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# THE SHANGHAI COOPERATION ORGANIZATION

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## *A New Order in Central Asia*

*Formed over 10 years ago, the Shanghai Cooperation Organization (SCO) has become a venue for countries in Central Asia to engage in diplomatic talks with their two powerful neighbors, China and Russia. Working towards shared goals and under the leadership of two of the world's great powers, the SCO has brought structure and a greater sense of unity to Central Asia. This article examines the reasons for cooperation, the purpose of the SCO, the effects of its policies in Central Asia, and what the future holds for the organization.*

*Michael Snyder*

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*Stanford University*

**I**t is no secret that in the last decade China and Russia have collaborated together with remarkable success. In summit meetings that rotate yearly between Beijing and Moscow, Presidents Hu Jintao of China and Vladimir Putin of Russia have settled border issues, increased military collaboration and arms trade, and removed restrictions obstructing economic ties. The two countries share many concerns, such as battling the terrorist and separatist forces they each face, as well as securing places as great powers in a multipolar international world. In the sometimes overlooked region of Central Asia, a battleground against forces of extremism where Chinese and Russian influence collaborates and competes with that of the United States, these goals have come to a head in the form of the Shanghai Cooperation Organization (SCO).

Formed in 1996 as the Shanghai Five, the SCO provides an international forum for Central Asia to enhance military cooperation and counter extremism, as well as increase economic and diplomatic ties among constituent states. Membership consists of China, Russia, and four

of the five countries of Central Asia – Uzbekistan, Kazakhstan, Tajikistan, and Kyrgyzstan – as well as the recent additions of Iran, India, Pakistan, and Mongolia as partial members with observer status. The organization's effectiveness, however, hinges on China's lasting cooperation with its neighbor and partner, Russia. Due to their converging interests in domestic and international realms, the two countries continue to build on their recent diplomatic success, and with further cooperation between its two leaders, the SCO will maintain its ascent as an influential international organization, finally bringing a sense of regionalism to the embattled Central Asia.

### *Converging Strategies in Central Asia*

For both China and Russia, Central Asia has become of vital importance to national interests, and their main priorities in the region are twofold: fighting terrorism and furthering economic growth. To this end, both powers have sought to promote social stability and political cohesion among Central Asian states, encouraging their development to produce strong allies that can deal

effectively with domestic extremism. Obstacles to international trade have been slashed, and Chinese and Russian investment in oil pipelines and other infrastructure in the region have boomed over the past decade. This has produced impressive results for the economies of the two giants, enabling Putin to consolidate Russian influence over former satellite states and allowing Hu Jintao to secure energy sources to support China's high rate of growth. Recipient governments in Central Asia are keen to see this relationship continue and, as economic advances reduce domestic unrest, public backing for extremist groups in the area will likely wane. Though these gains reveal themselves most clearly in the Central Asian states, they are even more important to China and Russia. With separatist movements in Xinjiang and Chechnya threatening the respective stabilities of both powers, it is these two nations that benefit the most from continued regional cooperation.

Situated in northwestern China and bordering Russia and Central Asia, Xinjiang is populated with ethnic Uigurs, Muslims of Turkish origins who have fought for independence under the state of East Turkestan. After seeing the progress made by their Central Asian counterparts, the Uigurs seek the same freedoms for themselves. However, should Xinjiang successfully wage a battle for independence, China fears a domino effect where similar forces in Taiwan and Tibet prompt their own struggles, wresting rule away from Beijing. Just as Moscow has treated Chechnya, Beijing has designated the separatists in Xinjiang terrorists and utilized the US War on Terror to suppress this domestic opposition movement. To control the Uigur separatists, China requires the assistance of its

neighbors to secure their borders and crack down on similar extremist groups sympathetic to the Uigur cause. Halting the drug flow in Central Asia, from Afghanistan up through Tajikistan and Kyrgyzstan to Uzbekistan, would cut off a significant source of revenue for these organizations, thereby striking a major blow to extremists and damaging the capabilities of the rebels in Russia and China. In order to fight these separatists effectively, however, these two powers require a joint commitment from all countries in the region to ensure government stability and security on the borders.

