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Analysis

Russia's Resurgence in Northeast Asia: Views from the Region

By Gilbert Rozman, Vladivostok

Abstract

With its current energy strength and renewed self-confidence, Russia is reasserting its position in Northeast Asia. Of the countries in the region, the Chinese are most interested in developing their strategic partnership with Russia. After making considerable progress in areas such as demarcating the border, the Chinese are now worried that Russia's state-centered expansion will slow the growth of economic ties between the two countries and create tensions for Sino-Russian relations vis-à-vis Central Asia and North Korea. Japan remains focused on the return of the four islands lost to the Soviet Union in WWII. However, it sees Russia as part of a larger strategy to contain the rising influence of China. South Korea is mainly interested in Russia's role in a possible reunification with North Korea, but South Korean-Russian relations depend heavily on the Korean presidential elections in December 2007. All three countries are reevaluating their relations with Russia.

Russia Asserts Itself in Asia

As Russia looks ahead to a presidential transition, Northeast Asia faces a changed environment through the invigorated Six-Party Talks addressing the North Korean nuclear weapons program and some reshuffling of great power relations. Present at these talks and a force determined to shape the balance of power in the region, Russia has emerged from marginalization in the 1990s to become a serious factor in the calculations of the other states in Northeast Asia. Not only do the United States and North Korea—the two states locked in a perilous struggle through the nuclear crisis—pay greater attention to Russia's position in the Six-Party Talks, but China, Japan, and South Korea—the three regional centers of diplomacy—also show growing interest in Russia's intentions of influencing the region, unilaterally, bilaterally, and multilaterally.

After Mikhail Gorbachev's Vladivostok and Krasnoyarsk speeches and Boris Yeltsin's visits to Northeast Asia in the process of setting new priorities, Russia faded from view. In the first nuclear crisis of 1993–94, when the United States first considered a preemptive attack on North Korea's nuclear reactor and then compromised on the Agreed Framework, it was a resentful nonentity. Subsequently, one could observe China wooing it from 1996 to develop a strong strategic partnership, Japan beseeching it from 1997 to reach a deal that would return four islands the Soviet Union occupied at the end of WWII, and South Korea enlisting its good offices from 1999 as part of the Sunshine Policy to reassure North Korea; yet, all of these moves proved to be limited. The Sino-Russian partnership gave Russia a chance to reassert

its influence in Asia, but this arrangement soon was suspect for leaving Russia as a junior partner and was never allowed to realize the full potential envisioned by Beijing. Tokyo's "Eurasian diplomacy" was scorned as nothing more than a strategy for stripping Russia of territory, which was well confirmed when Vladimir Putin refocused talks on a compromise approach and Tokyo lost interest. Finally, Putin's personal courting of Kim Jong-il may have been welcomed by Kim Dae-jung, but it proved futile as a second nuclear crisis arose and Russia's role did not expand beyond that of the least significant player in the Six-Party Talks. Emboldened by the new energy clout of Russia along with an image of revived state authority buttressed by renewed strategic military might, Putin is pressing for a more significant role in the region.

The agreement on July 1 between Pyongyang and the International Atomic Energy Agency (IAEA) on the inspection of the Yongbyon reactor after it is shut down ushers in the critical Phase 2 of the February 13 Joint Agreement at the Six-Party Talks, in which the five working groups acquire new importance. As chair of the group focused on establishing a multilateral regional security framework, Moscow has a chance to realize an oft-declared dream, but achieving this goal depends on others. What do policy elites in Beijing, Tokyo, and Seoul want from Putin? Each has fresh concerns about where Russia is heading along with emergent thinking about how Russia can serve their national interests anew. China counts on Russia the most, valuing a deepening strategic partnership. Japan retains its suspicions, considering relations still to be less than normal, but recognizing that Russia's growing clout requires reconsideration. Finally, South Korea is

eager for some sort of multilateralism balancing various powers, and it is also prepared to include Russia as conducive to any engagement of North Korea, but the stronger Russia appears, the less it fits the image of a convenient middle power.

If Putin's legacy in Northeast Asia remains incomplete, further bold moves cannot be ruled out. He has made several such moves in the past. In July 2000 he made a stunning entrance at the Okinawa G-8 summit after stopping in Pyongyang, where he secured Kim Jong-il's promise to extend his moratorium on missile testing, reinforcing a mood of regional transformation only one month after the historic inter-Korean summit. In January 2003 the Russian leader agreed in principle to build a proposed oil pipeline to the Pacific coast rather than Daqing, thereby breaking an agreement with China's leaders to direct Russian hydrocarbons straight to China, while encouraging Japanese Prime Minister Koizumi Junichiro to compete for advantage in receiving Russian energy supplies. Most recently, in June 2007 he broke the impasse over transferring North Korea's frozen funds that had put the Joint Agreement on hold by arranging for them to go to a Russian bank after the U.S. Federal Reserve received them from Macao. In this light, the July 1–2 summit in Kennebunkport, Maine with George W. Bush shifted the tone from his confrontational rhetoric earlier in the year and added to his stature as a world leader.

As seen within the region, Putin may have time in office to leave his further mark in Northeast Asia in five areas. First, after the declaration in December 2006 of a new development program for the Russian Far East and Eastern Siberia followed by Putin's visit to Vladivostok in January 2007, he can clarify its contents and set the direction for the limited integration of this area into the surrounding region. After the false starts over the past twenty years of other such development programs, Putin has the revenue, the control, and the energy prospects to establish a long-term plan that Russia's neighbors would have to take seriously. Second, following years of equivocating, a final decision on the route of construction of the oil pipeline from Taishet is expected, perhaps prioritizing the Pacific route and leading to a scramble among states for access to and development of first oil and then gas resources tightly controlled by the Russian state. Uncertainty about pipeline plans has left in limbo Russia's regional strategy. Third, in the wake of the new Sino-U.S. understanding on how the Six-Party Talks should proceed, Putin can seize this opportunity for championing a regional consensus insistent on Pyongyang's compliance in return for the benefits

promised to it. Fourth, as talks advance for a visit by Japanese Prime Minister Abe Shinzo to Russia in the fall, Putin may strive for a breakthrough in relations on the basis of security as well as energy multilateralism. Finally, in the year of China in Russia, Putin could complete his presidency by repositioning these bilateral ties within an enduring regional framework. These varied options are on the minds of regional actors.

China's Expectations for Russia

After realizing its primary strategic objectives through Russian partnership ties—border stability, arms imports and licenses, partnership against U.S. unilateralism, and an independent pole to achieve a degree of regional multipolarity—China is awakening to a new security environment in which Russia's role is more problematic. However much a new Russian assertiveness against the U.S. may have been welcome, it may be trailing in its wake potential for regional instability or even renewed Soviet-style thinking that may backfire against China. While the Shanghai Cooperation Organization (SCO) served to keep rivalry in Central Asia under control, Russia's limited interest in it and advancing ambitions for dominance in Central Asia, including control over the disposition of energy resources, may pose a threat to stability. Moreover, despite the much lower costs of constructing a pipeline to Daqing that could absorb all of Russia's exports of oil to Asia from existing fields of Western Siberia, Chinese are preparing for a negative decision. Most likely Russia will build a pipeline to the Pacific coast so that it will benefit from a diversity of customers for its oil and gas and not be dependent on Chinese purchases.

Confident that Moscow is no longer inclined to side with the West politically, Beijing has shifted its gaze to economic ties. While it welcomes the operation of normal market forces, it suspects that Moscow is intent on state-driven economic decisions. On the one hand, it observes Russia's intensified restrictions on entrepreneurial activities—shuttle trade, foreigners doing business in outdoor markets, planned industrial parks, imports by non-registered organizations in fishing and other sectors—which hit Chinese business hard. Centralization in the hands of Moscow ministries seems to have brought little reduction in corruption, but much tightening over market-oriented activities. On the other hand, China faces recurrent pressure to make heavy investments in processing industries across the border that would keep raw materials now heading to China inside Russia, creating jobs there instead. Many regions of the Russian Far

East have their own wish list, whether a pulp mill, a furniture factory, or a mineral processing plant. Given the high transportation costs for reaching other markets, Russian regions do not have other options, but some are playing hardball to try to force investments from China. Rather than continued growth in trade from the \$30 billion range to \$60 billion or even \$80 billion, in accord with Chinese calculations based on unrestricted market openings, there is concern that another period of stagnation is coming, such as occurred in the late 1990s.

Beijing's greatest concern may be that a newly confident and assertive Russia may no longer adhere to the stabilizing arrangements along the border and in areas of potential rivalry that were reached in the 1990s. In Central Asia China agreed to defer to Russia, but not on the empire-building terms that Moscow may be contemplating now. At the same time, Russia accepted China's primacy in dealing with North Korea, especially after its bold move to become the intermediary failed in January 2003. Yet, flexing its energy clout in Central Asia, Russia has already marginalized the U.S. and may intend to do the same with China, and as the Sino-U.S. accord of 2006 in managing North Korea passed recent tests, Russia has shown some signs of restlessness. With memories still alive of the great costs from the Sino-Soviet split, Beijing remains intent, whatever the wavering may be on the Russian side, on keeping relations moving along a forward-looking track.

Japan's Expectations for Russia

Long preoccupied with the return of four islands, Japanese have found it hard to prioritize other objectives. Since Koizumi's signature proposal was the oil pipeline to the Pacific, this remains Japan's goal despite a lack of concrete information from Putin on the extent of supplies and the likelihood that plans will go forward. New fear of isolation may finally, under Abe Shinzo (or a successor should he be blamed for his party's suffering a setback in the July elections to the upper house of the Diet) raise the profile of Russia as a strategic partner. The Joint Agreement undercut Japan's trust in the United States, as policies toward North Korea openly diverge. Alarmed over the North's nuclear weapons and missiles, which reinforce their obsession with the abductee issue, many in the Japanese political elite remain intent on countering the North as well as limiting the rise of China. The alliance with the United States is essential, but may no longer appear to be sufficient. Interest in Russia says more about Japan's concerns about China, even in the wake of Abe's October 2006 healing visit to

Beijing and Premier Wen Jiabao's April 2007 public relations success in Tokyo, than about any indication of trust in Putin.

Some Japanese leaders would welcome a new tone of cooperation, including in the Russian Far East, accompanied by a message from Moscow that downgraded claims for Sino-Russian relations. A clear-cut decision to construct the pipeline to the Pacific (with no certainty that the spur line to Daqing would be built) would be taken positively as would overtures in favor of Japan's greater involvement in the development plans for the Russian Far East. Local enthusiasm in Hokkaido could easily be aroused, even after the Russian government pressured oil and gas companies to transfer controlling rights over the Sakhalin-2 project. Moreover, as the two marginal players with reservations about the Joint Agreement, Tokyo and Moscow may look for common ground over North Korea. Yet, they approach this possibility at opposite extremes in thinking about the role of pressure on the North and far apart in reasoning about the merits of the U.S. alliance system versus a multilateral security framework. Having previously shown a dearth of strategic logic for strengthening ties to Russia apart from regaining the islands, Japan is unlikely, after a rise of nationalism and under leaders with a weaker political base, to give priority to Russia in the near future. The Japanese would prefer zero islands to a minimal compromise giving them the two tiny islands that were long ago promised, and one-sided reliance on the United States to a weak linkage to Russia that would not seriously undermine its partnership with China and its nationalist assertiveness.

