
Russian–Chinese Relations through the Lens of the SCO



Stephen Aris

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Summary

Since 2001, the Shanghai Cooperation Organization (SCO) has played an important role in the improvement of Russian-Chinese relations. It has proven valuable for the expression of Moscow and Beijing's common interests at a regional level. However, the SCO is not insulated from potential difficulties in the Russian-Chinese relationship. Therefore, both countries hope that the organization can become a mechanism to manage tensions stemming from their sometimes divergent interests in Central Asia. However, to develop fully as an organization it must remain relevant to all its members, not just Russia and China.

The SCO: Barometer of Russian-Chinese Relations

At the time of the collapse of the Soviet Union, Moscow's relationship with China was at an impasse.¹ However, over the intervening years, the two states have gradually improved their relations and now refer to them as a "strategic partnership."² Nevertheless, many analysts remain skeptical about the viability of a Russian-Chinese partnership, arguing that their interests will collide in the medium to long term.³ It has been highlighted that competition between the two countries is inevitable: Russia attempting to maintain its influence and China looking to expand its leverage in its rapid development to superpower status. Moscow, in particular, fears that the growing economic disparity between China and Russia will force Russia to play a subordinate role to China.⁴

At present, however, Russia and China share a number of common interests, not least in post-Soviet Central Asia. Beijing and Moscow are seeking to increase stability in the region and reduce the threat of separatism, notably in Xinjiang Province and the North Caucasus. Additionally, they both want to limit the growing US presence in the region.⁵ In the economic sphere, both China and Russia want to increase ties in the region and ensure markets for their exports in the Central Asian economies. However, there are also sources of contention. Beijing is very interested in gaining direct access to Central Asian energy resources, while Moscow wants to maintain its dominant influence over the routes of energy supplies in the region. Although rival economic interests are a potential

¹ J. L. Wilson, *Strategic Partners: Russian-Chinese Relations in the Post-Soviet Era*, Armonk, New York, M. E. Sharpe, 2004, p. 3; B. Lo, "A Fine Balance—The Strange Case of Sino-Russian Relations", *Russie.Nei.Visions*, No. 1, April 2005, p. 3, <www.ifri.org/files/Russie/bobolo_anglais.pdf>.

² The Russian-Chinese Treaty on Good Neighborliness, Friendship and Cooperation, Moscow, 2001.

³ N. Norling, "Russia and China: Partners with Tension", *Policy Perspectives*, No.4, 2007, pp. 33-48,

<www.silkroadstudies.org/new/docs/publications/2007/Norling_China_and_Russia.pdf>.

S. Garnett, "Challenges of the Sino-Russian Strategic Partnership", *Washington Quarterly*, Vol. 24, No. 4, Autumn 2001, pp. 41-54; B. Lo, "The long Sunset of Strategic Partnership: Russia's Evolving China Policy", *International Affairs*, Vol. 80, No. 2, 2004, pp. 295-309.

⁴ B. Lo and A. Rothman, "China and Russia: Common Interests, Contrasting Perceptions", *Asian Geopolitics*, Working Paper of Royal Institute for International Affairs, May 2006, <www.chathamhouse.org.uk/files/6619_russiachinamay06.pdf>.

⁵ *Ibid.*, p. 20.

source of conflict in the future, for now there is broad agreement on the need to collaborate on enhancing political and economic stability in the region.

A regional organization, the Shanghai Cooperation Organization (SCO) offers a privileged vantage point from which to examine the complex relations between Russia and China.⁶ The August 2008 SCO summit in Dushanbe was demonstrative of this point: member states expressed only muted support for the Kremlin after the Russian military intervention in Georgia. The day after Russia recognized Abkhazia and South Ossetia, China declared itself “concerned” by the situation in the breakaway territories. Moscow and Beijing share similar visions of international relations, as well as opinions on certain specific subjects, the Georgian crisis will put the SCO to the test. This article investigates to what extent the organization might frame the Sino-Russian relationship in the years to come.

