

## The Russia-China partnership: Good news for human survival

by Jonathan Tennenbaum

With his official Feb. 24-28 visit to Russia, China's hard-working Prime Minister Zhu Rongji has gone a long way toward making the global strategic revolution, proclaimed by Chinese President Jiang Zemin during his Nov. 22-25 trip to Moscow and Novosibirsk, into an unstoppable process. Zhu's successful trip has given a substantial boost to the growing collaboration among Asian-Eurasian nations, to safeguard the economic security and the well-being of their populations from the ongoing collapse of the world financial system—a collaboration referred to by Lyndon LaRouche as the “Survivors' Club.” At the same time, Zhu provided a crucial margin of support to the Primakov-Maslyukov government, at a critical moment in their struggle to consolidate the political-economic situation in Russia, in the face of destabilization attempts from inside and outside the country.

### The strategic context

On one level, Zhu's mission was very straightforward: by hook or crook, to get economic relations between Russia and China, which had stalled almost to a standstill during 1998, moving forward again at a brisk pace. Zhu Rongji's almost legendary capacity for busting through bureaucracy, corruption, chaos, and inertia in order to get a vital job done, as well as his experience in dealing with difficult economic and financial problems in the hands-on management of China's complex economy, made him highly qualified for the task. And to judge from the indications so far, Zhu has scored significant success.

Above all, however, Zhu's visit must be seen in the context of rapidly developing, “tectonic” changes in the world strategic situation.

The imminent perspective of a new, devastating earthquake in the hyper-bankrupt global financial system, has

thrown the dominant group in the international financial oligarchy, the British-American-Commonwealth (BAC) faction, into a state of unparalleled hysteria. That hysterical state is reflected in the dangerous, flight-forward of the “Principals Committee” nexus around U.S. Vice President Al Gore, Defense Secretary William Cohen, and Joint Chiefs of Staff Chairman Gen. Henry Shelton, which has run amok ever since it successfully rammed the Anglo-American bombardment of Iraq down the throat of a weakened and distracted Bill Clinton. Not slowed in the least by the defeat of the Republican impeachment drive against Clinton—which would have put Gore directly into the President's seat—the BAC faction immediately cranked up anti-China hysteria in the U.S. Congress and elsewhere, bringing it to new heights of absurdity. They are determined to destroy every vestige of the special partnership that Clinton had begun to build together with Chinese President Jiang Zemin.

At the same time, the Gore-Cohen-Shelton-“Principals Committee” has mounted a mad drive to “globalize” NATO strategic doctrine, targetting so-called “rogue states” and announcing a dangerously incompetent plan for unilateral anti-missile defense. By provocatively including North Korea alongside Iraq on the list of “rogue states,” Cohen et al. brought the threat of Western military intervention directly to China's back door. With the background of live preparations for a large-scale special forces attack against Iraq, an accelerated push for eastward expansion of NATO, the insane drive of Israeli Prime Minister Benjamin Netanyahu for a new war in the Middle East, and related developments, these actions were calculated to infuriate and provoke the Russians and Chinese alike.

Indeed, the very same BAC forces are attempting to destabilize the Primakov-Maslyukov government in Russia, using

such tools as Russian “financial oligarch” Boris Berezovsky. The first step, evidently, is to try to eliminate First Vice Prime Minister Yuri Maslyukov, who is responsible for Russian internal economic policy, as well as cooperation with China, and who has come under concentrated attack for his resistance to the International Monetary Fund (see article, p. 9). If Prime Minister Yevgeni Primakov were to fall, the likely result would be violently anti-Western dictatorship, or total chaos.

Lyndon LaRouche put the matter most simply: “The Wall Street-London crowd always do that. When they are going bankrupt, they try to start a war. If there is no enemy, they try to create one. They are culturally conditioned to think that way.”

In fact, the “doomsday” policy rampage of the BAC’s Gore-Cohen-Shelton-Principals Committee group has not failed to elicit reactions from the Chinese, Russian, and other sides—reactions which, however, may not altogether be the expected ones.

