

The Shanghai Cooperation Organization and Eurasian Geopolitics

New Directions, Perspectives, and Challenges

Edited by Michael Fredholm



Stockholm International Program
for Central Asian Studies (SIPCAS)

The Shanghai Cooperation Organization and Eurasian Geopolitics

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New Directions, Perspectives, and Challenges

Edited by Michael Fredholm

A project directed by Birgit Schlyter,
Swedish Research Institute in Istanbul

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Preface

Can a united Eurasian perspective be said to exist, on foreign policy, domestic policy, or even economic development? Or are the inherent differences between the Eurasian states too great for such a perspective to develop? The Shanghai Cooperation Organization (SCO) in its first decade of existence developed into a key regional security group in Asia. Indeed, one of its leaders in 2005 famously concluded that the SCO member states represented no less than “half of humanity” – a conclusion derived from the large populations of several SCO member and observer-member states. Yet, the organization has long been disregarded by political leaders in the West and is seldom reported in Western media or analysed in substantial academic works. Arguably, the absence of common views and the acceptance of different policies within the SCO may prevent the organization from becoming a cohesive group like, for instance, the North Atlantic Treaty Organization (NATO). Even so, the key importance of several SCO member states in the fields of economic development and energy production means that political developments within the SCO can soon no longer be ignored by the global market. Will globalization eventually result in shared Eurasian perspectives on policy or economic development?

This volume is the result of a series of seminars and workshops on the SCO conducted within the framework of the *Stockholm International Program for Central Asian Studies* (SIPCAS). The aim of these meetings was to initiate and entertain discussions of such issues as what type of organization the SCO seems to be developing into and, in particular, what significance this might have for the Central Asian states – both members and non-members – as well as, more generally, on a wider Eurasian or even global level. The

book project formally began in conjunction with the VIII ICCEES World Congress in July 2010 and was initiated by the SIPCAS Director, Professor Birgit Schlyter. It continued as a collaborative venture between SIPCAS and the Center of SCO Studies at the Shanghai Academy of Social Sciences (SASS), Shanghai, China, with additional research conducted at the Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata, India.

Scholars from a large number of countries and institutions and from a variety of academic backgrounds and disciplines have participated in the research project and contributed chapters to the book. Some approach the SCO from the perspective of political science and international relations, while others emphasize the historical context. Yet others approach the SCO from the fields of economics and finance. Some use quantitative, others qualitative, methods of analysis, while others concentrate on political statements and concrete actions. The participants also come from a range of countries, including many SCO member states but also countries in Europe and North America. The book is accordingly not intended as a work of consensus, even though all participants agree that the SCO is a political force that should be better known and more constructively taken into account in international politics. What the collective of researchers set out to do was instead to investigate the role and prospects of the SCO from a variety of perspectives so as to give as complete as possible an analysis of the organization and its impact on modern geopolitics in Central Asia and elsewhere.

The editor participated in the early SIPCAS seminars but assumed editorial responsibilities only later. For this reason, and from a personal perspective, he would like to thank all contributors. The scholars who took part in the book project provided consistent and significant input into the final work. Without such a distinguished list of scholars, the research project would not have been a success.

While joining the editor in gratitude towards the co-authors of this volume, the SIPCAS Director would also like to thank colleagues at SIPCAS, in particular Patrick Hällzon, Marianne Laanatza, Sharofat Nozimova, and Merrick Tabor, who assisted in organising the seminars and panels leading up to the present volume, as well as the

Swedish Foundation for International Cooperation in Research and Higher Education and the Royal Swedish Academy of Letters History and Antiquities for funding Stockholm International Program for Central Asian Studies during a period of several years thus making the SIPCAS sessions and this book on the SCO possible.

Last but not least, both of us wish to thank Gerald Jackson at NIAS Press for his invaluable work, beyond any call of duty, in preparing the manuscript for publication.

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Figure 0.1: The geopolitical context of the SCO and strategic oil and gas pipelines of Inner Asia

Sources: Relief information from Mountain High Maps®; selected pipeline details from multiple sources (locations indicative only).



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Part 1: The SCO as Organization

CHAPTER 1.

Too Many Plans for War, Too Few Common Values

Another Chapter in the History of the Great Game or the Guarantor of Central Asian Security?

Michael Fredholm

The Shanghai Cooperation Organization

The Shanghai Cooperation Organization (SCO) developed from a summit meeting in April 1996 between China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. These countries shared common borders, and there was a need to ratify and consolidate the borders between the former Soviet states and China. The meeting resulted in the Shanghai Treaty of 26 April 1996. The initial emphasis was on border demarcation and confidence-building measures. From 1999, the organization became known as the Shanghai Five after its five member states. During a summit meeting in Dushanbe on 5 July 2000, the Shanghai Five became the Shanghai Forum as Uzbekistan was given observer status. At the summit meeting in Shanghai on 15 June 2001, Uzbekistan became a full member, and the Forum became the Shanghai Cooperation Organization (SCO).¹

1. This chapter is an updated version of a paper first presented on 25 May 2007 at the conference *Regional Ballast or Global Balancer: The Future of the Shanghai Cooperation Organization*, held at the Centre for East and South-East Asian Studies, Lund University. For the origin of the SCO, see, e.g., Dmitri Trofimov, "Shanghai Process: From the 'Five' to the Cooperation Organization – Summing Up the 1990s and Looking Ahead", *Central Asia and the Caucasus* 14 (2002), 86–92. See also the SCO website, www.sectsco.org.

The focus of the SCO was always security. Since at least about 1999, when Russia for a while became the prime driver of the SCO due to its temporary concerns over the NATO air war against Yugoslavia, which led to the separation of Kosovo, and more lingering concerns over Chechen and Central Asian terrorism,² the SCO has primarily been concerned with separatism and Islamic extremism. China and Russia even pledged to send troops to defend other states from terrorism and separatism – which was the first time China ever formally pledged in a treaty to project military power beyond her borders.³ The SCO overlaps with the role played by the Commonwealth of Independent States (CIS) Collective Security Treaty of 1992 and in particular the Collective Security Treaty Organization (CSTO), formed in 2002 by Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan, with Uzbekistan participating from 2006 to 2012.⁴

Yet, the SCO is not a military alliance, and the organization should not be regarded as such. Russia shares a long border with China, and the Russian Far East is severely under-populated in comparison to the Chinese territories just across the border. Russia accordingly realises that it is far better to have good relations with China than to face an adversarial situation, especially since Russia still is relatively weak while China is growing in strength both economically and militarily.⁵ Moreover, Russia and China share a concern over Islamic extremism and separatism – which, as noted, has been a prominent feature of the continuing work within the SCO.

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2. Michael Fredholm, “Russia and Central Asian Security”, Birgit Schlyter (ed.), *The Prospects of Democracy in Central Asia* (Istanbul: Swedish Research Institute, 2005), 97–116. On the SCO, see in particular *ibid.*, 104–105, 107–110.
 3. Stephen Blank, “The Shanghai Cooperative Organization: A Post-Mortem”, *NIAS-nytt* 3 (September 2002), 12–13 and 30, on 12.
 4. The CSTO is known as *Organizatsiya Dogovora o kollektivnoy bezopasnosti (ODKB)* in Russian. For further details, see the CSTO website, www.odkb.gov.ru. Uzbekistan suspended its membership on 28 June 2012. RIA Novosti, 28 June 2012.
 5. Mark A. Smith, *Current Russo-Chinese Relations* (Camberley, Surrey: Defence Academy of the United Kingdom, Conflict Studies Research Centre, 2003), 3. See also Stephen Blank, *The Strategic Context of Russo-Chinese Relations* (Camberley, Surrey: Royal Military Academy Sandhurst, Conflict Studies Research Centre, 1999).

While China currently is wealthier than Russia – and Russia derives substantial profits from arms sales to China – China in real terms no doubt needs Russia more than Russia needs China. Since at least 1997, China has repeatedly emphasized that it has no choice but to augment domestic energy sources through imports from abroad, in particular Central Asia and Russia. Yet another Chinese interest in Central Asia is the creation of a regional rail network which, unlike the sea routes, would be beyond the control of the United States. Such a land transportation route, if fully functional, could in case of future conflict with the United States be used to move vital natural resources, consumer goods, and in particular war materials into and out of China. It is accordingly unlikely that China would support any move to increase the influence of the United States in the region, or the coming to power of a pro-American government in any country bordering China. The Chinese leaders would also no doubt prefer to retain influence over Pakistan, due to what may well be the remaining, and continuing, strategic objective of containing India and, in case of war, the hope to force India into a two-front war, a strategy that also includes Tibet and Burma.⁶ Despite improving Sino-Indian relations, this might be one key explanation for the invitation into the SCO of new members with observer status. Russia and China each, seemingly, invited what to all intents and purposes appears to be a long-established client as an observer member of the SCO. While Russia invited India, China invited Pakistan – the two great powers really working so well in tandem that they invited these states as observers unanimously, which would seem to be the way the SCO presented the decision.

Despite Chinese worries over American military might, in the final analysis both China and Russia regard their relationship with

6. Mark Burles, *Chinese Policy Toward Russia and the Central Asian Republics* (Santa Monica, California: RAND, 1999), 23, 39. See also, e.g., Michael Fredholm, "The Tatmadaw: Burma's Armed Forces and Prospects for the Future", *The Democracy Movement in Burma since 1962* (conference on 25–26 September 1999 organised by the Center for Pacific Asia Studies at Stockholm University); Michael Fredholm, *Afghanistan and Central Asian Security* (Stockholm: Stockholm University, Asian Cultures and Modernity Research Report 1, March 2002).

the United States as far more important than their relations with each other.⁷

Will the SCO Become the Guarantor of Central Asian Security?

Elsewhere, I have argued that Russia remains the key guarantor of security in Central Asia.⁸ However, given that the main focus of the SCO always was security, that Russia is a leading member, and that the observer members of the SCO at present include not only Mongolia but also the somewhat more volatile Pakistan, India, and Iran, one may wonder whether the organization aims to, or at least might, develop into a stronger guarantor of Inner Asian or at least Central Asian security than Russia could be alone. After all, an international organization if it survives at all tends to acquire a life of its own, and there is no reason *per se* why the SCO could not grow into something larger than its constituent parts. The SCO may have the potential eventually to assume the role of key guarantor of security in at least Central Asia and perhaps further afield as well.

To assess this potential, it is necessary first to investigate the potential of remaining great power rivalry among the SCO members. If one builds a house, and there are structural problems, it is seldom enough merely to paste over the existing cracks with wall-paper. The result might look nice but does not guarantee security of mind to those inside. To ensure security and stability under such conditions, a very thick layer indeed of wall-paste will be needed. Has a sufficient amount of paste been applied to cover the fault lines in Central Asian international politics, or does rivalry remain? To address this question, one must of necessity concentrate on the confrontational aspects of great power politics in the region. This, I must emphasize, does not mean that I rule out the positive effects of the many attempts at cooperation that have taken place in recent years. Indeed, the establishment and continued life of the SCO is in itself evidence that such positive effects do exist. Yet, there are indubitably aspects of great power rivalry at play in the Inner Asia region, and it is on these that I will focus.

7. Smith, *Current Russo-Chinese Relations*, 13.

8. Fredholm, "Russia and Central Asian Security".

The Issue of a Shared History

The SCO member states share a history of relations with each other, but throughout history these relations have more often than not been problematic, indeed confrontational. China and Russia have eyed each other with suspicion ever since a common border of sorts emerged in the seventeenth century. If we include the Mongol empire – and its Yuan state – in the history of China, mutual hostilities and suspicions can even be said to go back to the thirteenth century.

Then, from the nineteenth century onwards, the Great Game proper began, with rivalry between Russia, Qing China, and British India in particular. From the First World War, Islam became an issue as well, with first Germany then the Soviet Union using Muslims as pawns in the rivalry with British India. The British responded in kind, encouraging frictions between Afghanistan and the young Soviet Union. Then the Soviet Union assumed control of Mongolia and supported various warlords and political groups in Republican China against the central government. After the Second World War, Britain left the scene but India and Pakistan remained – and this resulted in a so far seemingly perpetual state of rivalry between the two, only interrupted by the occasional real war. The United States took up the mantle left by Britain, supporting Pakistan against Soviet-supported India in, among other types of cooperation, arms deliveries. The Korean War ended up as a war between the United States and China; in the 1960s, the United States encouraged and supported various Tibetan attempts to strike back at China, while China and the Soviet Union supported North Vietnam against the United States. Conflict had by then also emerged between India and China, and in 1969 between China and the Soviet Union. Both resulted in border skirmishes. From the 1970s, Pakistan and the United States – and eventually China as well – began to fan Islamic extremism in Afghanistan against the Soviet Union, which resulted in a bloody war fought in Afghanistan, followed by an even more devastating Afghan civil war, itself followed by global terrorism and extremism. The list goes on, and I have not even bothered to include the various issues that involved Iran, or those frictions between the new Central Asian republics that emerged in the 1990s.

Moreover, most of these conflicts remain within living memory in the countries concerned.⁹

Indeed, the only positive thing that can be said about the numerous conflicts that the SCO, and its earlier reincarnations such as the Shanghai Five, was founded to deal with, is that Western Europe carried a similar legacy of wars and conflicts, yet in most cases managed to unite as the European Union. So while the difficulties of the shared historical legacy are great and will be difficult to overcome, this might still be possible – especially if the SCO contents itself with addressing issues such as terrorism, separatism, extremism, drug-trafficking, and limited forms of economic cooperation.

The Issue of Energy Security

Unless, of course, what some call the New Great Game – the rivalry for energy sources and supplies – interferes with the plans to ensure greater cooperation among the SCO member states. To simplify (some would say over-simplify) the issue of energy security, one can note that Russia and Iran are energy exporters. China and India are energy importers, with both most likely needing rapidly increasing supplies. Meanwhile, Kazakhstan and Uzbekistan are key transit countries.

On the surface, it would appear that energy security is a factor that unites Russia and China. Energy security cooperation of sorts can be said to have begun in earnest in 2006, when Russia's President Vladimir Putin on the first day of his visit to China signed a joint declaration with his Chinese counterpart on energy cooperation and announced a number of agreements on energy supplies and joint ventures with the Chinese National Petroleum Corporation (CNPC), including one by the Russian natural gas monopoly Gazprom. A member of Putin's delegation later elaborated to the media: a natural gas pipeline would be built from Russia to China, to be commissioned in 2011 at the cost of USD 10 billion. In addition, Gazprom had agreed with its Chinese partners on a price

9. For an overview of most of these events, see Michael Fredholm, *The Great Game in Inner Asia over Two Centuries* (Stockholm: Stockholm University, Asian Cultures and Modernity Research Report 7, February 2004).

formula for gas deliveries, it was said.¹⁰ Putin later suggested that in ten to fifteen years, no less than 30 per cent of Russian energy exports would go to Asia – an ambition which Russian experts believed would be hard to realize.¹¹

These plans, if fulfilled, would indeed bring the energy exporter Russia and the energy importer China yet closer together. However, by autumn 2012, few if any of these projects had yet materialized. In addition, neither party had been able to agree on an acceptable price formula for gas exports from Russia to China. Besides, although Russia has very substantial natural gas deposits, the infrastructure to exploit and export these deposits remains insufficient.

To summarise research I have published elsewhere,¹² I would suggest that, first, Russia will not be able to export the volumes of natural gas reportedly promised China by President Putin until, many years after the ten to fifteen years that was envisaged at the time of Putin's visit to China. The production and transportation infrastructure will simply not be ready in time. Second, by then sufficient volumes of natural gas may not yet be available. Most

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10. RIA Novosti, 21 March 2006; "Meeting with Russian Journalists Following the Ceremonial Signing of Russian-Chinese Documents", 21 March 2006, President of Russia official web portal, www.kremlin.ru. At the same time, Russian electricity producer UES signed an agreement with the Chinese State Power Grid Corporation, while Russian oil pipeline monopoly OAO Transneft and Russian state-controlled oil major Rosneft signed a protocol and an agreement with the Chinese National Petroleum Corporation (CNPC). Other agreements were signed as well. "List of Documents Signed Following Russian-Chinese Talks", 21 March 2006, President of Russia official web portal, www.kremlin.ru.
 11. *Nezavisimaya gazeta*, 14 September 2006.
 12. Michael Fredholm, *The Russian Energy Strategy & Energy Policy: Pipeline Diplomacy or Mutual Dependence?* (Swindon: Conflict Studies Research Centre, UK Defence Academy, Russian Series 05/41, September 2005); Michael Fredholm, *Gazprom in Crisis: Putin's Quest for State Planning and Russia's Growing Natural Gas Deficit* (Swindon: Conflict Studies Research Centre, UK Defence Academy, Russian Series 06/48, October 2006); Michael Fredholm, *Natural-Gas Trade between Russia, Turkmenistan, and Ukraine: Agreements and Disputes* (Stockholm: Stockholm University, Asian Cultures and Modernity Research Report 15, November 2008); Michael Fredholm, *The World of Central Asian Oil and Gas: Power Politics, Market Forces, and Stealth Pipelines* (Stockholm: Stockholm University, Asian Cultures and Modernity Research Report 16, December 2008); Michael Fredholm, "Strategies of Energy and Security in Contemporary Eurasia: Vulnerabilities and Opportunities in Russia's Energy Relationships with Europe, Central Asia, and China", Sreemati Ganguli (ed.), *Energy: Promoter of Geopolitical Rivalry or Strategic Alliance-building* (forthcoming).

of Russia's conventional natural gas reserves are located in the Arctic and huge investments will be needed to put these fields into production. Russia may find itself unable to supply both Europe and East Asia at the same time. A choice will have to be made, and – keeping in mind the inherent difficulties in such long-term predictions – I find it hard to believe that Russia would then jeopardize its relationship with Europe, which remains dependent on Russian natural gas, simply to enhance its relationship with China.

For sure, Russia will supply some natural gas to China, in the same way that Russia is also exporting some oil to the Chinese market. However, for the volumes envisaged by Gazprom to be available to Chinese customers, China must expect a long wait.

The Issue of Planning for War

Rivalry over energy resources can, as history frequently shows, lead to war. Military headquarters in all countries tend to spend much effort in the constant development of contingency plans for this or that war that might take place. This is what military officers are paid to do and is in no way remarkable, or even particularly worrying. Most plans will for obvious reasons eventually be scrapped, since the war for which they were formulated never took place. Yet, it is often illuminating to investigate what kind of war is being planned, and against what kind of enemy.

This leads us to the question of historical legacies. Even without knowing for sure, we can probably safely assume that, say, the Russian General Staff has made contingency plans for a war with the United States and NATO. This has been a traditional practice, and such practices die only slowly. Indeed, Russian military exercises based on the assumption that a nuclear war with the United States will take place do occur, at least according to what the Russian General Staff from time to time leaks to the news media.¹³ Yet, nobody seriously believes that Russia and the United States really have any reason to go to war against each other within a generation or so.

13. See, e.g., *Nezavisimaya gazeta*, 14 May 2003; RIA Novosti, 12 February 2004 (describing a military exercise appropriately named Global Shield).

So how about China? Would a future war with China also be something that the Russian General Staff might be planning for? Many factors speak in favour of such a conclusion. First, there can be little doubt that Russia historically has seen China as a real or potential enemy. Second, it would be surprising, to say the least, if the Russian General Staff had not made plans for such a war, in the same way that it obviously still practices for a nuclear war with the United States. After all, Russia and China share a common border.

Third, even in the current climate of joint military exercises held by Russian and Chinese troops, Russia still stages large-scale military manoeuvres that to all appearances would seem to be in preparation for a conventional war with China. This, for instance, would be the conclusion one could draw with regard to the large military exercise Baikal-2006 held in Siberia and the Russian Far East in June-July 2006. While the press releases issued at the time mentioned an anti-terrorist angle and emphasized the continuing cooperation with China, this exercise involved more than 9,000 troops including an armoured regiment.¹⁴ This is not the kind of force used for hunting al-Qaida, Chechen rebels, or for that matter Central Asian guerrilla groups. And an American invasion of the Russian Far East would, in my opinion, be even more unlikely than a nuclear exchange between the two countries. This leaves the obvious potential enemy: China. Clearly the Russian military has not yet given up on the possibility of a Sino-Russian war.

Similar but even larger military manoeuvres were carried out in June–July 2010. This exercise, Vostok (“East”) -2010, was indeed the largest military exercise in Russia since the dissolution of the Soviet Union. Held in Siberia and the Russian Far East like its predecessor Baikal-2006, the exercise did not have a designated enemy but included a counterattack on an enemy landing group and air strikes and the deployment of own units against the enemy. The exercise also included the deployment and use of naval assets, including those for anti-submarine warfare. In this context, it

14. See, e.g., Interfax-AVN, 1 June 2006, 28 June 2006, 3 July 2006, 4 July 2006, 5 July 2006, 6 July 2006.

should be remembered that Russia is a major exporter of submarines to certain of its SCO partners, with China a key beneficiary.¹⁵

Little public information is available on Chinese military manoeuvres. While Chinese military planning appears predominantly to be concerned with a potential military conflict with the United States, this does not seem to be the whole story. For sure, in July 2010, Chinese state media announced that the Chinese military had conducted its largest military exercise since the foundation of the People's Republic. The exercise took place in the South China Sea and was presented in a way that made international observers interpret it as a response to military manoeuvres held by United States and South Korea.¹⁶ The term "response" may be the key word here. There is little to suggest that this naval exercise had been planned in advance, and it was apparently not even endowed with a name, like other major military manoeuvres in China.

Besides, the Chinese military has not neglected the interior. Immediately after the South China Sea exercise, China announced that it would hold a five-day military exercise in the provinces of Henan and Shandong, called Vanguard-2010. Its focus would be air defence in a complex electromagnetic environment, including emergency evacuations of important headquarters.¹⁷ A year earlier, in August 2009, China announced its *then* largest-ever tactical military exercise, Stride-2009, in which one army division from each of the military commands of Shenyang, Lanzhou, Jinan, and Guangzhou would participate. Notably, the Shenyang military command faces the Russian Far East, while the Lanzhou military command faces southern Siberia and Central Asia. Unlike previous annual tactical exercises, the participating four army divisions and their air units would be deployed, in part by civilian high-speed and regular rail and air transport, to unfamiliar areas far from their garrison training bases. Except for this emphasis on long-range mobility, the objectives of the exercise were not announced, but this is the kind of long-range mobilization that would be required

15. See, e.g., RIA Novosti, 5 July 2010, 9 July 2010. For a thorough analysis of Vostok-2010, see Markus Ekström, *Rysk operativ-strategisk övningsverksamhet under 2009 och 2010* (Stockholm: FOI, 2010).

16. Xinhua, 29 July 2010; AFP, 29 July 2010; Voice of America, 30 July 2010.

17. Xinhua, 2 August 2010, 3 August 2010, 7 August 2010.

for any major war operation along China's land borders. What the Chinese state media did announce, however, was that the exercise would focus on suppressing a technologically skilled adversary's electronic devices and countermeasures, that the manoeuvres would take place in a complex electromagnetic environment, and that the troops involved in the exercise would not be dependent on foreign communication systems.¹⁸ These statements would seem to confirm that the manoeuvres were no mere anti-terrorism exercise. In this context, and of the aforementioned Vanguard-2010, it should be noted that the Russian military remains technologically at an advantage compared to its Chinese counterpart.

Besides, it remains quite likely that Chinese military strategists still feel the need for strategic nuclear deterrence aimed at Russia, even if they no longer publicize their views. At least one such analysis published in the post-Soviet period has come to light, although it admittedly dates to the period of the 1996 Shanghai Treaty, before the SCO was formally established. The analysis concludes: "Although Russia has promised us not to be the first to use nuclear weapons against China, we shall not let down our guard even for one day against the fact that the domestic political and economic situations of Russia are unstable and that a large number of nuclear weapons exist in that country."¹⁹ One may argue that Chinese analysts no longer see Russia as a threat; however, strategic issues of national security are not as freely debated in China as in Russia, so the absence of published views in this case does not warrant the conclusion that such views are no longer held within the Chinese state and military structures.

Under such circumstances of mutual suspicions in military headquarters, the existence of joint SCO military exercises, such as the Peace Mission-2007, Peace Mission-2009, Peace Mission-2010, and Peace Mission-2012 joint anti-terror drills, may

18. Xinhua, 11 August 2009.

19. Brad Roberts, "Strategic Deterrence Beyond Taiwan", Roy Kamphausen; David Lai; Andrew Scobell (eds), *Beyond the Strait: PLA Missions Other Than Taiwan* (Carlisle, Pennsylvania: Strategic Studies Institute, U.S. Army War College, 2009), 167–209, on 190–191. Roberts refers to "The Strategic Use and Development of the Second Artillery in the New Period", instructional materials, PLA National Defence University, Beijing, 1996.

be little more than confidence-building formalities.²⁰ This does not diminish their importance. Such joint manoeuvres might indeed be necessary for cooperation within the SCO for the very reason that they build confidence and allow the participating forces to get to know each other.

Moreover, the current Russian military doctrine highlights the fact that Russia's military and security relations with the SCO are ranked lower than those with several other organizations in the hierarchy of the country's security relationships. The doctrine concludes: "The Russian Federation's main tasks in deterring and preventing military conflicts are . . . to strengthen the system of collective security within the framework of the Collective Security Treaty Organization (CSTO) and to build up its potential, to intensify cooperation in the field of international security within the framework of the Commonwealth of Independent States (CIS), the Organization for Security and Cooperation in Europe (OSCE), and the Shanghai Cooperation Organization (SCO), and to develop relations in this sphere with other interstate organizations (the European Union and NATO)".²¹ The doctrine indeed spells out and ranks Russia's priorities, with the SCO mentioned only before the United Nations in relative importance.²²

The main priorities of military-political cooperation are: (a) with the Republic of Belarus: to coordinate activities in the sphere of the development of the national armed forces and the use of the military

20. On Peace Mission-2007, see, e.g., Zhao Xianfeng, Ji Guilin, Yang Liming, Lv (*sic*) Guoying, Dong Zhaohui, Ouyang Dongmei, Xuan Qi, Liu Chunmin (eds), *Peace Mission-2007* (China Military Online Special Report, 2007 (<http://english.chinamil.com.cn>)). For a different analysis of the exercise, see Roger N. McDermott, *The Rising Dragon: SCO Peace Mission 2007* (Washington, DC: Jamestown Foundation, Occasional Paper, 2007). On Peace Mission-2009, see, e.g., China Daily, *Peace Mission 2009*, 22 July 2009 (www.chinadaily.com.cn). For an analysis of the exercise, see Stephen Blank, "Peace-Mission 2009: A Military Scenario Beyond Central Asia", *China Brief* 9: 17 (Washington, DC: Jamestown Foundation, 2009), 7-9. On Peace Mission-2010, see, e.g., Xinhua, 19 September 2010, 25 September 2010 (the latter also reprinted on the SCO website). On Peace Mission-2012, see, e.g., China Military Online, *Peace Mission 2012 SCO Joint Anti-Terrorism Military Exercise June 8-14, Tajikistan* (<http://eng.chinamil.com.cn>). A previous military exercise of the same name, the Peace Mission-2005 manoeuvres held in China in August 2005, was a bilateral Sino-Russian event.

21. Military Doctrine of the Russian Federation, approved by the President of the Russian Federation by edict on 5 February 2010, §19e.

