

# How Effective Is the SCO as a Tool for Chinese Foreign Policy?

Written by George Battams-Scott

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GEORGE BATTAMS-SCOTT, FEB 26 2019

The Shanghai Cooperation Organisation (SCO) is a Eurasian political, economic and security alliance, formed in June 2001 consisting of the members of the *Shanghai Five* of China, Russia Kazakhstan, Kyrgyzstan and Tajikistan; and Uzbekistan formally joined in 2001. India and Pakistan gained accession in June 2017 and there are numerous observer states including the likes of Iran and Afghanistan. In terms of geographic area and population, it makes the organisation the largest in the world, and one of the most powerful.

Chinese foreign policy for the Eurasian region centres around regional stability and economic development; all to facilitate its 'peaceful rise' and 'harmonious world' hegemonic goals. China further holds multilateralism at the centre of this and the SCO due to the multilateral platform that China was pinnacle in establishing, thus giving China large amounts of influence over the organisation and making it a tool for China to meet its policy ends.

However, the effectiveness can be called into question. Though the organisation has made great strides in securing just policies of regional stability and economic development, conflict (diplomatic, economic or armed) still persists, and issues surround China and Russia over the purpose of the organisation.

As is stands, the SCO has been an effective tool for China and its foreign policy, but conflict points, especially over resources, could lead to a complete break down in the organisation and its effectiveness for Chinese ends.

### The Effectiveness of the SCO as a Tool

Regional stability and security are not only a way to protect China's borders and to prevent any threats to the rising power, but also so peaceful economic development and trade can take place. "Border security and the resolution of the boundary issues topped the policy agenda for Beijing" (Yuan, 2010, p. 857) and thus China uses the SCO to resolve not only its own but regional border issues that upset the political status quo. As "the SCO brings together six countries with very different military, political and economic weights: two nuclear and 'UN veto' powers – China and Russia – and four smaller Central Asian countries with considerable conflict potential (ethnic, border and water conflicts) between them" (Grieger, 2015, p. 3) there is serious risk to China's rise and policy goals. Through the SCO (and its predecessor the Shanghai Five), China sought to reduce this border conflict as it is a primary cause of conflict that is destabilising the region. The 1997 meeting of the Shanghai Five resulted in "an Agreement on Mutual Reduction of Military Forces along China's borders with Kazakhstan" (Chung, 2006, p. 7) and subsequent agreements have resolved "disputes between Kyrgyzstan, Tajikistan and Uzbekistan on border issues and the Ferghana Valley enclaves" (Grieger, 2015, p.8), preventing any escalation that could result in armed conflict. The SCO provided the perfect multilateral platform for China to improve regional stability through this reduction of border forces and presents that the SCO is an effective tool for China to accomplish such a result.

As a result of resolving many of the outstanding border issues and improving regional stability, the SCO moved on to non-conventional security threats. Seeking regional "cooperation in preventing the rise of Islamic fundamentalism and ethnic separatist elements from spreading into China's Xinjiang Uighur Autonomous Region (XUAR)" (Yuan, 2010, p. 857), China uses the SCO as a tool to combat these transnational threats multilaterally within the SCO.

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Initially, these threats were written into the SCO's Charter at its founding in 2001 when "the leaders of the member states signed the Shanghai "convention against Terrorism, Separatism, and Extremism" (Chung, 2006, p. 5) which subsequently "clearly defined the cardinal purpose of the organization" (Chung, 2006, p. 5) in order to have a proper focus on these security threats. Secondly, "Beijing pushed hard and successfully at the 2002 St. Petersburg summit for the establishment of an SCO regional anti-terrorist center" (Chung, 2006, p. 10). The Regional Anti-Terrorism Structure (RATS) is designed for the "coordination of nonmilitary actions relevant to addressing the common sub-state security threats" (Aris, 2009, p. 469) that threaten regional stability and therefore, Chinese foreign policy goals. RATS further presents how China uses the SCO to combat a security threat to China and to regional stability that would further jeopardise Chinese security and policy goals. Overall showing the SCO's effectiveness as a tool when such a structure can be established when Chinese diplomatic pressure in the SCO.