South Korea's Expectations for Russia

If Beijing wanted to build on normalization of relations to reestablish strategic balance in the world and Tokyo sought to recover the "northern territories" to emerge from the shadow of wartime defeat, Seoul desired to gain the edge in the reunification process through "nordpolitik." Its success led, however, to the first nuclear crisis, and later, in a more limited manner, to a second try at enlisting Moscow, but this time to reassure Pyongyang: to make it feel secure, to entice it with energy pipelines and a new railroad line along the vertical axis of Khabarovsk-Vladivostok-Busan down the entire peninsula, and to serve as a voice of moderation in regional circles that eventually became the Six-Party Talks. Progressives led by Roh Moo-hyun are largely satisfied with Russia's contribution, looking back to Roh's visit in the fall of 2004 to Putin's dacha as an upbeat convergence in thinking. Yet, conservatives, who are well-positioned to regain the presi-

dency in the December 2007 election, are inclined to see Russia as coddling Kim Jong-il and unlikely to support the more conditional aid that they would require or the tougher line in the Six-Party Talks that they may take.

Having remained wary of Russia since the dual financial crises of 1997 and 1998, South Korean investors are little disposed to make large commitments. Only economic ties appealing to North Korea, for instance its pursuit of energy security free of outside control, would likely draw Russia and South Korea closer. As a middle power, South Korea might have appreciated a modest Russia aware of its limited influence far from its heartland in Europe, but Putin's assertive bearing may diminish the prospects for the two to find common cause against the powers that throw their weight around in the region. Much depends on the elections and how the Six-Party Talks proceed in the coming year.

Conclusion

Leaders in the three diplomatic centers of Northeast Asia all had high hopes for Moscow in the late 1980s, turned to it again at some point in the 1990s for more limited goals, and are rethinking their strategies in light of recent events. Moscow's unilateral pursuit of security, total control over energy resources, and renewed influence in Central Asia and North Korea has added an element of wariness in all three capitals. Yet, doubts about the strength of Moscow's bilateral ties with Beijing leave open the possibility for other bilateral moves, especially if energy security acquires new importance in Russian strategizing. Finally, as the search for multilateralism accelerates, with Moscow poised to lead in this aspect of the Six-Party Talks, all parties have reason to take a fresh look at improved Sino-U.S. coordination and how Moscow serves their interests: Beijing through partnership, Tokyo through balancing, and Seoul through reassurance to Pyongyang.

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Documentation

Key Economic Indicators for Selected Countries

	Population	Population growth	GDP (PPP)	GNP per capita (PPP)
Russia	142,893,540 ^a	-0.37% ^b	\$1.723 trn ^b	\$12,100 ^b
China	1,313,973,713 ^a	0.59% ^b	\$10 trn ^b	\$7,600 ^b
Japan	127,463,611 ^a	0.02% ^b	\$4.22 trn ^b	\$33,100 ^b
North Korea	23,113,019 ^a	0.84% ^b	\$40 bn ^c	\$1,800 ^b
South Korea	48,846,823 ^a	0.42% ^b	\$1.18 trn ^b	\$24,200 ^b

^a July 2006 estimate; ^b 2006 estimate; ^c North Korea does not publish any reliable National Income Accounts data; the datum shown here is derived from purchasing power parity (PPP) GDP estimates for North Korea that were made by Angus Maddison in a study conducted for the OECD; his figure for 1999 was extrapolated to 2005 using estimated real growth rates for North Korea's GDP and an inflation factor based on the US GDP deflator; the result was rounded to the nearest \$10 bn (2006 est.).

Source: CIA World Factbook

	Oil production	Oil consumption	Oil exports	Oil imports	Oil proved reserves	Natural gas production	Natural gas consumption	Natural gas exports	Natural gas imports	Natural gas proved reserves
Russia	9.4 mn bbl/day ^a	2.5 mn bbl/day ^a	7 mn bbl/day ^a	100,000 bbl/day ^b	74.4 bn bbl ^a	641 bn cu m ^a	445.1 bn cu m ^a	216.8 bn cu m ^b	36.6 bn cu m ^b	47.57 trn cu m ^d
China	3.631 mn bbl/day ^b	6.534 mn bbl/day ^b	443,300 bbl/day ^b	3.181 mn bbl/day ^b	16.1 bn bbl ^c	52.88 bn cu m ^b	47.91 bn cu m ^b	2.79 bn cu m ^b	0 cu m ^b	2.35 trn cu m ^a
Japan	120,600 bbl/day ^h	5,353 mn bbl/day ^h	93,360 bbl/day ^f	5,449 mn bbl/day ^f	29.29 mn bbl ^c	2,957 bn cu m ^h	83.55 bn cu m ^h	0 cu m ^h	81.23 bn cu m ^h	39.64 bn cu m ^d
North Korea	138.5 bbl/day ^h	25,000 bbl/day ^g	NA bbl/day ^g	22,000 bbl/day ^h	-	0 cu m ^h	0 cu m ^h	-	-	-
South Korea	7,378 bbl/day ^g	2,149 mn bbl/day ^g	645,200 bbl/day ^g	2,263 mn bbl/day ^g	-	0 cu m ^h	27.84 bn cu m ^h	0 cu m ^h	28.93 bn cu m ^h	-

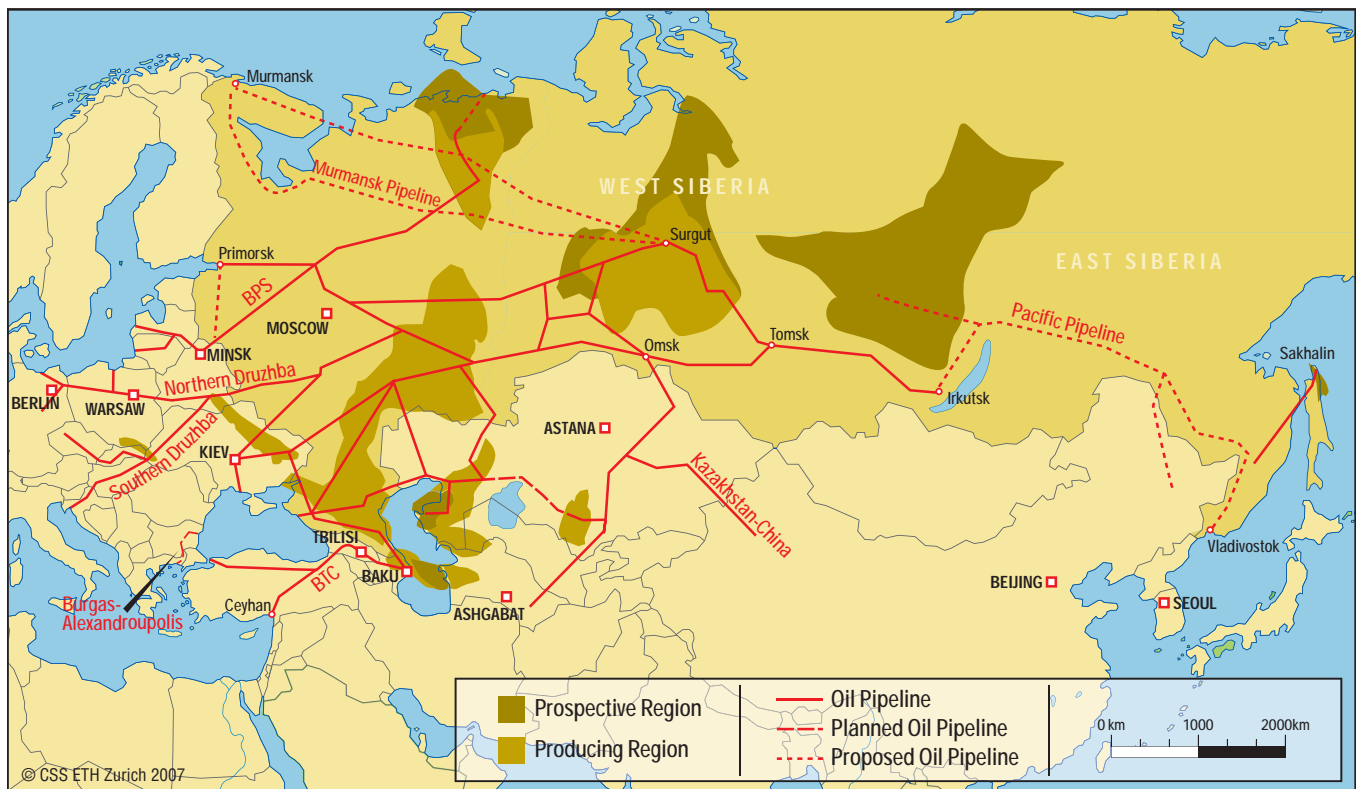
^a 2005 estimate; ^b 2005; ^c 2006 estimate; ^d 1 January 2005 estimate; ^e 1 January 2002; ^f 2001; ^g 2004; ^h 2004 estimate.

