiwan in modernizing and upgrading armaments because this means more orders for them regardless of the consequences.³² This also may be due to the fact that sectoral and private (i.e., easily corruptible) interests exercise undue influence over policy. For example, China apparently acts clandestinely, deals wherever possible directly with military producers rather than Moscow, and squeezes every available technology out of its partners by reported sharp practices. Thus China's Norinco company was able to assimilate series production of the Russian Infantry Fighting Vehicle (IFV), the BMP-1 in 1994-96 without an agreement to purchase the license and is now supplying it to the Middle East and North Africa.

Furthermore, Russian and Taiwanese sources report that at least 40 percent of the revenue from Chinese purchases does not go to Russian manufacturers (where it does go would be a most interesting question). Nor is cash the only payment. The St. Petersburg shipyard that supplied Kilo-class submarines to China received thousands of cigarette lighters, greatly marked up in price as compensation.³³ Presumably this type of compensation also includes bribery in the form of exorbitant commissions. For instance *Rosvooruzhenie*, the state arms sales firm, gets a 6 percent commission on sales to China and the overseas Chinese firms and banks, that are middlemen, also make a lot on these transactions. But Russia never sees this money.

The narrow unstrategic approach toward Chinese purchases is also visible in regard to the deal licensing Chinese production of the SU-27. Although Russia will receive royalties for the SU-27, China will (as noted above) be able to sell it everywhere to undercut Russian producers. In addition, it was already clear in 1992 and 1993 that China was buying the services of Russian defense scientists and that Moscow could not control or regulate

that program.³⁴ China also has allegedly set up E-mail links with Russian military, scientific, and nuclear installations that third parties cannot easily monitor and received computer technology for simulating nuclear tests. More recently Russian media reported that China's Military-Technical Cooperation Coordinating Center invites Russian weapons designers and other specialists to China for preliminary talks. At these talks the Russian scientists give mainly "secret" lectures on Russian defense exports. Chinese sources report that the information they receive saves from 15-20 years of R&D and hundreds of millions of dollars.³⁵

Meanwhile, the arms sales program continues to grow. Recently *Phazotron*, a Russian firm, signed contracts with China to provide 150-200 improved *Zhuk* radars mainly in support of China's new F-8II fighter, but also to equip the new *Chengdu* J-10 (J-9) fighter, a classified program.³⁶ These radars have six times the data and signal processing power of the basic variant and greater detection range than the current 80KM. They can track while scanning on 24 targets, display up to 8 of them, and simultaneously provide fire-control solutions for 2-4 of them.³⁷ *Phazotron* also seeks Chinese contracts for its *Super Komar* radar (an upgraded *Kopyo* model) for the Chinese/Pakistani FC-1 Fighter program.³⁸

Likewise, there have been recent charges of Russian sales of SS-18 technology to China which would violate the MTCR. Russia denied these charges.³⁹ The issue of missile sales to China is perhaps the most disquieting aspect of Russian policy. The 1995 sale of rocket engines has been mentioned above. But apparently this sale, too, is not unique. There are also unconfirmed reports from 1995 that Russia allowed China to recruit an entire cruise missile research and development team. According to Chong-Pin Lin of the American Enterprise Institute, in August 1995 China recruited this team shortly after the Soviet collapse. Initial results and test firings should soon be evident. He also charged that China's satellites could complement the missiles by providing sufficient topographical information for inputting as target data into the cruise missile's memory. Other Taiwanese analysts make similar arguments concerning the production of Russian-type cruise missiles. Cruise missiles in China's hands dramatically increase the precision of its missile targeting, and, since their range exceeds 2,000 KM, they could vastly expand the envelope of China's targeting capability.⁴⁰ Other reports suggest that China may obtain Soviet/Russian research on airborne cruise missiles (AS-19) or take a page from the U.S. Harpoon anti-ship cruise missiles and revamp its C-802 anti-ship missiles to ground-targeted cruise missiles.

China also wants the IFV, BMP-3 and a license for its production. Reportedly, Beijing is also going to buy six

battalions of S-300 surface-to-air anti-aircraft missiles. Russian elites believe that if China increases its purchases by 30-35 percent, that will mean a 50 percent rise in Russian defense production.⁴¹ All these developments, added to the pervasive deception and concealment of Chinese military thinking, make it very difficult to track with certainty what arms and technologies China receives from Russian channels. Thus, while we have some knowledge of Russian arms transfers to China, it is probably an opaque picture at best. Meanwhile, Russia already has often lost control over private firms' arms sales activities even as it expands its program of sales to China.

Russian defense ministry officials working on Sino-Russian relations told Japan's *Sankei Shimbun* that besides the Chinese license for the SU-27, the two sides have contracted for China to keep buying submarines and air defense missile systems while studying joint development of the Super-7 attack fighter. Total arms exports to China will reach \$5.2 billion, a figure which, if true, would double all Russian arms exports world-wide for 1995. Later reports suggest that China also is interested in T-80U (state-of-the-art) Russian tanks that are unavailable to Russian forces), the SA-15 Gauntlet surface-to-air missile, and the 256M *Tunguska*-combined gun/SAM system.⁴² China is also building up its naval and air forces with Russian purchases. To date, it has purchased 72 Su-27s, one diesel-powered Kilo-class submarine, 4 S-300 air defense missiles, and concluded the agreement to produce SU-27s in China under license to Russia.⁴³ China has also contracted for or received four more Kilos (two of the somewhat inferior export models and two of the advanced state-of-the-art models) and S-300 theater missile defense systems by 1998, is considering joint development of the Super 7, and negotiating to purchase the MiG-31 interceptor and multiple launch missile systems.⁴⁴ Furthermore,

China is not only eager to introduce 12 "Xia" class (nuclear powered) submarines, far more than expected, but is also aiming at obtaining minelaying boats for sea blockade purposes, landing craft, and missile cruisers. The Chinese Air Force also plans to purchase equipment such as air tankers, airborne warning and control aircraft, supersonic attack bombers, and sky trucks.⁴⁵

Russian Security Concerns.

