

The Shanghai Cooperation Organization: China's Experiment in Multilateral Leadership

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One of the most prominent features of China's foreign policy behavior in recent years is its increasing activism in multilateral diplomacy. From the UN to the WTO, from the ASEAN Regional Forum (ARF) to the six-party talks, from the Boao Forum to the Shanghai Cooperation Organization, one sees Chinese leaders and diplomats busy working with their counterparts from other countries on a variety of international issues. This presents a sharp contrast to its behavior in the past when China stayed away from international disputes and only became seriously involved when some narrowly defined Chinese national interests such as the Taiwan problem and international criticism of China were involved. With the rise of China, China's role in multilateral diplomacy is also likely to increase. What is the nature of China's new multilateral activism? How effective is China's new active approach to multilateral cooperation? What are the implications for China's future approach to multilateral cooperation and for multilateral cooperation as a whole? These are questions that have attracted increasing international attention.

This article is designed to deal with one fairly recent aspect of China's role in international multilateral cooperation through studying China's experience with the Shanghai Cooperation Organization (SCO): China's leadership in multilateral cooperation. It will examine the way the Chinese government has taken up a leadership role in the SCO, evaluate its effectiveness and problems as well as its implications for China and the

international community. As the first international organization named after a Chinese city, China has played an important role in the establishment and development of the SCO. What a rising China has done with the SCO is of great significance for us in understanding China's emerging role in international multilateral cooperation.

Leadership: A Definition

Before discussing China's leadership role in the SCO, one needs to clarify the concept of leadership. Leadership is a process by which a person or an actor manages an organization or influences others to take action. Effective leadership requires vision, will, resources, and skills. Good leaders should be able to come up with a vision that appeals not only to themselves, but also to the people that are supposed to be led. They should have the will to pursue such a vision even when confronted with difficulties, especially when it comes with certain risks and sacrifices to themselves. They should have sufficient resources or the ability to come up with sufficient resources to back up such a pursuit. They should also have sufficient skills to persuade and make others follow if necessary.

Likewise, in international relations, leading states should be able to come up with a vision that appeals not only to themselves but also to the international community. They should have the political will to pursue such a vision in the face of serious difficulties and take risks or make certain sacrifices if necessary. They should also be economically capable of sustaining such efforts. Finally, they should have the diplomatic skills to mobilize and sustain support for such a vision from other countries.

The SCO: An Evolving Enterprise

The SCO was officially founded on the basis of the Shanghai Five, a security mechanism initially established to deal with the border problems between China and four states of the former Soviet Union, including Russia, Kazakhstan, Kyrgyzstan, Tajikistan, plus Uzbekistan since June 2001. Since its founding, the SCO has made much progress despite ups and downs in its development.

At the beginning, the SCO appeared somewhat redundant. After all, the border problems had already been largely dealt with within the

Shanghai Five framework. If the Shanghai Five could deal with most of the border problems, it was certainly sufficient to manage the remaining border problems. Beyond the border problems, these countries did not appear to have much substantive to work with. Surely, terrorism, separatism, and religious fundamentalism, the so-called three forces, posed a threat to all of its members, and fighting against them was a newly announced goal of the SCO. However, at the time, it was largely viewed as a domestic concern. In principle, SCO members vow to respect each other's sovereignty and to adhere to the principle of noninterference in each other's internal affairs. Under these circumstances, cooperation in this area can only be limited, and the Shanghai Five appeared to be adequate. In addition, SCO members except Russia did not have much experience with multilateral diplomacy. It would take them some time to learn how to tap the potential of the SCO. Finally, SCO members were by and large poor countries and lacked the resources to support more ambitious goals. Russia was struggling to get back on its feet. China's economy was doing well. However, as a developing country undergoing some fundamental transitions, China did not have much to spare to support multilateral endeavors. Other central Asian states were also in various degrees of economic difficulty. For these and other reasons, the SCO was generally perceived as something politically symbolic, not as an international organization with much substance, let alone one with great promise.