Andijan: a turning point

Initially the focus of the organization was limited to security issues, now it also covers economic, cultural and humanitarian collaboration. Yet, in the eyes of the member states’ leaders, terrorism, extremism and separatism—the so-called “three evils”—remain the main regional threats. These challenges are defined very loosely, encompassing the activities of a wide range of groups considered a threat to their regimes.⁷ Consequently, the pivotal security event for the organization in the last five years was the Uzbek authorities’ suppression of an uprising in Andijan in May 2005, following the so-called “tulip revolution” in Kyrgyzstan earlier that year. The combination of these two events caused major disruption, and prompted a strengthening of the regional leaderships’ security policies. Following a month of intense criticism from the West over Andijan, the SCO’s Astana Summit declaration emphasized support for a government’s sovereign right to defend public order by whatever means deemed appropriate. In addition, it called for a timetable for the withdrawal of NATO forces and bases from the region.⁸ For the West, the statement illustrated the growing importance

⁶ The SCO grew out of the Shanghai Five mechanism (1996-2000), under which the heads of state of Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan met to discuss confidence building, border delimitation and disarmament in border regions. The Uzbek president, Islam Karimov, attended the 2000 meeting as a guest. At the 2001 meeting, Uzbekistan was officially admitted to the mechanism and a joint declaration on the creation of the SCO was signed. The organization also involves Mongolia, Pakistan, India and Iran as observer states.

⁷ B. Goldsmith, “Here There Be Dragons: The Shanghai Cooperation Organization”, *Center for Defense Information*, 26 September 2005, <www.cdi.org/program/document.cfm?DocumentID=3153&StartRow=1&ListRows=10&appendURL>.

⁸ “Declaration of Heads of Member States of SCO”, Astana, 5 July 2005, <www.sectSCO.org/html/00500.html>.

of the SCO. It also underlined the rejection of Western models of governance on the part of the summit's participants. In the eyes of certain Central Asian officials, this confirmed that SCO members—especially Russia and China—were more reliable security collaborators than Western states.⁹

The SCO: a Russian-Chinese anti-Western vehicle?

In the context of the Astana statement, certain Western critics furthered the claim that the SCO was little more than an anti-Western mechanism, driven by Russia and China to counteract America's international interests.¹⁰ However, this is an exaggerated impression. It is true that the development of the SCO and the improvement of the Russian-Chinese relationship are linked. Yet, it is not true to say that the SCO is the foundation of a future Russian-Chinese alliance. There are four other members of the organization, and four official observer states.¹¹ The framework of the SCO enshrines informal, consensus-based decision-making, so the leaderships of the Central Asian Republics are able to veto or opt out of any decision which they consider against their interests. In principle, therefore, they are not hostage to the decisions of their two much more powerful neighbors. The SCO has worked hard to establish its own agenda, focussed on addressing common security challenges and developing areas of common interest between its members. Thus, its identity goes beyond simple resistance to US attempts to gain a foothold in the region.

Moscow and Beijing's decision to create a regional organization stemming from their improved bilateral relationship is a good indication of how far their relations have come since the collapse of the Soviet Union. Indeed, it is possible to interpret the SCO as a barometer of the Russian-Chinese rapprochement, as up to the present the SCO's development has mirrored the evolution of their bilateral relationship. In the mid-1990s border demarcation dominated the agendas of both bilateral relations and the Shanghai Five mechanism. In 2001 the full institutionalization of the SCO and the signing of the main treaty of cooperation between Moscow and Beijing coincided. Currently, both bilateral relations and the SCO have entered periods of consolidation. If this synergy continues, the SCO will really have contributed to the improvement of Sino-Russian relations.

⁹ C. P. Chung, "China and the Institutionalization of the Shanghai Cooperation Organization", *Problems of Post-Communism*, Vol. 53, No. 5, September-October 2006, pp. 3-14.

¹⁰ See A. Cohen, "The U.S. Challenge at the Shanghai Summit", *Heritage Foundation*, 13 June 2006, <www.heritage.org/Research/RussiaandEurasia/wm1124.cfm>.

¹¹ See note 6.

The place of the SCO in Russia-China relations

Russian-Chinese cooperation is undoubtedly the driving force behind the SCO's development.¹² However, that does not prevent their interaction within the SCO will having an impact on their bilateral relationship.

Bilateral cooperation in multilateral format

Moscow and Beijing have found the SCO a useful vehicle for their bilateral relationship at a regional level, avoiding the need for ad hoc bilateral deals, "which are difficult to balance politically."¹³ A number of essentially bilateral Russian-Chinese programs are now found under the umbrella of the SCO. The proposed SCO Energy Club can be interpreted at least partially as a key Russian-Chinese project to promote the smooth development of their relationship as energy provider and consumer, respectively. Such a development would also bind the energy policies of the Central Asian Republics into the Russia-China orbit.¹⁴ Furthermore, "Russian-Chinese security cooperation paradoxically manifests itself as bilateralism within SCO multilateralism."¹⁵ A prime example being the SCO "Peace Mission" military exercises in 2005 and 2007, which most analysts interpreted as Russian-Chinese exercises camouflaged as SCO collaboration.¹⁶

The main reason Russian-Chinese cooperative projects are often so prominent in the SCO is that the organization has only meager financial

¹² For conflicting views see: S. L. Yom, "Power Politics in Central Asia: The Future of the Shanghai Cooperation Organization", *Harvard Asia Quarterly*, Vol. 6, No. 4, 2002; R. Allison, "Regionalism, Regional Structures and Security Management in Central Asia", *International Affairs*, Vol. 80, No. 3, 2004, p. 480.

