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The Rise of New Powers in World Politics: Russia, China and the Shanghai Cooperation Organization

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ABSTRACT
Since the end of the Cold War, the US and its Western allies have dominated international relations through various political and economic institutions. However, with the rise of new power centers, Western governance and US dominance began to be questioned, including by Russia and China. Among other efforts, Russia and China decided to empower the Shanghai Cooperation Organization (SCO) in order to attain regional security, establish a new energy club and reduce US influence in the region. Although the SCO lacks the material and political capacity to confront US interests directly, this organization has become an important tool to balance the US through the soft balancing policies of Russia and China. This article evaluates the possibility of Sino-Russian collaboration through the SCO in terms of balancing the dominance of the US.

Keywords: The Shanghai Cooperation Organization, Eurasia, Soft Balancing, Russia, China.

ÖZET

Anahtar Kelimeler: Şangay İşbirliği Örgütü, Avrasya, Yumuşak Dengeleme, Rusya, Çin.
Introduction

The Shanghai Cooperation Organization (SCO) is a nontraditional regional organization that serves many interests and power games, consolidating a new battlefield for East-West confrontation in Central Asia. The formal aims of this organization are countering international terrorism, ethnic separatism, and religious extremism. Solving regional problems and institutionalizing exchanges in the economy, trade, culture, and education are also basic formal aims of this organization. However, the SCO is more than a regional organization. In 2001, when leaders from China, Russia and the Central Asian (CA) states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan decided to found this organization, it initially targeted the internal security problems of the region. However, the resurgence and revival of Russia and China in the international system changed the vision of the SCO. In this framework, the SCO became an institutional tool to pursue soft balancing policies against the US.

Russia tries to create geopolitical pluralism, reflecting an emerging multipolarity that can be used in interregional interactions, including the SCO, the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EEU). Through soft balancing policies, both the SCO and other Asian regional organizations have constrained a multipolar world to replace the disorder of an unbalanced unipolar world under US leadership. China also pursued the same policy by using all of the benefits of being an economic power. China has taken a more proactive approach through regional integrations such as the ASEAN. The SCO is another vital tool for China to pursue this kind of foreign policy activism in Central Asia. China has increased its connectivity with CA through bilateral and mega free-trade agreements as well as through the provision of strategic credits and loans.

The other important aspect of the expanded vision of the SCO is creating anti-Western norms. Through the SCO, Russia and China created their own common norms that differ from Western normative preferences. This identity creation process is related to their claim to be resurgent great powers. The global order has been founded on Western norms, but China and Russia share other common norms such as non-interference, state sovereignty, the preservation of the political status quo, territorial integrity, and state security. In this framework these powers have tried to create an anti-Western type of collective identity and share a normative preference for regime stability and state sovereignty. This common attitude in terms of non-interference can be observable in the cases of both the Crimea and Syria.

In this context, this article will evaluate the collaboration of Russia and China through the Shanghai Cooperation Organization in terms of its ability to balance the US. In this way, the efficiency of the SCO as a tool or mechanism of soft balancing will be examined. The first part of the article will draw on a theoretical framework through soft balancing and analyze the clash between the US and Russo-Chinese interests in Central Asia. Then, the capabilities of the SCO as a regional security organization and influence of Russia in terms of security will be explored. The second part of the article will discuss economic relations, analyzing global and bilateral economic partnerships against Washington's global agenda. This part will focus on China's economic rise and expansion and its usage of the SCO as an umbrella organization. Additionally, the article will examine the importance of bilateral energy agreements and trade routes projects such as the One Belt One Road (OBOR). Lastly, the “Shanghai Spirit” and challenges to the SCO in terms of creating an identity and solid alliance will be discussed.
The Rise of New Powers in World Politics

