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*The Shanghai Cooperation Organization
and China's New Diplomacy*

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ABSTRACT

This article offers a Chinese perspective of the elements and approaches of what is often called China's 'New Diplomacy' and argues that China's involvement in the development of the Shanghai Cooperation Organization (SCO) can be regarded as an exemplary case of 'China's New Diplomacy.' The article furthermore aims to contribute to the understanding of China's emerging role in the international multilateral arena.

The concepts that together form China's New Diplomacy, such as the New Security Concept, the New Development Approach, and the Harmonious World, have not only been brought into practice in China's diplomacy towards the SCO but have also been adopted as principles for conducting diplomacy within the SCO. The SCO—and its predecessor, the Shanghai Five mechanism—started as a low profile organization which focused on building trust and solving security issues but has gradually grown into a serious regional organization which aims at mutually beneficial cooperation in the fields of politics, security, the economy, trade and energy.

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THE SHANGHAI COOPERATION ORGANIZATION AND CHINA'S NEW DIPLOMACY

Gao Fei

Introduction

During the past 30 years of reform and opening up to the outside world, tremendous changes have taken place in China. In particular the rapid growth of China's economy and the country's growing ties with the rest of the world stand out.¹ Against the background of this changing domestic situation and developments in the international environment the country has been readjusting its foreign policy and diplomacy through a process of constant learning and feedback. In this process, new concepts of and approaches to Chinese diplomacy are developing. The concepts include the New Security Concept, the New Development Approach, the New Civilization Outlook and the Harmonious World Concept. Together they form the basis of China's New Diplomacy.² China's New Diplomacy has first and foremost been visible in China's diplomacy towards the Asian region, as neighbouring countries are crucial to creating a favourable and stable international environment for China.

1) China's GDP was more than US\$ 4.9 trillion in 2009, and per capita income exceeded US\$ 3600. In 2007 China overtook Germany as the world's third biggest economy. China is also the world's second largest exporter. See *Economist*, January 14, 2009.

2) Much has been written about China's New Diplomacy. See e.g. Qin Yaqing, *International System and China's Diplomacy*, Beijing: World Knowledge Press, 2009; Pauline Kerr, Stuart Harris and Qin Yaqing (Eds) *China's 'New' Diplomacy: Tactical or Fundamental Change?* Palgrave Macmillan, 2008; Stephanie Kleine-Ahlbrandt and Andrew Small, 'China's New Dictatorship Diplomacy: Is Beijing Parting With Pariahs?' *Foreign Affairs*, January/February 2008; Jin Canrong, 'A Case Study of China's New Diplomacy: East Asia Cooperation and Sino-US Relations', paper presented at the annual meeting of the International Studies Association's 48th Annual Convention, Chicago, IL, USA, February 28, 2007; Jianwei Wang, 'China's "new diplomacy" goes to Tokyo', Pacific Forum CSIS, May 1, 2007. David Shambaugh, 'China's New Diplomacy in Asia', *Foreign Service Journal*, May 2005; Zhu Liqun, 'China's New Diplomacy and Its Domestic Dynamics', <http://www.allacademic.com/> Yu Zhengliang, 'Another talk on China's New Diplomacy', *Studies on Mao Zedong and Deng Xiaoping Theories*[*Mao Zedong Deng Xiaoping Lihun Yanjiu*], No. 6, 2005; Evan S. Medeiros and M. Taylor Fravel, 'China's New Diplomacy', *Foreign Affairs*, November/December 2003.

This article analyzes the elements and approaches of China's New Diplomacy by using China's diplomacy towards the Shanghai Cooperation Organization (SCO) as a case study. The SCO, established in 2001—and its predecessor, the Shanghai Five mechanism established in 1996—started as a low profile organization focusing on building trust and solving security issues, but it has grown into a serious regional organization which aims at mutually beneficial cooperation in the fields of politics, security, the economy, trade and energy. The SCO is interesting as a case study for a number of reasons. Firstly, the objectives and principles of the SCO are highlighted by what is called the 'Shanghai Spirit'. The 'Shanghai Spirit' embodies characteristics that are also essential parts of China's New Diplomacy such as a focus on the strengthening of mutual trust and benefit, equality, respect for cultural diversity and a desire for common development. Secondly, the SCO adheres to the principles of non-alignment, non-confrontation with other countries, and openness, which are other important principles of China's diplomacy. Thirdly, China's engagement with the SCO is a good example of China's 'Good Neighbour Diplomacy' and showcases how China gradually and patiently develops and expands the scope of its international relationships via a process of learning and feedback.

