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Transcript

CHINA, RUSSIA, AND GLOBAL GOVERNANCE

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Transcript by Way With Words

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JAN TECHAU: Welcome, ladies and gentlemen, to Carnegie Europe, over lunch again, for one of our debates on strategy in the world, global governance, strategic Europe, the whole mingy comumbus, I think as the Scots would say.

There is something that Dmitri Trenin, who's here today, wrote the other day in our new blog, Strategic Europe blog; he said, referring to Russia and China, that each of these emerging powers is not bent on ending Western domination as such, but that they both seek to earn a better position for themselves, and this promises more competition but not bloc-to-bloc politics.

The second thing he wrote in the same piece is equally striking, and that is that, for the Kremlin, for instance, Russia's business is Russia. Its business mainly is business, and Russia itself is nobody else's business.

From these formulations come a number of questions and also a couple of dilemmas. If your business is business, then you are, very clearly, interested in the liberal world order which is currently sustained by the United States, for the most part, arguably. You are not turning yourself into a revolutionary power; you're rather interested in being a status quo power. You want to maintain the status quo within certain limits.

Then it raises the issue of, if your business is mainly business and the rest of the planet is not so much your business, then the question comes: what about responsibility? When you're big and so large, what responsibility do you hold in the world for global governance, the question that we want to discuss today?

We'll talk about these things; and to discuss them and to let you participate in that, we have three eminent experts here, two real heavyweights in the think tank scene, Dmitri Trenin, our office head at the Carnegie Moscow Centre; and Charles Grant, the cofounder and Director of the Centre for European Reform in London. As the moderator, we have here with us Fraser Cameron, who has been running both the Russia-EU Forum and the EU-Asia Forum, so who better to get on board for the moderation here?

We have really large-scale questions to tackle, questions of power shifts and global governance, of course, and then questions of where the road order is going. Think-tankers love nothing more than this, because these large questions allow you to be significantly imprecise and to speculate a lot. I'm pretty sure that our guests today will be significantly and sufficiently precise about what they think about the world and that we will go away with a certain sense of guidance on where things might go.

Thanks to all of you, and thanks for coming today. Fraser, the floor is yours. We will finish this event here promptly at 3:30. Thanks a lot.

FRASER CAMERON: Thank you very much, Jan, and also welcome to everybody. If you have been following the G20 summit over the last couple of days, some of you might have been quite amused with President Barroso saying, we don't need lessons from anywhere else around the world, when for much of the last few years the EU has in fact been preaching about the importance of good governance, etc, to many countries around the world, which is, of course, one reason why the BRICS banded together.

You will see that they had a caucus before the G20 in Mexico. Two of the driving powers in the BRICS are obviously China and Russia, with quite different perspectives on the future of BRICS, but they have

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formed what one of Charles' previous colleagues called an Axis of Convenience, which, I think, is quite a good description of that relationship.

Today we want to try and look a little more deeply in what's that relationship and how it will impact on global governance in terms of the major institutions as well as some of the themes that we have been discussing here in Brussels over some time, including climate change, trade and so on, because, as Charles says, there are different approaches in terms of how Russia and China tackle these issues.

As Jan said, we're going to finish promptly, we're going to give the speakers each 12 minutes, roughly, and then open it up to Q&A. I have the pleasure to introduce Charles Grant first. If you haven't seen the publications on CER, they are over there; please help yourselves on the way out. Both Charles and Dmitri have both written recently very interesting articles, publications, on this. Charles.

CHARLES GRANT: Thank you, Fraser, and thank you to Jan for inviting us here today. Also, thanks to Dmitri for coming here, because we know this is the third and final leg of our road show. We started off in Moscow, with a joint seminar at Carnegie there, and then we went to the Carnegie Centre at Xinhua in Beijing. This is the final, final launch event for these two publications, so thank you, Dmitri, for coming.

In my 12 minutes, I'm going to say a few remarks about global governance, in general. I'll mainly focus on comparing and contrasting Russia and China's approaches. I'll conclude with some comments on rebalancing the Russian and Chinese economies.

I'm pretty gloomy about global governance in the multipolar world we now are moving towards or are in. You could have strong multilateral institutions, everybody accepting rules and supralateral systems, or you could have balance-of-power politics in which the strong pursue their interests in alliance with others, often against the weak, and in which might is right. Most of us in Europe would rather have multilateralism than balance-of-power politics, and it's not entirely the way the world is going at the moment.

I'm quite pessimistic, for three reasons; firstly, I think America is weaker, in relative terms, than it has been, and, in any case, it's probably becoming more unilateralist rather than multilateralist, although obviously it's a complex picture. That seems to be the long-term trend. Secondly, Europe is diplomatically, economically, politically and militarily weak. Of course, the Europeans, whatever their failings are, are generally believers in multilateralism.

Thirdly, the emerging powers and reemerging powers are not really committed to multilateralism. They will use international institutions when it suits their purposes, for short-term advantage, but they don't really believe in the system in the way that Europeans and some Americans do. I do think that the BRICS, and, in particular, Russia and China, will be crucial in determining what happens to the international system.

Now, Russia and China, in many ways, have a similar approach, I think; they're both very souverainiste, very realist in their approach to international relations. Let me mention five things they have in common; firstly, they see global governance as a Western concept, invented by the West for the benefit of the West, and they think that most supralateral institutions serve Western interests. Obviously, to some degree, they're evidently correct in that analysis.

They also are allergic to the use of the phrase International Community, and rightfully so. I think it's a dreadful phrase. What that means is international institutions dominated by the West, in which the West

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has a lot of influence, but Westerners tend to use International Community as some sort of objective court of international public opinion.

Secondly, both Russia and China rather like concert diplomacy, i.e. international institutions that are gatherings of big powers around a table, without any supralateralism, without any cession of sovereignty, as in the Congress of Vienna in 1814 or the Yalta Conference in 1945 or whatever. We have these six-power talks on Iran and North Korean nuclear problems; both Russia and China are part of those; Russia's in the CORTEP [?], Russia's in the G8.

The good thing about concert diplomacy is you don't give up sovereignty, big countries count for more than little countries, and both Russia and China are extremely condescending towards little countries and often don't take them seriously.

A third thing in common: they're both particularly keen in recent years on regional institutions as a source of strengthening their own global standing and helping in their relationships with their neighbours. Russia's particularly interested now in a customs union with Belarus and Kazakhstan, which it wants Ukraine to join. It's also involved in the Collective Security Treaty Organisation and, like China, in the Shanghai Cooperation Organisation. China's very involved in ASEAN Plus Three, ASEAN Regional Forum, East Asia Summit and so on.

In China's case, I think it has used institutions to reassure its neighbours that it's rise is peaceful and to cloak its rising power, though it's lost a lot of goodwill of its neighbours in recent years, for reasons we'll come on to. Russia, I think, sees Customs Union and CSTO as a means of limiting China's growing sway in Central Asia. Both see these bodies as a way of keeping the US out of their part of the world.