¹³ A. Bailes and P. Dunay, "The Shanghai Cooperation Organization as a Regional Security Institution" in A. Bailes, P. Dunay, P. Guang and M. Troitskiy, *The Shanghai Cooperation Organization*, Stockholm International Peace Research Institute, Policy Paper No. 17, 2007, p. 16.

¹⁴ S. Luzianin, "Chinese 'Roots' and Russian 'Branches' in Central Asia (On the Correlation of Chinese and Russian Policy in the Region)", *Central Asia and the Caucasus*, No.3, 2007, <www.ca-c.org/journal/2007-03-eng/09.shtml>.

¹⁵ F. Tolipov, "Multilateralism, Bilateralism and Unilateralism in Fighting Terrorism in the SCO Area", *China and Eurasia Forum Quarterly*, Vol. 4, No. 2, May 2006, pp. 153-169, <www.silkroadstudies.org/new/docs/CEF/Quarterly/May_2006/Tolipov.pdf>.

¹⁶ R. McDermott, "Rising Dragon: SCO Peace Mission 2007", *Occasional Paper*, Jamestown Foundation, <www.jamestown.org/docs/Jamestown-McDermottRisingDragon.pdf>.

resources at its disposal. Its budget is relatively small for an international organization, supporting only administrative functions.¹⁷ As a result, policies are implemented through contributions from member states on a program-by-program basis. Thus, while numerous bilateral, trilateral or multilateral projects are listed within the jurisdiction of the SCO, the reality is that “none of these projects is being implemented by the SCO proper; they [...] would be implemented even if the SCO did not exist at all.”¹⁸

Programs are often inspired by Russia, China or both as they are the most capable of financing implementation. In addition, financial contributions to the SCO budget are proportional to the strength of each state’s economy. Thus Russia and China each contribute 24 percent of the budget, followed by Kazakhstan (21 percent), Uzbekistan (15 percent), Kyrgyzstan (10 percent), and Tajikistan (6 percent); posts at the SCO Secretariat are apportioned on the same basis.¹⁹ Resultantly, Russia and China’s greater contribution may afford them more influence within the organization than the other member states. This organizational model serves to provide fertile ground for Russia and China to realize common projects and enhance their relationship beyond bilateral ties.

In the twentieth century, the Chinese government pursued a relatively solitary foreign policy. However, it has begun to play a more active role in its surrounding regions. Notably, President Hu Jintao officially adopted the so-called “good neighbor” policy, in 2003.²⁰ As a result, China has become increasingly active in regional cooperative mechanisms, for example through joining the Association of Southeast Asian Nations Plus Three (ASEAN Plus Three). However, the SCO represents China’s first attempt at establishing a regional organization from its inception. For China, the SCO is not just a tool for developing positive relations with the states of Central Asia and Russia. It is also an experiment in a new approach to conducting foreign policy.²¹ China “has an interest in showing that it can build an international bloc independent of the West and organized on non-Western principles.”²² Bearing this in mind, the Chinese leadership has understood that it can only benefit from Russia’s experience in multilateral diplomacy.²³ To this extent, Russia is a valued partner because it is an established regional actor. In addition, they share a broadly

¹⁷ A. Lukin gives a figure of 4 million US dollars. See A. Lukin, “The Shanghai Cooperation Organization: What Next?”, *Russia in Global Affairs*, Vol. 2, July-September 2007, <eng.globalaffairs.ru/numbers/20/1135.html>. Matthew Oresman states that in 2004 the SCO budget was 3.5 million US dollars, 2.16 million US dollars for the Secretariat and the rest for the SCO Regional Antiterrorism Structure. M. Oresman, “SCO Update: The Official Launch of the Shanghai Cooperation Organization”, *China and Eurasia Forum Quarterly*, January 2004, <www.silkroadstudies.org/new/docs/CEF/CEF_January.pdf>.