In addition to the security and economic dimensions of cooperation in Central Asia, a further concern for China and Russia is to counter United States advances in the region. While American cooperation in combating terrorism is essential, the two powers often seek a more expansive definition of extremism than favored by the US, and both would prefer not to share economic opportunities with their rival in the West. For Moscow, there is a continual desire to regain influence over the former USSR, attempting to counter NATO expansion into its former satellites by improving economic and military ties with the region. Similarly, China resents American influence halfway across the world in its backyard, preferring to keep its neighbors under its sphere of influence rather than that of the United States. Though these two Asian countries might not be unified on every front, they would both prefer to cooperate in a multipolar world order rather than seeing the US dominate international affairs. For these reasons, Russia and China look to the Shanghai Cooperation Organization for support.

*The SCO – A Common Solution*

Originally, the SCO was simply an institution of mutual respect. In its formation in June 2001, it delineated its major aims:

*The purposes of the SCO are: strengthening mutual trust and good-neighborly friendship among the member states; encouraging effective cooperation among the member states in political, economic and trade, scientific and technological, cultural, educational, energy, communications, environment and other fields; devoting themselves jointly to preserving and safeguarding regional peace, security and stability; and establishing a democratic, fair and rational new international political and economic order.<sup>1</sup>*

Signatories pledged not to use or to threaten military action against other members, and each agreed that all dealings should be made with consideration to the interests of other nations. The organization was developed mainly as a confidence-building forum, but after September 11 acquired more of a security dimension, producing affirmations that “SCO member states will strengthen cooperation in security fields, with the purpose of increasing efficiency of struggle against terrorism, separatism and extremism and protecting their common interests.”<sup>2</sup> Incorporating economic, security, and technological cooperation, it has advanced well beyond its original scope of “strengthening mutual trust and good neighborly friendship.”

As a multilateral forum for confidence-building and regional support, the SCO has provided an efficient outlet to address the concerns of its various members. For Central Asia, it allows former states of the USSR to address the leaders of Russia and China as equals, collaborating with the two countries and giving the smaller states a regional institution in which the two major

powers compete for their support. Such status in an effective multilateral group imparts a sense of recognition for their equality and sovereignty. The group has also allowed them to maintain strong control over domestic politics, clamping down on terrorists and opposition groups with help from their two powerful neighbors, thereby avoiding the human rights and democratic concerns that often render Western countries reluctant to lend their support. With China and Russia feeling increased pressure themselves from separatist movements in Chechnya and Xinjiang, Central Asian states can lean on their SCO leaders for support against similar types of political opposition. Finally, the SCO has provided economic benefits to Central Asian states, helping secure foreign markets and investment for exporting their expansive energy reserves. The gains are considerable, as Tajikistan and Kazakhstan rounded out 2004 and 2005 with GDP growth rates approaching 10%, with their regional neighbors close behind.<sup>3</sup> Border disagreements between countries have been settled – such as the recent agreements between Kyrgyzstan, Tajikistan, and Uzbekistan – and with their major concerns for regional and economic cooperation largely answered, Central Asian states look to the future with optimism.

For Russia, the situation looks similar. Its major concern of the past six years has been Putin’s ideal of *gosudarstvannost*, the notion of rebuilding Russian statism to regain its former position as a great power. To this end, it places significant weight on halting terrorism and opposition movements in areas like Chechnya. While the SCO has certainly provided an accommodating forum to address these concerns internationally, it has also given Moscow

an arena to address Beijing as diplomatic equals, matching its flourishing neighbor and monitoring China's rise closely. Rebuilding its status requires international recognition, and by merging its interests with those of China, Central Asia, and South Asia, Russia has been able to advance in a multi-polar fashion.