China's New Diplomacy

The term New Diplomacy is generally used for the approach to diplomacy that China developed from the mid-90s onwards. The goals of Chinese diplomacy have remained the same since the period of reform and opening up starting in 1978: to focus on the central task of economic construction, and to ensure a peaceful and favourable international environment for China's domestic development. The form and content of China's diplomacy, however, changed considerably. A new set of ideas and concepts were introduced including the New Security Concept, the New Development Approach, the New Civilization Outlook and the concept of a Harmonious World. These concepts all contribute to another long-term objective of Chinese diplomacy: to build a harmonious world that will guarantee China and the world's continuous peace and common prosperity.

The first new concept to be put forward was The New Security Concept. After the Cold War, China was determined to discard 'Cold War thinking' and it introduced the New Security Concept. Under this concept, China seeks to safeguard its security via dialogue and cooperation based on mutual trust, mutual

benefit, equality and consultation as its basic contents.³ The New Security Concept takes a long-term view of security relations and respects other nations' practical interests. It encourages nations to build trust through consultations and to seek national security by means of multilateral coordination. It emphasizes: (1) multilateral ties, which stress interdependence among nations in terms of security; (2) cooperation, which replaces confrontation as the effective route to security; (3) the comprehensiveness of security, which is no longer confined to military and political fields alone, but also includes economic, technical, social and environmental fields; (4) institutional construction as the legitimate road to security rather than the use of the military.⁴ The Chinese government for the first time formally proposed the New Security Concept during the conference of the ASEAN Regional Forum co-held by China and the Philippines in March 1997. In April of that year, the concept was included in 'The Sino-Russian Joint Statement on World Multi-Polarization and Building a New World Order.'⁵

The ideals of the New Security Concept are echoed in the New Development Approach. With China's increasingly close engagement with the world, it became obvious that China could not develop itself in isolation. On March 3rd 2004, during a forum of the Central Committee of China's Communist Party to discuss development work in terms of population, natural resources and the environment, President Hu Jintao proposed a human-based, comprehensive, well-coordinated and sustainable development approach.⁶ In the field of international relations, this New Development Approach stated:

'all countries should strive to achieve mutual benefit and win-win situations in their pursuit of development. They are encouraged to open up rather than close themselves, to enjoy fair play instead of profiting oneself at the expense of others.'⁷

In response to world order models like American Hegemony or the European Legal Order, China developed the Harmonious World Order and the New

3) Cong Peng (Ed.), *Comparative Studies: Security Concepts of Great Powers* (International Affairs Publishing House, 2004), pp. 267-268.

4) Meng Xiangqing, "'Shanghai Five' Regime: Successful Practice of New Security Concept', *PLA Daily*, [Jiefangjun Bao], June 12, 2001.

5) The Joint-Declaration of Sino- Russia's View on the World Multi-Polarization and Building New World Order', *People's Daily*, [Renmin Ribao] p. A1, April 24, 1997.

6) Hu Jintao, 'Scientific Development Theory Is a New Significant Strategic Thinking of Our Party', Xinhua Net, April 4, 2004.

7) *Peace, Development, Cooperation – In Conversation with Foreign Minister Li Zhaoxing on the Flag of Chinese Diplomacy in a New Era*, Chinese Foreign Ministry, August 23, 2005.

Civilization Outlook. According to the Harmonious World Concept, countries should promote the peaceful co-existence of different civilizations. Each of these civilizations has the inalienable right to choose its own and independent development path, a path which is suitable for its national conditions. These rights must be fully respected.⁸ The New Civilization Outlook encourages 'inter-civilization dialogue' and aims at building a harmonious world on the basis of equality.

A Harmonious World is a peaceful, stable, open and tolerant world which promotes enduring peace and equal prosperity. In a Harmonious World, different civilizations, each with its own social system and development model, communicate and learn from each other, trust each other, develop together and get along well in harmony; based on the principles of international law, countries maintain peace and safety via just and efficient security institutions and world affairs are settled with dialogue and negotiations.⁹

With the introduction of these new concepts, China has embarked upon a journey to achieve all-round involvement in the international arena not only out of consideration for its national interest, but also because of its responsibility as a major power.

The development of the Shanghai Cooperation Organization

The SCO includes China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan, and was founded in June 2001. Its immediate predecessor, the Shanghai Five mechanism, was initiated by China in 1996, and was the first international organization of that kind that China had ever initiated. The initial purpose of the Shanghai Five mechanism was to build military trust in order to resolve the border issues among China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. After the normalization of relations between China and the Soviet Union in 1989 the two nations made quick progress on solving border issues. In April 1990 they reached an agreement on the eastern part of the border, but after the Soviet Union fell apart later that year, remaining border issues between China and the former USSR evolved into disputes among China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. Coordinated by Russia, they began to negotiate on disarmament and boundary marking, and in April 1996 the heads of the five nations signed the 'Agreement on

