

## CHINA'S POLICY WITHIN THE SHANGHAI COOPERATION ORGANIZATION

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The Shanghai Cooperation Organization (SCO) as a new international institute has gained a firm foothold in the political life of Central Asian countries. Several large projects are currently being implemented under the SCO's auspices that can bring far-reaching changes in the region, eventually *altering the balance of forces on the Eurasian continent in favor of China*. The SCO's especially promising projects include a SCO free trade area, to be created by 2020, and a regional antiter-

rorism structure, the first of a kind in the Central Asian region. Furthermore, the SCO has started showing ambitions of a political player whose interests extend beyond the collective national interests of its member countries and have a pronounced geopolitical character.

The Organization is striving to encompass the key areas of activity in Central Asia, at the same time working to consolidate the member countries' foreign policy efforts in dealing with common tasks (one example of such cooperation is the decision to bring the SCO into the peace process in Afghanistan). As of late, the Organization has been taking practical steps to become a system-forming factor, a paradigm of regional development ensuring conditions for the advancement of the Central Asian region—its security and effective interaction between its member states. There is good reason to suggest that without the SCO, these two factors in Central Asia's development would be less organized: Both security and multipartite cooperation required the establishment of a "center of gravity" in the region, such as the SCO.

Today, the SCO is also an important factor in a general restructuring of interstate cooperation mechanisms, political configuration and the security situation in Central Asia, as the groundwork for a new economy is being laid. A multilateral economic and security interaction mechanism that is evolving within the SCO has a positive impact on the development of relations between individual member countries, as well as their interaction with extra-regional players and other international organizations. These relations are being built on what is seen as collective priorities. But taking into account the real role of China and Russia, the SCO initiatives require a more thorough analysis.

Alongside the changes in interaction between countries in the region, the SCO has yet another important effect on the Central Asian republics and the world as a whole. The SCO "introduces" China to Central Asia as an inalienable element of regional politics and economics, strengthening its positions, and considering the SCO's ambitions and its potential as a global organization, it also provides a major channel for China in its aspiration for the role of a new regional and global power.

Today Beijing has entered an active phase of using the SCO in its own interests, attempting to change the geopolitical balance and the system of internal and external relations in the Central Asian republics that have evolved over the 15 years since the disintegration of the U.S.S.R. Kazakhstan is actively involved in the SCO project, proceeding from its own national interests; but from every indication, the continuation of the "Shanghai process" will have a not entirely favorable impact on Kazakhstan's security. The negative trends that are evolving with respect to the Republic of Kazakhstan stem from the place that the PRC is striving to take in the Central Asian region, as well as the goals that the Chinese side has set itself, and that it intends to achieve through the SCO.

- **At Stage 1** of the Organization's development, there were considerable differences within the Chinese leadership over prospects for the SCO. A "conservative wing" regarded it as a mechanism for repulsing threats to China's security and integrity from Central Asia, in particular the radical Islamist groups based there and seeking to take control of China's north-western provinces through their secession. But the liberal pragmatic part of the Chinese establishment did not believe in the viability of the SCO, seeing it as little more than a propaganda vehicle that Russia wanted to use for stopping the expansion of NATO's zone of responsibility and the U.S.'s influence in Central Asia, and that the SCO did not have any long-term importance for China.
- **At Stage 2**, Beijing, after all, set the goal of preserving the SCO and using it not only for repulsing separatist "attacks" but also to advance Chinese economic interests and political influence in Central Asia. The advocates of the SCO argue that China could formally become

the Organization's leader by hosting its headquarters and thus strengthening its political positions in the region. Skeptics stressed that it was still unclear exactly how the SCO could deal with tasks that were of vital importance for China, on the practical level, also suggesting that the SCO was an element of Russia's policy of containing China in the Central Asian region.<sup>1</sup>

Amid such divisions, Beijing pursued a multi-tier policy with respect to the SCO:

- supported formal initiatives designed to expand the SCO's scope of activity and its consolidation on the organizational level;
- sought "moderation" so as not to provoke a retaliatory reaction from Russia, which could have seen Beijing's "activism" as a threat to its interests in Central Asia;
- at the same time started intensifying its activity in the trade and oil and gas sphere; and
- worked to strengthen bilateral contacts with each of the SCO member countries.

- The events in Kyrgyzstan in the spring of 2005 marked the start of **Stage 3** in the evolution of Beijing's strategy toward the SCO. First, Beijing proved to be unprepared and did not know exactly how to respond to the events in Kyrgyzstan, and second, it saw that the SCO was, on the whole, not ready for collective actions amid an ongoing political crisis in one of its member states. China was not only concerned by the future of Chinese-Kyrgyz relations and the negative fallout from a power vacuum in Kyrgyzstan for regional security, but also saw the danger of extremist forces within Kyrgyzstan's 50,000 strong Uighur diaspora raising their profile.<sup>2</sup>

The events in the Republic of Kyrgyzstan—against the backdrop of the Color Revolutions in Georgia and Ukraine—prompted Beijing to take a broader view of the ongoing developments in the entire post-Soviet area in the context of Russian-U.S. partnership/rivalry and their possible implications for China's interests.<sup>3</sup> Beijing was concerned by the turn of events in the CIS area, including within the SCO. The PRC is seriously concerned by the possibility of Moscow giving the U.S. access to the CIS area, while this does not at all correspond to the Chinese interests in the region. At the same time, China is faced with a hard choice—follow Russia, play its "own game" or bet on the American factor.

