

CHINA AND MULTILATERALISM
Policy Consequences

WHAT ARE FOREIGN POLICY PRINCIPLES THAT GUIDE CHINA'S DIPLOMACY, GIVEN THIS COMBINATION OF STRENGTHS AND WEAKNESSES?

- SELF CONFIDENCE ALLIED TO QUALITY AND EFFECTIVENESS OF ITS DIPLOMACY;
- IMPERATIVES OF REGIONAL DIPLOMACY;
- RELATIVE ECONOMIC WEAKNESS AND NEED FOR BREATHING SPACE;
- ABSOLUTE ECONOMIC STRENGTH, POTENTIAL FOR GROWTH AND NEED FOR RESOURCES, MARKETS
- MILITARY WEAKNESS;
- FOREIGN POLICY IN TRANSITION; 'EVERYTHING IS UNDER DEBATE', PROVIDES FLEXIBILITY AND INNOVATIVENESS;
- ESTABLISHED TREND OF MOVING FROM IDEOLOGY TO PRAGMATISM IN FOREIGN RELATIONS;
- TENDENCY FOR DOMESTIC ISSUES TO GUIDE FOREIGN POLICY; CHINA AND THE FOREIGN POLICY "TRANSITION"
- RECOGNITION MATTERS: CEMENTS IDENTITY AND

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- INTERNATIONAL/BILATERAL RELATIONSHIPS; SHARED VALUE;
 - ACTIVE VS DEFENSIVE MULTILATERALISM;

THE EVOLUTION OF CHINA'S FOREIGN POLICY THROUGH 4 PHASES:

- REVOLUTIONARY DIPLOMACY - 1949-1970S
- RE-ADJUSTMENT - (DENG XIAOPING) 1970S-1980S
- PRAGMATIC FOREIGN POLICY - LATE 1980S TO 1997 ASIAN FINANCIAL CRISIS
- 1997 TO PRESENT AND FUTURE

1997 PRECIPITATED A FUNDAMENTAL CHANGE IN THE FOREIGN POLICY MIND SET, ONE THAT AFFIRMED THE IDEA THAT CERTAIN PROBLEMS, LIKE FINANCIAL STABILITY, HAVE PRIMARILY COOPERATIVE, MULTILATERAL SOLUTIONS

WHAT'S MORE, THAT CHINA HAD A PROMINENT ROLE TO PLAY IN AFFECTING THOSE SOLUTIONS. WITH THAT REALIZATION, CHINA'S SUSPICION OF MULTILATERAL INSTITUTIONS (WHICH WERE ONCE CONSIDERED TRAPS TO LIMIT CHINA, AND IMPINGE ON ITS SOVEREIGNTY) BEGAN TO RECEDE MORE RAPIDLY

- THE AFTERMATH OF 9/11 PROVIDED CHINA WITH INCREASED OPPORTUNITIES TO PURSUE NATIONAL INTERESTS IN A MULTILATERAL SETTING
- THE LISTING OF THE EAST TURKESTAN ISLAMIC

MOVEMENT (ETIM) AS A TERRORIST ORGANIZATION (BY THE U.S. IN AUGUST 2002) LEGITIMIZED - AND INTERNATIONALIZED - CHINA'S FIGHT AGAINST WESTERN SEPARATISM

- THE IMPLEMENTATION OF THE SHANGHAI CONVENTION ON COMBATING (SIC) TERRORISM, SEPARATISM AND EXTREMISM (SIGNED ON JUNE 15, 2001 - THE SAME DAY AS THE SCO DECLARATION) WAS GIVEN A BOOST

- MULTIPLICITY OF FIELDS OF INTERNATIONAL ENDEAVOUR

- IN KEEPING WITH ITS SELF-IDENTIFIED ROLE AS A "RESPONSIBLE GREAT POWER", CHINA CONTINUES TO SEEK FURTHER INTEGRATION AND FULLER PARTICIPATION IN MULTILATERAL FORA, AND IN CERTAIN INSTANCES, TAKE A LEADERSHIP ROLE

- E.G. IN RECENT WEEKS, CHINA HAS SOUGHT INTEGRATION IN INTERNATIONAL ARMS TRADING REGIMES: THE NUCLEAR SUPPLIERS GROUP (NSG), MISSILE TECHNOLOGY CONTROL REGIME (MTCR), AS WELL AS SUCCESSFUL EFFORTS TO HAVE THE EU ARMS EMBARGO LIFTED

