



China's Eurasian Strategy

The Shanghai Cooperation Organization as the response to an American Indo-Pacific?

OCAS 3040 - The Indo-Pacific, what strategy vis-à-vis China?

Professor: Christophe Jaffrelot

Paris School of International Affairs

Academic Year 2022-2023

Spring Semester

presented by

Marcello Galuzzo

(Student ID: 100282943;; E-Mail: marcello.galuzzo@sciencespo.fr)

Paris, 10.5.2023

INDEX

INTRODUCTION

CHAPTER I: DIFFICULTIES IN THE INDO-PACIFIC

I.1 *America's Indo-Pacific strategy*

I.2 *China's response to the Indo-Pacific*

CHAPTER II: AN "ASIA PACIFIC" PLAN

II.1 *Filling the void in Central Asia*

II.2 *Opportunities of the SCO*

CONCLUSION

BIBLIOGRAPHY

List of Abbreviations

CCP: Chinese Communist party

SCO: Shanghai Cooperation Organisation

PRC: People's Republic of China

BRI: Belt and Road Initiative

INTRODUCTION

Differently from other countries with interests in the area, today's China does not display an openly stated Indo-Pacific strategy. This is actually an aspect of the traditional Chinese political doctrine which systematically leaves space for interpretation, and whose possible directions need be read between the lines and inferred from facts. Academic literature and media alike have been attentive to what is seen as the impending "Thucydides Trap" scenario revolving around the Taiwan issue. In this perspective the Chinese assertive policy regarding its surrounding waters is often brought to attention, as is the corresponding American strategy of engagement with reference to the PCR (see Meijer, 2019). Part of the Chinese apparent strategy consists in trying to undermine the US alliance system by establishing or enhancing relations with countries which, for various reasons, are unwilling to take sides. In the case of ASEAN countries which have an interest in hedging between the two superpowers, the Chinese approach has consisted in trying to deepen economic ties with large investment programs through the BRI. In its relationship with India, seen by China as the weakest link of the QUAD agreement, a diplomatic appeasement tactic can be detected. Securing the neutrality of these countries in a climate of growing competition may represent a great result for the PRC, though apparently the former are also sceptical about China's intentions and therefore the way they will react if pressed to take sides remains to be seen. It is quite reasonable though, to doubt that it would be in China's favour. Though unquestionably well grounded, this sea-centred reading of China's expansionist aims should not overlook the parallel mainland strategy of the CCP leadership. Through the joint development of the Shanghai Cooperation Organisation and the Belt and Road Initiative, China might indeed strike three birds with one stone, namely projecting Chinese influence on the Eurasian landmass, rich in natural resources; enriching and securing the country's supply of critical raw materials by building land-based logistics aimed at avoiding US controlled maritime trade routes; working on solid partnerships with like-minded states (notably Russia) in order to subvert what they feel like a US-imposed rules-based system. In particular, the SCO, through its collective security commitment, is expected to act as a stabiliser on China's internal front against the push of separatist movements. The recent developments in the Sino-Russian relations with Russia's growing dependence on the PRC might also shift the power balance within the organisation which could evolve into a clear Chinese-led initiative in opposition to the US alliance system.

This essay seeks to point out how China is responding to the American Indo-Pacific containment strategy with a broader "Asia-Pacific" response. On the Eastern front facing the sea it is supposed that China will continue its military build-up and alliance undermining strategy. In the West it is argued that CCP leadership will seek to build consensus in a strategically decisive region, specifically through the SCO that given the difficulty faced in the Indo-Pacific (see Lee & Park, 2023) could represent a remarkable asset in the future of its competition with the USA.

CHAPTER I

DIFFICULTIES IN THE INDO-PACIFIC

I.1 America's Indo-Pacific strategy

The joint announcement made on 13th of March 2023 by the presidents of Australia, United States, United Kingdom sealed the AUKUS agreement and made public the countries' commitment (especially the US) to maintain the current regional rules-based order in the Indo-Pacific. This agreement is part of a broader strategy initiated by the United States, designed to safeguard its global hegemony by engaging the rising power of China on various levels.