Theoretical Framework: Soft Balancing Through Regional Multilateral Institutions

In 26 April 1996, with the signing of the ‘Treaty on Deepening Military Trust in Border Regions’, China, Russia, and Central Asian countries (Kazakhstan, Tajikistan, and Kyrgyzstan) constructed a new multilateral security organization known as the ‘Shanghai Five’. After the inclusion of Uzbekistan in 2001, the members renamed the organization the Shanghai Cooperation Organization. The SCO has gained international visibility since 2001 in order to establish mutual trust and dependency among member countries. The Central Asian regimes accepted the SCO as an important tool for securing their regimes. On the other hand, the SCO expanded its influence by combating terrorism, drug trafficking, and separatism. Some scholars such as Stephen Aris have characterized the SCO as an organization concerned with addressing internal security problems. He claims that the SCO has no secret or strategic intent related to balancing US interests in the region. The basic problems of member countries include dealing with separatist movements such as Andijan, Chechnya, or the Xinjiang Uyghur Autonomous Region problem. Securing their regimes, considering internal problems and preventing separatist movements are vital to member countries.1 Yeungmi Yun and Kicheol Park also defined the SCO as a multilateral security organization which is based on the concept of multilateral security cooperation as a utilitarian foreign policy.2 Due to capacity problems, different interests between member states, the enlargement problem and the different national strategies of Russia and China, these scholars evaluated the SCO only as a multilateral security organization. However, in this article, more than its official goals and multilateral security cooperation, the SCO is assessed to be a highly successful platform for Russia and China to engage in geopolitical balancing behavior. The SCO evolved from a limited regional organization to a larger Sino-Russian strategic partnership and cannot be evaluated only as a multilateral security organization, but should also be viewed as an important tool of a soft balancing strategy against the US. The organization has been able to function as a symbol of unity between Russia and China. In this framework, it is vital to explain the meaning and theoretical foundations of soft balancing.

After the collapse of the Soviet Union, scholars speculated that other great powers would challenge the US. But in the late 1990s, it seemed that major powers were not capable of pursuing balancing behavior against the US, and they could not respond with traditional hard balancing mechanisms based on countervailing alliances and arms buildup. These second-tier major powers did not use military balancing, primarily because hard power balancing is risky and expensive. The US was an offshore power enjoying the advantages of geography, and there was a significant power disparity between the US and second-tier major powers. Meanwhile, the incentives for free-riding and buck-passing were strong. On the other hand, traditional balancing is related to territorial sovereignty. In the past, this strategy was used to protect security and state borders against the hegemonic state, but in the current situation there is no threat related to their existence.4

In this framework, "soft balancing is more convenient than hard balancing. The soft balancing strategy can be defined as nonmilitary alignments of at least two states that are designed to reduce or remove the military presence and external influence of an outside power from a specific region."5 "Soft balancing is the conscious coordination of diplomatic action in order to obtain outcomes contrary to U.S. preferences. Outcomes that could not be gained if the balancers did not give each other some degree of mutual support."6 These definitions make clear the importance of regionalism and mutual support. Countering the US is not possible at the systemic level.

Due to this reality, emerging powers developed new ways of balancing the great power of the US. The unilateral aggressive politics of the US after the 11 September 2001 attack in particular inspired more ambitious attitudes in second-class powers that could not previously balance US power militarily. President George W. Bush and his administration began to pursue a profoundly new US national security strategy. The invasion of Iraq symbolized this US unilateral security strategy and had important consequences for the international relations system. This increasingly unilateral policy behavior triggered ‘soft balancing’ measures; international institutions, economic statecraft, and diplomatic tools have been used to respond to the US.7 The Iraq war and the US unilateral preventive war strategy manipulated other powers to build institutionalized alliances. According to Pope, the main purpose of balancing is limiting the superpower’s future ambitions through coalitions against the unipolar leader. Moreover, soft balancing can establish a basis of cooperation for more forceful, hard-balancing measures in the future.

The SCO is a tool for managing great power relations, deepening neighborhood diplomacy and military cooperation, and enhancing mutually beneficial cooperation by disregarding trade blocks, using rising regionalism, and ensuring multilateral diplomacy. Indirectly, this institution reduces the effect of the US in the region and prevents other regional powers from making alliances with the US. Moreover, by promoting shared norms and common values, the cultural influence of the external power will be eliminated.8 Strategic partnership requires a larger framework of cooperation rather than just bilateral relations. China and Russia hope through promoting multilateral cooperation and maintaining the principle of non-intervention among like-minded countries in the SCO to create a balance against US unilateralism and interventionism.9

In this context, Central Asia, through the SCO, provides an opportunity for China and Russia to exercise multilateral leadership. Their strategic ties are a response to Western pressure and US hegemony.

Russia and the SCO: Political and Military Primacy

After the Afghanistan operation, the US increased its military presence in Central Asia while NATO continued its eastward expansion. Until the Afghanistan operation, the focus of the SCO had been intraregional; however, the Afghanistan operation emphasized that the security of the region is strongly

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6 Walt, Taming American Power, p.126.
8 Ferguson, "The Strategic Use of Soft Balancing", p.208.
linked to external actors and interference. The NATO operation in Afghanistan and the emergence of
US military bases were turning points for the organization in terms of enhancing its military capacity
and activity. In addition, the expansion of NATO, the decisions reached at the Bucharest Summit, the
Georgia intervention and the annexation of Crimea have led to a sharp deterioration in RussiWest
relations. By coordinating the SCO with other initiatives such as the Collective Security Treaty
Organization, Russia is attempting to leverage itself onto the global stage and be seen as a global power
equal to the United States. “Russia pursues a flexible combination of different cooperation regimes
depending on how advanced they are. The backbone of defense and security by the CSTO, and
forward integration by the Customs Union and Single Economic Area while neighbours in the region
are covered with the help of the SCO.”10 Through these policies, Russia tries to create an institutional
challenge to Western organizations and enhance its relations with countries in its neighborhood.