Source: CIA World Factbook

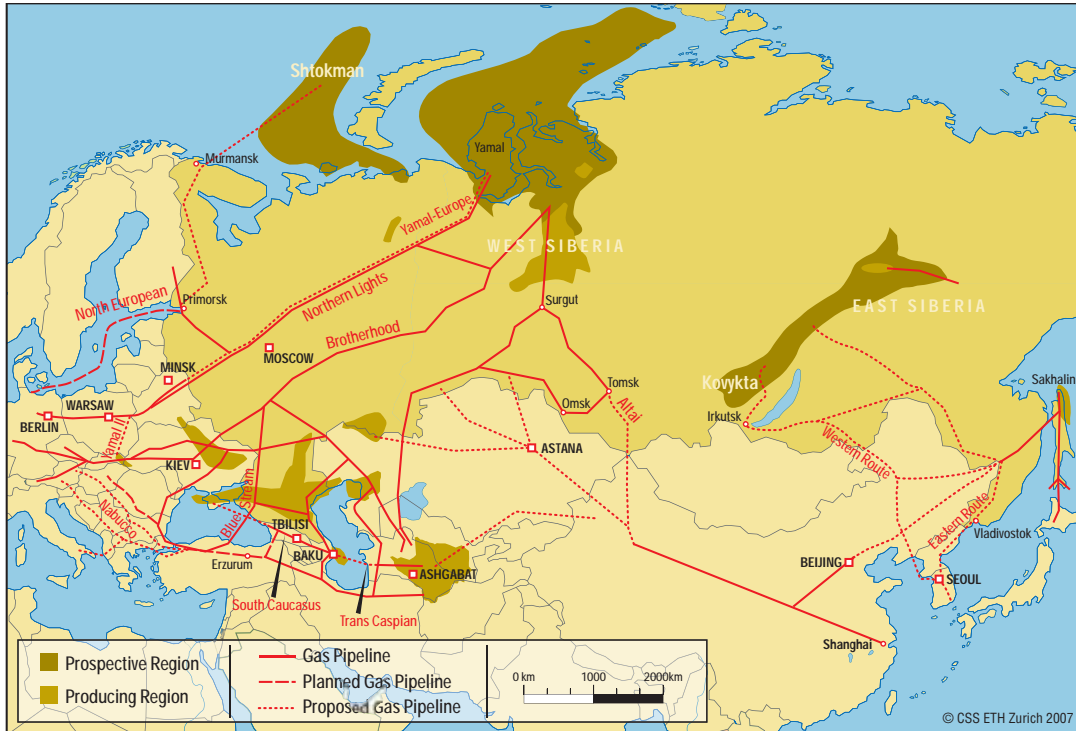
Maps

Russia's Main Oil and Gas Pipelines

Russia: Main Oil Export Pipelines



Russia: Main Natural Gas Export Pipelines



Analysis

Russia, Central Asia and the Shanghai Co-operation Organization

By Oksana Antonenko, London

Abstract

Over the past three years, Russia’s influence and presence in Central Asia has been steadily increasing. In contrast to the post 9/11 period, Russia has reasserted itself as one of the key players in the region, in some cases displacing the US, now associated with a democratization and regime-change agenda, as the key strategic partner to many Central Asian (CA) states. Moscow now conducts active regional diplomacy, has increased its investment in the region, provides economic and military assistance to CA states and, most importantly, has re-established close relations with the ruling elites in all of the region’s states, presenting itself as a strong supporter of the existing political regimes. Russia’s new strategic alliance with Uzbekistan, crafted following the Andijon crisis, as well as its close political and business ties with Kazakhstan, represent the backbone of the Kremlin’s new Central Asia strategy. Russia’s new activism is also visible in Tajikistan, Kyrgyzstan and, most recently, post-Niyazov Turkmenistan. Despite having practically abandoned Central Asia in the 1990s, Russia has now made it a top foreign and security policy priority, not only within the Commonwealth of Independent States (CIS), but increasingly as part of its wider regional and global ambitions.

Increasing Attention to Regional Organizations

In addition to bi-lateral ties with Central Asian states, Moscow is paying increasing attention to regional organizations, including the Collective Security Treaty Organization (CSTO), Eurasian Economic Community (EURASEC), and the Shanghai Co-operation Organization (SCO). Russia’s role in these organizations is not so much as facilitator of integration, norm-

setter, or even “banker,” although Russia provides most of the funds for the CSTO. Instead, in many cases, Russia acts as a shock absorber, which helps to reduce or manage tensions between regional states and to promote the identity of Central Asia as a post-Soviet region (in contrast, for example, with the American vision of a “Wider Central Asia,” which would be part of South Asia rather than post-Soviet space).

Russia's participation in regional organizations has one important impact on its policies: in these multilateral formats Russia is increasingly confronted with the need to move away from unilateral leadership, shaped by a domination model, which was prevalent in its policies throughout the 1990s and even in the early Putin presidency, and to accept power-sharing as its new *modus vivendi*, with the rising regional powers, like Kazakhstan, and with powerful external players in the region. This power-sharing model was first tested within the SCO, which over the years, dating back to the SCO's predecessor, the Shanghai-Five Process, kept Russia engaged in Central Asia and helped to define Russia's agenda in the region, while providing confidence-building and transparency in its relations with China in CA. The SCO stands alone as the only organization in post-Soviet Eurasia to which Russia belongs without being a dominant leader or even the most powerful member. Instead, it has been following the agenda set mainly by China and increasingly by Central Asian states themselves. Russia has been surprised by the fast pace at which the SCO has been gaining weight in regional affairs. As the SCO develops, Russia is constantly reassessing its attitudes towards the organization and its role among all the policy instruments available to Russia in the region.

There are a number of issues which both help explain the importance of SCO for Russia and also raise questions as to the impact of the SCO's evolution on Russia's ability to secure its interests in Central Asia. In analyzing these issues, however, one must bear in mind that Russia has yet to clearly articulate its interests and objectives in the SCO and strategies on how to achieve them.

Diverging Partnership: Russia and China in SCO

The presence of Russia and China among SCO members is the key reason why the SCO is increasingly taken seriously, although often with caution, by countries in the West and East. The SCO and its predecessor, the Shanghai Five, have provided a mechanism under which Central Asia's two most powerful neighbors can reconcile their interests and develop ways to cooperate. Early observers predicted that there would be unavoidable Russian-Chinese rivalry or even conflict over influence in Central Asia. The SCO's ability to regulate this conflict has been, without a doubt, the most powerful testimony of the organization's success to date.

However, Russian-Chinese relations within the SCO are becoming increasingly competitive, rather than cooperative. As China moves from declarations

towards promoting specific projects in Central Asia, including those focused on energy and infrastructure, increasing development loans, and signing contracts for strategic projects in the energy and water management sectors, Russia's role as a regional economic power, inherited from the Soviet Union, is diminishing.

At the same time, China has been more cautious than Russia about using the SCO as a tool for anti-Western, particularly anti-US, declarations, preferring instead a quieter, but often more effective, diplomacy. Russia, on the contrary, has been the key engine behind the SCO declarations – such as those calling for NATO base withdrawal or member states pledging not to take steps which could damage the security of other members – which sought to openly challenge the Western presence and influence in CA. While Russia and China both oppose the US and NATO military presence in the region, China is less concerned about engagement by the EU and Asian players, such as the Asian Development Bank (ADB).

China and Russia share concerns about the further enlargement of the SCO, although they continue to lobby different candidates for closer ties with the organization. China supports Pakistan, while Russia has been developing closer ties with India and Iran and, at one point, even proposed bringing Belarus closer to SCO. Finally, while Russia and China both agree on the “three evils” – terrorism, extremism and separatism – as the key priorities for the SCO's security agenda, China seems more reluctant at this stage to commit the SCO to develop capabilities for dealing with potential security challenges – such as cross-border insurgency or even terrorist attacks – in Central Asian states, while Russia pays little attention to Uighur activities in the region.

In strategic terms, Russia and China have increasingly diverging views on the future directions of SCO development. Russia is keen to keep the SCO as primarily a security organization, with only a limited economic role focusing on joint infrastructure projects. Russia seeks to use EURASEC as the key regional economic integration vehicle. China wants the SCO to evolve decisively into an economic grouping, which makes it easier for China to implement its business projects in the region, including those in the energy sphere and trade. China's proposals for the creation of a free-trade zone within the SCO are seen as threatening for Russian and Central Asian state economies, which can hardly compete with China's economic power. This power has already displaced Russia as the key economic and trading partner for many CA states. As this trend continues, Russia might start using SCO mechanisms to limit China's economic expansion into

Central Asia, rather than for the purpose of reducing the existing barriers through economic integration, the vision held by China.

The Sino-Russian tensions are likely to grow and Russia will find it difficult to deal with China's rising influence and activism in Central Asia. The SCO is unlikely to help tackle such issues as migration, resource competition, and the increasing economic imbalance between China and its neighbors, including Russia. The SCO can be used by Russia and CA states as a vehicle – a force multiplier – to contain and balance Chinese influence (just as the Shanghai Five process was used in negotiating border disputes). Such efforts against China could be implemented if Central Asian states decide that their concerns over China's power outweigh the potential and real benefits from welcoming Chinese capital and assistance.

Problematic Security Role

For Russia, Central Asia matters primarily as a potential, and in some cases, such as drug trafficking from Afghanistan, a real security problem. Therefore its engagement in the region, including multilateral co-operation, has been driven primarily by security concerns. This emphasis has changed somewhat under Putin, who started to actively promote the interests of Russian business, particularly companies close to the Kremlin like Russian Aluminum (RUSAL) or state-owned Gazprom, as an additional source of Russian power. However, Putin continues to view the region primarily as a potential source of instability and threat for Russia itself. Practically all regional initiatives involving Russia, perhaps with the exception of EUROSEC, have security at the top of their agendas. The SCO has been seen, and continues to be seen, in the same light. The Shanghai Five helped to prevent potential conflicts over border disputes, worked to develop confidence-building measures along the former Sino-Soviet border, and declared the goals of fighting terrorism, extremism (primarily motivated by nationalist or radical Islamic ideas), and separatism long before 9/11.

Since the late 1990s Russia has taken a number of decisions in regard to countering terrorist threats in Central Asia. Very few of them were actually made within the SCO. In particular, Russia used the CSTO as a vehicle for creating joint capabilities with the Central Asian states, such as the Collective Rapid Deployment Forces set up immediately after the Islamic Movement of Uzbekistan (IMU) insurgencies in Kyrgyzstan and Uzbekistan in 1999 and 2000. In 2001 Putin's decision to acquiesce to the presence of US and coalition troops and bases in CA was testi-

mony of Russia's real concerns about developments in Afghanistan. Putin realized that Russia was unable, even with support from its CA allies, to stop the civil war in Afghanistan, to remove the Taliban, and to bring some degree of security to the country and hence to neighboring Central Asia. China, by contrast, never openly accepted the bases' legitimacy and viewed them as directed against China.

The SCO has been used for sending political messages and undertaking information gathering and sharing among its members. Both SCO and Russia have firmly sided with Uzbekistan in support of its harsh response to the Andijon unrest. Russia and the SCO are actively targeting Hezb-ut-Tahrir activists, considering them a major security threat both for CA and Russia. For Putin, just as for other SCO states, the democratization agenda, including support for so-called "color revolutions," which led to the overthrow of President Askar Akaev in Kyrgyzstan, is seen as a security problem, partly because it undermines the state's capacity to deal with other security challenges.

Although Russia has been focused on the security agenda in CA ever since the end of the Soviet Union, it has so far failed to develop any effective mechanisms to address real security threats in CA either through bi-lateral military assistance or through multilateral mechanisms such as the CSTO. In this sense, the SCO also remains a weak security instrument, particularly concerning new threats, which are primarily internal within CA states or linked to wider trans-regional organized crime networks.

Security has been a core preoccupation of the SCO since its establishment. The inaugural summit approved the Shanghai Convention on Combating Terrorism, Separatism and Extremism, under which states agreed to pursue information exchange, extradition and operational coordination to fight these "three evils." The 2006 Shanghai summit approved a new program for cooperation in fighting terrorism, extremism and separatism in 2007–09.

The SCO Convention laid the foundations for the establishment of the Regional Anti-Terrorist Structure (RATS) and for the development of closer cooperation between security services, law-enforcement agencies, and, to a lesser extent, the militaries of SCO member states. RATS, which is located in Tashkent, was the second of two permanent SCO institutions established in 2003 (the first was the Beijing-based SCO Secretariat). RATS is responsible for information exchange and analytical work among SCO members' security services. Its staff of 30 includes seven specialists from both Russia and China, six from Kazakhstan, five from Uzbekistan, three from Kyrgyzstan, and

two from Tajikistan. Since 2003, RATS has compiled a list of terrorist organizations and key personalities involved in terrorist activity on member states' territories. It has made some progress in harmonizing anti-terrorist legislation among member states. Yet the SCO has little practical role in addressing either the root causes or managing the consequences of terrorist activities. Moreover, it still plays a minor role in dealing with the key region-wide security concern, drug trafficking.