Specifically, the US has sought to broaden the composition of the US-led hegemonic order in East Asia by diversifying the range of defense ties between US allies and partners, but also by seeking to include the PRC in it. Thereby, Washington aims to channel and shape the trajectory of China's rise within the US-led hegemonic order, from a position of pre-eminence, through a mixture of negative and positive incentives (resistance and accommodation) with the ultimate goal of preserving and upholding the existing hegemonic order.¹

Through the development of AUKUS, QUAD and Five Eyes, the US have de-facto built a complex network of shared intelligence and security agreements with the aim of keeping a close watch on China's rise. Many of the initiatives have been clearly US-led but as a consequence of territorial disputes between China and its neighbors (with Japan over the Senkaku islands and with the Philippines over the Spratly Islands etc.) it was often the latter that demanded an increased American presence and involvement in the region to balance China's assertiveness. China on the other hand feels threatened by the American interference in what it feels to be its legitimate area of influence and condemns the network of alliances as a cold-war like strategy of encirclement.

Although in a climate of growing competition, China and the US have tried to find common grounds on topics like the economy and the climate change and have consequently engaged in high level talks and agreements seeking ways to cooperate and avoid miscommunication.

Ever since the Obama administration, in order to further avoid escalation, the US have been trying to involve China in its Indo-Pacific strategy by strengthening bilateral talks both over the economic and security agenda². Nevertheless, recent security-led economic decisions like the reshoring of semiconductors production and economic sanctions put in place by the US, mistrust resulting from China's close relationship with Russia after the invasion of Ukraine and the spy-balloon crisis have at least for the time being reduced room for cooperation and dialogue between the two superpowers.

If the breakdown of communication and growing mistrust between the US and China persists, the participation of the latter in security mechanisms and bilateral agreements may result undermined. At this stage the PRC is feeling itself somehow encircled either by the US military bases present in the area and by neighboring countries which, wary of its assertive attitude are soliciting an upgrade in America's engagement in the region.

¹ Meijer (2019), p. 168

² Meijer (2019)

1.2 China's response to the Indo-Pacific

The question of the Chinese response to the Indo-Pacific strategy constructed by America and its partners remains open and since no strategy plan has been officially formulated, it can only be deduced from factual elements and political declarations. For the time being it seems relatively clear that the CCP's intention is to extend or regain its control over territories overlooking the surrounding seas and be in command of an area that is crucial for international trade.

China's most resolute actions aimed at this purpose are the territorial disputes with Japan, Vietnam, the Philippines etc. and most notably its sovereignty claim over Taiwan. These initiatives have gone hand in hand with a broad military build up involving the reinforcement of the navy and the nuclear arsenal with the objective of matching US capabilities within the next few years. The will demonstrated by China to translate its economic surge in military and territorial expansion has been met with hostility and has led to the deepening of relations between the US and China's neighbours, even triggering rumours of a possible Japanese rearmament.

...the CPC has also recognised the need for countermeasures against the expansion of US checks against China, but it has been unable to mount any. With so many countries aligned with the US, establishing an alliance with China would eventually mean damaging relations with the US; few countries would wish to risk this eventuality.³

Today the US can count on a clear military and diplomatic advantage over China in the Indo-Pacific region as even though the PRC is building its military capabilities it still cannot exert a significant influence over its neighbours. China has nevertheless tried to respond in its turn to America's growing focus in East-Asia by attempting to undermine its alliance system.

The use of bilateral means to disrupt relations between these nations is regarded by China as an efficient way of undermining the Indo-Pacific strategy. In order to divide and disrupt US alliances and partnerships in the region, China actively adopts both coercive and reassuring tactics against specific countries.⁴

The PRC might also use its economic leverage on countries like Japan, Australia, India and South Korea, with which it has productive economic exchanges, to try making their alignment with the US as costly as possible. Due to its overtly stated neutrality (or ambiguity) India is perceived to be the weakest link of the QUAD agreement by China. Therefore the CCP leadership is seeking to appease its otherwise tense relationship with its neighbour in order to undermine its cooperation with the US.

However, blackmailing strategies of this kind might not prove as effective, as sanctions raised against these countries, though painful, would hardly prove vital. Moreover, it is arguable that, as a result, they might as well become willing to take the risk of antagonising China in order to maintain the current status quo in East-Asia.