As described above, the SCO was founded to solve border problems between the former Soviet
Socialist Republics, Russia, and China with China taking on a leadership role, since during this time
period, Russia was still economically weak and unstable. In 2005, Moscow and China signed the ‘Joint
Statement of the People’s Republic of China and the Russian Federation Regarding the International
Order of the 21st Century’. This statement determined the basic foreign policy principles of the SCO,
and its first point addressed the process of ‘building a new international order’ as the basic principle of
the SCO: to oppose the unipolar world order and the hegemony of one superpower.

First of all, the closure of US military bases in Central Asia is a strong indicator of Russia’s
intent to push the US from Central Asia. In order to conduct the Afghanistan operation, the US has
constructed two bases in Central Asia: the Manas Air Base in Kyrgyzstan and Karshi-Khanabad Air
Base in Uzbekistan. Although the US has claimed that the mission of these bases is limited to the
stabilization of Afghanistan, China and Russia still wanted US troops out of the region immediately.
Russia views the US presence in the region with suspicion, especially after NATO’s eastward expansion.
Additionally, the US supported Color Revolutions in the region, which were viewed by the Kremlin
as a regime change strategy promoted by the West to destabilize Russia. Regional crises such as the
Russian attack on Georgia and the annexation of Crimea further increased tensions between the US
and Russia, and after all these developments it became vital for Russia to attempt to expel US forces
from the region.

The request for withdrawal started nearly 10 years ago. In the 2005 Declaration, members
demanded that the US set a timetable for withdrawing American military contingents. Although the
US is the greatest supporter of the Kyrgyz economy, Kyrgyzstan ordered the US to close its base there
in 2009, a decision strongly related to a Russian offer of credit and financial support. At the same time,
the US offered to increase its payment from 17.4 million dollars to 60 million.11 This high offer, along
with some corruption cases in Kurmanbek Bakiyev’s government, caused strong public protests that
ended in revolution. “Bakiyev himself acknowledged that Russian support for Roza Otunbayeva was
largely based on his decision not to shut down the American base in Manas. Asked about speculation
that Moscow played a role in the uprising, Bakiyev said Russian President Dmitry Medvedev and

10 Remi Piet, “Russian and European Foreign Policy towards the Middle East: An Energy Security Analysis”, Roger. E.
11 David Trilling, “Letter from Bishkek How Did Kurmanbek Bakiyev’s Presidency Fail?”, Foreign Affairs, 12 April 2010,
Prime Minister Vladimir Putin had been unhappy about his decision in 2009 to extend the lease on the US base.12

Almaz Atambayev, the new pro-Russian Prime Minister, declared that the lease would not be renewed, and the US closed its only Central Asian air base in Manas. This event signaled the resurgence of Russian influence in the region, and the Russian media focused heavily on the base’s closing. In addition, becoming a member of the Eurasian Economic Union and deepening political ties to Russia has played an important part in Kyrgyz political calculations.

Uzbekistan, on the other hand, rejected membership in the Eurasian Economic Union and had a close relationship with the US until the 2005 Andijan events, when Uzbekistan rescinded US base rights after the US criticized human rights infringements on the part of the government. However, US support in terms of military equipment and foreign aid to Karimov continues. At the same time, Russia forgave 865 million of Uzbekistan’s debt. In this context, inside the SCO Uzbekistan has some concerns about the evolution of this organization into a political-military alliance, since Uzbekistan maintains economic and political relations with both Russia and the US.13 Although relations between the US and Central Asian countries have changed over time due to shifting political priorities, these countries know that while the United States may or may not be a major player in Central Asia in the future, Russia is a neighbor whose influence in the region is likely to be permanent. Due to this reality, the closure of the air bases challenges US influence in the region.