In addition to RATS' day-to-day activities, SCO member states also conduct joint anti-terrorist exercises. The first took place in 2002 on the Chinese–Kyrgyz border. Primarily including security services, but also some military and interior forces, they have offered the first opportunity for Chinese forces to exercise in Central Asia and for Central Asian and Russian forces to enter Chinese territory. In August 2003, five SCO member states – Kazakhstan, Kyrgyzstan, China, Russia and Tajikistan – conducted joint exercises on the Chinese–Kazakh border, and in 2006 large-scale anti-terrorist exercises – ‘East-Anti-terror 2006’ – took place with the participation of all SCO member states. In 2007 the SCO military exercises were the largest to date and included an impressive display of military power, which, however, seemed to be go beyond the SCO's declared terrorism agenda and have little in common with modern strategies of targeting terrorist groups or insurgencies. The displays appeared more a demonstration of power in the context of continuing Western military presence in the region, rather than a real reassurance against future terrorist threats.

One role which the SCO could have played is to help translate some of its experience in addressing border disputes between China and post-Soviet states to tackle the existing border problems within CA itself. Many unresolved border disputes represent potential sources of tensions and even conflict and obstacles for trade and economic development. Closer ties with Russia helped to some extent to encourage some normalization in Tajikistan-Uzbekistan relations, however this process is far from complete. At the same time, the withdrawal of Russian border guards from Kyrgyzstan and Tajikistan meant that Russia was no longer influential enough to help strengthen border regimes. In 2007 the Russian Secretary-General of CSTO – Nikolai Bordyuzha - refused to discuss the request from Kyrgyzstan to bring Russian border guards back to Kyrgyzstan. The SCO could have played some role in this issue but Russia is cautious to authorize anything which could imply some form of long-term presence of Chinese military or other security forces in Central Asia on a long-term basis.

Moreover, while keeping the security agenda – where Russia still enjoys greater power than China - among the SCO priorities, Russia is reluctant to empower the organization to such a degree that it could question the need for the CSTO, where Russia remains the undisputed leader. Unlike the SCO, which only established a working group on Afghanistan last year and has achieved few real results, the CSTO has been working on developing a concept of security belts against drug trafficking in Central Asia and reinforcing joint capabilities, which still remain rather weak and practically untested in real operations. China, on the other hand, is reluctant to see any merger, even on an ad hoc basis, between the SCO and CSTO, perhaps due to the fact that such a union could strengthen Russia's role in the SCO. Any prospective enlargement of the SCO, which could include any or all of the existing observers (India, Pakistan, Mongolia and Iran), will multiply security problems within the “SCO area” while further undermining any chances for the creation of meaningful joint mechanisms to deal with them.

Economic Limitations

For many of the abovementioned reasons, the SCO's security portfolio will remain limited. At the same time, its economic agenda is expanding, thus posing potential limitations on Russia's power within the SCO. On one hand, Russia's economic presence in Central Asia is expanding rapidly. However, as Russian companies, with the Kremlin's support, are imposing tough bargains on their Central Asian counterparts in Tajikistan, Uzbekistan and even in Kazakhstan, there is a growing reluctance in the region to allow greater economic dependency on Russia. Russia's key strategic economic interest in CA is to gain control over its energy resources and its transportation routes to world markets. The recent deal signed between the presidents of Russia, Kazakhstan, and Turkmenistan on the construction of a gas pipeline along the eastern shore of the Caspian Sea has been trumpeted as a key Russian geo-political victory. Yet this approach contradicts the SCO agenda, according to which CA states should have the chance to diversify their export routes. Not only China, as a SCO member, but also India and Pakistan, as observers, are determined to use SCO membership as a vehicle to get access to CA resources and find ways to bring them into South Asia. The ideas of an integrated gas market or an alliance of gas-producing states, along the lines of the proposed gas OPEC, which was discussed by Putin and Iranian President Mahmoud Ahmedinejad on the fringes of the 2006 SCO summit in China, would not benefit all CA states and therefore could not be-

come a SCO project. In those areas where the SCO as a regional institution can really contribute – such as regional infrastructure projects – China has so far demonstrated more interest and more willingness to commit funds than Russia. China has recently committed over \$600 million to finance projects in Tajikistan, including renovation and construction of roads and the construction of a 150-megawatt hydropower plant in Sughd province. Meanwhile the construction by Russian companies of another hydropower station in Tajikistan has been delayed.

Geo-political Divisions

Apart from the security and economic agenda, Russian support for the SCO is based on geo-political considerations, first and foremost, its ambition to reassert itself as a major international player and to counter what Russia sees as the expansion of US influence in its backyard. For Putin, the SCO represents a powerful argument with which to back Russia's multipolar world vision – also shared by China – and present the vision of an alliance between Russia, China and India. This idea has been floated by Russia since Yevgeny Primakov's time as Russian Foreign Minister under President Yeltsin as a counter-balancer to the US and NATO. Although no such alliance can be created in practice for a variety of obvious reasons – such as continuing Sino-Indian tensions and India's close ties with the US, as well it being a democracy – the SCO offers an opportunity to claim that such an alliance could be established within a wider framework. President Putin has on a number of occasions noted that the SCO has more population than any other international organization (counting the populations of India and China), the largest territory and a large share of global natural resources.

In addition to using the SCO as a tool to justify Russia's regional, and even global power ambitions, Russia, often with the support of China and most recently Uzbekistan, also uses the SCO as a rhetorical tool to deliver some tough messages to the US – such as the famous Astana Summit declaration on the need to withdraw all coalition troops and bases from Central Asia. In 2006 Putin spoke strongly against “creating any parallel structures” in the SCO space which could duplicate the role of the SCO. President Putin has been using the SCO as a powerful instrument to back up Russia's anti-Western rhetoric at home and to demonstrate that Russia and “its allies” could present a real challenge to the US and Western interests in Eurasia.

However, despite this campaign to promote the SCO, the organization is far from speaking with one voice in support of Russia's new zero-sum geo-

political rivalry with the US in Eurasia. Despite the Astana declaration, US and NATO troops remain in Central Asia. They have a base in Manas (Kyrgyzstan) and continue to use facilities in Tajikistan and even in Uzbekistan, where German troops are stationed in Termez. Moreover, both Kazakhstan and Kyrgyzstan continue to expand their co-operation with NATO and the US. Even China is reluctant to back strong anti-Western rhetoric as part of SCO declarations. In fact China has been developing a constructive and positive dialogue with the EU and gradually with NATO. Moreover, any prospective enlargement of the SCO would mean that it will have even less appetite for any verbal confrontation with the West. Both India and Mongolia have close ties with the US, which they value more than their relations with SCO member states, and Pakistan remains a strong ally in the US war on terror. Only Iran, which is in a state of cold war with the US and has tense relations with the EU over its nuclear ambitions could move the SCO toward greater confrontation with the West, but its chances of obtaining full membership in the foreseeable future remain very low. Both Russia and China are reluctant to import the Iranian nuclear problem into the SCO umbrella. Sergei Ivanov, former Russian Defense Minister and now the front runner to succeed Putin in the Kremlin, has made it clear that Russia will never endorse any collective security guarantees to Iran, as a SCO observer, should the West decide to take any military action against it.

As Russia's relations with the West continue to deteriorate as a result of US plans to deploy missile defense systems in Central Europe or over Russia's decision to suspend its participation in the Conventional Forces in Europe (CFE) Treaty, or in response to Western criticism of Russia's domestic political developments, Russia could be tempted to use the SCO as a vehicle for reasserting its international role and to mount a strong opposition to Western policies. However, it is unlikely that other SCO members, including China, are open to a greater confrontation with the US and the EU. On the contrary they will be seeking ways to position the SCO as a partner to the West and to erase its image as a threat or an anti-Western political-military alliance.

Prospects

Of all the regional organizations in Central Asia, the SCO has the best chances to survive the test of time and continue developing in the future while maintaining its role as one of the key, if not the most powerful, regional multilateral mechanism. Russia has many powerful reasons to support the SCO. Among them is

the need to engage with China constructively while simultaneously countering its power in an alliance with CA states, whenever China gets too powerful. The SCO also offers a number of economic incentives, as well as a platform for the security dialogue and for keeping the “multi-polarity rhetoric” alive for the benefit of domestic audiences as long as the US remains a skeptical unilateralist. However, the SCO will also pose real and increasing limits on Russia’s ability to exercise its power in the region, not only due to Chi-

na’s unavoidable rise in CA, but also due to greater confidence among CA states themselves and the challenge posed by SCO enlargement.

Nevertheless, the SCO is good for Russia: it is the only platform where it can learn how to compromise, instead of dominating. Absorbing this lesson, in the end, could do more to help Russia to mature as a powerful and respected global player than its attempts to use the SCO to back up its great power rhetoric.

About the author:

Oksana Antonenko is a Senior Fellow at the International Institute for Strategic Studies.

Recommended Reading

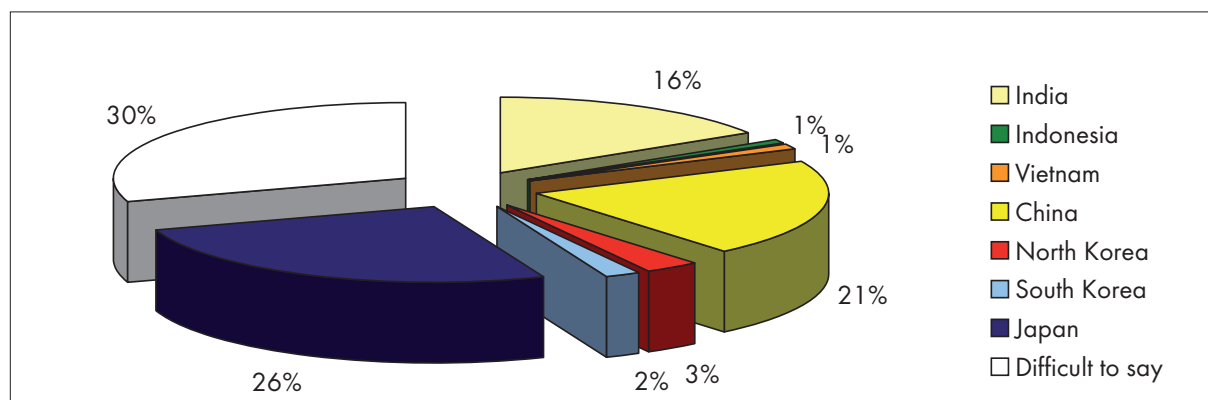
- Eugene Rumer “China, Russia and the Balance of Power in Central Asia,” Strategic Forum No. 223, Institute for National Strategic Studies at the National Defense University, <http://www.ndu.edu/inss/Strforum/SF223/SF223.pdf>
- Oksana Antonenko, “Why the EU should not ignore the SCO,” Centre for European Reform, http://www.cer.org.uk/pdf/policybrief_sco_web_11may07.pdf

Opinion Survey

Russian Views on their Asian Neighbors

Translated and compiled by Yuliya Yurchuk

Who, In Your opinion, Should Become the Main Partner of Russia in South-East Asia?