The toothless response of the SCO to the 9/11 terrorist attacks against the US appeared to have confirmed the previous impression. In the wake of 9/11, the SCO did not take any substantive actions other than issuing a statement condemning the terrorist attacks. In any case, it did not have an established institutional mechanism to respond to the new challenge. The fate of the SCO became even more precarious following the US-led war against Afghanistan. Instead of taking collective action together, the SCO members chose to cooperate with the US on an individual basis. China and Russia rushed to demonstrate their respective support for the US war against terrorism. Other members of the SCO chose to work with the US in their respective ways, some even allowing the latter to use their military facilities and moreover setting up military bases in their own territories. For a time, many observers thought that the SCO was dead.

However, the SCO survived and even grew stronger and more active over time. Gradually, it has managed to develop various forms of

cooperation among its member states. To begin with, SCO members have managed to hold an annual summit meeting of the heads of state. Meanwhile, they have set up regular meetings among heads of government, ministers of foreign affairs, as well as officials at various levels such as heads of ministries and departments.

In the second place, the SCO has stepped up cooperation to fight against the “three forces.” In addition to closer cooperation among the police and intelligence institutions of the member states, the SCO has also engaged in military cooperation. Among other things, member states have conducted several joint military exercises of increasingly larger scale and with the alleged aim of combatting terrorist activities more effectively.¹

In the third place, the SCO has made much progress in expanding economic relations among its members. As the following table shows, while the absolute volume of trade between China and other members of the SCO remain moderate, they have grown substantially since the SCO’s establishment.

Increasing economic relations are accompanied by enhanced efforts to build transportation links between China and other SCO members. (1) Railways: in 1990, the rail line between Urumuqi (China) and Aqtoghay (Kazakhstan) was opened. Another line has been under negotiation

Trade between China and Other Members of the SCO² (In US\$1,000)

Country	2001	2005	Growth
Russia	10,670,550	29,103,140	173 %
Kazakhstan	1,288,370	6,810,320	429 %
Kyrgyzstan	118,860	972,200	718 %
Tajikistan	10,760	157,940	1,368 %
Uzbekistan	58,300	680,560	1,067 %

¹ John W. Garver, “China’s Influence in Central and South Asia: Is It Increasing?” in David Shambaugh ed., *Power Shift: China and Asia’s New Dynamics* (Berkeley: University of California Press, 2005), 213.

² Constructed according to the statistics of the Ministry of Commerce, http://3w.mofcom.gov.cn/table/jcktkj_2001/zygb/zygb2001_12c.html; <http://zhs.mofcom.gov.cn/tongji.shtml>.

between China, Kyrgyzstan, and Uzbekistan. (2) Highways: In addition to the five hard-surfaced roads crossing between Xinjiang and Kazakhstan, several highways are either under construction or under improvement.³ According to a *Xinhua* news report, China plans to invest 2.3 billion yuan (\$294 million) in the next five years to upgrade highways linking border trading areas in the Xinjiang Uyghur Autonomous Region.⁴ On top of this, an agreement to build a highway linking nine Asian countries—South Korea, China, Japan, Uzbekistan, Vietnam, Sri Lanka, Myanmar, Cambodia, and Azerbaijan—took effect on July 4, 2005.⁵ (3) Airlines: After years of growth, China already has thirty-eight regular passenger flights with member states of the CAREC (Central Asia Regional Economic Cooperation).⁶ These plus efforts to build oil pipelines and telecommunication optical fiber cables are laying a firm, solid foundation for further rapid expansion of economic relations among SCO member states.

In the fourth place, the SCO has set up some institutional mechanisms to facilitate and sustain cooperation. As of now, the SCO has established two permanent institutional bodies in this regard: the Secretariat in Beijing and the Regional Antiterrorist Structure in Tashkent. It has also given its blessing to the creation of the SCO Business Council and Interbank Association.⁷ More recently, the SCO opened a forum in Moscow designed to involve experts and officials in discussing and developing policy for the organization.