8) Idem

9) Chinese Deputy Foreign Minister Zhang Yesui explained the meaning of a 'Harmonious World.' <http://news.sohu.com/20060402/n242595778.shtml>

Deepening Military Trust in Border Regions'. This agreement served as an important policy guarantee for the bilateral and multilateral relations among the five and helped to launch the 'Shanghai Five' mechanism in Shanghai in 1996—which laid the foundation for the SCO. In April 1997, the five nations signed the 'Agreement on Reduction of Military Forces in Border Regions'. The two documents—which proposed the principles of equality, trust, consultation, and mutual benefit in order to encourage the removal of military threats that could hinder the development of nations and regions—were combined into a joint statement by the five and became essential contributors to the peaceful settlement of border issues. China settled its border disputes with Kazakhstan in 1998, Kyrgyzstan in 1999, Russia in 2004, and Tajikistan in 2006.

In addition to building trust and resolving border issues, the Shanghai Five mechanism soon provided the five countries with a platform to jointly cope with non-conventional threats in the region. The situation in Central Asia had become very complicated as a result of the so-called 'three evils': international terrorism, separatism, and extremism. Furthermore, cross-border crimes such as drug trafficking, the proliferation of weapons and illegal immigration also posed threats to the security and stability of the region. The maintenance of Central Asia's peace and stability required regional cooperation.

In 1998, the Shanghai Five mechanism began to shift its focus to anti-terrorism coordination. At China's suggestion, the member nations drew up a list of terrorists and terrorist groups that would be fought via joint efforts. In order to cut off the terrorists' capital source, the members signed an agreement on anti-narcotics cooperation. This new focus on counter-terrorism became one of the distinctive features that made the Shanghai Five/SCO different from other regional security organizations.

On June 15, 2001, the 'Shanghai Five' mechanism was lifted to a higher level of cooperation by declaring the birth of a new organization of regional cooperation, the Shanghai Cooperation Organization (SCO). At the same meeting, a sixth country, Uzbekistan, joined the group and the 'Shanghai convention on fighting terrorism, separatism and extremism' was signed. A year later, in June 2002, the 'Charter of the Shanghai Cooperation Organization', which precisely identified the structure, status and function of SCO cooperation, was adopted. The SCO now had a Secretariat and a number of interministerial committees that could address a wider variety of issues.

The terrorist attacks of 9/11 showed that the establishment of the SCO, and its focus on anti-terrorism, was both necessary and timely. However, for institutional reasons, the SCO was surprisingly silent for a while after 9/11. This lack of response by the SCO to the attacks in New York and Washington was because the organization at that point was still more of a political symbol, rather

than a regional organization with defined tasks, capabilities and protocols. The SCO had made its anti-terrorism target clear, but what kind of form this mission would take remained very unclear. It was also unclear if the organization could direct its efforts against targets outside the SCO. Today, the above-mentioned questions still need to be answered and it remains unclear to many what the organization exactly is.¹⁰ Nevertheless, from 2002 onwards a number of joint antiterrorism exercises have been carried out by SCO member states. These bilateral and multilateral military exercises reflected the enhancement of SCO anti-terrorism cooperation and the continuous strengthening of the capability to act.

At present, the basic mission of the SCO security framework is to combat terrorism, drugs and transnational organized crime. Furthermore, the SCO has been playing an active role in handling regional security affairs. The Afghanistan issue is a good example. In 2004, the President of the Afghan transitional government, Hamid Karzai, was invited to attend an SCO summit. In 2005, the SCO and Afghanistan established a liaison group to deal with drug trafficking, cross-border crime and intelligence sharing. Based in Beijing, the group serves as an institutional contact tunnel between the SCO and Kabul. In March 2009, the SCO held a special meeting on Afghanistan in Moscow to which it invited a wide range of countries and organizations. It was the first time the SCO had invited the US and NATO to a meeting. Delegates from 36 countries and organizations, including UN Secretary-General Ban Ki-moon, US Deputy Assistant Secretary for South and Central Asian Affairs Patrick Moon and NATO Deputy Secretary-General Martin Howard, attended the meeting. During the meeting, a Joint Action Plan with Afghanistan to combat terrorism, drug smuggling and organized crime was signed.¹¹ The meeting and Plan underline the importance of the SCO for 'practical interaction between Afghanistan and its neighboring states.' Three months later, in the Yekaterinburg Declaration adopted at the 9th SCO summit in June 2009, the SCO stated that it intends to work with other states and international organizations, including Afghanistan, the UN and SCO observer countries Iran, India, Pakistan, and Mongolia, to strengthen cooperation and build an 'anti-drug and financial security zone' in the region.¹²

10) See e.g. Evan Feigenbaum, 'The SCO Role in Afghanistan', *CFR*, March 26, 2009.