Through investment under the BRI, China is trying to lure into its economic orbit countries which are unwilling to pick sides between her and the US like the ASEAN group. Part of the strategy consists in securing the neutrality of these countries in the event of confrontation with the US by making a

³ Lee & Park, (2023), p. 4-5

⁴ Liu (2020), p.22

potential support of the American cause costly. Again it is unclear if this can be realistically achieved. Surely Southeastern Asian countries have an interest in hedging between the two superpowers to maximise their gains but also cherish the rules based order as vital for their economies. Most of all, they fear that a strong China might threaten their own development.

Clearly, securing for itself a leading position in the region seems a very ambitious goal, even for a fast-pace developing country like China. To impose its hegemony, the PRC would have to outrun US's military capabilities and determination to protect its economic interests in the area. Taking Taiwan with force would also prove extremely costly, as the growing arms race seems to suggest, and the chances of China winning reliable allies to support its cause like the US has been able to do, also seem remote. In addition, a stable Indo-Pacific region is what permitted China's rise in the first place, and it seems like if it is in neither of the contending parties' interest to further destabilise the status quo.

Nevertheless China's strategy does not rely on sheer cost-benefits calculation. The symbolic component is not negligible as the country considers its maritime development and hegemony in East-Asia as a crucial factor in its "rejuvenation" process and an event that would put an end to its "century of humiliation".

The CCP's resolve in pursuing these long term goals seems to suggest that its expansion in the sea direction will continue, and thus its competition with the US and its allies. However it is unlikely that China can conceive to accomplish its ambitious objectives relying on its means alone. In this respect the current international outlook might offer some opportunities, especially in the direction of the Eurasian landmass.

CHAPTER II

AN "ASIA PACIFIC" PLAN

II.1 Filling the void in Central Asia

Given the difficulties posed by an asserting attitude in the Indo-Pacific region it is likely that in order to secure its rise the PRC might consider diversifying its approach to the encirclement enacted by the USA. The reluctance by some of its officials to even pronounce the term "Indo-Pacific" and rather use the formula "Asia-Pacific", seems to hint at a much more comprehensive strategy than a sea-based one. It is nonetheless likely that China will continue to build up its naval capabilities with a view to taking Taiwan in the near future, and it will, to this purpose, also seek to undermine America's influence in East Asia. However today the land based frontier seems to offer more prospects for expansion to the hegemonic aims of the PRC.

What the current CCP leadership seems to have in mind, at least in the medium term, is a new, partial system carved out of the existing international order. This system would be hierarchical, with China at the top as well as at the center; it would not be global, but neither would it be merely regional. Indeed, it could eventually expand to include much of the developing, non-Western world. Within the confines of this subsystem, China would not seek total, tight control over or full absorption of other countries, but it would rigorously oppose liberal democratic principles, in all their applications and forms. In sum, Beijing seems to favor the emergence of a "partial, loose, and malleable" form of hegemony, whose defining features would reflect both the character of China's contemporary political system and ancient Chinese thought and statecraft.⁵

⁵ Rolland (2020), p. 121

Though still majorly US-dominated, the current international relations scenario still presents some opportunities for the PPC to extend its influence through partnerships and bilateral agreements. There are in fact areas of the world in which both the US and the West in general do not exert major influence or have lost credibility and are therefore, in a way, “up for grabs”. Countries in Latin America, Africa and Central Asia characterised by economic difficulties and political instability and often relying on foreign aid to carry on their development policies, fall into this category. This would explain the recent foreign policy moves made by China (and Russia) which has struck some important diplomatic missions in the Middle East, and heavily invested through the BRI in Central Asia, Africa and Latin America.

Located in China’s immediate neighbourhood and reasonably resistant to western influence, Central Asia represents a significant opportunity for China’s expansive dreams. Within what could arguably be called a “fill the void” strategy taken up by the CCP leadership, falls the establishment in 2001 of the Shanghai Cooperation Organisation. As the world’s largest regional organisation covering almost 60% of Eurasian territory, 40% of world population and 20% of global GDP it counts among its members countries like Iran and Russia which notably share the view of a new world order based on multipolarity.