In reality, however, Beijing is moving along all of these three lines at once. It shows readiness for dialog with Russia on the SCO's political stability. It is starting to prepare for an unfavorable scenario in other countries and developing its own line of conduct with respect to the SCO. Its components will include proactive Chinese diplomacy, both formal and informal, and the development of dialog with the U.S. on Central Asia's problems. China would also like to see tripartite—Russia-U.S.-China—cooperation in Central Asia, although realizing that thus far this is an unviable proposition.<sup>4</sup>

The Chinese position is that the struggle between foreign powers and the existence of different political organizations in the region has a negative impact on its development. But it had to join this struggle, pursuing its own interests. The existing conditions tie China to the global trading system,

<sup>1</sup> See: Li Lifan, Ding Shiwu, "Geopolitical Interests of Russia, the U.S. and China in Central Asia," *Central Asia and the Caucasus*, No. 3 (27), 2004, pp. 141-142.

<sup>2</sup> See: Ya. Berger, "China's Grand Strategy in the Eyes of American and Chinese Scholars," *Far Eastern Affairs*, No. 1, 2006.

<sup>3</sup> See: Ji Zhiye, "Novye problemy kitaiskoi politiki v otnoshenii gosudarstv Tsentral'noi Azii," in: *Kitai i Tsentral'naia Azia: sotrudnichestvo s tseliu obespecheniia regional'noi bezopasnosti i protsvetaniia*, Documents of a Scientific Conference, 13-14 September, Urumqi, 2005, pp. 18-19.

<sup>4</sup> See: R. Mukimdzhanova, "Central Asian States and China: Cooperation Today and Prospects for Tomorrow," *Central Asia and the Caucasus*, No. 4 (28), 2004.

compelling it to play a more active and responsible role in the outside world, on the one hand, and setting itself the goal of taking control over new external sources of hydrocarbons that are now rather distant from China's economic growth points, on the other hand. Should the PRC fail to occupy a privileged position on the global scale—that is to say, should it fail to win recognition as a global power—the country will be doomed to increasing dependence on external political and economic conditions.<sup>5</sup> Therefore, China's current strategy is driven not only by the ambitions of the country's Communist leadership but primarily by the objective needs for development.

In so far as geopolitics hinges on the lineup of external forces, regional and global strategy, the geopolitical configuration that had evolved in Central Asia after 2001 had important implications for China's policy. One of its outcomes was that the geopolitical space with respect to the PRC had substantially shifted in the direction of the Central Asian region.

Analysis of regional factors helps better understand China's interests.

**The security factor.** Initially, in its relations with the newly independent states of Central Asia, Beijing proceeded solely from its own security interests.

As is known, the first five to seven years of the 1990s saw a rise in separatist movements in the Xinjiang province. In that context, the Chinese leadership was faced with the task of ensuring the security of the country's western borders by promoting "moderate" cooperation with Xinjiang's Central Asian neighbors. Therefore, China deliberately limited its interaction with Kazakhstan and other Central Asian countries to cooperation in sphere of antiterrorism and counter-separatism, which were priorities for it at that time. Trade and economic contacts between the countries' borders areas were developing spontaneously.<sup>6</sup>

As the PRC strengthened, advanced its economy, and gained international weight, Beijing's interests in the region also expanded, including its security interests.<sup>7</sup> Today, reading into the U.S. and NATO policy attempts to "encircle" continental China with the aim of "containing" its further growth, the Chinese leadership still sees Central Asia as a key factor in its security. Furthermore, the importance of this factor has grown considerably in the past few years due to the complex geopolitical situation in the region as a whole and China in particular. As the risks and threats intensified, Beijing had to face up to reality: it is impossible to build and advance a viable national security system without factoring in Central Asian.

Its national security interests are compelling the PRC to intensify cooperation through the SCO and to expand its presence in the region. An ideal situation for the Chinese side would be to deepen relations and achieve a level of influence in Central Asian that would enable it to control the overall situation in the region and regulate the principal trends in the security sphere.

**The economic factor—the need to develop western parts of China.** The adoption of a strategy for large-scale development of the PRC's western region in the late 1990s marked a significant shift in Beijing's interests with respect to Central Asia. By that time, Beijing had clearly defined the role of its western region in the process of the country's general modernization: 12 administrative entities of the western region had started playing a key role in the country's development. It became evident that unless the country's leadership managed to lift this vast region (accounting for almost one half of the PRC's territory) out of depression, that would jeopardize not only the economic but also sociopolitical security of China.

<sup>5</sup> See: Zhang Yunling, "Dui Wo Guo Wai Xiang Fazhan Zhanlue de Fenxin yu Fansi (Analysis of China's Extensive Development Strategy)," *Dangdai Ya Tai* (Studies of the Asia-Pacific Region), No. 8, 2006, pp. 3-11.

<sup>6</sup> See: Zhao Huasheng, "China, Russia, and the U.S.: Their Interests, Postures, and Interrelations in Central Asia," *Central Asia and the Caucasus*, No. 5 (29), 2004, p. 116.

<sup>7</sup> See: Pan Guang, Hu Jian, *21 Shiji de Di Yi Ge Xin Xing Qucheng Hezuo Zuzhi. Dui Shanghai Hezuo Zuzhi Zonghe Yanjiu* (The First Regional Cooperation Organization of a New Type in the 21st Century. Comprehensive Analysis of the SCO), Beijing, 2006, pp. 21-24.

China has assigned the Central Asian resources strategic importance in the implementation of its regional development strategy. Indeed, to invigorate economic activity in China's western provinces, it would be expedient to channel the activity of local producers in the direction of neighboring Central Asian countries, as well as Russia and Mongolia: although they do not measure up to the level of developed economies, they are good enough for China's western provinces and can effectively stimulate their progress.<sup>8</sup> Furthermore, it is rather difficult for these PRC provinces to compete with the enterprises based on China's eastern coast, which are a general rule oriented toward more developed markets. Therefore, Central Asia and the Russian Federation is the only unoccupied niche for the economy of China's western provinces.

**The energy factor.** Another powerful argument in favor of China's proactive policy toward Central Asia is its energy resources.