It should be noted that much of this "wish list" exactly matches the defects in the PLAN and PLAAF (China's navy and air force) that Western analysts cite as major obstacles to takeovers of the Spratly Islands and Taiwan.⁴⁶ These Russian officials also conceded that China's military expansion could threaten Russia,

therefore they claimed that export is limited mostly to defensive weapons that are not state-of-the-art in order to maintain at least a 10-year gap between Chinese and Russian military modernization.⁴⁷ Nevertheless, from this list of Chinese future programs and purchases one cannot distinguish between defensive or offensive systems and operations. Nor do past Russian sales or the previous analysis give one confidence that Russian officials can maintain across-the-board technological superiority *vis-a-vis* China. The pressures at home for sales are too great both at the central level and regionally, particularly in the Far Eastern provinces of Russia. Moreover, the defense industry's determined resistance to reform means that it can survive only by subsidies and exports. China's purchases not only reinvigorate this reactionary sector of the Russian economy, they force it to depend on Beijing for its survival. To the extent that the defense industrial lobby then predominates in policy, Beijing reaps inordinate benefits from that lobby's need for survival and for the China market, and gains lasting leverage on Russian defense policy.

This relationship is particularly visible in the Russian Far East, a traditionally overmilitarized sector of the economy. As of 1993, although 40 percent of the labor force worked in military industry, it accounted for only 12 percent of industrial production. Military firms padded their payrolls with huge numbers of redundant workers while cutting production. This caused a staggering and insupportable burden on the depressed regional economy, confronting the defense industry with the choices of massive layoffs, or diversifying production, or finding new markets for arms production.⁴⁸

As defense conversion was not progressing rapidly, the options increasingly were the two most destabilizing; layoffs or expanded military production, primarily for export across the Ussuri into Manchuria, which would ultimately only intensify Russian vulnerabilities to Asian neighbors. By the mid 1990s, this arms export option seemed to be the line of least resistance and greatest profit that the region was pursuing, despite its potentially counterproductive longer-term consequences. This was evidenced by Russian transfers of Pacific fleet submarines to North Korea, diverse arms components to China and even two old Kiev-class aircraft carriers to South Korea.⁴⁹

These trends deeply disturb some Russian military men, but the government apparently overlooks their worries even though Russian conventional theater exercises and drills are carried out against an enemy which is clearly China. Likewise, the construction of enriched uranium plants for China or the transfer of submarines with advanced quieting technologies and designs,

and of high-performance aircraft for barter and cash inevitably alters the regional, if not overall, balance in East Asia against Russia and for China. Yet this, too, seems to be overlooked or dismissed as grounds for concern. Indeed, even the fact, reported in the Russian press, that Chinese and Russian sources both say that by 2010 the PRC's tank and missile troops, navy, and air force will have been modernized in line with world standards does not concern defense industrialists. It just means more sales.⁵⁰

Hundreds of Chinese technicians work at Russian defense plants and many Russian plants are working exclusively for the Chinese market or Chinese owners.⁵¹ One report also noticed that Chinese delegations of highly skilled specialists wander around Russian defense plants and negotiate contracts. They are shown "practically everything" so that these factories might win orders. While Russia sends groups of 2-3 to China, China sends 10 at a time, spies freely, bargains stubbornly, and orders very little. Moreover, "it has even reached the point of our specialists' development of models of military equipment adapted to the production possibilities of the plants of the Chinese military-industrial complex."⁵²

This happened in 1994 in St. Petersburg and Nizhny Novgorod where shipyards producing *Varshavianka* Kilo-class submarines have no other work. One plant director complained that the Chinese delegation touring the plant somehow obtained secret specifications for the Russian Navy and demanded that China obtain the same subs, after which the plant will be out of work.⁵³ Since then Russia has sold four of these submarines to China and further sales are likely, if only to keep the production line going. This sale did not receive total approbation from the Russian Navy, some of whose members fear what will happen when China masters construction of virtually silent diesel submarines, rearms them with cruise missiles and their own missile torpedoes, or adapts them to a relatively small nuclear electrical power source.⁵⁴ But they lost this argument as well as that over the SU-27s. Corruption and greed work with Russia's geopolitical imperatives to ensure that military-technical cooperation will continue and flourish for some time.

The Deepening Sino-Russian Relationship.

Russia's geopolitical motives for friendship with China are clear. Russia needs a friendly China to avert threats across its Asian frontiers where its military power is eroding daily.⁵⁵ Russian Asia remains an economy of force theater that cannot be adequately defended now or for a long time. Therefore, it is threatened potentially by land from China and by sea from Japan and the United States. Russia (especially its Far Eastern and Siberian provinces) needs China's markets. It also needs arms

sales, peace along the borders with Central Asia that historically have been an object of considerable rivalry, and China's help to enter into the Asian economic-political order.

Most of all, Russia needs China to counter U.S. pressure. Leading Russian analysts of Asia and Foreign Minister Yevgeny Primakov concur that Russia must oppose U.S. unipolar hegemony and obtain a state of equality with Washington in all things despite Russia's visible inferiority in every aspect of power and the suspicion of all its partners concerning Russian aims.⁵⁶ As Aleksei Bogaturov and Viktor Kremenyuk, prominent analysts of Russian foreign policy at the U.S.A. Institute, recently wrote,

The greater Russia's irritation at the "geopolitical pluralism" of the United States . . . the more rosy the prospects of rapprochement with Beijing appears to the Russian left-wing politicians . . . At any rate, the possibility that Russia would deliberately distance itself from the United States and prefer to expand military-political relations and other contacts with the PRC . . . appears to be a possible Russian foreign policy concept in the next few years.⁵⁷