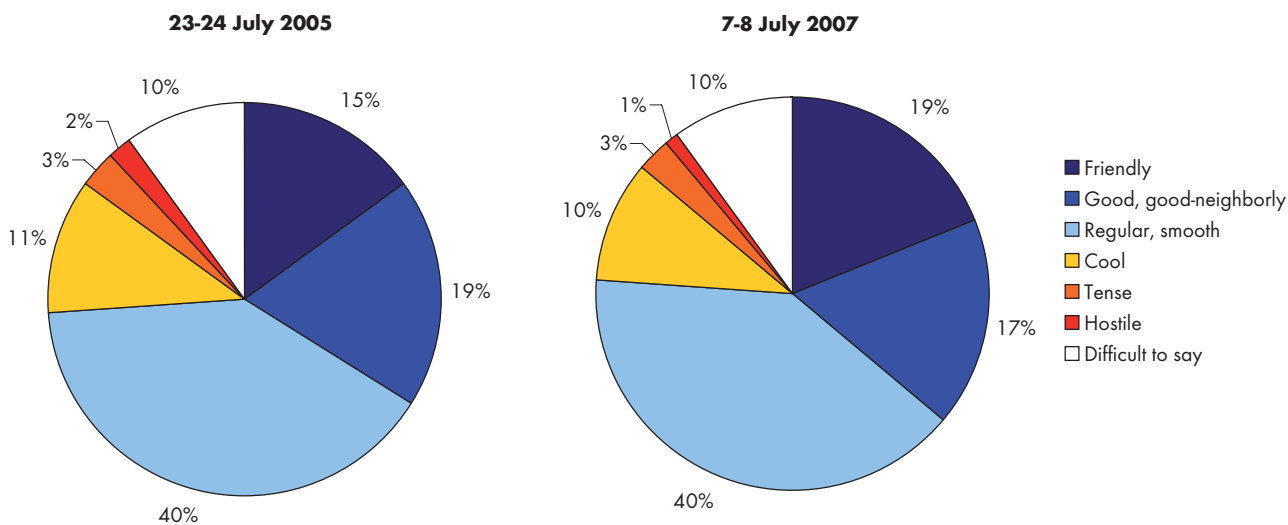


	Total sample	Federal Districts*						
		CFD	NWFD	SFD	PFD	UFD	SFD	FEFD
India	16%	17	14	15	18	18	20	8
Indonesia	1%	1	-	-	-	3	3	1
Vietnam	1%	1	-	0	2	-	1	-
China	21%	22	11	15	19	27	21	36
North Korea	3%	3	3	5	1	1	3	1
South Korea	2%	2	1	3	2	1	2	3
Japan	26%	23	31	28	25	35	23	24
Difficult to say	30%	31	40	34	33	15	27	27

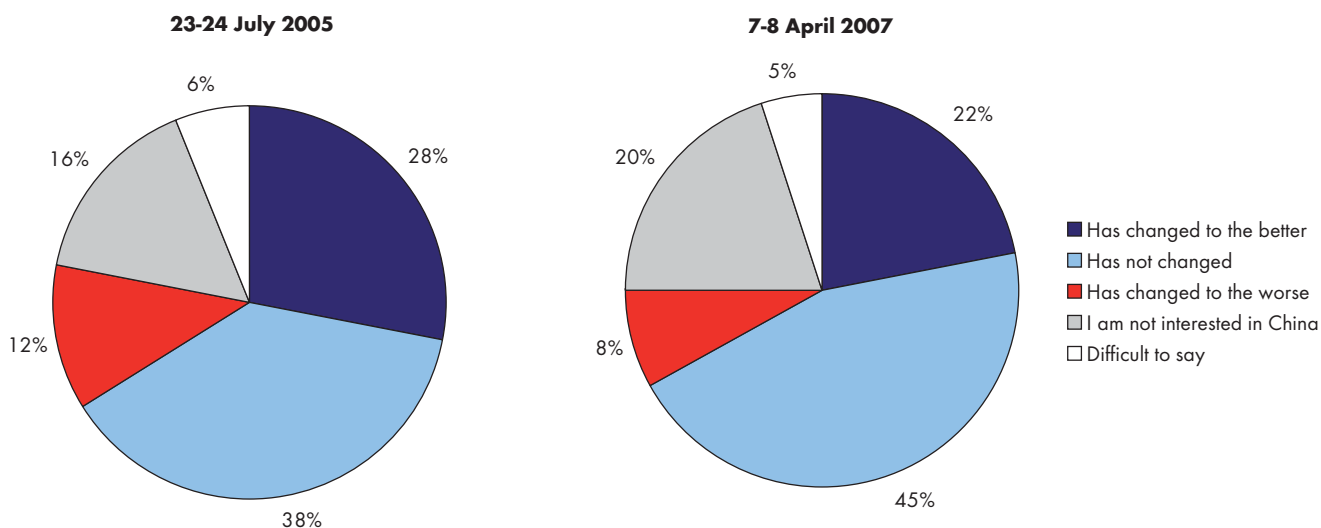
* Abbreviations: CFD – Central Federal District, NWFD – North-Western Federal District, SFD – Southern Federal District, PFD – Privolzhskij Federal District, UFD - Ural Federal District, SFD – Siberia Federal District, FEFD – Far-East Federal District.

Russian Attitudes Towards China (VTsIOM Survey)

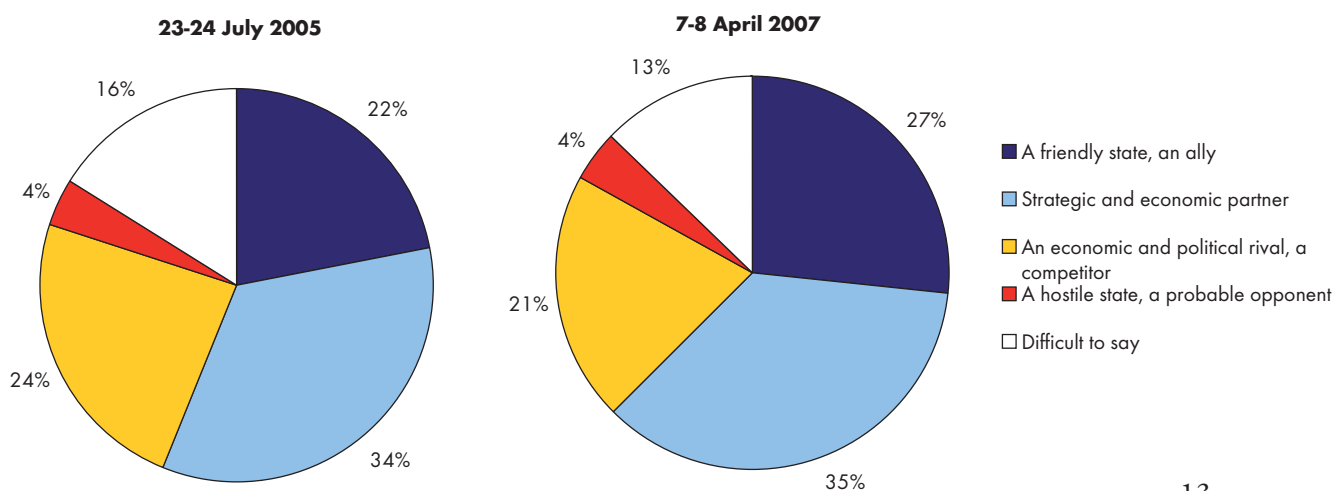
How Would You Regard the Current Relationship Between the Russian and Chinese Peoples?



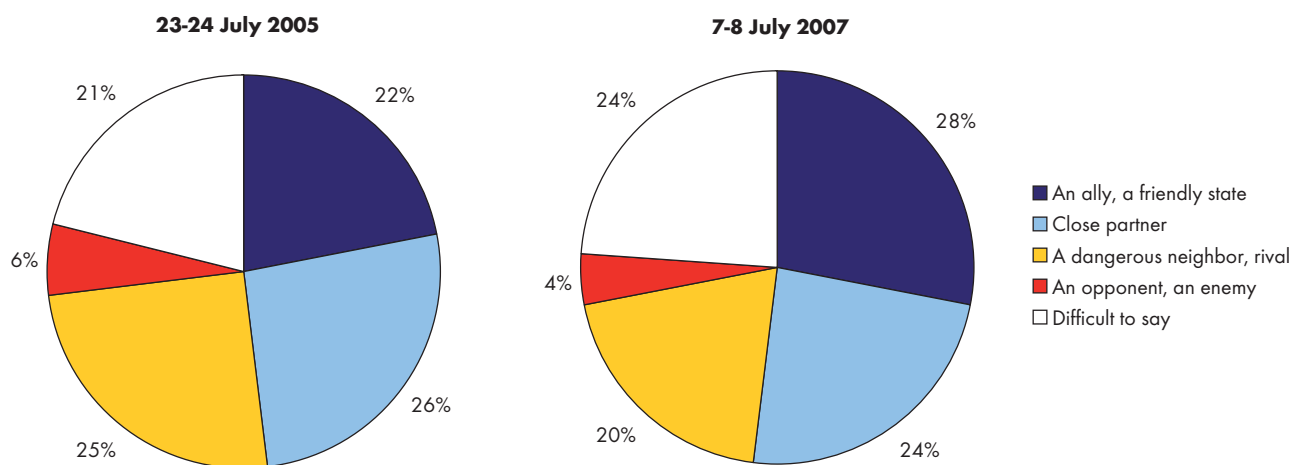
Has Your Opinion About China Changed During the Last 10 Years? If Yes, How?



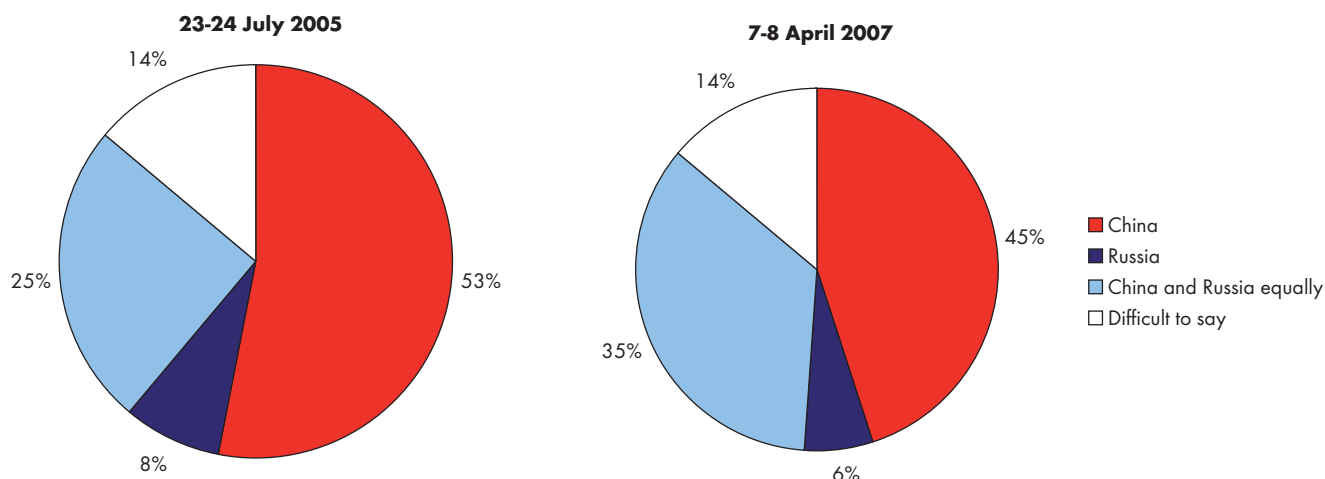
In Your Opinion, What Is China For Russia Today?