22. *Ibid.*, §51.

infrastructure; to formulate and agree measures to maintain the defence capability of the Union State [of Russia and Belarus] in accordance with the Military Doctrine of the Union State; (b) with the CSTO member states: to consolidate efforts and create collective forces in the interests of ensuring collective security and joint defence; (c) with other CIS member states: to ensure regional and international security and carry out peacekeeping activities; (d) with the SCO states: to coordinate efforts in the interests of countering new military dangers and military threats in the joint space, and also to create the necessary legal and regulatory base; (e) with the United Nations and other international, including regional, organisations: to involve representatives of the Armed Forces and other troops in the leadership of peacekeeping operations and in the process of planning and carrying out measures to prepare for peacekeeping operations, and also to participate in the formulation, coordination, and implementation of international agreements in the sphere of arms control and the strengthening of military security and to widen the participation of subunits and servicemen of the Armed Forces and other troops in peacekeeping operations.

From this list of priorities, it becomes clear that from a military and security perspective, Russia sees the SCO only as its fourth priority, after Belarus, the CSTO, and the CIS.

That the military forces within the SCO still plan for war among each other indicates, as a minimum, that the SCO has not yet achieved even the limited ability to serve as a regional security guarantor that the European Union has reached in Europe. In the latter region, the military forces of at least most union members no longer regularly prepare for war against each other. Granted, the European Union is an older organization than the SCO, and things might change in the future – at least if some sources of potential conflicts can be eliminated.

On the topic of war, one should remember that Russia does not only export energy but arms as well. China has for many years been an important importer of Russian arms, as has India. However, Russia has generally refrained from giving away its most up-to-date military technology to China – no doubt for the same reason that Russia does not wish to rely on China's goodwill forever when decisions have to be taken on energy infrastructure investments.

A further potential difficulty, unrelated to the old rivalry between Russia and China, should perhaps be mentioned. The SCO at

present contains two nuclear powers, with others (India, Pakistan, and eventually possibly Iran as well) holding observer status. Will the widespread existence of nuclear weapons within the SCO be a factor of stability or yet another problem in SCO internal relations?

The Issue of Common Values

Then there is the issue of common values, or the lack thereof, among the members of the SCO. Without indulging in common values rhetoric of the kind prevalent in the European Union or insisting on the establishment of a normative set of values for the SCO members (which in fact is ruled out by Article 2 of the SCO Charter, adopted on 7 June 2002, which insists upon non-interference in internal affairs and the equality of all member states), the fact remains that countries and peoples that share common values usually find it easier to cooperate than those who do not. In addition, a lack of common values, that is, a lack of a common discourse or vision for what one wants to get out of the relationship, often leads to misunderstandings, of a cultural if not political nature.

On the values front, there are indeed great difficulties to overcome, if the SCO members desire to expand cooperation beyond mere Realpolitik. It is sufficient to compare the two leading SCO member states: Russia and China. While China to all appearances remains a one-party state under the firm control of the Chinese Communist Party (CCP), Russia is a functioning albeit somewhat authoritarian democracy (despite the strengthening of presidential power introduced under Vladimir Putin and regardless of what some Western mass media say on the issue) headed by a president and prime minister who both enjoy widespread public support. Russia also maintains the rule of law, although of a model perhaps somewhat less perfect than in many other European countries, while one could argue – and many foreign investors do – that in China, the situation is far more that of rule of party than rule of law.

As for the other SCO member states (Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan), there are, when it comes to values, differences no less acute than those between China and Russia. Then we have the states with observer status in the SCO (Mongolia, Pakistan, India, Iran, and from 2012, Afghanistan). These come

with yet other sets of values – and also in some cases very strong religious sensitivities, something which in recent decades has played an increasingly important role in the creation of conflicts.

Instead of common values, the SCO emphasises what it refers to as the Shanghai spirit or, occasionally, the spirit of the Silk Road. At the fifth SCO summit in Astana in June 2005, when representatives of Mongolia, Pakistan, India, and Iran attended an SCO summit for the first time, President Nursultan Nazarbayev of Kazakhstan, which hosted the summit, greeted his guests by announcing that the leaders of the states sitting at this negotiation table were representatives of “half of humanity.”²³ Granted, such a gathering was truly impressive, but it also highlighted the vast differences in values and goals of the states represented there.

Conclusion

Clearly, there are a number of serious issues that will hamper continued cooperation within the SCO. Of these, I would argue that two are the most important ones. First, there is a lack of common values among the SCO member states. In particular Russia and China are developing in radically different directions. Russia’s economy, despite a few ups and downs, has grown significantly due to the high price of oil and the vast Russian energy reserves. China’s economy has been booming, although for quite different and perhaps ultimately more sound reasons as seen in the long term. Yet both countries will have to face difficult choices on how to develop those vast regions of their territory that so far have seen but little economic growth. As long as Russia continues to nurture its new-found democratic tradition, and China maintains its one-party rule, time will no doubt show that the two political traditions will find increasingly little common ground. In parts of Russian Siberia, popular opposition to economic reforms such as increases in the domestic price of energy will have to be met through parliamentary means, or at least means that are regarded as democratic. However, similar popular opposition in those Chinese regions unable to take advantage of the economic boom can only be suppressed, not accommodated, or the one-party state will fail.

23. Kazinform (www.kazinform.kz), 5 July 2005.

Such fundamental differences in approach to complex political issues will mean that the two great powers in the future, will after all, only be able to cooperate within the traditional bounds of Realpolitik. There can be but little genuine sympathy for the other, and all decisions must take into account the fact that the other party might in time turn out to be an enemy, not a partner.

Second, the lack of available energy (in particular natural gas) in sufficient volumes, at least within the next decade or so, will hamper cooperation. Can Russia really continue to export its valuable energy resources indefinitely if domestic consumers are feeling the winter cold? The Soviet Union might have succeeded in such a venture, but how about the new Russia under Vladimir Putin and Dmitry Medvedev, elected as they are? And how about the new infrastructure? I very much doubt that Russia would allocate its limited and very valuable resources for the construction of export infrastructure with only one customer in mind. Russia has already tried this, for instance with regard to Turkey – and been burned for the lack of strategic foresight. A one-customer market is a buyer's, not a seller's, market. The difficulties in agreeing on a price formula acceptable to both parties are symptomatic of this. To put it simply, Russia will not squander its ability to diversify its energy exports merely to satisfy China, from Russia's perspective a country which although friendly today might turn out to be an enemy tomorrow.

Which of course is sad. Because a greater level of mutual dependence in vital economic issues such as the provision of energy supplies might be the very thing really to bring the two countries together – and thereby promote further cooperation and, perhaps, even the emergence of shared values beyond the sphere of pure Realpolitik.

Realpolitik is all about national interests. While countries, in the words of Lord Palmerston (1784–1865), may have “eternal and perpetual interests”, they have “no eternal allies” and “no perpetual enemies.”²⁴ As long as Russia and China – and also

24. Henry John Temple, Viscount Palmerston, speech in the House of Commons on foreign policy, 1 March 1848. He said: “We have no eternal allies and we have no perpetual enemies. Our interests are eternal and perpetual, and these interests it is our duty to follow.”

the smaller SCO members – do not at least attempt to approach each other on these issues, the conclusion would seem to be that the establishment of the SCO indeed was nothing but yet another example of great power politics. The SCO is then only a new chapter in the history of the Great Game, which, as Rudyard Kipling (1865–1936) reminded us, will only end “when everyone is dead.”²⁵ Each member state brings its set of national interests, and those of in particular the great powers Russia and China are but seldom compatible – as their mutual history shows quite clearly. And an organization with so many inherent rivalries, as the SCO would seem to be, will hardly be the ideal guarantor of Central Asian security, despite the very real necessity to provide stability and security in this particular region.

25. Words put in the mouth of Hurree Chunder Mookerjee (Hurree Babu) in Rudyard Kipling, *Kim* (1901): “When everyone is dead the Great Game is finished.”

CHAPTER 2

The Spirit of the Silk Road

The SCO and China's Relations with Central Asia

Pan Guang

China established close contact with Central Asia through the Silk Road as early as two thousand years ago. However, this direct contact was suspended after the middle of the nineteenth century due to the fact that most of Central Asia became a component part of the Russian Empire and, later, the Soviet Union. The disintegration of the Soviet Union caused Central Asia to open its door to the outside world again. The establishment of a Sino-Russian-Central Asian strategic cooperative partnership built a solid foundation for the Shanghai Five process and later the SCO mechanism. This multilateral organization has integrated for the first time in history the diverse interests of China, Russia, and the Central Asian states, by minimizing their differences or negative consequences coming from competition, while maximizing and consolidating their common interests.

To Solve Border Issues and Advance Security Cooperation

In April 1996 and April 1997, two agreements for security and disarmament along borders, which marked the beginning of the Shanghai Five–SCO process, were signed by China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan, indicating that a stable security cooperation between China and her Central Asian neighbours had been built up. In the framework of the Shanghai Five – SCO, all the disputes regarding the western section of the formerly Sino-Soviet border of more than three thousand kilome-

tres, which had bred instability and conflicts for centuries, were completely solved in eight years, which is a rare case in the history of international relations. The borders that China does share with seven SCO member and observer states make up, together, about three-quarters of China's total land border. Moreover, the SCO has advanced the process of confidence building and increased the trust between China and nine of its close neighbours, including two participants in the SCO system – Iran and Uzbekistan – with which China has no common border.

At the same time, the Shanghai Five–SCO process provides a good structure for China, Russia, and the Central Asian countries to cooperate closely in combating terrorism, extremism, and frustrating such non-conventional security threats as drug trafficking, weapons smuggling, illegal immigration, environmental pollution, water resource shortage, and emergent public health incidents.

After the dissolution of the Soviet Union, especially since 1996, with the support from the Taliban and al-Qaida, religious extremists and terrorist organizations in Central Asia built up cross-border networks, causing major problems for the countries in this region. The Shanghai Five was the earliest international community calling for cooperative actions against terrorism in Central Asia. On 15 June 2001, less than three months before 9/11, leaders of the six countries signed the Shanghai Convention on Combating Terrorism, Separatism and Extremism when launching the SCO.¹ This convention, as the first international treaty on anti-terrorism in the twenty-first century, spelt out the legal framework for fighting terrorism and other evil forces for SCO members and their co-ordination with other countries. The SCO further stepped up its security cooperation following 9/11, the war in Afghanistan, and the “colour revolutions.” In 2004, the establishment of the SCO Regional Anti-Terrorism Center (RATS) was a strategic step in strengthening the security cooperation.

Since the beginning of 2010, there has been a new wave of political conflicts and related turmoil in Central Asia, especially in Kyrgyzstan. The riots and turmoil in Central Asia in 2005 and 2010

1. Shanghai Convention on Combating Terrorism, Separatism and Extremism, Shanghai, 15 June 2001.

were basically accounted for by four reasons: First, the economic standstill and the growing gap between the rich and poor gave rise to serious discontent on the part of the lower-class masses. Second, with contradictions growing between different interest groups, certain political elites split from the top leadership, forming political opposition groups of their own and thus upgrading the domestic confrontations. Third, some foreign powers were actively engaged in fomenting “revolution” or regime change. And fourth, terrorist and extremist forces were glad to fish in the troubled waters. All these four elements still exist today, not only in Kyrgyzstan.

At the same time, Afghanistan and Pakistan have witnessed the resurgence of the Taliban and al-Qaida. Such a scenario is a disaster for Central Asia because almost all the key figures of terrorist groups in Central Asia have emerged from the Jihad in Afghanistan, which remains the main base and spiritual pillar of global terrorism, including those terrorist groups that undermine Central Asia’s stability. More severely, Hizb ut-Tahrir (the Islamic Liberation Party) and other extreme groups are fast winning support in Central Asia, particularly in the poverty-stricken Ferghana countryside, posing serious challenges to the SCO and the international community. Evidence shows that al-Qaida and other terrorist organizations stirred the unrest during the spring and summer of 2010 in Kyrgyzstan.² The following year, President Roza Otunbayeva warned that terrorist attacks were being planned in Kyrgyzstan.³

Facing such a serious situation, the SCO Tashkent summit on 11 June 2010 and the SCO Astana summit on 15 June 2011 decided to further deepen security cooperation and draw up a long-term comprehensive strategy to eradicate the root causes of terrorism and extremism in Central Asia.⁴

2. *Daily Telegraph* (UK), 20 June 2010.

3. *Nezavisimaya gazeta*, 2 February 2011.

4. See Tashkent Declaration of SCO Heads of State Council Meeting, Tashkent, 11 June 2010 and the Astana Declaration of the 10th Anniversary of the Shanghai Cooperation Organization, Astana, 15 June 2011.

To Promote Economic Cooperation and Cope with Financial Crises

Economic and trade relations between China and Central Asian countries have also developed very rapidly. Compared with USD 500 million in 1992, China's trade with five Central Asian countries reached USD 30 billion in 2010.⁵ After several years of construction, the oil pipeline from Kazakhstan to China (Atyrau–Kenkiyak–Atasu–Alashankou) started its work in 2006. The natural gas pipeline from Turkmenistan to China via Uzbekistan and Kazakhstan was opened at the end of 2009. If connected with the Xinjiang–Shanghai pipeline, the lines will finally reach the Pacific, even possibly Japan and South Korea. This opens a new chapter in energy cooperation between China and Central Asia, and even between East Asia and Central Asia. It should be pointed out that the economic cooperation that the SCO is committed to pursuing is directly conducive to China's program for developing its western regions, and that Central Asia–Siberia, unlike the Middle East, Southeast Asia, Africa and Latin America, is the only land-based channel of energy import and transportation for China. Indeed, Central Asia even has the potential to open a land transportation route for the Chinese energy imports from the Middle East. Likewise, for the first time in history, the Central Asian countries obtained eastward-flowing energy pipelines and opened a door to East Asia and the Pacific. This is strategically important for the future development of Central Asia.

The SCO has also played a positive role in promoting economic cooperation. The SCO Tashkent summit meeting in 2004 pointed out that “Maintaining a sustained economic growth in Central Asia and the countries in its periphery and meeting the urgent needs of their peoples serves as a major guarantee for ensuring the stability and security of the region and the countries in its periphery.”⁶ The SCO Astana summit meeting in 2005 made it clear that the main priority for the near future was to put into practice the Action Plan on Fulfilment of the Program of Multilateral Trade and Economic Cooperation between SCO Member States, thus embarking on a pragmatic course of cooperation in trade, transportation, environ-

5. Website of the Ministry of Foreign Affairs, People's Republic of China.

6. The Tashkent Declaration, Tashkent, 17 June 2004.

mental protection, disaster relief, rational use of natural resources, etc.⁷ The SCO Shanghai summit in 2006 decided to choose energy, information technology, and transportation as the priority areas of economic cooperation,⁸ stressing particularly the importance for proceeding with the implementation of certain demonstration programs in these areas.

The SCO Mechanism of Interbank Cooperation was formally inaugurated before the 2006 Shanghai summit. The official launch of the SCO Business Council during the Shanghai summit provided a new source for facilitating greater economic cooperation within the SCO framework.⁹ In 2007, coordinating efforts made by the SCO helped open the Kazakhstan–China pipeline to the Russians. Now, Russia sends 5 million tonnes of crude oil per year to China through the China–Kazakhstan pipeline. In this way, multilateral energy cooperation among China, Central Asia, and Russia is promoted within the SCO framework.

The spread of the global financial crisis brought to a standstill quite a few projects in Central Asia. With some enterprises closing down, large numbers of employees were laid off, while local currencies there depreciated sharply. Facing this serious situation, the SCO leaders proposed to set up an SCO development fund and open an SCO account – the first step to an envisioned SCO Bank.¹⁰ At the same time, SCO leaders are active in promoting bilateral currency exchange in order to avoid any negative impact of Euro crises and the weak USD. All these measures are expected to provide a financing platform for economic recovery in the region. All SCO member and observer states, as stakeholders, are now working together to promote the long-term economic and social development of the region.¹¹

7. Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, 6 July 2005.

8. Joint Communiqué of the Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, Shanghai, 15 June 2006.

9. Ibid.

10. *Xinhua News Agency*, Xian, 10 November 2007.

11. The Astana Declaration of the 10th Anniversary of the Shanghai Cooperation Organization, Astana, 15 June 2011.

To Highlight the Spirit of the Silk Road

Central Asia is an area where the Confucian, Islamic, Slavic, and Indian civilizations meet. From ancient times to this date, religious and cultural differences have often fuelled ethnic, religious, and sectarian conflicts. The historic tragedy of destroying the Bamiyan Statues, the symbol of Buddhist culture in Afghanistan, by the Taliban regime is still fresh in memory. Terrorist and extremist forces have also used these religious, ethnic, and cultural differences to incite disunity and manufacture turmoil like the 2010 tragedy in Kyrgyzstan. Against this background, it is particularly significant that cultural and humanistic cooperation is to be stepped up within the framework of the SCO.

As Chinese President Hu Jintao pointed out, “SCO members all have their distinctive human resources that represent good potential for cooperation. Cooperation should be actively promoted in the fields of culture, education, science and technology, tourism, mass media, etc. in order to enhance the mutual understanding and friendship among the SCO peoples and consolidate the social basis of growth of the SCO.”¹² Especially noteworthy was the recognition at the SCO’s 2005 Astana summit that the “formulation of coordinated methods and recommendations on conducting prophylactic activities and respective explanatory work among the public in order to confront attempts of exerting a destructive influence on the public opinion is a vital task.”¹³ The following SCO summits emphasized again and again the need to actively promote people-to-people activities as well as cultural cooperation.

In the short term, the focus of such cooperation is to highlight the spirit of the Silk Road by enhancing mutual communication and understanding among the different civilizations and nations in the region, thus strengthening personal ties among the Chinese, Central Asians, and Russians, and paving the way for comprehensive cooperation within the SCO. The document on educational cooperation signed at the Shanghai summit in 2006 represents another SCO initiative to broaden its individual as well as cul-

12. President Hu Jintao’s speech at the SCO summit, Tashkent, 17 June 2004.

13. Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, 5 July 2005.

tural cooperation,¹⁴ while the formal launch of the SCO Forum, an academic mechanism for research and discussion, provided intellectual support for the further development of the organization.¹⁵ The annual SCO Cultural and Art Festival is also a specific achievement in the cultural field.

China's Driving Role in the SCO

Throughout the process of Shanghai Five – SCO, China has played a key role as the major driving force. China's crucial role in the SCO can be traced mainly in the following contexts:

First, formulating the theoretical guidelines. Summarizing the successful experience of the Shanghai Five, in 2001, China put forward for the first time a definition of the Shanghai spirit: “mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations, and pursuit of common development”.¹⁶

Second, promoting institutionalization. China has actively pushed forward the institutionalization of the SCO since its foundation, and particularly following the 9/11 terrorist attacks on the United States. The opening of the SCO Secretariat in Beijing in January 2004 and its effective work bear witness to the critical role that China now plays in regularizing the work of the organization through its permanent institutions. A resolution was therefore passed at the SCO's 2006 Shanghai summit to strengthen the role of the SCO Secretariat within the multilateral system.¹⁷

Third, giving direct support to major projects. China has granted direct and substantial assistance to the major SCO projects. Its financial contribution to the organization surpasses that of any other member. China offered USD 900 million in buyer's credits to other SCO member states in 2005–2007, greatly promoting and deepening SCO economic cooperation.¹⁸ Recently, China promised to

14. Joint Communiqué of the Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, Shanghai, 15 June 2006.

15. SCO Secretariat, The Shanghai Cooperation Organization Forum, *SCO Bulletin*, 2006, 57.

16. *People's Daily*, 16 June 2001.

17. Joint Communiqué of the Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, Shanghai, 15 June 2006.

18. President Hu Jintao's speech at the SCO summit, Tashkent, 17 June 2004.

offer USD 10 billion for other SCO member states to cope with financial crises.¹⁹ Cultural cooperation is another area in which China has played a pivotal role. China set aside a special fund to train 1,500 management and professional talents in different fields for other member states within three years from 2005–2007.²⁰

Although China has been a major force in driving forward the SCO process, it is not quite correct to say that China has been dominating or leading the process. Theoretically speaking, all the participating states are equal, which is itself a key component of the “Shanghai spirit.” Legally speaking, the SCO has a rotating chairmanship, but no “chairing nation.” Of course, since China and Russia do outweigh other SCO member states, both these countries have undeniably played a key role in facilitating the SCO process. This, of course, means that the coordination and consultation between China and Russia are invariably crucial for the further development of the organization.

At the same time, with the Obama administration in office and showing a ready inclination for dialogue and multilateralism, China, the United States, and Europe are coordinating and cooperating more effectively in Central Asia in addressing a series of common challenges, as shown by the China–United States Joint Statement on 17 December 2009 and 19 January 2011,²¹ and the China–European Union Joint Statement on 30 November 2009.²² It may help to establish a possible partnership between the SCO and the United States, and between the SCO and the European Union.

Conclusion

With China’s rapid economic growth, particularly with the further development of China’s western region and its accelerating demand for energy, Central Asia is becoming more and more significant strategically for China. The SCO has enabled China to build security, political, economic, and cultural ties with the

19. President Hu Jintao’s speech at the SCO summit, Yekaterinburg, 16 June 2009.

20. President Hu Jintao’s speech at the SCO summit, Astana, 5 July 2005.

21. China–United States Joint Statement, 17 December 2009, Beijing; and China–United States Joint Statement, 19 January 2011, Washington, D.C.

22. China–European Union Joint Statement, 30 November 2009, Nanjing.

region as never seen before, which creates conditions for China to play an active and constructive role in the region. Cooperation within the multilateral framework makes it possible for China to avoid frictions with its neighbours while preserving and pursuing its own national interests. This also shows that Chinese diplomacy has entered a new stage with its orientation towards multilateral interactions.

The SCO Ten Years After In Search of Its Own Identity

Yu Bin

Introduction

In the ten years since the founding of the Shanghai Cooperation Organization (SCO), Central Asia has changed so much, yet so little, for at least two reasons. First, the Afghan war has come a full cycle from 9/11 in 2001 to the killing of Osama bin Laden in March 2011; this war, however, is yet to be won, or abandoned, by the world's most powerful militaries, the United States and NATO. Second, it has changed so much because from its inception several months before 9/11 the SCO has moved to become a regional security group with growing influence; so little because the member states of this regional security group have largely retained their sovereignty while enjoying the relative stability, security, and economic benefits of the SCO, benefits rarely seen in the age of the "war on terror", weapons of mass destruction, pre-emption, and more recently socio-political instability such as the "jasmine revolutions" in North Africa and West Asia. In other words, perhaps nowhere else in the world other than in Central Asia in the twenty-first century have war and peace been juxtaposed so closely, for so long, and affecting so many.

The dual nature of interdependence and independence between the SCO's member states has led to two rather polarized views of the SCO in the West. The alarmists believe that the SCO is making itself into a NATO of the East, thus posing a long-term threat to

the West and the United States.¹ Meanwhile, the other view points to the “looseness” of the SCO that prevents it from becoming a cohesive group like NATO.² Sino-Russian rivalry, in the context of a new round of Central Asia’s “great games”, is also said to be a major obstacle to the SCO’s long-term sustainability.³

There is plenty of evidence to support these contradictory views of the SCO. For the alarmists, the SCO remains the world’s only regional security group without the direct participation of the United States.⁴ It also weathered the “colour revolutions” of 2003–05 that destabilized many former Soviet republics (Georgia, Ukraine, Uzbekistan, etc.). In 2007, the SCO allowed some 80 nations,

1. See Fred Weir, “Russia, China looking to form ‘NATO of the East?’” *Christian Science Monitor*, 26 October 2005, www.csmonitor.com. In a U.S. Congressional hearing, “The Shanghai Cooperation Organization: Is It Undermining U.S. Interests In Central Asia?” on 26 September 2006, U.S. Senator Sam Brownback (Republican, Kansas) was concerned about the call made at the SCO’s summit in July 2005 for the withdrawal of foreign forces from Central Asia. He concluded that the SCO was worth watching closely in case it took “an aggressive trajectory”. Heather Maher, “Central Asia: U.S. Helsinki Commission Concerned about SCO’s Influence”, *Radio Free Europe*, 26 September 2006, www.rferl.org. The most recent expression of this alarmist view is the West’s reaction to the 2011 Summit meeting of the SCO in Kazakhstan on 15 June 2011. In a joint declaration, leaders of the six SCO members stated, “The unilateral and unlimited build-up of missile defense by a single state or by a narrow group of states could damage strategic stability and international security.” Al Jazeera’s English program, “Inside Story – A NATO for the East?” 15 June 2011.
2. See Alec Rasizade, “The Specter of a New ‘Great Game’ in Central Asia”, *Foreign Service Journal* (November 2002), 48–52; Subodh Atal, “The New Great Game”, *The National Interest* (Fall 2005), 101–105; J. Peter Pham, “Beijing’s Great Game: Understanding Chinese Strategy in Central Eurasia”, *American Foreign Policy Interests*, no. 28 (2006), 53–67; Dmitri Trenin, “Russia and Central Asia”, in Eugene Rumer, Dmitri Trenin, and Zhao Huasheng, eds., *Central Asia: Views from Washington, Moscow and Beijing* (M.E. Sharpe, 2007), 84; Martha Brill Olcott, “Central Asia: Carving an Independent Identity among Peripheral Powers”, in Devid Shambaugh and Michael Yahuda, eds., *International Relations of Asia* (Lanham: Rowman & Littlefield, 2008), 248–251.
3. See Stephen Blank, *Energy, Economics, and Security in Central Asia: Russia and Its Rivals*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 1995, 25–28; Stephen Blank, *Toward a New Chinese Order in Asia: Russia’s Failure*, NBR special report #26, March 2011; Younkyoo Kim, “Central Asia’s New Great Game and the Rise of China”, Paper for the 2nd International Conference of the HK Russia-Eurasia Research Project, Hanyang University, Korea, 2011, www.eurasiahub.org.
4. The United States applied in 2005 for observer status at the SCO, but was rejected. “Shanghai surprise: The summit of the Shanghai Cooperation Organization reveals how power is shifting in the world”, the *Guardian*, 16 June 2006, www.guardian.co.uk.

but not the United States, to observe the rehearsals of the Peace Mission-2007 in Russia's Volga-Urals region.⁵ As a platform from which China and Russia are seen to be able to deflect, frustrate, and neutralize America's influence in Central Asia, the SCO is at best an irritant to Washington. The West's suspicion and negativity toward the SCO are therefore not a surprise.

For the "great game" school, Beijing's dissonance with Moscow was said to be evident when China, together with the Central Asian members of the SCO, failed to support Russia's sponsorship of an independent Abkhazia and South Ossetia following a five-day war with Georgia in August 2008; and when China and Turkmenistan formally opened their gas pipeline on 14 December 2009.

None of the two views, however, captures the essence, complexities and, dynamics of the regional security group. Both perceive the SCO from the West's own experience of interstate politics in general, and alliance politics in particular. They all forget that the SCO is in a league of its own. The purpose of this chapter, therefore, is to examine the historical background and internal logic of the SCO as well as its impact on regional geopolitics. It begins with an overview of the geopolitical setting in Central Asia prior to the SCO founding. This is followed by a description of the evolution of the regional security group from the Shanghai Five in 1996 to the SCO in 2001, during which the SCO quickly developed its unique identity of diversity and equality. At the onset of its second decade of existence, however, the SCO is faced with new challenges in the areas of security, economic development, future expansion, and above all relations with the United States, the world's sole superpower actively involved in regional affairs.

The Setting: Central Asia and the Great Powers

Great power competition in Central Asia ebbs and flows in a timeless and tireless fashion. Indeed, the unique geopolitical location and the inherent weakness of the Central Asian states were attractive to the major powers during their expansionist stage, yet proved detrimental, leading to their eventual decline or demise.

5. Interfax, "U.S. Observers Denied Monitoring of SCO Military Exercises", 13 August 2007, Foreign Broadcast Information Service (FBIS hereafter).