The closure of military bases is an important indicator of Russia’s intent; at the same time, increasing military capacity and conducting joint military operations is another important step in indirectly balancing the US in the region. By reassuring the Central Asian governments that they can depend on Russia and China to protect them, these major powers try to weaken US influence in CA in terms of security and defense. On the other hand, during the July 2015 SCO Summit in Ufa, the Russian Defence Minister Sergei Shoigu declared that the organization was considering a more formal alliance which could serve to block any future Color Revolutions in Eurasia (Although this declaration of intent received a cold response from China, Russia was more assertive about the security aspects of the organization).14

Claiming to be a security organization requires conducting military operations: “Russia and China conducted a joint military training called Peace Mission 2005 which focused on landing operations in the Yellow Sea and the nearby region”. It should be noted that this operation was conducted after the ‘orange revolution’ occurred in Kiev against a Russian-backed regime, and Russia accused the U.S. and the EU of supporting the opposition parties. The US and the EU spend nearly $1.5 billion on democracy promotion to this end.15 After the ‘Orange Revolution’, Russia changed its policy regarding military cooperation with China, and decided to conduct joint operations to

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deepen this cooperation. The two countries conducted another large-scale joint military training, Peace Mission 2007, in Chelyabinsk Oblast. The joint training was conducted as a part of the war on terrorism and for the purpose of operational cooperation between member countries.16

“In mid-2009, the SCO held major joint military exercise in China, involving tanks, fighter jets and 3,000 soldiers. In 2010, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan conducted a joint planning and operational maneuvers.”17 Peace Mission 2014 was the largest military exercise conducted by members of the SCO. This training involved tanks, warplanes, light aircraft, ground equipment, air-defense missiles, armored vehicles, ground air forces, and special operation units. China contributed J-10 and J-11 fighters, JH-7 early warning assets, control aircrafts, WZ-10 and WZ-19 attack helicopters.18 These equipment and joint training operations were conducted to cope with the threat of terrorism in Afghanistan, Iraq, and other Central Asian countries. One important point that should be noted is that Kazakhstan, Kyrgyzstan and Tajikistan also sent their soldiers to participate in the operation. For example, the 2016 Peace Mission, held for the first time in Kyrgyzstan, included exercises involving the deployment of heavy weaponry as well as practice drills with air-to-air missiles.19

In re-evaluating this multilateral security approach, Peace Mission 2014 served its aims well, as its member countries greatly improved their capability to operate together. This type of cooperation is an important step in coping with terrorism. Every operation provides interoperability and experiments to China and Russia in terms of working together. For example, the 2007 Peace Mission was a great achievement in deployment and support of large military forces, and the Mission 2013 was an opportunity to conduct military operations far from the mainland. Peace Mission 2014 further shows the possibility of combating terrorism. Furthermore, conducting military operation together builds mutual trust between members. In order to build the New Silk Road, cope with the flow of Afghan-based terrorists, and create an integrated economic and security agenda, they need this spirit of mutual cooperation.20

Although these joint operations are explicitly concerned with combating separatism and terrorism, increasing cooperation opportunities between these two enormous powers in the Asian region may cause them to go beyond these aims and coalesce into a more solid bloc, mimicking Western-type organizations.

This partnership threatens US interests in several ways. For example, the Russian sale of conventional weapons to China enhances Chinese military capabilities and raises concerns for US defense planners. Russian military technology has significantly contributed to the development of the People’s Liberation Army Navy’s (PLAN) surface warfare capabilities. This improvement is extremely important in terms of protecting China’s vital interests, since the new conflicts in the South China Sea,

16 Yun and Park, “An Analysis of the Multilateral Cooperation”.
the Yellow Sea, the Spratly Islands, and the Taiwan Strait all require a strong offshore strategy. Russian contributions have made Chinese naval vessels increasingly capable of defending themselves against US air strikes and long-range missile attacks. This capability will be important in terms of future conflicts between the US and China, such as the Taiwan issue.21 Keeping US forces out of contested maritime regions is an impossible task for the Chinese navy at its current strength.

Moreover, fighting terrorism is another key aspect of Russian-Chinese cooperation. The foundation of the ‘Regional Anti-Terrorist Structure’ (RATS) can be evaluated in terms of this framework. "RATS is currently the only such centre operating in Central Asia."22 Russia was invested in the foundation of this subunit in terms of creating a militarized anti-terrorist structure parallel to the CSTO. Ties and cooperation agreements between the two organizations may form a military alliance in Eurasia, a union of the SCO and the CSTO. Although the SCO and CSTO both cooperate with NATO in terms of common security interests such as Afghanistan, drug trafficking and other threats, Russia continues to criticize NATO for destabilizing Afghanistan. According to Russia’s strategy, CSTO and the SCO can be used as a tool to balance NATO and to socialize and institutionalize a common set of assumptions and norms across Central Asia. In addition, the Central Asian states feel comfortable with the current security settings of CSTO and the SCO without the restrictions and responsibilities of a collective security entity.23

Pushing the US out of region and conducting joint operation and making military contributions are important tools to balance the US. But SCO is more assertive regarding economic cooperation and creating new economic institutions.