Indicative is a highly unusual signal piece published on Feb. 26, during Zhu Rongji’s visit to Moscow, in the official Chinese *People’s Daily*. Entitled “Global Capital Flows and the Projection of Military Force,” the article draws a direct connection between the threat to the sovereignty and economic security of entire nations, and counterposes the aggressive role of hedge funds and “international financiers” on the globalized financial markets, and the transformation of U.S. military policy in the direction of creating highly mobile, “global expeditionary forces” for armed intervention at any point on the Earth. The article correlates with an angry piece, published a couple of days earlier in the Chinese military’s *Liberation Daily*, denouncing NATO’s eastward push against Russia, and discussing China’s highly unusual step of vetoing the extension of UN force’s mandate in Macedonia. Shortly thereafter, *People’s Daily* answered the U.S. publication of a “1998 Human Rights Report” denouncing China, with a long article documenting massive human rights violations in the United States itself. The next day came a follow-on piece in *People’s Daily*, clearly differentiating between Clinton’s constructive approach in discussions with China, and the “moral arrogance” of the revived anti-China campaign, which goes against “the true national interest of the U.S.” In advance of Zhu Rongji’s arrival, the Chinese Ambassador in Moscow emphasized to the Russian press, that the strategic partnership between Russia and China represents “a new type of relation between states, whose essential characteristics are, that it is not an alliance, not confrontational and not directed against any third party.”

China’s turn toward a decidedly tougher, while still differentiated stance in dealing with the United States and the West generally, also correlates with remarkable progress in consolidating the southern flank of the Asian-Eurasian “Survivors’ Club.” As reported in last week’s *EIR*, the “bus-ride” summit between the leaders of India and Pakistan has the makings of a historic revolution, which could reverse decades of British

and Anglo-American geopolitical manipulation, pitting the one nation against the other. The growing partnership between Russia and China, traditional allies of India and Pakistan, respectively, doubtless played an important role in making the new breakthrough possible. This, in turn, strengthens the basis of mutual confidence among the “triangle” of Russia, China, and India especially, and opens the way toward a potential boom in economic relations among well more than 2 billion people.

## Zhu Rongji in Moscow

Zhu Rongji’s visit to Russia, his first in the capacity of Chinese Prime Minister, took place in the context of a joint policy of regular top-level meetings between the two countries, agreed upon by Jiang Zemin and Russian President Boris Yeltsin. The special Commission for preparing the regular meetings, led by Russia’s Vice-Prime Minister Yuri Maslyukov and Chinese State Council member Wu Yi, had worked day and night to lay the basis for Zhu’s visit. Two days before that visit began, a top-level Chinese delegation arrived to take part in preparatory talks, including Director of the State Planning Commission Ceng Peiyan; Director of the Commission of National Defense Science, Technology, and Industry Liu Jibin; Minister of Railroads Fu Zhihuan; Minister of Foreign Trade and Economic Cooperation Shi Guangsheng; and Deputy Minister of Science and Technology Xu Guanhua.

This weighty group of Chinese decision-makers was expanded further by Vice Secretary General of the State Council Shi Xiushi, Vice Foreign Minister Wang Yingfan, and Deputy Director of State Council Research Office Wei Liqun, all of whom arrived in the plane carrying Zhu Rongji and his wife Lao An.

The Chinese Prime Minister and his accompanying party landed at Moscow in the afternoon of Feb. 24, and were greeted by Vice Prime Minister Maslyukov in a grand welcoming ceremony. The next morning, Zhu Rongji went to the Kremlin for an unusually warm and enthusiastic official meeting with President Yeltsin. The meeting was also attended by Maslyukov and Russian Foreign Minister Igor Ivanov. Yeltsin hailed the strategic partnership between China and Russia, established by him and Jiang Zemin, as “unique in the world.” He praised China for its great efforts to fulfill the cooperative agreements already reached between the two countries, and said that it was Russia’s turn to do more. He remarked that this year, 1999, is the 50th anniversary of the founding of the People’s Republic of China and the establishment of Russia-P.R.C. diplomatic relations. “The Russian people will celebrate this great holiday,” Yeltsin said.

Zhu Rongji replied that he would work hard with Prime Minister Primakov to expand cooperation, especially in trade and economic relations, where an enormous potential exists. Raising a central theme of his later meetings, Zhu underlined the high degree of *complementarity* between the Chinese and Russian economies, which must now be brought into full play.

Zhu passed on a personal invitation from Jiang Zemin, for Yeltsin to visit China this year "as soon as possible." Yeltsin responded enthusiastically.

In the afternoon of Feb. 25, Zhu Rongji met with Russian Federation Council head Yegor Stroyev. Stroyev told Zhu that Russia very much appreciated how China had stood up to the test of the Asian financial crisis. Russia greatly values the experience of China's reform and the buildup of its national economy, he said, and hopes to gain valuable lessons from this for Russia. Zhu emphasized the necessity of bringing trade and economic cooperation up to the level of the political relations between China and Russia, which have become extremely close and harmonious in the recent period.