This was true for nineteenth-century Britain and the twentieth-century Soviet Union. In the twenty-first century, the fault line in the current jockeying for interests and influence in Central Asia between Washington, Moscow, and Beijing is not easily discernible, unlike in Europe and East Asia during the Cold War and after. Instead, fluidity, uncertainty, and even outright reversal of fortunes among the major players have been the norm. If this is the case, it is questionable how “new” the “great Game” in Central Asia is.⁶ It is but another episode of the timeless interaction among external powers.

Since the last decade of the twentieth century, several interrelated, but separate, lines of development intersected in Central Asia. In the first ten years of the post-Soviet era, Russia’s predominant posture in Central Asia was weakened by the disintegration of the Soviet Union. Meanwhile, the Russian political elites regarded the former Soviet republics as an unnecessary burden economically and to a lesser extent politically because of the non-democratic nature of the Central Asian states. At least for the first half of the 1990s, the influence of Iran and Turkey increased quite rapidly due to their cultural and linguistic intimacy with the Central Asian states. It took a more charismatic and capable Vladimir Putin, plus rising oil prices and interests, for Russia to refocus on Central Asia.⁷

Although the United States quickly extended diplomatic recognition to all of the former Soviet republics shortly after the fall of the Soviet Union in 1991, Washington’s attention to Central Asia in the first half of the 1990s was insignificant at best.⁸ In 2001, after 9/11, the world’s sole superpower placed a massive strategic footprint in the region, only to make a partial exit to Iraq in 2003

6. For the new great game argument, see Kim, “Central Asia’s New Great Game and the Rise of China”, 2011.

7. For analyses of the major powers’ interaction in Central Asia, see Zheng Yu [郑羽] (ed.), *Cooperation and Competition: China, Russia and U.S. in Central Asia, 1991–2007* [中俄美在中亚：合作与竞争] (Beijing: Social Sciences Academic Press, 2007), 16–20; Charles Ziegler, Chapter 8, “Russia and China in Central Asia”, in James Bellacqua, ed., *The Future of China–Russian Relations* (The University Press of Kentucky, 2010), 234.

8. Between 1991 and 1995, only Vice President Gore visited Kazakhstan (in 1993). Few U.S. officials of ministerial level and above ever travelled to Central Asia. See Zheng Yu, *Cooperation and Competition*, 18.

for its greater Middle Eastern project. From 2009, Washington was able to refocus on the region, only to have the Afghan war begin dangerously spilling over into Pakistan.

China considered its role and interests in Central Asia to be “limited” in the early post-Soviet years,⁹ though its steadily deepening economic relationship with the region would over the next ten years make Beijing one of the region’s most significant players for the first time in a hundred years. Unlike Moscow and Washington, however, Beijing has no option to disengage from the region, for at least three reasons: a complex situation bordering the more vulnerable parts of China’s western provinces¹⁰ as a result of the overnight appearance of several new states along China’s western borders in 1991; a general state of socio-politico-economic instability of these new nations; and the rising tide of Islamism across the region after the end of Soviet political ideology. All of this has a negative impact on China’s western provinces, with a large number of ethnic minorities, particularly the 10-million Uighur population, whose ethnic affiliation with its Central Asian counterparts is a challenge for China even under normal circumstances. As a result, Beijing tries to cope with a volatile region while dealing first with its strategic partner Russia, the more seasoned player of power games in Central Asia; and then with the more powerful United States, determined to expand its influence even, before 9/11.¹¹

Under these circumstances, the U.S.–China–Russia strategic interaction in Central Asia is bound to be complex, asymmetrical,¹² multi-faceted, and open-ended. While competition is somewhat

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9. For China’s limited role in Central Asia, see Zheng Yu, *Cooperation and Competition*, 16–17.
 10. Historically, external influence on China’s domestic ethnic tension was a constant phenomenon. Of the more than twenty large-scale insurgencies in Xinjiang during the last Qing Dynasty (1616–1911), most of them had external connections. In the 20th century, according to Chinese analysts, Xinjiang’s disturbances and separatism were also connected with “the forces that dominated Central Asia”, meaning the former Soviet Union. See Zheng Yu, *Cooperation and Competition*, 381.
 11. Zhao Huasheng [赵华胜], *China’s Central Asian Diplomacy* [中国的中亚外交] (Beijing: Shi Shi Chubanshe, 2008), 57–58; Zheng Yu, *Cooperation and Competition*, 24–26.
 12. Albeit weakening, Russia remains the most influential player in the region largely because of more than a century of Russianization and later Sovietization of the region. American influence is largely military while China focuses on economics.

inevitable, compromise and even cooperation are, and should be, part of the geostrategic equation. Within this context, China carefully plays its cards in multilateral and bilateral ways while dealing with Washington's hard power in the heartland of Eurasia and with Russia's traditional role as the region's dominant power. Since 1996, the locus of this asymmetrical competition has been the Shanghai Cooperation Organization (SCO), a new institution whereby Moscow and Beijing coordinate, compete and compromise with each other's interests and influences; and cope with the world's most powerful nation, whose suspicion of the SCO is almost unavoidable for to both geopolitical and ideological reasons. Regardless of how it is viewed by outside powers, the SCO is a game-changer in Central Asia, which infuses new dimensions and new dynamics into the enduring interaction between great powers.

From the Shanghai Five to the SCO

China was in the driver's seat for the conception and initiation of the Shanghai Five (1996) for practical purposes, while Russia aimed at its "Eurasian integration" model as both a counter-weight and alternative to NATO.¹³ At the outset, issues of border disputes, force reduction, and military confidence-building were the primary concerns in the aftermath of Soviet collapse. The sudden appearance of several independent states along China's western borders not only complicated the ongoing border negotiations between China and those former Soviet republics, but also increased the fear of the rise of Islamic extremism in the region. Stability of the border regions, therefore, was paramount for China.

It just so happened that China's western provinces were becoming more restless while Central Asia started to drift away from Gorbachev's Russia, as the latter's reforms quickly degenerated from great hope to deep crisis. Several riots occurred in the late 1980s in Tibet, and harsher policies were imposed following the crackdown. In the 1990s, Xinjiang witnessed a number of incidents ranging from bus bombings to violent demonstrations and

13. See Mikhail Troitskiy, "A Russian perspective on the Shanghai Cooperation Organization", in SIPRI Policy Paper, "*The Shanghai Cooperation Organization*", No. 17 (May 2007), 31.

crackdowns.¹⁴ In the new millennium, ethnic tensions in Tibet and Xinjiang began to escalate in both scale and intensity,¹⁵ and terrorist attacks four days before the opening of the 2008 Beijing Olympics killed 16 and wounded another 16 Armed Police.¹⁶ Although internal policies were part of the rising ethnic tension and violence, Beijing also perceives the rise of Islamic separatism in the adjacent Central Asia after the Soviet collapse as an external stimuli that enhances the Uighurs' cultural identity and ethnic tension in Xinjiang. According to PLA General Xiong Guangkai [熊光楷], pro-Eastern Turkistan separatists launched more than 260 terror attacks inside China from 1990 to 2003, killing 170 and wounding 400.¹⁷

The year 1996 witnessed two separate, but somewhat inter-related, developments in the region. In April, the heads of state of Kazakhstan, China, Kyrgyzstan, Russia, and Tajikistan created the Shanghai Five by signing "The Treaty on Deepening Military Trust in Border Regions." In September, the Taliban came to power and increasingly turned Afghanistan into a hotbed of religious extremism and even terrorism, thus threatening the stability and security of its neighbours, including China. By 1998, Beijing felt that separatist activities, particularly those of the Eastern Turkistanists, not border issues, were the main challenges for regional security

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14. Several of which took place in Xinjiang's capital city of Urumqi. An armed insurgency reportedly broke out in Xinjiang in April 1990 and in 1996–97 more riots were reported. See Gardner Bovingdon, "Xinjiang", in William A. Joseph, ed., *Politics In China: An Introduction* (Oxford University Press, 2010), 348; Michael Fredholm, *Islamic Extremism as a Political Force in Central Asia: A Comparative Study of Central Asian Extremist Movements* (Stockholm: Stockholm University, Asian Cultures and Modernity 12, 2006).
 15. Those incidents peaked prior to the 2008 Beijing Olympics: the 14 March riot in Tibet's capital Lhasa, the largest since 1988–89; an aborted bombing of Flight CZ6901 of China Southern Airline from Urumqi to Beijing on 7 March 2008. See "Police Report on Aborted Attack of the China Southern Airline [警方通报针对南航班机未遂恐怖袭击案]". Xinhua Net [新华网], 28 March 2008, <http://news.xinhuanet.com>.
 16. "A Violent Attack of Policy in Ka Shi City, Xinjiang, 16 Dead [新疆喀什市发生一起严重暴力袭警案件 16人死亡]", Xinhua Net [新华网], 4 August 2008, <http://news.sohu.com>.
 17. Xiong Guangkai [熊光楷], *International Strategy and Revolution in Military Affairs* [国际战略与新军事变革] (Beijing: Qinghua University Press, 2003), 20. Xiong is former PLA Deputy Chief of Staff (1996–2005) and former Director of the General Staff Intelligence Department (1988–92).

and stability. Beijing apparently persuaded other members of the Shanghai Five to adjust its mission from force reduction and military confidence-building along the border regions to one of multiple dimensions, including combating the “three forces” of terrorism, national separatism, and religious extremism. In their third summit in July 1998, the Shanghai Five vowed in the joint communiqué to strike against the “three forces”, plus arms and drug smuggling activities in the region. In the fourth Shanghai Five summit in Kyrgyzstan in August 1999, the organization made it explicit that members of the organization would not allow the actions from their own countries to jeopardize the sovereignty, security, and social order of any other member state.¹⁸ This item was particularly important for China because of the large Uighur communities in the Central Asian countries, particularly Kazakhstan, Kyrgyzstan, and Uzbekistan.¹⁹ By the time the Shanghai Five evolved into the SCO (adding Uzbekistan) in June 2001, which was fully three months before 9/11, fighting the “three evils” (also known as the “three forces”) of extremism, separatism, and terrorism had become an integral part of SCO policy. Ten days prior to 9/11, the China Institute of Contemporary International Relations (CICIR) in Beijing officially operationalized its Center for Counter-Terrorism Studies (CCTS) with the publication of its first study of international terrorism, *Global Terrorism and Counter-Terrorist Campaign*.²⁰ The Chinese, as well as their counterparts in the SCO, indeed had a very heightened sense of international terrorism, while the new Bush administration was preoccupied with the “vestigial Cold War concerns” such as the ABM Treaty while downgrading United States counterterrorist institutions and ignoring the coming threat against America.²¹

18. Zhao Huasheng, *China's Central Asian Diplomacy*, 59–60.

19. It is estimated that China is home some 8.5 million Uighurs, while Kazakhstan, Kyrgyzstan, and Uzbekistan have some 200,000. See Zheng Yu, *Cooperation and Competition*, 375.

20. *Global Terrorism and Counter-Terrorist Campaign* [国际恐怖主义与反恐斗争], 1 September 2001 (Beijing: Shi Shi Chubanshe, 1 September 2001), www.wl.cn/1265254.

21. Lewis Clarke, *Against All Enemies* (New York: Free Press, 2004), 234, 230–31.

In the next ten years, the SCO demonstrated its resilience with steady expansion. Now the six formal SCO member states occupy a territory of around 30 million square kilometres, which makes up three fifths of the Eurasian continent, and have a population of 1.5 billion, which is a quarter of the world's population.²² The regional organization has now reached out to have four observer states (Mongolia in 2004; Iran, India, and Pakistan in 2005), two “dialogue partners” (Belarus and Sri Lanka in 2009) and an SCO–Afghanistan Contact Group set up in 2005. If observer and dialogue members are included, the SCO represents about half of the world's population on the bulk of the Eurasian continent. Physical setting aside, the SCO has become well entrenched, with a growing influence in the region, not only in the security and political realms but also in many non-security areas such as economics, transportation, communication, law, culture, health, education, environmental protection, finance, and tourism. In 2004, the SCO set up two permanent bodies: the Secretariat in Beijing and the Regional Counter-Terrorism Structure (RCTS) in Tashkent, Uzbekistan. Since 2003, the SCO has had several rounds of anti-terrorist military exercises (2003 in Kazakhstan and China; Peace Mission-2005 in China's Shandong Province; 2007 in Russia's Chelyabinsk area; 2009 in China's Jilin Province; and 2010 in Kazakhstan).

Diversity vs. Uniformity

The evolution of the SCO and its interactive mode indicate at least four crucial differences between the SCO and typical Western military alliances, in terms of their origins, components, operating mechanism, and orientation:

First, most alliances, particularly those in the twentieth century and beyond, were formed with a clearly defined external enemy. This was the case for the Central Power–Triple Entente pair before the First World War, whose rigidity committed major powers to declare war on each other within ten days. The NATO–Warsaw Pact confrontation of the Cold War globalized the military and

22. “Brief introduction to the Shanghai Cooperation Organization”, SCO website, www.sectSCO.org.

ideological rivalry of the two superpowers. The SCO and its predecessor the Shanghai Five, however, were created for managing their border and general regional issues in the aftermath of the Soviet collapse.

The second, and perhaps the biggest, difference between the SCO and Western military alliances lies in their respective components. For much of the twentieth century and beyond, Western alliances were formed *because of* (or *by, of, and for*) uniformity, or sameness; hence, NATO members must be democracies and European Union members must be European – and perhaps even Christian and white. The SCO, however, interfaces with nearly all major civilizations (Christianity, Islam, Hinduism, Buddhism, and Confucianism) with all kinds of political systems of democracies and non-democracies; and with big/strong and small/weak states.

Interactions between these diverse civilizational players are, therefore, far more challenging than with those of a similar cultural background. In a sense, what the ubiquitous “democracy–peace” theory²³ of Western international relations has enshrined is perhaps the minimum of what countries of similar political systems – and perhaps even similar religions (such as Christianity), and similar race (Caucasian) – should do. Indeed, the West – which has barely found ways to live with minorities of different races and religions within its borders – has a long way to go before being able to live with much of the non-Western part of the world.

Third, in decision-making and policy-coordination, the SCO practices the principle of equality and consensus-building. In actuality, this is perhaps the only workable approach because of the diverse interests, backgrounds, and levels of development among SCO states. While politically sound, such a practice is by no means operationally efficient. And the record of the SCO’s institution-building is not very impressive. It took more than five years to convert the original Shanghai Five into the current bloc when the SCO Declaration was signed in 2001. It took another year for the SCO to sign its charter specifying its organizational and operational purposes. Although the SCO agreed to set up an anti-terrorist struc-

23. See Michael Doyle, “Liberalism and World Politics”, *American Political Science Review*, Vol. 80, No. 4, (Dec., 1986), 1151–1169.

ture in Tashkent in 2002, it took several years for member states to get to a consensus about the definition of terrorism. China and Russia are unquestionably more powerful than the other members. They are, nonetheless, far from completely dominant. Further, they even balance each other's actions in Central Asia.²⁴ Coordinating such a bloc of members with equal status but diverse interests is guaranteed to be time-consuming and inefficient.

Perhaps the SCO's biggest achievement is its survival. In retrospect, the SCO's continued existence and growth after 9/11 can be attributed to the "law of avoidance", for the organization has often avoided confronting the differences among members rather than resolving them. The SCO's resilience is, ironically, derived from, rather than compromised by, its internal diversity and operational slowness. "Survival of the slowest" is therefore not an exaggeration for the SCO's resilience in the post-9/11 world.

Finally, the SCO, though started as a security group, is increasingly branching out to the non-security areas of trade, investment, finance, education, healthcare, tourism, and culture. This may also be the outcome of the SCO's consensus-building decision-making process. Member states tend to concentrate their efforts in areas where they can all agree and benefit, particularly on non-security issues. Nowadays the bulk of SCO activities are in the areas of trade, investment, finance, education, and culture. Of the ten coordinating mechanisms of the SCO, four belong to the categories of "low" politics (meetings of ministers of economy, transportation, culture, and parliaments), four for law and order (border, public prosecutors, law and order, and emergencies), and only two really function at the level of "high" politics (defence and foreign affairs). And it is in the economic area that the SCO is fast expanding its interlocking mechanism.

Given these features, the SCO is perhaps more of a community of nations, working toward the common goals of stability, security, and economic development. In fact, there are enormous problems, as well as huge potential, within the SCO for its members to cope

24. For Russia, the SCO is a "structure that allows Moscow to control and limit Beijing's activities in Central Region. "See Mikhail Troitskiy, "A Russian perspective on the Shanghai Cooperation Organization", 33-34.

with and to explore. The existence of the SCO, therefore, does not require an external enemy. Nor is it in its interests to confront the United States, as most of the SCO member states themselves have extensive relations with Washington. The steady growth of the SCO, however, does not mean the end of the U.S. presence in Central Asia, though it may mean the end of Western domination of this part of the world.

The SCO Ten Years After

It has been a decade since the SCO's inception. On 14–15 June 2011, the SCO celebrated its 10th anniversary while holding its 11th annual summit in the Kazakhstani capital of Astana. There were plenty of reasons for the SCO to rejoice at this moment when the SCO's institutional building and general socio-economic-political stability was in sharp contrast to the political turmoil, and even civil wars, resulting from “Arab Springs” across West Asia and North Africa.

In Astana, the heads of state held “in-depth exchanges” regarding the past, present, and future of the SCO, as well as some key regional and global issues. They believed that the SCO had passed its infancy and would further mature in the coming decade. Specifically, it had become an effective mechanism in the maintenance of security and promoting socio-economic development, despite sea changes in the region, in order to bring more benefits to their over 1.5 billion people and to make new contributions to world peace and development.²⁵

In spite of these accomplishments, security and economics continued to top the agenda in Astana, against the backdrop of a general state of instability and chaos in both North Africa and Western Asia. There was a consensus among SCO members that what was happening in North Africa and Western Asia should not occur in Central Asia. The much-anticipated American phased

25. Deng Yushan; “Special Report: SCO at 10: Charting A Modern Silk Road Of Security And Prosperity”, Xinhua, 15 June 2011.

withdrawal from Afghanistan²⁶ and a more assertive Taliban also compounded the security outlook for the region.²⁷

The 10-part, 2011 Astana Declaration provided a general assessment of the SCO's performance, the accomplishment in its first decade of existence of an institutionalized mechanism of interaction in the following six areas:

1. A high level of mutual trust prevailing during regular high-level meetings of heads of state and heads of government.
2. Effective security cooperation against terrorism, separatism, extremism, illegal circulation of narcotics and weapons, transnational organized crime, with regular meetings of secretaries of security councils, public prosecutors, supreme judges, ministers of defence and emergency situations, internal affairs/public security, and heads of counter-narcotics agencies.
3. Long-term trade and economic development programs and plans facilitated by meetings of foreign trade, transport, agriculture, finance, national banks, the Business Council, and the Interbank Consortium.
4. Growing cultural and people-to-people exchanges with a deepening interaction between ministers of culture, healthcare, science and technology, as well as the SCO Forum.
5. Effective functioning of the SCO's permanent bodies – the Secretariat in Beijing and the Regional Counter-Terrorism Structure in Tashkent.
6. Openness for cooperation with other states (in the formats of observer states and dialogue partners), international and regional organizations such as the UN, CIS (Commonwealth of Independent States), CSTO, EurAsEC, ASEAN (Association of Southeast Asian Nations), ESCAP and ECO (Parts 2).

26. "Obama Announced On 22 June 2011 That 10,000 Troops Would Be Out By The End Of This Year And Another 23,000 By September 2012. Afghanistan Withdrawal Plan Will See More U.S. Casualties, Warns Retired Army General", 29 July 2011, www.cnsnews.com.

27. Xinhua, "SCO Summit Releases Communiqué [上合组织峰会发表新闻公报], 16 June 2011, <http://news.sina.com.cn>; Xinhua, "China Will Push for Cooperation in Economic and Security Areas Among SCO Member States [中国将推动上合组织成员国经济和安全领域合作], 16 June 2011, <http://world.huanqiu.com>.

Despite these visible accomplishments of the SCO, the Astana Declaration was a rather sober assessment of the current world situation, noticing “serious fundamental changes and transformations taking place in international relations ... threats and challenges, such as financial economic instability, regional conflicts, WMD proliferation, terrorism, transnational crime, food shortage, climate change.” Whilst expressing “grave concern” over the instability in North Africa and the Middle East, the declaration called for the formation of a “common security space” for all its states and rejected unilateral security at the expense of others. For the resolution of various international conflicts, the declaration stressed the central role of the United Nations, international law (sovereignty, etc.), and dialogue (Parts 3–4).

Among various international issues, the declaration singled out non-proliferation as a key issue for international and regional stability. In the regional context, the declaration encouraged all nuclear weapon states to sign up to a Central Asian Nuclear Free Zone. The declaration also expressed strong opposition to missile defence and space weaponization, though it never formally mentioned the United States:

The member states believe that a unilateral and unlimited build-up of anti-missile defense by a particular country or a narrow group of countries can damage strategic stability and international security.

The member states stand up for the use of outer space solely for peaceful purposes, underline the need to ensure the security of space activities and formulate a legally binding draft Agreement in the framework of the Geneva Disarmament Conference on the Prevention of the Deployment of Weapons in Outer Space, the Threat or Use of Force Against Outer Space Objects (Part 5).

As for the SCO itself, while stressing the traditional, present, and future security challenges such as terrorism, separatism, extremism, and other cross-border criminal activities, the declaration called for efforts to “prevent the resurgence of extremist ideology and terrorist propaganda”, against the backdrop of “the rapidly unfolding situation and rising threats in the world” (Part 7). The last three parts were devoted to the economic, social, and cultural development of the SCO.²⁸

28. SCO Website, “Astana Declaration Of The 10th Anniversary Of The Shanghai Cooperation Organization”, 15 June 2011, www.sectsc.org.

In the past ten years, the SCO has issued many declarations and communiqués regarding global and regional issues. The Astana Declaration in 2011, however, indicated several changes. One was that global issues were clearly prioritized (Parts 3–6) over SCO affairs (Parts 7–9). Another change was its attention to specifics as well as to principles. The overall tone of the document was rather sober, confident, balanced and pragmatic. One such example was the wording on missile defence and space weaponization without directly mentioning Washington.

The 10th anniversary of the SCO, however, also means new challenges. One of them is how to balance the SCO's twin-engine of security and economics, which is traditionally in the hands of Moscow and Beijing, respectively. Around the time of the 2011 SCO summit, this traditional division of labour and dynamics seemed to be changing. Another issue is the SCO's expansion. Last, if not least, the United States has always been a significant factor in the minds of SCO decision makers.

Balancing Security and Economics?

For quite some time, there seems to have been a tacit division of labour between Moscow and Beijing. While the former has more leverage in the security field, the latter is expected to do more in the economic area. This general pattern of behaviour, however, may not continue in the next ten years. In Astana, China took over the SCO presidency for the 2011–12 period. While suggesting that this would be the SCO's "Year of Good-Neighbourliness and Friendship",²⁹ there were strong signs that China was ready to prioritize security and stability for the SCO.³⁰

In his speech at the summit, Chinese President Hu Jintao called for a strengthening of the SCO's ability to defend against real threats and ensure the region's lasting peace and stability. "We should grasp core issues and key factors affecting the region's security, and we should build a more perfect security cooperation

29. Xinhua, "Speech by Hu Jintao at the 11th Meeting of the Council of Heads of States of the Shanghai Cooperation Organization (Full Text)", 15 June 2011, FBIS.

30. Interfax, "China Presidency of SCO Will Center On Security Issues, Updated Version: Raising Precedence", 15 June, 2011, FBIS.

system. We should improve the organization's operational capability and its ability to make a rapid response", and "We should relentlessly crack down on the 'three forces,' drug smuggling, and transnational organized crimes. We should hold joint anti-terror military exercises on a regular basis."³¹

Hu's emphasis on security issues was not just rhetoric. In early May 2011, China, Kyrgyzstan and Tajikistan conducted a joint anti-terror drill, codenamed "Tianshan-II", in Kashi (Kashgar), in China's western Xinjiang Autonomous Region. The last time such a drill was held was in 2006. Sponsored by China, SCO military chiefs met in late April 2011 in Shanghai for the first time since the SCO was formed. The SCO's military chiefs also gathered in Beijing, where Chinese Vice President Xi Jinping, who was widely expected to take over China's top leadership in early 2012, received them. In his talks with the chiefs, Xi used the phrase "defense and security cooperation",³² which was a significant departure from the more frequently used term "security" by Chinese officials. Although the two terms are inter-related, "security" largely means internal affairs, while "defense" is externally oriented.

In late May 2011, China's military reiterated that it was ready to further strengthen the SCO against terrorism and other security threats, according to a defence ministry spokesman. "China is willing to continue stepping up its exchange and cooperation with the other [SCO] member states in terms of defence and security, on the basis of mutual trust and reciprocity, and make joint efforts with them to improve our ability to combat the 'three evil forces' [of terrorism, separatism, and extremism] and other new threats and challenges and create a peaceful and stable environment for the country's development and the people's livelihoods", said Chinese Defence Ministry spokesman Geng Yansheng at a regular press conference.³³

31. Xinhua, "Speech by Hu Jintao at the 11th Meeting of the Council of Heads of States of the Shanghai Cooperation Organization (Full Text)", 15 June, 2011, FBIS.

32. Xinhua, "Xi Jinping met participants from the meeting of the SCO Chiefs of General Staff [习近平会见上合组织成员国军队总参谋长会议代表], 25 April 2011, www.gov.cn; also see Vladimir Skosyrev, "Russian Influence In Central Asia Said To Be Declining", *Nezavisimaya Gazeta Online* May 2, 2011, FBIS.

33. Xinhua, "China Eyes Higher SCO Caliber Against Terrorism, Other Threats", 25 May 2011, FBIS.

During the SCO Astana summit in 2011, China's official Xinhua News Agency published an article entitled "SCO's 10-year Path: Defense and Security Are Crucial." The writer traced the origins, evolution, and successes of the SCO to the devotion of the organization to the security issues confronting its members and the region in the previous decade. "The origins of the SCO were the common need for security", said the Xinhua piece. "With the huge impact resulting from the collapse of the bipolarity of the world, the issue of security and cooperation badly needed new institutions and perspectives. In both Eurasia and the world, there has been a huge increase of non-traditional and cross-border crimes such as terrorism, separatism and extremism, drug trafficking, illegal immigration and cross-border crimes. Under these circumstances, the SCO, which makes regional peace and stability its priority, came to the forefront." It just so happened that 9/11 occurred three months after the SCO's founding, which testified to the timely and precise decision to create the SCO.

In the next few years, the SCO adopted its charter (2002) with a clear dedication to safeguarding regional security; set up a Secretariat in Beijing and a Regional Anti-Terrorism Center (RATS) in Tashkent, Uzbekistan (2004) to coordinate anti-terrorist activities; and signed the "Treaty on Long-Term Good-Neighbourliness, Friendship and Cooperation" for the SCO states (2007). Perhaps the most significant security-related achievement of the SCO was the complete resolution of the 3,000-kilometer border disputes, which had been the main source of centuries-long instability and conflict in the region. Over the years, the SCO conducted seven large bilateral or multilateral military exercises. It also successfully provided security services to various international events including the 2008 Beijing Olympics, 2010 Shanghai Expo, 2010 Guangzhou Asian Games, 2010 Moscow V-E Day and the 2011 Astana–Almaty Asian Winter Games. "The SCO has significantly narrowed the space of terrorism, which is more important than catching and eliminating a few terrorists or terror groups", argued Zhang Deguang, the SCO's first Secretary-General.³⁴

34. *Chinese NewswEEK* [中国新闻周刊], "SCO's 10-year Path: Security Is Priority [上海合作组织十年成长路：防务安全是头等要务], 21 June 2011, www.mychina-myhome.com.