The fourth thing they've got in common in both countries - the obvious point, really - there are strong divisions between those who are more nationalist and realist and souverainiste and those who are, relatively speaking, liberal. It's the liberal people who tend to have more influence on economic policy, in Russia and in China, who are more positive about engaging in global governance and international institutions.

Now, the final and probably the most interesting thing they have in common, which I'll say a bit more about, because it's relevant to Syria, is, of course, interference or intervention. Russia and China share, in common with Brazil, India and South Africa, a strong abhorrence of Western liberal interventionism, but it's probably even stronger in Russia and China than the other BRICS countries.

Now, why do they care so strongly? I think part of it is genuinely principle; I think their belief in the UN Charter and its belief in provision of State sovereignty, the fact that they have been invaded by other countries many times in their recent history and they've been victims of colonialism - Russia, sort of, in the 1920 invaded a bit - does make them really take the side of any country that could be invaded by the Western powers.

They also tend to think that liberal interventionism is just a cloak for the US pursuing its interests, they're both pretty paranoid about the US and its intentions. They also sometimes see economic advantages in supporting regimes that the West turns into pariahs. Certainly, China does very well from its economic relationship with Zimbabwe; it has done well out of Sudan; and so on. Maybe Russia, arguably, does well exporting weapons to Venezuela or whatever.

There is an economic element, but, also, there's an element of protecting their own territories. I think there have been times - maybe not these days - but Russia probably worried about Western interference

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in Chechnya, and, certainly, China always seems to worry about Western interference, if not military interference, other sort of more subtle interference, in Xinjiang or Tibet.

I think, for all these reasons, they really care quite deeply. When they say they were upset by the way that the West abused UNSCR 1973 on Libya by taking sides in a civil war when the resolution didn't actually go quite that far, I think some of it's genuine and I think they really are quite annoyed at what the West did on Libya, and that's made them even more determined to resist the West on Syria.

Russia, as far as I can tell, cares much more about Syria than China does. In China there's been some reluctance to follow Russia on Syria, some reluctance, because China has an interest in getting on well with Arab countries because it needs their energy, which Russia doesn't. Nevertheless, I'm told the Russians said to the Chinese, look, we really want you to back us on this one, and it matters to us. The Chinese thought they should do so.

Those are some similarities. On to the differences; the differences are not surprising, really, given that their histories and their economies are very different, but there is an obvious difference, which is that Russia takes security governance seriously. It does a lot of arms control; it's serious about non-proliferation regimes; it knows, in any conversation, international negotiation on armaments – it's one of the big boys that will be there at the table. However, it's been very slow to engage in economic governance; Russia's only just joined the WTO this year, after more than 18 years of negotiation.

China is the opposite; China has been, in economic governance... it joined the WTO 12 years ago, it respects the rulings of its dispute settlement mechanism. It even, in Durban last December, signalled it would even accept one day an international regime on carbon emissions.

However, China doesn't like security governance. China has never signed an arms control treaty on conventional weapons or nuclear weapons. It's not in the Criminal Court, the Oslo Convention on Landmines, the Oslo Convention on Cluster Munitions – okay, nor is the US or Russia, but China is not either in the Proliferation Security Initiative, which is about stopping the trade of WMD; it's not in the Missile Technology Control Regime; it doesn't joined the Wassenaar initiative on dual-use export, while Russia and the US have done those things.

Now, why this difference between Russia and China? It's pretty obvious, I think. China is a rising power, an emerging power that's getting very strong militarily and doesn't want to have its hand tied in what it can do militarily. Russia in, in relative terms, a declining power that sees its nuclear weapons as a status symbol that gives it some standing globally, and it hopes that arms control treaties can protect its status and also limit the US's ability to outperform it in new sorts of weapon.

China understands that as the world's biggest exporter it has a clear self-interest in international rules on trade and economics. Russia exports mainly oil, gas, raw materials and arms, none of which is covered by international trade regimes, so there wasn't a very obvious self-interest for Russia to get involved in the WTO quicker than it has done. I think those differences are explained by history and the structures of their economies.

I'll come to my conclusion, a very quick conclusion. In the long run, the attitude of Russia and China towards global governance will depend, I think, on how successfully they rebalance their economies. They've both got to do a serious amount of rebalancing, in ways that are more similar than many people realise.

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Russia, of course, needs to build up its service industries, its manufacturing industries, and improved rule of law, to encourage FDI and become less dependent on natural resource exports. To do so would weaken the vested interests who get a lot of money from controlling these natural resource exporting industries and who are the same people as the people who run the country, more or less. Anybody who rebalances the Russian economy will have to take on and defeat very powerful ruling clans. It's a tall order.

If Russia doesn't rebalance its economy successfully, its long-term rate of growth will be lower than it would otherwise be; there'll be more social unrest, more political instability, more nationalism, more paranoia towards the West and a much less approach to global governance.

In China, I'd say it's rather similar. China is beginning to rebalance its economy away from export dependency, but in other respects it hasn't rebalanced its economy. Still, consumption levels in China are extraordinarily low, rather like in Germany, and investment is still very high, investment in property is very high. The State-owned enterprises dominate the economy and prevent the emergence of new sorts of private industry that would go into lighter forms of manufacturing, high-tech industries and the service economy. The financial system is structured totally for the benefit of the State-owned industry, not for consumers who get nothing when they invest in savings accounts, etc, etc.

As in Russia, rebalancing the Chinese economy would upset those in the State-owned enterprises and certain parts of the party who benefit very nicely from the unbalanced economy, so I'm not sure they can. As in Russia, if China fails to rebalance, it will grow more slowly, there will be social unrest, political instability, rising nationalism and paranoia, and that's very bad for global governance.

I do think that the success or otherwise – and I'm not saying they'll fail – but the success or otherwise of Russia and China in rebalancing their economies will be hugely important for their attitude to global governance, whether they become constructive stakeholders, as Bob Zoellick said of the Chinese, or whether they become very difficult partners who help push the global system towards balance-of-power politics, away from multilateralism.

FRASER CAMERON: Thank you very much, Charles. I think you could go on to add another sentence: it very much depends on whether the EU gets its house in order, whether we actually stand up and be counted as an effective partner in dealing with issues of global governance, because I think that there's a clear case where the EU has not lived up to its rhetoric.

I think to, if we go into this a little bit, in discussion, when you say the emerging powers are not committed to global governance – they're, to some extent, ready to accept the status quo. They talk often about wanting to change; they don't actually come up with any concrete ideas about how things will change.

If you take something like the IMF, they simply want a reallocation of the voting powers, so it's not exactly a very radical change they're after there. I think there are aspects of the aspects they also take for granted, like American provision of public routes, patrolling the seas and keeping free trade moving. They don't admit that, but in reality it's quite an important public good that they're, to some extent, quite happy with at the moment.

I really do very much agree with your saying that in Moscow or Beijing, let alone Delhi or Brazil, you don't get people talking about the International Community. It's a particularly Western concept, and we should be rather careful about defining what we mean when we talk about International Community.