On the same afternoon, at the official meeting of the two Prime Ministers, Zhu and Primakov, 11 major cooperation agreements were signed. The meeting reportedly lasted an hour and a half, rather than the originally planned half-hour, and was followed by a grand banquet given by Primakov in the Lenin Hills, with elegant toasts from both sides.

The Russian daily *Izvestia* reported that Primakov and Zhu Rongji agreed to set up a direct telephone "hot line" between their two offices.

During the official meeting with Primakov, Zhu pointed to the unprecedented nature of the present exchange, and stated: "Many issues have already been resolved, and this is mainly thanks to the efforts of Wu Yi and Vice Prime Minister Mas-

lyukov, who together lead the committee for the periodic meetings of the two prime ministers and have carried out a great deal of preparation." Primakov welcomed Zhu in a most cordial tone, and remarked that the degree of unanimity on all major questions discussed, reflects the excellent state of relations between the two countries. The decision by Jiang Zemin and Yeltsin, to embark on a relation of strategic partnership, was "wise and brilliant," and completely in agreement with the interests of both peoples. "The number-one goal now is to promote concrete cooperation," especially in trade and business, which until now have been the "weak links" in relations between the two giant nations. But, Zhu emphasized, "the potential is huge." Primakov noted that President Yeltsin was "extremely happy" with his discussion with Zhu. "This visit is a milestone."

### The cooperation accords

According to various reports, the 11 state-to-state cooperation accords signed by Prime Ministers Primakov and Zhu Rongji included, among other things: a protocol on the protection of intellectual property; a general agreement on the preparation of the technical-economic basis for a gas pipeline from the giant Kovyktinskoe condensed gas deposit in the Irkutsk region to northern China; an agreement on delivery of Siberian oil; a contract on joint production of televisions and air conditioners based on Chinese technology; and agreements on nuclear power as well as provision for the possible large-scale export of hydroelectric power from Siberia.

Besides economic, trade, science and technology, energy, transport, and other areas of state-to-state cooperation, the inter-regional partnerships were concluded between important Chinese and Russian provinces and regions: Amur region and Shanghai, Primorsky Territory and Jiling Province, Novosibirsk region and Heilongjiang Province, Bashkortostan with Liaoning Province, and the Altai territory with the Xinjiang-Uigur autonomous region. *Izvestia* wrote, "Zhu Rongji thinks these [inter-regional] agreements will be more substantive than the agreements between the ministers. Information from many Russian regions confirms this. . . . For instance, China accounts for half of the trade balance of the Khabarovsk territory. China competes with the U.S. and other Western countries in cooperation with the Novosibirsk Academic Settlement. The Ulan-Ude aviation plant has exported five helicopters to China, which was the largest transaction in recent times. This transaction allowed the plant to eliminate four months' worth of wage arrears." In fact, even at the present, relatively low level of Chinese-Russian trade, orders from China have permitted many Russian industrial plants, particularly in the machine-building sector, to continue operating.

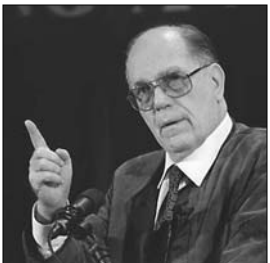
Among high-level Russian officials attending the signing ceremony with Primakov and Zhu Rongji, were Minister of Atomic Energy Yevgeni Adamov; the Russian ministers of Fuel and Energy, Transport, and Science; the heads of numerous high-level China-Russia cooperation committees, diplomatic representatives, and so on. Adding the numerous Chi-

## THE WORLD FINANCIAL COLLAPSE LAROUCHE WAS RIGHT! An EIR Video

What does Indonesia's Minister of Economy, Finance and Industry, Ginandjar Kartasasmita, know about the global financial crisis that you don't?

Here's what the Far Eastern Economic Review reported July 23:

"It seems the IMF isn't the only organization



entitled, 'The World Financial Collapse: LaRouche was Right.' Lyndon LaRouche . . . has been arguing for years that the world's financial system was on the brink of collapse due to unfettered growth in speculative funds; he says now that the Asian crisis is just the beginning. . . ."

supplying economic advice to the Jakarta government. . . . [Reporters] were surprised to spot, among [Ginandjar's] papers a video

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nese ministers and other top Chinese officials present, one had the impression as if two entire governments, or at least a major chunk of them, were sitting together to plot out the future for their nations.