Beijing's newfound interest in the SCO's defence and security issues should not be a surprise for several reasons. One was the impending U.S. military withdrawal from Afghanistan. Though "phased", it is unlikely to stabilize the war-torn country, and the growing insurgency in Afghanistan is sure to have spillover effects upon its neighbours. A more proactive approach is needed in the coming years. Moreover, the past decade has witnessed China's growing economic presence in Central Asia, where thousands of kilometres of oil and gas pipelines are vulnerable to sabotage. Since early 2011, Beijing has simply sat and watched as its economic holdings evaporated in many parts of the Arab world and North Africa. If the SCO is to avoid such a plight, its member states must elevate the current security mechanism. Last but not least, Russia seems more interested in maintaining its own security assets in the region through occasional unilateral actions regarding several major issues such as providing transit routes for the United States and NATO supplies. There is perhaps nothing wrong with that because Russia – an independent major power with inherited interests in the region – always makes its own decisions. Besides, the Collective Security Treaty Organization (CSTO) – which has overlapping membership with the SCO (Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan) – is a Russian-initiated and -dominated security group without Chinese participation. In October 2007, the SCO and CSTO signed an agreement to broaden cooperation on security issues. Their interaction, however, remains on an ad hoc basis. Besides, internal rifts have so far prevented the CSTO from becoming an effective security mechanism, despite the creation of its Collective Rapid Reaction Forces in early 2009. In other words, the CSTO cannot be counted on for the security needs of the SCO. Given these developments in the midst of the "Arab Spring", China's concern regarding security and defence is also shared by other SCO members.

Beijing's growing interests in the SCO's defence and security issues may still be in the process of transition. The Chinese Foreign Ministry, for example, seem to be still in the existing mode of thinking. Assistant to the Foreign Minister Cheng Guoping, for example, continued to use the term "security" without "defense"

in his talk to the press on 15 June 2011 when the SCO heads of state were meeting in Astana. He also chose to put the issue of development ahead of security. Regarding security, Cheng promised that China would handle the issue “within the existing security mechanism”, that is, on the basis of the SCO’s “consulting mechanism” such as the Council of Security Secretaries and the Council of Internal Ministers. Chen also mentioned the Russia-dominated Commonwealth of Independent States (CIS) and CSTO in regards to regional stability.³⁵

Economics: Blowback for China?

It needs to be noted that China’s growing interest in the SCO’s security does not mean a sharp priority shift. Security and development remain the “twin engines” for the health of the regional group. If anything, China’s growing interest in security suggests a more balanced approach in managing SCO affairs as China’s economic involvement has surged ahead in the past decade. In 2010, China’s trade volume with the other member states was eight times greater than it was in 2000, reaching USD 83.97 billion. Sino-Russian trade increased by five times compared with 2000, reaching USD 55.45 billion, and China has now become Russia’s biggest trade partner. China’s trade with the central Asian countries has increased at an average annual rate of about 40 per cent; in 2010, it was 14.81 times higher than it was in 2000, reaching USD 28.52 billion.³⁶ In the first 10 years of the SCO, China also provided favourable loans worth more than USD 12 billion to other SCO member states for economic development.³⁷

35. Sun Ping and Dong Longjiang [孙萍,董龙江], “China Will Push for Cooperation in Economic and Security Areas among SCO Member States [中国将推动上合组织成员国经济和安全领域合作], 15 June 2011, <http://world.huanqiu.com>.

36. *Chinese Newsweek* [中国新闻周刊], “SCO’s 10-year Path: Security Is Priority [上海合作组织十年成长路：防务安全是头等要务], 21 June 2011, www.mychina-myhome.com; Xinhua “Roundup”: “SCO Astana Summit Sums Up Achievements, Looks to Future” 15 June 2011, FBIS; Zhao Mingwen, Director and Researcher Of The China Periphery Security Studies Center of The China Institute of International Studies: “The Shanghai Cooperation Organization Advances Toward Its Second Decade” *Liaowang*, 25 June 2011, FBIS.

37. Xinhua: “China To Promote Development Of SCO Through Security, Economic Cooperation In Next Decade”, 8 June 2011, FBIS.

Moscow and some other Central Asian countries, however, perceive these impressive economic figures of the SCO quite differently. On the same day as the SCO's 2011 summit in Astana, Russian presidential aide Sergei Prikhodko stated that Russia did not perceive China's financial and economic activities on the territories of other SCO members as a threat to its interests. The Kremlin aide hoped that China would be more flexible in its credit offerings.³⁸ Prikhodko was obviously trying to deflect the concerns regarding China's growing economic presence in Central Asia. His suggestion for "more flexibility" in China's financial assistance, however, indicated a complex feeling and relationship between China and other SCO members. While Prikhodko was quite diplomatic at the time of the SCO's 10th anniversary celebration, the *Kommersant*, a pro-Kremlin business daily, was quite straight-forward. The SCO's economic integration, according to *Kommersant*, "would mean that Central Asia and Russia would become the suppliers of raw material for China and the markets for its export commodities ... [t]he SCO's economic projects would enclose all the adjacent economies in a Greater China." The newspaper deplored the former Soviet republics for running the risk of becoming a raw-material appendage of China, while being unwilling to be a raw-material supplier of the West.³⁹

China was well aware of the mixed feelings of other SCO members toward China, despite the huge financial and economic input China had made to the region. According to Zhao Mingwen, director and researcher of the China Periphery Security Studies Center of the China Institute of International Studies, China and Russia have different goals regarding the SCO. "China hopes to take advantage of the SCO to boost its political influence and economic development vitality, while Russia for its part wants to take advantage of this platform to reassemble its character as a Central Asian partner, enliven 'its own' CSTO and Eurasian economic community, and restore its former influence in Central Asia." "Under this mindset",

38. Interfax, "Russia Does Not View China's Activity in SCO Countries as Threat to Its National Interests – Kremlin Aide", 15 June 2011, FBIS.

39. "Russia: SCO Should Enlist India, Pakistan To Balance China Economically, Vadim Kozyulin, PIR Center expert, 'Bottom Line'", *Kommersant Online*, 15 June 2011, FBIS.

argued Zhao, “Russia is not very willing to see the SCO develop too rapidly.” Some of the SCO members were even “full of misgivings over deepening and expanding cooperation with China, and are worried that they will become the economic appendages to China.”⁴⁰

In his keynote speech to the 10th Conference of Central Asia and the SCO on 10 July 2011, Russia’s National Coordinator for the SCO Kirill Barsky went as far as to use the phrase “China’s economic expansion” in Central Asia. The Chinese participants were also taken back by the statement of an Uzbek scholar that China’s economic activities did not benefit Central Asian countries at all. Chinese participants disagreed, respectfully, with these opinions regarding China’s economic drive into Central Asia by listing various developments and changes in the region. Meanwhile, Beijing also watches the growing interest among Central Asian states to join the Russia-initiated Customs Union officially launched on 1 January 2010 between Russia, Kazakhstan, and Belarus. The three states on 1 January 2012 introduced a single economic space. More recently, Tajikistan, Kyrgyzstan, Montenegro, and Serbia also expressed strong interest in joining the union.⁴¹ Indeed, Moscow has jumped ahead of China’s call for a free-trade zone in the SCO’s 2006 summit in Shanghai by launching its own economic space. In a way, Russia has acted as “a moderating force vis-à-vis the ambitious Chinese free-trade agenda in Central Asia.” With the operationalization of the Customs Union and the Moscow-dominated Eurasian Economic Community, Russia further strengthened its hold on Central Asia.⁴² What becomes clear is that with its continued economic growth, China is now faced with a situation in which perceptions of its economic input in the region are mixed at best and may not even be welcomed in the long term.

40. Zhao Mingwen, Director and Researcher of the China Periphery Security Studies Center of the China Institute of International Studies: “The Shanghai Cooperation Organization Advances Toward Its Second Decade” *Liaowang*, 25 June 2011, FBIS.

41. BalkanInsight, “Montenegro, Serbia to join Russian Customs Union”, 21 October 2011, www.balkaninsight.com/en/article/shoigu-montenegro-serbia-to-join-russian-customs-union; Wikipedia, “Customs Union of Belarus, Kazakhstan and Russia”, http://en.wikipedia.org/wiki/Customs_Union_of_Belarus,_Kazakhstan_and_Russia.

42. See Mikhail Troitskiy, “A Russian perspective on the Shanghai Cooperation Organization”, 32–35.

Growing Pains for the SCO

In the past decade, the SCO's remarkable growth has been largely "peripheral", meaning the security group has reached out to several other regional countries with a "secondary" relationship, such as the induction of four "observer members" (Mongolia, Iran, India, and Pakistan) and two "dialogue partners" (Belarus and Sri Lanka), plus an Afghan liaison group. The core of the SCO – China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan – remains unchanged despite the mounting pressure for formal membership from several of the SCO "peripheral" countries such as Iran (2007 and 2008), India (2010), and Pakistan (2006).⁴³

The issue of SCO membership expansion, however, is at best a "dilemma" for the SCO, according to an analysis in the influential Chinese journal *Liaowang* (Outlook) published by Xinhua, China's official news service. As a result, there has not been a single new member since June 2010 when the SCO summit approved the "Regulations on Accepting New Members." Prior to the June 2011 summit in Astana, SCO General Secretary Muratbek Imanaliyev told the press that no new members would join the SCO at the Astana summit because the summit would discuss "the adoption of a memorandum of duties for joining the SCO. It will be provided to the countries that have applied to join the SCO. However, I would like to say that there will be no instant decision on this matter." The memorandum of duties "does not form obstacles for accession to the SCO, it determines the parameters for joining", said Imanaliyev.⁴⁴

The real issue that prevents the SCO from accepting new members has been the lack of consensus among the current members, particularly Russia and China, regarding which countries should be admitted. Russia, for example, wants India to join primarily to counter the ever-growing influence of China. India's immense size, huge population and growing economic power, military might and political influence around the world are needed to bal-

43. Aleksandr Gabuyev, "Bishop's Move. Russia Lobbying for India's Admission to SCO to Lessen China's Role There", *Kommersant Online*, 15 June 2011, FBIS.

44. Interfax, "SCO Has No Plans to Expand By Accepting New Members – SCO General Secretary", 1 June 2011, FBIS.

ance those of China, particularly in Central Asia. Russian officials inside the Russian delegation to the Astana summit revealed that Moscow “is very sympathetic toward the Indian application and will do everything it can to support it”, according to a *Kommersant* correspondent. “If we admit India, the SCO will contain not two heavyweights – Russia and China – but three. It will make things much easier for us”, *Kommersant* quoted the Russian official as declaring.

Russia’s concern over China’s influence in Central Asia was not new. The Kazakhstan–China oil pipeline and Turkmenistan–China gas pipeline were the first to break Russia’s monopoly of Central Asia’s energy-exporting business. Both of them were constructed during the first ten years of the SCO’s existence. The 2008 financial crisis further elevated China’s financial clout and political influence, particularly in areas adjacent to China. At the SCO’s Yekaterinburg summit in 2009, Russia’s ambitious idea of abandoning the USD and reinforcing the role of national currencies in transactions among SCO member states, though supported by China, was quickly overshadowed by Beijing’s USD 10-billion credit line for the SCO’s participants. To Moscow’s dismay, many SCO members, Kazakhstan in particular, have availed themselves to Beijing’s financial largesse. For these reasons, among others, Russian officials concluded, while traveling to Astana for the SCO tenth anniversary, that China is now the “informal leader” of the organization that Moscow was hoping to make the springboard from which to restore its influence in Central Asia.⁴⁵

Meanwhile, Moscow understood the rather sensitive, and at times even difficult, relationship between China and India, as well as that between India and Pakistan, an ally of China. India’s SCO membership would have to be accompanied by Pakistan’s entrance. Apparently attempting to facilitate India’s membership, Russian President Medvedev, for the first time, publicly expressed Russia’s support for Pakistan’s SCO membership in a joint communiqué with the visiting Pakistan President on 12 May 2011. A month after this, however, the SCO heads of state still failed to reach a consensus about SCO membership for India and Pakistan. Instead,

45. Gabuyev, “Bishop’s Move”.

a “pre-condition” was set for the two South Asian countries: resolving the territorial problem between them in Kashmir. Not only did this avoid internal divisions among the SCO members, but also it would encourage the disputing sides to seek a compromise and a peaceful settlement of their disputes, according to Russian sources.⁴⁶ Russia, however, failed to achieve this new situation within the SCO to offset China’s influence. The Indian–Pakistan territorial dispute, which was created by the “Divide and Quit” strategy of the British in 1947,⁴⁷ is perhaps the least resolvable dispute in the world, and their SCO entrance is almost impossible in the foreseeable future if this precondition is held to.

Compared with Pakistan and Iran, India’s interest in joining the SCO is relatively recent. In 2009 at the Yekaterinburg summit, the Indian Prime Minister, Manmohan Singh, participated in an SCO summit for the first time. This was a departure from India’s lukewarm policy of keeping a distance from the SCO, based on New Delhi’s perception that the SCO was simply dominated by China and was anti-U.S. in orientation. India’s “new thinking” on the SCO seems to see more opportunities in getting closer to, or inside, the SCO primarily to fight terrorism. India’s External Affairs Minister S.M. Krishna, who joined the Astana summit, made it clear that what India cared about most was the SCO’s role in stabilizing Afghanistan after the withdrawal of foreign troops. A stable and terror-free Afghanistan, according to India’s vision, could become the geo-strategic bridge between Central and South Asia as well as a trade and transit hub. Besides, India calculates that an expanded SCO could encourage and pressure Pakistan to fight terrorism within its borders. Indian officials also revealed that India had already been involved with the SCO’s Regional Anti-Terrorism Center (RATS) through some intelligence sharing regarding terrorist activities inside Pakistan. “We see the [RATS]

46. Interfax, “India, Pakistan cannot claim SCO membership unless they settle territorial dispute – source”, 15 June 2011, FBIS; Xinhua: “India-Pakistan Territorial Dispute Obstacle to SCO Membership: Russian Source”, 15 June 2011, FBIS.

47. Penderel Moon, *Divide and Quit* (Berkeley: University of California Press, 1962).

as an important regional answer to the terrorism challenge”, said Mr Krishna.⁴⁸

Given these obvious reasons, Beijing is perhaps among the most cautious about SCO expansion and favours a slow and careful approach in admitting new members. During an international conference in Almaty in February 2011, some Chinese participants asked some fundamental questions: Why should the SCO expand? What is the objective? What does the SCO charter say about expansion? These were some of the important questions that needed to be discussed within the SCO before new members were admitted.⁴⁹

Among the SCO membership seekers, Iran is the most eager to join and the most sensitive to handle. Again, China and Russia have had different minds regarding Iran. Russia wants to admit Iran to create an SCO “energy club”, which will be dominated by Russia. China, however, suggests that Iran needs to fulfil its international obligations regarding its nuclear program. China is afraid that Iran’s admission will also bring Iran’s disputes with the West, particularly the United States, into the SCO, which will inevitably affect the SCO’s ability to focus on major issues in the region. At its 2010 Tashkent summit, the SCO decided that it would not accept any country that is sanctioned by the United Nations. This effectively blocked Iran from being accepted into the SCO.⁵⁰

Perhaps the least controversial state with regard to SCO membership is Mongolia, which so far prefers to stay where it is as an observer, while seeking cooperation in the energy and transportation sectors.⁵¹

It looks like war-torn Afghanistan will be the next for advancement. Several SCO members expressed support prior to the 2011

48. Sandeep Dikshit, “India Poised To Join Shanghai Grouping”, *The Hindu Online*, 16 June 2011; “Daily Urges India To Take Constructive, Long-Sighted View of Opportunities at SCO, Editorial: India’s Agenda at the SCO”, *The Hindu Online*, 17 June 2011, FBIS.

49. Meena Singh Roy, “The Dynamics of Expanding the SCO”, *Political and Defence Weekly*, 6 July 2011, FBIS.

50. *Chinese Newswire* [中国新闻周刊], “SCO’s 10-year Path: Security Is Priority” [上海合作组织十年成长路：防务安全是头等要务], 21 June 2011, www.mychina-myhome.com.

51. Meena Singh Roy, “The Dynamics of Expanding the SCO”, *Political and Defence Weekly*, 6 July 2011, FBIS.

SCO summit. At the 2011 SCO foreign ministerial meeting, both Russian Foreign Minister Sergei Lavrov and Kazakhstani Foreign Minister Yerzhan Kazykhanov expressed strong support for granting Afghanistan observer status at the SCO, while SCO foreign ministers were working on a list of requirements that countries wishing to join the SCO should comply with. The main requirement is the adoption of the SCO Charter and other key documents of the organization.⁵² Afghan President Hamid Karzai joined the 2011 SCO summit and made a strong appeal for observer status for his country. “We want to become an observer in this important forum and hope that the Council of the SCO heads of state will respond positively to our request”, said Karzai. He also expressed the wish that the SCO partners could make investments in his country, particularly in its mineral resources. Russian President Medvedev echoed Karzai’s appeal and urged the SCO member states to cooperate more broadly with Afghanistan during the SCO summit. “Afghanistan is our neighbour, whose cooperation with the SCO could be stronger. I understand all participants in the forum agree with that”, Medvedev said, and “Security of all SCO member states largely depends on political stabilization in Afghanistan.”⁵³ The Astana summit, however, did not grant Afghanistan observer status. The pending U.S. withdrawal was perhaps a main factor in the SCO’s indecision. The degree of the SCO’s involvement with and in Afghanistan in the coming years may have also become an issue of debate among SCO members.

The SCO’s inability to enlarge itself, particularly its “inner core”, may not be a desirable thing. A Chinese analyst believes that if this issue remains unresolved for a long time, it would have “a bad impact” on the SCO’s prestige.⁵⁴ It may. The alternative, however, seems even less desirable: the SCO’s “core” eroding

52. Interfax, “Afghanistan Could Become Observer in Shanghai Cooperation Organization In June – Lavrov”, 14 May 2011, FBIS; “Kazakhstan In Favour of Giving Afghanistan Shanghai Bloc Observer Status”, 14 May 2011, FBIS.

53. Xinhua, “Afghanistan Seeks Observer Status in SCO”, 15 June 2011; “Medvedev Calls For Closer Cooperation between Afghanistan, Shanghai Bloc”, 15 June 2011, FBIS.

54. Zhao Mingwen, “The Shanghai Cooperation Organization Advances Toward Its Second Decade” *Liaowang*, 25 June 2011, FBIS.

because of internal disputes. A “holding” pattern for SCO enlargement seems here for a while to stay.

The U.S. Factor

In the twenty years since the Soviet collapse, U.S. policies toward Central Asia can be roughly divided into four phases: too little (1991–2001); too much (2001–2005); a more equitable strategic balance with Russia and China (2005–2009); and inching toward partnership with the SCO (2009–current).

The founding of the SCO, as well as its predecessor the Shanghai Five, had little to do with the United States. In the last decade of the twentieth century, Washington only demonstrated scant interest in the region despite its quick diplomatic recognition of the five former Soviet Central Asian republics in 1991. Indeed, by the time of the first-ever official visit by U.S. Secretary of State James Baker to the five states in 1992, the initial U.S. “assistance” to the five new countries was actually routed through Israel, primarily in agricultural and healthcare areas.⁵⁵ It took eight years for another U.S. secretary of state to set foot in Central Asia.⁵⁶ Although the U.S. presence grew markedly, mostly in the energy sector, in the second half of the 1990s, the more institutionalized Shanghai Five, led by Beijing and Moscow, appeared to be equally effective for, if not more attractive to, Central Asian states. During this period, U.S. obsession with NATO expansion in Europe was also a deflection of Washington’s interests from Central Asia.

From 9/11, however, Washington quickly and massively injected its power into the region, thus becoming, almost overnight, the most influential major power player in the region. Militarily, the United States deployed combat forces in the region for the first time in its history, not only in Afghanistan but also in Uzbekistan and Kyrgyzstan, two members of the SCO. Diplomatically,

55. *Israel's Foreign Relations since 1947/1992–1994*: “5 State Department Statement on Joint US–Israel Technical Assistance in Central Asia – 30 July 1992”, Vol. 13–14: 1992–1994, 30 July 1992, Israeli Ministry of Foreign Affairs, www.mfa.gov.il.

56. In April 2000, U.S. Secretary of State Madeleine Albright visited the region. See Lucy Jones, “Albright’s Trip to Central Asia Opens Competition With Russia for Influence in Oil-Rich Region”, *Washington Report on Middle East Affairs*, Vol. 19 Issue 5 (June 2000), 27, <http://web.ebscohost.com>.

Washington chose to improve relations with all Central Asian states except Iran. Thus, the United States became the only major power with a comprehensive strategic presence in the region across political, economic, and military areas. In contrast, the influence of Russia and China, together with the SCO, seemed to be diminishing, at least temporarily. Although Washington is not officially in it, it acts, and perhaps is perceived by many, as a silent participant of the SCO.

The U.S. influence continued to grow in the region with new instruments and new vigour in the next few years when Washington started aggressively promoting “colour revolutions” among the former Soviet republics. Beginning with the 2003 “rose revolution” in Georgia and followed by the “orange revolution” in Ukraine in 2005, the SCO member state Kyrgyzstan was also engulfed by its own “tulip revolution”, which quickly toppled the ruling elites and led to widespread violence and turmoil. Uzbekistan, too, was seriously destabilized by massive protests and crackdowns. Inequality, poverty, corruption, and ethnic division in these countries in the ashes of the Soviet Union were at the heart of these socio-political unrests. The active role of the United States in cultivating, financing, and supporting these societal forces, however, was also instrumental, and directly fanned the widespread unrest. Consequently, an immediate outcome of the U.S. role in these “colour revolutions” was a concern by many governments of the SCO, including Russia and China, regarding the U.S. posture in the region. For many, Washington was perceived as switching from playing an identical role to the SCO, in combating terrorism and religious extremism, to supporting destabilizing forces in the region for its own values and interests. The consensus of the SCO states to call NATO to withdraw from its military bases in Uzbekistan and Kyrgyzstan in 2005 was a logical development from the perceived role of the United States behind the political turmoil in many Central Asian states. This view of the Central Asian states, plus Russia’s renewed effort to return to Central Asia led by Putin and China’s drive for energy and economic opportunities, led to a new balance between the almighty United States and two other major powers (Russia and China).

The new Obama administration successfully corrected Bush's strategic mis-march to Iraq by refocusing on Afghanistan with two major troop surges: 31,000 in February 2009 and 30,000 more in December 2009, thus bringing U.S. troop strength in the country to more than 100,000. The additional U.S. troops, however, were equally matched by a more determined and capable enemy (the Taliban), whose forces have been regrouped and entrenched in the vast Afghan rural areas from where they are able to launch attacks on the NATO/Afghan forces and governmental infrastructure. Meanwhile, many NATO member states that participated in the Afghan operation have either reduced their troop levels or plan to do so in the next few years. By the time Obama announced his troop withdrawal plans from Afghanistan on 22 June 2011,⁵⁷ the kind of "victory" the United States had tried to obtain in this remote and poor corner of the world seemed to be drifting further away.

The inability of the United States and NATO to sustain themselves in Afghanistan brings the prospect of a resurgence of religious extremism and terrorism in the region, something that will directly affect the wellbeing of the SCO member states. With the Taliban holding about 80 per cent of Afghan territory,⁵⁸ a new line of thinking is emerging among the SCO states regarding how to assist Afghanistan, with or without working with NATO in the interests of regional stability. The goal is clear: while NATO, including the United States, may have the choice of packing up and leaving the war-torn nation, the SCO member states will have to live with an Afghanistan ruled by any one or no one. Some SCO members and observers, particularly Russia, Iran, and India, are strongly opposed to the prospect of making a deal, presumably by the United States and Pakistan, with "moderate" Taliban forces in Afghanistan.⁵⁹ This prospect may well be behind Russia's offer in

57. Obama announced Wednesday night that all the 33,000 additional U.S. forces he ordered to Afghanistan in December 2009 will be home within 15 months. Of which, 10,000 of the "surge" forces would withdraw by the end of 2011, and the other 23,000 would leave Afghanistan by September 2012. CNN, "Obama announces Afghanistan troop withdrawal plan", 22 June 2011.

58. Interfax, "Permanent Instability In Afghanistan Sign Of Looming Deadlock", 11 March 2009, FBIS.

59. Xinhua: "India, Iran and Russia Mull Cooperation against Taliban: Report", 24 March 2009, FBIS.

early February 2009 to handle NATO's supplies to Afghanistan through Russian territory in anticipation of the closure of the Manas Air Base in Kyrgyzstan, the only U.S. facility in Central Asia and a key logistics centre for American-led operations in Afghanistan.⁶⁰

For Beijing, the United States leaving Manas Air Base may ease China's concerns regarding the United States use of the base for surveillance missions on China.⁶¹ Russia's "new thinking", however, would affect China's calculations in Central Asia. Neither Russia nor China wants U.S. operations in Manas to be transferred to any other SCO member state.⁶² Beyond Central Asia, the proposed supply route through Russia may well be used as a bargaining chip over the U.S. missile defence system in Europe. Coordinating policies with Moscow over Central Asia, therefore, was paramount for Beijing. On 21–22 March 2009, the Chinese International Strategic Society and the Society on Russian Foreign Affairs and National Defense Policy held a two-day symposium in Moscow focusing on issues of security and stability in Central Asia.⁶³ On 23 February 2009, the Foundation of China International Studies – a think-tank consisting of senior diplomats, scholars, and business elites – hosted the first ever academic conference in Beijing with the theme: "Central Asian Regional Cooperation Mechanism: Present and Prospect." Chinese Deputy Foreign Minister Li Hui and Russian Ambassador Sergei Razov joined the conference, together with more than 50 participants.⁶⁴ The two conferences in

60. Yegor Shilov, "Ganci Air Base in Bishkek May Be Closed", *Voyenno-Promyshlennyy Kuryer*, 25 January 2009, FBIS; Xinhua: "Medvedev: Russia Not Responsible for Closure of Manas Air Base", 2 March 2009, FBIS; Interfax, "Moscow denies hampering US military cargo transit to Afghanistan", 4 February 2009, FBIS; Interfax, "Neither Russia, nor China interested in U.S. airbase in Kyrgyzstan – expert", 4 February 2009, FBIS; Interfax, "Closure of U.S. Airbase In Kyrgyzstan Could Harm Russia", 5 February 2009, FBIS.

61. "Russia said that US base in Kyrgyzstan is a reconnaissance centre for intelligence gathering [俄称美驻吉基地实为窃取中俄情报的侦察中心来源]", *Global Times* [环球时报], 6 April 2009, <http://mil.huanqiu.com>.

62. Anastasiya Novikova: "Presidents Agreed To Do Away With Disagreements: A Run Through the Urgent Russian-Tajikistani Agenda Turned Into a Marathon", *Gazeta Wednesday*, 25 February 2009, FBIS.

63. Xinhua, "Summary: Chinese, Russian Think Tanks Hold Symposium in Moscow", 21 March 2009, FBIS.

64. Xinhua, "Conference on Central Asian Cooperation mechanism in Beijing [中亚区域合作机制现状研讨会在京举行]", 24 March 2009, <http://finance.huanqiu.com>.