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A great introduction – thanks very much. Dmitri, over to you.

DMITRI TRENIN: Thank you, Fraser; thank you, Charles; thank you for staging all your joint events at Carnegie centres around the world.

CHARLES GRANT: Three of them, yes.

DMITRI TRENIN: There actually are five of them, but we visited three of them; there are two others. I will make a few points about the bilateral relationship, which, I think, may raise some attention in China and Russia. I will finish with a few points on global governance.

My first point is that the Sino-Russian relation is shared; this has not been taken for granted. The relationship has a very rich history and a very uneven history. The Soviet Union, of course, for 30 years, for two cold wars at the same time – one was against the West, around the world, primarily centred in Europe, but the other one was in the Far East and that was against China... The fact that that cold war, the cold war between China and Russia, was drawn to a close in a pretty, I would even say elegant manner, toward the late 1980s, that it was followed without much of a gap by a fairly productive and constructive bilateral relationship, which is currently described as strategic partnership, is not something that simply flowed automatically.

We also need to realise that for both China and Russia structuring a new relationship, the kind of relationship that both sides feel they can live with, was not an easy matter. It was not an easy matter for the Russians, because for the 300 years that China and Russia actually had a state-to-state relationship the Russians looked down upon the Chinese most of the time. The Russians saw themselves as being more advanced, being more powerful, better connected. For a long period of time, Russia lorded over parts of China or even the whole of China.

From the Chinese perspective, the Russians, of course, were the barbarians in the north, uncivilised people for most of the time, but people who were more powerful during periods of time, people who came to dominate parts of China and were among the imperialist powers who held the large territories of China under their domination.

For the Russians, the change was made very difficult also because even as this change from adversity to partnership was occurring, China was moving up at a pretty fast pace and even as Russia was plunging to pretty low depths. If you look at the economic comparisons between China and Russia at the time that Deng Xiaoping started his reforms back in 1979, China's GDP equalled only 40% of the GDP of the Russian Republic within the Soviet Union. Today, of course, China's GDP is four times bigger than the GDP of the Russian Federation.

It all happened within a very short period of time. It's very remarkable that the Russians have not lost their hair over China's rise and their own fall or decline or whatever you want to call it. The fact that China and Russia have a fairly decent relationship is actually good news for Asia, and I would say it's good news for the entire world. This is something that we need not forget.

Even as we discuss what China and Russia can do or might do to global governance and how that relationship can impact on US and Western standing in the world, we need to spend a little bit of time just thinking about the relationship itself and how the two countries arrived at this relationship, which, to me, is nothing if not a small miracle.

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My next point will be that this small miracle became possible because both countries, both governments, managed to sort out bilateral relations. It managed to sort out the longstanding border issue, which Putin once described as his biggest foreign policy achievement, and I think he was basically right. They manage to have a fairly productive government-to-government relationship; it's one of the relationships that Russia has with several key players where you have various levels of government involved in cooperation, and it works reasonably well, I should say.

The two countries have managed to also cross the cultural divide; the cultural divide is still there but there are more and more people who have physically crossed that divide and physically come to the other country and spend time. It's intuitive that there are more Russians visiting China than there are Chinese visiting Russia, and maybe two or maybe three times as many Russians come to China. A lot of them, of course, 2 million of them, come on, primarily, their own business.

The two countries have managed to have competition, and the trade between them has become exactly the opposite in structure to what it used to be, so Russia is essentially the raw material appendage of China. The Russians, of course, don't like that, but they are... and they're trying to rebalance, to use Charles' phrase, but they have to accept the realities of the day.

They have managed their geopolitical rivalries and they are serious; we're talking Central Asia, first of all; we're talking other places as well. China did not follow Russia's recognition of Abkhazia as an independent country, but Russia has not recognised China's claims to the South China Sea. They manage to keep those things in different baskets, even as they proceed with partnership along a fairly broad front.

In Central Asia the Russians have allowed the Chinese – sort of allowed; where will they go now? – but they used the Chinese idea of a Shanghai corporation or organisation as a frame to legitimise, on the one hand, China's expansion into Central Asia, and at the same time they were trying to have some leverage over China in Central Asia.

Even as the... To the Chinese, this very complex set of policies that the Russians are pursuing at the same time could be mindblowing [?]. At the time of very recent naval exercises between the Chinese and Russia, the navy is in the Yellow Sea, Gazprom was concluding a deal with a Vietnam petroleum company for drilling in the South China Sea, and the Chinese were not really... didn't know which policy Russia was actually pursuing and what Russia was getting out of this thing.

My next point will be on moving around in the world dominated by the West. The whole idea of the BRICS looks very preponderous to Russia; it would never have been developed by Russia. The idea of placing your own country alongside China, India and Brazil, not to speak of South Africa, is totally alien to the Russian political mind. Yet the Russians have been using it fairly actively to promote themselves, especially in the field of global public relations.

Essentially, China and Russia stand back to back to each other; they're important, but other countries are more important to each of them than the neighbour in Asia. The Sino-Russian relationship is also something that depends to a large extent on China's and Russia's relations with their principle economic and geopolitical partners or rivals, be that Europe, be that the United States of America.

In terms of local governance, Russia – and I agree with many of the things that Charles has said – remains pretty much self-focused, unlike the Soviet Union. There has been a sea change in the transition from the Russian Federation to the Soviet Union in the way where you focused your policy. The Soviet Union was,

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of course, interested, almost from its very beginning, in global domination, communist ideas and the communist political system, and then it was focused on the global, in competition with the United States.

The Russian Federation, as Jan has mentioned – thank you, Jan, for referring to one of my pet phrases – is very much focused on itself. As a country that has lost a lot of power in the transition from its previous soviet incarnation, the Russians have adopted a new set of guiding principles as far as international relations were concerned, and they embraced the Westphalian order so much more than the Soviet Union ever did.

They are in a state of scorned [?] power; they are not serious... They may be challenging a few things on the margins – they want to upgrade their role from the very low level to which they descended immediately in the aftermath of the Soviet collapse, but they are now challenging the global status quo. This is why issues such as sovereignty and non-interference are so important to the Russians. They've rediscovered the importance of international law now that they are a much bigger international player.

Let me conclude by saying that although this wonderful phrase International Community is seen, certainly in Russia, as primarily a Western invention, when the Russians are using this without interrupted commerce, what they mean is a community in which they are a co-equal partner with some of the other big players in the world. Of course, Russia's role in the global economy today, Russia's position in so many other important areas of today's world, it does not make Russia qualify to the start position to which the Russian leadership aspires, and this creates tension.

Let me conclude by saying that in this period, when the dominance of United States, that was at its highest peak in the decade-and-a-half following the end of the Cold War, is less obvious today, not so much thanks to the... because of the decline of the United State. I do not believe that the United States is actually in decline. The issue is not so much America going down; it's many of the other countries moving up, and that changes the balance, clearly, but it primarily changes the balance because of the rise of the rest, not so much because of the decline of the US.