Perhaps they knew how prescient they were. Russia's June 1996 national security concept propounds a policy of equidistance from all major powers as Russia concentrates on the CIS, a policy that openly brings China closer to it and distances the United States further from Russia.⁵⁸ This hierarchy of objectives is overtly reflected in the goals listed in President Yeltsin's accompanying letter.⁵⁹ This means friendship and more with China against U.S. interests. Vladimir Miasnikov, Deputy Director of the Institute of the Far East, writes that, "it is a vital security interest of Russia to establish itself as a preeminent power on the Pacific rim, both for its own value, and as a strategic alternative to exclusive reliance upon integration into Western economic and security structures."⁶⁰

In a major foreign policy speech on June 25, 1996, Foreign Minister Yevgeny Primakov openly stated that Russia must have friendship with China in its efforts to counter the impressions that there were winners and losers of the Cold War and that a unipolar world order should be created against Russia's interests.⁶¹ On the very same day, Yevgeny Afanasyev, head of the First Asian Department of the Ministry of Foreign Affairs, after conversations with his opposite numbers from China's Ministry of Foreign Affairs, announced that Russian and Chinese interests on all Asian security issues are virtually identical.⁶² This is a rather shocking announcement because the communique of Yeltsin's April 1996 visit to China was silent on Korea, suggesting disagreement on important issues. Yet, it would appear that Russia now identifies with China's policies rather than with its

own previous policies. This should cause great concern in Tokyo, Seoul, Washington, ASEAN's capitals, Taipei, and New Delhi. Signs of this concordance of interests have already appeared. At the April 1996 Sino-Russian summit in Beijing, Russia signed the communique condemning "hegemony," i.e., U.S. primacy in Asia. Both sides made and continue to make numerous statements that they will use their entente to restrict U.S. power and influence in Asia and globally.⁶³ Primakov and Yeltsin also have made many recent statements suggesting that they see U.S. policies as threatening Russia, either through NATO expansion or through foreign economic pressure.

Equally worrisome is the fact that Russia has associated itself with Chinese initiatives for Asia or is trying to peddle infeasible schemes for collective and joint security there. In 1995, then Defense Minister Pavel Grachev proposed a joint Sino-Russian condominium for policing Asia.⁶⁴ Russian diplomats claim the 1996 border treaty that delimits China's borders with Russia and three Central Asian states—Kazakhstan, Kyrgyzstan, and Tajikistan—and sets up confidence and security building measures (CSBMs), is a "non-aggression pact" or tantamount to it, and indeed Russia signed a non-aggression pact with China in 1994 and has added nuclear non-targeting conditions to it.⁶⁵

Likewise, Russia and China offered a joint proposal for Southeast Asian security immediately after the summit in April 1996. This is a region where Russia has shown virtually no interest and thus is following China's lead.⁶⁶ This plan apparently conforms solely to China's security desiderata and tries to "swindle" ASEAN into accepting a one China policy, rather than dealing with ASEAN's concerns.⁶⁷ It also is clear from earlier high-level visits that Russia needs China to help it join major Asian organizations like the Asian-Pacific Economic Cooperation (APEC).⁶⁸ Finally, the communique and reports from the Beijing summit showed a continuing effort to create a joint position on major issues of Asian-Pacific security.⁶⁹ This effort to create a joint position now appears to be bearing fruit.

As a sign of the times, Russian media increasingly now proclaim the alliance of the two states. After the April 1996 summit, a Russian government source said that,

Russia and China are able to create a powerful economic alliance in Asia which will determine the climate on the market of the Asian-Pacific region in the future. . . . the political system favors creation of this alliance and Russia's growing role on the Chinese market in machinery and military-technical production.⁷⁰

Vladimir Kuznechevskii of *Rossisskaya Gazeta* went still further. He wrote that,

Who might support China in her legitimate desires to reunify Taiwan with the mainland? Who is objectively interested in supporting China's economic expansion in Southeast Asia? Nobody except Russia! . . . A "purely military alliance" is unlikely and that "neither China nor Russia need it" . . . too close a rapprochement causes strong contradictions. But objective circumstances nevertheless literally push Moscow and Beijing toward a closer mutually advantageous cooperation not only in the economic field, but in the military one as well.⁷¹

Yet, paradoxically, many Russian experts not currently in favor, like Miasnikov, claim that Russia's leaders do not fully understand that China is a threat to Russia, and that Beijing is using Moscow to gain leverage and a privileged position to deal with Washington as Asia's arbiter.⁷² These concerns are well-founded. Recent Sino-Russian actions could undo the Nixon Administration's great strategic achievement: its opening to China, and our ensuing ability to keep China and Russia further away from each other than they each were from us.⁷³

Russia, in the April 1996 communique after Yeltsin's summit in Beijing, decisively adopted China's position that regards U.S. power and the specter of a unipolar and unbalanced global order as a threat. More recently, in November 1996, Primakov stated that Sino-Russian views on the formation of a multipolar world which is organized by the democratic relationship of the many poles, two of which are Russia and China, are similar. China increasingly believes the United States is orchestrating an economic-political and military effort to practice a "containment" policy towards China and to undermine its political order and integrity through economic, non-proliferation, Taiwanese, and human rights issues.⁷⁴ Russia's inclination to this view cannot be comforting regardless of whether the question is arms sales, Asian security policy, or other global issues. Yet no sooner did Russia commit itself, than did China make very overt welcoming gestures towards high-level American visitors and engage in positive discussions with National Security Advisor Anthony Lake about how China might help "write the rules" of future Asian security agendas.⁷⁵ Of course, if China, the United States, and Japan rewrite the existing rules, Russia will probably be left out of this effort as it is being left out of so much of Asia.

Therefore, it seems that Russia has given up the effort to devise a coherent Asian policy based on a mature awareness of what Russia's true interests and capabilities are. Instead Moscow is pursuing a global policy when it has no means to do so, has subcontracted much of its strategy to the arms sellers, and is

forced to follow in Beijing's wake in Asia. Meanwhile China harnesses Russia to the pursuit of its Asian objectives which are not necessarily Russia's goals.