¹⁸ A. Lukin, *Ibid.*

¹⁹ M. Oresman, *op. cit.* [17].

²⁰ C. R. Hughes, “Nationalism and Multilateralism in Chinese Foreign Policy: Implications for Southeast Asia”, *Pacific Review*, Vol. 18, No. 1, 2005, pp. 119-135.

²¹ P. Guang, “A Chinese Perspective on the Shanghai Cooperation Organization” in A. Bailes, P. Dunay, P. Guang and M. Troitskiy, *op. cit.* [13], p. 45.

²² A. Bailes and P. Dunay, *op. cit.* [13], p. 13.

²³ Interviews with analysts: Moscow (April 2007);, Almaty (May 2007); Tashkent (May 2007).

similar outlook on the international system, as opposed to a number of leading Western states. Conversely, Russia gains from its position as counselor within a structure which ensures its equal partnership with China, at a time when their relative influences are changing.²⁴

The Normative and Diplomatic Role of the SCO

Shared positions on a series of international events are an important factor in the Russian-Chinese relationship—they demonstrate particular solidarity over their respective problems with separatists regions, Chechnya in Russia's case and Taiwan and Tibet in China's.²⁵ Such declarations have often been made in the context of Western criticism of their actions in pursuit of stability in these regions, which in turn has reinforced their unity on this issue. A complementary element is common advocacy of a multi-polar international system, stressing the centrality of national sovereignty and territorial integrity.

Russia and China's shared priorities have by and large determined the SCO agenda. Indeed, the SCO has been increasingly vocal advocating the principle of noninterference in domestic affairs by the international community. It expresses reservations about the West's support for the duty to intervene for humanitarian reasons. Much like Russian-Chinese statements, on occasion, the SCO has criticized what it considers the "double standards" of the West in this respect and denounced the "export" of development models.²⁶ The SCO has also been used to defend the actions of its members in suppressing separatism. One such occasion was the SCO statement in March 2008 supporting China's suppression of demonstrations by ethnic Tibetans in the Tibetan Autonomous Region of China.²⁷

On a diplomatic level, the SCO has another attraction: as a multilateral organization, statements possess greater diplomatic weight, and increase the credibility of a multipolar world. By extending the statements to include four other states, Moscow and Beijing can claim with greater legitimacy to speak for the entire Eurasian region. Furthermore, the Russian-Chinese diplomatic agenda is also fairly coherent with the interests of the Central Asian Republics' governments. Indeed, they also

²⁴ D. Trenin, "Russia and the Shanghai Cooperation Organization: A Difficult Match", *Journal of the China-Eurasia Forum*, October 2004, p. 26, <www.silkroadstudies.org/new/docs/CEF/CEF_Quarterly_July_2005.pdf>.

²⁵ "Joint Declaration by the Russian Federation and the People's Republic of China", Beijing, China, 2 December 2002, <www.in.mid.ru/bl.nsf/arh/9d22082391597d6443256c85005303e1?opendocument>.

²⁶ "Declaration on Fifth Anniversary of Shanghai Cooperation Organization", Shanghai 2006, <www.sectsco.org/502.html>.

²⁷ Statement issued 21 March 2008. Found under SCO Secretariat list of main events for 2008, <www.sectsco.org/html/00039.html>.

face threats from separatist regions and have been reprehended by the international community for their actions in addressing them.

However, Russian and Chinese control of the diplomatic agenda of the SCO does not totally coincide with the views and interests of the Central Asian Republics. For example, while Uzbekistan followed up the Astana Summit declaration and asked the US to leave the Karshi-Khanabad air base, Kyrgyzstan later distanced itself from this demand and allowed the US base in Manas to remain. Concerns within the Kyrgyz leadership that the expulsion of US forces may jeopardize other valuable aspects of their relations with the US outweigh the desire to make a common stand within the SCO.²⁸

This diplomatic angle to the SCO represents an effort to establish and further the Russian-Chinese normative view on international affairs, and thus present an alternative to the current US dominated international system. This normative dimension is aimed above all at the states of Central Asia, which find in the SCO a set of rules for international behavior, without being constrained by them.

²⁸ G. Germanovich, "The Shanghai Cooperation Organization: A Threat to American Interests in Central Asia?", *China and Eurasia Forum Quarterly*, Vol. 6, No. 1, 2008, p. 19-38.