Nevertheless, the SCO remains a Chinese initiative, and it is Beijing that perhaps has gained the most. China's diplomatic status has been enhanced by heading an efficient multilateral organization, and without the participation of the United States, China is the most powerful nation involved. While the SCO has helped garner support to regulate Chinese borders, it has also presented an opportunity for greater economic integration into Central Asia, providing access to the region's significant pools of oil and natural gas. Without this energy Beijing would be unable to continue its remarkable rates of economic growth, and rather than relying on resources from the volatile Middle East, it has increased its pursuit of Central Asian reserves in the spirit of diversification.<sup>4</sup> Moreover, pipelines from Russia and Central Asia will pass through the Chinese border into Xinjiang, allowing Beijing to station troops in the unstable region to oversee construction and protect the investment.<sup>5</sup> Operating under this pretext, these troops can then monitor opposition movements closely, move quickly to avert crises and act more efficiently to protect Chinese interests. In this way, access to Central Asian oil will have secondary benefits for China unrelated to the economic gains that the SCO has already secured, and with the cooperation of neighboring states, China will be able to deal more effectively with threats to domestic stability.

*Sino-Russian Relations –  
Cooperation or Competition?*

Even with the recent admission of Iran, India, Pakistan, and Mongolia in April 2006, the SCO will only go as far as Russia and China carry it. Despite the powerful influence of India's booming economy in international markets, the economic and military potential of the SCO is extremely limited without Russia's manpower and China's considerable economic and military clout. The most significant barrier to continued cooperation is the two countries' persistent underlying rivalry. Tensions in Central Asia, a region that has traditionally been Russia's backyard, have the potential to erupt as Moscow tries to regain its former influence over its satellite states and Beijing attempts to increase its expanding sphere of influence. As Anatoly Klimenko writes in his article "Russia and China as Strategic Partners in Central Asia:"

*On the Russian side, people are deeply apprehensive about China's growing military muscle, its staggering population statistics, and, even more worrisome, by territorial claims that continue to be put forward by some media in China.<sup>6</sup>*

The distrust is mutual, and China, recognizing the area's deep ties to Russia, has sought to use the SCO as an instrument to draw the Central Asian states further from their traditional partner into a more multilateral sphere.<sup>7</sup> Beijing needs access to the energy in Central Asia, but aggressive action in the region will not be received well by Moscow. Furthermore, as Klimenko continues, the "absence of personal contacts and exchanges between the two countries' nongovernmental organizations [is] a clear indication that relations

between Russia and China lack a broad-based popular support.”<sup>8</sup> Without increased attention to resolving this mutual jealousy, relations between the two countries will go nowhere.

A further example demonstrating the basic distrust that lurks behind the appearance of friendly Sino-Russian relations is the limitation on arms trade from Moscow to Beijing. The two countries engage in close military cooperation and exchange, with over 40% of Russian conventional arms transfers going to China and 90% of Chinese weapons purchases originating from Russia during 1997-2001.<sup>9</sup> However, not all technology is transferred freely, and China seeks a much closer partnership. Since India, only a recent addition to the SCO and a country that has continuously flouted the Nuclear Non-proliferation Treaty, has enjoyed full access to Russian technology, China feels entitled to the same benefits. Although trade between the two powers has reached astounding levels, this withholding demonstrates a lingering distrust that belies their outward appearance of a close “strategic partnership” voiced in the 1996 summit and maintained since.<sup>10</sup>

Despite inevitable tensions, however, the two countries have shown a remarkable ability to resolve their problems without allowing minor disagreements to ruin a valuable partnership. For example, after considering proposals to build a pipeline to give energy access largely to either Japan or China, Moscow has compromised, agreeing to build a stage to the Chinese city Daqing first and then run an extension to the Russian port city of Nakhodka, allowing easier Japanese access. A line straight to Nakhodka would run exclusively through Russian territory, while also reaching South Korea

and the United States, and it would be funded largely by a \$7 billion loan promised by Japan. However, recognizing the damage this line would have on Chinese relations, and valuing the benefits of a shorter, safer line to the powerful Chinese market in Daqing, Moscow decided to honor its original agreement with Beijing, compromising with Japan in order to satisfy its SCO partner. With similar minor concessions, Russia and China can build upon the pipeline compromise as an example in overcoming their disagreements to keep their larger interests in mind, leaving their strategic partnership intact.