The next day, Zhu made a ceremonial visit to pay his respects to the Tomb of the Unknown Soldier in Moscow, and then joined Maslyukov for a luncheon meeting at the President Hotel with 100 top leaders of Russian industry. Present in the audience were also 10 government ministers, as well as journalists, whom Zhu had expressly invited to participate. Commenting both on the agreements already signed, and perspectives for the future, the Chinese Prime Minister announced that China will make major direct investments into the Russian economy, including in joint-venture factories for production of consumer goods. This will “help Russia save precious foreign exchange,” he said, by producing televisions, refrigerators, washing machines, air conditioners, and other consumer durables domestically — an area where “China has made great progress in recent years.” He also stressed joint projects for oil, gas, and lumber industries, where the two countries are carrying out feasibility studies for projects which will “increase the value-added of Russian exports” and create employment.

Interestingly, Zhu gave the most detailed attention to the example of cooperation to develop Russia’s forestry and wood industries, which, given Russia’s natural conditions, have an enormous potential. China has made extensive and rather successful experience in its cooperation with Southeast Asian nations in this sector. At the same time, Zhu also pointed to Russia’s “first-rate” position in advanced technology, including in the field of space technology, calling for the two sides, by increasing mutual trust, to greatly expand cooperation in the high-technology field.

### **Food supplies for Russia**

The other, crucial area of cooperation, raised by Zhu Rongji at the meeting, was the possibility for China to become a large-scale supplier of food for Russia. “China’s strong point is agriculture,” stated Zhu. “As a result of a correct agricultural policy, China is not only self-sufficient in food, but can export, while greatly increasing its food reserves. In spite of the terrible floods of last year, which caused \$30 billions of losses, there was no reduction in China’s food output. China’s grain, oil, meat, vegetables, and fruit are plentiful and cheap, and could be exported in large quantities to Russia.”

The strategic importance of this Chinese suggestion, can be seen from the fact, that following the devastation of Russia’s domestic agriculture and food industry as a result of the IMF’s “shock therapy,” an estimated 60% of Russia’s food supply has come from imports (in the case of major Russian cities, the import percentage reached up to 80%). But with the Russian currency collapse in August last year, the buying power of the population has collapsed, and with it also food imports, creating major food shortages, especially in certain regions. By shifting away from an almost exclusive depen-

dence on hard-currency food imports from or via the West, substituting barter and other state-to-state arrangements with China, Russia could gain a crucial margin of maneuvering room to rebuild its agricultural sector.

In the afternoon of Feb. 26, Zhu Rongji completed his official agenda in Moscow and, after a departure ceremony with Maslyukov, flew to Russia’s famous city of St. Petersburg. In addition to meetings with the St. Petersburg government, visits to the working-place of Lenin, the Hermitage Museum, and other historic points, Zhu Rongji toured the Izhorskiye Zavody machine-building plant, which is producing key components for the nuclear power station in China’s “Land-Bridge” port, Lianyungang.

After this most successful trip to Moscow and St. Petersburg, Prime Minister Zhu Rongji returned to Beijing, where he will shortly be addressing sessions of China’s main governing bodies. Zhu’s next major foreign visit will be to Washington, D.C., where his problem-solving talents might be less well appreciated, but are no less sorely needed.

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## Documentation

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### Russian commentators on the Zhu Rongji visit

#### ***Izvestia*, Feb. 27, “China’s Wealth Will Be Increased by Siberia”:**

“The Chinese delegation led by Chinese Premier Zhu Rongji is taking home very important documents from Russia. From now on, all significant projects in eastern Siberia and the Far East will be implemented with the participation of China and partly in favor of that country. As a result, China will overcome its enormous deficit of energy and energy carriers in a few years. Moscow is also satisfied with the visit of the Chinese delegation. Now Primakov’s government has an economic base for Russia’s reorientation toward the East. . . .

“Representatives of Russia and China finally signed an agreement on a feasibility study for development of the gigantic Kovyktinskoe condensed gas deposit in the Irkutsk region and the construction of a gas pipeline to China. SIDANKO company, to which the license for development of this deposit belongs, will be able to export about 20 billion cubic meters of gas to northern China after the pipeline is built (in all, 35 billion cubic meters will be extracted). Gas deliveries will bring up to \$1.5 billion annually to SIDANKO, the Irkutsk region, and the federal budget.

“The available supplies of the Kovyktinskoe deposit are assessed at 870 billion cubic meters. Thus, the project of gas export to China is to be implemented over several decades. Gazprom intends to join the project in order to build a pipeline

from Siberia with the assistance of China. . . . Moreover, Korea and Japan intend to cooperate with Russia after China. But it is not only gas that China and its neighbors need: they are also interested in oil and electric energy.

“Russian producers of electric energy need only complete the construction of two hydropower plants, the Boguchanskaya and Bureiskaya ones, and build an energy bridge to China. . . . These projects require money, and it is more sensible to appeal to China for it than to any other country.