http://www.cfr.org/publication/18944/sco_role_in_afghanistan.html

11) Zhao Huasheng, *New Trends in SCO Security Cooperation*,

<http://www.sectsc.org/CN/show.asp?id=263>

12) <http://news.163.com/09/0616/14/5BUHGVND000120GU.html>

The concepts of China's New Diplomacy and the SCO

The New Security Concept and the SCO: the principles of equality and mutual trust

As discussed above, the New Security Concept serves as China's primary diplomatic ideology. The Shanghai Five mechanism and the subsequent founding of the SCO exemplify the New Security Concept in practice. The Shanghai Five mechanism in fact initiated the practice of the New Security Concept by developing state-to-state relationships based on partnerships rather than alliances, which is regarded by many as an enrichment of contemporary international relations. A 'partnership' differs from an 'alliance' in that partners coordinate their actions but do not have treaty obligations on specific issues. The SCO's charter, therefore, does not require member states to support one another in a time of war. This was illustrated in 2008, when SCO members did not side with Russia when it invaded Georgia. The SCO thus hints at new, more loosely organized, regional cooperation models. The framework of the SCO enshrines informal, consensus-based decision-making so all the member states are able to veto or opt out of any decision. In this way all countries, no matter how big or small, have an equal status.¹³ The central distinctive feature of the SCO as a regional cooperation and security framework is that it enables Central Asian states to take part in generating regional approaches to cooperation and security on an equal footing with the larger regional powers. It provides an opportunity that Central Asia previously did not have.¹⁴

The Harmonious World concept and the SCO: the principles of non-alignment and non-confrontation

A Harmonious World Order is a multi-component governance and consultation mechanism, which respects the diversity of cultures and institutions, follows the primary principle of international law and copes with international affairs through consultation. Members of the international community should take part in world politics through equal-footing consultation and dialogue. The ultimate goal of a Harmonious World is to build a world with enduring peace and common

13) Xing Guangcheng, Sun Zhuangshi, *Shanghai Cooperation Organization Studies* (Changchun Publishing house, 2007), pp. 92-93.

14) Ruslan Maksutov, 'The Shanghai Cooperation Organization: A Central Asian Perspective'. Sipri Project paper, August 2008.

prosperity. In order to embrace the concept of a Harmonious World, Cold War thinking had to be discarded. As SCO member states suffered from the Cold War, they easily agreed that the era in which extensive manpower and resources were spent on confrontation among antagonist blocs to scramble for regional or world hegemony had passed and should never come back.¹⁵ The principle of 'seeking common ground while putting aside differences in ideology and values', which became the purpose of the SCO's 'Shanghai Spirit', was in fact the result of lessons learned from the Cold War.

The establishment and development of the SCO took place by solving conflicts and building mutual trust in order to keep the frontiers between its member states safe. The member states' mutual relationships were not harmed by the historical burden of the Cold War.¹⁶ At the early stages, the cooperation within the SCO focused on areas of common interest, whereas differences were ignored. Afterwards, the SCO gradually developed an institutional pattern of communication, which helps to manage divergences in the interests of member states. All member states are countries in transition, whose main task is to reform and develop their economy. In order to realize a successful transition, they need to maintain regional peace and stability. It is in their interest therefore to adhere to the concept of collective and comprehensive security and aim at strengthening mutual trust by means of dialogue, collaboration and cooperation.

The SCO's external cooperation is shaped by the fact that the SCO did not form an alliance and that it does not confront any third country, regional group, or organization. Contrary to Western fears, the SCO refused to be shaped as an anti-NATO bloc. It differs from traditional political alliances in that, even from the outset, there was no common external enemy for the members of the SCO. In China's case, there has been no enemy state in foreign affairs - like the USA was in the 1950s and the USSR in the 1970s - since the 12th Party Congress of the Chinese Communist Party (CCP) in 1982. The same is true of the other member states of the SCO, so there is not one specific threat or concern which is shared among the Central Asian countries and Russia.

15) *Shanghai Cooperation Organization: New Security Concept and Regime*, Ethnic and Religion Studies Center, CICIR (International Affairs Publishing House, 2002), pp. 195-196

16) Jiang Yi, 'China's Multilateral Diplomacy and Shanghai Cooperation Organization', *Russia-Central Asia-East Europe Studies*, [Eluosi Zhongya Dongou Yanjiu] Issue 5, 2003, p. 49.

