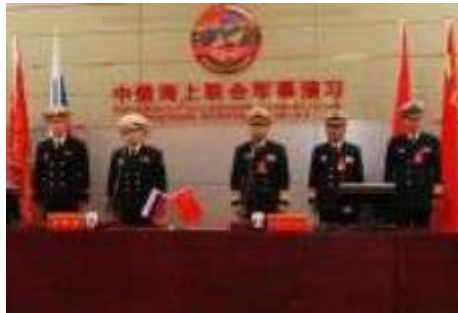


Joint China-Russia Naval Exercises in Yellow Sea

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international / peace/war / other press

CHINA and Russia yesterday launched their first joint naval exercises, raising strange new dynamics in the balance of power in the Asian region that has seen the US and India rattling sabres and tensions rise between China and its neighbours over territorial claims.



News of the exercises came as Japan splashed billions of dollars through the countries of the Mekong delta - Thailand, Vietnam, Cambodia, Laos and Burma - to offset China's growing influence.

Included in Japan's beneficence was a separate cancellation of Burma's entire \$3.5 billion debt to Tokyo.

The six days of Chinese-Russian drills are taking place in the Yellow Sea off the city of Qingdao in Shandong province on China's east coast, the official China News Service said.

China and Russia have held four joint military drills since 2005, but these are the first dedicated naval exercises, a Chinese expert said.

Yin Zhuo, who advises the Chinese navy, said the number of ships involved was unprecedented - China has 16 naval vessels and two submarines taking part in this exercise while Russia has four warships.

"Both sides will have deep exchanges in terms of tactics and technology," Mr Yin told state television.

The exercises - which China said yesterday were aimed at upholding regional peace - could worry China's Asian neighbours.

Beijing and Tokyo have a long-running dispute over a chain of islands, called Diaoyu by China and Senkaku by Japan, which sit in rich fishing grounds that may harbour lucrative energy resources.

Further south are groups of mineral-rich islands contested between China, The Philippines and Vietnam.

Japan's defence ministry said in a recent report that China was becoming increasingly active in

waters near Japanese territory while Russia was holding more frequent military exercises in its far east region.

It another flare-up that erupted earlier this month, China and The Philippines dispatched vessels as they lay claim to a group of islands in the South China Sea. The islands are said to be rich in oil and natural gas and straddles strategic shipping lanes vital to global trade. Last Friday, India successfully tested a nuclear-capable missile in a move aimed at China.

The locally built Agni-V missile can now travel 5000km - or comfortably as far as most of China, including Beijing and Shanghai, which many in India view as a decisive step in narrowing the nation's military gap with its neighbour.

"India has finally reached deterrence parity with China," said Bharat Karnad, a security expert at the Centre for Policy Research, a New Delhi-based think tank.

In return, The Global Times, a tabloid published by China's Communist Party mouthpiece, the People's Daily, warned India not to be "arrogant" "India should be clear that China's nuclear power is stronger and more reliable. For the foreseeable future, India would stand no chance in an overall arms race with China."

To counter China's influence in the fast-growing, resource-rich region, Japan yesterday said it would provide Burma, Thailand, Vietnam, Laos and Cambodia with \$7.18bn in development aid over the next three years to help build up infrastructure, including high-speed rail, port and water supply projects.

Tokyo said its decision to erase the debt owned by Burma came because "it is essential for the people of (Burma) to be able to enjoy the fruits of reform taking place".

The US and Australia have eased some key sanctions against Burma, and the EU has indicated it will probably suspend most measures next week, but Japan, Burma's largest creditor, is the first developed country to reach a deal on outstanding debt.

For Burma's President Thein Sein, who last week became the long-isolated country's first head of state to visit Japan in 28 years, the bilateral deal with Japan removes a multi-billion-dollar debt hurdle that had made it difficult to access new funding from a country that had once been one of Burma's biggest benefactors.

Japanese companies are eager to tap into the newly emerging Burmese market.

The country's business association Keidanren called on the government last week to resolve the debt issue so firms could invest in potentially lucrative infrastructure projects in Burma such as railroads and electricity.

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