As is known, in 2005, the PRC's economy consumed more oil than did the U.S. economy.<sup>9</sup> The country's energy shortage is increasing, and despite special government programs designed to develop domestic extractive sectors of industry, the Chinese economy is becoming more and more dependent on the import of hydrocarbons. And although Beijing does not intend to change the principal routes for oil imports in the foreseeable future, it is increasingly inclined to diversify hydrocarbon sources.<sup>10</sup>

Considering that China's principal oil suppliers are Persian Gulf countries, regional instability, alongside a complex of problems caused by the U.S.'s Middle East policy, is prompting Beijing to accelerate the search for strategic solutions in this area. An additional factor in the invigoration of energy cooperation with Central Asia is the PRC's aspiration to boost hydrocarbon production by Chinese companies through an expansion of their presence in various parts of the world.<sup>11</sup>

The PRC's choice in favor of Central Asia as a convenient object for the application of Chinese oil producing companies' resources is only natural.

**The geopolitical factor.** Securing the role of a regional center of force in Central Asia will enable China not only to secure its "rear areas" by ensuring the security and development of Xinjiang and other western provinces, but also to deal with outstanding geopolitical problems. Its geopolitical domination in Central Asia will provide Beijing with additional sources for enhancing its strategic power by:

- strengthening military-political security (due to Beijing's geopolitical domination in Central Asia, sources of potential threats will automatically retreat behind the Caspian Sea, which on the whole places China's territory beyond the reach of long-range strategic missiles from the west);
- securing extended control over the situation in Central Eurasia (due to its geopolitical domination in Central Asia, China will be able to obtain additional instruments to advance its influence to the Middle and Near East, South Asia, and the Caucasus, as well as to establish control over the situation in Afghanistan);
- gradually ejecting the U.S. from the Asian part of the continent, which would give China additional security guarantees in the event of a conflict over Taiwan (in the long term, the scenario for the ejection of the U.S. looks quite realistic, given the potential for China's economic influence in Asia: the strengthening of the PRC's economic influence will inevitably strengthen its political role as well);

<sup>8</sup> See: Zhang Ming, "San Jinrong, Zhong Ya Guojia Fazhan Dui Zhongguo Xiang Xi Kaifang Zhanlue de Yinxiang Pinxi (The Impact of Central Asian Countries on the Development of China's Western Province)," *Eluosi Zhong Ya Dong Ou Shichang* (The Market of Russia, Central Asia, and Eastern Europe), No. 8, 2006, pp. 9-20.

<sup>9</sup> See: Li Fenglin, "Potentsial energeticheskogo sotrudnichestva mezhdru Kitaem i Kazakhstanom," in: *Kazakhstan i Kitai. Strategicheskoe partnerstvo v tseliakh razvitiia*, Documents of a Scientific Conference, Almaty, 2006, pp. 36-37.

<sup>10</sup> See: Sun Zhuangzhi, "Tuidong Qucheng Jingji Hezuo (Advancing Regional Economic Cooperation)," *Renmin ribao*, 9 June, 2006, p. 7.

<sup>11</sup> See: L.M. Muzaparova, "Kazakhstansko-kitaiskoe energeticheskoe sotrudnichestvo: otsenka potentsiala i napravleniia razvitiia," in: *Kazakhstan i Kitai: strategicheskoe partnerstvo*, Documents of a Scientific Conference, IMEP, Almaty, 2006.

- expanding geographic space for its further economic growth (the PRC will have better access not only to post-Soviet but also European markets);
- receiving guaranteed deliveries of energy and other strategically important mineral resources;
- securing additional leverage over Moscow, etc.

At the same time, even though security and geopolitics in the context of its relations with Central Asia are of critical importance for Beijing, economic and energy factors have considerably strengthened, serving Beijing's security interests and providing an incentive for its advancement in the region, as well as in the SCO.

One weighty argument in favor of a review of its Central Asian policy is that China's energy security may to a certain degree be dependent on the will of Washington, which will control export oil flows from the Caspian region.

In the present context, it becomes evident that from Beijing's perspective, it is all the more important to secure a privileged position in the region—as a means of preventing the growth of U.S. influence, which could hinder the implementation of the PRC's plans, as well as in the interest of developing its energy sector.<sup>12</sup> Some experts believe that all of this will eventually lead to fierce competition, primarily between the U.S. and China.<sup>13</sup> This scenario is borne out, among other things, by the Chinese view that “due to considerable differences in culture, history, etc., the United States has to go a long way in Central Asia” before it can occupy a more or less influential position here, while “cooperation” along this path with Russia and China is a “necessity” or rather inevitability for Washington.<sup>14</sup>

With these geopolitical trends continuing, the Central Asian region might soon become a source of risks to China's security. In so far as Beijing treats the changes that have occurred following NATO's growing presence in the region as long-term threats to its security, the Chinese leadership chose a new tactical line. This line is marked by a striving to expand its sphere of influence as far as possible, to drive its Western competitors from some important areas of cooperation, and to provide increasing support to the Central Asian republics. To this end, China intends to tap such resources as financial and economic activity, cooperation with the RF, the SCO, etc. Although China maintains that its policy with respect to border states “does not pursue the goal of restoring vassal like relations with neighboring countries like those that existing during the Chinese empire,” nor seeks to “establish hegemony or leadership in the region,” and furthermore, that “the PRC completely respects the prevailing architecture in the Asian region and respects the U.S.'s presence and interests in this region,”<sup>15</sup> the real logic of such policy presupposes the aspiration by any state to secure geopolitical advantages in the interest of tackling national development problems. This aspiration strengthens considerably if it applies to states that are riding the crest of the wave of a national upturn and development, as the PRC is today.