**China and the SCO: Economic Strength, Creating Trade Blocs and Energy Collaboration**

The military aspect of the SCO is largely dominated by Russia (with the help of China), while the economic and energy aspects of the organization are dominated by China. Through energy agreements, large-scale aid, infrastructure projects, and increasing trade volume, China regulates its relations with Central Asian countries. Through this neighborhood policy, China consolidates friendships and partnerships with its neighbors. Deepening mutually beneficial cooperation ensures that China’s own development provides more benefits to its neighbors.24 In the long term, dependency creates more solid partnerships, which will decrease the impact of other external powers and enhance soft balancing.

In this context, China controlled neighborhood relations through its economic power related to gains for its member countries rather than security priorities, and in this area China, Russia, and the CA have achieved remarkable results. China’s economic presence in Central Asia is systemic and expanded every year. Foreign trade is the most dynamic area of economic cooperation between China and Central Asian countries. Central Asian trade with China increased from $1 billion in 2002 to $45

The Rise of New Powers in World Politics

The top three importers to Kazakhstan are Russia, China, and the US. Kazakhstan’s commodity turnover amounts to $7.88 billion in 2016, while the Uzbekistan-China trade volume reached its highest point with $4.5 billion in the same year, and Kyrgyzstan-China total trade reached $2.25 billion as well. Tajikistan is becoming one of China’s biggest debtor partners. China is the major economic actor in Turkmenistan. The China National Petroleum Company has become one of the supporters of the Turkmen national budget. Moreover, many contracts have been signed between Uzbekistan and China. In 2009, China provided the SCO with a $10 billion loan to help Central Asian countries mitigate the effects of the economic crisis, and another 10 billion loan was offered in 2012.

To expand and increase this dependency between Central Asian countries and China, the One Belt One Road (OBOR) project is vital. The OBOR is a political strategy to reconstruct a Sino-centric regional order. This ‘proactive’ initiative reflects China’s emerging shift in its foreign policy in support of its arrival as a global economic player, as well as a dominant regional player. “Beijing had apparently concluded that it could drive this sweeping concept, manage any adverse fallout, and cause China to emerge as the pre-eminent power and primary manager of this transformed continent.” This project is not just an economic initiative; at the same time, it symbolizes the rejuvenation of the Chinese nation. The OBOR project is an ambitious endeavor, including new air, rail, road, and infrastructure projects aiming to improve connections between China and Europe.

The OBOR Initiative is mainly funded by the Asian Infrastructure Investment Bank (AIIB), which is directed by China. Through this project, new markets for goods will be opened, resources will be procured, and engagement with and access to underserved areas will be possible. Central Asia will enhance security and energy cooperation through this economic corridor that contains pipelines, bridges, and roads. Although the AIIB has committed wealth and development for the OBOR, Central Asian countries have some concerns about Chinese dominance. ‘Sinophobia’ is the biggest regional problem, and this has the potential to undermine the soft balancing strategy of China.

Transporting energy and deepening the energy trade is another important aspect of China’s relations with Central Asia. Unlike Russia’s security organization goals, the SCO is considered by China to be an ‘Energy Club’. Maintaining the energy security of the country is crucial to Chinese elites. Due to its industrialization process, China has attained a degree of diversity, efficiency and flexibility in its energy resources, but since 1993 its domestic production has not been able to meet

31 Sternberg, Ahearn and McConnell, “Central Asian ‘Characteristics’ on China’s New Silk road”.
32 Pantucci, “Looking West: China and Central Asia”.

135
the country's demand. According to the Chinese Academy of Geological Sciences, China's energy dependency on other Central Asian countries will reach 70 percent in 2020. In this context, China is attempting to construct main pipelines to CA with bilateral agreements. Transport corridors aim to facilitate five percent of all Europe-East Asia trade by 2017. These bilateral agreements also will significantly increase the income of the transit countries; for example, “by 2020, Turkmenistan expects to be exporting some 65 bcm/y to China. In principle, Uzbekistan and Kazakhstan also should each be exporting around 10 bcm/y to China at that stage.”

Transporting energy to Central Asian countries is one aspect of this strategy. At the same time, transporting energy between Russia and China through the Kazakhstan-China pipeline has also increased. Russia has begun to transport oil to China. In 2009, Moscow and Beijing signed a $100 billion oil contract. Negotiations over a gas agreement that would make China Russia's biggest gas consumer continued until 2014, when Russia and China signed the $400-billion-dollar gas deal. The long border between Russia and China provides a convenient hub for the transfer of natural resources, which is practically impossible for a third party to access.