The New Development Approach and the SCO: the principles of equality, mutual benefit and common development

The New Development Approach is also well expressed in the plans and actions of the SCO as they have the principles of equality, mutual benefit and common development in common. The SCO member states all seek social stability and the development of their national economies. They agree that the existing international political and economic order and the growing gap between the North and South should be regarded as a fundamental cause of international terrorism. In terms of economic cooperation, therefore, the SCO, like China, emphasizes common development which advocates further cooperation and exchanges with foreign counterparts on the basis of equality, mutual respect and benefit. The SCO offers considerable space for individual members to pursue their own policies for their own interests. It furthermore aims at the gradual implementation of joint activities, at a pace which is suitable for each member involved.¹⁷

The national conditions among the SCO members differ considerably. China and Russia, for example, have a vast area of land, a huge population, and are permanent members of the Security Council of the United Nations. Other members like Tajikistan and Kyrgyzstan are much smaller in size, have a smaller population and are lagging behind in economic development. However, these differences do not prevent them from being good partners. This form of cooperation, which is further elaborated below, represents the equality and mutual respect that embody the style of cooperation in the SCO.¹⁸

Cooperation in the economic realm

While the SCO started as an organization focusing on security cooperation, it gradually moved to explore the possibilities of economic cooperation. On September 14, 2001, the heads of the six SCO member states met in Almaty to discuss regional economic cooperation. They signed a Memorandum stating the basic goals and directions of regional economic cooperation and thus launched the process of creating favourable conditions in the field of mutual trade and investments. Economic cooperation within the SCO received a boost in 2002 when the conference mechanism between economic ministers and communication ministers was established; the liberalization and facilitation of trade and financial

17) Charter of the Shanghai Cooperation Organization, 2002.

18) Xing Guangcheng and Sun Zhuangshi, *Shanghai Cooperation Organization Studies* (Changchun Publishing House, 2007), pp. 92-93.

systems was kicked off; and cooperation in the fields of trade, investment, communication, mineral resources, etc., was expanded. In 2003, the 'Program of multilateral trade and economic cooperation among SCO member states' was signed, defining the basic goals and objectives of economic cooperation within the SCO framework, its priority directions, and certain concrete steps towards cooperation.¹⁹

China has always had a positive view of the economic cooperation within the SCO in a good coordination with all parties.²⁰ For China there are great benefits in preferential access to the Russian and Central Asian markets and natural resources but the country also sees it as a win-win cooperation. Compared to China, the other SCO members are rich in natural resources but lack consumer goods due to their long-term planned economies. Selling natural resources to China is an important step in boosting their economic strength. At the same time, the rapid growth of China's GDP is providing many opportunities for SCO countries to indulge in foreign investment, technology exchange and market expansion. Furthermore, China's development experience provides lessons for some of the SCO countries.

The principle of mutual benefit is also translated into deeds by China's financial help. In June 2004, for example, China declared that it would provide 900 million US dollars' worth of preferential buyer's credits to other SCO member states. Driven by China, the SCO member states' economic ministers reached agreement on establishing the SCO Interbank Consortium and the SCO Business Council in 2005.²¹ The Business Council brings together influential members of the six countries' business community and, like the Consortium, promotes regional economic cooperation. Meanwhile, as China further implements its 'going global' strategy, many Chinese companies have invested in Central Asia. These companies develop trade, tap into natural resources through cooperation, and expand the business scope of project contracting, all of which boost economic development in Central Asia. These programmes have improved economic cooperation between China and other SCO members. The volume of trade between China and other SCO members dramatically increased after 2001 (see Table 1).

19) See the website of the SCO, Chinese version; <http://www.sectSCO.org/CN/show.asp?id=164>

20) Hu Jintao, 'China's Development and Asia's Opportunities', Keynote Speech at the opening ceremony of the 2004 Annual Bo'ao Asia Forum, *People's Daily*, [Renmin Ribao], April 25, 2004.

21) *Shanghai Securities Daily*, [Shanghai Zhengquan bao], October 19, 2005.

Table I

Bilateral trade between China and SCO members; unit: hundred million dollars

Nation	1996	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008
Russia	68.5	54.8	80.03	106.7	119.3	157.6	212.3	291	333.9	481.7	568.31
Kazakhstan	4.59	6.36	15.57	12.85	19.5	32.9	45	68.1	83.58	138.76	175.53
Kyrgyzstan	1.05	1.98	1.78	1.18	2.01	3.14	6.02	7.01	22.26	37.79	93.33
Tajikistan	0.12	0.19	0.17	0.11	0.12	0.39	0.69	1.58	3.24	5.24	14.99
Uzbekistan	1.87	0.90	0.51	0.57	1.3	3.47	5.75	6.8	9.7	11.29	16.07

Source : Ministry of Foreign Affairs' website <http://www.mfa.gov.cn> and General Administration of Customs' website. <http://www.customs.gov.cn>

Since the financial crisis, China has been working with other SCO countries to cope with new economic challenges. On June 16, 2009, at the Yekaterinburg Summit, President Hu Jintao declared that China would provide 10 billion US dollars in credit aid to help other SCO countries to cope with the financial crisis and to promote regional financial security and economic development.²²