If you look at China and Russia as a symptom of the changes that are occurring in the world at large, then I would have two things to say to it; the United States, to be a more effective global power, needs to become more of a coalition builder. Not creating coalitions composed of American allies or various associated countries that depend on the United States - and there is a whole number of countries that very much depend on the US and they would pledge allegiance to the United States - but trying to build coalitions with countries that do not accept American leadership necessarily, like Russia and China.

For Europe, my reply therefore would be that in order to feel that they are international community Europe needs to be a strategic unit to become... I hope that this crisis ends, and whenever it ends what emerges as the end of the European crisis is a Europe, however defined, that would be a strategic player. Thank you.

FRASER CAMERON: Thank you very much, Dmitri. People in the room would share the wish, but whether it will happen will depend on the events elsewhere.

Now we move into a discussion period. There are a large number of talents [?] and former EU officials in the room, and also the pleasure of a former US ambassador here as well, John – very much welcome. I think we'd like to maybe look at, firstly, some of the existing institutions of global governance. We could take that up as a theme first, Charles, in terms of how you would see China and Russia reacting to proposals to reform the big institutions - UN Security Council, IMF, World Bank and so on – to what extent are they similarly aligned? To what extent do you see differences between them?

CHARLES GRANT: I think both of them are beginning to understand that they need to come up with some ideas of their own, rather than just criticise the West for doing what it does. Both of them have actually come up with ideas for reforming the International Monetary System, both have proposed changing SDRs so that they include the rouble and the yen. While not very practical in the short-term, it shows they're beginning to think constructively, but that's quite a rare exception.

As you said earlier, Fraser, they are keen to reform the voting rules so that they have more weight in these institutions. They haven't come up with many ideas for reforming them or for setting up new institutions. They will acknowledge, I think, Russia and China, that they, in many respects, benefit from playing a role in institutions, as I said before, created by the West for the benefit of the West.

China has done incredibly well in the last 20 years, partly thanks to Western institutions, which it's learning to play a role in. They are not revolutionary powers when it comes to global governance; they are status quo powers, and they've learnt to use these institutions, they've acknowledged, particularly the United Nations, where, of course, they use their seats in the UN Security Council to block whatever the West is trying to do on interventionism.

FRASER CAMERON: How long do you think they'll continue to block Japan and India's aspirations?

CHARLES GRANT: I don't see any chance of that particular nut being cracked in the near future, partly because China does want to keep Japan and India off the UNSC, partly because the Europeans do not agree, because whenever European officials start to discuss it, Italy leaves the room, blocks the discussion; partly because the Americans aren't sure they really want to reform the UNSC; and partly because the Africans can't agree on who's to represent Africa. It's not just China's fault.

I think if everybody else could get their ducks lined up on that one, then we could put pressure on the Chinese, but when the rest of us don't have a coherent view, I think you can't really expect the Chinese to move. They probably would move one day.

FRASER CAMERON: Michael Emerson's written about the importance of the EU taking the initiative here. Do you want to come in here, Michael?

MICHAEL EMERSON: Not in that league [?] [inaudible].

FRASER CAMERON: Let's see if there's anyone else on the big issues, then – Tom?

TOM ROE: Tom Roe, advisor on Asia in the External Action Service. Just a corollary to what Charles said there - having read a lot of articles; BRICS, we did a conference, Fraser and I, on that – it seems to me in the Security Council, if you look at the voting of the BRICS, if you look at the Chinese and Russian behaviour, there is a sort of alliance on the Security Council.

If you look at the BRICS as a whole in UNGA, there isn't a significant correlation between their behaviour. Basically, not only... Russia is vastly over-enfranchised now within the Security Council, but if they were to extend it to include some of the other BRICS, etc, they lose, so they have no real... the idea of status quo powers, I think, is very interesting. I wonder whether you'd comment on that. It's really just supporting your point.

FRASER CAMERON: Let's take a couple more questions on the global institutions first. Anyone want to raise a point there? Charles?

CHARLES GRANT: I've said enough. What about Dmitri?

FRASER CAMERON: Okay. In terms of the Russian perspective on where they want to see changes, Dmitri, you said they're not revolutionary either. What do you think they would really want, in terms of the big institutions, to see any changes at all? Which way do they want to go?

DMITRI TRENIN: I think that Russia at this point is still primarily focused on itself. It talks about [inaudible] by its... it knows that its prime responsibility is their own country. They don't have much time or much money to spare on the outside world. They think that they have been over-involved for too long as the Soviet Union and that they need to focus, need to concentrate on themselves.

Now, having said that, I think that they would... First of all, like many other countries, Russia's ideals and Russian principles are very more closely connected, or maybe they even reflect Russia's interests. Russia's insistence on this neutrality of the UN Security Council is essentially rooted in the fact that Russia is indeed a wielding power within the UN Security Council, and it doesn't... It wouldn't necessarily oppose, actually, it formally supports, India's application, and it wouldn't find Japan...

Russia is not about excluding anyone; Russia is about keeping for itself the power to legally block any action on the international arena that would impinge on Russia's key interests. India may be a... Japan, whoever, but Russia needs to be able to say no when Russian interests so command. That's all.

China is different on this. The IMF and the World Bank - I think that the Russians basically are essentially engaged in rhetoric on those issues. The good thing about the IMF, from the Russian perspective, is that Russia doesn't depend on the IMF at all. Now, over the last ten years, it has no dependence on the IMF, and that's fine. It's a good thing that you're not...

The Russian position is not so much to project its ideas on the rest of the world; it's to make itself independent as much as it can be from the rest of the world, of course except the reality of globalisation, except this new reality of Russian WTO membership, excepting the reality of the European Board of Human Rights ruling against the Russian government, and many, many things in which Russia is so much more constrained than China or, indeed, the United States of America.

When people say that Russia is pro-sovereignty, I think it's less sovereign than the United States and it accepts more intrusion from the outside than the United States does.

FRASER CAMERON: The United States wouldn't qualify for membership of the Council of Europe [inaudible]. Jan, you wanted to come in?

JAN TECHAU: Thanks to all three of you. I have a quick question on the relationship between the two, actually. It was mentioned before, we've just seen a high-level State visit between the two countries, and it was very clear that the two were very interested in looking like they were closing ranks and that they were standing close to each other on most of the international issues of the day.

I attended a conference a couple of weeks ago in Beijing; it was a trilateral conference - American, Japanese, Chinese - where I was invited as a European footnote, really, to the entire affair. It was interesting that in the entire two days of the conference - it was all about power shifts and global governance issues - Russia was not mentioned once. It was the Americans who mentioned Russia briefly and in passing; the Chinese basically refused to actually discuss the issue.

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How much of an interest on behalf of the Chinese do we really see to accept Russia as a strategic partner, as a real asset in its own foreign policy objectives, or is it mere rhetoric and good for the headlines but not for substance?

FRASER CAMERON: First Dmitri. Charles will go after.