Russian policymakers also appear utterly oblivious to threats based on transferring weapons to China. Apparently they believe that Russia is immune to such threats or its peaceful interests give it a standing as a power that "does not deserve to be hurt." Others assume that by practicing such policies Russia will either gain leverage over China and a constant and friendly market, or think that Russia's technological superiority will enable Russia to offset and repel threats. They also may claim that by not singling out states like China as potential threats, they have launched a process that will please, pacify, and enmesh China and other potentially hostile states in friendly relations even against their natural inclinations.⁷⁶ Accordingly, it seems that key elites do not view these relations as dangerous for Russia or other states, yet Russia is providing its main potential enemy with sophisticated weapons and technologies. Apparently, Russia operates with a very faulty strategic compass, and, on balance, is the *demandeur* in this relationship and needs China much more than China needs it.

Indeed, there is considerable evidence to suggest that it is Russia which is trying to push the relationship further toward first strategic partnership, and, more recently, actual alliance. In early 1994, then Foreign Minister Andrei Kozyrev announced that Russia wanted the relationship with China to rise to the level of strategic partnership. But *Izvestiya* reported that, "The PRC leaders are in no hurry to take up the formula of strategic partnership. The head of China's foreign policy department prefers to speak in more cautious terms."⁷⁷ Kozyrev and Prime Minister Viktor Chernomyrdin then stated that their main interests lay in getting Chinese support for Russia to join APEC and China's support for Russia in Central Asia where both sides shared a common viewpoint on threats to stability. Only late in 1994 did this Chinese support for APEC emerge, but it was clear that Russia was already trying to get China to support its ambitions to cut a great power role in Asia.⁷⁸

More recently Chinese Kremlinologists informed American analysts that in 1996 Yeltsin himself, speaking from his airplane on route to Shanghai, insisted that the communique be changed to state that there was a strategic partnership relationship between Moscow and Beijing.⁷⁹ Since then the pace and intensity of discussions and of official Russian pressure to upgrade the relationship have evidently accelerated. For example, on December 25, 1996, Defense Minister Igor Rodionov gave a major speech to the CIS member states where he expressly cited China's military buildup as one of many military threats to Russia that should lead these states to form an alliance. The Ministry of Foreign

Affairs hastened to minimize this statement and soon after the government forced Rodionov to send a letter of self-criticism to all military commanders reminding them that China was Russia's strategic partner, that the multilateral troop reductions along the borders of China, Russia, and Central Asian states would not harm Russian security, that troops in the Far East were being maintained at current levels and that commanders could not speak out on China unless the MFA cleared them to do so.⁸⁰ At the same time Yeltsin also admonished the outspoken Governor of the Far Eastern Province, Evgenii Nazdratenko, to harmonize all future statements on China, which he has bitterly attacked over borders and immigration, with the MFA.⁸¹

Continuing in this vein, Russian journalists now write that Russia and China are each other's strategic rear.⁸² *Die Welt*, reporting from Berlin, cited diplomatic observers in Moscow who said that a Sino-Russian military alliance, "hitherto inconceivable, can no longer be ruled out" and that "changes of a geopolitical nature" are imminent.⁸³ While other reports say that Primakov and Russian Ambassador to China, Igor Rogachev, have ruled out that idea, they also say that it has been and is being discussed. Therefore we can reasonably anticipate that the strategic partnership document to be issued after the next summit when Chinese President Jiang Zemin visits Moscow in April 1997 will undoubtedly intensify the nature of both states' strategic cooperation.⁸⁴

Accompanying this intensification of the strategic political relationship are new military arrangements and arms deals that reflect China's continuing ascendancy in this relationship. Thus the talks on mutual force reductions came to an apparent agreement at the end of 1996. Whereas Grachev had opposed pulling both sides' forces back from the border 100 km because this threatened Russia's installations and settlements in the area, now Russia has agreed to an asymmetrical withdrawal of forces within the 100 km zone even though its forces will be subject to the greatest cuts, and China's forces had already largely been moved back to 300 km from the border.⁸⁵ It is very likely that the economic crisis of Russia's armed forces played no small role in this decision, but it is another indicator of Russia retreating from its position in the face of stubborn Chinese bargaining.

The same pattern is observable regarding new arms sales. In August-September 1996 Russian sources listed weapons that China was interested in acquiring, but denied that the T-80U tanks had been transferred or that ICBM and *Sovremenny*-class destroyers were on offer.⁸⁶ However, by early 1997 Russia had sold two of these destroyers to China along with SS-N-22 Sunburn anti-ship missiles. The Sunburn is designed to counter U.S. Aegis-equipped ships, crippling our ability to monitor the aerial environment in maritime theaters. It can also be used to take out other surface

ships. Since China can also reverse engineer them, it gains a formidable weapon, perhaps the most feared of Russia's many anti-ship missiles. And this discussion does not begin to talk of the *Soveremenny's* heavy complement of anti-air missiles.⁸⁷ Here we have *prima facie* evidence of Russian support for China's sea denial strategy towards the United States and other major Pacific powers (including Russia) which entails efforts to deny both aerial and maritime superiority to the United States in the Western Pacific and create a theater where China can move and act freely and project power over greater distances than before.⁸⁸

Nor does this sale and reports cited above exhaust what is currently being negotiated or actually sold to China as part of an 8-10 billion dollar multi-year deal. New reports cite Chinese interest in S-300 anti-air missiles, further acquisitions of 25-55 SU-27 aircraft, a license for the production of the modern BMP-3 IFV, 200 of the BMP-3, and the SU-27K or SU-33 maritime fighter for deployment upon aircraft carriers. China also is interested in producing upgrades of the SU-27 that could include the new SU-37, the next generation of Russian fighters and the SU-32FN twin after-burning engine fighter that can perform antisubmarine, anti-surface, or anti-ground attack missions.⁸⁹

All of the foregoing strongly points to China's ability to get what it wants from the bilateral relationship if it exerts itself sufficiently over time. These trends also underscore Russia's increasing dependence on China for arms purchases and political support, even at the expense of prudent defense policy and planning. As long as this line of policy persists it is very clear that Russia will continue to need China more than China needs it.