- LAST YEAR WAS A BREAKTHROUGH YEAR FOR CHINESE MULTILATERALISM:

- **ANTI-TERRORISM COOPERATION** (PARTICULARLY THROUGH THE SCO - SEE ABOVE) AND ITS ROLE IN DPRK NEGOTIATIONS WON FAVOUR WITH THE U.S.
- CHINA ACCELERATED JOINT MILITARY AND NAVAL EXERCISES TOWARD NON-TRADITIONAL THREATS WITH SCO PARTNERS, AND MOST RECENTLY, FRANCE
- **SUBSTANTIAL INCREASE IN PEACEKEEPING FORCES, PARTICULARLY IN AFRICA**

CHINA'S CONTRIBUTION TO UN PEACEKEEPING MISSIONS

PERIOD	OBSERVERS	POLICE	TROOPS	TOTAL
SEPTEMBER 2000	52	59	0	111
FEBRUARY 2004	48	22	289	359
	IN FEBRUARY 2004, CANADA'S CONTRIBUTIONS TOTALLED 245 (114 LESS THAN CHINA)			

IN JANUARY 2004, CHINA BEGAN TO DEPLOY 500 PEACEKEEPERS (ITS LARGEST EVER PEACEKEEPING DEPLOYMENT - MOSTLY ENGINEERS AND MEDICAL STAFF) TO THE UN MISSION IN LIBERIA, IN RESPONSE TO THE NEW LIBERIAN LEADERSHIP DECISION TO SWITCH RECOGNITION FROM TAIWAN TO THE MAINLAND

CHINA'S MILITARY COOPERATION HAS ALSO EXPANDED - IN ADDITION TO NON-TRADITIONAL THREAT EXERCISES, CHINA CONDUCTED JOINT NAVAL EXERCISES SEPARATELY WITH PAKISTAN AND INDIA LAST YEAR

MILITARY EXERCISES WITH KYRGYZSTAN (AN SCO MEMBER) REPRESENTED THE FIRST TIME THAT CHINA PROJECTED ITS MILITARY OUTSIDE OF ITS BORDERS SINCE 1950

EVEN THE **TAIWAN QUESTION**, ONE CHINA INSISTS IS AN INTERNAL AFFAIR, HAS BEEN ALLOWED TO TAKE ON INTERNATIONAL DIMENSIONS AS CHINA'S CONFIDENCE IN DIPLOMACY GROWS

- CHINA HAS HELD SEPARATE BILATERAL TALKS ON THE TAIWAN ISSUE WITH THE U.S., EUROPE AND JAPAN SINCE 2002
- THE TREND TO SEEK SUPPORT FROM THE U.S. AND OTHER MAJOR COUNTRIES ON THE TAIWAN ISSUE (ACCORDING TO ACADEMICS AN APPROACH NOT UNIVERSALLY POPULAR IN BEIJING) PEAKED JUST BEFORE THE 20MAR ELECTIONS IN BEIJING
- VICE FOREIGN MINISTER DAI BINGGUO DISPATCHED TO TOKYO, MOSCOW, PARIS AND WASHINGTON

THIS ILLUSTRATES THAT, FOR CHINA, PRINCIPLES (NON-INTERFERENCE IN INTERNAL AFFAIRS), CAN BE BENT FOR PRACTICAL REALITIES (DISSUADING TAIWAN INDEPENDENCE).

CHINA CONTINUES TO DEVELOP RELATIONSHIPS AND NEGOTIATE SECURITY AND TRADE AGREEMENTS WITH ASEAN PARTNERS

- POSITIVE, BUT GUARDED PARTICIPATION IN THE ARF INCLUDES EFFORTS TO LIMITS ITS PROGRESSION INTO SUBSTANTIVE REGIONAL SECURITY ISSUES, SUCH AS THE SOUTH CHINA SEA - PREFERRING TO DEAL WITH ISSUES ON A BILATERAL BASIS WHERE CHINA'S FULL AND UNFETTERED CLOUT CAN COME TO BEAR
- CHINA WOULD PREFER THAT THE ARF AND ITS FRAMEWORK NOT BECOME BINDING
- BY CONTRAST, CHINA APPEARS TO BE WILLING TO MOVE MUCH QUICKLY FORWARD IN THE SHANGHAI COOPERATION ORGANIZATION (SCO), WHERE IT LIKELY SEES ITS OWN DOMESTIC INTERESTS AS BEING BETTER SERVED