Analysis of statements and conclusions that are being made today by leading Chinese think-tanks, which have a substantial impact on Beijing, suggests that it has reviewed its Central Asia strategy. And although there is no consensus within the Chinese establishment on the issue of China's strategy toward the United States, the general vector of its Central Asian policy must have been agreed to. In this connection, the decision was made to include the goal of acquiring strategic advantages in the Central Asian region among the priorities of China's Foreign Ministry. Therefore, Beijing's principal

<sup>12</sup> See: Hu Hao, “Tendentsii energodiplomatii mirovykh derzhav i perspektivy kitaisko-kazakhstanskogo energeticheskogo sotrudnichestva,” in: *Kazakhstan i Kitai. Strategicheskoe partnerstvo v tseliakh razvitiia*, pp. 40–41.

<sup>13</sup> See: M.K. Bhadrakumar, “Foul Play in the Great Game,” *Asia Times*, 12 July, 2005; A. Cohen, “Great Games’ in Central Asia,” *Washington ProFile*, 16 July, 2005.

<sup>14</sup> From a presentation by Dr. Shao Yuqun (The Shanghai Institute of International Studies, the PRC) at the Third Annual Almaty Conference on Security and Regional Cooperation at the Kazakhstan Institute of Strategic Studies under the President of the Republic of Kazakhstan, 21 June, 2005.

<sup>15</sup> Liu Qinghai, “KNR: geopoliticheskaia sreda i vneshniaia politika dobrososedstva,” *Problemy Dalnego Vostoka*, No. 2, 2006, p. 38.

goal with respect to Central Asia today and in the medium term is to reorient the region away from the West and toward China.

So whereas in the not so distant past China's policy toward Central Asia was marked by inertia, now China is an interested, proactive regional player with a target specific strategy, at least as far as Kazakhstan is concerned.<sup>16</sup>

At the same time, although China recognizes Central Asia as a key region, this will manifest itself not in official statements or trappings of public diplomacy, but in practical activity, which is oftentimes off limits to broad sections of the public. In this case, China can use the entire arsenal of economic and political instruments to advance its interests.

An open demonstration of its interests in the region is at odds both with Beijing's tactical line and with Chinese diplomatic tradition, in accordance with which the political weight of all Central Asian states taken together is insufficient for China to freely pursue its interests.<sup>17</sup>

The invigoration, in Central Asia and the CIS, of nongovernmental organizations supported both by the U.S. administration and other sponsors, as well as Russia's plans to form a pro-Russian opposition in the CIS and Central Asia, pose a new challenge to China. China objectively cannot play on the Central Asian field, where NGOs are active, only by using state resources and technologies. In this context, some Beijing analysts suggest that China should have its own nongovernmental channels for liaising with political elites in CIS countries, and that it is equally important to form a pro-Chinese opposition. But this can be done without damaging official relations with Central Asian countries only through nongovernmental contacts.

Pro-Chinese NGOs could use not so much slogans such as "freedom of expression" or "fair elections," which are already being actively used by pro-U.S. NGOs, as other components of democratic society, specifically observance of law, the fight against corruption, and political maturity of citizens (i.e., raising their awareness about the need to uphold their own political views and express them through electoral procedure). In playing according to new rules in Central Asia, China can rely on goals that it shares with the U.S. and Russia—i.e., preventing political destabilization and the coming to power of Islamist forces.

In appraising China's position, it should be borne in mind that the U.S. will most likely use regime change in the CIS region to strengthen American positions as a counterweight to Russian and Chinese positions, including SCO positions in Central Asia. China as the main object of "containment and engagement policy" may become Washington's main target. But this game will be played according to new rules. The U.S. will be betting not so much on supporting a specific regime as on ensuring a stable procedure for regime change through elections. At the same time, Washington will be strengthening the role of NGOs—no matter whether they are oriented toward the Bush administration or forces that are in opposition to Bush in the U.S.

The new rules of the game require a commensurate response from China. It will be difficult for Beijing to ensure its interests in Central Asia with old methods—that is to say, by relying on state channels of communication with incumbent regimes.

The problem is that the events in Kyrgyzstan have shown the non-viability not only of the Collective Security Treaty Organization (CSTO) but also of the SCO, damaging China's image in the eyes of the Central Asian political elites. The SCO headquarters is in Beijing, and Beijing is expected to put forward new initiatives to deal with crisis situations in Central Asia. In these conditions, China will be "drifting" toward the general realization that it is important to assume responsibility for ensuring stability in Central Asia. However, not only by supporting ruling regimes, but also with the help

<sup>16</sup> See: Shi Ze, "Relations Between China and Central Asian Countries Face Opportunity of All-Round Development," *China International Studies*, Winter 2005, p. 83.

<sup>17</sup> See: J. Melet, "China's Political and Economic Relations with Kazakhstan and Kyrgyzstan," *Central Asian Survey*, No. 2, 1998, p. 243.

of more sophisticated technologies and such slogans as “the rule of law,” “the fight against corruption,” and “promotion of political activism and responsibility of citizens for their choice,” which have a special relevance for Central Asia today.

Based on these premises, China has concentrated in the SCO an array of political and economic instruments to implement its policy in Central Asia. SCO mechanisms enable it to follow a uniform political line across the region without having to spread its resources thin on the ground.

Therefore, in the context of its SCO involvement, China can pursue the following important goals in the short and medium term.

**1. Get actively involved in regional economic and political cooperation processes in Central Asia on a permanent basis.**

- 1.1. Advance comprehensive cooperation within the SCO framework.
- 1.2. Expand interaction between the SCO and other international organizations active in the region (EurAsEC, the CSTO).
- 1.3. Get Kazakhstan involved in new large-scale joint projects to advance bilateral cooperation. Today, Beijing sees Kazakhstan as the most “convenient” and promising partner in the region. Closer cooperation with Astana would help China in pursuing many of its goals in Central Asia and the SCO.
- 1.4. Maintain its image as a stable and secure neighbor, capable of providing external security guarantees to the Central Asian countries.