Moscow and Beijing were held just a few days before the SCO's special conference on Afghanistan in Moscow. For the stability of Afghanistan, China had already given over USD 180 million to the Kabul government, had completely written off its debts, and would give another USD 75 million in non-repayable financial aid over the next five years.⁶⁵

It was against this backdrop that the SCO took several steps in March 2009. On 18 March, SCO Secretary General Bolat Nurgaliyev publicly stated that the SCO was open to cooperation with NATO.⁶⁶ On 27 March, the SCO held a special conference on Afghanistan in Moscow. Participants of the one-day conference included all of the SCO members and observer states, United Nations Secretary-General Ban Ki-moon, and representatives from the European Union, NATO, the Collective Security Treaty Organization (CSTO), and the Organization of Islamic Cooperation (OIC). The conference ended with a joint statement and an action plan on Afghanistan for the SCO's joint efforts in fighting terrorism, drug trafficking, and cross-border organized crime originating in the territory of Afghanistan. A consensus of the conference participants was reached that it was impossible to resolve Afghanistan's problems only with the aid of the methods and means of warfare. Other approaches, such as developing Afghanistan's civil society and its social and economic development, must be pursued.⁶⁷ The conference produced a "SCO-Afghanistan Action Plan" that called for closer Afghan-SCO collaboration in fighting terrorism and drug trafficking in the region.⁶⁸ In the 2011 SCO foreign ministerial meeting, both Russian Foreign Minister Sergei Lavrov and Kazakhstani Foreign Minister Yerzhan Kazykhanov expressed strong support for granting Afghanistan observer status in the SCO.

65. Interfax, "China to grant USD 75 million to Afghanistan", 27 March 2009, FBIS.

66. Interfax, "Shanghai Cooperation Organization open to cooperation with NATO", 18 March 2009, FBIS.

67. Itar-Tass, "SCO Member Nations, Afghanistan Coordinate Joint Statement, Action Plan", 27 March 2009; "SCO Conference Lists Plan of Action on Afghanistan", Ministry of Foreign Affairs of the Russian Federation, 27 March 2009.^{FBIS}

68. Kaveh L. Afrasiabi, "Unlikely Bedfellows in Afghanistan", *Asia Times*, 18 March 2009, www.atimes.com.

Sensing the central role of Beijing in the SCO, the United States appeared willing to have a closer working relationship with Beijing on the Afghan issue. In March 2011, Robert O. Blake, U.S. Assistant Secretary of State for South and Central Asia, travelled to Beijing and held the first sub-dialogue on Central Asia. The purpose of this dialogue was to explore with the Chinese government how the two sides could collaborate and coordinate their efforts in Central Asia in “areas of mutual interest.” His discussions with Chinese officials covered a wide range of issues such as regional political developments, energy security, the role of multilateral organizations, and humanitarian concerns. In his talk to the press in Beijing, Blake revealed that “both sides have come away with a greater understanding of each other’s interests and each other’s priorities in Central Asia.”⁶⁹

In the wake of “too little and too much” U.S. involvement in Central Asia, the more balanced posture of the major power relationship between Washington, Moscow, and Beijing now appears to be in place for the foreseeable future. The killing of Osama bin Laden in March 2011 was, in retrospect, the culmination of the U.S. involvement in the region. A gradual diminishing of the U.S. role is a reasonable forecast, though Washington will remain one of the major players in the region for a long time.

The Future: In Search of a Common Identity?

What is the future of the SCO over the next ten years? Despite its ten-year existence, the SCO is perhaps neither as strong nor as weak as it appears. What the SCO has achieved over the past ten years is a framework primarily for state-to-state interactions. More stable, long-lasting, and harmonious interactions between the Central Asian states may have to go beyond the mere interests of these states. For its further development in the twenty-first century, the SCO needs to conceptualize, articulate, and promote a common identity based on civilizational dialogue and reciprocity among the world’s major cultural and religious paradigms of Christianity, Islam, Hinduism, Buddhism, and Confucianism. After ten years

69. Assistant Secretary Robert O. Blake’s Media Roundtable in Beijing, 18 March 2011, <http://beijing.usembassy-china.org.cn/032111media.html>.

of experimentation, the SCO has developed the potential to transcend the West, and perhaps itself, with a vision of civilizational co-existence, cooperation, and mutual cross-fertilization. This is all the more imperative against the backdrop of the “civilization clashes” thesis, which is theorized and perhaps self-fulfilled by the West.

That vision, however, should not, and cannot, be detached from reality. In the short run, the partial and phased withdrawal of the U.S. military is unlikely to bring sustained normalcy in war-torn Afghanistan. And its negative impact on regional security will continue to be a challenge for the SCO. In the longer term, Central Asia remains the only geo-strategic playground not just for the major powers but also for the world’s major civilizations of Christianity, Islam, Hinduism, Buddhism, and Confucianism. By the end of the twentieth century, all the major powers possessed nuclear weapons. Understanding and managing the region would be hard enough during times of relative tranquillity. The current *Geopolitik* in this part of the world, with all of its pronounced goals and hidden agendas, allows for very little margin of error in the age of weapons of mass destruction. In this context, there are perhaps limits in those “great games” solely based on individual states’ national interests. Under these circumstances, the SCO still has a long way to go.

The Institutional and Political Transformation of the SCO in the Context of Geopolitical Changes in Central Asia

Mirzokhid Rakhimov

Introduction

During the twentieth century the international system was characterized by considerable political transformation. The complex of international relations at the beginning of the twenty-first century is characterized by uncertainty.

Regional cooperation and integration is one of the important aspects of contemporary international relations. From the mid-twentieth century to the present, in different parts of the world, political and economic regional organizations are gradually developing.

The process of regional cooperation and integration gradually developed also in the Eurasian space. After the collapse of the Soviet Union, the Central Asian republics tried to form new bilateral and multilateral relations. The region's countries have joined the main international organizations. Also the Central Asian republics have been co-founders of regional organizations including the Eurasian Economic Community (EEC), the Commonwealth of Independent States (CIS), and the Shanghai Cooperation Organization (SCO). These organizations are facing a number of problems and challenges, yet their effectiveness is different. The SCO has become the most successful organization in Eurasia.

The New Geopolitics of Central Asia

In the post-Soviet period, Central Asia faced political, economic, social, and cultural changes as well as geopolitical changes and a transformation of regional and international relations. There are many factors that make Central Asia an important region on the world arena. Among them are, first, the availability of rich energy resources in Central Asia and the Caspian region, second, the geopolitical location of Central Asia between such regional powers as Russia, China, India and Iran, and third, the issue of Afghanistan, which can be regarded as a source of possible threats to neighbouring countries and other countries of the world because of illegal drug production, drug trafficking, and terrorism.

All these factors have encouraged regional and global players to compete in Central Asia, and as a result post-Soviet Central Asia is important for the geopolitical and geo-economic interests of the major and regional powers and major international organizations and institutions – the United Nations, the European Union, NATO, and OSCE. From a strategic perspective, the Western countries have been attaching an increased importance to Central Asia's central location at the crossroads of Eurasia.¹ Some experts are of the opinion that we see a return to the Great Game of the nineteenth century, but with new players. Central Asia historically has been a central, important interest for different empires and we could say that the region has more or less been in a Great Game all the time.

It should be noted that Central Asia in the past had different names, definitions, and boundaries, and passed through complicated political and cultural interactions. In ancient times the region had a variety of names: Turan (“land of Turks”), Transoxiana (“across the Oxus (Amu-Dar'ya)”), Maverannahr (Arabic for “beyond the river”), and Turkestan, which includes an Eastern Part

1. See, for example, Shirin Akiner (ed.), *The Caspian: Politics, Energy and Security* (London: Routledge Curzon, 2004), 405; M. P. Amineh and H. Houweling, *Central Eurasia in Global Politics: Conflict, Security, and Development* (Leiden: Brill, 2005); M. T. Laumulin, *Tsentralnaya Aziya v zarubezhnoy politologii i mirovoy geopolitike* Vol. 1 (Almaty: Institute of Strategic Studies, 2005); Roy Allison and Lena Jonson (eds), “Central Asian Security: Internal and External Dynamics”, in *Central Asian Security: The New International Context* (London: Royal Institute of International Affairs, 2001); Frederic Starr, “Making Eurasia Stable”, *Foreign Affairs*, Vol. 75, No. 1 (96).

(contemporary Xinjiang Uighur Autonomous Region of China) and a Western Part (contemporary Central Asia). In the second half of the nineteenth century, Tsarist Russia gradually conquered Central Asia, bringing the regional powers – the Emirates of Bukhara and Kokand and the Khanate of Kokand – into the Russian colonial sphere of influence. Finally, on this territory was established the Turkestan Governor-Generalship of the Russian Empire.

Regarding the contemporary Central Asian countries, they were created as political entities with their administrative and organizational structures and political boundaries by the Soviets (as juridically independent, yet de facto dependent *republics*, the members of the Union) mostly during the 1924–25 “national delimitation” which divided the existing entities in Central Asia into several new ethno-linguistically-based units. Meanwhile the region started to be referred to as *Srednyaya Aziya* (Middle Asia), a term which for political reasons in reality came to encompass only the four republics of Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Kazakhstan was regarded as a separate entity and hence the entire region was referred to separately as a *Srednyaya Aziya i Kazakhstan* (Middle Asia and Kazakhstan). Since the collapse of the Soviet Union, the terminology used in both Russia and the other former Soviet republics has undergone a change. The five newly independent southern states (now including Kazakhstan) have adopted the term *Tsentrlnaya Aziya* (the Central Asia states) as a collective designation.²

Post-Soviet newly independent Central Asian nations are confronted by complex threats including international terrorism, religious extremism, illegal drug trafficking, transnational water sharing, transnational crime, and boundary issues. Security threats in Central Asia are transnational, but they are also national, and regional security is interdependent and interconnected.

2. Agreed at a summit meeting of the Presidents of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in Tashkent, January 1993: Shirin Akiner, “Conceptual Geographies of Central Asia” in Akiner et al. (eds), *Sustainable Development in Central Asia* (Richmond: Curzon Press, 1998), 3–6.

From the Shanghai Five to the SCO

In 1996, Kazakhstan, the People's Republic of China, Kyrgyzstan, Russia, and Tajikistan signed a joint agreement to create the Shanghai Five grouping with a view to taking measures to strengthen confidence-building and disarmament in the border regions between the member states of the organization.

After the disintegration of the Soviet Union, the Central Asian states and Russia inherited the disputed cross-border areas on the external borders, in particular on the border with China. Before the collapse of the Soviet Union on the borders with China, there were 25 disputed areas, and some of them fell on the territory of Central Asian states; there were negotiations in this connection, but the problem of territories in dispute in border regions remained unsolved.³ From 1992, Kazakhstan, Kyrgyzstan, and Tajikistan as independent countries began to negotiate with China. As a result, agreements on the delimitation of frontiers were signed between China and the Central Asian republics. In particular, Kyrgyzstan and China in 1997 and 1999 signed the relevant documents concerning the delimitation of the Kyrgyzstani-Chinese border. Under these agreements, about 70 per cent of the disputed territories went to Kyrgyzstan and 30 per cent to China. Agreements on the delimitation of the border between China and Kazakhstan and Tajikistan were also signed, with the result that the disputed areas were mainly divided on a mutually beneficial basis.

Over the years of its existence, the SCO has gone through several stages of development and significant changes. During the short period, the SCO has engaged in a qualitative and quantitative evolution, during which it has laid down the organization priorities and formed its goals and objectives.

There are two major periods in the process of the formation and development of the SCO. The *first period* began in 1996, when the

3. On the Sino-Soviet border issue, see John Gittings, *Survey of the Sino-Soviet Dispute: A Commentary and Extracts from the Recent Polemics* (London: Oxford University Press, 1968); Dennis J. Doolin, *Territorial Claims in the Sino-Soviet Conflict: Documents and Analysis* (Stanford: Hoover Institution on War, Revolution and Peace, 1965). Mirzokhid Rahimov and Galina Urazaeva, *Central Asia Nations and Border issues* (Conflict Studies Research Center, Central Asia Series 05/10, 2005; <http://www.da.mod.uk/csre>).

principles and structural mechanisms were being formed for the development of multilateral relations of member states. This period was characterized by the normalization of relations concerning a number of key issues: e.g. security, prevention of any possible conflicts between the member states, overcoming mutual distrust. In particular, an agreement on the mutual reduction of armed forces in border regions was signed at the Summit of the Shanghai Five grouping in Moscow in 1997. At the Almaty Summit in 1998, in addition to enhancing cooperation on regional security, the agreement also included issues of trade and economic exchange. The Bishkek Communiqué of 1999 signed by the heads of states stated the major task of the first period of activity – the implementation of confidence-building measures and the maintenance of border management cooperation.⁴

The first period was also characterized by the expansion of the organization's activities, including cooperation in combating manifestations of terrorism, extremism, and separatism, the expansion of the negotiations format, and the meetings of heads of Law Enforcement Bodies and Security Departments, Foreign Ministers, and Ministers of Defence.

At the Fifth Summit held in Dushanbe in 2000, which was attended by Uzbek President Islom Karimov, the parties' endeavour to develop cooperation in several key areas – security, defence, law enforcement, foreign policy, economics, ecology, water resources, and culture – was once again brought into focus.

The transformation of the Shanghai Five to the Shanghai Cooperation Organization (SCO) took place in June 2001 in Shanghai, at a meeting of the leaders of Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, in which Uzbekistan joined the organization as a new member state. The year 2001 can be regarded as the beginning of the *second period* in the development of the organization. According to some experts, the participation of Uzbekistan in the SCO has played an important role in the revitalization of the organization. A Declaration on the SCO was adopted

4. Сафронова Е.И., Тихонов О.С. Проблемы центральноазиатской интеграции в контексте ШОС // Китай в мировой и региональной политике. История и современность. М., 2003. С. 87.

on 15 June 2001, at the summit in Shanghai, and it stated that the main goal of the organization was to strengthen the all-embracing cooperation between the member states on problems of security, defence, foreign policy, economy, culture, and other issues, with cooperation aimed at bolstering peace and security. The transformation of the organization inaugurated a new era of its activity and its turning from a rather limited international instrument to address and settle border issues, into a collective means to discuss broad-spectrum problems on all aspects of multilateral relations.⁵ Adopted at a meeting in Shanghai, the Declaration on the SCO as well as the Convention on Combating Terrorism, Separatism, and Extremism were circulated as official United Nations documents. According to the Convention, the SCO members should work together to prevent, detect, and suppress unlawful acts, hold consultations, coordinate positions to deal with them, and share information. Since 2004, the permanent Secretariat of the SCO has been functioning in Beijing.

The SCO and Security Challenges

The tragic events of 11 September 2001 in the United States and the subsequent new geopolitical realities brought about the rethinking of the goals and objectives of the SCO, its mission, and its role in the modern world.⁶

In June 2002 at a meeting in St. Petersburg the founding document, the Organization Charter (Statute), was signed, and the St. Petersburg Declaration was adopted. It proclaimed the openness of the organization toward the inclusion of third countries and the admission of new members, which indicated the rejection of the idea of regional isolation and autarchy by member states.⁷ The Declaration also stated the general intention of the member states,

5. Сафронова Е.И., Тихонов О.С. Проблемы центральноазиатской интеграции в контексте ШОС // Китай в мировой и региональной политике. История и современность. М., 2003. С. 88.

6. Шайхудинов М.Е. Шанхайская Организация Сотрудничества: этапы эволюции и перспективы в изменяющемся мире // Шанхайская Организация Сотрудничества как международная организация: этапы эволюции, проблемы и перспективы в глобальном мире (Сборник статей) // Астана, 2004. С. 35.

7. Сафронова Е.И., Тихонов О.С. *Проблемы*, С. 89.

through joint efforts based on the combined potential, to encourage the progress of each SCO member state and jointly meet new challenges and threats. It should be noted that by that time, an interest in the SCO was demonstrated by the ASEAN Regional Forum, India, Iran, Pakistan, Sri Lanka, Mongolia, the United States and other countries. Several of these countries expressed their wish to obtain SCO membership. However, at that period the SCO aimed at introducing several levels of participation in its activities, including permanent (full) membership, dialogue partnership, individual projects, and observer status.⁸

In 2003, at the annual SCO summit in Moscow the formation of the organization as an international organization was completed. Documents were approved to regulate the activities of statutory bodies of the SCO, as were the symbols of the organization, the candidate for the first executive secretary, as well as the agreement on the formation and execution of the SCO budget.

Concerning the geopolitical significance of the SCO, it should be noted that this organization is the only structure of collective security where China is not just a member state but also the initiator. According to many experts, the SCO in the geopolitical sense symbolizes the striving of the international community to establish a multipolar world and to some extent this is an indication of its origin. In particular, Dr. O. Antonenko from the International Institute for Strategic Studies (London) stated that the SCO, bringing together China, Russia, and Central Asia, had become an important regional club and platform for combatting terrorism and promoting economic cooperation among member states.⁹

During the Tashkent summit in June 2004 a Regional Anti-Terrorism Center (RATS) was opened. It was presented as a permanent body to enhance the coordination and cooperation of the special services of SCO member states. General Vyacheslav Kasimov, from Uzbekistan, was appointed as the first Executive Committee Director of the RATS. The staff of the Center comprised

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8. Трофимов Д. Шанхайский процесс – от «Пятерки» до организации сотрудничества». *Итоги 90-х годов, проблемы и перспективы развития // Центральная Азия и Кавказ*. 2002. №2 (20). С. 102.
 9. Oksana Antonenko, *The EU should not ignore the Shanghai Cooperation Organization* (Center for European Reform Policy Brief. London, 2007), 1.

30 officials from the member states. Funding was implemented on a shared basis as follows: Russia and China each covered 25 per cent, Kazakhstan 21 per cent, and other member states covered the rest. In a few years the RATS established a single register of terrorist organizations and individuals involved in terrorist activities on the territories of the SCO.

It should be noted that the colour revolutions in Georgia, Ukraine, and Kyrgyzstan served as a definite factor for coordination within the SCO. In this respect, of interest is the SCO summit in Astana, Kazakhstan, in July 2005, which adopted several important documents including the Agreement between the Governments of the SCO Member States on Cooperation in Providing Assistance in Emergency Situations; Regulations for Permanent Representation of SCO Member States on the Regional Antiterrorist Structure; and the Agreement on Organizing and Conducting Joint Anti-Terrorism Measures.

The summit was attended by Mongolian President Nambaryn Enkhbayar, Vice President Mohammad-Reza Aref of Iran, Prime Minister of Pakistan Shaukat Aziz, and Foreign Minister Natwar Singh of India. The SCO member countries arrived at the decision that Iran, India, and Pakistan should be granted observer status, Mongolia having obtained this status as early as 2004. In the process of cooperation with India, Pakistan, and Iran the SCO could strengthen anti-terrorism activities and economic interaction.

It should be noted that India and Pakistan are known to be large states involved in the fight against regional and international terrorism, being at the same time countries with a strongly marked concentration of terrorist activity. One can mention the fairly pronounced and close liaison between terrorism in South and Central Asia. Another SCO observer state – Iran – is linked with Central Asia geographically and historically. Iran and the SCO reached a consensus and have an agreement of opinions regarding the Afghan problem and the fight against terrorism. With regard to economic cooperation, in South Asia the SCO has a great potential in two large sectors: transport and energy. South Asia is a key to the Indian Ocean, and the prospect of access to it is a significant goal for the economic development of the SCO member states.

The participation of India and Pakistan in energy cooperation will be a logical and beneficial extension of cooperation within the SCO. Both states are becoming important transit countries.¹⁰

At the Astana Summit the adopted Declaration showed the attitude of the SCO towards various regional and international issues. In particular, praising the positive dynamics of stabilization in Afghanistan, the SCO members stressed that “they deem it necessary, given the completion of the active phase of the antiterrorist operation in Afghanistan, that the involved members of the coalition make a decision on the final date for the temporary use of infrastructure and for the presence of military contingents on territories of the SCO member countries”.¹¹ This statement gave rise to a large-scale international resonance, with a number of Western experts seeing it as an anti-American one, but, according to experts on the SCO countries, the statement did not mean that the organization was being transformed into an anti-Western bloc, because the military infrastructure of the Western coalition maintained its presence in the region.

The summit in Shanghai in July 2006 was dedicated to the Fifth Anniversary of the SCO foundation. Several official documents were signed, including the Declaration of the Fifth Anniversary of the Shanghai Cooperation Organization; Statement of Heads of SCO Member States on International Security; Decision of the Council of Heads of SCO Member States on the Approval of the Cooperation Program among the SCO Member States on Combating Terrorism, Separatism, and Extremism for 2007–2009; Agreement on the Organization and Conduct of Joint Anti-terrorism Measures in the Territories of SCO Member States; Agreement between the SCO Member States on Cooperation in Identifying and Blocking the Penetration Channels in the Territory of SCO Member States of Persons Involved in Terrorist, Separatist, and Extremist Activities; Protocol on the outcome of the Foundation Session of the SCO Business Council.

According to the SCO, its member states encompass a total area of more than 30 million square kilometres, or three fifths of Eurasia,

10. *Ibid.*, 5.

11. www.sectsc.org (SCO official web site). 05.08.2005.

with a population of more than 1.4 billion, that is, a quarter of the total population of the globe.¹² The fact that Mongolia, Iran, India, and Pakistan were admitted to the SCO as observer states significantly expanded the range of geographic, demographic, economic, and political weight of the organization. Yet, it is important that to date, the SCO members and observers include four countries which possess nuclear weapons, and two of them – Russia and China – are permanent members of the United Nations Security Council.

It should be noted that since the establishment of the SCO scholars and analysts have developed different opinions about the goals and objectives of the organization. Thus, some authors (mostly from Europe and the United States) consider the establishment of the SCO as the initiative of Russia and China to create a new military bloc for anti-U.S. consultation, and for acts aimed at countering the United States in the region. However, a number of specialists from the CIS, China, and other countries regard the SCO as an organization charged with constructive and positive tasks. Thus, the director of the International Institute of Energy Policy and Diplomacy, Valery Salygin, of the Moscow State Institute of International Relations (MGIMO), under the Ministry of Foreign Affairs of the Russian Federation, stresses that the “Organization [SCO] is not in opposition to other states or multi-lateral organizations”.¹³

The SCO and its role have been the subject of various international conferences, seminars, and round tables throughout the world. In January 2006, an international conference on “10 years of the Shanghai Co-operation Process and Regional Security Challenges in Central Asia” was held at the International Institute for Strategic Studies in London. The conference was attended by scholars and analysts from various countries.¹⁴ During the conference, different opinions and points of view on the problems and the transformation of the SCO were heard. Professor Gennady Chufrin from the Institute of World Economy and International

12. www.sectSCO.org. 10.05.2005.

13. ШОС может быть расширена в скором будущем // www.globalaffairs.ru.

14. The author attended the conference and delivered a paper.

Relations (Moscow) noted that the SCO attracted a great deal of international attention and had the potential to provide security not only in Central Asia, but also outside the region.¹⁵ Chinese researcher Professor Zhao Huasheng considered the development of SCO very positive and indicated that the heads of the SCO had signed important documents and approved a long-term program for economic cooperation, the first step of which was to improve terms of trade and investment, the second the execution of several projects in priority economic sectors, and the third the creation of a zone of free trade.¹⁶

Concerning the SCO's objectives, it should be noted that of course, each country is interested, first and foremost, in protecting its national interests and concerns. But on the other hand, there are common challenges and threats to the security of SCO member states, which require a coordination of efforts and actions in providing security.

The results of my sociological survey and interviews in 2006–2007 with experts from the countries of Central Asia and Russia have shown that the majority of experts (90 per cent) consider the SCO as the most successful organization in Eurasia.¹⁷

During the days when the SCO summit was held in Tashkent in June 2010, tragic events took place in the southern regions of Kyrgyzstan when hundreds of civilians were killed, mostly ethnic Uzbeks. Those events became a durability test for the SCO, because Kyrgyzstan is situated between China, Kazakhstan, Tajikistan, and Uzbekistan. Therefore, the situation in Kyrgyzstan became a top priority for the Tashkent meeting of the SCO.

The Declaration adopted at this summit contains a general statement about the position of member states on this issue. The Declaration states that, “In the light of events in the Kyrgyz Republic, the Member States reaffirm their principled position of

15. Professor Chufirin's presentation at the International Conference “10 years of the Shanghai Co-operation Process and Regional Security Challenges in Central Asia”, International Institute for Strategic Studies, London, 27–28 January 2006.

16. Professor Zhao's presentation at the International Conference “10 years of the Shanghai Co-operation Process and Regional Security Challenges in Central Asia”, International Institute for Strategic Studies, London, 27–28 January 2006.

17. M. Rakhimov, “Security Issues and Regional Cooperation in Central Eurasia”, in *Democratization and Human Rights* No 4 (Tashkent, 2006), 64–65.

mutual support of state sovereignty, independence, and territorial integrity. They are opposed to interference in the internal affairs of sovereign states, as well as to actions that can cause tension in the region, and stand for resolving any dispute by political and diplomatic means solely, through dialogue and negotiations”.¹⁸

The process of the formation and development of the SCO in the first period and early in the second period was fraught with difficulties and problems. A uniform definition of terrorism, which would be clear and understandable as regards the identification of a perpetrator, has not yet been adopted at the international level. The SCO does not yet have a common system of views and opinions on how to combat terrorism. This requires immediate correction. SCO analysts should also contribute to the process of terminological definitions of the various phenomena associated with terrorism and extremism.

The Economic Dimension of the SCO

A problem within the SCO, especially at its beginning, was that the organization did not have a meaningful economic content. The economic ties among the SCO member countries were mostly bilateral in nature, and different programs of the organization to identify and lay the foundation for multilateral economic integration took time to get underway.

At present, largely on the initiative of China, a shift in priorities is observed in the SCO's agenda on economic questions. China pursues a policy to create a SCO free trade zone (FTZ). While the countries of Central Asia and Russia for several reasons, including the fears of Chinese expansion, have to postpone the date of establishing a free trade agreement (FTA), China is intensifying bilateral agreements on the establishment of FTZs. For example, on the border between Kazakhstan and China several small FTZs have been created.¹⁹

18. По итогам 10-го заседания Совета глав государств ШОС опубликована декларация (полный текст) // www.ca-news.org/news/404461.

19. Куртов А.А. Неоднозначность активности Китая в Центральной Азии // www.asiainform.ru/rusdoc/11296.htm.

In describing the economic and trade relations between China and its Central Asian partners in the SCO, it should be noted that according to the established custom in the organization, membership of the Shanghai group does not require the mandatory participation in specific economic projects of all participating countries. Various economic projects could be in the SCO format, even if they are accomplished at the bilateral level rather than having overall participation.

Since 2005, the situation has been gradually changing. An important activity is the development of SCO cooperation in trade, economic, and investment spheres. Measures to promote cooperation in these areas are reflected in the Action Plan to implement the Program of Multilateral Trade and Economic Cooperation of the SCO. Approved on 30 October 2008 by the Council of Heads of Governments of SCO member states, the Action Plan includes 85 projects and activities. In particular, the Action Plan provides for the implementation of projects in such areas as trade and investment, finance and taxes, management of natural resources and environment protection, customs procedures, transport, science and new technologies, agro-industrial complexes, information, and telecommunications technologies.

The SCO holds regular meetings of ministers responsible for foreign, economic, and trade activities. The SCO also created the Business Council and the SCO Interbank Association. The special and expert working groups during this period have carried out work for the implementation of decisions taken by the SCO in the economic sphere. Within the SCO framework, twenty institutions whose activities touch upon economic cooperation issues have been founded. There are also functioning ad hoc working groups in areas such as customs, transit, information and communications technologies, transportation, road construction, logistics, and agriculture.

Exports from countries in the region to China are mainly raw materials. From 2001 to 2010, the share of raw materials in the export supply of Central Asian states to China increased approximately from 84.4 per cent to 92 per cent (of this, energy resources constituted more than 67 per cent, ferrous and nonferrous metals

about 21 per cent, chemicals over 1 per cent, and textile raw materials about 3 per cent). Of the remaining 8 per cent, 15.6 per cent was accounted for by finished steel (due to the supply of this commodity from Kazakhstan), services, some types of industrial equipment (supplied from Uzbekistan), as well as small amounts of textile, light industry, and food industry products.