CHINA AND THE WTO

- A VERY MODEST PLAYER, ESPECIALLY CONSIDERING IT ECONOMIC CLOUT
 - CHINA IS A MAJOR BENEFICIARY OF GLOBALIZATION, HAVING TIED ITS ECONOMIC INTERESTS TO IT
 - IN CONTRAST TO MANY OTHER *DEVELOPING COUNTRIES*, CHINA'S BORDERS ARE MUCH MORE PERMEABLE
 - CHINA IS MORE OPEN TO FOREIGN INVESTMENT

THAN EVEN JAPAN

- CHINA'S ECONOMY IS ABOUT 50% DEPENDENT ON TRADE (HIGHER THAN THE U.S. - CANADA IS ABOUT 80% DEPENDANT ON TRADE)

- THE WTO DIFFERS FROM PERHAPS MOST MULTILATERAL INSTITUTIONS IN THE EXTENT TO WHICH IT IS RULES BASED.
 - RAISON D'ÊTRE IS THE ENFORCEMENT AND ENHANCEMENT OF A SET OF TRADE RULES
 - IT IS NOT A "TALK SHOP" OR A RESOLUTION CENTRE
 - THERE IS NOT INEQUALITY OF MEMBERS, NO FORMAL GROUPINGS, OR HIERARCHIES (NO SECURITY COUNCIL, FOR EXAMPLE)
 - INDIVIDUAL MEMBER CAN, AND DO, EXERCISE THAT EQUALITY (E.G. BENIN BLOCKS U.S. PROPOSAL ON SUGAR POLICY)

- CHINA HAS A FAIR DEGREE OF EXPERIENCE IN MULTILATERAL FORA OF THE "TALKSHOP" VARIETY
 - IT HAS BEEN A MEMBERS OF THE UN SECURITY COUNCIL SINCE 1971

- BUT LACKS EXPERIENCE AND FUNDAMENTAL UNDERSTANDING IN RULES-BASED ORGANIZATIONS, AND THE WTO IS THE MOST RULES-BASED ORGANIZATION THERE IS

· AS SUCH, THE WTO CAN BE USED (BY ITS EQUAL MEMBERS) IN THREE DIFFERENT WAYS:

- 1) TO SHAPE DOMESTIC ENDS
- 2) TO MODERATE BILATERAL RELATIONSHIPS
- 3) TO INFLUENCE THE WORLD (THE MULTILATERAL SYSTEM OF RULES) IN OWN INTERESTS

1) USING WTO TO SHAPE DOMESTIC ENDS

- AT THIS, CHINA IS BRILLIANT:
 - THE PICTURE SOLD BY CHINA, AT LEAST INTERNATIONALLY, IS THAT IT GAVE UP A GREAT DEAL TO JOIN THE WTO
 - IN REALITY CHINA HAS USED WTO ENTRY TO STRUCTURE AND CEMENT ITS OWN ECONOMIC REFORM AGENDA
 - AT ITS ACCESSION IN 2001, CHINA TOOK ON COMMITMENTS TO REDUCE TARIFFS IN AGRICULTURAL AND MANUFACTURING SECTORS, INCREASING COMPETITION AND MAXIMIZING EFFICIENCY WHERE CHINA MOST NEEDED TO REFORM
- CHINA ALSO MADE COMMITMENTS IN THE SERVICE INDUSTRY, INTELLECTUAL PROPERTY AND TRANSPARENCY - ALL ACKNOWLEDGING AREAS OF DOMESTIC REFORM
- THE COMMITMENTS CHINA MADE TO ECONOMIC POWERS IN WTO ENTRY NEGOTIATIONS EXCEEDED THOSE THAT MOST *DEVELOPING COUNTRIES* ARE WILLING TO MAKE