Tensions in Russia-Chinese relations

Although the SCO was born out of the improved relationship between Russia and China, it is not immune from possible tensions and conflicts between Moscow and Beijing. The way these differences are managed may determine the long-term stability of the SCO. Some analysts argue that the present positive dynamic is built upon unstable ground, which will begin to crack when long-term contradictions in Russia and China's interests become apparent. The SCO could become an instrument in this competition.²⁹ Thus, "Moscow's engagement in the SCO may be determined by a wish to constrain the growth of China's influence in Central Asia as much as by a wish to develop a structure for regional balancing against the United States."³⁰

Different views for the future

Initially, Russia and China were able to find common ground on their essential security needs in the region, and considered that collaboration in addressing these common issues was necessary in order to get the SCO off the ground.³¹ Now this has been achieved, a wider and more comprehensive agenda is necessary. This could prove a much tougher task, because Russia and China differ over which direction the organization should take. Russia prefers to maintain security cooperation as the organization's main focus and China wishes to prioritize economic collaboration.³² While this is a broad generalization, it is fairly accurate dependent upon the type of economic cooperation being referred to.

In the field of energy and development of infrastructure for transport and communications, all member states are very cooperative.³³ In fact, Russia is considered to be the driver behind the creation of the SCO Energy Club. For Russia it is useful as a means for cooperation in

²⁹ N. Norling, *op. cit.* [3]; S. Garnett, "Challenges of the Sino-Russian Strategic Partnership", *Washington Quarterly*, Vol. 24, No. 4, Autumn 2001, pp. 41-54.

³⁰ R. Allison, *op. cit.* [12], p. 480.

³¹ H. Zhao, "The Shanghai Cooperation Organization at 5: Achievements and Challenges Ahead", *China and Eurasia Forum Quarterly*, Vol. 4, 2006, p. 105-123.

³² P. Guang, "Bishkek: SCO's Success in the Hinterland of Eurasia", *China and Eurasia Forum Quarterly*, Vol. 5, No. 4, 2007, p. 3-6.

³³ Interviews with analysts: Moscow (May 2007); Beijing (June 2007). Interview with Kazakhstani diplomat, Astana (May 2007).

infrastructure development and for coordination of its energy policies with those of the other members.³⁴ These large-scale economic projects suit the interests of the Central Asian Republics. They are also of value to China, which hopes that Russia and Central Asia can become a reliable and significant source of raw materials.

However, on other projects the interests of Russia and China appear to clash. Moscow is a lot less enthusiastic about Chinese interest in low-level economic projects aimed at reducing trade barriers, and China's ultimate goal of an SCO common market. The rapid growth of the Chinese economy, and its huge production levels of consumer goods, mean that for China there is great economic benefit in preferential access to relatively untapped markets in Central Asia. The volume of trade between China and Central Asia tripled between 2002 and 2007.³⁵ In particular the Chinese government is interested in developing its Western provinces, meaning that border trade between Xinjiang Province and neighboring Kazakhstan and Kyrgyzstan is set to boom.

The prospect of Chinese economic domination raises strong concerns in Moscow. For example, at the 2005 Astana Summit China offered other member states 900 million US dollars in interest free loans.³⁶ While Uzbekistan and Kyrgyzstan accepted this offer, Russia turned it down believing "the terms of this contribution disadvantageous for themselves," because the conditions attached to these loans were linked with the purchase of Chinese consumer goods.³⁷ The Russian government feared cheap Chinese goods flooding both their and the Central Asian economies, thinking that the impact on national economies and societies could have been disastrous.³⁸

Therefore, while Russia has been active in the development of large-scale economic projects, such as the Energy Club, Moscow has blocked the development of a free-trade area that would open its markets to Chinese goods.³⁹ These concerns over Chinese economic power are echoed in Central Asia, where it is feared that Russian influence over the region would wane as China's influence increased, leaving the states dependent on China alone. At present, the SCO offers the opportunity for the Central Asian Republics greater room for maneuver, allowing them to play China and Russia off against each other, an advantage the states

³⁴ M. Troitskiy, "A Russian perspective on the Shanghai Cooperation Organization", in A. Bailes, P. Dunay, P. Guang and M. Troitskiy, *op. cit.* [13], p. 36.

³⁵ G. Raballand and A. Andréy, "Why Should Trade between Central Asia and China Continue to Expand?", *Asia Europe Journal*, Vol. 5, No. 2, June 2007, p. 235.

³⁶ M. Oresman with Z. Charynov, "The Shanghai Cooperation Summit: Where Do We Go From Here?", *China and Eurasia Forum Quarterly*, July 2005, p. 8, <www.silkroadstudies.org/new/docs/CEF/CEF_Quarterly_July_2005.pdf>.