DMITRI TRENIN: I think, on the Chinese, maybe because they have so many more people than all other countries, maybe, for different reasons, they're totally different things to different people, different markets [?]. It could be a very different thing had you been present at a Sino-Russian dialogue, and they would be talking about the world in a slightly different way from the Japan-China thing.

I think that a lot of the Chinese would despise Russia's backwardness and lack of guidance [?] [inaudible] and weakness, because they are very conscious of the realities of power, with that power in mind. On the other hand, they very much appreciate the fact that of all the countries on China's periphery Russia looks like it is a safe area for China.

Seen from Beijing, this is the one country that will remain fiercely independent of the United States. You cannot visualise today what you could in Beijing, visualise, say, two decades ago: Russia becoming an adjunct to NATO, an adjunct to the United States, and an instrument in Western hands for pressuring China. If that were to happen, then China's situation would be very different. Of course, Beijing is a short flight from the Russian border, as we all know.

I think that they very much appreciate Russia's general, and I would genuine, friendliness towards China. They also appreciate that Russia essentially supports them, and has always supported them, despite the Sino-Russian split, on the issues that form China's core interests, be that Taiwan, be that Tibet, be that...

CHARLES GRANT: [Inaudible]?

DMITRI TRENIN: Yes, well, Xinjiang. Such [inaudible] between Russia and always with China. I think that the Chinese appreciate Russia for what it's worth, but for them, leaping from a position of Soviet Union's war or the Soviet Union's adversary to a position of Russia's superior in so many coalitions, but also a difficult somersault psychologically. They're still threatening [?] them.

I think that as long as China is led by the present part of the CPC leaders, even in its fifth generation, the relationship will be fine. If the Chinese political scene becomes dominated by a bunch of nationalists, which might happen, then the relationship could be seen in a slightly different light.

FRASER CAMERON: I think it's fascinating that there are so many more Russians going to China than vice versa. Just to give you an anecdote, I've just come back from a couple of days in Siberia; at the University of Tomsk, where just ten years ago there were less than 100 Chinese students, there are now several thousand Chinese students studying, but they don't mix.

They actually have separate accommodation; they simply go to the class, they're all doing scientific studies, come back to their own quarters, eat, cook, socialise amongst themselves, and then eventually will go back to China. There's absolutely zero people-to-people interaction there; it's very strange.

Charles first and then there's a few others coming in.

CHARLES GRANT: Just a couple of comments on the Russia-China relationship. When Dmitri and I were in Beijing a few weeks ago I was told by Chinese sources, probably not the most reliable ones, that Putin

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had proposed a military alliance between Russia and China when he met Wen Jiabao last autumn. Dmitri tells me that's not true, and I believe Dmitri.

In any case, if Putin did propose that, the Chinese government would not agree to it, because one difference between Russia and China is that the Chinese are still, for now, very reluctant to upset the US too much. Hu and Xi [?], at least, have not yet given into the nationalist logosphere and they want to have a good relationship with the US, would know that a military alliance with Russia would really, really upset the US, so that's not on the cards, although, of course, the Global Times, which is a nationalist newspaper, is in favour of that, and there are Chinese think-tankers who would like a military alliance.

Just one comment on the growing imbalance between Russia and China; I think I agree with Dmitri when he says in his CR book that Russia and China are getting on better now today than any time in the entire history. I think he's right about that, but even if for now it seems on the outside that President Putin is much more concerned about US power than Chinese power, let me just quote one senior Russian official that both Dmitri and I know, and he has to remain anonymous, so I quote in my little book.

He talked about that there's been a reset between Moscow and Beijing in recent years, but he worried how long the reset could be maintained; quote: the reset's been based on our accepting that we are no longer the senior partner – that's Russia – and their accepting that we won't be a junior partner. This is a partnership not an alliance, and it will work for five or ten or possibly 20 years, but it will be hard to maintain that equality if our economy continues to grow more slowly.

I think that is a real worry in the Russian, at least in some sectors of it; if the economic imbalance goes on tilting ever further in China's favour, then will the Chinese respect the Russians?

FRASER CAMERON: There are a couple of comments over here.

DANIEL KEOWN: Thank you. Daniel Keown [?] from Freder [?]. Actually, my question follows on from Dmitri and Charles' comments. Dmitri, you mentioned the Beijing view that it's very convenient that Russia is relatively weaker but remains fiercely independent of the US.

I wonder, based on what Charles just said, looking over the medium-term, would it not be more tempting for the Russians to start thinking about eventually cosying up with the US to help constrain China, given the rapid growth rates, the size of the country, double the defence budget of Russia, and growing influence in Central Asia and, indeed, the Middle East? Perhaps over the next ten to 20 years it could be the Russian-American relationship that becomes more tactically important than the Russian-Chinese.

THERESA FALLON: Hello, I'm Theresa Fallon from the European Institute of Asian Studies. I just want to follow up with Dmitri about your comment about the South China Sea, and you mentioned this sending two messages to the Chinese by having a military exercise and at the same time Russia companies were investing in offshore oilfields in Vietnam.

This is a very interesting aspect, because in interviews I've conducted it seems that the Russian oil companies are just acting completely independently of the government, that the government really has no control over what they're doing in that region.

Second, this is a big thorn in the side of Chinese-Russian relations, because China will pick on Vietnam or the Philippines, but they won't dare touch the Russians in that region. The Soviets have been there, it goes back to the Soviet period; we have Soviet offshore drilling in Vietnam. These fields are already in

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disputed water; it's not even questionable, it's already in disputed water, but you never ever hear the Chinese complain about the Russians in that area.

I'm wondering, when push comes to shove, as that areas becomes more and more tense, will China ever confront Russia in regard to the South China Sea. Thanks.

FRASER CAMERON: I hope you didn't believe anyone who told you there was no link between energy companies and politics, Theresa.

PAUL FLAHERTY: Paul Flaherty, freelancer based in Brussels. I just want to pick up on Dmitri's point, because I think one of the things you could say in which the Russians have been consistent over the last 20 years, certainly in the security sphere, is that they want a pan-European treaty on security.

One of the ironies, paradoxes, is that we in the West, who are saying we want a rules-based international system that Russia plays in, have consistently pushed back against any such treaty. Perhaps Charles could comment on that.

FRASER CAMERON: Let's take these three. Dmitri first.

DMITRI TRENIN: I think that a proper geopolitical description of Russia would be a Europe with certain power or [inaudible], and that when you say Pacific rather than Asia it broadens your horizon tremendously and you look across the pool of water to the United States.

I think that what you are talking about is not lost on the Russian strategists. People were worried here in Europe that the Mistral ships would be based in the Black Sea. What nonsense. That is not really strategically important for Russia. I think it's going to be based in Vladivostok.

Ostensibly, people talk about that ship being some kind of deterrent element with regard to Japan, which has claims on Russian South Kurile Islands, which are in dispute. In fact, Russia is engaged, I think, in building its new military force in the East, but it's doing so in a very slow, very calculated manner, not to antagonise the Chinese. It doesn't want to antagonise the Chinese, but it doesn't want to be seen as a pushover.