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- DEVELOPING COUNTRIES GENERALLY PUSH FOR EXCEPTIONS AND MAXIMUM FLEXIBILITY - CHINA DID NOT
 - BUT IN TURN, CHINA RECEIVED EXTERNAL SUPPORT AND A POWERFUL PUSH TO TAKE SOME OF THE MEASURES NECESSARY FOR ECONOMIC REFORM AND CONTINUED GROWTH
 - CHINA RECEIVES CREDIT FOR IMPLEMENTING TOUGH REFORMS, WHILE DEFLECTING SOME OF THE CRITICISM FROM THOSE HARDEST HIT (FARMERS)
 - IN FACT, CHINA'S CONCESSIONS ON *JUDICIAL REVIEW OF ADMINISTRATIVE ACTIONS* (ALLOWING OTHERS THE RIGHT TO APPEAL GOVERNMENT LIMITATIONS ON IMPORTS, FOR EXAMPLE, ON THE BASIS THAT THOSE LIMITATIONS GO AGAINST NATIONAL LEGISLATION) WENT BEYOND EVEN OECD REQUIREMENTS
 - THIS EXTENT OF USING OF MULTILATERAL AGREEMENTS TO LOCK IN DOMESTIC COMMITMENTS IS EXPECTED MORE FROM DEVELOPED THAN DEVELOPING COUNTRIES
 - OVERALL, CHINA IS AS SOPHISTICATED AS ANY IN USING MULTILATERAL ORGANIZATIONS FOR DOMESTIC ADVANTAGE
 - [ARGUABLY, NOT SINCE CANADA HAS A COUNTRY USED LIBERALIZED TRADE AGREEMENTS SO SUCCESSFULLY IN SUPPORT OF DOMESTIC REFORM CHALLENGES]

2) USING THE WTO TO MODERATE BILATERAL RELATIONS: WTO

MEETS LENIN

- IDEALLY, MULTILATERAL RULES-BASED ORGANIZATIONS LIKE THE WTO PROVIDE A SANITARY ENVIRONMENT IN WHICH TO DEAL WITH COMPLEX AND OFTEN MESSY BILATERAL ISSUES
- COMPLAINANTS TAKING TRADE DISPUTES TO THE WTO CAN CONTAIN THE DISPUTES AND REDUCE THE POLITICAL IMPACT OF DISAGREEMENTS BY APPEALING TO RULES AND DEFERRING TO A DISINTERESTED THIRD PARTY
- IN CONTRAST TO THE BOLDNESS WITH WHICH CHINA ACCEDED TO THE WTO, CHINA HAS NOT YET SHOWN ANY COMFORT FOR RESORTING TO THE WTO PANELS TO MODERATE BILATERAL ISSUES.
- IT HAS, HOWEVER, JOINED OTHER COUNTRIES IN PANELLING A STEEL SAFEGUARD CASE AGAINST THE U.S., AND CLEARLY HAS THE KNOWLEDGE AND TECHNICAL CAPABILITY TO EMPLOY WTO MECHANISMS, BUT IS *POLITICALLY RELUCTANT* TO DO SO, PROBABLY FOR TWO REASONS:
 - CONTROL OF THE OUTCOME IS RELINQUISHED TO RULES NOT RELATIONSHIPS
 - THE DETAILS OF THE DISAGREEMENT, AND THE POSSIBILITY OF BEING PROVED WRONG, ARE EXPOSED TO THE PUBLIC
- CHINA APPEAR TO STILL PREFER CLOSED DOOR MEETINGS AND QUIET CONSULTATIONS TO DEAL WITH BILATERAL ISSUES