Finally, as a result of these and other aspects of cooperation, SCO members identify more firmly with and are more committed to the organization than ever before. This is especially true in the past few years when the so-called “color revolutions” in the region led to instability in the member states of the SCO. “Color revolutions” are generally seen in these countries as a result of efforts on the part of the US to put their men in power. Fear of domestic instability drove the governments of the central Asian states to turn to the SCO for support.⁸

³ Garver, “China’s Influence in Central and South Asia,” 206–208; <http://www.rferl.org/featuresarticle/2006/6/18F4BC0C-94AA-4873-A4AB-61D9FF33DB93.html>.

⁴ <http://english.cri.cn/3130/2007/01/01/262@180471.htm>.

⁵ http://www.unescap.org/unis/eye_on_unescap/issue46_7july2005.doc.

⁶ http://www.unescap.org/unis/eye_on_unescap/issue46_7july2005.doc.

⁷ <http://www.coscos.org.cn/200607181.htm>.

⁸ http://www.pinr.com/report.php?ac=view_report&report_id=325&language_id=1.

Over time, the progress that the SCO made was significant enough to prompt some neighboring countries including Mongolia, India, Pakistan, and Iran to seek membership in the organization. As of now, these countries have already become observers of the organization. Even the US has applied for observer status as it does not want to be excluded from what it believes to be an increasingly significant regional organization.⁹

In part for the previous reasons, some people believe that the SCO is becoming a formidable international organization. As David Wall, an expert on the region at the University of Cambridge's East Asia Institute, put it, "An expanded SCO would control a large part of the world's oil and gas reserves and nuclear arsenal. . . . It would essentially be an OPEC with bombs."¹⁰

To be sure, the SCO is still a relatively weak institution if compared to such international organizations such as NATO. "The basic picture is that the SCO is not as important as people in Washington think," says Daniel Kimmage, an expert on Central Asia at Radio Free Europe/Radio Liberty. He argues, "If you take NATO as your standard for organizational effectiveness, . . . the SCO is not even close yet."¹¹

People may have different views as to the influence of the SCO as an international institution in the days to come. Almost without exception, they all agree that the importance of the SCO has grown, and that it can no longer be ignored.

Crossing the River by Feeling for Stones along the Way: China's Role

As one of the initiators of the SCO, China has played a significant role in its founding and subsequent development. In retrospect, it appears that China did not, and still does not, have a grand strategy or sufficient influence to steer the SCO to its current position and beyond. Instead, China's expectation and capacity to influence the development of the organization evolves with changing circumstances over time. China's

⁹ <http://www.capmag.com/article.asp?ID=4699>.

¹⁰ http://www.cfr.org/publication/10883/rise_of_the_shanghai_cooperationorganization.html.

¹¹ http://www.cfr.org/publication/10883/rise_of_the_shanghai_cooperationorganization.html.

input reminds people of the Deng Xiaoping's erstwhile famous saying, "*mozhe shitou guohe*" [crossing the river by feeling for stones along the way].

At the beginning, China saw the SCO as a useful mechanism for a number of reasons. First, it expected it to help consolidate the achievements of the Shanghai Five on border settlement and security confidence-building measures along the borders between China and its neighbors in the SCO. Second, it expected that the SCO would facilitate the settlement of the remaining border problems such as the disputed islands in the Amur and Argun Rivers with Russia. Third, it hoped that the SCO would help alleviate the mounting security pressures on China from the Bush administration, especially following the Hainan air collision incident. Finally, China hoped that the organization could expand its mission into other areas of cooperation such as joint efforts against the "three forces," economic relations, and cultural exchanges. Its hope on the expansion of cooperation, upon reflection, was limited. For instance, it did not expect much progress in joint efforts against the "three forces," nor did it make much effort in this regard, just like other members of the SCO. The agreement on joint efforts against the "three forces" appeared to be signed more as a way to demonstrate political support to each other in their own respective fight against these forces than a significant step toward collective action under the SCO. Thus, while the SCO members agreed to fight against the "three forces" as early as June 2001, the SCO did not do much in this regard and found itself incapable of an immediate and meaningful response to the challenges of 9/11.