Certainly this appears to be Beijing's view. Chinese media are not above lecturing Russia on how to trade and do business with it.⁹⁰ Li Jingjie, Deputy Director of the Chinese Academy of Sciences' Institute of East Europe, Russia, and Central Asia, observes that Russia is a declining power in Asia which cannot secure its interests alone nor have much current impact on outstanding security issues. Furthermore,

Confrontation with China would endanger many of Russia's most pressing vital interests, including the need to create favorable international conditions for Russia's domestic reforms, and above all, to ensure a peaceful and stable periphery. . . . **Moscow's current leaders surely know that only by maintaining good relations with China can the new Russia secure a smooth path to a bright future in Asia.**⁹¹ (emphasis author)

That is not the language of fraternal alliance or friendship but

of a cold calculation of power relationships.

Chinese Perspectives.

China benefits from its Russian relationship in many ways. It no longer must worry about a Russian military threat and can reorient its best armed forces to other theaters. China now has many points of leverage throughout the Russian economy, with federal and local governments, among civilian and military bureaucracies, and with the defense industry. China also gains a market for some of its lower quality goods and a source of cheap consumer goods. It shares with Moscow (and New Delhi) a common desire to restrict Muslim nationalism in Xinjiang and Central Asia. And of course, it gains a stable, cheap supply of quality weaponry. While this last benefit may be the most tangible geopolitical fruit of this new relationship, it also cements an anti-American orientation which can only grow more truculent and intense if China collides with U.S. interests in East Asia. Yet paradoxically, China's amity with Russia enhances its standing *vis-a-vis* the United States by confronting Washington with the prospect of anti-American Sino-Russian cooperation. Thus, freed of concern about Russia, Beijing, in its own view, can approach the United States from a stronger position and oblige it to improve ties to China. Thus the past history of these states' triangular relationship repeats itself. When China can rely on cooperation with Moscow or Washington, it then is free to approach the other to secure a place as the balancer between them or as a favored interlocutor.

Much of this list of objectives emerges from an alleged Chinese Foreign Ministry analytical report on the 1996 Russian presidential elections. It alleges that precisely because foreign powers (i.e., the United States, also known as the "hegemonists") are challenging China's integrity by raising human rights issues in Tibet, deploying their economic and technological superiority, and raising the Taiwan issue, friendship and cooperation with Russia is in China's interest. Such relations have great positive significance for establishing a fairer, more equal international order. Russian stability is, therefore, important in countering U.S. hegemonic drives and to check the expansion of Japanese militarism. The report forecast that a Yeltsin loss would lead to great instability, if not civil war, as in Chechnya. And if civil war or a collapse of central authority occurred in Siberia, it would affect Inner Mongolia and Xinjiang. Thus the confidence-building measures and five power border treaty that China signed with Russia, Kazakstan, Tajikistan, and Kyrgyzstan in April 1996 stand in sharp contrast to the renewed U.S.-Japan Joint Declaration that seeks, in the Chinese view, to erect a newly militarized and anti-Chinese structure in Asia.⁹² As this report suggests, the world, seen from Beijing, looks rather threatening,

especially as every other Asian state is building up the quality of its military forces: especially naval, air, air defense and C³I forces.⁹³

Beijing also benefits from Russian and other Western purchases in other ways. Russian weapons have filled the void prompted by the termination of Western arms transfer programs to Beijing after the Tienanmen Square massacres of 1989. Indeed, Beijing reportedly was appealing to Moscow for weapons within days of that event.⁹⁴ China also can then reverse engineer the weapons or obtain licenses, as in the SU-27, and remarket its own version of the system at a cheaper price, eventually driving the Russians out of the market. As China's economic position improves and Western sellers are edging back to sales to China, and the world market is now a buyer's market where China is able to obtain technological compensations apart from the actual weapons, it makes sense to buy arms, especially from Russia where the producers are desperate, prices are cheap, and Chinese negotiators operate on a very restricted financial base where they can only make limited purchases of systems. As a result, China has succeeded in getting many weapons and technologies and has negotiated deals involving a large amount of non-cash compensation, i.e., barter, to Russia.⁹⁵ Since Russia is determined to monopolize trade in Russian weapons to China and crowd out competitors like Israel from upgrading older systems as well as selling newer ones, but cannot dictate terms to China, a symbiotic relationship has taken root and is growing steadily.⁹⁶

Chinese policies are based on an understanding of its own needs and those of the world arms market, and seem to be more realistic than the utopian and self-serving views of Russian weapons manufacturers and their spokesmen. China acknowledges the downturn in the world arms market even as it notes the immediate availability of much "excess material" globally.⁹⁷ It also notes that the end of ideological international conflict has opened up the secret arms trade as the overt arms trade has declined. Multipolarity in world politics has increased pressure on the UN and states for more overt reporting of their arms sales and for erecting new barriers to sales. This pressure is exercised to achieve the goals of greater transparency and a new world order. But these new trends in world politics force would-be state entities and states to engage more briskly in smuggling and covert trading to resist the pressures for conformity to the new world order.⁹⁸ Based on other reports, we may include China among those seeking both overt and covert purchases of weapons and technologies.

China also finds Russian weapons to be particularly appealing because of the availability of barter deals, Russia's aggressive promotion of weaponry to save its defense industry by selling the kinds of high-tech systems that China is most

interested in obtaining: combat aircraft, dual use low-orbit satellites, heavy weapons like main battle tanks and surface-to-air missiles, and submarines.⁹⁹ Chinese analysts also argue that in view of the sharp increase in arms buying and spending in Asia and the diversification of arms and other Asian states' emphasis on acquiring offensive weapons, China cannot stand still.