Western sanctions after the annexation of Crimea badly affected the Russian economy, and Chinese bank loans and natural resource imports have provided Russia with substantial economic advantages. Chinese banks have agreed to provide $13.8 billion in credit facilities and loans to Russian banks, and China has signed two natural gas deals with Russia that could account for as much as 17 percent of China's consumption by 2020. It is obvious that China and Russia need one another as trade and economic partners, since China has become one of the top ten investors in Russia. It must be mentioned that after the Crimean crisis, Russia-China cooperation seems to be a practical necessity rather than a comprehensive policy. But through this process, Russia has learned to take cooperation with China more seriously. “Some Russian businessmen whose names appeared in the US sanction list such as owners of the Volga Group and Ruskoe Group have constructed serious relations with China. Chinese investors also changed their attitudes towards Russia. Before that, Chinese investors were kept away from Russian fuel and power companies due to national security considerations.”

Through OBOR projects and energy transportion, China tries to dominate Central Asia through economic relations. In this framework, according to China, the SCO should be an economic organization with its non-security identity. In November 2016, China recommended the creation of an SCO free trade zone. Although Russia did not support an economic identity for the SCO, after the declaration of cooperation between OBOR and the Eurasian Economic Union (EEU) Russia mitigated this policy. In this framework, economic block-building is unmistakable evidence of a far-reaching improvement in Russo-Chinese cooperation, and the SCO is a crucial tool to further this

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process. Putin offered to coordinate the development of the EEU and the Silk Road infrastructure through the simplification of mutual investment procedures and the development of a transportation infrastructure. In 2015, Russia and China signed an agreement on cooperation between the EEU and the OBOR. The most important outcome of the agreement was the start of talks on a free trade zone between the EEU and China that, according to different estimates, might last from 10 to 20 years.

The joint declaration on joining the construction of the EEU and the OBOR stated that the two sides would work jointly in bilateral and multilateral frameworks, above all the SCO. This document posed serious questions for the SCO, requiring concrete mechanisms of cooperation of the EEU and with the OBOR and the SCO. Russian and Chinese experts are now working on this. In Russia, experts at the influential Valdai Club are putting forward ideas for the leadership of both countries to adopt. In accordance with their proposals, the SCO should become the umbrella organization for coordination, which will significantly strengthen its economic role.39

This point is important because the SCO is the umbrella organization for China and Russia to strengthen their economic power through economic block formation.

As mentioned above, economic block-building is one of the important tools of the soft balancing strategy widely used by Russia and especially China. On the other hand, this comprehensive ‘win-win’ economic model can create some difficulties between Russia and China in terms of China’s potential economic imperialism. Cooperation between the two powers is pragmatic, and the increasing dependency of CA on China disquiets Russia. Despite the remarkable achievements and cooperation decisions that were made at the SCO summit in Ufa, the SCO faces serious challenges.

**Russian-Chinese Relations and the SCO: Challenges for an Alliance**

Although Beijing and Moscow have deepened their cooperation through the SCO and other regional organizations, they still have divergent views regarding regional and global security priorities. Because of this, constructing a formal alliance between the two remains difficult.40 There are still some obvious obstacles to deeper cooperation. Continuing arms sales, increasing foreign direct investment, and trading volumes have enhanced the partnership, but Russia and China have been traditional rivals from the Arctic to Central Asia.

The first issue that creates tension between Russia and China is the idea of the Energy Club and bilateral relations with the CA. China is the most enthusiastic member country in terms of transforming the SCO into a completely functional organization. China tried to make bilateral agreements with the Central Asian states, and they perceived the benefits of cooperating with their big eastern neighbor on a case-by-case basis. China bought oil and gas from Central Asia and tried to construct an energy corridor with Kyrgyzstan and Tajikistan on different projects, then made an agreement with Kazakhstan and Uzbekistan on importing gas and oil.41 The SCO would give China

more opportunities to expand its influence, but Russia has not been happy to see another big power enter its backyard. Although Russia has become a part of the OBOR Project, there is still significant mistrust between the two states in terms of acting as the dominant regional power.

Moreover, in terms of security, Russia does not see itself as a natural ally of China. Russia has strategic relations with China’s enemies in East Asia; especially before the Ukrainian crisis, Russia supported Japan’s position regarding sovereignty matters. Besides the Spratly Islands, China has competing claims with Vietnam over the demarcation of the Gulf of Tonkin and with Japan over the Diaoyu/Senkaku Islands.42

For example, when China asserted its sovereignty in the Senkakus as a core interest in 2012, Russia told Japanese officials that Russia would not take sides. Additionally, Japan and Russia agreed to strengthen bilateral dialogue to expand cooperation in security and defense in the Asia-Pacific region. Russia did not support China’s territorial claims and tried to advance relations between Japan and China. Although Russia tried to persuade Japan to sign onto its Asian security structure scheme, the Ukrainian crisis changed this situation. After the crisis led to Western sanctions, Russia began to support the Chinese position. “The increasingly strong economic and political relations between Russia and China do indeed appear to extend to Moscow taking an increasingly partisan position on the Senkaku/Diaoyu dispute. This is evident from Russia’s backing of China’s position with regard to the historical origins of the dispute, as well as over who is to blame for the recent exacerbation of tensions.”43 According to Foo, “Russia will ultimately come to align with China over the territorial dispute, a development that could have potentially disastrous consequences.”44 Although Russia changed its neutral position on the Senkaku/Diaoyu Island issue, it is still just a matter of strategic support for China in terms of balancing the US together, but not through military alliance.