**2. Contain U.S., NATO and other external impacts on the Central Asian countries.**

- 2.1. Prevent a vacuum or shortage of power in the Central Asian countries, as well as in the region as a whole.
- 2.2. Maintain the status quo in relations with the United States, Great Britain, and other Western powers, while avoiding conflict situations and exacerbation of rivalry.
- 2.3. Maintain dialog with NATO, while working to prevent a deepening of the alliance’s cooperation with the Central Asian states.
- 2.4. Actively develop a program of military interaction within the SCO, as an alternative to NATO’s. One of the principal guidelines for Beijing’s policy in this area should be cooperation in the fight against international terrorism.
- 2.5. Restrain the Central Asian states and Russia from an “excessive” rapprochement with Western countries both in the economic and in the political field.

**3. Achieve a geopolitical balance with Moscow in Central Asia.<sup>18</sup>**

- 3.1. Pursue the role of a dominant factor and focus of regional cooperation, while suppressing external manifestations of competition.
- 3.2. Intensify integration within the SCO, which should naturally lead to PRC’s domination within this regional grouping due to China’s complex resource domination.
- 3.3. Expand cultural cooperation with the Central Asian countries.
- 3.4. Continue the process of the SCO’s institutionalization, expand the existing and create new executive bodies; expand the scope of collective decision making mechanisms.

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<sup>18</sup> Some scholars believe the SCO formation shows that Moscow’s position in Central Asia has weakened (see, for example: F. Khamraev, “NATO-SCO: Struggle against Terrorism and/or for Domination in Central Asia,” *Central Asia and the Caucasus*, No. 2 (26), 2004, p. 67).

A recent SCO summit in Astana expressed the intention to enlarge the functions of the SCO head, raising his status to secretary general. The SCO's institutional development with the PRC's potential domination will help gradually increase its influence on other SCO member countries.

Today, the PRC is ahead of the RF on many economic indicators, including the degree of its integration in the world economy. Therefore, China has substantial grounds to claim the role of an economic engine for Central Asia. Yet whereas it has good prospects in the economic sphere, politically, the strengthening of its positions poses certain difficulties for China, especially the need to compete with Moscow.

#### **4. Promote the SCO as an international player.**

- 4.1. Get the Central Asian states involved in close interaction with the PRC by promoting the SCO's "global" role.
- 4.2. Invigorate SCO activities on the "Afghan issue," the most promising area in this context, through broad support for the SCO working group on a peace settlement in Afghanistan.
- 4.3. Work out policy coordination mechanisms enabling China to influence the SCO partners at the foreign policy formulation stage.
- 4.4. Preserve SCO observer status for Mongolia, India, Iran and Pakistan, without expanding their participation in the Organization, and using this to counterbalance Western influence within the Central Asian region.

#### **5. Advance economic cooperation within the SCO.**

- 5.1. Implement an array of measures to create a zone of free trade in the SCO.
- 5.2. Pursue focused interaction with Russia. Fulfillment of common economic tasks creates a good institutional basis for interaction between China and Russia in developing and carrying out regional cooperation programs in other areas within the scope of the SCO.
- 5.3. Ensure that the economic component of cooperation within the SCO does not lag behind its military-political component, which would have an unfavorable impact on the Organization's image.
- 5.4. Use Kazakhstan as an engine for multilateral regional economic cooperation programs.

#### **6. Boost the level of security cooperation within the SCO.**

Considering the difficulty of forecasting risks in this area, the task of ensuring security in Central Asia is becoming an overriding priority for the PRC. In addition to that, further development of security cooperation within the SCO will enable China to consolidate its efforts in this direction and not spend them on creating other, minor regional alliances.<sup>19</sup>

- 6.1. Maintain stable political development of the Central Asian countries.

China is interested in preserving stability in the Central Asian states that it borders, primarily Kazakhstan. Stability here is a key to further interaction with the PRC on the basis of partnership and trust.

- 6.2. Yet another important goal for Beijing is to expand cooperative planning in regional military security and preparation of joint military exercises in the SCO.

China's military policy in the region is likely to invigorate. It is in China's interests to expand the scope of activity by its armed forces in various missions abroad, in-

<sup>19</sup> See: V.A. Korsun, "Diplomatia KNR v bor'be za postsovetское nasledstvo v Tsentral'noi Azii," in: *Severo-vostochnaia i Tsentral'naia Azia: dinamika mezhdunarodnykh i mezhhregiona'nykh vzaimodeistvii*, MGIMO, Moscow, 2004, p. 413.

cluding in Central Asia. SCO cooperation projects can therefore help consolidate Chinese military elements in the Central Asia region.

- 6.3. Lay the groundwork for advancing security cooperation within the SCO to a level of allied relations.

**7. Expand China's cultural presence in Central Asia as a necessary precondition for achieving the status of a superpower.**

- 7.1. "Work" not only with the elites of the Central Asian states but also with the civil societies of SCO member countries.
- 7.2. Overcome cultural alienation between China and the Central Asian countries by intensifying humanitarian contacts at the SCO.
- 7.3. Expand Chinese educational programs in the region, especially targeting students and young people.
- 7.4. Promote the Chinese development and civilization model in the region.

There are three main groups of factors impeding the attainment of China's regional priorities.

**Group 1** includes China's relations with Russia. Chinese-Russian relations of strategic partnership are marked by numerous contradictions, not least with respect to Central Asian policies.<sup>20</sup>

Moscow is ambivalent on the SCO. On the one hand, Russian officials say that the SCO should not be overestimated and that it is just in the formative stage: SCO institutions have just been created and now concrete plans for their activity need to be worked out, which will take considerable time. Meanwhile, trade and economic cooperation has yet to start; energy and transport cooperation is still in the discussion stages, while real, albeit small results have only been achieved in the sphere of foreign policy cooperation between security and intelligence services. On the other hand, Russia is seeking to actively use the SCO to compensate for its economic and military weakness in the region through intensive diplomatic activity in Central Asia.<sup>21</sup>

Beijing operates on the assumption that Russian diplomats consider Central Asian partners to be very difficult negotiating partners—what with nationalism, the desire to get something from the SCO without giving anything in return, excessive ambitions in the absence of competence, show case diplomacy, and the striving to use the SCO as a means for receiving assistance from Russia and China.<sup>22</sup> Under these conditions, the Russia-China tandem is a central element in the SCO.