Furthermore, the drive for high quality weaponry with the latest technology which is first applied to weapons means that military spending in Asia and world-wide will remain at high levels. Since global weapons acquisitions are tending towards capabilities that can be used for rapid response and high quality systems that can intervene in local and regional conflicts, China must follow suit. But it faces a quandary. As weapons become more technologically sophisticated, they become more expensive. Their improved performance entails greater costs. And China's arms purchasers are on a tight leash since there is not a lot of money to spend on weapons, while China, on principle, will avoid excessive reliance, and thus dependence, on any one buyer. Therefore, states engaged in overt buying of non-Russian arms confront a situation where weapons unit costs are skyrocketing, but Russia has all this surplus weaponry embodying "cash content" which it must sell.¹⁰⁰ Hence China can drive hard bargains with Russia and covertly engage its plants.

China also knows that the future of the world arms trade depends on cooperative ventures across state lines to make advances in the most salient technologies: aviation, space-flight, and electronics. Producers will fight intensely among themselves to sell to new markets or break into existing ones, a situation that benefits buyers like China which can obtain high technology and offsets more easily in this kind of marketplace.¹⁰¹

Conclusions.

Clearly Sino-Russian friendship is in the interests of both states and Asia. But the trends in the relationship suggest a tendency to form a bloc against the West notwithstanding both sides' denial of plans for an alliance. The military trends are equally disquieting. The Russian arms industry is out of control and is not animated by any coherent sense of strategic imperatives other than making money for defense producers, as well as relieving them of the need to reform their antiquated and destructive past structures and their relationship with the state.

China has clearly exploited the chaos in this program, Russian elites' and producers' corruptibility, as well as their dependence on the Chinese market. Beijing strives to enhance its own strategic position and obtain a relationship where Russia

follows China's agenda and needs it more than ever to enter Asia. And in return for all this, China not only gains a permanent and influential lobby inside the Russian government and armed forces, it also pays no strategic price for its gains. There is no discernible *quid pro quo* that Russia has extracted in return for its unilateral worsening of its strategic position *vis-a-vis* China.

At the same time Russian producers and the government want to sell to everyone in Asia regardless of the consequences. Russia has recently sold helicopters to Pakistan even as it intensifies its sales to India, and even as the latter asks more questions about the reasons for its sales to China.¹⁰² While there may be some answers, like posing a common front against Islamic self-assertion, this does not suffice as a strategic rationale for these highly secretive substantial arms and technology transfers. For example, China's NORINCO defense plant obtained the ability for serial production of the BMP-1 without ever formally obtaining a license, simply by technology transfer through unofficial sources.¹⁰³ We also do not know if there are secret understandings concerning military actions involving China and Russia in an allied or cooperative relationship, perhaps involving Taiwan and the provision to China of Russian satellite intelligence if and when Beijing acts against Taiwan.

We see only the tip of an iceberg when we look at these arms sales to China. That iceberg is also made up of other Russian sales to Asia and of whatever other understandings exist between Moscow and Beijing. While publicly the U.S. Government welcomes or does not criticize the close Sino-Russian relationship and arms sales, in fact we do not know or seem to show much interest in their full dimensions.¹⁰⁴ Based on the conditions that govern Russian arms sales to China, this complacency seems misplaced. If Asian, U.S., and other ships of state blunder along without seeing this iceberg, when they meet it, the results could be titanic.

ENDNOTES

1. A list of known Russian arms sales and transfers to China appears in the Appendix.

2. The latest figures on the crash of the defense market inside Russia can be found in Moscow, *Interfax*, in English, June 22, 1996, and *Krasnaya Zvezda*, in Russian, June 22, 1996, both in *Foreign Broadcast Information Service Central Eurasia, Military Affairs* (henceforth *FBIS-UMA*)-96-123-S, June 25, 1996, p. 63.

3. Moscow, *Rossiyskaya Gazeta*, in Russian, May 14, 1996, *Foreign Broadcast Information Service Central Eurasia* (henceforth *FBIS-SOV*)-96-095, May 15, 1996, pp. 37-38, 52-53.

4. David Mussington, *Understanding Contemporary International Arms Transfers*, Adelphi Papers, No. 291, 1994, p. 35.

5. Alexei Arbatov, Ed. and Commentary, "Russian Air Strategy and Combat Aircraft Production: A Russian Air Force View," Randall Forsberg, ed., *The Arms Production Dilemma: Contraction and Restraint in the World Combat Aircraft Industry*, Cambridge, MA: MIT Press, 1994; *CSIA Studies in International Security*, No. 7, 1994, pp. 52-53.

6. Stephen Blank, *Reform and Revolution in Russian Defense Economics*, Carlisle Barracks, PA: Strategic Studies Institute, 1995, pp. 23-26; James Clay Moltz, "The Russian Economic Crisis: Implications for Asian-Pacific Policy and Security," Susan L. Shirk and Christopher P. Twomey, eds., *Power and Prosperity: Economics and Security Linkages in Asia-Pacific*, New Brunswick, NJ: Transaction Publishers, 1996, pp. 183-184.

7. Blank, pp. 23-26; Sergei Kortunov with a Commentary by Alexei Arbatov, "Russian Aerospace Exports," in Forsberg, ed., pp. 91-93; Alexander Ozhegov, "The Conversion of the Russian Military Aircraft Industry," in Forsberg, ed., pp. 84-88.

8. As the following sources indicate, the struggles from 1992-93 between producers, the ministries and the specialized bodies in charge of conversion, arms sales, and the defense industry continue unabated. Stephen Blank, *Challenging the New World Order: The Arms Transfer Policies of the Russian Federation*, Carlisle Barracks, PA: Strategic Studies Institute, 1993; Moscow, *Interfax*, in English, June 13, 1996, *FBIS-UMA-96-123-S*, June 25, 1996, pp. 60-61; Moscow, *Rabochaya Tribuna*, in Russian, June 28, 1996, *FBIS-SOV-96-130*, July 5, 1996, pp. 34-35; Moscow, *Nezavisimaya Gazeta*, in Russian, June 28, 1996, *FBIS-SOV-96-126*, June 28, 1996, pp. 26-27.

9. Kortunov and Arbatov, pp. 100-105.

10. *Ibid.*, pp. 108-109.

11. *FBIS-SOV*, July 5, 1996, p. 34.