During the same period, the share of complete goods in deliveries from China to the states of the Central Asian region (CAR) increased from 77.5 per cent to more than 90 per cent (of which machinery and equipment accounted for about 46 per cent, chemicals more than 8.4 per cent, and food and other goods about 34.6 per cent). The remaining 10 to 23 per cent were in the service sector, while deliveries of raw materials were practically absent, except for the supply of ferrous metals to Uzbekistan in minor quantities.²⁰

The structure of China's trade with the countries of Central Asia is specified by the principle of "goods in exchange for raw materials", which is not conducive to the economic progress of the Central Asian countries in the long-term perspective. Despite the fact that some Central Asian states have embarked on a course toward import-substitution industrialization and have made attempts to increase the share of exports of products with high added value (Uzbekistan and, to some degree, Kazakhstan), the role of raw commodity exports has remained predominant.²¹

Expansion of joint transportation infrastructure is becoming a priority in China, as it will give China access to the markets of Europe in transit via Central Asia. Some positive changes already exist in the formation of the transportation infrastructure "China-CAR". According to Chinese data, China, Kazakhstan, Kyrgyzstan, and Tajikistan at present are connected by 87 transport routes – 43

20. *Парамонов В.В., Строков А.В.* Экономическое присутствие России и Китая в Центральной Азии – ключевой вопрос для будущего ЕвразЭС и ШОС // *Проекты сотрудничества и интеграции для Центральной Азии: сравнительный анализ, возможности и перспективы* / Под.ред. А.А.Князева. – Бишкек: ОФ А.Князева, Ин-т ЦА и Кавказа, 2007. С. 156.

21. *Фроленков В.С.* Экономический диалог «Китай-Центральная Азия»: проблемы и возможные перспективы // *Китай в мировой и региональной политике. История и современность. Выпуск XI.* – М.: ИДВ РАН, 2006. С. 86.

passenger and 44 freight routes.²² The overwhelming majority of them are represented by automobile roads.

China has signed bilateral and even multilateral agreements on automobile road communications with all Central Asian SCO members (a three-party agreement with Kyrgyzstan and Uzbekistan, and a four-party agreement with Kazakhstan, Uzbekistan, and Pakistan), which creates a legal framework and specific guarantees for regional automobile road communications.

Today, the interaction between China and the Central Asian SCO member states in the energy sector is carried out at the bilateral level, but a question was raised before the organization regarding a collective format for energy cooperation. In order to optimize and coordinate the efforts of the SCO in the implementation of joint energy resources projects, as well as for the purpose of considering the energy concerns of all SCO member states, its political and expert communities are discussing with growing intensity the idea of organizing an SCO Energy Club along the lines suggested by Russian President Vladimir Putin at the Fifth anniversary summit of the organization in Shanghai, 2006. Producing countries are Russia, Kazakhstan, Uzbekistan, Iran, and later, possibly, Turkmenistan. Consumer countries are China, Tajikistan, Kyrgyzstan, India, and Pakistan. Given the dynamic economic growth of some SCO countries and the availability of pipeline systems and significant water resources, there is, according to some experts, a potential for the establishment of an integrated market in the near future.

A tendency is seen already within the framework of the organization, that is, the emerging trend to regulate the interests of both producers and consumers, despite the fact that to reach understandings in such sensitive spheres as energy and energy policy, in principle, is not easy: the SCO member states have some contradictions on energy cooperation among themselves. China is interested in massive purchases of hydrocarbons, while Russia is concerned about the possible shift of Central Asian energy flows from its transport networks to the East, a process encouraged by China. Central Asian countries have diversified their export

22. *Сатпаев Д.* Китай на проводе. К каждой стране Центральной Азии у Пекина свой подход // Независимая газета, 22 января 2007.

routes of hydrocarbons, including a way of bypassing the Russian Federation.

In June 2009, the SCO summit was held in Yekaterinburg (Russia). During the talks views were exchanged on coordination and collaborative actions to mitigate and overcome the global financial and economic crisis consequences in the SCO member states, as well as on ensuring and strengthening financial and economic stability. At this meeting it was announced that China was allocating USD 10 billion for the SCO countries. This policy of China can be explained, first, by the simple rendering of aid and support to partners in the SCO and, second, by the need to diversify its financial credit portfolio.

Following the Yekaterinburg summit a joint Communiqué was signed, which identified practical measures to promote cooperation within the SCO framework. The SCO Convention against terrorism was endorsed, and a document was issued on the regulatory and legal framework of the organization in order to meet the requirements and changing specifics of new challenges and threats.²³

The heads of SCO member states signed the Yekaterinburg Declaration, which stated that international cooperation is a single-source tool in solving the pressing problems of today, including energy and food security, climate change, and financial crisis. The Declaration also noted the need to intensify cooperation with the SCO observer states, with Afghanistan, and with regional and international organizations, in the first instance the United Nations.

International Cooperation and Membership Issues

The SCO established collaborative ties with various international and regional organizations, including the United Nations, ASEAN, and CIS. The SCO gained observer status at the United Nations General Assembly. By a Memorandum of Understanding between the SCO and the ASEAN Secretariat, the exchange of experiences and ideas was envisioned on the implementation of investment and integration projects, the development of contacts with other countries, and the establishment of financial and research institutions.

23. Лидеры стран ШОС подписали Екатеринбургскую декларацию. РИА новости. www.rian.ru, 16.06.2009.

As for the Eurasian Economic Community, in accordance with the relevant documents signed, information is exchanged on cooperation in trade, energy, environment, transport corridors, and communications. There is also cooperation in education, health care services, sports, science, and culture.

It should be noted that a number of scholars have drawn attention to the opportunity of cooperation and a joint working partnership between the SCO and NATO in establishing peace and stability in Afghanistan.²⁴ Several joint military exercises have been held between the CSTO and SCO.

In 2009, during Uzbekistan's presidency, the SCO continued its work to extend the international recognition and cooperation of the organization. In particular, as mentioned above, in December 2009 as part of the 64th United Nations General Assembly Session, a Resolution was adopted on Cooperation between the UN and the SCO, which was a+ new opportunity to strengthen cooperation between the two organizations on issues of security and stability, economic, social, and human development, as well as in other spheres of mutual interest. In April 2010, during the visit of United Nations Secretary General Ban Ki-moon a joint Declaration was signed in Tashkent on Cooperation between the SCO and the United Nations organization, fixing the basic principles and lines of cooperation between the two organizations. Yet another format of cooperation within the organization came into force from April 2010 – cooperation with third countries and dialogue partnership – which was established with Belarus and Sri Lanka at the summit of 2009.

In June 2010, the SCO summit was held in Tashkent, during which several important documents were signed, including the Declaration of the Tenth Meeting of the Council of Heads of SCO Member States, Regulations on the procedure for admission of new members to the SCO, the SCO Rules of Procedure designed to promote improving the legal framework of the organization, which were developed on the initiative of Uzbekistan. An important event

24. Prajakti Kalra and Siddharth S. Saxena, "The Shanghai Cooperation Organization has raised fears of an anti-Western bloc forming in Central Asia: Shanghai or Bust", 27 April 2007.

in the humanitarian sphere was a statement about the opening of a special SCO University, representing the joint efforts of a number of leading educational institutions of the organization.

All signed documents, especially the Regulations on Admission of New Members to the SCO, were of great importance for the development of the organization, and in enhancing its international image and prestige. According to these Regulations, a State that intends to join the SCO should belong to the Eurasian region, have diplomatic relations with all SCO Member Countries, have the status of SCO observer or SCO dialogue partner, maintain active trade and economic and humanitarian relations with SCO member states, not be under United Nations sanctions, and not to be engaged in armed conflict with another state or states.

The main significance of the document is the specification and substantiation of the principles for the inclusion of other countries into the SCO. It provides well-defined conditions for states intending to join the organization. However, this document has significantly reduced the opportunities for inclusion into the SCO not only for Iran but also for the United States.

There are different opinions on relations between the SCO and different states and international organizations. According to Dr. Oksana Antonenko, the European Union in its new strategy in Central Asia should also strengthen cooperation with the SCO.²⁵ In her judgment, the European Union should not ignore the SCO and its growing role in Central Asia. The European Union should not only consider the SCO in a geopolitical sense, but it needs to recognize its contribution to regional security and development. Cooperation between the European Union and the SCO will boost regional integration, economic advancement, and security in Central Asia. Dr. Siddharth S. Saxena and Dr. Prajakti Kalra have noted that, with increasing cooperation in Central Asia among Russia, China, and the countries of the region, as well as enhanced cooperation in a broader context, including with the observer states (India, Iran, Afghanistan, and Pakistan), the SCO is becoming increasingly important for such leading actors as the United States, the European

25. Oksana Antonenko, *The EU Should Not Ignore the Shanghai Cooperation Organization* (London: Center for European Reform, Policy Brief, 2007), 6–7.

Union, and Japan, which will contribute to the intensification of cooperation with the SCO.²⁶ For the Central Asian states, as has been pointed out by Marat Nurgaliev from the Kazakhstan Institute for Strategic Studies, the participation of Japan in the SCO would be very beneficial. Regarding the long-term interests of the small members of the organization (the Central Asia countries), the participation of Japan in SCO activities would be an enlargement of the space for economic and political balancing. Thus, it is necessary to emphasize that under the prevailing circumstances Japan has enough opportunities to involve itself more actively in the region of Central Asia and for starting cooperation with the SCO as well.²⁷ Japanese scholar Iwashita Akihiro has proposed giving Japan an ad hoc status at SCO summits, perhaps a Guest status. Pre-summit interactions could include, for example, the establishment of an SCO Plus Alpha format; or a program on movement from Guest to Partner status. The framework could be laid out in the form of the SCO Plus Three (European Union, United States, and Japan), the SCO Regional Forum, and so on; thus linking the SCO with other regional organizations such as the South Asian Association For Regional Cooperation (SAARC), ASEAN, and the Six-Party talks on North Korea.²⁸ For the future, it is necessary for the SCO to develop strong partnerships with countries from different continents and regions.

As mentioned above, during the 2010 SCO summit in Tashkent, tragic events took place in the southern regions of Kyrgyzstan when hundreds of civilians were killed. The dreadful events in Kyrgyzstan showed that regional and international organizations such as the SCO need to work more on conflict prevention and give more attention to stability and sustainable development issues.

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26. Prajakti Kalra and Siddharth S. Saxena, "The Shanghai Cooperation Organisation has raised fears of an anti-Western bloc forming in Central Asia: Shanghai or Bust", 27 April 2007.
 27. Marat Nurgaliyev, *Development of the Shanghai Cooperation Organization and Diplomacy of Japan Towards the Central Asia* (Tokyo: The Japan Institute of International Affairs, 2008), 33.
 28. Iwashita Akihiro, "Japan's Silk Road Diplomacy: Paving the Road Ahead". In K. Len, T. Uyama, and T. Hirose (eds), *Japan's Silk Road Diplomacy. Paving the Road Ahead* (Central Asia and Caucasus Institute, Silk Road Monograph, 2007), 73–74.

Conclusion

The SCO has passed through a number of phases in its institutional and political evolution and at present it represents an international instrument to coordinate areas of multilateral cooperation. Nonetheless, there are certain problems in the development of the SCO, including a lack of conflict management measures, and economic and stability aspects, where the majority of projects are sponsored mostly by Chinese investments, even though other countries, particularly Russia, could advance a more active investment policy within the SCO framework.

It is obvious that cooperation between the SCO and leading European and Asian countries, the United States, and international institutions needs to be developed. In the long term, the SCO may open up new opportunities for cooperation and integration among member states, as well as for cooperation with other international organizations to strengthen regional and global security.

For continued and enlarged cooperation within the framework of the SCO format the following could be suggested:

- Future development of the institutional framework, with regard to regional projects in particular, including on cross-boundary water-sharing and ecology issues;
- Strong partnership and joint projects on Central Asia and Afghanistan between the SCO and the European Union, NATO, OSCE, CIS, SCO, EEC, and CSTO.

Future prospects for multilateral international cooperation in Central Asia will depend on the correlation of national, regional, and global interests. It is necessary first of all to establish a strong dialogue between the Central Asian republics themselves. All Central Asian geopolitical, political, economic, and security challenges are connected and solutions could come jointly. Future regional cooperation with strong international partnerships would promote increased stability, economic reforms, and democratization.

Part 2: The SCO and the World

The SCO and NATO

Alyson J. K. Bailes and Jóhanna M. Thórdísardóttir

Introduction

The twenty-first-century world is marked by a plethora of organizations for cooperation between states at the global, regional, and sub-regional level. A large proportion, perhaps a majority, of them have goals or purposes relating to security in its traditional, military context and/or in other dimensions – ranging from crisis management through the combating of non-state threats to “softer” issues such as economic and financial or environmental security. Since the end of the Cold War and the collapse of the Warsaw Treaty Organization (Warsaw Pact), it has also been more the rule than the exception for such institutions to take a positive and permissive attitude to each other, rather than forming matched sets of enemy blocs. To take a recent example, NATO in its Strategic Concept adopted at Lisbon on 19 November 2010¹ stated that:

The promotion of Euro-Atlantic security is best assured through a wide network of partner relationships with countries and organisations around the globe. ... We are prepared to develop political dialogue and practical cooperation with any nations and relevant organisations across the globe that share our interest in peaceful international relations.

Inter-institutional cooperation can take as many forms as the institutions themselves, but may roughly be divided into permanent relationships allowing dialogue, information exchange, mutual

1. “Active Engagement, Modern Defence”, *Strategic Concept For the Defence and Security of The Members of the North Atlantic Treaty Organisation*, text available at www.nato.int/cps/en/natolive/events_66529.htm.

support, and complementarity; and ad hoc cooperation for handling individual crises and crisis interventions. Complementarity and role division may work horizontally, with organizations covering different geographical spaces and/or functional spheres, or vertically, as when a large regional organization (like the European Union) has several smaller sub-regional or “neighbourhood” groupings (like Benelux or the Council of Baltic Sea States) within it.

In such a heavily networked world, it seems reasonable to judge the legitimacy and standing of any given organization *inter alia* by the extent to which it is recognized by, and enjoys fruitful relations with, other entities interested in the same geographical space and functional agenda.² By this standard, the Shanghai Cooperation Organization (SCO) established in 2001 would seem to come rather low in the popularity table. As the Russian Federation and China are its largest members it is perhaps not surprising that its closest links are with another security-oriented grouping led by Moscow, the Collective Security Treaty Organization (CSTO). The same four Central Asia countries, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, are members both of the SCO and CSTO, and the two groupings have for example held joint military exercises, even if they can also be seen in some sense as competitors, notably for Moscow’s attention.³ In turn, China’s overlapping memberships have opened the way for positive relations between the SCO, the South-East Asian grouping ASEAN (Association of Southeast Asian Nations), and the ASEAN Regional Forum (ARF), which also includes the large powers of East Asia. A Memorandum on Mutual Understanding was signed in April 2005 between the

2. Approaches to evaluating the role and impact of regional or sub-regional inter-governmental organizations are many and varied, ranging from the purely theoretical to the partisan and political. Recognition and peer links are suggested as part of an empirical and would-be objective set of criteria in A. J. K. Bailes and A. Cottey, “Regional security cooperation in the twenty-first century”, chapter 4 in *SIPRI Yearbook 2006: Armaments, Disarmament and International Security* (Oxford University Press, 2006). This approach is applied to the SCO, CSTO, CIS, and GUAM in A. J. K. Bailes, V. Baranovsky, and P. Dunay, “Regional security cooperation in the former Soviet area”, chapter 4 in *SIPRI Yearbook 2007: Armaments, Disarmament and International Security* (OUP: London 2007). See also A. J. K. Bailes, P. Dunay, Pan Guang, and M. Troitskiy, *The Shanghai Cooperation Organization*, SIPRI Policy Paper no 17, 2007.
3. G. Flikke, *Balancing Act*, NUPI-rapport, Norwegian Institute of Foreign Policy (NUPI), Oslo 2009; see also below.

Secretariats of the SCO and ASEAN on cooperation in the economic, energy, environmental, and anti-crime fields. India, Iran, Pakistan, Mongolia and Afghanistan have meanwhile become observers in the SCO system in their national capacity, with the first NATO member, Turkey, being granted dialogue partner status at the 2012 SCO Summit held in Beijing. (For the purposes of this study, Turkey's involvement is interpreted as being part of its regional 'Ostpolitik', rather than an actual or potential link for the SCO with NATO as an institution.)

Among global institutions and the chief cooperation frameworks of other regions, the SCO was at first recognized only by the United Nations which gave it observer status in the General Assembly in December 2004. The SCO duly sent a representative for the first time to the United Nations's September 2005 anniversary summit. At the Organization for Security and Cooperation in Europe (OSCE), which generally welcomes sub-regional cooperation and local arms control regimes⁴ among its members, consensus to develop institution-to-institution relations with the SCO was slow in coming. While references to the latter turned up in participating countries' statements and some official OSCE documents, and the OSCE participating States who were also SCO members adopted some group positions,⁵ the real breakthrough for the SCO as an institution had to await Kazakhstan's Chairmanship-in-Office of the OSCE in 2010. At the SCO's Tashkent Summit of 12 June that year, Kazakhstan's President Nazarbayev explained frankly how he would use his country's current multiple chairmanship to raise the SCO's profile (and also that of the Organization of the Islamic Conference, OIC) at the OSCE. At the OSCE's Annual Security Review Conference held in Vienna just a couple of days later

4. The "Shanghai process" that preceded the SCO was based upon Sino-Russian, and subsequently Sino-Central Asian, measures of military restraint and confidence-building along shared borders that closely resemble the OSCE's own security-building *acquis*. See the chapter by D. Trofimov in A. J. K. Bailes, B. Hagelin *et al.* *Armament and Disarmament in the Caucasus and Central Asia*, SIPRI Policy Paper no 3, 2003.

5. Following the 2005 Astana summit in Kazakhstan where SCO members adopted a declaration rejecting the Western strategic presence in Central Asia, Russia joined with the same countries to present several statements and reform proposals at the OSCE, where they came to be known as "Astana group" positions.

(14–16 June), an SCO representative was duly seated for the first time as an official observer and was invited to make one of the keynote statements, on the tackling of terrorism and other transnational threats.⁶

As regards the more purely West-based organizations, the case of NATO will be discussed in more detail below, but it has only recently ventured so far as secretariat-to-secretariat contacts with the SCO. The European Union has also had at least one contact between its High Representative for Common Foreign and Security Policy and the SCO Secretary-General, but thus far prefers to conduct its Central Asian strategy (adopted in 2007) with local partners on a bilateral basis.⁷ Both institutions' Eastward partnership structures (NATO's Euro-Atlantic Partnership and the European Union's European Neighbourhood Policy) include all the SCO's Central Asian members as individual partners, and NATO and the European Union both have extensive direct relationships with Russia and China.

When an organization displays this relatively low level of recognition, in a global system marked by almost endlessly proliferating institutional links, two basic hypotheses may be offered in explanation. The first is that the nature of the organization itself does not demand, or conduce to, the finding of analogues and partners; which may also mean that it does not try particularly hard to establish peer relations itself. The second element is the way it is viewed by other organizations, which may regard relations with it as irrelevant, unbecoming, or downright undesirable, and may thus reject any overtures for contact.

If the question of analogues is taken as a starting point for applying this model to the SCO's case, what stands out is that the great bulk of Western analysis on this institution has – by focusing

6. The CSTO and the (equally Russia-led) Commonwealth of Independent States (CIS) were given the same status at this ASRC and allowed to make interventions in plenary discussion. Kazakhstan had previously arranged for a CSTO representative to address the OSCE Permanent Council (April 2010).

7. On European Union Central Asian Strategy see the European Commission's webpage at <http://ec.europa.eu>. For further background and argument see O. Antonenko, *The EU should not ignore the Shanghai Cooperation Organization*, CER Policy Brief, Centre for European Reform, London, May 2007: text at www.cer.org.uk/pdf/policybrief_sco_web_11may07.pdf.

on its military dimension and its members' strategic intent – related it to NATO if to anything. Like NATO, the SCO is a “modern” inter-governmental grouping⁸ of larger and smaller nations over a wide geographical span, best known for its military activities and other security functions. More to the point, Russia (in particular) has often portrayed it as a deliberate and necessary counterpoise to NATO, designed to uphold the collective interests of a group of nations who neither seek nor are offered NATO membership and may consider themselves challenged in various ways by the Alliance's post-Cold War activism and expansion.⁹ Further, NATO is the only West-based organization with which the SCO itself has so far seemed potentially interested in dialogue.

This study will therefore look in more detail at the NATO/SCO relationship, in its own right and as part of an evolving paradigm of SCO-West relations, as one possible route to a better understanding of what the SCO is and is not and of its place in the global institutional matrix. The following sections will consider first the known facts of this relationship to date, and then the hypotheses that might explain its limitations and/or antagonistic character. The following section asks whether any more positive or complementary elements in the *de facto* coexistence and interplay of these two institutions might be identified from a dispassionate longer-term perspective. The conclusions are then summarized.

NATO and the SCO: Institutional (Non-)Relations

Early in 2009, a number of press commentaries speculated on whether NATO and the SCO might make contact over the Afghanistan operation.¹⁰ Concretely, the SCO had scheduled a “Contact Group”

8. “Modern” here signifies that the two organizations work on an inter-governmental basis of ad hoc agreement among fully sovereign nations, in contrast to the “post-modern” European Union where members have pooled part of their sovereignty to create supranational elements like the European Commission and Court of Justice.

9. As an example involving a particularly sensitive Russia/NATO topic, Russian Foreign Minister Sergei Lavrov told the media in 2007 that “We and China are analyzing the US global missile-defense plans targeting Europe and the East”. Cited in M. K. Bhardakumar, “The new ‘NATO of the East’ takes shape”, *Asia Times Online*, 25 Aug. 2007, www.atimes.com.

10. For an example see *Asia Times Online*, “Unlikely bedfellows in Afghanistan”, 18 March 2009, at <http://www.atimes.com>.

meeting of its participating states for March and had sent an invitation to the NATO Secretary General among others. If commentators took the possibility of a NATO response at all seriously, this may be explained by the growing Western unease at that time over prospects in Afghanistan – which encouraged speculation on new approaches – plus belated a realization that the SCO was also interested in the topic (it had in fact maintained contact with the Afghan authorities for several years already). Even so, most observers found it hard to imagine a breakthrough to direct cooperation between two such differently motivated and structured organizations. They were right.

The fact is that, as of autumn 2012, NATO has still not entered into any official relationship with the SCO and has no intention to change that in the near future. The only direct contacts that have taken place have involved the NATO Secretary General's Special Representative for Central Asia and the Caucasus (Ambassador Robert Simmons) meeting with SCO officials, including the SCO Secretary General, on the margins of several international conferences. Both sides have expressed interest in increasing their cooperation and information exchange through such channels, but it has been difficult to find practical opportunities since SCO officials rarely travel to Brussels or NATO officials to Beijing and Shanghai. The most likely opportunity for raising the dialogue one notch would be if the NATO Secretary General were to make such a visit.

China of course has its own bilateral dialogue with NATO and has given briefings on SCO developments in that framework, but without pressing particularly for institution-to-institution engagement. (It is understandable that China might find it quite useful to discuss Afghanistan with NATO leaders directly and without Russia present.) Likewise, Russia has communicated direct with NATO, and through the OSCE, about the national contributions it might make to peace-building in Afghanistan, and improved its offer notably during President Medvedev's attendance at the NATO Summit of November 2010.¹¹ The main obstacle to a NATO/SCO dialogue seems, however, to be none of these alternative channels but rather the difficulty for NATO in identifying (a) what if any-

11. "NATO-Russia set on path towards strategic partnership", NATO official website 20 Nov. 2010, see www.nato.int/cps/en/natolive/news_68876.htm.

thing the SCO actually does regarding Afghanistan, and (b) what synergy could be created by a more direct effort at engagement. So far as can be judged, the SCO's main collective concern on Afghanistan has been *containment*, of the spill-over of conflict and also of possible drug-trafficking and terrorist movements involving its members' territory. This is a self-regarding programme that does not conflict with NATO's aims, but is distinctly different from them and can just as well be carried on autonomously. Up to now, the SCO has not announced any other Afghanistan-related initiative, in the security or any other sphere, that would command NATO's attention in either a positive or negative sense.¹²

While holding the door open for official contact, neither Russia nor China is in fact pushing for NATO to "recognize" the SCO. What Russia has been angling for, for some time, is such recognition for the CSTO: but NATO has a much clearer and more negative position on that. While it does not question CSTO legitimacy in the sense that states have a free choice to belong to it, most of the CSTO's non-Russian members have themselves urged NATO to go on dealing with them bilaterally through Partnership for Peace. There is no ground for Western policy-makers to second-guess this position so long as the potential benefits of a formal NATO–CSTO link remain even more unclear – if possible – than those of working with the SCO.

What are the Problems?

When looking at the interaction between NATO and the SCO, two basic hypotheses might explain why nothing close to a profound relationship has developed between the two organizations. The first, antagonistic hypothesis would view NATO and the SCO as two *competing* entities, perhaps also representing different models or concepts of governance, within the international community. The second hypothesis – not necessarily incompatible with the first – would be that in fact the two are so *different* as to make cooperation irrelevant and non-viable. This section will explore

12. This is not the place to explore the SCO's own reasons, but they may include China's caution about any action in that theatre that risks "tainting" it by association with either Russia's past military actions or the United States' more recent ones.

these two avenues of thought and use them to probe into the reality of both institutions today.

Hypothesis 1: NATO and the SCO are natural antagonists

The view that NATO and the SCO are natural antagonists would have made limited sense under the realist bi-polar logic of the Cold War, as the (full) memberships of the two are geographically in contact only along Russia's and Belarus's western borders, and their *prima facie* "zones of influence" intersect only in Central Asia. Scenarios for direct conflict between the two sets of countries they represent are almost impossible to construct and there is no evidence that either (as a collectivity) has war plans for execution on the other's territory. Further, each institution clearly has important aspects of its *raison d'être* that are self-referential rather than aimed at the other. However, changes of institutional policy and ambition since 1989/90 have made it more plausible at least to explore the notion of a wider correspondence and competition between the two. Having won the Cold War by default and largely moved beyond its subsequent agenda of crisis management in Europe (Western Balkans), NATO since 2001 has defined a new enemy for itself in the shape of international terrorism and extended its operations as far as Afghanistan in that cause. The SCO, since it was formalized as an intergovernmental institution in that same year, has also made it a major aim to combat terrorism and extremism within its member states' territories. As the two institutions pursue these similar goals with different key partners and in often very different styles, the SCO can be seen as setting out to compete with, pre-empt, and displace NATO at least within that considerable range of Eurasian territory covered by its members and observers. The idea of the two as conscious and/or existential antagonists can thus be built up on a number of more detailed elements – relating both to declared contemporary agendas and to older underlying tensions – that are explored in more detail (but in no particular order of priority) below.