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- IT ALSO EXHIBITS A PREFERENCE TO LINK OTHER TRADE, OR POLITICAL ISSUES, WITH TRADE DISPUTES
 - AND DISLIKES EXPOSING DISAGREEMENTS IN THE WTO CONTEXT WHERE THE ISSUE IS VERY TRANSPARENT, AND THE MESSY PROCESS OF SLUGGING OUT A DISAGREEMENT IS PUBLICLY EXPOSED
 - E.G.
 - CHINA WAS TAKEN ABACK BY THE RECENT COMPLAINT FILED BY THE U.S. AGAINST CHINA'S TAXES ON IMPORTED SEMI-CONDUCTORS
 - CHINA HAD TRIED FOR A BILATERAL SOLUTION - AND FOLLOWED A TYPICAL "HOLDING PATTERN" (READ STALLING), AND WAS SURPRISED THAT THE U.S. DID NOT PLAY ALONG
 - THE CHINESE SYSTEM IS NOT BUILT FOR BACKTRACKING ON PUBLIC POSITIONS - CHINA HAS TYPICALLY SOUGHT SOLUTIONS WHERE ITS INITIAL POSITION **APPEARS** TO HAVE NOT BEEN COMPROMISED (POSSIBLE REFERENCE TO THE "HAINAN SPY PLANE INCIDENT")
 - THE OPEN SYSTEM OF WTO PANELS MEANS THAT THERE IS A HIGH RISK OF BEING JUDGED AS **WRONG**

3) USING THE WTO TO INFLUENCE THE RULES IN ITS OWN INTEREST

- TO SAY THE LEAST, CHINA HAS NOT REALIZED ITS POTENTIAL

TO SHAPE THE INTERNATIONAL SYSTEM

- CONSIDERING THE POWER OF CHINESE ECONOMIC CLOUD, AND THE PERSUASION OF ACCESS TO ITS MARKETS, CHINA'S POTENTIAL IMPACT ON WTO NEGOTIATIONS IS ENORMOUS
- YET CHINA HAS ADOPTED A TIMID, SUSPICIOUSLY CAUTIOUS APPROACH, PREFERRING TO PIGGY BACK WITH OTHER GROUPS WHO ARE ABLE TO REPRESENT ITS INTERESTS
 - NOT WANTING TO MAKE TOO MUCH NOISE, OR CARRY TOO MUCH OF THE LOAD
 - IN THE DOHA ROUND, CHINA JOINED THE BLOCK OF DEVELOPING COUNTRIES, BUT WAS CAREFUL NOT TO CRITICIZE THE WTO OR ASSERT A CONSPICUOUS POSITION
- **-INDIFFERENT OR INCAPABLE?**
 - CHINESE INTERLOCUTORS HAVE AN UNMATCHED UNDERSTANDING OF THE "CANON" OF RULES AND TECHNICAL ISSUES OF LIBERALIZED TRADE, BUT HAVE NOT TAKEN TO THE "SEMINARIAN'S" WORK OF INTERPRETING OR RE-WRITING THE WORK
 - SOME MAINTAIN THAT INTERNATIONAL FORCES HAVE LITTLE IMPACT ON CHINA'S MASSIVE MARKET
 - CHINA MAY USE WTO MEMBERSHIP AS A MEANS OF HASTENING DOMESTIC ECONOMIC REFORMS, BUT SEE LITTLE USE IN ASSERTING A POSITION ON TRADE RULES IN GENERAL

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- OTHERS INSIST THAT CHINA IS STILL MUCH MORE COMFORTABLE IN BILATERAL OR REGIONAL SETTINGS, WHERE CLOSE RELATIONSHIPS RATHER THAN COLD STRATEGIES ARE COMMON CURRENCY
 - IF CHINA'S BEHAVIOUR IN THE WTO IS AN INDICATION, IT STILL DOES NOT SEE ITSELF AS A MAJOR GLOBAL PLAYER, OFTEN CITING THAT IS "A BABY IN THE WTO" HAVING ONLY RECENTLY JOINED
 - RATHER THAN A LACK OF TECHNICAL EXPERTISE, THIS BETRAYS A LACK OF POLITICAL CAPACITY
 - IS THIS A MANIFESTATION OF THE COMMITMENT TO DOMESTIC INTERESTS RATHER THAN AN INTERNATIONAL RULES-BASED SYSTEM?
 - OLD HABITS DIE HARD. CHINA IS DETERMINED TO REMAIN WITHIN THE CADRE OF "DEVELOPING COUNTRY", FOR OLD POLITICAL, IF NOT NEW ECONOMIC REASONS.
 - ALTERNATIVELY, THERE IS RESIDUAL ADHERENCE TO DENG XIAOPING'S OLD ADDAGE: *TAOGUAN YANGHUI, YUOSUO ZUOWEI*: "THERE IS ROLE FOR HIDING YOUR CAPACITIES AND BIDDING YOUR TIME"; A CERTAIN WISDOM AND BENEFIT FROM MAINTAINING A LOW PROFILE, AND NOT REVEALING SHOWING ALL YOUR CARDS.
 - CHINA'S POLICYMAKERS ARE VERY INWARDLY FOCUSED
 - THE DOMESTIC AGENDA: MAINTAINING HIGH GROWTH AND SOCIAL STABILITY, SOVEREIGNTY, MANAGING