³⁷ A. Lukin *op. cit.* [17].

³⁸ Interviews with analysts: Tashkent (May 2007).

³⁹ I. Oldberg, "The Shanghai Cooperation Organisation: Powerhouse or Paper Tiger?", Swedish Defence Research Agency, June 2007, p. 29.

concerned intend to exploit.⁴⁰ Therefore, this difference in interest between China and the other members will test the resolve of all member states to cooperate within its structures, and whether the organization functions independently of the Russian-Chinese bilateral relationship.

Russian fears of progression marginalization

Moscow's concerns about Chinese economic penetration into Central Asia are part of a larger, general fear of gradually becoming a junior partner to China. In other terms, "Russia needs China more than China needs Russia and Russia's main problem in maneuvering the relation is its weakness not China's strength."⁴¹ From the Russian perspective, the early stages of SCO development were approached very pragmatically. In order to establish the organization, areas of common interest were emphasized and differences were ignored. However, now it is necessary to identify specifically what the Kremlin wants from the SCO in the long term. This has reignited misgivings about the SCO in the minds of some Russian analysts, who believe that it is essentially a Chinese orientated organization that will ensure Chinese dominance over Russia.⁴² For such analysts, Russia's interests are secondary, and the organization is orientated towards consolidating China's new position in Central Asia. In return Russia receives little of equivalent benefit, and this will consign Russia to playing a junior role, in the long term.⁴³ This wariness often leads Russian policymakers to take a more cautious approach towards the SCO than their Chinese counterparts, attempting to temper Beijing's enthusiasm for certain elements of SCO cooperation.

Russia also seeks to safeguard itself from excessive Chinese control of the SCO through its involvement in other regional organizations, in which it does not have concerns about playing a secondary role to China. Russia is the predominant power in the Collective Security Treaty Organization (CSTO), which also includes all the Central Asian republics except Turkmenistan, plus Belarus and Armenia. The same is true of the Eurasian Economic Community (EurAzEC), which includes Russia, the four Central Asian republics of the SCO and Belarus. These are organizations that are heavily influenced by Russian interests. While the CSTO is designed as a traditional defense arrangement, the SCO has renounced any form of military integration. The organization restricts itself to intelligence sharing and a small number of joint military exercises.⁴⁴ So long as Moscow retains reservations about becoming dependent on China

⁴⁰ R. Maksutov, "The Shanghai Cooperation Organization: A Central Asian Perspective", SIPRI Project Paper, August 2006,

www.sipri.org/contents/worldsec/Ruslan.SCO.pdf/download.

⁴¹ D. Kerr, *cited in* N. Norling, *op. cit.* [3], p. 46.

⁴² Interview with analyst: Moscow (May 2007).

⁴³ D. Trenin, *op. cit.* [24].

⁴⁴ M. Troitskiy, *op. cit.* [34], p. 34.

in military and customs matters, they are unlikely to be added to the SCO agenda. Instead, by maintaining the role of these other organizations, Russia is sending a message to China that it is only interested in cooperation in certain areas of policy within the SCO and that it intends to remain an equal partner within the organization based on clear definitions of each other's interests.

The SCO as a Mechanism for Cooperation

As well as being an instrument for pursuing certain key interests between Russia and China, the SCO also functions as a consolidating factor in the Russian-Chinese relationship by offering a vehicle for managing their affairs.

To this point, the open and flexible framework of the SCO has already proven robust and effective. The existing difference of opinion on harmonizing tariff controls is not proving particularly disruptive to the organization. None of the member states have sought to make it an issue of vital importance to the continuation of the SCO, because too many other aspects of the SCO make it an important ingredient in their foreign policies. This demonstrates that the SCO already acts as a forum for compromise and agreement, either through official programs or informally. Indeed, the SCO is already a framework in which Russia and China have reached certain compromises on potentially prickly issues. The progression of the SCO agenda has been interpreted as a tacit agreement between Moscow and Beijing, whereby Russia maintains its central role in the security and political spheres in Central Asia and China takes the lead in economic development.⁴⁵

The institutionalization of the Russian-Chinese relationship within the structures of the SCO provides the two countries with contacts between different levels of government, creating patterns of communication that might successfully manage any divergence of interest.⁴⁶ For this reason not all Russian analysts are pessimistic about what Russia gains from membership of the SCO and argue it is productive for their long-term relations with China.⁴⁷ Alongside the practical benefits from anti-terror and economic cooperation, contacts at all levels of government are being created between the member states through regular meetings. In addition, the SCO is seeking to develop closer ties and greater understanding between the populations of its members by emphasizing the similarity of their histories. This can be seen in the official promotion of the year of Russia in China in 2006, followed by the year of China in Russia in 2007. This is creating interest in maintaining SCO programs across a wide

⁴⁵ D. Trenin, *op. cit.* [24].