First, there is no shortage of evidence that the SCO was consciously set up to "balance" NATO and exclude it from a purported Russian/Chinese zone of influence. Neither Russia nor China has hidden the fact that they want to develop as centres of power that

can match the United States' international standing and its leadership role among other states. Russia, especially under President/Prime Minister/President Putin, has made no secret of the fact that it desires to return to its superpower status and China is steadily building its way up to that status. For the present, however, neither Russia nor China can match the all-encompassing power of the United States on its own, and the normalization of their mutual relations at the end of the Cold War has opened the way for them to turn to each other for assistance. The SCO's Charter explicitly expresses the member states' desire to create "political multipolarity" in the global system.¹³

This desire to match NATO is also evident in statements from the SCO summits, with particular reference to activities in Central Asia. For some time, the Central Asian steppe was considered a hinterland, a no-man's land that spurred little interest from the Western powers. However, with the war on terrorism, this changed dramatically to make the region one of high interest both for its proximity to Afghanistan, and in its own right as an arena and corridor for hostile non-state activities. Concretely, following the 2001 invasion of Afghanistan the United States acquired military bases in Kyrgyzstan and Uzbekistan to provide rear-echelon support for the Afghan operation, and some other NATO Allies followed suit (e.g. Germany in Uzbekistan). At the same time, the "colour revolutions" that fuelled anti-incumbent sentiments successively in Ukraine, Georgia, and Kyrgyzstan were blamed by Moscow on U.S. incitement and gave SCO leaders reason to fear a more intimate U.S. threat to their control of their own territories. While Russia's attitude to the West's efforts in Afghanistan had at first been relatively benign, this changed as suspicion grew that the United States was seeking a more fundamental change than Moscow had bargained for, both within that country and in the region more widely. The clash of agendas came into the open at the SCO's annual Summit meeting in Astana, Kazakhstan, in 2005, by which time Uzbekistan had quarrelled bilaterally with the

13. Charter of the Shanghai Cooperation Organization, accessed 18 June 2010 at "2008–2009 Russian Presidency of the Shanghai Cooperation Organization", <http://en.sco2009.ru/docs/documents/charter.html>.

Americans over political and human rights issues. With Uzbekistan taking the lead and Russia and China fully supportive, the SCO used its Summit declaration to call for all Western coalition forces to withdraw from its members' territory,¹⁴ demanding that they set a timeline for this withdrawal, on the assumption that the task in Afghanistan could soon be completed.¹⁵ This one incident has perhaps done more than anything else to convince Western analysts of an underlying and quite old-fashioned contest for strategic control between the SCO, the United States, and NATO as a whole.

Second, and more broadly, the SCO may be seen as part of a complex of organizations that serve Russia's purpose of binding together as many of its former Soviet neighbours as possible under its own strategic control, including but not limited to the states of Central Asia. With the end of the Soviet Union, many of the newly independent states sought strategic ties with the West in order to escape from Russia's powerful orbit, resulting in full NATO and European Union membership in 2004 for the three Baltic States and a growing influence for these organizations over political developments as far eastwards as Saakashvili's Georgia. Central Asia has been objectively a harder case for Western influences to penetrate, due to differences of history and culture as well as governance. From Russia's viewpoint, the region is one where the very history of statehood is tied up with the Tsarist and Soviet empires, and one that can and must be held as a defensive bastion for the reduced Russian heartland – either as “friendly”, or at the least not enemy territory.

In the face of NATO and European Union enlargements now embracing most of Europe's traditional territory, of Western dominance in the Balkans, and of the global pretensions of both Western organizations, Presidents Putin and Medvedev of the Russian Federation have both made statements about aiming to restore Russia's rightful place in the world. For Moscow, which

14. M. Mihalka “Not Much of a Game: Security Dynamics in Central Asia”, *China and Eurasia Forum Quarterly* 5(2), 2007, 26.

15. “Declaration of Heads of Member States of SCO”, Official Website of SCO Summit, <http://english.scosummit2006.org>, accessed 17 June 2010.

no longer has the capacity nor agenda for truly global action,¹⁶ this campaign is one that must be fought and won in its own adjoining regions. Since the Soviet Union was dissolved, Russia has successively created the Commonwealth of Independent States in 1991,¹⁷ the Eurasian Economic Community in 1996,¹⁸ and the Collective Security Treaty Organization in 2002¹⁹ to renew and prolong its ties with those states still wishing or willing to accept its protection, including Belarus and Armenia to the west as well as most states of Central Asia.²⁰ Considered as balances to the West or recreations of the old Soviet empire, however, all of these structures have been relatively weak and little recognized internationally. The absence from them, or passive resistance within them, of the largest post-Soviet neighbour Ukraine and of most other westward neighbours merely underlines how Russia's post-Cold War policies have divided its would-be satellites, and frustrated Moscow's aim of a continuous *cordon sanitaire*.²¹

The reality of Russia's one-sided superiority and dominance within these organizations has, in fact, been one of their biggest image problems. By contrast, in the SCO China is present as an equal partner and in some sense a counter to Russia, lending the organization its own resources of international standing and influence as well as its more concrete (notably economic) strengths. The corollary is that Russia cannot so simply manipulate the or-

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16. Russia's overseas bases and troop presence have almost completely dissolved since 1990 and it is no longer a key player even in the destiny of small former satellites like North Korea and Cuba. It figures more as a potential spoiler, but in the end usually a more-or-less reluctant partner, in Western policies vis-à-vis other strategic challenges like the Iranian nuclear threat.
 17. G. Gleason, "Inter-State Cooperation in Central Asia from the CIS to the Shanghai Forum", *Europe-Asia Studies* 53(7), 2001, 1081.
 18. See "History" at Eurasec website, www.evrases.com, accessed 4 July 2010.
 19. Website (in Russian) at www.dkb.gov.ru, and see Major J. A. Mowchan, *The Militarization of the Collective Security Treaty Organization*, CSL Issue Paper, U.S. Army War College, Vol. 6 (9), July 2009.
 20. Turkmenistan is the main exception since it maintained its "neutrality" and independence of all major organizations under its autocratic leader Turkmenbashi, and has been only cautiously reopening dialogue since his death.
 21. The creation of the GUAM grouping (now the GUAM Organization of Democracy and Economic Development) by Georgia, Ukraine, Azerbaijan and Moldova (plus, briefly, Uzbekistan) as a would-be alliance and barrier against Russian interference further illustrates the point.

ganization for its own purposes (on which more below), while the very existence of the SCO implies giving China potentially equal access – if not, yet, anything like a balanced condominium – in Central Asia itself. Overall, however, the bargain may still be a good one for Moscow in terms of regional geopolitics. China is implicitly enlisted for countering Western influence, China's own ambitions in Central Asia are brought within some formal limits and under Russia's scrutiny, and the SCO itself has proved harder for Western opinion simply to dismiss and de-legitimize than any other multilateral construct devised by Moscow since 1991.

Third, the SCO has been so designed as to exclude and disadvantage Japan, the West's main strategic ally in East Asia: just at a time when Japanese-U.S. relations are more uneasy than for long past, and Japan has deepening concerns on North Korea. Cooperation with Japan – a distinctly “Western” Asian state with a U.S. military presence and close relations with NATO – has for long held no apparent interest for the SCO; although in 2010 there was talk of an “SCO plus 3” format allowing the organization to communicate with Japan, the United States, and the European Union. There is an interesting contrast here with China's other initiative for “Six-Party” talks on the Korean problem, where Japan was fully included from the outset. It is true that, apart from not sharing the SCO members' Communist background (and having unsolved territorial disputes with Moscow), Japan can claim little in the way of historical and cultural ties with the Central Asian space – a feature which may also make Japan less mistrusted there than China. There has however been considerable discussion about possible new natural gas pipelines from that region to East Asia, and Japan in particular. This has spurred Japan among other things to establish the Central Asia Plus Japan initiative directly with Central Asian states, aiming to bypass China and Russia and to win more profound influence than it could through an intermediary.²² Lacking natural energy resources, Japan would greatly benefit from increased natural gas deliveries from Central Asia as a way to diversify its supply. However, if this supply took the long-studied

22. C. Len, “Japan brings balance to Central Asia”, *Asia Times Online*, www.atimes.com, 18 February 2006, accessed 24 June 2010.

form of pipelines connecting Central Asian gas supplies to China and then Japan, Japan would become similarly dependent on China for safe transit as Ukraine and its Western neighbours now are upon Russia. Any more autonomous Japanese dealings with Central Asia will always be liable to be seen as a threat by either Russia or China; and as things stand, the latter's strengths and new links through the SCO leave Japan's position distinctly precarious in the wider region.

Fourth, the SCO has widely been regarded as either "value-free" in terms of political and human rights principles, or directly opposed to Western values in those spheres. The SCO has made it a point to advertise itself to Eurasian states as an alternative option in terms of both internal and international governance. The two main states of the SCO believe that – leaving aside ideology as such, where adherence to Communism now drives a line between them – they each have a government that is uniquely suited to their particular security needs as well as grounded in their history and culture. As the efforts of the United States and other Western states to establish democratic societies in countries in the region have started to founder by some measures, the SCO's focus on achieving security through strong authoritarian government and strict national control could attract many state élites that have become frustrated with or feel directly threatened by the Western way. The SCO is essentially pro-incumbent in its philosophy and workings, just as Western influence has been widely construed as anti-incumbent and dedicated to leading local populations away from both post-Soviet and Chinese models.

The opposition between the SCO and NATO can also be seen in more philosophical and constitutional terms, centring on how they define the duties of and relations between their members. The very existence of the SCO, as well as its political appeal for both member and observer states, rests upon its proclaimed doctrine of non-intervention in the internal affairs of other states. This does not of course mean that Russia and China will not interfere in the smaller members' fates if it ever suits them, but it does make an important statement about how Russia and China have managed their own coexistence since 1989, and it is clearly meant to reject

the Western notion of intervening in the name of human rights and other political norms. Accordingly, the SCO does not define any requirements, whether in its Charter or the statement on membership eligibility adopted at its 2010 Tashkent Summit,²³ for the form of government or other political standards to be met by its members. NATO, the European Union, and also the Council of Europe have of course defined very explicit norms relating to political systems and internal governance (as well as other specialized fields) to guide their enlargement processes. The SCO instead defines its expectations from its members in practical, non-intrusive terms of cooperation in fields like anti-extremism, anti-terrorism, and economic development.

Fifth, the SCO has made a point of increasing its cooperation with several states that have traditionally not been high on the list of Western favourites, most notably Iran. Iran is currently an observer in the SCO and has applied several times for full membership, creating a quandary for SCO members that was only resolved with the argument that current United Nations sanctions against the Iranian regime precluded its acceptance.²⁴ However cooperation between the SCO and Iran, and perhaps more particularly Russia and Iran, has remained ongoing. It may be assumed that their relationship is based more on a mutual dislike of the West – and pleasure in provoking the West! – than on a substantial desire for cooperation, although this is difficult to judge from the outside (there might for instance be some real common interest in the containment of challenges from Afghanistan). At any rate the degree of international recognition granted to Iran by the SCO, where it is seated on equal terms with India and Pakistan among others, is clearly not helpful to larger Western efforts to push President Ahmadinejad's regime into a corner.

The above points are those most regularly cited by authors who wish to paint the SCO as a conscious antagonist and real source of challenges for NATO. How convincing are they when taken as a

23. "Tashkent Declaration of SCO Heads of State Council Meeting", The Shanghai Cooperation Organization website, www.sectsc.org, accessed 1 July 2010.

24. "Countries under UN Sanctions cannot join SCO – Medvedev", RIA Novosti, 11 June 2010.

whole? The main objection is that they focus more on SCO words than its real actions and effects, and they cover only a limited part of the real-world story since 2001. To cite only the main counter-arguments: there is first of all a good case to believe that Russia and China need the SCO more to regulate the always-touchy and still-shifting relationship between themselves than they need it for any West-directed purpose. Its origins lie in risk reduction and conflict avoidance along the Russo-Chinese border, and both that aim and the regulation of Russo-Chinese coexistence in Central Asia will continue to be equally relevant or perhaps become more important than ever as China's unstoppable rise continues to shift the balance against Moscow. Secondly, the SCO's existence has not in practice stopped the West from doing what it wants in Afghanistan, did not stop the United States and others from opening historically unprecedented bases in Central Asia, and had minimal effect in reversing the process even after the Astana Summit declaration. The United States did have to leave Uzbekistan in 2005, but as noted above this followed on a bilateral dispute and was more or less the Uzbek government's intention all along. By contrast, although the U.S. base at Manas in Kyrgyzstan has been threatened several times – most recently with Kyrgyzstan's new President calling for the base to close after the end of its 2014 lease – the Kyrgyz Government always succumbed in the end to the appeal of an enlarged U.S. payment.

The SCO has not been too successful, either, in speaking with one voice to the world in defence of its supposedly alternative model. One of the most contentious issues that exposed this was the Russia-Georgia war of 2008. Russia wanted a statement issued by the SCO to support Russia's position, but none was forthcoming at the Dushanbe Summit of August 2008.²⁵ China was especially opposed to the recognition as independent of the territories broken away from Georgia (too many parallels with Tibet), not to mention the war occurring at the opening of the Beijing Olympic Games, which China did not appreciate. The concerns of the Central Asian

25. A. Cooley, "Cooperation gets Shanghaied", *Foreign Affairs* 14 December 2009, www.foreignaffairs.com, accessed 20 June 2010.

members at the implied precedent are also not difficult to imagine, and even Belarus broke ranks with Moscow on the issue.

A further limitation on the SCO's effectiveness, especially in any implied East–West confrontation, is that Russia has put more emphasis on its other organizations when pursuing its interests vis-à-vis the West and even in some cases with Central Asia. The CIS and CSTO are more often referred to when Russia aims to develop new projects or to increase defence and security cooperation. This is evident when looking at speeches by both Presidents Putin and Medvedev, while the SCO is rarely directly mentioned. Russia of course also manages some aspects of its dealings with the West in more cooperative style, for which it certainly does not wait to get Chinese or SCO permission; and still less is there any sign of Russia trying to promote specific Chinese interests through its own greater access to NATO, the European Union, and the OSCE. The importance of direct China–United States and China–West dealings is meanwhile growing steadily, boosted both by bilateral interdependence and by the significance of China's stand on issues coming forward multilaterally in the United Nations Security Council, World Trade Organization, G20, and others. Without room fully to argue the point here, it seems safe to say that the Russia–United States/West relationship is more crucial for Russia and the China–United States/West relationship for China than anything that can be achieved through their mutual relationship, within or outside the context of the SCO. Finally, it is worth noting that when Russia and China have important strategic business to do together *outside Central Asia*, they have shown no inclination to expand SCO competence to cover such topics nor to let other SCO members get in on the act: they work together on the Korean issue through the Six-Power Talks, on Iran in the United Nations Security Council setting, and of course on many military and trade issues through simple old-fashioned bilateral relations.

Hypothesis 2: NATO and the SCO are not really sufficiently alike

The first and most formal argument in favour of this alternative hypothesis is that the SCO is not based on mutual defence guarantees, as is the case with NATO. NATO's Washington Treaty clearly defines the collective defence relationship that lies at the core of

the organization, and NATO's 2010 Strategic Concept – cited earlier²⁶ – confirms that the mutual territorial guarantees in its Article 5 are still valid and valued by the Allies. The SCO Charter on the other hand has a much broader mandate for non-binding inter-state cooperation that includes areas from security to science.²⁷ Although the SCO has hosted several “peace” exercises that bring together the militaries of the member states and have included quite heavy warlike operations, these are ad hoc events that do not imply any broader oversight or standardization, let alone common command, of the members' military assets in peacetime. Armaments trade is heavy between Russia and other SCO members but is conducted on a purely bilateral and largely commercial basis.²⁸ Nor does the SCO provide the legal and institutional framework for Russia basing troops on the smaller members' territory. While much of the publicly released literature from the SCO is devoted to the fight against terrorism, separatism, and extremism, much of the actual ground work in members' cooperation has been based either on the original measures of military *restraint* along borders, or on economic aspects.

One of the strategic advantages of NATO membership is the innate trust that member states have created amongst one another, based on shared values and achievements as well as a common threat. However, as a relatively young – and in political terms, loosely-knit – institution, the SCO has been unable to erase all mutual mistrusts among its member states. Even the two leading SCO members still have a relationship that is fraught with tension despite their words of cooperation. The four Central Asian states also have difficult relations amongst themselves, including border disputes, ethnic strife (as highlighted by the recent action against Uzbeks in Kyrgyzstan) and quarrels over natural resources, to name only a few. Further, while the Central Asians maintain close cooperation with Moscow

26. 'Active Engagement, Modern Defence', Strategic Concept For the Defence and Security of The Members of the North Atlantic Treaty Organisation, text available at www.nato.int/cps/en/natolive/events_66529.htm.

27. Charter of the Shanghai Cooperation Organization, accessed 18 June 2010 at '2008–2009 Russian Presidency of the Shanghai Cooperation Organization', <http://en.sco2009.ru/docs/documents/charter.html>.

28. For details see the arms transfers data base of the Stockholm International Peace Research Institute at <http://www.sipri.org>.

on a number of levels, the history of Russian colonization and Soviet rule has hardly been of their free choosing and still sets its mark on internal SCO cooperation. In turn, Russia is worried about China's encroachment on the region and the Central Asian states themselves are worried about China's intentions, despite being thankful for its concrete contributions there.

In parenthesis here, it may be suggested that the CSTO would be a better match or counterpart for NATO in terms of military competence and (relative) strategic unity – albeit now somewhat tarnished by Uzbekistan's withdrawal in summer 2012. Its origins lie in the Tashkent agreement of 2002 whereby the other ex-Soviet republics inherited parts of the USSR's military assets and arms control responsibilities, and it has witnessed the revival of limited parts of the former Soviet apparatus such as a joint CSTO air defence system (originally conceived, but not found feasible, in the context of the CIS). In 2008, after the Georgian–Russian war, Russian President Medvedev called upon the CSTO to “increase [its] military capabilities”²⁹ and shortly thereafter, the CSTO issued a mandate for a joint Rapid Reaction Force that implied a far closer unity of strategic action than the SCO could hope for. It was thus, technically speaking, quite logical that in summer 2010 the CSTO should be considered as a prime candidate for any collective local military assistance in Kyrgyzstan's internal crisis. These features make the CSTO more of a potential competitor/partner for NATO – for example, in terms of arms control discussions or exchanges on military doctrine – than the SCO could ever be, were the political blockages described above to disappear.

Another practical problem between NATO and the SCO is that neither the SCO nor CSTO has a true analogue to the NATO Secretary General, while NATO does not have a real revolving Presidency to match the SCO one.³⁰ There is an SCO Secretary General (S-G) who oversees the daily operation of the SCO, but the main power resides with the Council of Heads of State which retains the decision-making competence. The S-G has nothing like

29. Major J. A. Mowchan, *The Militarization of the Collective Security Treaty Organization*, CSL Issue Paper, U.S. Army War College, Vol. 6 (9), July 2009.

30. NATO's *Présidence d'honneur* has only protocol significance; the NATO Council for instance is always chaired by the Secretary General rather than a national figure.

the delegated operational powers enjoyed by NATO's S-G and its permanent military commanders, nor anything on the scale of their international staffs and budgets. All this creates similar problems to those the European Union (then the European Community) faced when Henry Kissinger famously said, "Who do I call when I want to call Europe?" Even if politics and perceptions create the main obstacles to NATO–SCO cooperation at present, easy and equivalent staff-to-staff relations would be needed to hammer out any agreements that might later be sought – and as things stand, the respective structures would make them very hard to manage.

A further structural difference is that the SCO is not *globally* active in the military/security dimension, as NATO is. Currently NATO's presence (including out of area operations) extends from North America to South/Central Asia, and its operations have drawn in like-minded states from other regions as far as Australia. The SCO's membership gives it an impressive reach throughout Asia, but it has nothing like NATO's record of concrete joint action even within this space and its ability to react to a real-life operational demand is still to be tested. Where it does have the capability to take action, in non-military fields such as the economy, its scope is still limited to its own members' territory, and it may not always have enough willpower and assets to reach critical mass even there.

This leads to the next and converse point, namely that the SCO has a wide *horizontal* range of competence that NATO does not possess, covering internal security, economic cooperation, and several functional fields. Despite much discussion since 2006 of the SCO's possible role as an "energy club",³¹ practical and logistical problems have so far limited further action on this idea. Nevertheless, increased cooperation has been ongoing in the cultural and education fields. For instance, plans are in the works for an SCO University, to be set up to teach subjects that will be in high demand in the future, including information technology and language training.³² In addition, China has sought to increase its

31. A. Matusov, "Energy Cooperation in the SCO: Club or Gathering?" *China and Eurasia Forum Quarterly* 5(3), 2007,84.

32. "Chelyabinsk University participates in founding the SCO University", *Russia's Presidency of the Shanghai Cooperation Organization* website, <http://en.sco2009.ru>, 9 Oct. 2008, accessed 1 July 2010.

economic visibility throughout Central Asia by way of an export credit line that China set up specifically for the import of Chinese goods by SCO member states.³³ The SCO Interbank Association, another scheme that some SCO member states have committed themselves to, aims to grant credit for “joint investment projects to the tune of 742 million dollars.”³⁴ These efforts are, from China’s viewpoint, aimed at deepening its presence and building interdependence in Central Asia as well as introducing Chinese products into a new market. From Central Asia’s viewpoint, Chinese cash is a welcome investment that comes with fewer political strings attached than grants from Western, or global institutional, sources.³⁵

All the points made in this section could be countered with the argument that institutional dialogues do not have to combine like with exact like. For instance the European Union has long-standing and quite close dialogues with other regional institutions like ASEAN in Southeast Asia and MERCOSUR in South America that have only a limited functional overlap with it, and are still at a different level of governance (without true supranationality). However, in the particular case under study here it is relevant that NATO has not been one of the more active players in institutional dialogues, and has not sought any binding relations with functional counterparts since the Warsaw Pact disappeared. This can partly be explained by its own lack of legal personality, and partly by the fact (discussed further below) that no other real “hard” defence alliances exist in the world today – the CSTO apart. NATO does, of course, now have a close contractual relationship with the European Union, covering cooperation in defence planning and peace missions, but even among such “friendly” institutional partners it is interesting to note that no binding NATO–United Nations relationship or NATO–OSCE relationship has yet materialized.³⁶

33. A. Sodiqov, “China boosts investment in Tajikistan”, *CACI Analyst* 7 January 2009, www.cacianalyst.org, accessed 1 July 2010.

34. “The Interbank Consortium of the Shanghai Cooperation Organization”, Shanghai Cooperation Organization website, www.sectSCO.org, accessed 20 June 2010.

35. A. Sodiqov, “China boosts investment in Tajikistan”, *CACI Analyst* 7 January 2009, www.cacianalyst.org, accessed 1 July 2010.

36. NATO’s role in the Conventional Forces in Europe (CFE) negotiations takes place, technically, in a separate forum from the OSCE and any obligations assumed there are the legal responsibility of NATO’s constituent nations.

To sum up: Western political attitudes towards the SCO, including those that play a part within NATO decision making, seem so far to have reflected mainly hypothesis 1 – that the organization is antithetical to Western values at least, and probably to Western strategic interests as well. Yet the second hypothesis, about a mismatch between the two institutions, fits the objective evidence better and at present seems to be the main factor influencing NATO's professional staffs. It could limit the content and value of an SCO–NATO interchange, and tend to keep it at a symbolic or atmospheric level, even if the way were to open for it politically. Looking from the SCO side, Russia is clearly influenced by hypothesis 1 both in its motives for building the SCO, and in the way it understands the organization. Moscow presses much harder for NATO to recognize the CSTO, but would probably celebrate greater Western recognition of either or both organizations as a way to downgrade the Central Asians' separate links with NATO – even while it feels free to undercut them both by pushing its own bilateral partnership with NATO when national interests so dictate (as at the Lisbon Summit). For China all such issues matter less, since China has no need to feel defensive or disadvantaged in its national relations with NATO; has a balanced and effective dialogue with the European Union – covering the dimensions of governance where Europe is of greatest interest for it;³⁷ and has far greater leverage on its side in relations with the United States. These last points will play a part also in the following section.

A Broader Vision

This section seeks to stand back from the habitual framework of analysis and to ask two less conventional questions from a broader and longer-term viewpoint. First, is there any sense in which a dispassionate and pragmatic analysis could see the aims of NATO and the SCO as compatible and even complementary, irrespective of what they think of each other and of whether they talk to each other or not? Second, how should the roles of the two organizations be viewed and compared in the perspective of an increasingly multi-polar world order, where regional groupings are becoming a

37. See http://eeas.europa.eu/china/index_en.htm.

significant – if still not uncontested or fully effective – vehicle of international policy-making and security action?³⁸

Hidden Synergy?

Areas of compatibility or complementarity between NATO's and the SCO's work might be looked for in terms of overlap in their aims; conscious or *de facto* synergy in their willed effects; and compatibility in their actual effects (including some that may not be willed). Five examples will be put forward here that can at least be argued to fit one or more of these cases. They are in no particular order of priority and none of them is immune from contrary argument.

First, NATO's and the SCO's declared policies identify a common enemy in the form of terrorism and related non-state antagonists, including violent crime, drugs smuggling, gun-running, and illegal possession of Weapons of Mass Destruction (WMD). There are of course significant differences even at the level of definition, since for the SCO terrorism is part of the unholy trinity including "extremism" and "secessionism", while NATO is careful not to brand any community *a priori* as dangerous extremists and has lent its protection to a classic "secession" in the case of Kosovo's separation from Serbia. Further, the development of NATO's anti-terrorism and anti-proliferation policies coincided with its move (formalized by Ministerial decisions in mid 2002) towards a fully global mandate, and in Afghanistan it is fighting the new enemy far from its own shores: whereas the SCO (as noted) has not in practice sought to pursue terrorists and extremists beyond its members' territory, and handles Afghanistan more in a traditional mode of containment.

Some deeper, values-related differences may of course also be cited in the two approaches. NATO's policy is more heedful of human rights and legal constraints (though was less obviously so in the United States under President George W. Bush), while

38. A. J. K. Bailes and A. Cottey, "Regional security cooperation in the twenty-first century", chapter 4 in *SIPRI Yearbook 2006: Armaments, Disarmament and International Security* (Oxford University Press, 2006); see also A. J. K. Bailes, "Regional Leaders in the Twenty-first Century: A Walk Through the Issues", *Studia Diplomatica: The Brussels Journal of International Relations* (Egmont Institute, Brussels), Vol. 61 No. 3 (2008), 59–68.

the SCO's leaders and SCO observers like Iran are prone to plant the terrorist/extremist label on anyone who happens to disagree with them and to follow it up with any amount of excessive violence. Some, if not all, of those so targeted might be considered as legitimate protestors and democracy activists by the West.³⁹ Nonetheless, if the practical implications for a region like Central Asia are considered, what the two institutions are trying to do can be argued to converge more closely. Both are interested in shoring up central regimes and strengthening frontiers against non-state infiltration, and in making sure that local partners also pursue terrorists who pose their main threat at the transnational level like al-Qaida. U.S. anti-terrorist assistance programmes, in particular, have coincided quite comfortably in countries like Kazakhstan and Kyrgyzstan with home-grown and SCO-backed efforts. Rougher local methods may serve Western purposes in Realpolitik terms,⁴⁰ unless – and events in Xinjiang and Kyrgyzstan confirm that this is a real issue – they are so excessive and clumsy as to strengthen rather than suppress non-state resistance.⁴¹

The second point relates to any geopolitical effect the SCO's policies may be having in containing the overflow of violence and transnational menaces from Afghanistan to the West, North and East; and in offering an additional channel for Indian–Pakistani dialogue and cooperation, given that both attend SCO meetings (and sometimes with high-level representatives) as observers. Such effects are probably not strong but are entirely in favour of that regional stabilization which Western policy also aims at, and for obvious reasons the SCO has potential to pursue its goals in “places that the West cannot reach”. The same point could be made in temporal terms: as the Western presence rapidly erodes in 2013–2014 and thereafter, the cohesion of SCO states (and the nature of their Indian and Pakistani links) could make a considerable

39. Ethnically based groups campaigning for autonomy in Xinjiang would be an example, although the United States accepted China's listing of one particular group there as terrorists for purposes of global anti-terrorist cooperation.