IMPACTS OF GLOBALIZATION

- CREDIBILITY AND LEGITIMACY IS STAKED ON GROWTH

SCO

RAPID PROGRESS

- PROVIDES A COUNTEREXAMPLE, WHERE CHINA IS MORE COMFORTABLE EXERTING INFLUENCE, ON A REGIONAL SCALE, THAT IS OF PARTICULAR STRATEGIC SIGNIFICANCE FOR CHINA
- IN STARK CONTRAST TO CHINA'S THE GRADUALIST APPROACH TO OTHER MULTILATERAL ORGANIZATIONS
 - (SUCH AS THE ASEAN REGIONAL FORUM WHERE CHINA HAS RESISTED THE PUSH TOWARDS THE "PREVENTIVE DIPLOMACY" STAGE, OR ANY BINDING MEASURES)
- THE LEGAL STRUCTURE FOR THE SCO WAS NEGOTIATED AND RATIFIED IN JUST 2.5 YEARS
- SCO BEGAN (IN ITS INCARNATION AS THE "SHANGHAI FIVE") WITH THE PRIMARY GOAL OF BUILDING CONFIDENCE AND RESOLVING BORDER DISPUTES
 - [AFTER THE FALL OF THE SOVIET UNION, AND THE CREATION OF NEW BORDERS]
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- ACCORDING TO STRATEGIC ANALYSTS, THE UNDERLYING GOAL OF COUNTERING U.S. HEGEMONY IN THE REGION HAS NOW TAKEN ROOT

- INTERESTS ARE VARIED BUT NOT INFINITE

GOALS AND MOTIVES

- THE SCO HAS MANDATES TO EXPAND COOPERATION IN TRADE AND SECURITY
- THERE IS SOME DEBATE ABOUT WHICH HOLDS SWAY WITHIN THE ORGANIZATION.
- ZHANG DEGUANG, SECRETARY GENERAL, SAYS THE GOAL IS TO ESTABLISH A FREE TRADE ZONE AND FREE FLOW OF GOODS AND INVESTMENT WITHIN 20 YEARS.
- THE SCO IS FOCUSING ON CONCRETE PROJECTS TO ACHIEVE ITS GOAL. IN PARTICULAR, A NUMBER OF TRANSPORTATION AND INFRASTRUCTURE PROJECTS ARE BEING PLANNED, AND AS ONE MIGHT EXPECT, CHINESE INVESTMENT IS PROMINENT:

ECONOMIC COOPERATION

REDUCTION OF TRADE BARRIERS

ENERGY

- BY THE END OF 2003 CHINA SURPASSED JAPAN AS THE WORLD'S SECOND LARGEST IMPORTER OF OIL AFTER THE UNITED STATES
- IN JANUARY, CHINESE OIL DEMAND HIT A RECORD 6.09 MILLION BARRELS PER DAY

- **CHINESE CRUDE OIL IMPORTS ROSE BY 31 PERCENT IN 2003, AT AN INCREASED COST OF 55 PERCENT.**
- **ENERGY COOPERATION (TRADE) REMAINS LARGELY BILATERAL (FACILITATED WITHIN THE SCO FRAMEWORK)**

TRANSPORTATION

- **THERE IS EVIDENCE THAT CHINA IS ACTIVELY SUBSIDIZING TRANSPORTATION DEVELOPMENT IN CENTRAL ASIAN MEMBER STATES**

SECURITY COOPERATION

COMBATTING TERRORISM, SEPARATISM AND EXTREMISM

MILITARY COOPERATION

MAJOR UPCOMING MEETINGS OF THE SCO

- **SCO COUNCIL OF FOREIGN MINISTERS IN MOSCOW ON 23 APRIL**
- **REGIONAL ANTI-TERRORISM EXECUTIVE COUNCIL (RAEC - EXECUTIVE BODY OF THE REGIONAL ANTI-TERRORIST STRUCTURE) IN TASHKENT END-APRIL.**
- **EXPERTS OF THE TRANSPORTATION MINISTRIES TO MEET IN MAY - FOLLOWED BY A TRANSPORTATION MINISTERIAL (DATE NOT CONFIRMED)**
- **ECONOMIC/COMMERCIAL MINISTERIAL TO BE HELD AT THE END OF MAY, OR BEGINNING OF JUNE.**
- **REGIONAL ANTI-TERRORIST STRUCTURE (RATS) SCHEDULED TO BE HELD IN TASHKENT ON 17 JUNE.**