Close relations between Russia and Vietnam is also another important source of conflict between the two powers. Russia supported Vietnam by building submarine bases and repairing dockyards.45 Because of the sovereignty problems between China and Vietnam in the South China Sea, China clearly dislikes Russia’s policies. “For example, the 2001 Sino-Russian treaty obliges Russia to respect China’s territorial integrity which, according to Beijing, Vietnam threatens with its claims to the Paracel Islands.”46 In this framework, China waited for Russian support rather than develop close relations with Vietnam.

Another important obstacle is terrorism and the security gap in the region. After the break-up of the Soviet Union and especially since 1996, fighting transnational terrorism and extremism, especially the Taliban and al-Qaeda, have caused serious problems for member countries. For this reason, the SCO was the first organization to improve cooperation on this issue following 9/11 and the war in Afghanistan. The threat of terrorism has continued, especially after the withdrawal of NATO from Afghanistan and the empowerment of ISIL.

This situation creates a challenge for Asian and Chinese oil pipelines, since many terrorist groups are active in Central Asia. Al-Qaeda and other terrorist organizations stirred unrest in Kyrgyzstan in 2010, and the extremist group Jund al-Khilafah has carried out attacks in Kazakhstan. The Afghanistan-Pakistan border has been a haven for terrorists and extremist groups since 2011. The Turkistani Islamic Party (TIP) militants have launched several “jihadi attacks” against China in Xinjiang. In addition, religious extremism is also rising in the region; the IMU (Islamic Movement of Uzbekistan) is an example of that. In this context, the most crucial matter is to secure the pipelines.47 There are chronic terrorism problems, and the threat of ISIL is rising daily. China and other Central Asian countries have been under the threat of ISIL ever since it labeled China as a country where Muslim rights have been forcibly seized. “Abu Bakr al- Baghdadi added “your brothers all over the world are waiting for your rescue and are anticipating your brigades.”48 This sentence is enough to convey the threat of ISIL to the region.

These are important political issues that could prevent further integration. At the same time, economic issues are also problematic in terms of attaining regional development. When the economic initiatives of the “Eurasian Economic Union” and the OBOR Project are evaluated, some dangers for Central Asian countries can be perceived. These are beneficial economic projects, but if economic development cannot be attained through these initiatives, the availability of highly competitive Chinese goods creates some risk for the markets of the CA.

All Central Asian countries are landlocked economies, poor and heavily dependent on the resources sector. In this context, Central Asian leaders and security experts are deeply worried about the geopolitical implications of the OBOR project and this is the reason why Chinese leaders continuously guarantee the non-interference of China in the domestic affairs of Central Asian nations.49 For instance, some protests broke out in Kyrgyzstan against giving space for trade to Chinese citizens. In Kazakhstan, MPs protested against the government because of the high share given to Chinese companies participating in energy related projects. The territorial and demographic expansion of China is also unsettling. For example, in Kyrgyzstan a new law was adopted to limit the number of foreign labourers in order to avert the expansion of the Chinese labour force.50

In addition to collaborating on security and economic matters, another challenge is creating a common identity. This is an indispensable tool in constructing soft balancing. Although functional cooperation between member states has been expanding sector by sector, little progress has been made in these areas. Some economic, social, and technical security, as well as humanitarian cooperation, has been achieved; however, more is required to construct a new bloc to balance Western ideology and values. Solving specific problems and attaining some economic benefits are pragmatic approaches. If the habit of cooperation and the fruits of constructive work are established logically, confidence will rise, and the SCO can construct its own political agenda and identity. But confidence-building and

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48 Colin Mackerras, “Xinjiang in China’s Foreign Relations: Part of a New Silk Road or Central Asian Zone of Conflict?”, East Asia, Vol.32, No.1, 2015, p.25-42.
creating an identity takes a long time, although some experts like Dadabaev claim that “the identity could be established on the anti-Western model of social development and anti-colonial model.”51 It is obvious that this organization currently lacks the capacity to generate a real new model.