A third aspect of regional security that demonstrates that the SCO is an effective tool for China is the prevention or removal of external actors to the region, primarily western states or organisations. Even though the SCO has no focus on external threats, "Russia finds a common interest with China in keeping the expansive United States and NATO out of the area by means of the SCO" (Oldberg, 2007, p. 25) due to the threat they pose to the internal security of the SCO. The "political influence from extra-territorial actors ... could lead to regime change" (Grieger, 2015, p. 4) which would significantly impact the political status quo and regional stability. In light of this threat, significant Chinese pressure at the Astana meeting in 2005 led to calls for "a timetable for the withdrawal of U.S.-led forces in Afghanistan and for a deadline to terminate the use of temporary facilities in SCO countries, ... the Uzbek government gave the United States 180 days from July 29, 2005, to cease operations" (Chung, 2006, p. 10). This presents how effective the organisation can be for China to achieve its goals of regional security, and thus, Chinese security.

Regional stability and security take a leading position in Chinese foreign policy due to it resulting in the ideal environment to facilitate economic development and trade – which can lead to prosperity and further regional stability – meaning there is a close link in Chinese foreign policy between their security doctrine and economic development. For China, growing its economic power directly results in more power to wield globally and to take hegemony in a peaceful manner. The SCO is an effective tool for pursuing this economic development for China in the Eurasian region due to its multilateral platform. The SCO, "reflecting China's goals of building comprehensive strategic partnerships and cementing its burgeoning economic role and influence in Central Asia, expanded its concerns from a primary emphasis on counterterrorism to include economic cooperation" (Chung, 2006, p. 11), presenting that China has significant power over the organisation to expand its focus to in line with its own policy goals, making it more effective as a tool.

China's most recent flagship economic project, the One Belt, One Road (OBOR) initiative, presents how effective the SCO is as a tool due to the multilateral platform. OBOR is "a multilateral proposal to upgrade infrastructure, improve China's bilateral ties, and international institutions, as well as drive much needed global development" (Feldshuh, 2018). There has been an "SCO agreement on international road transportation facilitation and an infrastructure network covering roads, railways, energy and telecommunications" (Liangyu, 2018), all to progress the OBOR initiative. On top of OBOR, China has also offered members of the SCO large loans at low-interest rates with which they can spend freely within their country. In 2004, "China offered \$900 million in credit at preferential rates to the other five members of the SCO" (Chung, 2006, p. 11). With the level of trade increasing – "in the first quarter of 2018, trade volume between China and other SCO members jumped 20.7 percent year on year" (Liangyu, 2018) – and China's economy is soon poised to take the world number one spot, it shows how the SCO has been highly effective for China in the implementation of OBOR and regional economic development.

## The Ineffectiveness of the SCO as a Tool

Alternatively, the effectiveness of the SCO for achieving China's foreign policy goals is undermined significantly due to the level of conflict, armed or diplomatic, that still persists in the Eurasian region. The expansion of the SCO in 2017 to give full membership to India and Pakistan has great potential for upsetting the regional stability due to existing border disputes and the flashpoint of Kashmir. "Indo-Chinese and Indo-Pakistani disagreements could have a negative impact on the effectiveness of mechanisms for diverse cooperation and consultations within the SCO" (Li, 2018, p. 98). In short, increasing regional stability by institutionalising the border disputes not only between India and

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Pakistan, but also between China and India. The last border conflict between China and India was in early 2017 and a few months later India was granted full membership (after being an observer for a decade) presenting how regional stability is still a continuing issue which weakens the effectiveness of the SCO for China to achieve regional stability when the internal mechanisms for conflict prevention are unable to resolve such conflicts. Furthermore, “some bilateral conflicts, such as on water sources, have reportedly proved too controversial to be settled in the framework of consensus-based conflict resolution” (Grieger, 2015, p. 8). Most significant of these resource conflicts is between India and Pakistan over Kashmir due to the access it provides to the Indus, Jhelum and Chenab rivers. In the future, this increased competition over energy and water resources in Eurasia (the most significant of which will most likely be between China and India) could lead to large-scale conflict. Additionally, “as India prepares for future increases in its oil and gas demands, it may become a keen competitor of China for influence and hydrocarbons in Central Asia” (Chung, 2006, p. 12) and “the competition between India and China could have a negative impact on interactions within the SCO and lead to the blocking of initiatives and the halting of negotiation on agreements” (Alimov, 2018, p. 117). There is potential that “India could try to involve the SCO in the race for energy resources” (Chung, 2006, p. 12) and that could result in a complete break down in internal cohesion, potentially resulting in a split within the SCO. This would greatly impact the Chinese using the SCO as a tool if it is strife with internal conflict. Overall, completely undermining the effectiveness of the SCO to achieve the Chinese foreign policy goal of regional stability.