While not prominent at the outset, economic cooperation between member states eventually became a driving factor for the development of the SCO. Within the area of economic cooperation, energy plays a major role. During the Sixth Summit held on June 15, 2006, the leaders of the SCO reaffirmed that cooperation in the field of energy was a priority for the member states in their mission to strengthen economic cooperation. The former Russian President Vladimir Putin proposed to establish an 'energy club' for SCO members and China suggested establishing an 'Energy Commonwealth of the SCO' to combine the rising demand of China, India, and Pakistan with the abundant resources of Russia, Iran, Kazakhstan and Uzbekistan. These suggestions have not yet been realized but the 'Yekaterinburg Declaration' explicitly noted the 'key significance of the energy sector' for successful economic development in the region.²³

In recent years, all member countries have undertaken effective mutual cooperation in oil extraction, exploration, processing, and transportation within the organizational framework of the SCO. A few examples: China's Sinopec and China National Petrol Corporation (CNPC) have long-term cooperative agreements with Russian gasoline companies; China invested USD 300 million in the exploration and drilling of oil in Kyrgyzstan; in 2005, Sinopec bought Petro Kazakhstan Inc.; in April 2008, the Uzbekistan National Petrol and Gas Corporation and CNPC

22) <http://news.163.com/09/0616/14/5BUHGVND000120GU.html>

23) 'SCO Heads of State Council meets in Yekaterinburg', *China Daily*, July 20, 2009. http://www.chinadaily.com.cn/china/peacemission2009/2009-07/20/content_8449520.htm

jointly established Asia Trans Gas. Multilateral energy cooperation is also increasing in the SCO. On December 14, 2009, the China-Central Asia gas pipeline—the world’s longest—came into operation. Covering Uzbekistan, Turkmenistan and Kazakhstan, this gas pipeline will be operating at maximum capacity by the end of 2011.²⁴ In 2009, amidst the financial crisis, China signed loan-for-oil deals with Russia and Kazakhstan.

The New Civilization Outlook and SCO principles

While the previous sections concentrated on the concept of a Harmonious World and the SCO principles of non-alignment and non-confrontation, this section on the related New Civilization Outlook focuses on cultural aspects and China’s ‘Good Neighbour’ diplomacy. The SCO respects the unique historical tradition of every member state and their right to independently choose their own development paths. The ‘Charter of the Shanghai Cooperation Organization’ signed in May 2002 explicitly proposes to:

‘Respect the diversity of civilizations, overcome differences and seek common ground, and all countries should draw upon each other’s strength and build a harmonious world together on the basis of equality.’²⁵

The ‘Declaration of the heads of the member states’ of Astana in July 2005 and the ‘Declaration on the 5th anniversary of SCO’ in 2006 re-emphasized this principle of the New Civilization Outlook. This approach has undoubtedly contributed to the success of the SCO. For centuries Central Asia was a crossroads for different cultures, nationalities and religions. In addition, the member states are at different levels of economic development and have different political systems. In these circumstances, promoting regional cooperation is an arduous task. The strengthening of political dialogues and cultural exchanges, however, has helped to reduce misunderstanding between SCO members.

To show its respect for cultural diversity, the SCO has strongly promoted cultural exchanges among its member states. In 2001 the SCO decided to start holding meetings between the culture ministers of SCO member states. From April 2002 onwards these meetings have taken place on a regular basis, the latest one being in April 2009. Activities include the organization of art festivals and bilateral and multilateral cultural events. For example, China has built Chinese Culture

24) The China-Central Asia gas pipeline created a new stage for Chinese energy supply.

http://www.cheminfo.gov.cn/static/temp_hgw/20091222252717.htm

25) See the SCO website, <http://www.sectsc.org>

Centres in Kazakhstan and Uzbekistan, and held a 'Kazakhstan art festival' in 2001, which was followed by a 'Chinese culture day' in Kazakhstan in April 2002. China held an 'Uzbekistan culture day' in 2005 and the year 2006 was the 'Year of Russia' in China whereas the year 2007 was the 'Year of China' in Russia. Language is the key to communication and thus, according to a bilateral agreement, China held a 'Russian Language Year' in 2009, and Russia is holding a 'Mandarin Year' in 2010.

These cultural exchanges have played an indispensable role in enhancing mutual trust and understanding among member states. During the year of Russia in China, for example, the two countries' presidents met five times and the two premiers met twice. Additionally, more than 150 officials ranking above vice minister, seven leaders of Federal Districts, 65 governors, and thousands of individual Russians came to visit China and/or to conduct various activities. In China about 500,000 people were directly involved in the 'Year of Russia' in China. Several hundred million people followed the opening ceremony via the Internet and television.