⁴⁶ Interview with Russian diplomat: Moscow (June 2008).

⁴⁷ A. Lukin, *op. cit.* [17].

section of the bureaucracies and the populace of member states, in areas from security to cultural cooperation. This encourages cooperation rather than competition, and offers the potential to deepen relations to a degree whereby other tensions can be successfully negotiated.

Conclusion

It is likely that the SCO will continue to function as a positive element in Russian-Chinese relations, which in turn will provide the driving force for the organization. However, the SCO cannot and should not be regarded simply as an organization that functions according to the agendas of only two of its six members. If the SCO is to develop further, it must ensure that the Central Asian Republics do not feel sidelined; indifference among the other member states would in turn have a negative impact on the relationship between Russia and China. This is a strong motivation for both Moscow and Beijing to ensure the SCO remains more than an offshoot of their bilateral cooperation.

Kazakhstan, in particular, intends to play a role commensurate to its regional influence. The continuing growth of the Kazakh economy, fuelled by the demand for its natural resources and its relatively stable political climate, has assured Kazakhstan a significant role in the organization. Astana certainly views itself as a natural leader in the region.⁴⁸ Indeed, Kazakhstan's importance was demonstrated by the fact that Russian President Dmitry Medvedev chose to visit Astana on his maiden visit abroad. Kazakhstan's enhanced standing on a regional level is the result of the multi-vector foreign policy of Nursultan Nazarbayev's government.⁴⁹

The SCO is attractive for Kazakhstan, but only if its agenda reflects Astana's interests, and if Kazakhstan is afforded the respect it demands.⁵⁰ For example, Kazakhstan has often made it clear that it "would prevent China and Russia from generating anti-US policies in the SCO."⁵¹ Thus if the SCO took a strong anti-Western turn it is unlikely Astana would continue to apportion much significance to it. Ultimately, Nazarbayev aims to establish a ruling triumvirate in the SCO, thus preventing the development of a structure that enshrines Russian-Chinese preeminence. Working closely with both Russia and China, which both recognize it as a

⁴⁸ R. McDermott, "Kazakhstan Deepens Ties with Germany", *Eurasia Daily Monitor*, Jamestown Foundation, 8 February 2007, <www.jamestown.org/edm/article.php?article_id=2371890>.

⁴⁹ I. Oldberg, *op. cit.* [39], p. 34.

⁵⁰ Interview with analyst: Almaty (May 2007), *op. cit.* [23].

⁵¹ R. Maksutov, *op. cit.* [40], p. 9.

regional power, Kazakhstan intends to use the SCO to raise its international standing.⁵²

New observers?

Another major factor that may have an impact on the role of the Russian-Chinese relationship within the SCO is possible expansion of membership. The most obvious candidates are the current observer states. The admission of Mongolia, for example, would not dramatically alter the balance of power within the organization. Yet the inclusion of one of the more high-profile observer states—Iran, India or Pakistan—certainly would. Not only would such an expansion in membership raise numerous technical issues, but the political implications would also be significant. For example, the inclusion of either India or Pakistan would likely necessitate inviting the other. The inclusion of any other major external power into the organization would dramatically alter the dynamic of Russian-Chinese leadership in the SCO and would no doubt complicate the organization's approach to most issues. The potential for this to destabilize the mechanisms put in place to manage the Russian-Chinese relationship could ultimately be the reason why the SCO will not choose to expand its membership in the near future.

However, there are other interested parties who are not official observer states. The terrorist attacks in New York on 11 September 2001 placed Central Asia at the heart of US foreign policy: the US began to see the region as a potential source of Islamic terrorism.⁵³ This is evident in the establishment of military bases in Kyrgyzstan and Uzbekistan during the US led NATO operation in Afghanistan in 2002, and the US desire to maintain them despite pressure from the SCO at its Astana Summit.