Creating a common identity and shared values is an arduous task. On the other hand, widening the organization before formulating a common vision is riskier, creating other obstacles that may preclude forming a common identity. Since the establishment of the SCO, Russia and China have had differing opinions regarding enlargement. Russia has supported expanding the organization, but China has not, preferring instead to focus on deepening cooperation with existing members. Russia believes that new members could provide potential benefits for strengthening an anti-Western bloc. The widening process started with Uzbekistan’s membership, and at the Tashkent Summit in June 2004, Mongolia became the first observer state. At the Astana Summit in Pakistan, India and Iran gained the same status. Mongolia does not intend to join the SCO as a full member. On the other hand, Pakistan, India and Iran have declared their intentions to join, and at the last summit the full memberships of Pakistan and India were accepted. India has strategically calculated that membership would serve its national interests because, like all other significant powers, India also aims to expand its influence in the region. Russia has supported India’s membership to balance China’s strength inside the organization, while China has found another rival force inside the organization to be necessary.

In this context, China seeks Pakistan’s membership to balance that of India, so the memberships of these two countries have been accepted together because of a power game between China and Russia. China would not accept the admission of India, and admitting Pakistan alone was unacceptable to Russia. Although China struggled for a long time to prevent the expansion of the organization, China lost this struggle. It accepted its close ally Pakistan and permitted the widening of the SCO, whose utility it was questioning. However, the long-time rivalry between Pakistan and India could complicate solidarity.

The SCO combines the interests of two of the world’s largest powers, but the distrust between Russia and China continues. In addition, there are severe differences between member countries in terms of their economic development, security interests, and visions. Due to these differences, creating a common sense of identity is most likely impossible, since none of the member countries are ready to sacrifice their diplomatic and economic interests for the sake of developing a mutual defense pact. Elites of this organization share a pragmatic view of international relations, and the Central Asian states reject supranational organizations that would effectively limit their room to maneuver.52 This situation ultimately undermines creating a sense of solidarity and common identity.

**Conclusion**

By using a soft power balancing strategy, China and Russia tried to consolidate their forces to counter a US-led unipolar world. Post-Cold War US unilateralism and convergent interests have pushed China and Russia to further their cooperation and become strategic partners. The SCO is one of the basic tools for these two giant powers to create a block opposing the US-led international order. The SCO

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51 Ibid, p.113.
The Rise of New Powers in World Politics

has enjoyed remarkable achievements since its establishment, making enormous progress in terms of increasing cooperation against multilateral security threats, expanding the energy trade volume, gaining economic wealth, and enlarging the organization. All these improvements serve the basic purposes of this organization: attaining a secure environment and increasing regional cooperation, but most importantly challenging US dominance and hegemony in the region through soft balancing tools.

Russia deals with its political and military primacy in Central Asia. In this framework the SCO is configured by Russia as a multilateral security organization. The border problems between neighbor countries have been resolved, and confrontation with terrorism has improved. Although some scholars have characterized this organization as another regional integration project, its most remarkable feature is its potential to challenge U.S. influence, and it has met with some remarkable successes in this regard. Starting at the Astana Summit in 2005, the member countries have insisted there be no US military bases in the region. The joint training military operations, the development of RATS and the creation of the Collective Rapid Response Force are all important improvements in the military cooperation field. The SCO is one of the important devices that helps Russia to hold dominant positions in the areas of politics and security. On the other hand, it symbolizes Sino-Russian strategic convergence and growing cooperation in Central Asia.

China, on the other hand, is pursuing its economic supremacy strategy. Through Central Asian politics, China has secured access to energy and economic expansion. With an increased focus on economic development, member countries of the SCO have increased their mutual dependence through the One Belt One Road Project, supporting economic development through several projects and greater investments. In addition, a regional integration process occurred with the dependency of institutions under the label of Grand Euroasian Projects. Russia and China signed a declaration of cooperation on coordinating the construction of the EEU and the OBOR. In this framework, the SCO is configured as an umbrella organization.

Although a consensus has been reached between Russia and China regarding post-Cold War US unilateralism, and their convergent interests have pushed them to cooperate on several issues and regional integrations, they are still far from forming an anti-US bloc. Although the SCO has had remarkable success in various aspects of regional cooperation, there are still problems and difficulties. The rivalry between China and Russia in terms of being the hegemonic power in the region, the risks of economic integration for member countries, the legacy of common values and identity, and the lack of solidarity and problems related to the process of enlarging its membership have all complicated the institutionalization process of the SCO. The different interests of different member countries and power relations among the SCO members creates a lack of solidarity.

The SCO is an important soft balancing tool, despite the difficulties and complexity of relations between its members. If these problems can be solved and mutual trust between members is established, especially between Russia and China, the SCO will become impossible to underestimate and form an important aspect of regional integration against US unilateralism.