“China’s need for oil will be about 50 million tons a year in the next decade, according to some estimates. The YUKOS company . . . is ready to build a pipeline between Angarsk, in the Irkutsk region, and northern China, together with the Tatneft company, which has a monopoly on the construction and usage of oil pipelines. Other great oil deposits, such as the Yurubcheno-Takhomskoe deposit in the Krasnoyarsk territory and the Verkhne-Chonskoe deposit in Yakutia, will soon join this pipeline. However, Chinese assistance is also needed in order to include these deposits in the pipeline network.”

***Pravda*, Feb. 26, “The Russian-Chinese Nuclear Power Plant Will Be the Largest in Asia”:**

“Political observers consider the visit of the Chinese Prime Minister to be a turning-point in the relations between both countries. . . . What will this bring Russia? They say, billions of dollars. Thank God for them!

“The plan for a gas pipeline from Siberia to China is realistic. . . . This project alone, if it can be realized, would bring Russia over a billion dollars a year for 30 years. The pipeline could be built in six years, giving China the possibility to change over electricity plants from coal to gas. And the new orders for equipment also means new jobs, for Chinese as well as Russians. . . .

“Russia has signed the contract to deliver two reactors [to the power station at Lianyungang]. Following successful realization of this project, another two reactors would be supplied. In all, the nuclear power station would have four blocks, making it the largest in Asia.”

***Nezavisimaya Gazeta*, Feb. 27:**

“Zhu Rongji demonstrated in Moscow the qualities which have made him the chief manager of the huge and complex economy of China. In the words of Yuri Maslyukov, co-president of the Russian-Chinese economic commission, it was Zhu himself who was the initiator in organizing the meeting of businessmen of both countries in the ‘President Hotel,’ to which also the press was invited. He was the ‘star’ of the event, taking upon himself the role of lobbyist for Chinese products on the Russian market. . . . He showed some curious aspects in the ideas of the present Chinese government, about what areas of cooperation should now be pushed.

“Beijing is namely intending to push Western competitors as much as possible out of the Russian market for consumer

goods, using the mechanism of barter for this purpose—exchanging its goods for Russian raw materials. It must be recognized, that such a strategy of Zhu Rongji is absolutely rational, given the collapse of the buying power of most Russians since Aug. 17. Under these conditions barter gives excellent possibilities for an attack on competitors and is very advantageous for both sides. And in some cases it can run parallel with the import of China’s best technologies.”

***Izvestia*, March 3:**

“It is maintained in the numerous anti-Chinese publications in the U.S., British, and German press that great misfortunes lie in store for China—from the devaluation of the yuan to a social explosion. . . . But the Chinese yuan is stable and is becoming currency number one in Southeast Asia. Many foreign trade deals there are financed in yuan today. And if the yuan consolidates its position in Asia, it will be very hard to oust it from there in the conditions of the world crisis, even by the efforts of the so-called ‘advanced countries.’ . . . At the same time, the G-7 countries have been making no progress in reforming world finances and creating a new Bretton Woods currency system. . . . Under conditions of the crisis of IMF ideology . . . neither Russia nor China can expect the world financial institutions to encourage investors to work in these countries. . . . So it is only logical that regional integration will receive a fresh impetus in conditions where the globalization of financial markets fails. Evidently the capacity of the Chinese and Indian markets opens up vast opportunities for Russian energy and military exports, while India and China have increased opportunities for food export to Russia.”

**Commentator Dmitri Privalov:**

“Notwithstanding the prognoses of Western and domestic skeptics, who with jealous stubbornness foresee an unhappy future in our relations with the great neighbor to the East, the strategic partnership between Moscow and Beijing is being filled with concrete content. A new proof of this was the visit of Prime Minister Zhu Rongji. . . . During his stay in the capital the distinguished guest fully fulfilled his renown as ‘a pragmatist down to the marrow of his bones’: In the Kremlin, in the government, in the Duma, and everywhere in meetings with Russian leaders he carried on concrete discussions on the problems and perspectives of business relations between our two countries. . . . A stable foundation is being laid for a future boom (the time is coming!) in business cooperation. . . . To launch this, after the ‘big fish,’ it is absolutely necessary to push forward the small and medium-sized industries. Moscow and Beijing are clear about the fact, that without broad, active support ‘from below’ all plans made ‘from above’ will remain only nice wishes. . . . Observers from among the pessimists insist on their standard epithets, ‘mere protocol,’ ‘commonplace exchange of pleasantries,’ etc. But the truth is, that an economic partnership between Russia and China . . . has made an irreversible turn onto the track of following the much more far-advanced political relations.”