II.2 Opportunities of the SCO

Established under Chinese leadership with the official goal to fight the three big evils of separatism, terrorism and extremism, the SCO represents today an effective avenue for dealing with transnational crime, fostering economic relations and space for political dialogue between states that share the characteristics of anti-westernism and autocratic regime rule.

firstly, the Organisation has been used to contrast American influence in Central Asia, which, with the intervention in Afghanistan and the establishment of bases in former Soviet countries, could have led to an enlargement of NATO to China’s borders; secondly, SCO is a useful tool to strengthen Chinese Influence over central Asia, thus providing more stable foundations for its global claims; lastly, SCO provided China with a great forum to engage with other countries which oppose American unipolarism (primarily Russia, but also Iran).⁶

The Organisation has been proven useful for securing good diplomatic relationships and deepening internal security collaboration to foster stability in the area. China has profited from the SCO to keep crucial separatist regions In Tibet and Xinjiang under control. This sort of collaboration is likely to continue and be intensified in the future for its strategic importance.

Xinjiang creates a sense of vulnerability in the national psyche of China. The separatists, if successful, would snatch one-sixth of China's territory away, cut off its connectivity with Central Asia, strip it off its nuclear testing grounds and the oil reserves in Tarim basin.⁷

A significant sign of the growing Chinese commitment in the region has been the parallel investment through the BRI and the proposal of an integrated banking system within SCO member states. Probably the greatest clue pointing towards a reaction to the sea encirclement posed by the US, is the construction of infrastructures aimed at securing a direct land based supply of oil from the Gulf

⁶ Saha, (2023) p.10

⁷ Saha, 2023, p. 6-7

region. The recent acquisition of the port of Gwadar linked to direct communication road and Chinese presence in Djibouti serve as concrete examples of China's will to end its dependence from maritime supply passing through straits controlled by other countries.

l'OCS, plus grand accord de coopération intérieur de la planète, concoure à un usage plus intense de terminaisons invariablement portuaires et maritimes. Bien au-delà des pénétrantes ferroviaires Est Ouest entre l'Europe et les confins maritimes sino-russes, l'Organisation redessine des potentiels logistiques et marchands. Le nouveau port de Gwadar, dans la province pakistanaise du Balouchistan et à proximité de la frontière iranienne, concrétise cette vision élargie d'un espace centre-asiatique de moins en moins enclavé. Financement et construction grâce aux intérêts chinois, implantation de relais logistiques en terres Kazakhs, connexions aux réseaux ferroviaires russes, opportunités de développement vers le nord de l'Iran : le corridor logistico-portuaire pakistanais est un exemple de l'expansion de la toile de l'OCS. Bureaucraties, aléas transfrontaliers et clivages identitaires se trouvent apaisés dans le cadre de signatures bilatérales et multilatérales facilitées dans l'environnement diplomatique chapeauté par l'OCS.⁸

If in the beginning the Organisation was set up to equally guarantee the safeguard of its member's interest, the recent growing dependence of Russia on China as a consequence of the war in Ukraine might shift the power balance within the Organisation in favour of the latter. Thus China could find itself in a position of pre-eminence when confronted with its regional partners. Furthermore, scholars dealing with the Organisation and its institutions recognize within its integrated governance structure the possibility for China to shape policies in a huge resource rich landmass where US influence is arguably limited. Given the extreme difficulties posed by an amphibious invasion of Taiwan and the overcoming of the US maritime power and alliance system, building strong regional partnerships with countries in the inner-land may represent the Chinese alternative to the system of alliances constructed by the US.

Juxtaposed with the growing China-led minilaterals, China has pursued multilateral cooperation with countries and regions that are slightly behind the US and Western Europe in terms of economic growth. For example, China has worked toward expanding the SCO since 2017. India and Pakistan have joined as full members, Mongolia, Iran, Afghanistan, and Belarus have become observers, and Sri Lanka, Turkey, Armenia, Azerbaijan, Nepal, and Cambodia have become dialogue partners. The expansion of the SCO increases the feasibility of China's strategy to solidify the BRI to connect the Indian Ocean with Central Asia and expand its influence to Eurasia through solidarity with Russia (He, 2018, 126). Moreover, there is growing speculation that this organization may transform into a security cooperative that checks NATO and the US, given that joint military exercises in the SCO led by China and Russia have recently expanded and strengthened.⁹

In the light of the renewed, and to some extent surprising China-Russia relationship, the SCO also represents a high-level throughfare for political coordination between like-minded superpowers and affiliated countries that might have a joint interest in changing the US-led international rules based system.¹⁰ It is hard to predict if and how the scope of the SCO will be expanded to the level of a security oriented alliance like NATO or other regional partnerships. Nonetheless, what is important is that China could take advantage of the void left by the US and to some extent by Russia in the region and respond to its maritime encirclement with a land-based alternative network of cooperation.