Over time, however, China's expectations of the SCO escalated. First, it attached more importance to cooperation in fighting against the "three forces" in the wake of the 9/11 attacks. Then, it made greater efforts to promote trade and investment among SCO members. As economic relations expanded and the energy issue loomed larger, it began to make more efforts to promote cooperation in infrastructure building and energy cooperation among SCO members. More recently, as the international profile of the SCO increases, China has begun to use the organization as a platform for advocating a Chinese version of multilateral cooperation.

Along with the rise in expectations, the Chinese government's vision for the SCO has also changed. When the SCO was founded, it championed the "Shanghai Spirit," allegedly a new security concept, a new model of interstate relations and regional cooperation. It is based on

the principles of nonalignment, openness to the rest of the world, mutual trust and benefits, equality, consultation, respect for diversified civilizations, and mutual development.¹² And, as the organization's charter notes, the SCO is not aimed at any other country or international organization.¹³ In general, there is a code of conduct of interstate relations instead of value-based goals and objectives.

Five years later, China's expectations of the SCO have grown beyond this and are more substantive and more ambitious than ever. In his speech at the 2005 SCO summit, President Hu Jintao stated that China hopes that the SCO can better deal with challenges, advance regional development, maintain regional stability, and fulfill common prosperity through deepening and expanding bilateral and multilateral cooperation of all forms among SCO member states.¹⁴ On top of this, more recently, China began to call for building a "harmonious region with sustainable development and common prosperity."¹⁵

Escalating expectations have been accompanied by increasing political commitment on the part of the Chinese government to the SCO. With the passage of time, the Chinese government has attached increasing importance to the organization. To the Chinese government, the SCO is not only a source of security in an uncertain and threatening world, but increasingly, an opportunity for an expanding its market, diversifying its energy supplies, demonstrating to the world the benign nature of China's rise, and advocating a new type of multilateral cooperation.¹⁶ Consequently, China has invested an increasing amount of time and resources to make the SCO a success. Among other things, China pledged nearly \$1 billion in loans to the SCO Central Asian members.¹⁷

¹² Declaration on the Establishment of the Shanghai Cooperation Organization, <http://www.sectSCO.org/html/00088.html> (August 15, 2006).

¹³ Shanghai Cooperation Organization Charter, Article 2, <http://www.sectSCO.org/html/00096.html> (August 15, 2006).

¹⁴ "Hu Jintao Attends the Shanghai Cooperation Organization (SCO) Summit and Delivers an Important Speech," July 5, 2005, <http://www.fmprc.gov.cn/eng/topics/hzxcfelseng/t202787.htm>.

¹⁵ "Chinese president anticipates successful SCO summit," *People's Daily*, May 31, 2006, http://english.people.com.cn/200605/31/eng20060531_269829.html.

¹⁶ One that attaches importance to equality, respect for each other, and consensus and that downplays differences.

¹⁷ "SCO provides big opportunities for business," *People's Daily*, June 14, 2006, http://english.peopledaily.com.cn/200606/14/eng20060614_273872.html (accessed August

As China's economy grows, the amount of resources China can tap to facilitate its desires and expectations for the SCO has also expanded. With a vast foreign currency reserve, a large and rapidly expanding market, and rapidly rising international political clout, China has the increasing capacity to help other members of the SCO. Thus, in addition to the \$1 billion in loans mentioned previously, China is also encouraging its companies to expand operations into the region.