12. Kevin P. O'Prey, *A Farewell to Arms?: Russia's Struggles With Defense Conversion*, New York: The Twentieth Century Fund, 1995, pp. 2-3, 47-50, 57-59; Pyotr Yudin, "Lobov Will Protect Industry From Russian Reform Drive," *Defense News*, July 8-14, 1996, pp. 1, 27.

13, Stephen Blank, "Russia and Iran in a New Middle East," *Mediterranean Quarterly*, Vol. III, No. 4, 1992, pp. 124-127.

14. Moscow, *Krasnaya Zvezda*, in Russian, July 2, 1996, *FBIS-SOV-96-129*, July 3, 1996, p. 34.

15. "Taiwan Crisis and Russian-Chinese Ties," *Current Digest of the Post-Soviet Press*, Vol. XLVIII, No. 11, April 10, 1996, p. 11.

16. Blank, *Reform and the Revolution in Russian Defense Economics*, pp. 11-13.

17. Kevin O'Prey, *The Arms Export Challenge: Cooperative Approaches to Export Management and Defense Conversion*, Washington, DC: Brookings Institution Press, 1995, p. 11.

18. *Ibid.*, pp. 8-9.

19. *Ibid.*

20. O'Prey, *A Farewell to Arms?*, pp. 52-55.

21. Moscow, *Kommersant-Daily*, in Russian, July 18, 1996, *FBIS-SOV-96-140*, July 19, 1996, pp. 20-22.

22. "Far East: China," *Current Digest of the Post-Soviet Press*, Vol. XLVIII, No. 30, August 21, 1996, pp. 20-22. It should be noted that among the articles in this section are some alleging that Chinese military men still view Russia as the enemy, a view which hardly jibes with official proclamations or with the logic behind Russian arms sales.

23. *Military Space*, August 21, 1995, p. 1.

24. Moscow, *Rossiyskaya Gazeta*, in Russian, May 13, 1996, *FBIS-SOV-96-094*, May 14, 1996, p. 19; Bombay, *The Times of India*, in English, April 11, 1996, *Foreign Broadcast Information Service, Near East and South Asia* (henceforth *FBIS-NES*)-96-072, April 12, 1996, pp. 66-67; Moscow, *Interfax*, in Russian, January 22, 1996, *FBIS-SOV-96-015*, January 23, 1996, p. 27.

25. Seoul, *Chungang Ilbo*, in Korean, October 5, 1995, *Foreign Broadcast Information Service East Asia*, (henceforth *FBIS-EAS*)-95-194, October 6, 1995, p. 62; Alexander Zhebin, "Russia-DPRK Treaty: Is the Inherited Agreement Applicable," *Northeast Asian Peace and Security Network*, August 17, 1995.

26. Andrei Bouchkin, "Russia's Far Eastern Policy in the 1990s: Priorities and Prospects," Adeed Dawisha and Karen Dawisha, eds., *The Making of Foreign Policy in Russia and the New States of Eurasia*, Armonk, NY: M.E. Sharpe & Co. Inc., 1995, pp. 70-73.

27. O'Prey, *A Farewell to Arms*, pp. 52-55.
28. Andrei Kortunov and Andrei Shumikhin, "Russia: Changing Attitudes Toward Proliferation of Missiles and Weapons of Mass Destruction," *Comparative Strategy*, Vol. XV, No. 2, April 1996, p. 163.
29. *Ibid.*, pp. 163-164.
30. *Ibid.*, p. 164.
31. *FBIS-SOV*, July 19, 1996, pp. 20-22.
32. Kortunov and Shumikhin, pp. 164-166; Moscow, *Rossiyskaya Gazeta*, in Russian, October 5, 1996, *FBIS-SOV-96-196*, October 5, 1996.
33. *Ibid.*, Tai Ming Cheung, "Ties of Convenience: Sino-Soviet/Russian Military Relations in the 1990s," Richard H. Yang, ed., *China's Military: The PLA in 1992-93*, Taipei: Chinese Council of Advanced Policy Studies, 1994, pp. 65-66; Nigel Holloway, "Playing for Keeps," and Nayan Chanda, "Nervous Neighbors," *Far Eastern Economic Review*, February 8, 1996, pp. 14-16.
34. Blank, *Challenging the New World Order*, pp. 57-58.
35. *FBIS-SOV*, October 5, 1996, and personal communication from William Triplett and Northeast Asian Peace and Security Network, July 31, 1996.
36. "Russian Radars for Chinese Fighters," *Jane's International Defense Review*, January 1996, p. 10.
37. *Ibid.*
38. *Ibid.*
39. Bill Gertz, "China's Arsenal Gets a Russian Boost," *Washington Times*, May 20, 1996, p. 1.
40. Hong Kong, *Lien Ho Pao*, in Chinese, July 30, 1995, *Foreign Broadcast Information Service, China* (henceforth *FBIS-CHI*)-95-167, August 29, 1995, pp. 33-34.
41. Andrei Pinkov, "China Shops for More Russian Arms," *International Defense Review*, No. 9, September 1996, p. 9; Tokyo, *Sankei Shimbun*, April 25, 1996, in Japanese, *FBIS-CHI-96-083*, April 29, 1996, pp. 13-14.

42. *Ibid.*

43. *Ibid.*

44. *Ibid.*

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APPENDIX

RUSSIAN ARMS SALES TO CHINA THROUGH 1996¹

Since 1989 a substantial military relationship grew between Russia and China for strategic and ideological reasons. This appendix lists known transfers and sales of weapons to China along with negotiations known to be in progress. China has bought 72 SU-27s, is training its pilots on them, and on other high performance aircraft: the TU-204, the SU-22 Fighter, SU-24 and SU-25 ground attack planes, MiG-29, MiG-31 fighters. China is also training pilots and soldiers on Il-76 Transports, "secondhand" AN-24 and Yak-40 passenger aircraft transports, IFVs, electronics, and air defense systems. U.S. officials also charged in 1993 that China is considering weapons of mass destruction, missile guidance systems, and nuclear fusion technologies.