⁸ Alix (2015), p. 14

⁹ Lee & Park (2023) p.15

¹⁰ Ibid.

Analyser la « direction » vers laquelle « tend » la coopération en Asie centrale « entre organisations internationales et organisations régionales » (F. Tolipov), met en évidence la nature floue de l'OCS. Cette nature est plus floue que son potentiel. L'OCS n'est « pas une OTAN de l'est » mais il faut ajouter « du moins pas encore ». Elle est plutôt « une sainte Alliance de l'est » ou « une OSCE de l'est » mais déjà plus que cela. C'est en effet une « organisation politiquement asymétrique », à peine moins appropriée que les autres (globales ou régionales) pour assurer la sécurité. Surtout, l'Asie centrale doit devenir son « auto garant » et définir sa propre sécurité en inventant un cadre régional, ce qui lui est pour l'instant malaisé car ses pays en sont encore au stade de la construction de la nation au sein de l'État¹¹

Finally, The symbolic dimension of the Organisation is not negligible. As the first international organization set up by China, it represents a more or less small-scale example of what a China-led system might look like.

China's role was crucial to Central Asia's regional security architecture. China sees the SCO as an instrument for its regional recognition and as a tool to improve its image of a responsible power. As the SCO has been the first organization inspired and built by Beijing, its good development is considered to be a test for the Chinese leadership proving that China can do what other great powers have done before it.¹²

CONCLUSION

Subverting the existing rules based order in East-Asia is the long term objective of the Chinese leadership, as can be inferred from the territorial disputes in the East and South China Sea, the rejection of Permanent Court of Arbitration rulings and the officially stated commitment to conquer Taiwan. The USA, its partners and countries neighboring with China share an interest in contrasting these goals and shaping China's rise to major world power, and have been active accordingly. The US military engagement in the area poses high costs and considerable difficulties for the PRC's ambitions in the Indo-Pacific area. For this reason China might profit from its preeminent role in the Shanghai Cooperation Association and its complex network of investment and logistic infrastructure building platform, the BRI, to establish fruitful partnerships in central Asia. The Organisation might serve China on various levels: first, its collective security character can be used to keep the internal front under control (by suppressing separatist movements in Xinjiang and Tibet); second, its shared banking system proposal coupled with the BRI investment program could bring financial stability and critical infrastructure for energy supply, which would significantly reduce China's dependency on sea-lane trade routes; third, it is an environment which gathers countries that share adverse feelings towards the West and the USA and thus potentially sympathetic to China's cause. As many countries within the Organisation and in the immediate vicinity of China are unwilling to take sides in the mounting confrontation between the PRC and the US, it is unlikely that the SCO develops into a NATO like organization. It is however worth noticing that a land-based approach offers great opportunities for the expansion of Chinese influence on a huge span of land. China seems thus to respond to the American Indo-Pacific strategy with an "Asia-Pacific" vision which comprehends a maritime and land dimension with great potential for expansion in the latter.

¹¹ Chabal 2015, p.25

¹² Ibid.

BIBLIOGRAPHY

Primary Sources

1. "Russian-Chinese Joint Declaration on a Multipolar World and the Establishment of a New International Order". United Nations General Assembly. Archived from the original on 23 June 2017.
<https://web.archive.org/web/20170623154322/http://www.un.org/documents/ga/docs/52/plenary/a52-153.htm>
2. The White House, Interim National Security Strategic Guidance, Washington, March 2021.
3. The Samarkand Declaration of the Heads of State Council of the Shanghai Cooperation Organisation, 16 September 2022
 - a. <http://eng.sectesco.org/load/914622/>
4. US Department of Defense. The Indo-Pacific Strategy Report, Preparedness, Partnerships, and Promoting a Networked Region, Washington DC, June 1, 2019
5. White Paper: China's Policies on Asia-Pacific Security Cooperation, State Council, 2017. http://english.www.gov.cn/archive/white_paper/2017/01/11/content_281475539078636.htm
6. Xi Jinping, Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era Delivered at the 19th National Congress of the Communist Party of China October 18, 2017