In Your Opinion, Will China Be a Friend or an Enemy of Russia In the 21st Century?



What Do You Think, Who Benefits More From the Economic Relations between Russia and China?



During the last decade Siberia and the Far East experienced a significant outflow of labor. The regional governors declare that their economy cannot develop without foreign labor. In your opinion, will participation of the Chinese firms and workers in the development of the riches of Siberia and the Far East be more likely useful or more likely dangerous to Russia?

	Total sample		Federal districts*						
	2005	2007	CFD	NWFD	SFD	PFD	UFD	SFD	FEFD
More likely useful	17%	16%	16%	23%	15%	14%	35%	11%	9%
More likely dangerous	66%	62%	61%	56%	71%	67%	37%	69%	57%
Difficult to say	17%	21%	23%	21%	14%	19%	28%	20%	34%

* Abbreviations: CFD – Central Federal District, NWFD – North-Western Federal District, SFD – Southern Federal District, PFD – Privolzhskij Federal District, UFD – Ural Federal District, SFD – Siberia Federal District, FEFD – Far-East Federal District

What Is Your Attitude Towards the Following Questions?.. (one answer for each point)

		Positive	More likely positive	More likely negative	Negative	Difficult to say
A. More goods from China are appearing in our shops	2005	11%	23%	35%	27%	4%
	2007	11%	25%	35%	21%	8%
B. Entrepreneurs and companies from China are acquiring property in Russia	2005	5%	9%	36%	46%	4%
	2007	2%	7%	37%	48%	6%
C. There are more and more workers from China in our country	2005	4%	10%	36%	45%	5%
	2007	3%	12%	37%	41%	7%

Do You Think the Following Should Be Limited Or Not?.. (one answer for each point)

		Yes	More likely yes	More likely no	No	Difficult to say
A. Import of goods from China to Russia	2005	29%	32%	24%	11%	4%
	2007	22%	35%	29%	7%	7%
B. Acquiring of property in Russia by Chinese entrepreneurs	2005	45%	19%	14%	19%	3%
	2007	43%	31%	12%	8%	6%
C. Free movement of workers from China to Russia	2005	43%	26%	15%	13%	3%
	2007	38%	34%	14%	7%	7%

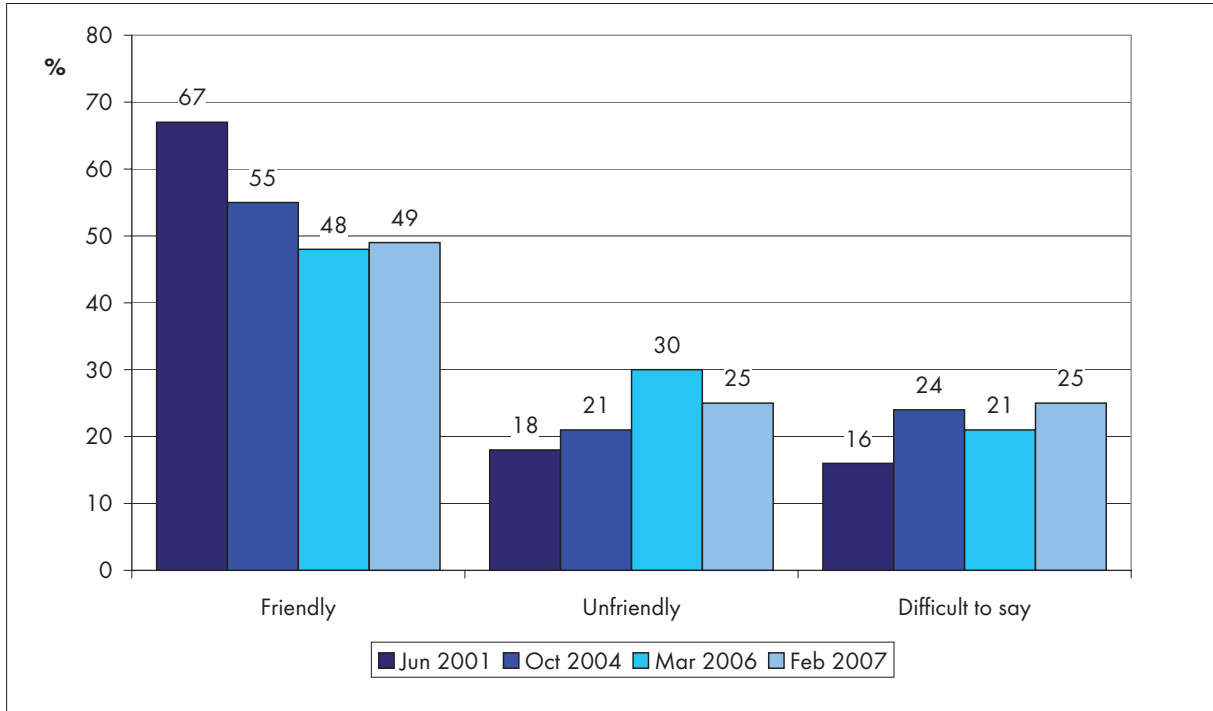
What Occurs To You When Talking About China? (open question, up to 5 answers)

Chinese goods, cheap consumer goods, markets	27
Large population, high birth rates	18
Rapid development of the country, achievement in economy	9
Bad quality of Chinese goods	9
Migrants, cheap labor	7
Culture, ancient culture	6
Human qualities of Chinese people (positive)	6
Great Chinese wall	4
Threat to Russia (territorial disputes, expansion, rivalry)	4
Friendship between the Chinese and Russian nations	3
Communism, Communist Party, Mao Zedong	3
Asian martial arts, Jackie Chan, Bruce Lee, Shaolin	2
Chinese cuisine, food	2
Rice	2
Dragons	1
Chinese medicine	1
Porcelain	1
Tee	1
Human qualities of Chinese people (negative)	1
Other	9
Difficult to say	24

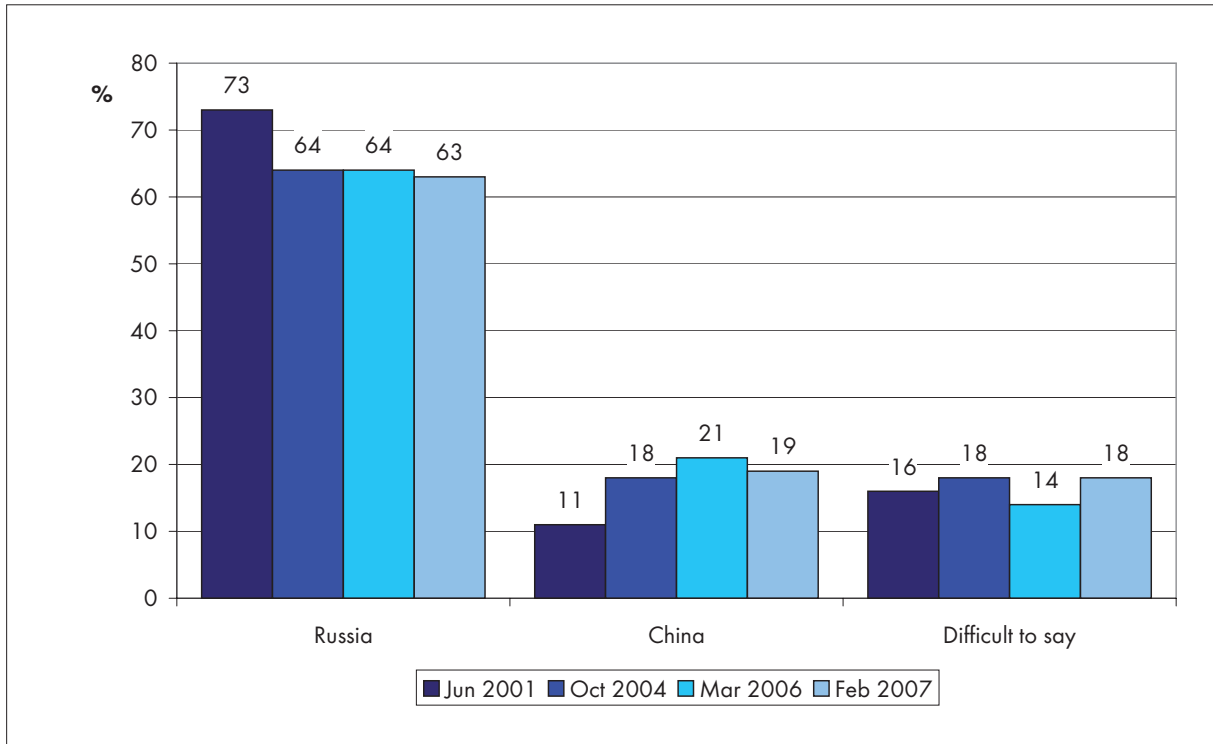
Source for the data on pages 12–15: http://wciom.ru/arkhiv/tematicheskii-arkhiv/item/single/4397.html?no_cache=1&cHash=b2dfbfaa46&print=1 The survey was conducted on 7-8 April 2007. 1600 men/women were asked in 153 towns in 46 oblasts, regions (kray) and republics of Russia. Statistical error does not exceed 3.4%.