Even before 11 September, US attention to Central Asia was growing, especially interest in the region's energy resources. The objective was to prevent Russia and China from gaining exclusive access to these resources.⁵⁴ Indeed, the US's general attitude to Central Asia is driven by geopolitics, Washington considering itself involved in a zero-sum rivalry with Moscow and Beijing.⁵⁵ As a result, the US has practically ignored the SCO, preferring to engage the Central Asian Republics bilaterally.⁵⁶ The

⁵² Examples of Chinese-Kazakh cooperation include the opening of the Kazakh-Chinese Atasu-Alashankou oil pipeline in December 2005; in 2007 Russian, Kazakhstan and Turkmenistan agreed to build a major gas pipeline along the Caspian coastline.

⁵³ For more on US interests in Central Asia see E. Wishnick, *Growing U.S. Security Interests in Central Asia*, US Army War College, Strategic Studies Institute, 2002.

⁵⁴ N. MacFarlane, "The United States and Regionalism in Central Asia", *International Affairs*, Vol. 80, No. 3, May 2004, pp. 447-461.

⁵⁵ A. Wolfe, "The 'Great Game' Heats Up in Central Asia", *Political and Interest News Report*, 3 August 2005, <www.pinr.com/report.php?ac=view_report&report_id=339>.

⁵⁶ N. MacFarlane, *op. cit.* [54], p. 449.

view that the "SCO primarily serves as a geopolitical counterweight to the United States" is not uncommon amongst US analysts of the region.⁵⁷

Despite all, the US government has, to some extent, reserved judgement on the SCO and follows a wait-and-see policy. Indeed, one US official admits, "to be candid, we don't fully understand what the Shanghai Cooperation Organization does."⁵⁸ This is perhaps prudent because if the SCO evolves into the dominant multilateral framework in the region, then US security interests may be best served by engaging with it. Such a policy, however, seems unlikely at present, because the Bush administration's foreign policy is at odds with the key SCO tenet of nonintervention in domestic affairs.

Central Asia is also becoming increasingly important for the EU; in 2007 the EU adopted its first comprehensive Central Asian strategy.⁵⁹ Consequently, a number of analysts have argued for the EU to engage with the SCO even suggesting it apply for observer status.⁶⁰ Taking into account the "good governance" approach to its external policy, the EU may prefer not to engage with an organization which is seen to defend regimes that it finds distasteful. Yet the aims of the SCO and EU in Central Asia are in many ways complementary. Both organizations want to stabilize the security situation in the region. For the EU, Central Asia is the transport corridor for a number of new security challenges, such as terrorism, narcotics and organized crime; the SCO is the best placed regional actor to address these challenges. Of course, there are clashes of interest on access to economic and energy markets in the region. However, this should not rule out dialogue with the organization. Additionally, dialogue with the SCO would also give the EU a vector to repair its relations with Russia, which have been deteriorating of late. If the EU does not engage with the SCO it runs the risk of finding itself outside the regional cooperation picture, consequently its security aims in the region would suffer.⁶¹

For over a decade, the bilateral and multilateral tracks in the Russian-Chinese relationship have proved mutually reinforcing. This is the result of the SCO capitalizing on a number of pre-existing areas of common interest over economic and security questions. The organization enables Russia and China to pursue their respective interests and generally accentuates the positive aspects of their relationship. The involvement of the four Central Asian Republics, and the principle of consensual decision-

⁵⁷ A. Cohen, *op. cit.* [10].

⁵⁸ E. A. Feigenbaum, "The Shanghai Cooperation Organization and the Future of Central Asia", Nixon Center, Washington, 6 September 2007, <www.state.gov/p/sca/rls/rm/2007/91858.htm>.

⁵⁹ European Commission, "European Community Regional Strategy Paper for Assistance to Central Asia for the period 2007-2013", <ec.europa.eu/external_relations/central_asia/rsp/07_13_en.pdf>.

⁶⁰ A. Bailes and P. Dunay, *op. cit.* [13]; O. Antonenko, "The EU Should Not Ignore the Shanghai Co-operation Organization", Policy Brief, *Centre for European Reform*, May 2007, p. 7.

⁶¹ O. Antonenko, *op. cit.* [60], p. 8.

making help to placate Russian fears of Chinese dominance. This is having a positive impact on Russian-Chinese relations, and vice versa: the Russian-Chinese relationship is serving to consolidate the SCO.

However, there is potential competition on the horizon both within the SCO and in the Russian-Chinese bilateral relationship. In order to maintain the present positive dynamic, Beijing and Moscow must ensure that the SCO functions as more than a vehicle for their relationship. The other member states must feel as integral to the organization as its two most prominent members. Without this, the SCO will become an empty vessel, devoid of political legitimacy, and will fail to become an efficient vector for stability in the region.