At the same time, Beijing is concerned by Moscow's attempts to use the SCO for "disciplining" China's behavior in Central Asia, contending that China can achieve greater influence on Central Asian leaders than Russia and thus get ahead of Russia in the race for Central Asian energy resources.

China is closely studying the situation in which Moscow sees China as a potential adversary in the struggle for military-political influence on the Central Asian countries, but on the other hand, is unhappy with the fact that China is not as yet prepared to ensure political stability in Central Asia not only through political but also military means, if the situation so requires.

Beijing also sees Moscow's two-pronged and ambivalent approach toward American military presence in the region. On the one hand, Moscow believes that U.S. military presence in Central Asia at the moment helps to ensure stability in the region. On the other, in discussing long-term plans for SCO development, it is looking for ways of replacing U.S. and NATO military presence with SCO presence.

<sup>20</sup> See: B. Lo, "The Fine Balance—The Strange Case of Sino-Russian Relations," *Russie. Nei. Visions*, No. 1, April 2005.

<sup>21</sup> See: V. Kindalov, O. Limanov, "Russia and China in Central Asia: Geopolitical Changes," *Central Asia and the Caucasus*, No. 3 (21), 2003, pp. 73-74.

<sup>22</sup> See: I. Komissina, A. Kurtov, "Problemy razvitiia sotrudnichestva Kitaia i Tsentral'noi Azii," in: *Novaia Evrazia: Rossia i strany blizhnego zarubezhia, Analytical Almanac*, Issue 15, RISI, Moscow, 2003, p. 43.

Beijing would also like to see greater clarity in Moscow's position on the existing contradictions between the SCO, on one side, and the CSTO and EurAsEC, which include almost the same countries except China and Uzbekistan, on the other. China believes that there is no coherent concept for overcoming them yet—hence the sluggish dialog between the secretary generals of the SCO (Chinese representative) and the CSTO (Russian representative).<sup>23</sup>

Beijing is also concerned about the spontaneous way in which the SCO is refocusing toward other regions. The SCO is not prepared for the admission of new SCO members since there are no clear guidelines for SCO membership (unlike, for example, in the EU). This gives rise to such ideas as, first, forming an institution of SCO observers and second, establishing the format of a SCO-ASEAN dialog.<sup>24</sup>

China has not as yet formulated a clear position on a plan of overcoming the contradictions between the SCO and the CSTO, which calls for turning the SCO into a channel for dialog between Russia (together with CSTO members) and China, designed to get China closely involved in ensuring stability in Central Asia not only by political but also military (if need be) means.

On the whole, China believes that Russia thus far does not have any concrete ideas, concepts or plans for the further development of the SCO. Moscow's position on interaction with Beijing within the SCO framework is seen as contradictory and not well formulated. China is perceived as both a partner and as a competitor. Depending on the PRC's line of conduct, one or the other type of perception will strengthen or weaken.

The events in Kyrgyzstan showed to Beijing that Russia is not prepared for real leadership in the Central Asian region and that they took the Kremlin by surprise. Beijing was both interested and concerned about the recent activities by Russian spin doctors who, after summing up the lessons of Georgia, Ukraine and Kyrgyzstan, are forming a new concept with elements of U.S. experience, relying on NGOs in the CIS countries and creating a pro-Russian opposition there. The latter could play the role of a "fallback option" should ruling regimes fail to retain power.

Beijing also saw a concurrence of Russian and U.S. interests in Kyrgyzstan: On the strategic level, Russia is ready to embrace the U.S. concept of democratization for Kyrgyzstan provided that Russia's military (base), political (Kyrgyzstan's CSTO and SCO membership) and economic (Kyrgyzstan's gold and uranium reserves) interests are ensured. The Kremlin sees the main threat to its interests coming from the ongoing political chaos in Kyrgyzstan, and is ready to cooperate with the EU and the U.S. on matters of ensuring political stability in the Republic of Kyrgyzstan.

**Group 2** is related to the mood that exists in the Central Asian countries—both within the general public and political elites. Considering the precedents of abrupt foreign policy turns in the recent history of certain Central Asian republics, Beijing believes that should the political situation change, no long-term cooperation agreements will guarantee the continuation of such cooperation by its partners in the region. These sentiments are crucial for the SCO's stable development and therefore the successful achievement of China's goals.

The mood that exists in Central Asia is closely connected with another group of factors in the geopolitical situation in so far as a change in this mood can bring about a geopolitical change in these republics. **Group 3** includes risk factors in the achievement of China's goals in Central Asia, specifically the probability of interference by foreign powers, primarily the United States, in regional affairs, to the detriment of Chinese interests. And although China even now occupies a dominant position in the region, having the possibility to exert effective influence on the development of the Central Asian states, the involvement of external forces poses a real danger to it.

Apart from its main foreign policy priority—to limit the U.S.'s growing presence in Central Asia and South Asia—another internal political task was very important for Beijing: to prevent a possible

<sup>23</sup> See: Xing Guangcheng, "The Shanghai Cooperation Organization in the Fight against Terrorism, Extremism, and Separatism," *Central Asia and the Caucasus*, No. 4 (16), 2002.

<sup>24</sup> See: Chen Yurong, "ShOS v novoi obstanovke," in: *Kitai i Tsentral'naia Azia: sotrudnichestvo s tseliu obespecheniia regional'noi bezopasnosti i protsvetaniia*, pp. 30-33.

strengthening of the Islamist and Turkic influence on residents in the Xinjiang-Uighur Autonomous Region bordering Central Asia. The PRC can deal with nationalist and separatist movements within the country with its own resources.<sup>25</sup> At the same time, as well as Russia and some of China's Central Asian neighbors, the PRC is seeking to legalize repressive military operations on its territory by integrating them into all sorts of international agreements (in this case the SCO) and looking for possible allies in the neighboring region.