Over time, the pace and direction of Chinese arms purchases have become clearer and have caused greater alarm. China took possession of 118 sets of missile systems before 1995, and bought 4 TU-26 long-range bombers and 70 improved T-72 tanks in 1993. These purchases alone could substantially upgrade Chinese air coverage of the area around Taiwan or the South China Sea. China is also negotiating a MiG-31 fighter-interceptor production line and manufacturing and technology rights including production technology personnel. This transaction alone involves \$2.5 billion. China has also recruited many Russian military technicians for long-term service, with estimates running into the thousands. These purchases, and those listed above, show China's ambition to field an integrated land/sea air defense system using Russian air and missile systems. If combined with the carrier China has sought from Russia or Ukraine, this would give China a formidable air and air defense system extending into the waters around it. China is evidently creating an infrastructure for a mobile, expanding, offensive air, air defense system, and an integrated carrier battle group. This coincides with Chinese military goals. It also is embarking on joint ventures with Russia to take existing electro-optic defense items and reconfigure the designs. This is only the first of what is expected to be numerous future joint ventures.

However, these are not all. No conventional system causes as much concern as does China's efforts to obtain the long-range TU-22M Backfire bomber that has a dual use 4000km unrefueled range and is far more advanced than China's principal bomber, the H-6. Though spare parts may become a problem, mere possession of this system, let alone any production capability, will frighten China's neighbors and lead to more arms buying across Asia. China

has also bought 4 Kilo-class submarines from Russia, is expected to take possession of six other Kilo-class "Varshavianka" submarines in the near future, and is building its own follow-on known as the Song class (originally *Wuhan-C*). In addition, at least some of the Russian subs are of an improved Kilo class that uses advanced quieting technology. This fact highlights that in many cases Russia is selling China (if not other states) equipment of a class that it never exported before. Given the weakness of control in Russia, it is possible that despite efforts to safeguard production secrets, Russia will be unable to prevent China from getting state-of-the-art systems. Since China is expected to buy 12 more Kilo-class submarines in the future, these subs could constitute the nucleus of a powerful Chinese nuclear based navy using high-quality technology and able to deter attack or threaten it or e.g., blockade Taiwan. Thus the submarines and naval purchases, each in its own right, and certainly as a totality threaten all of the areas around China, the Spratlys, and Taiwan in particular.

Chinese purchases will likely grow as they are formalized in a 1993 agreement with Russia that has already led to the establishment of Russian service stations to maintain the SU-27 and S-300 SAM systems that Russia has sold to China. Both states are collaborating on the RD33K turbo-fan engine until China can produce it by itself. Russia is also considering selling the Kh31PO anti-radar missile and China has already acquired 144 R27ER semi-active radar homing missiles, 96 R60 IR guided air-to-air missiles, and an undisclosed number of R73 short-range IR guided air-to-air missiles. Russia has also shipped 144 48 N6E missiles that will probably defend Beijing and the Tianjing region and 4 PMU-1 launching systems and is negotiating exporting 6-7 more advanced S300V systems. The scale of these purchases suggests a long-range program and that reports of China allocating \$5 billion in 1994 for such purchases as probably being a good estimate.

China's military doctrine anticipates local and limited wars on its borders and stresses forces' mobility, lethality, and preemption. Chinese thinkers expect wars could easily stem from ethnic tensions on the borders or disputes over the territories China claims from its neighbors: the Spratly, Paracel, Senkaku Islands, and Taiwan. In restructuring its forces away from heavy ground forces against a Soviet invasion, it is limited by poor power projection capabilities, technological backwardness, and cash shortages. Thus China began an ambitious arms sales program to raise cash and is reorganizing its forces to give greater power and mobility to specially tasked "Fist" forces. These forces are packaged to meet regional specifications and are oriented to amphibious and airmobile forces to be used as first-strike forces in the expected limited wars. These forces' requirements: fighter air, aircraft carriers, and ground attack

aircraft are just what China has already contracted for, bought, or publicly showed interest in acquiring. Equally important is that Russia knows and regularly discusses Chinese doctrine and force planning and apparently disregards much of that research.

In 1995, sources reported a willingness in principle to license production of the SU-27 to China if it first buys 100-150 of them. In the end China got the license and only bought 72. Those favoring sales to China argue that there will be a Sino-Japanese battle to dominate the region that will principally feature China's ambition to build a CVBG (carrier battle group) in the South China Sea that requires long-range air power and justifies sale of Russia's supersonic TU-22. More recently, the rocket motor sales to China that violated the MTCR successfully survived U.S. pressure to cancel the sale, showing the clout of Russia's arms sales lobby.

It does appear that this lobby has prevailed. The scale of arms and other commercial deals, including nuclear ones, suggests confirmation of reports that whole Russian factories are working exclusively for China and thus depend on Beijing's orders. Reports from the submarine factories producing Kilo-class submarines in St. Petersburg and Nizhny Novgorod explicitly confirm that they have no other contracts and that China obtained secret specifications for the subs that it is compelling the factories to add. At the same time, numerous military officers express alarm that Russian weapons sales, technology transfer, and offsets are creating a China that tomorrow will be able to arm these submarines with indigenously produced torpedoes and cruise missiles. China will also maintain them exclusively by Chinese efforts or add nuclear power sources to them. The fact that there is no good answer to these concerns and that Russia's ability to control by its own means the producers, sellers, and China's access to them is eroding is very disturbing given China's recent behavior.

ENDNOTE

1. This list of weapons sold until 1996 is taken from the following three unclassified publications which are themselves based exclusively on unclassified and open sources. Stephen Blank, *Challenging the New World Order: The Arms Transfer Policies of the Russian Republic*, Carlisle Barracks, PA: Strategic Studies Institute, 1993, pp. 53-60; *Idem.*, *Why Russian Policy Is Failing in Asia*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, forthcoming; and *Idem.*, "Sino-Russian Arms Bazaar," *Jane's Intelligence Review*, Vol. VIII, No. 7, July 1996, p. 30.

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