Achievements and challenges of SCO diplomacy

As the above has shown, the SCO has slowly but steadily developed over the past eight years. Since its founding, the number of member and observer states of the SCO has increased from six to ten countries.²⁶ Its geographic area is 3,716 square kilometers, and its population is 2.79 billion (about 50% of the world population),²⁷ making it the largest regional organization in Eurasia. More importantly, the SCO has reduced tensions in the region and has created a self-sustaining dynamic for political and economic cooperation between the member states. China and Russia are linked by a 'strategic cooperation partnership', China and Kazakhstan by a 'strategic partnership', and China and Uzbekistan by a 'friendly and cooperative partnership'. Furthermore the SCO has become a factor of influence in the policies of its member states and other neighbours²⁸ and increasingly cooperates with other regional and global international organizations.

26) Mongolia became the first observer of the SCO in 2004. In July 2005, at the Astana Summit, the leaders agreed to grant SCO observer status to India, Iran and Pakistan.

27) Website of China Foreign Affairs Ministry,
http://www.fmprc.gov.cn/chn/pds/gjhdq/gjhdqzz/lhg_59/

28) Ines F. Ruiz Palmer, 'China's Perceptions of Post-Soviet Russia and Central Asia: The Evolving Role of the Shanghai Cooperation Organization', p. 87.
http://www.sis.org.cn/Sh_Yj_Cms/Mgz/200804/2009326155541IDOB.PDF

However, the SCO also faces many challenges. The first major challenge is the implementation of cooperation agreements. Since the SCO's establishment in 2001, a number of meeting mechanisms—including a Heads of States' Summits and meetings between ministers—have been established and a large number of cooperation documents have been signed. Some documents, however, are only paper agreements. The main cause of this problem is the insufficiency of resources available to the SCO to address the various needs of its members and the diversity of the member states' domestic and external policies. Thus there is little basis to cede authority to the SCO to implement and enforce collective decisions.²⁹ Many economic cooperation projects are being continuously postponed and economic ties among some Central Asian countries still have not returned to Soviet-era levels. This is mainly because of closed border policies. Open borders within the Central Asian states were widely viewed as fostering trafficking in drugs and contraband—and free migration—so border controls have increasingly been tightened in all states.³⁰

The second problem is how to deal with relations between the SCO and other multinational mechanisms in Central Asia. Besides the SCO, many other regional security and economic organizations exist in Central Asia, such as the CSTO (Collective Security Treaty Organization) and the Euro-Asian Economic Union.³¹ The SCO is not able to capitalize on its own unique advantages and competitiveness in relation to these organizations and finds it difficult to play a leading role in regional development. In some areas, Russia relies more on the CSTO and the Euro-Asian Economic Union, so there is sometimes a situation of competition with the SCO. The precondition for promoting regional cooperation is to strengthen the cooperation among these organizations. As a good beginning, the SCO and the CSTO decided to sign a cooperation agreement in August 2007.

The third challenge for the SCO is how to deal with relations with the U.S. Some observers have argued that the U.S. historically had few interests in Central Asia. Before the SCO Astana Summit in 2005, the U.S. hardly paid any attention

29) Idem, p. 100.

30) Jim Nichol, 'Central Asia's Security: Issues and Implications for U.S. Interests', *Congressional Research Service Report*, February 25, 2009, p.14.

31) On October 7, 2002, the Presidents of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan signed a charter in Tashkent, founding the Collective Security Treaty Organization (CSTO); The Euro-Asian Economic Forum was set up in March 1996, when Russia, Kyrgyzstan, Byelorussia and Kazakhstan signed an agreement to set up a customs union in order to promote the economic reform and integration of these four countries. In February 1992, Tajikistan joined the union. In October 2000, Russia, Kyrgyzstan, Byelorussia, Kazakhstan and Tajikistan signed a treaty in which the customs union became the Euro-Asian economic community.

to the SCO.³² In February 2005, the Tulip Revolution broke out and led to a government change in Kyrgyzstan. Following this, Uzbek authorities suppressed an uprising in Andijan in May 2005. In this context, the US adjusted its policy and stated that ‘Central Asia is an enduring priority for our foreign policy.’³³ To deal with security challenges, the SCO has taken various measures—such as appointing India, Pakistan and Iran as observer countries and requesting the U.S. to withdraw its military forces from Central Asia. The U.S. was extremely displeased about these measures. Richard Myers, the Chairman of the Joint Chiefs of Staff of the U.S. Armed Forces, said that the decision to force the U.S. to withdraw from Central Asia was made by Russia and China who coerced the smaller member states in the SCO to follow. Additionally, the U.S. was concerned about the purpose of appointing Iran as an observer country. Given the difference in interest between the US and the SCO members, the application of the U.S. to become an observer country in the SCO is not likely to be granted at any time soon. The SCO denied the US observer status in 2005.³⁴ Other examples of SCO members’ difficult engagement with the U.S. are the worsening US-Russian relations as a result of the Russia-Georgia conflict in August 2008 and the announcement in February 2009 by the Kyrgyzstan President Kurmanbek Bakijev that he would close down the American airbase in Manas.³⁵