A case in point was the SCO antiterrorism exercise in the Xinjiang-Uighur Autonomous Region in the fall of 2003.<sup>26</sup> Previously, China firmly adhered to the principle of not permitting any foreign military presence on its soil. Now, within the SCO framework, China, as well as Russia, has the possibility of using the situation in Central Asia and Afghanistan now prevailing to demonstrate force and consolidate multi-centrism in the world today. Beijing is working consistently to strengthen its positions in Asia by playing on the weaknesses of other countries in the region and on contradictions between them. But while building up its international potential, the PRC would not like to provoke international or regional centers of power or neighboring states to form an anti-Chinese alliance. Beijing believes that China's neighboring countries should be either neutral toward it or be under its influence. To this end, China is betting on "the pro-Beijing orientation of neighboring countries" and "creeping expansion." In this respect, the inclusion of potential adversaries in the same bloc with China is a promising strategy for Beijing, one that leads to the "opening up" of the region.

The SCO is still a "transitional structure." The term of its fundamental agreements expires on 31 December, 2020 (with a possible prolongation for another five years)—that is to say, covering a period when China is expected to evolve as a world center of force. At the end of this term, China's policy may become tougher, which cannot but reflect on its relations with the neighboring states. In 2001, five years after the Shanghai Five was created, a publication in *Strategy and Governance*, an influential Chinese journal, commented on that rather bluntly: "All countries bordering China should be under its influence. This responds to the PRC's security interests." According to the publication, the SCO member countries should meet the following criteria: be neutral with respect to Beijing and under no circumstances be U.S. allies.<sup>27</sup>

Having initiated the SCO as a structure for checking the expansion of U.S. military presence in Central Asia and South Asia, Beijing is constantly stressing that it would not like to see it transform into a military-political bloc. Thus, speaking in 2004 in Tashkent, SCO Executive Secretary Zhang Deguang said that the Organization would never become a military-political, anti-Western alliance. But the Chinese leadership abandoned what was a fundamental principle of the PRC's foreign policy during the "pre-SCO period," one that had been formulated way back under Mao Zedong and proclaimed by Dan Xiaoping: "not to spearhead an association of developing countries aimed against the U.S."

During the evolution of its military-political course within the framework of relations with SCO member countries, Beijing drastically revised its apparently immutable foreign policy positions, primarily the principle of nonalignment with respect to international organizations and blocs. Thus, China would not participate even in the activities of the Nonaligned Movement. But in the case of the SCO, Beijing not only initiated the creation of a military-political alliance but is clearly laying claim to leadership in it. Not surprisingly, Chinese President Jiang Zemin described its creation at a Shanghai Five summit as a major international event at the turn of the millennium.

In the interest of enhancing control over the southern part of the CIS, Beijing is striving to form a collective security mechanism distinct both from European structures, such as the OSCE, and from Asia-

<sup>25</sup> See: K. Khafizova, "Separatism in China's Xinjiang-Uighur Autonomous Region: Dynamics and Potential Impact on Central Asia," *Central Asia and the Caucasus*, No. 1 (19), 2003, pp. 15-16.

<sup>26</sup> See: V. Mikheev, "Kitai i ShOS: problemy vzaimodeistvia 'velikikh derzhav' i perspektivy organizatsii," in: *ShOS: stanovlenie i perspektivy razvitiia*, Almaty, 2005.

<sup>27</sup> See: Pan Guang, Hu Jian, op. cit.

Pacific structures, primarily the Japanese-U.S. Security Treaty (1978). According to the Chinese, the OSCE is ineffective and its experience is inapplicable to Asia, while the Washington-Tokyo alliance guarantees the U.S. absolute domination in the Asia-Pacific Region. By contrast, at the SCO, all problems are dealt with not by just one country, but formally by all states regardless of their size or potential, which quite suits Beijing. At the same time, the implication is that under certain conditions, SCO member countries with a small military capability can count on Russian and Chinese assistance.

In theory, there can be several scenarios for the continuation of the Shanghai process. The first is a classic Soviet scenario, of the CIS, GUUAM, EurAsEC or CSTO kind. Another is the SCO's transformation into an Asian version of the OSCE. It may be recalled that the CSCE/OSCE was also based on a specific military treaty—the Treaty on Conventional Armed Forces in Europe.

In this event the SCO member states will be confronted with the need to resolve a number of outstanding as well as potential problems, including the attitude toward the U.S. decision to deploy a regional missile defense system. Beijing is concerned primarily that the missile defense system must not extend to the U.S.'s relations with Taiwan.

At the same time, China's interaction with Russia is a key factor in its decisive opposition to the U.S. plans. Beijing intends to continue making statements about the inadmissibility of "unipolar domination" and calls to advance toward "multipolarity."<sup>28</sup>

As meetings of SCO leaders have shown, one of the Organization's main problems is the lack of consensus between the member states on their understanding of differences and similarities between separatism and terrorism. An antiterrorism convention signed by SCO member countries contains obligations on forms of counteraction, the sharing of information, the conduct of special operational and search activities, and other classical methods of fighting terrorism. But observers note there is no consensus, for example, on whether oral propaganda of national independence should be treated as separatism, and punished as severely as armed resistance. China believes that it should. Russia's position is somewhat different.

At present there are two parallel antiterrorism centers in Asia—one within the framework of the CIS and the other within the SCO. Their interaction so far only exists in theory. Furthermore, the level of trust between Moscow and Beijing (despite the truly enormous scale of military-technical cooperation) has not as yet been restored to a degree that would ensure a complete sharing of relevant information. Meanwhile, such information is crucial for any data bank that is a key to the creation of any antiterrorism center.