Russian Attitudes Towards China (FOM Survey)

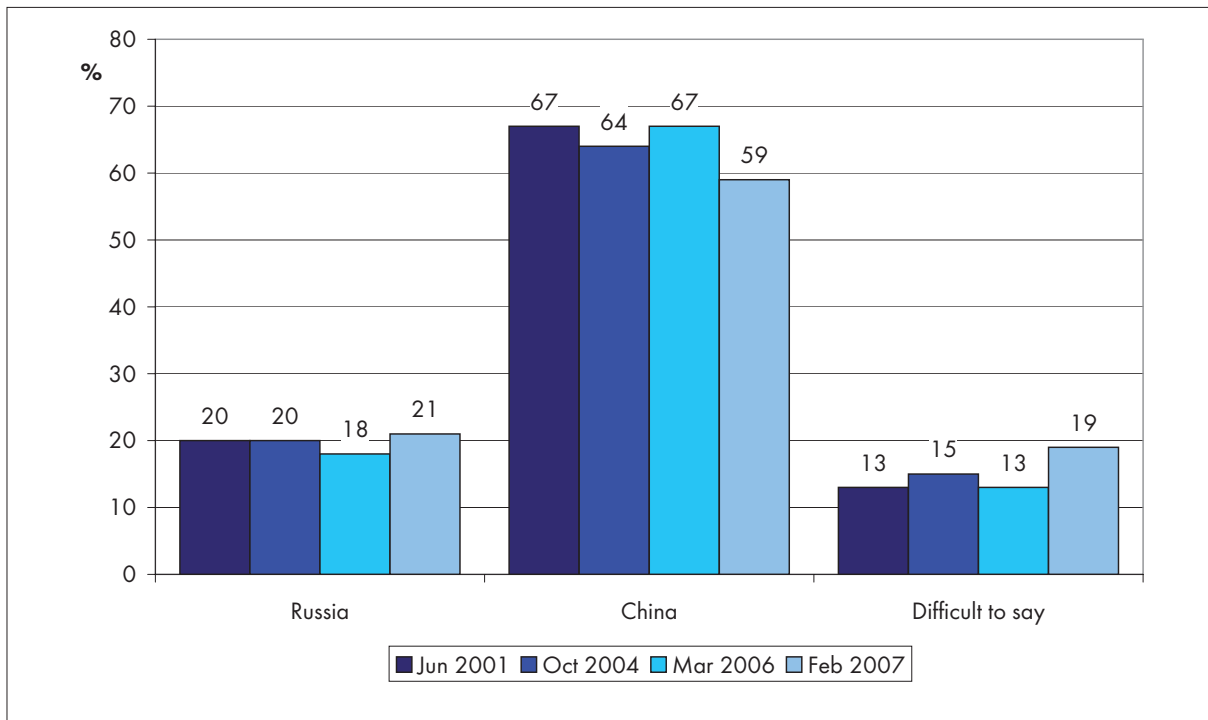
Is China Friendly Or Unfriendly Towards Russia? (%)



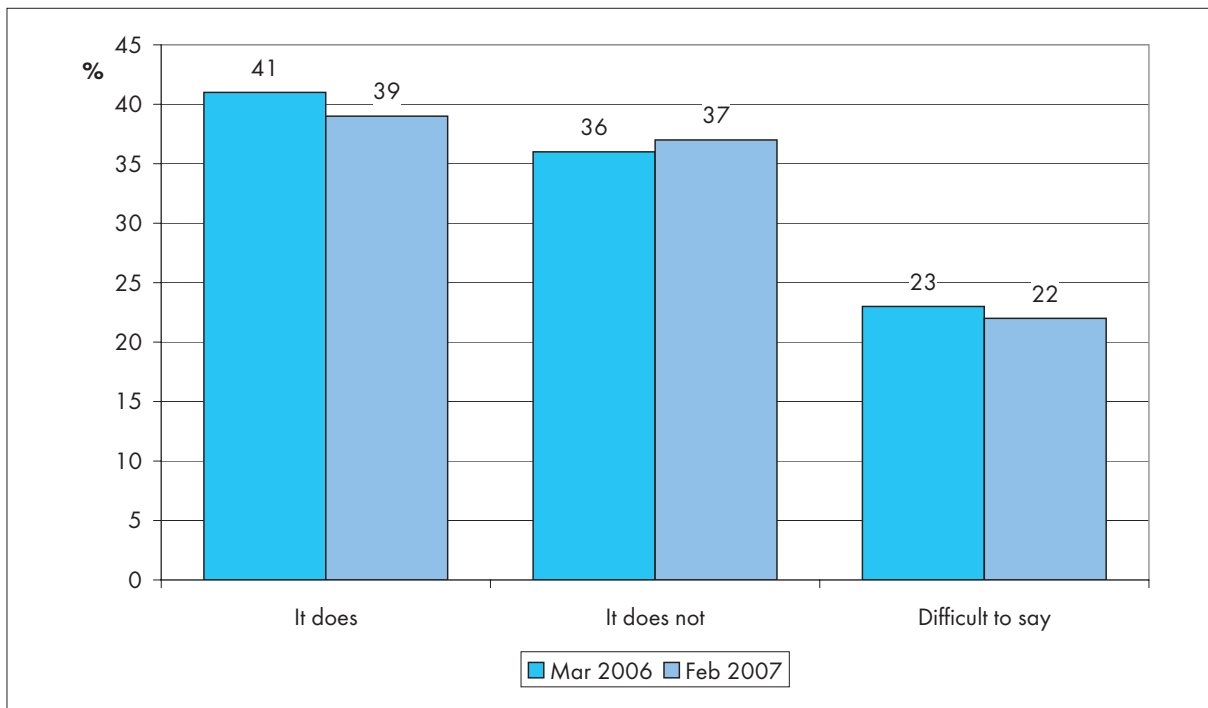
Which Country Is More Influential In The World Today, Russia Or China? (%)



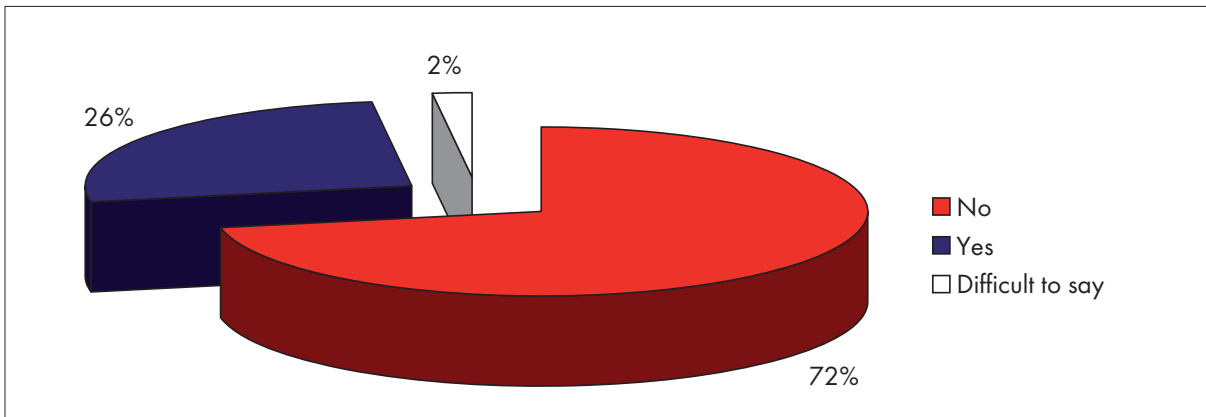
If You Compare Russia And China, Which Country, In Your Opinion, is Developing More Successfully, Russia Or China? (%)



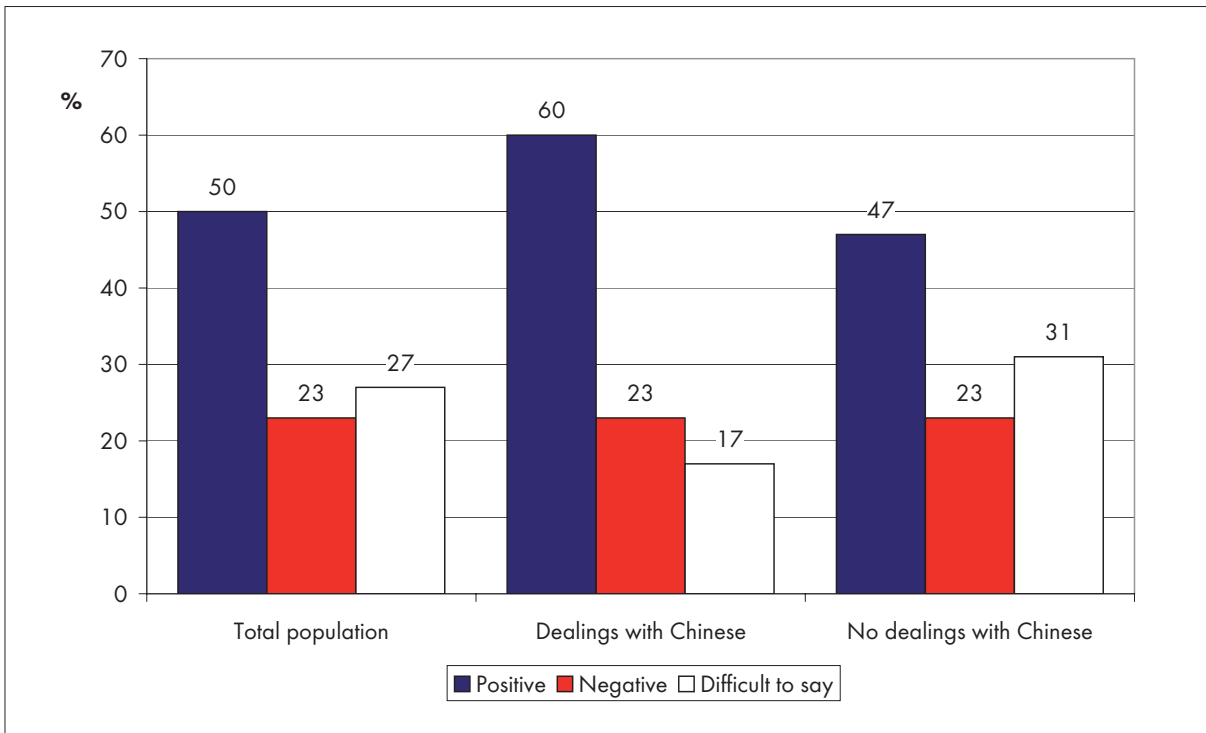
Does the Fact that China is Getting Stronger Threaten Russian Interests Or Not? (%)



Have You Ever Personally Had Dealings With Chinese?



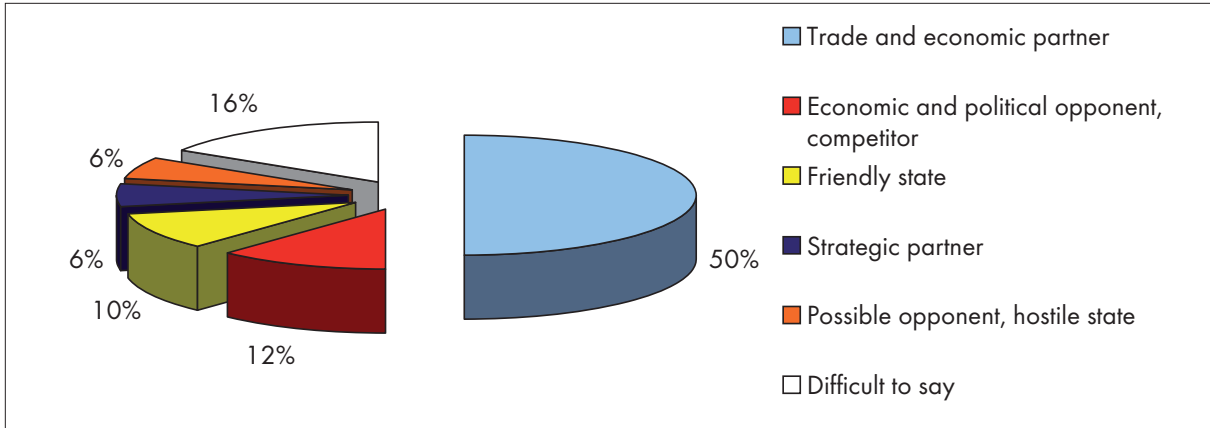
Is Your Attitude To The Chinese People Positive Or Negative?



Source for the data on pages 16–18: <http://bd.fom.ru/report/cat/frontier/countries/china/d070624> The survey was conducted in 100 towns of 44 oblasts, krays and republics of Russia. 3–4 February 2007. 1500 people were questioned. The statistical error does not exceed 3.6%.