The United States, clearly, is a factor in the Russian [inaudible]. It does mean that Russia will foresee... unless Russia sees a Chinese policy towards itself as clearly hostile, Russia will not side with the United States against China. United States is a factor that will help Russia restore some kind of balance, but only after that balance will have been disrupted by the Chinese. There is nothing that the Russians will do to invite Chinese adversity, Chinese hostility towards them.

Of course, I share Fraser's view that especially in Russia, oil companies and energy companies, more broadly, work hand in glove with the government. Talking on gas companies there, the... Some people say it's Gazprom that's driving Russian foreign policy; other people are saying that it's Russian foreign policy that's using Gazprom as an instrument. In any event, the relationship is thicker than anyone can imagine.

Now, the oilfield that Gazprom is looking at in the South China Sea, not... they would have exploited it in Soviet days, away from the disputed territories, but the Chinese are afraid that Russians could [inaudible].

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I don't think that they will do it, but, certainly, they are pursuing about the passive strategy toward China. It's not only oil; China complains, but not officially – Chinese scholars and Chinese officials privately complained about Russian arms supplies to Vietnam. Vietnam has been a challenge most serious, a declared enemy of its in that part of the world, and the Vietnamese know their hardware all comes from Russia and what used to be called the Soviet Union.

Russia continues to supply the Vietnamese with military hardware, and the Chinese can't do anything about that. China also sees that India gets more and better arms from Russia than China does. That will be my response to your question.

Paul, treaties, in my view, are not the way to get European security. I think that, for Mr Medvedev the idea was to sign a treaty which would obligate maybe [inaudible], that was the only relevant article really that Russia was looking at.

John Kornblum here was a member of a commission that Carnegie initiated, a European Security Initiative in Istanbul [?]; we talked about creating a security community. I think, it might be also that that is a plan [?] - not signing the treaty, not having real guiding [?] instruments by creating totally independent relationships in this part of the world. Frankly, I think that [inaudible] maybe more or less answers your question.

FRASER CAMERON: Charles?

CHARLES GRANT: Just on that last point; I agree with what Dmitri says. I think the starting point behind Medvedev's proposals for a new European security architecture were not unreasonable. Russia's not in the EU or NATO and it felt lonely, and it didn't like the OSCE which it is in, because it can't control the OSCE's election monitors, which say things that Russia doesn't like, so it wanted something new.

Unfortunately, the precise proposals that Medvedev came up with were quite unacceptable to Western countries, in particular. Russia wanted a droit de regard over what happened in its neighbourhood, which the West was never going to sign up to. As far I know, these proposals are dead now, really dead.

What Russia should do is work out closer ways of linking to the EU and to NATO, and it's sad that the so-called Merseburg Process hasn't got anywhere. This is where Putin's suggestion of a committee linking together the EU and the Russian government to discuss common security challenges... Mrs Merkel said to Putin, well, if you help us solve Transnistria, then we'll play the game and make sure this new committee gets set up; but Russia has not yet helped solve Transnistria.

FRASER CAMERON: Mark, and then there was John too, and Pirkka.

MARK: Thank you, Dmitri and Charles, for this very comprehensive presentation. I'd like to just pick up one point on the bilateral relationship, the demographic factor; how do you think the demographic factor can play or will play a role in relations between China and Russia?

JOHN KORNBLUM: I think Dmitri put his point on the... at least for me, the heart of this discussion is that, for China and Russian, foreign policy is about themselves, in a very direct way, and not about global governance. What I see as the asymmetry here is that China, with all of its special situation, has essentially integrated itself with the global world.

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The number of Western corporations who have central headquarters in China is amazing; the bilateral trade between European countries and China and the United States and China versus trade with Russia, if you take away energy, is startling.

China has, over all of its blocking of internet and that sort of thing, have essentially allowed the global networks of American companies to take over their economic life, and so there's a major asymmetry going on here, which I think will probably in the end – I agree with, I forget who said it, that Russia ultimately, I think, start turning towards Europe rather than towards China, not because it will have had a big fight with China, but because that's the way they're going to see it possible for them to integrate into this bigger world, because they have a much more direct cultural and trade relationship.

I think you can't talk about these two countries now in the terms of traditional international institutions, including the UN. I think you have to talk about them in the question of who's integrating into this new global networked world and who isn't. China has taken a whole different course, and in the end we'll have a whole different development, I think.

FRASER CAMERON: What do you think about Dmitri's point that America should make a bigger effort to draw particularly Russia into various coalitions?

JOHN KORNBLUM: I agree with that completely. We were talking about this earlier; there's a small problem with that, and that is that the United States has no interest in Russia. That's why I think that Europe will start becoming a more important part there, because there's essentially only one major country – leave aside China for the moment – in the world that has an interest in Russia, and that's Germany.

The United States couldn't care less about Russia, as long as there's no security threat from Russia. We don't buy energy from them; our trade, I think, is something on the level of Nicaragua, although European trade is somewhat on the level of Switzerland; so that's the point: China is integrated into the Western system in the way that Russia will never achieve.

PIRKKA: Thanks to both of you, and I think that Dmitri is getting most of the questions here, and then from me as well. One thing which hasn't come up in the discussion that much is a fundamental historical difference between China and Russia; Russia has been an expansionist geopolitical power historically, as a continental empire, and has also wanted to strengthen its resource base through keeping what it calls the near abroad under control. China has opened up now, but has always tried to build through millennia on its own internal strengths, usually in a closed fashion rather than an open one.

Now, Dmitri, you mentioned Eurasian integration and you mentioned that as a, I wouldn't say a bulwark against China, but as, based on the old discourse, a way of strengthening your own resource base. John Kornblum mentioned the European anchor, and we do hear a lot from the Russians on the need to eventually move to an economic area, from Lisbon to Vladivostok.

Now, how do you see the Chinese reaction on the possible success? Let's talk first on Eurasian integration, and especially if Central Asia would integrate closer and would... and if the Eurasian Union would become more successful, how would that balance the relations between the two? Thanks.

FRASER CAMERON: Let's take these three.

DMITRI TRENIN: Mark, the demographic factor has always existed. Russia, of course, is not the Soviet Union; it inherited half the population of the Soviet Union; but even in Soviet days Russia would vastly

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outnumber the Chinese. This is just a fact that you could accept. The idea is not to try to achieve some kind of a balance, because if you transport the entire Russian population to the banks of the Amur River, they would only be able to balance for a brief period of time the population of the three neighbouring Chinese provinces.

I think that the issue for the Russians is not so much the numbers as the quality of the people, the productivity of the people, and the health of the people. It's that that truly preoccupies those few people in Russia who try to think strategically. Putin early on, as a very young president, you would recall, his first three or four presidential addresses were all focused on demographics. He is still pretty much interested in that. It's a big thing, there's no question about that.