- **SCO SUMMIT (PRESIDENTS) TO BE HELD IN JUNE IN TASHKENT.**
 - **AFGHAN PRESIDENT HAMED KARZAI AND MONGOLIAN PRESIDENT NATSAGIYN BAGABANDI TO ATTEND THE TASHKENT SUMMIT.**

RUSSIA

- **THOUGH MANY REGARD CHINA AS THE INFORMAL LEADER OF THE GROUP, SOME THINKTANKS IN BEIJING SUGGEST THAT RUSSIA IS THE DOMINANT PLAYER**
 - **RUSSIA HAS CLOSER TRADITIONAL TIES AND HIGHER TRADE VOLUMES WITH THE FORMER SOVIET STATES**
- **IN ANY CASE, CHINA ACCEPTS RUSSIAN PARTICIPATION, BECAUSE CHINA'S INTEREST REMAIN SERVED BY THE ORGANIZATION**
- **THERE MAY BE COMPETING INTERESTS IN CENTRAL ASIA, BUT THERE ARE ALSO INTRIGUING OPPORTUNITIES TO PROMOTE BILATERAL RUSSIA-CHINA TRADE UNDER THE FRAMEWORK OF THE SCO**

THE CENTRAL ASIAN STATES (KYRGYSZTAN, TAJIKISTAN, UZBEKISTAN, KAZAKHSTAN)

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- GREAT ATTENTION IS NOW BEING HEAPED ON THE CENTRAL ASIAN STATES FROM ALL CORNERS OF THE WORLD
 - FOR BOTH ECONOMIC AND POLITICAL REASONS
 - ECONOMICALLY - AS AN IMPORTANT LINK OR TRADE ROUTE BETWEEN EUROPE AND ASIA AND FOR RAW MATERIALS (OIL) IN THE REGION
 - THESE STATES ARE ALSO IN THE MARKET FOR INVESTMENT AND ECONOMIC DEVELOPMENT ASSISTANCE, AND REPRESENT OPPORTUNITIES FOR CHINA EXPORTS
 - POLITICALLY - ANTI-TERRORISM EFFORTS ARE FOCUSED HERE FOR INTERNATIONAL TERRORISM AND NATIONAL SEPARATISM

 - THERE IS SOME DEBATE OVER THE PRE-EMINENCE OF THE ECONOMIC VS SECURITY ROLE OF THE SCO
 - ARGUABLY, CHINA'S INTERESTS IN SECURING OIL AND OTHER ASSETS IN CENTRAL ASIA OVERRIDE THE SIGNIFICANCE OF SOLIDARITY IN THE ANTI-TERRORISM ACTIVITIES IN THE WESTERN BORDER REGIONS

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 - STILL, THE SCO IS DRAWING CHINA OUT INTO A GREATER

MULTI-LATERAL ENGAGEMENT

- WITH CHINA PARTICIPATING IN JOINT MILITARY EXERCISES OFF CHINESE SOIL FOR THE FIRST TIME IN ITS HISTORY, BASIC CHINESE FOREIGN POLICY PRINCIPLES ARE BEING STRETCHED FOR THE DOMESTIC INTERESTS THAT ARE HAVING INCREASINGLY INTERNATIONAL IMPLICATIONS.
- HOW LONG WILL IT BE BEFORE CHINA ESTABLISHES MILITARY OPERATIONS IN CENTRAL ASIA?