Similarly, internal cohesion may be further threatened by conflict with Russia, the other major power in the organisation. “The SCO is the only regional organisation on former Soviet territory that brings together Russia and China on an equal footing and is not dominated by Russia alone” (Grieger, 2015, p. 5). China then “prevents it from being an instrument of Russian (anti-Western) security policy” (De Haas, 2008, p. 28). This immediately indicates that there is internal conflict over the purpose and policy of the SCO by the two main actors in it. This “rivalry and diverging views between Russia and China have seriously obstructed progress in the SCO’s integration” (Grieger, 2015, p. 9) which does have a direct impact on the effectiveness of the organisation if the member states are not integrated to provide the cooperation and stability China needs for its economic development or ‘peaceful rise’. Furthermore, with China displacing Russia as the sole regional power, “Moscow is likely to become aggressive toward China if it starts losing its diplomatic grip on this region” (Marantidou & Cossa, 2014) as Russia traditionally had unilateral influence and desires to keep regional hegemon. This prospect further undermines the SCO if the two main powers are in conflict – diplomatic or armed – and undermines the effectiveness of it for China to reach its foreign policy goals.

On top of this, the SCO may come to odds with other regional institutions or organisations that are led solely by Russia, namely the Eurasian Economic Union (EAEU) or the Collective Security Treaty Organisation (CSTO). The is a large amount of economic competition between the EAEU and the OBOR initiative “because the implementation of the OBOR strategy and the EAEU integration process are essentially designed to strengthen the regional influence of Beijing and Moscow respectively, some argue that the two countries’ economic interests are at odds with each other and that any linking or coupling of the two projects is therefore impossible” (Daily FT, 2017; Marantidou & Cossa, 2014 in Alimov, 2018, p. 117). Similar to a potential conflict over regional hegemon and the influence it brings, this economic competition creates regional instability that highlights the lack of effectiveness in the SCO bringing about complete regional stability for China.

Lastly, the SCO cannot be an effective tool for Chinese foreign policy globally. The SCO is formally focused on internal nonconventional security threats and improving regional stability, inhibiting the organisation to act on a global stage. Due to this fact, the SCO cannot be compared to other conventional security organisations such as NATO which “aimed primarily at external security risks whereas the SCO concentrates strongly on security within the territory covered by its member states.” (De Haas, 2008, p. 30). As a tool for foreign policy, this lack of external focus severely impacts the effectiveness for China and limits it only to the Eurasian region even though it is the largest, and possibly most powerful, organisation of its type. In perspective with issues with internal conflict and lack of cohesion only exacerbate how ineffective the SCO would be for China globally. The “conflicts of interest between China and Russia in retaining within or drawing the four Central Asian countries which are SCO members into, their spheres of influence have inevitably limited SCO activities in areas going beyond non-traditional security” (Grieger, 2015, p. 5). Overall, looking at the SCO in a global perspective presents that it is not an effective tool for Chinese foreign policy.

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## Conclusion

China's usage of the Shanghai Cooperation Organisation has resulted in many of its foreign policy ends being reached or at least had significant progress towards them. Regional security was once at the forefront of the Chinese policy agenda, but through border forces reductions, focus on nonconventional threats such as terrorism, and the removal of external actors that may disrupt the political status quo, regional stability has improved. Now economic development has taken precedence with the One Belt, One Road initiative.

However, the continuation of border disputes undermines regional stability and is only set to increase in the future as resources for energy and water become more sought after by SCO member states – especially between China and India due to their population sizes. Regional stability is further undermined by conflict between China and Russia inside the SCO and conflict with Russian led Eurasian organisations also impact the effectiveness of the SCO for achieving Chinese policy ends. In terms of China's global foreign policy, the SCO lacks the institutionalisation and the focus on external threats through the SCO and cannot be compared as a rival NATO.

In short, the effectiveness of the SCO for Chinese foreign policy goals is as such a subject for debate, but the progress made towards these goals cannot be ignored and thus far, the SCO has been fairly effective.

Overall, increased institutionalisation and empowerment of the SCO is the best way forward for Chinese foreign policy and hegemonic goals as it would increase its effectiveness. But there still has a huge risk of competition, potentially conflict, between China and Russia over dominance of the region and Chinese multilateral policy could interfere with its hegemonic goals; constraining it too much by smaller regional powers. The future of the SCO is in the hands of China, Russia and potentially India, though the next few years will indicate whether the powers will abandon the SCO due to their policy differences or institutionalise it further to increase integration and cooperation.

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