One element of the gloom and doom scenario that was very popular, still is popular to some people, Chinese cross-border demographic aggression, that element is not really in play. The Chinese are not coming in huge numbers even though a few thousand of them maybe in Tomsk. There may be more Chinese in Moscow than there are in the entire Far East, but the Chinese find the Far East inhospitable, they find the Russian business climate hostile; climatically, they don't enjoy being in Siberia. Many of the figures are really exaggerated.

The issue is not that the Chinese will come and occupy the Russian territories across the border. The issue is that unless Russia finds a way to almost reinvent itself and become a dynamic economy, Khabarovsk would become the Harbin of the 21st century, a city that is formerly Russian, as Harbin was formerly Chinese back in 1898, but essentially operated by the Chinese, and this part of Russia will become simply an appendage of Northeast China.

This is a real possibility; it's not that people will move, it's that the space be carved and the Russians will kowtow even against their will to the Chinese. This depends on the Russians themselves, whether they can come up with an economic system, a political system to back it up, a legal system, so the challenges are huge and the prospects are uncertain.

John, I very much agree with your point that in order to counterbalance China or in order to secure a footing vis-à-vis China, Russia would need to move much closer to Europe. In fact, this is the only sensible prospect for Russia, because Eurasian immigration will not give Russia what some people always hoped it would. Russia will not become a major international economic or geopolitical player just because the former lands of the Soviet Union will associate themselves with it.

Russian trade with Kazakhstan and Belarus, the two countries with which Russia is having this relationship, is miniscule compared to Russia's trade with countries like China. The Russian-China trade is 83 billion, and this is more than anyone... Russia trades more with China than with any other country, of course. All European countries combined would be several times more than that, but Germany's trade turnover with Russia is 72 billion, and the United States is 32 billion. As you [?], it's nothing, absolutely nothing; that's what he said.

Pirkka, your question about the Eurasian union – I think the Chinese reaction will be: well, Chinese interests will not be directly affected; China will still be able to pump oil and gas from Central Asia. This is what counts most for China. China is not interested in integrating economically those countries. I think Chinese interests will be observed, but China will have to be cautious of Russian geopolitical interests.

From my private conversations with the Chinese, I hear, and I think I believe what they are saying... they're saying: we will do nothing to alienate the Russians; on the core interests of Russia, we will not, because we're hoping to get so much more from them on other issues.

FRASER CAMERON: Charles?

CHARLES GRANT: Just one comment, which I'll turn into a question for Dmitri; a lot of Russians in the think-tank community do say: we don't like this G2 world between the US and China that's emerging. The only way to stop that is for Russia and Europe to get close together and prevent the G2 world. This is what Karaganov published a report on a couple of years ago, saying this.

Now, it seems to me, as an outsider, that whatever some think-tankers might say, Putin in this third term has a clear orientation eastwards. When I said to this Dmitri in Beijing a few weeks ago, he said I was wrong, wrong to think that in his third term Putin is more anti-America or anti-West and leaning to the East, but if he is leaning to the East then obviously makes it impossible for Russia to get closer to the West and prevent the emergence of a G2 world.

My question for Dmitri is, can you explain - Putin's third term - what are the continuities and discontinuities in terms of his attitude towards the West?

FRASER CAMERON: I was at a meeting in Moscow, with about ten experts, on Monday and they were equally divided, Charles, on exactly that question: some were arguing East, some were arguing West, so I'll be interested to hear what Dmitri says. Before that, Dmitri, there was a question over there.

RICHARD MANSER: I'm Richard Manser [?] from the European Parliament. I would like to ask you something, Mr Trenin, because I was reading in your last article written, Diplomacia, and here you say that Mr Putin is potentially the only Russian leader who can do a deal with Japan on the disputed islands. It's already given Moscow's position in the Asia-Pacific a powerful boost.

Just because I'm very much interested in relating the relationship that Russia could have with China, if China gets more engagement in the Southeast China Sea. In the follow-up of the declaration of Mrs Clinton that the United States of America has to engage more in the Southeast China Sea, I wonder what is, according to you, the position that Russia will have in the future in that area of Asia? Thank you very much.

FRASER CAMERON: Jan and Michael, you wanted...? Jan and Michael, and then we'll go back to Charles.

MICHAEL: Thank you very much; it's good to see you and Dmitri in town, in general. I've a question, really, on the switch in the Medvedev-Putin tangle; do you, Dmitri, sitting in Moscow, see any significant development or change in foreign policy as a result of that?

The only thing that is really up there in Putin's shop window is indeed the Eurasian Union, and I wonder how you interpret the prospects of that materialising into something significant. There's the Ukraine question, there is the interesting stopover that Putin made in Tashkent to say hello to Karimov on the way to Beijing – anything come out of that? That's my question, thank you.

JAN TECHAU: One of the recurrent motives here in this discussion is the question of Russia being able to modernise itself economically. Much seems to hinge on this. Dmitri just said if Russia doesn't want to kowtow to China and the Far East it needs to reinvent itself. Charles earlier said that he's very pessimistic about Russia being capable of turning its economy around.

I've been Tweeting some of these things over the last hour, and one of the replies I got back from Berlin seems to actually sum this up; the question is: can they at all reform a resource-based economy? Is there

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a possibility for this, or is it a lost game to begin with? This will be my question, and I'll re-Tweet the answer immediately. Thank you.

FRASER CAMERON: I think Charles can start this time, and then Dmitri.

CHARLES GRANT: Let me start with a point on China, actually, which we touched on at the beginning of our discussions, that we slightly let fall, because I do think it's quite important. This is the impact of nationalism on Chinese foreign policy and therefore relevant for relations with Russia, with the West and global governance.

Something I picked up on recent visits is this; officials now say that nationalism is a significant factor in the policy they pursue in the neighbourhood. One reason why China has quite good relations with Russia, America and Europe, it doesn't have territorial disputes with those three. It has territorial disputes with most of its neighbours, many of them, and according to one deputy-minister – she said to me, if we wanted to compromise with Japan over disputes on islands, Senkakus, then the blogosphere would go mad, the Netizens would get so angry we'd have to back down, so we just can't do that.

Just one other quote from a very eminent Peking University academic who gets in to advise government leaders; he said to me when he wakes up in the morning he worries about the nationalist Netizens picking on him. He self-senses, when he writes newspaper columns frequently, as he does, he doesn't say what he thinks, not because the government or the party would be annoyed, but the Netizens would be annoyed, so he's very worried about it.

It's a comment, but also I'd like to hear what Dmitri and others here think on this. It seems to me that there's a risk that Chinese foreign policy will become increasingly driven by nationalist Netizens, and, if so, this will make its relationship perhaps with Russia a lot more different, its relationship with America more difficult, and probably it will be less willing to engage with global governance.

On the question that Jan put, can Russia reform - as I said earlier, I don't know. I think you'd need to have a leader who's tough enough and nasty enough and powerful enough to take on vested interests who would lose out dramatically from a serious attempt to rebalance the Russian economy.