In the military-political and military-technical spheres, cooperation between the SCO member states develops primarily on a bilateral basis. In addition to that, Russia cooperates with Central Asian countries through the CSTO.

Thus, Astana has repeatedly stressed that Moscow is its principal ally in economic, energy, and military-political matters. At the same time, Kazakhstan invigorated its activity within the CSTO. In the second half of 2004, the lower house of Kazakhstan's parliament ratified a protocol expanding the application of the Agreement on the Fundamental Principles of Military-Technical Cooperation.

Greater stability in Central Asia is the key element of a new Chinese-Russian alliance in the security sphere. Washington notes that China conducted parallel negotiations with Russia and Mongolia. These negotiations produced two separate treaties, both of which were announced almost simultaneously. The first treaty, signed between China and Russia in Moscow, obliges both countries to refrain from supporting opposition ethnic minority movements.<sup>29</sup>

<sup>28</sup> See: Bishkek Declaration of heads of state of the Republic of Kazakhstan, the People's Republic of China, the Kyrgyz Republic, the Russian Federation, and the Republic of Tajikistan, in: *Diplomaticheskaja sluzhba v Respublike Kazakhstan*, Almaty, 2004.

<sup>29</sup> See: Ruan Qishan, "Imet li ShOS strategicheskuiu vazhnost' dlia Kitaia?," available at [<http://www.junshi.com/san/200106/1238320010618.htm>].

Another element of bilateral cooperation has to do with China's maritime ambitions and Russia's ambitions in the Caucasus. This is due to the fact that the Chinese-Russian treaty is a non-aggression pact, in accordance with which the two sides have agreed to maintain peace on their common border so as to be able to concentrate their attention on other parts of the world. The treaty makes it incumbent on both sides to abstain, in their relations, from the use of force or economic pressure, and gradually reduce the level of military confrontation on the border.

The treaty's 20-year term probably has an indirect bearing on relations between China and Taiwan since the Chinese-Russian treaty unequivocally supports the "one China" policy. By helping stabilize the situation on China's internal border, these two treaties will enable Beijing to pursue a more aggressive eastern sea strategy, and focus its military capabilities on Taiwan.

For its part, stability on the border with China will enable Russia to concentrate on restoring its control over the oil-rich regions around the Caspian Sea and pipelines leading to Western markets.

However, China also pursues active contacts with the United States, including trade and economic relations worth many billions of dollars. Chinese-American relations today are so diversified and developed and economic ties are so impressive that it is quite possible that within the Moscow-Washington-Beijing triangle, the PRC has a pretty good chance of "playing the Russian card."

International events that took place after 9/11 to a very large extent caused a number of countries, on which China had pinned certain hopes, to change their behavior on the international arena. In this respect Beijing is evidently disappointed with the low effectiveness of the SCO as an organization designed to advance regional security in Central Asia and as a kind of counterbalance (the way Beijing sees it) to American influence in the region.

The events in Afghanistan and the subsequent bomb attacks in the United States showed that participants in this organization, with the exception of the PRC itself, had effectively supported U.S. actions: Consider the initiative by Tajikistan and Uzbekistan, which joined the "Group of Five," to provide temporary bases for the deployment of U.S. military personnel on their soil.

Summing up what are oftentimes rather conflicting and contradictory facts and events that have occurred within the framework of the new regional structure (the SCO), the following conclusions can be made.

First, the SCO is indeed a new international organization. In creating it, China not only abandoned a fundamental principle of its foreign policy in the previous 50 years (i.e., nonparticipation in any regional or other association aimed against third countries), but made active efforts to institutionalize the SCO.

Second, the SCO points to a new element of China's policy—the striving for leadership within the framework of this international organization, which is somewhat at odds with China's foreign policy tradition of the past few decades.

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The strategies of SCO member states within this structure, which were only recently in the formulation stages, have been presented in general outline, identifying the strategic interests of these countries and their resolve to formalize the Organization's status as a regional center of power. At the same time, Central Asia is now turning into a new promising vector for China in which the Chinese leadership may use various nontraditional policy instruments. This forecast is, essentially, in synch with the logic of Beijing's foreign policy objectives—economic development, economic security, military-political security, geostrategic confrontation with Washington, and so on and so forth.

As the SCO strengthens its role in regional affairs, its weight within Central Asia's security system has increased, but all member states are resolved to further enhance the role of this structure in political and economic processes that are unfolding in Central Asia.

Analysis of all these factors leads to the conclusion that the SCO remains one of the most ambitious and far-reaching projects in modern international politics. Today, the SCO's imperative is the aspiration, driven by Moscow and Beijing, to protect Central Asia against American and NATO domination. Central Asia and the SCO are the top priority for the two powers. This suggests that economic, political and security cooperation between them will continue to advance in the next few years.

To understand China's role in the SCO, it is necessary to recognize a direct connection between Beijing's plans with respect to the SCO and its strategic orientation toward global domination. It is also important to see a dependence between its plans to become a global power and its policy in Central Asia: Without establishing its unchallenged domination in the region, China will be unable to carry out its ambitions plans.

Evidently, all modern processes connected with the SCO have essentially a geopolitical character, but it should be borne in mind that they are laying the groundwork not only for changing the geopolitical status quo but also for the national development of the Central Asian countries. It seems that the SCO's potential with respect to social-economic and cultural-humanitarian development of the Central Asian states will be activated in the foreseeable future, producing a certain impact on the development of these republics and their relations with China.

In this context, Kazakhstan is in a special situation, which is related to the key role in the "Shanghai process" that China has assigned to it and is resolved to promote as far as possible. Should, in an unlikely scenario, the SCO project fail, China will bet completely on Kazakhstan. At any rate, advancing bilateral relations to the level of strategic partnership was predicated on Kazakh guarantees that Beijing's interests will be observed under any political circumstances. Nevertheless, this only increases the risks for the Republic of Kazakhstan.