China's diplomatic skills, especially knowledge and skills to manage multilateral cooperation, have improved. This has been especially obvious over the past few years, in which a new generation of Chinese diplomats with both a good command of foreign languages and ample knowledge of international affairs has emerged, and now plays a significant role in the running of China's diplomacy. In part as a result of their efforts, China's international image and influence has significantly improved.

China's Leadership in SCO: An Interim Assessment

Evaluating China's leadership role in the development of the SCO, one gets the following impressions: (1) China's leadership capability has been growing; (2) its leadership behavior has been maturing; (3) its leadership role remains limited; and (4) its leadership holds much promise.

China's leadership capability in the SCO has been growing both in terms of the resources China can come up with and in terms of the vision, political will, and diplomatic skills now it commands. First, China's economic capacity has expanded substantially over the first five years of the SCO. Because China's economy has been growing at a much faster pace than those of other member states of the SCO, China's share of the total GDP of the SCO member states has become much larger than before. This, coupled with growing interdependence among the SCO member states, has placed China in a better position to influence the development of the SCO than ever before.

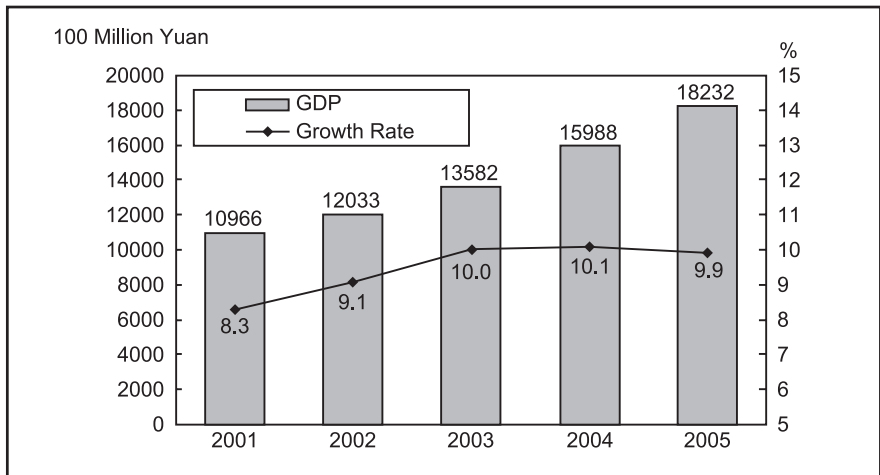
Second, China's diplomatic skills have improved over time. In recent years, Chinese diplomats have earned international respect for their fine performance in cultivating good relations with the outside world and in improving China's image abroad. This also applies to their performance in

the SCO. Finally, as discussed in the previous passages, China is attaching more importance to the SCO and is coming up with a new vision for the organization such as a “harmonious region with sustainable development and common prosperity.”

China’s leadership role in the SCO is maturing and becoming more sophisticated. Over time, China sees the SCO both as a means to promote regional security and as a vehicle to promote regional cooperation in many other areas. China no longer merely thinks of the SCO as a mechanism to enhance the individual interests of SCO member states, especially those of China. It also regards it an instrument to push for positive changes in the region. Although China does regard the SCO as a mechanism to balance the US presence in Central Asia, it does not try, nor wish, to make it an anti-US institution.

China’s leadership role in the SCO remains limited for a number of reasons. First, the vision China can come up with for the SCO at the moment remains abstract and inadequately defined due to its inability

China’s GDP and Its Growth (2001–2005)¹⁸ (in 100 million yuan)



¹⁸ http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20060227_402307796.htm.

to offer a well-articulated set of values that appeals both to the Chinese and other people of the SCO member states. Second, as a developing country in the midst of drastic and fundamental transformations, the resources China can come up with for promoting SCO cooperation are still quite limited. Finally, despite the drastic improvements, Chinese knowledge and skills in leading multilateral cooperation remain largely insufficient.

China's leadership role in the SCO is promising in part because the SCO has already had a good start and in part because China itself is likely to continue its current rise and become more mature in multilateral leadership.