There are people in the Russian government, Russian leadership group, who don't want to rebalance and they say, we're doing fine, we're a natural resource economy, the oil price is high, life is good, who needs to rebalance the economy, let's just go on the way we are. In the short-term, that's always easier than trying to build up manufacturing industries or service industries, but I myself don't see much evidence of anyone getting serious about reform.

Medvedev obviously said all the right things, did very little - did a few things, but did rather little, and now that he's been demoted to Prime Minister, one suspects he'll have even less clout. Dmitri's obviously the best person to answer that, not me. I'd really like to hear Dmitri's views.

FRASER CAMERON: On that instance, we did some research on this, Charles, and Netizens actually get most of the information from the State-controlled media in China, so they're reacting to that. It's a very, very small minority that are actually looking at international site [inaudible]. Dmitri?

DMITRI TRENIN: Thank you. On Putin's orientation, we can have different views, but I think it's best to produce some kind of evidence to support our views. One piece of evidence that I could even pull out of my bag would be Putin's decree on Russian foreign policy, which was signed on the day of his

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inauguration. It has, I think, four or five short paragraphs on relations with the United States; it has one line on China, one line - a very nice line, but one line.

My second piece of evidence is Putin's travels in the last six weeks, his first six weeks of the presidency. He first went to Belarus to make a symbolic point about post-Soviet emigration; he then visited Berlin and Paris; he then held court in St Petersburg for the EU. He then cancelled his trip to the US, for whatever reason - I think the reasons he gave were the true reasons; I think he needed some time to rebalance people in his own entourage, and that takes precedence to foreign policy. He then visited Uzbekistan, before coming to China. He went to China, he saw the SCO people, he saw Ahmadinejad, and then he went on to visit the G20 summit in Mexico. He's now back in St Petersburg to hold court to the St Petersburg Economic Summit.

I would say that Putin is someone who thinks of Russia as a strategic unit, as a country that will not dissolve into any large movement. That, for him, is the true essence of the phrase Great Power. If you're a Great Power, you decide for yourself, you drive your own car; you're not sitting in the backseat, you're not bandwagoning.

Of the countries that are most important for Russia, of course the neighbourhood is important, because you want to feel fine in your neighbourhood, but your neighbourhood is hopeless in terms of giving you what you need in order to put yourself onto a higher orbit. The countries that are Russia's biggest resource economically are the countries of the European Union. That's a clear priority for Russia.

He also believes that China is exceedingly important for Russia's policy in Asia, which starts right across the Urals. Russia's policy in Asia is not so much about foreign policy; it's about making sure that Siberia and the Far East remain Russian. That's essentially the main thrust of Russia's foreign policy in Asia.

I think that Putin is a nationalist, a Russian nationalist, for whom Russia is very important. He is a post-imperial nationalist; he's not an imperial, he doesn't want an empire for the sake of having one. He would need the economy [?] of Ukraine, but at the end of the day I don't think that he will accept Ukraine, even if Ukraine were willing to, on the terms that would not suit his interests as he sees them, which means that Ukraine will probably stay away, which is, I think, best for Ukraine and for Russia. That's where we are on this.

Japan - I think that for Russia to be able to do what it needs to do in the Far East, it needs to turn Japan into what I call an Asian version of Germany for itself. We have a relationship with Japan that would be similar to the relationship that Russia now enjoys with Germany. Now, I think that Putin is essentially ready for that, and I think that the Japanese are still not ready to fully accept the notion of a compromise rather than the notion of Russia giving back what rightfully belonged to the Japanese. The Japanese are still basically saying that you cannot negotiate over part of your body. To the Russians, it's a different thing. We'll see, it's not...

Putin would be able to... I think he's the only leader who would be able to do that. Whether he will have an opportunity, a chance, to do that, I don't know. He needs a partner in Japan which will not be negative at this point. Russia will have to navigate between the United States and China more and more as Russia has inserted itself into Asia, has become more active in Asia, has joined the East Asia Summit. The big, big question for the Russian foreign policy community is how to navigate between China and the United States. It's not siding with China against the United States.

Now, Michael, Putin-Medvedev - I would call Medvedev Putin-free, especially as far as foreign policy is concerned. A lot of people think of Putin as something very simple, something of one piece. In fact, when

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I look at Putin's foreign policy, I see three foreign policies; the first foreign policy was Putin One, the policy described in Putin's Bundestag speech in 2000. Putin Two was, I just explained, best reflected in Putin's speech in Munich in 2007. Putin Three was the recent Putin; so Medvedev, in my thinking, is the Putin Three.

Medvedev is not so much a partner to Putin; he is a partner, but he is more an extension of one of Putin's sides. He is an alter ego of one of Putin's many sides that he was using for very clear purposes within the country and internationally. What Putin Four will be, I don't think that Putin knows yet.

The Eurasian Union – I think I answered the question about Ukraine, and I don't think that Uzbekistan will join, not just [inaudible]. I think it's going to be reasonably successful, because it will, I think, have to factor in two constraints; you do not enlarge beyond the three very much, and you do not deepen, you do not try to build a political superstructure, you will try to build a superstate, because for both Kazakhstan and Belarus independence means, first and foremost, an independence from Russia.

Jan, can they try to – I don't know... can you reform a resource-based economy? We'll see. It's a question... Russia is surprised maybe, and I think many others, in all sorts of ways, sometimes positively, sometimes, maybe more often, negatively, but Russia is a country that's bound to surprise, so expects to be surprised. In what way, I don't know.

Nationalism on the rising China – I think that it will be on the rising China. I said in my earlier remark that a more nationalist China would probably be a China that would create more problems, including with Russia, and that would change the calculator [?] for Russia. When the Russians look ahead they see a continuation of, from their perspective, fairly reasonable foreign policies by the Chinese leadership, and they hope that this continues.

They know that communist governments do not last forever, and they also know that in all four communist countries communism was initially succeeded by nationalism. In quite a few of them, it was, very briefly after that, succeeded by European integration and many other good things, but in those countries much less there's a prospect of European integration, it was nationalism that won the day, and if it wins the day in China it will be a different China.

FRASER CAMERON: I think you both agree that the challenges are huge and the prospects are uncertain as regards Russia, China, and global governance. I think the same could be said also for the European Union. I was struck too by the point you made about the way both Russia and China look at global governance essentially from a domestic perspective.

I think only the EU has been an actor that's tried to go beyond that in terms of normative signs of trying to bring in issues like human rights, democracy, rule of law by ICC, and climate change which we've unfortunately not been able to touch on. Whether this will now affect how the EU sees global issues as a result of the current crisis is going to be a big issue as well.

Finally, I think it's important as a historian to recall that we're perhaps moving back to what was normal for most of world history. The last couple of hundred years has not been normal in terms of the Western domination of the global system, and we're now perhaps moving back to what was the norm in terms of the balance for several thousands of years.

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I think we've had a very enlightening discussion. I want you to join with me in thanking Charles and Dmitri for coming along, Jan for hosting us here, and hope you will relive [inaudible] and also continue to take part in further events as we've had today. Thank you very much.