The fourth challenge concerns the coordination of relations between China and Russia. China and Russia are both playing a leading role in the SCO. However, their strategy cannot be easily brought into line. As Central Asia is Russia’s traditional sphere of influence, it does not like to share that influence with China. On the other hand, by cooperating with China, Russia is able to balance American and Western influence in the region. Russia therefore advocates stronger military cooperation within the SCO. China’s main interest, however, is to develop economic cooperation.

32) S. Nei MacFarlane, ‘The United States and Regionalism in Central Asia’, *International Affairs*, vol. 80, no. 3 (2004), p. 454.

33) The White House, ‘National Security Strategy of the United States’, March 16, 2006, p. 40.

34) Svante E Cornell, ‘Security Threats and Challenges in the Caucasus after 9/11’, in Ariel Cohen, *Eurasia in Balance: The US and the Regional Power Shift* (Burlington, VT: Ashgate, 2005), pp. 42-69.

35) On June 23, Kyrgyzstan and the U.S. reached agreement on Manas. Under the new arrangement the United States will pay \$60 million for the continued use of the facilities, three times the previous rent. And the site is now called a ‘transit centre’ instead of an ‘air base’. Michael Schwirtz and Clifford J. Levy, ‘In Reversal, Kyrgyzstan Won’t Close a U.S. Base’, *The New York Times*, June 23, 2009.

Conclusion

Many of the concepts that are part of China's New Diplomacy have found their realization in the development and working of the SCO. In August 2007, at the Bishkek Summit of the SCO, heads of member states jointly signed the 'Treaty on Long-term Good-neighbourly Relations, Friendship and Cooperation among the Member States of the Shanghai Cooperation Organization', in which China's 'New Security Concept, New Development Approach and New Civilization Outlook' are embodied. China and other SCO members settled traditional border disputes, established mutual trust and promoted anti-terrorism cooperation in line with China's New Security Concept. Cooperation in trade and energy has been facilitated under China's New Development Approach of equality and mutual benefit and conflicts between the different cultures and social institutions in the SCO have been reduced in line with the principles of a Harmonious World and the New Civilization Outlook.

The development of the SCO is based on practical achievements. It started with the narrow issue of border negotiations but gradually broadened to include economic and cultural cooperation. This gradual development resembles the exercises of *Taiji Quan* as it seems to quietly flow from one step into the next. The same can be said for the transformation of China's diplomacy which is by and large being realized without provoking excessive suspicion or outright hostility from other, non-SCO nations.³⁶ By initiating and developing the SCO, China shows that it is shifting from a challenger of the international system to a responsible major power; from being bilaterally oriented to embracing multi-lateral relations; and from a 'communist ideology'-oriented nation to an economically and culturally-oriented country.

There are still many intractable problems concerning both the SCO's internal and external relations. The former British Diplomat Ernest Satow once said, 'Diplomacy is the application of intelligence and tact to the conduct of official relations between the governments of independent states.'³⁷ As his words suggest, today's SCO calls for diplomatic wisdom to overcome these difficulties. In its attempt to solve these problems, China's New Diplomacy aims to further improve and move towards maturity.

36) 'Tai Ji' refers to the ancient Chinese cosmological concept of the interplay between two opposite yet complementary forces (Yin and Yang) as being the foundation of creation. Tai Ji Quan as a martial art is based on the principle of the soft overcoming the hard.

37) Lord Gore-Booth, *Satow's Guide to Diplomatic Practice* (London and New York: Longman, 1979), p. 3.

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- 1 Jan Melissen (ed.), *The New Public Diplomacy: Soft Power in International Relations*, (Basingstoke: Palgrave-Macmillan, 2005) pp. 16-25.
 - 2 Melissen (2005), p. 24.
 - 3 Ingrid d'Hooghe, 'Public Diplomacy in the People's Republic of China', in Jan Melissen (ed), *The New Public Diplomacy: Soft Power in International Relations*, (Basingstoke: Palgrave-Macmillan, 2005) pp. 88-103.
 - 4 D'Hooghe (2005), p. 90.
 - 5 Ellen Huijgh, 'The Public Diplomacy of Federated Entities: Examining the Quebec Model', *The Hague Journal of Diplomacy*, Vol. 5, No. 1 (2010), pp. 125-150
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