Russian Attitudes Towards Japan (VTsIOM Survey)

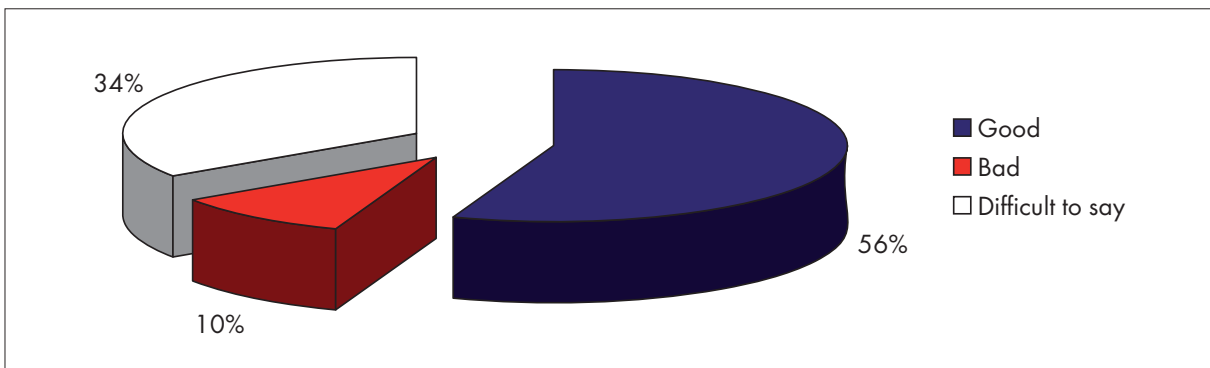
What is Japan To Russia?



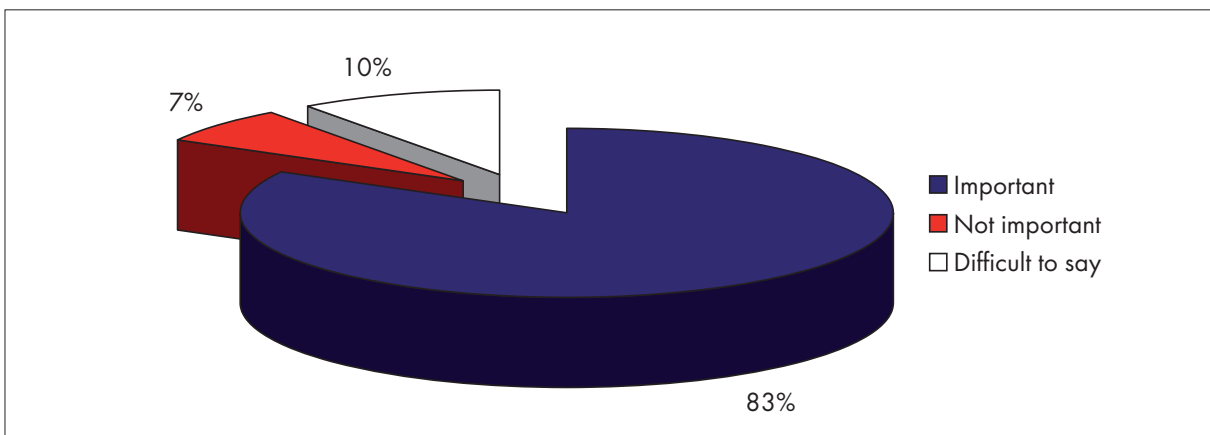
Source: http://wciom.ru/arkhiv/tematicheskiiarkhiv/item/single/2014.html?no_cache=1&cHash=7ae2e2e51d&print=1 The survey was conducted by VTsIOM on the 15–16 October 2005. 1579 people in 153 towns in 46 oblasts, regions (kray) and republics of Russia. Statistical error does not exceed 3.4%.

Russian Attitudes Towards Japan (FOM Survey)

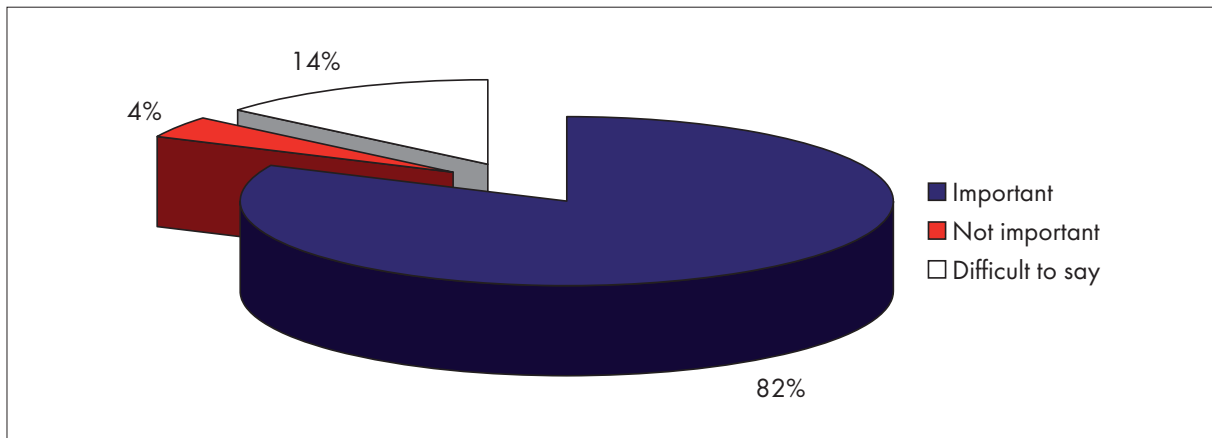
What Do You Think About the Relationship between Russia and Japan Today, Is It Good or Bad?



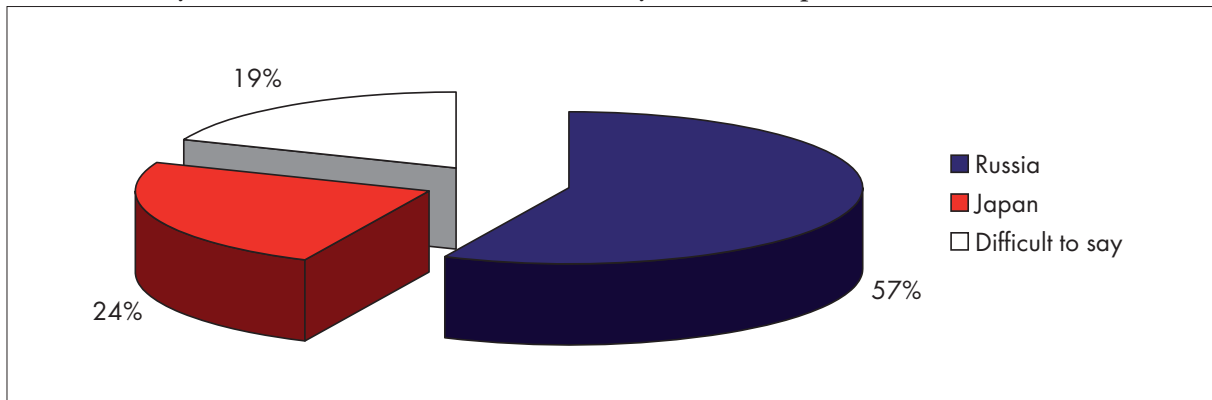
On The Whole, Are Relations between Russia and Japan Important For Russia or Not?



Are the Relations between Russia and Japan Important For Japan or Not?



Which Country Is More Influential In the World Today, Russia or Japan?



Source: <http://bd.fom.ru/report/cat/frontier/countries/Japan/tb054615>

The survey was conducted in 100 towns in 44 oblasts, regions (kray) and republics of Russia. The interviews were conducted on 12–13 November 2005. 1500 people were questioned. Additionally 600 people were questioned in Moscow. Statistical error does not exceed 3.6 %.

About the Russian Analytical Digest

The Russian Analytical Digest is a bi-weekly internet publication jointly produced by the Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen (www.forschungsstelle-osteuropa.de) and the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology Zurich (ETH Zurich). It is supported by the Otto Wolff Foundation and the German Association for East European Studies (DGO). The Digest draws on contributions to the German-language *Russlandanalysen* (www.russlandanalysen.de), the CSS analytical network on Russia and Eurasia (www.res.ethz.ch), and the Russian Regional Report. The Russian Analytical Digest covers political, economic, and social developments in Russia and its regions, and looks at Russia's role in international relations.

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Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen

Founded in 1982 and led by Prof. Dr. Wolfgang Eichwede, the Research Centre for East European Studies (Forschungsstelle Osteuropa) at the University of Bremen is dedicated to socialist and post-socialist cultural and societal developments in the countries of Central and Eastern Europe.

The Research Centre possesses a unique collection of alternative culture and independent writings from the former socialist countries in its archive. In addition to extensive individual research on dissidence and society in socialist societies, since January 2007 a group of international research institutes is participating in a collaborative project on the theme "The other Eastern Europe – the 1960s to the 1980s, dissidence in politics and society, alternatives in culture. Contributions to comparative contemporary history", which is funded by the Volkswagen Foundation.

In the area of post-socialist societies, extensive research projects have been conducted in recent years with emphasis on political decision-making processes, economic culture and the integration of post-socialist countries into EU governance. One of the core missions of the institute is the dissemination of academic knowledge to the interested public. This includes regular email service with nearly 15,000 subscribers in politics, economics and the media.

With a collection of publications on Eastern Europe unique in Germany, the Research Centre is also a contact point for researchers as well as the interested public. The Research Centre has approximately 300 periodicals from Russia alone, which are available in the institute's library. News reports as well as academic literature is systematically processed and analyzed in data bases.

The Center for Security Studies (CSS) at ETH Zurich

The Center for Security Studies (CSS) at the Swiss Federal Institute of Technology (ETH Zurich) is a Swiss academic center of competence that specializes in research, teaching, and information services in the fields of international and Swiss security studies. The CSS also acts as a consultant to various political bodies and the general public.

The CSS is engaged in research projects with a number of Swiss and international partners. The Center's research focus is on new risks, European and transatlantic security, strategy and doctrine, state failure and state building, and Swiss foreign and security policy.

In its teaching capacity, the CSS contributes to the ETH Zurich-based Bachelor of Arts (BA) degree course for prospective professional military officers in the Swiss army and the ETH and University of Zurich-based MA program in Comparative and International Studies (MACIS), offers and develops specialized courses and study programs to all ETH Zurich and University of Zurich students, and has the lead in the Executive Masters degree program in Security Policy and Crisis Management (MAS ETH SPCM), which is offered by ETH Zurich. The program is tailored to the needs of experienced senior executives and managers from the private and public sectors, the policy community, and the armed forces.

The CSS runs the International Relations and Security Network (ISN), and in cooperation with partner institutes manages the Comprehensive Risk Analysis and Management Network (CRN), the Parallel History Project on NATO and the Warsaw Pact (PHP), the Swiss Foreign and Security Policy Network (SSN), and the Russian and Eurasian Security (RES) Network.

Any opinions expressed in Russian Analytical Digest are exclusively those of the authors.

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