- UNLIKE THE WTO, WHERE THE (POTENTIAL) OBJECTIVES, OR USES PULL IN DIFFERENT DIRECTIONS, THERE ARE CLEAR, COHERENT AND COMPLEMENTARY OBJECTIVES FOR CHINA IN THE SCO
 - ENERGY
 - TRADE IN ENERGY SUPPLY REQUIRES INFRASTRUCTURE, INDUSTRIALIZATION, CONFIDENCE BETWEEN PARTIES
 - IT ALSO REQUIRES SECURITY
- SHANGHAI CONVENTION ON COMBATTING TERRORISM, SEPARATISM AND EXTREMISM
- COOPERATION IN DEFENCE AND RESOLUTION OF BORDER DISPUTES

WHAT ARE THE IMPLICATIONS FOR THE WORLD AND FOR CANADA?

- THERE IS A CONSTITUENCY IN CHINA THAT GENUINELY EMBRACES MULTILATERALISM, AND COMMITMENT TO MODERATION OF RELATIONSHIPS THROUGH RULES
- THERE IS ALSO A NATIONALIST CONSTITUENCY THAT FAVOURS A CLASSICAL ‘FIVE PRINCIPLES’ APPROACH;
- THERE IS THE ISSUE OF USING INSTITUTIONS SUCH AS UNSC TO PURSUE NATIONAL ENDS, AND THE SEPARATE ISSUE OF SUPPORTING SYSTEMS AND RULES AS A LONG TERM GUARANTOR OF NATIONAL INTERESTS; IN THE WTO, AT LEAST, CHINA IS NOT AS FORWARD THINKING OR PROACTIVE ON MULTILATERAL ISSUES AS IT COULD BE;

WHEN CANADA AND THE U.S. HAVE A BILATERAL PROBLEM, WE CAN GENERALLY FALL BACK ON SHARED CULTURE AND COMMON VALUES; BUT AS CHINA’S POWER AND INFLUENCE GROW, WITHOUT THE FALL BACK OF A COMMON SET OF RULES AND PRACTICES, DISPUTES MIGHT NOT ALWAYS BE SO EASILY TREATED

- CANADA AND CHINA’S ENERGY DIPLOMACY
 - GIVEN THE DOMESTIC THRUST OF CHINESE FOREIGN POLICY, THERE IS BOTH ECONOMIC AND POLITICAL REASON FOR CANADA TO “SELL” WHAT ENERGY RESOURCES IT CAN TO CHINA
- IN THE SECURITY COUNCIL AND OTHER ORGANIZATIONS, WE

CAN EXPECT CHINA TO TAKE A MUCH LESS STRIDENT POSITION THAN IN THE PAST - TO BE MORE FLEXIBLE AND FIND GREATER NUANCES IN ITS APPROACH

- SHIFTING SELF-INTEREST WILL LIKELY MAKE CHINA'S POSITION MORE COMPLEX, BUT SOME 'BOTTOM-LINE' ISSUES - SUCH AS SOVEREIGNTY - WILL CONTINUE TO INFLUENCE CHINA'S BEHAVIOUR IN MULTILATERAL INSTITUTIONS FOR SOME TIME TO COME (THE IRAQ QUESTION IS JUST ONE EXAMPLE OF CHINA BALANCING PARTY PRINCIPLES WITH PRACTICAL SELF-INTEREST)
- OVERALL, WILL LIKELY TO CONTINUE TO SEE A **SHIFT FROM A PRINCIPLED TO A PRAGMATIC APPROACH TO INTERNATIONAL AFFAIRS**
- CANADA AND CHINA SHARE A COMMITMENT TO MULTILATERALISM THAT SHOULD BE NURTURED FOR LONG TERM GAIN

- CANADA WELCOMES CHINA'S GROWING EMBRACE OF MULTILATERALISM, AND ENCOURAGES CHINA TO FULLY REALIZE ITS ROLE AS A P5 MEMBER. CANADA SEES EXPANDING OPPORTUNITIES TO COOPERATE WITH CHINA IN AREAS OF COMMON CONCERN IN MULTILATERAL FORA, BUT IN ACKNOWLEDGING CHINA'S MORE ACTIVE MULTILATERAL

ENGAGEMENT AND GREATER OPPORTUNITIES FOR
COOPERATION, WE MUST ALSO REMAIN COGNIZANT OF THE
DOMESTIC CONCERNS THAT DRIVE CHINA'S INTERNATIONAL
BEHAVIOUR