Secondary literature

1. Andrew Chubb, (2021) 'PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970–2015', *International Security* 45, no. 3: 79-121.
2. Angela Poh and Mingjiang Li, (2017) 'A China in Transition: The Rhetoric and Substance of Chinese Foreign Policy under Xi Jinping', *Asian Security* 13, no. 2.
3. Feng Liu, (2020) 'The Recalibration of Chinese Assertiveness: China's Responses to the Indo-Pacific Challenge', *International Affairs* 96, no. 1 : 9–27, <https://doi.org/10.1093/ia/iiz226>.
4. H. Meijer, (2019) « Shaping China's rise: the reordering of US alliances and defence partnerships in East Asia », *International Politics*, (<https://doi.org/10.1057/s41311-019-00201-y>)
5. Kihyun Lee & Jae Jeok Park (2023): China's Responses to the US-Led Security Network: Coercion and Alternatives to 'Non-Alignment', *Asian Studies Review*, DOI: 10.1080/10357823.2022.2158454
6. Luis Simón, Alexander Lanoszka and Hugo Meijer, (2021) "Nodal Defence: the Changing Structure of U.S. Alliance Systems in Europe and East Asia," *Journal of Strategic Studies*, Vol. 44, No. 3, pp. 360-388
7. Nadège Rolland (ed), (2020) "An emerging China-centric order, China's Vision for a New World Order in Practice", NBR Special Report no. 87, August. Fichier
8. Nina Silove, (2016) "The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia," *International Security*, Vol. 40, No. 4: pp. 45–88.
9. Pierre, Chabal (2015). *L'Organisation de coopération de Shanghai et la construction de la «nouvelle Asie»*. Bruxelles, Belgien: Peter Lang Verlag. Retrieved Mar 8, 2023, from 10.3726/978-3-0352-6570-5
10. Rosemary Foot et al., (2022) 'Chinese Perceptions of America's Indo-Pacific Strategy', *CSIS Interpret*, 12 May, <https://interpret.csis.org/chinese-perceptions-of-americas-indo-pacific-strategy/>.
11. Matthew Southerland, Will Green, Sierra Janik, & U.S.-China Economic and Security Review Commission,. (2020). *The Shanghai Cooperation Organization: A testbed for Chinese power projection*.

12. Stephen Aris (2009) The Shanghai Cooperation Organisation: 'Tackling the Three Evils'. A Regional Response to Non-traditional Security Challenges or an Anti-Western Bloc?, *Europe-Asia Studies*, 61:3, 457-482, DOI: 10.1080/09668130902753309
13. Stephen Aris, (2011), *Eurasian regionalism: the Shanghai Cooperation Organisation*, Palgrave Macmillan DOI 10.1057/9780230307643
14. Stephen Aris. (2009). A New Model of Asian Regionalism: Does the Shanghai Cooperation Organization have more potential than ASEAN. *Cambridge Review of International Affairs*, 22(3): 451-467.
15. Stephen F. Burgess & Janet Beilstein (2018): Multilateral defense cooperation in the Indo-Asia-Pacific region: Tentative steps toward a regional NATO?, *Contemporary Security Policy*, 39:2, 258-279, DOI: 10.1080/13523260.2017.1386953
16. Shaun Breslin and Pan Zhongqi, (2021): 'Introduction: A Xi Change in Policy?', *The British Journal of Politics and International Relations*.
17. Tim Wenniges and Walter Lohman, (2019): *Chinese FDI in the EU and the US: Simple Rules for Turbulent Times* (Singapore: Palgrave Macmillan).
18. Victor D. Cha, (2014): "American Alliances and Asia's Regional Architecture", in Saadia Pekkanen, John Ravenhill, and Rosemary Foot (eds), *The Oxford Handbook of the International Relations of Asia*, Oxford, OUP, DOI: 10.1093/oxfordhb/9780199916245.013.0038.