### *The Future of the SCO*

By aligning the interests of two of the world’s largest powers, the SCO is poised to flourish on the international stage. However, due to basic distrust and the precarious nature of shifting regional interests, it is extremely unlikely that the SCO will ever develop into a pact of mutual defense. While countering the hegemony of the United States is a significant and shared concern for each of the member states, none are ready to sacrifice diplomatic and economic ties with the superpower should another member overstep its bounds and provoke American ire. The U.S. is simply too powerful and its economic support too valuable for members to risk losing its good favor. Immediately after the June 2001 meeting, Uzbek President Karimov echoed this sentiment, declaring that the pact to “join hands to battle the three evil forces of terrorism, separatism and extremism” would in no way be used to subordinate Uzbekistan to the interests of larger powers.<sup>11</sup> Should it be called to arms in a struggle to regain Taiwan, for example,

Uzbekistan would have to reevaluate its policies. Similarly, the larger powers in the SCO would be reluctant to promise their support to the smaller nations in Central and South Asia. Emboldened by the backing of China and Russia, a smaller state might be overly aggressive in its dealings with others, laying claim to resources in neighboring lands, for example, or stepping up the production of illegal weapons. Fearing this possibility, Beijing and Moscow would prefer to reserve military action for situations that serve their own interests, rather than risking involvement in minor conflicts across the region.

While the potential of the SCO may be limited in its military scope, the true promise of the organization lies in its likely development as an economic superpower. With its expanded membership, it now contains two booming economies in India and China, as well as the enormous amounts of oil in Russia, Central Asia, and Iran. This influence on world markets and control over energy reserves gives its members tremendous clout in the international arena. Steps toward integration found in the European Union, such as the adoption of a common currency and financial system, are unlikely, but the SCO can make enormous progress in securing the benefits of energy trade and greater liberalization. With an increased focus on economic development, member

states can encourage greater investment amongst each other to further their mutual dependence, creating a common economic zone of free trade and financial cooperation.

Yearly summit meetings between Putin and Hu have been effective, and with the two major powers on board, the SCO has launched itself from relative anonymity to a role as a decisive player in international affairs. Economic integration has paved the way for closer regional cooperation, and joint military exercises have created a tight security environment that will deter any aggression from opposition movements as well as other world powers. While countering the unilateral influence of the United States is certainly a strong concern for both China and Russia, their shared interests for fostering political stability and economic growth across the region remain their top priorities. Should the two powers maintain their recent diplomatic contact and continue their progress against extremism, their common interests will ensure a lasting cooperation. As military and economic cooperation in Central Asia grows ever more robust, China and Russia will continue to gain further recognition as dominant powers in a new world order, and with continued unity of leadership, the SCO will soon become impossible to overlook.



## ENDNOTES

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- 5 David Bachman, "Making Xinjiang Safe for the Han: Contradictions and Ironies of China's Governance in the Northwest," in Morris Rossabi, ed., *Governing China's Multiethnic Frontiers*, (Seattle WA: University of Washington Press, 2004), 161.
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  - 7 Russell Ong, "China's Security Interests in Central Asia," *Central Asian Survey*, vol. 24, no. 4 (2005), 435.
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  - 9 Ren Dongfeng, "The Central Asian Policies of China, Russia and the USA, and the Shanghai Cooperation Organization Process: A View from China," *Stockholm International Peace Research Institute*, 2003, 11.
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## MICHAEL SNYDER

Michael Snyder is a senior majoring in Economics with a certificate in Political Economy at Stanford University. Michael's junior thesis was titled "Social Mobility among Immigrants in the United States: an Intergenerational Comparison," and he plans to write his senior thesis on the topic of environmental economics. His academic interests include political systems of East Asia, issues relating to Sino-Japanese rivalry, international and domestic financial systems, and environmental, health, and public policy economics.