40. A former British diplomat, Craig Murray, has led something of a public protest campaign against the West's alleged willingness to profit from information obtained from terrorist suspects in Central Asian states by torture.

41. Of course the same could be said about Western errors and excesses in Afghanistan.

difference to how the broader regional security picture develops. Finally, it could be argued that Iran's observership in the SCO gives that largely isolated and embattled country one of its few chances to study multilateralism in action and to learn lessons, especially from the compromises inherent in Sino-Russian coexistence. Some Iranian scholars certainly believe that regional ties are a possible path for their country to progress back towards a less zero-sum, less ideologized, view of external relations: but it would not do to hope for early evidence of such changes while President Ahmadinejad remains at the helm.

The third point concerns the net impact of the SCO's existence on states in Central Asia. Clearly this runs counter to certain Western aims inasmuch as it militates against real internal reform, seeks to minimize Western access to (and free competition over) the region's resources and transit facilities, and has aimed – though not in a consistent or fully united way, and often with remarkably little effect – to roll back the Western military presence implanted since 2001. Considered more broadly, however, there are at least two scenarios that would be worse for the West than the situation created by the SCO's presence: exclusive Russian domination, and a general political and economic breakdown of the sort at times seen to threaten Kyrgyzstan. The SCO avoids the former by legitimizing a Russo-Chinese condominium, thus offering the Central Asians the chance at least to play off these two powers against each other and – given just a little extra skill – to keep some room for manoeuvre in partnership with the West as well. On the second point, the SCO's aims of fostering economic and especially infrastructural development in Central Asia are not wrong *per se* and it is arguable that China is one of the few current players with both means and motive to offer the large, not unrisky investments that the region needs. The most optimistic view would be that, just as in China itself, economic advancement can prove a way first to greater social and economic freedom for populations and eventually to soundly-based claims for greater political choice.⁴²

42. These arguments are developed by a Kyrgyz author, R. Maksutov, in *The Shanghai Cooperation Organization: A Central Asian perspective* (Stockholm: SIPRI, August 2006).

The fourth point is even harder to argue but hinges on the question of whether it is ultimately in the West's best interest for Russia and China to live in an organized, moderately cooperative state of peace, or for them to be divided, opposed, and frequently on the edge of violence (as in the early and middle Cold War). The most ruthless Realpolitik position might seem to be to say, "Let them fight each other – at least that draws down on the attention and capacity that each of them might otherwise turn against the West." In practice, however, such a Sino-Russian confrontation would bring dangers of overspill for Japan, Korea, and the Central Asians, and could lead to India and Pakistan becoming even more polarized if each was pressed to ally with a different side. It would have much more serious consequences for global governance, including the combating of generic and non-state threats, than it ever could in the divided world of the 1960s–70s. As it is, the successful and hitherto durable "normalization" of Beijing–Moscow relations allows the West to work with both together where appropriate (e.g. on Iran sanctions), but – as argued above – has come nowhere near a strategic union of the sort that would prevent the West playing one against the other when preferred, or that could inflict any clear "defeat" on the West in areas of disagreement. In sum, the SCO in its present form can be argued to offer the West something of a "least worst" solution in the area of Eurasian security, while remaining largely consequence-free at global level, given its lack of a wider impact or following.

Fifth and finally, is there such a category as "bad multilateralism" to which the SCO must be relegated along with the CSTO and former Warsaw Pact, or could it be that any experience of structured multi-national cooperation based on compromise and formal equality has a certain educative and calming effect on national policies? If Europeans regard resort to "unilateralism" even by their friend the United States as wrong in principle and dangerous in practice, can they wish that other great powers of the world should remain alone and free to pursue their untrammelled national interests, in their case lacking even internal democratic checks and balances? It seems reasonable to suppose that even a primitive form of multi-national cooperation will have some useful

cultural effects on the participants, not least in reducing the barriers to understanding with other international players who have lived the multilateral life more deeply and for longer. In this case the main limitation on the SCO's positive effects would be the fragile and superficial nature of its truly multilateral elements, added to the question of the participants' own receptivity. Russia, which takes part in so many Europe-based institutions and frameworks, would seem to have less to learn from the SCO but it sometimes seems doubtful whether Moscow's view of life and mode of governance is receptive to the true multilateral spirit at all. China, which has belonged for a shorter time to fewer organizations, has shown signs of greater empathy and skill in playing the multilateral game, at least when it clearly conduces to its own interests:⁴³ and there is a case to be made that this difference between Russian and Chinese diplomatic cultures can be traced through their understandings of and use made of the SCO itself.⁴⁴

Roles in a Global Order?

Everything about this second line of enquiry may be questioned including the term "global order" itself. Both today and in the reasonably foreseeable future, there is room to doubt whether the sum of global conditions can be described as an "order" obeying articulated rules, or even as a "system" with some kind of innate balance, logic, and predictability. Faith in the United States' ability to create a "unipolar" system has been on the wane since the setbacks of the late 2000s in Iraq and Afghanistan, accompanied by a U.S.-triggered global economic crisis that has among other things underlined United States–Chinese co-dependence. More thinkers than before, even in the United States itself, accept that the world's evolution can best now be seen in terms of *multi-polarity*, but that term itself tells us very little. A world with no single leader or or-

43. See for example B. Gill, "China's new security multilateralism and its implications for the Asia-Pacific region" in *SIPRI Yearbook 2004: Armaments, Disarmament and International Security*, (London: Oxford University Press, 2004); and E. S. Medeiros and M. T. Fravel, "China's New Diplomacy", *Foreign Affairs* 82:6 (Nov./Dec. 2003), 22–35.

44. J. M. Thórdísardóttir, *Russia's Perceptions of the Shanghai Cooperation Organization: "Real" Institution, "Counter"-Institution, or "Pseudo"-Institution?* University of Iceland, June 2009. Available at <http://skemman.is>.

ganizing principle may be conceived at one extreme as an anarchic competition of all against all, or at the other as a situation requiring accommodations that – especially when combined with growing interdependence and shared global threats – will push towards greater stability and peacefulness and the exclusion or containment of extreme behaviour. This latter, optimistic scenario also has at least two main variants depending on whether we see the situation being resolved through an old-style “balance” of powers and interests, or whether we predict growing institutionalization and conformity with explicit, more-than-national rules and authorities both at global and regional level. Since the world can only “get there from here”⁴⁵ and is starting out as an extremely mixed polity where single-state powers coexist with highly integrated regions, pacified but weakly integrated regions, dysfunctional regions, and fragile or aberrant states, it seems most unlikely that any result will be homogeneous or transparent, let alone completely stable.

These uncertainties about the broader canvas make any discussion of NATO’s and the SCO’s future roles doubly speculative. Just four questions will be put forward here from the many possible ones, and they will serve mainly to illuminate the limits of analysis as well as some limitations of the institutions themselves.

The first question is whether NATO and the SCO, for all their differences and lack of real symmetry, could both be seen as having a broadly similar utility under the scenario of a semi-institutionalized world that relies on a minimum of regional coherence – this being the vision of the future most easily extrapolated from present experience. Among the merits generally seen for “regionalism” is that it brings nations into the process of global governance in pre-coordinated groups, thus simplifying the reconciliation of positions at global level, even if this only applies to certain dimensions of public affairs and with differing groupings for different dimensions. Further, considering that regional organizations now carry out as many peace missions per annum as the United Nations

45. This refers to the old joke where a couple on a car tour of Scotland in the fog ask a local shepherd how to find the nearest town, and he replies “To get there, I wouldn’t start out from here.”

itself,⁴⁶ it can be argued that inter-governmental groups capable of suppressing and/or tackling conflicts in their own zones are part of a rational system of subsidiarity that relieves burdens on the global body and expands the sum of security-building efforts. This is convincing as a general argument, and it has already been suggested that the conflict *suppression* role of the SCO (as much as NATO's success in, say, restraining Greece and Turkey) could fairly be seen as a net contribution to world security.

Active peace missions, however, only deserve to carry that name and to be seen as a global good if they are both legitimate and successful. The jury is still out on whether NATO's role in Afghanistan will ultimately be judged that way, even if its United Nations mandate is unimpeachable; and most of the past, self-mandated "peacekeeping" actions by Russia and partners in the post-Soviet neighbourhood have been more harshly viewed from the start. It is one thing for the SCO to conduct warlike exercises, but it is hard to think of any real-life military intervention in a Central Asian crisis (internal or bilateral) by such a grouping – including Chinese troops! – that would not court condemnation by the West and indeed threaten regional or even global peace. (The story of non-intervention in Kyrgyzstan in 2010 seems to show that these risks are understood and can lead to a remarkable reticence about tough action, even in Moscow.) Meanwhile, when it comes to the organization of the global debate at the United Nations and elsewhere, the fact is that neither NATO nor the SCO manages or really tries to muster its members in a single voting group even on military issues such as weaponry restraints. The European Union is much more present as a source of collective inputs on security and non-security issues alike,⁴⁷ as are several Southern-hemisphere or developing-country groupings.

The same considerations dictate a negative answer to the next question to be raised here, but it will be raised all the same to

46. In fact, of 54 peace missions – military and other – conducted in 2009, the United Nations directly commanded only 20, though many of those led by regular regional organizations (as against coalitions) had some form of United Nations mandate.

47. Even so, a recent study reveals important weaknesses in the European Union's cohesion and its influence over other constituencies at the United Nations: European Council for Foreign Relations, *A global force for human rights? An audit of EU power at the UN*, Sept. 2008, see http://ecfr.eu/content/entry/the_european_union_and_the_united_nations/.

challenge the Manichaeian flavour of certain writings on NATO and the SCO. Writers who stress the clashing sets of values being offered to the world by both organizations, while also interpreting them as military counterparts, sometimes seem to picture them as potential leaders of “the West versus the rest” in a re-play of twentieth-century bi-polarity. Is there any truth in this or could there be, especially if Western relations with Russia and/or China should deteriorate sharply? It is quite easy to answer “No”, even while conceding the truly antithetical nature of some NATO and SCO messages. The point is that NATO no longer has the capacity to spearhead “the West” as a global movement, if it ever had, and the SCO has even more obvious limitations vis-à-vis “the rest”. The idea of NATO’s building a “global partnership” was pushed by the United States in 2006–2007 but ultimately broke down both on Allies’ disagreements and on the limited number and enthusiasm of possible non-European candidates.⁴⁸ In any case it would have been fairly closely focused on cooperation in peace missions and could not by any stretch of the imagination have spoken for “the West” in functional policy areas like economics, energy, or even the full scope of anti-terrorism. Although the idea has found a new echo in NATO’s 2010 Strategic Concept,⁴⁹ NATO’s own functional limitations as outlined above will continue to limit its practical relevance. The SCO for its part has neither competence, impact, nor any discernible political or ideological following outside its own region and immediate neighbourhood; Russia is in effect no longer a world-wide actor, and China is pursuing its increasingly active region-to-region diplomacy very much on its own.

The third question is posed in a similar spirit. If the United States–China relationship is agreed to be one of the most important and possibly *the* important one for the functioning of a future global system, will the existence of NATO and the SCO have an impact on the way either power plays its hand? Could, for example, the respective

48. Australia, Japan, Pakistan, South-East Asian nations, and sometimes Israel were mentioned as candidates for a formal partnership with NATO but none of these was simultaneously keen and non-problematic.

49. “Active Engagement, Modern Defence”, Strategic Concept For the Defence and Security of The Members of the North Atlantic Treaty Organisation, text available at www.nato.int/cps/en/natolive/events_66529.htm.

institutions be used by Washington and Beijing as instruments and channels for approaching each other, to convey either overtures of cooperation or warnings and deterrent signals? These questions also answer themselves rather firmly in the negative. Neither NATO nor the SCO has competence for the issues most central to the twenty-first-century United States–Chinese relationship, such as currency, climate, the Pacific nuclear and naval balance, Korea, and Taiwan. Neither of these two great powers can wish to “multilateralize” its approach to the other in a way that would dilute its sovereign control and constrain its freedom of manoeuvre. If anything the United States has shown less inclination to concert with its main local ally, Japan, over the last decade and more interest in using mechanisms for interaction offered by China itself, such as the six-power talks on North Korea. On China’s side, it is hard to imagine Beijing seriously offering Russia a *droit de regard* over its handling of the United States. Indeed, the stronger co-dependence and cooperative potential of China–United States relations compared with the Russia–United States duo is one of the most telling signs of China’s steadily growing power advantage over Moscow. These conclusions may seem obvious, especially in regard to the SCO’s limitations: but they also underline the hollowness of talk about NATO’s developing a collective global personality, at least in any form that could affect U.S. freedom of play.

The last and perhaps most provocative question is whether the analysis in this chapter shows up NATO as (intrinsically if not literally) an organization of the past, and the SCO as a harbinger of the future. The point is not just the obvious one that NATO is over sixty and the SCO barely ten years old – that is a tribute to NATO’s legitimacy and the flexibility it has shown in staying relevant. The issue is rather whether groupings with purely military and “hard defence” competences still have much relevance for twenty-first-century security challenges, especially when their base, membership pool, and primary competences are defined territorially. On the one hand, military force as such can tackle only a small proportion of today’s security concerns (and can too easily prove counter-productive even within that range); on the other hand, the geopolitical conditions required for multi-national

common defence seem to be quite rare. In fact, since the demise early in the Cold War of the United States' other regional military alliances, CENTO and SEATO, the only other bodies ever created as close analogues to NATO were the ones that Moscow built to balance it: the Warsaw Pact and now the CSTO. Other continents have never developed a large enough group of contiguous neighbours who were united enough to pledge mutual defence; partly of course because West and East in the Cold War were busy dividing them among their respective proxies.

Thus, taking the world as a whole, models of security organization that reconcile and control diverse, competing, and potentially inimical states would seem to be more widely relevant than those built on a close group of like-minded ones. More states and regions have seriously examined the application of the OSCE model to themselves than have ever thought about copying NATO,⁵⁰ and more formal regional systems have been built so far for purposes of security restraint (nuclear-weapon free-zones, multilateral confidence building systems) than for close and active military cooperation. The fact that several regional or sub-regional groupings, from the Caribbean through Africa and Southeast Asia to the Pacific, are now developing joint military peacekeeping programs only helps to prove the rule, since mutual guarantees within the groups are clearly not vital for that purpose⁵¹ and would be politically impossible in most cases. In short, the fact that Russia and China trust and like each other far less and share far fewer positive values than the United States and Europeans do – even on a bad day – is not only a weakness for the SCO, but also part of the secret of its functionality and its wider “model” potential.

The SCO, as already noted, also has multiple competences including some directed to “new threats” and some claiming to offer economic added value, which may offer a longer-term route to easing security tensions through material interdependence. This

50. Aside from the recurring discussion about an OSCE-type regime for the Mediterranean or Middle East, some thinkers in East Asia – especially in South Korea – have discussed whether a similar model (but with fewer intrusive and normative features) could be of help to their region.

51. Note also how Indian, Pakistani, and Bangladeshi troops can work side by side for United Nations peacekeeping despite the multiple confrontations in their home region.

multi-dimensional approach also seems more relevant to other continents' needs than Europe's history of extreme role demarcation between NATO, the European Union, and others: *vide* the combination of security, economic goals, and governance to which the African Union has devoted itself,⁵² or (to take a less prominent example) the aims of the Gulf Cooperation Council,⁵³ which range from regional security to monetary union.

All the same, it is perhaps less clear today than it was – say – in 2005 whether the SCO has enough dynamism and staying power to fill out its current deficiencies and fully explore its longer-term role. One problem is the further unbalancing of the Russia–China power relationship as a result of the global economic crisis and various other Russian setbacks, which could further reduce the area of real sympathy and common interest between the two. The parallel challenge to Sino-Russian closeness from the greater potential of China–United States interdependence can also only intensify, if China's rapid rise continues to drive Washington to frame its bilateral relations with Beijing more seriously and less confrontationally.⁵⁴ If, on the other hand, the Russians react – as so often – to growing adversity by becoming more self-willed and unpredictable, they are clearly capable of alienating their Eastern partners just as much as their Western ones, as the Georgian episode showed. None of these trends is likely to make the SCO openly break up, but they could gradually suck the life from it, so that it comes more closely to resemble other “paper” organizations of Central and Southern Asia. At least, we may safely close this last line of speculation by concluding that nothing NATO does is likely to decide in the last analysis whether the SCO survives or not, and vice versa.

52. Website at www.africa-union.org.

53. Website at www.gccsg.org/eng/index.php.

54. In a 2009 poll, the United States-based Pew Research Center found that only 21 per cent of Americans belonging to the Council of Foreign Relations saw China's rise as necessarily a “major threat” to U.S. interests, compared with 38 per cent in 2001. The general public were slower to change attitude and 51 per cent still saw China as a major threat in 2009. Details at <http://people-press.org/report/569/americas-place-in-the-world>.

Summary and Conclusions

The bulk of this chapter's analysis can be summarized briefly thus: the true parallels between NATO and the SCO are as limited and fragile as their formal direct relations have been to date. Differences of nature and structure have restricted, and will always restrict, their interaction more profoundly than the two institutions' differences of value and aims – which are real but are far from seriously influencing, let alone defining, either side. The true weaknesses and challenges faced by each institution have little to do with the existence of the other grouping; and this analysis has hopefully shed some light on what those weaknesses and challenges are.

At the global level and in the longer term, the existence and effects of NATO and the SCO may be more compatible than at first would seem. Only an extreme Western Realpolitik that sought to maximize conflict between Moscow and Beijing could negate this conclusion: and such a policy would hardly itself be realistic, in an age moving so fast towards the co-dependence of all the world's major powers.

Finally, returning to the practical question of NATO–SCO ties, the political obstacles to closer contact between them do not now seem too serious – as shown, not least, by Western acquiescence in the SCO's recently enhanced status at the OSCE. What is lacking is a practical push: and in the immediate future that seems more likely to arise (if at all) in the context of NATO–China political dialogue. Suggestions that it could happen in relation to Afghanistan have so far come to nothing, among other reasons because of Russia's prioritizing the NATO–Russia channel on that topic, but will be more relevant as NATO withdraws militarily and shifts towards more indirect methods of political influence, regional containment, and (limited) economic/developmental contributions. Depending on how Afghanistan and the Afghan/Pakistani/Indian nexus will evolve in the next 5-10 years, it may become easier at least to imagine the SCO playing a role that will not only serve regional stability in practice, but gain some degree of acknowledgement in the West as well. Whether the SCO is capable of it, in turn, would seem to depend more on Moscow's (change of) attitude than on any other single partner.

Relations between the SCO and United States

Retrospect and Prospects

Zhao Weiming

The relation with the West, especially with the United States, is the SCO's most important external relation. As for the United States, with its strategic emphasis moving eastward, the relation with the SCO is becoming more and more important. But at the beginning, the relation between the SCO and the United States did not progress smoothly. Around 2005, the situation changed dramatically. Since then the United States has changed its disparaging attitude toward the SCO, begun to attach importance to the SCO and adjust its related policies, and sought to cooperate with the SCO in several domains in Central Asia. Although each SCO member state has its own respective view about the cooperation between the SCO and the United States, cooperation on a win-win basis can be expected. In the future, the progress of the cooperation will be cautious, gradual, and limited, and reciprocity and compromise will be its main characteristics.

The U.S. Attitude towards the SCO: From Contempt to Recognition

The United States took the SCO lightly for quite a long time. In the ten years after the establishment of the Shanghai Five¹ meeting mechanism, U.S. administrations issued no official policy docu-

1. "Shanghai Five" was the predecessor of the SCO, encompassing Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan. Uzbekistan joined when the SCO was founded in June 2001, becoming its sixth member state.

ment on the SCO, and U.S. officials of high rank made no comment on the SCO. Before 2005, Congressional Research Service reports on Central Asia's situation submitted to the U.S. Congress just mentioned the SCO with a few words, and U.S. scholars and experts of international relations rarely engaged in the study of the SCO.² Why did the United States take the SCO lightly? The reasons are as follows:

- First, at the time when the SCO was established, U.S. national power was vigorous, neo-conservatism was complacent, and the Bush administration was very confident of U.S. predominance.
- Second, at that time, the economic situation in Russia and the Central Asian countries was at low tide.
- Third, at the beginning, the SCO focused on its internal affairs, mainly on border negotiations and strengthening military trust in border areas,³ with no extra energy and time to deal with external affairs.
- Finally, the United States thought that there was rivalry between Russia and China, and that there was no possibility for Russia and China to work together against the United States.

Around 2005, the situation changed dramatically. First, the SCO's influence was rising rapidly. In 2004, Mongolia became an observer state of the SCO. After that, Iran, India, and Pakistan too acquired observer status at the SCO. By then the SCO consisted of six member states and four observer states. The six member states alone, not including the four observer states, cover 30 million square kilometres – 60 per cent of continental Europe and Asia – and have a combined population of 1.5 billion – about one quarter of the world population.⁴ The SCO became the largest organization

2. Li Yemei, "On the Relations between SCO and USA", *Journal of Xinjiang University (Philosophy, Humanities & Social Sciences)*, Sep. 2008, Vol. 36, No. 5, 108.

3. The border negotiations in the SCO grew out of the border talks between China and the USSR beginning in 1987; after the 1991 disintegration of the USSR the border talks were continued by the four affected successor states, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan.

4. See Khalid Hasan, "Where American liberalism stops", *Dawn*, 28 January 2002. www.dawn.com.

of regional security in the world in terms of its population and territory.

In 2005, the SCO signed Memorandums of Understanding with the ASEAN (Association of Southeast Asian Nations) and CIS (Commonwealth of Independent States), which indicated that the SCO's strategic influence was increasing.

Three SCO member states, namely Russia, Kazakhstan, and Uzbekistan, together with the observer state Iran, account for 20 per cent of the world's proven oil reserves and 40 per cent of the world's proven natural gas reserves. The SCO has a great deal of say on the exploitation and marketing of the Asian oil and gas reserves.

Second, Russian regained its strength, and China's comprehensive strength and international influence ascended.

Third, in 2003 the SCO held a major joint military exercise, first in Kazakhstan and then in China. This was followed by one of even greater scale named Peace Mission-2005. Since then the United States realized that the SCO could no longer be neglected.

Finally, by 2004 U.S. influence in the Central Asian states began to decline. The hopes of the Central Asian states that the post-9/11 partnership with the West would bring significant economic and political benefits had failed to materialize. None of the Central Asian states backing the coalition won any significant contracts for rebuilding Afghanistan. Later, the threat of "colour revolutions" prompted some of them to reassess their ties with the United States and to nestle up to Russia and China, which offered support for the existing regimes.⁵

As a result, the United States' recognition and understanding of the SCO deepened, and its attitude towards the SCO changed accordingly. In 2003, the effects of the anti-terrorism war in Afghanistan were not as great as anticipated; meanwhile the SCO's influence was gradually expanding. U.S. policy-makers began to consider the possibility of cooperation between the United States and the SCO. Elizabeth Jones, Assistant Secretary of State for European and Eurasian Affairs, passed two messages when she paid a visit to China in the same year. One was that U.S. under-

5. Oksana Antonenko, "The EU and the Shanghai Cooperation Organization", 7. <http://src-h.slav.hokudai.ac.jp>.

standing of the SCO was developing; the other was that the United States hoped to take part in the cooperation progress in this region. In the spring of 2004, an unofficial U.S. delegation expressed the same interest as Elizabeth Jones when it met with Zhang Deguang, the SCO Secretary General in Beijing.⁶ But after that the United States did not take any substantial step in this direction.

The turning point came in 2005, when the United States applied for observer status in the SCO, but was rejected.⁷ At the Astana summit in July 2005, the declaration of the SCO heads of states urged the United States to set a timetable for withdrawing its military troops from the bases of SCO member states.⁸ Several weeks later, Uzbekistan formally asked the U.S. forces to leave the Karshi-Khanabad Air base.⁹ And shortly thereafter, Kyrgyzstan requested the closure of the U.S. Air Base at Manas.

The United States reacted strongly against this. U.S. General Richard Myers, Chairman of the Joint Chiefs of Staff, accused Russia and China of trying to bully small Central Asian nationals that host U.S. troops and cooperate with Washington in fighting terrorism.¹⁰ The United States argued that the withdrawal of U.S. troops from military bases in Central Asia requested by the SCO would directly influence the U.S. counter-terrorism actions and strategic interests in Afghanistan.

While the United States continued to believe that the SCO was not strong enough, with many internal policy differences, and that this organization had posed a threat to U.S. interests in Central Asia, yet it became clear that the United States needed to take the SCO seriously. Many U.S. scholars believed that the United States

6. Xu Tao, "Neighboring countries want to join, SCO is attractive", *Global Times*, 21 June 2004, 3.

7. Dilip Hiro, "*Shanghai Surprise*", guardian.co.uk, 16 June 2006.

8. Yang Guoqiang, Chen Junfeng, "*It's time to ride wind and waves*", http://news.xinhuanet.com/world/2005-07/06/content_3183537.htm. In fact the declaration had little practical impact: Kyrgyzstan and, to some degree, Tajikistan and Uzbekistan have continued to provide facilities to various members of the predominantly Western coalition. But the political impact of the declaration was important. See Oksana Antonenko, "The EU and the Shanghai Cooperation Organization", 8.

9. Siddharth Varadarajan, "Central Asia: China and Russia up the ante", *The Hindu*, 8 Jul 2005.

10. "US military official accused Russia and China of bullying", *China Daily*, 2005-07-15.

must engage and talk with the SCO, preventing it from becoming the tool of Russia and China to control Central Asia.

After July 2005, the United States changed its disparaging attitude toward the SCO, began to attach importance to the SCO and adjust its related policies, and sought to cooperate with the SCO in several domains in Central Asia. At the same time, both U.S. officials and scholars believed that the United States should take advantage of the SCO's internal contradictions to expand U.S. influence in Central Asia, actively promote bilateral relations with the SCO's Central Asian member states, balance the promotion of democracy and the pursuit of security and economic interests in Central Asia, and prevent Iran from becoming a member state of the SCO.¹¹

The Base of the Cooperation between the United States and SCO

Contrary to what is often alleged, the SCO is neither designed for nor capable of frustrating the strategic goals of the United States. The SCO's policy on terrorism matches those of the United States for the most part. The SCO represents no threat to U.S. interests of a more fundamental geopolitical kind.¹²

Central Asia's security faces several threats, such as the Afghan issue (whose core is terrorism), the three evils (terrorism, separatism, and extremism), organized transnational crime, and drug trafficking. Among them the Afghan issue is the most serious one.

When the Obama administration shifted its focus from Iraq to Afghanistan,¹³ Afghanistan became the greatest strategic concern of the United States and the main battlefield of the U.S. war against terror. As Stephen Blank pointed out, "Afghanistan is President Obama's most urgent foreign and defense policy issue."¹⁴

11. See Qi Yunhong, "The US' complex mentality toward the SCO", chinareviewnews.com 2010-0206.

12. Greg Austin, "European Union Policy Responses to the Shanghai Cooperation Organization", EIAS (The European Institute for Asian Studies) Publications BP 02/04, December 2002, 7.

13. "The SCO and the future of American Central Asian Strategy (I)", 6 April 2009, 1. www.neweurasia.net.

14. Stephen Blank, "What does Moscow want in Afghanistan?" *Perspective*, Vol. 19, No.1, April 2009, 1.

The security situation in Afghanistan was deteriorating. In November 2011, a Pentagon report indicated that the Taliban's sphere of influence had been expanding recently, and that the violence in the third quarter of 2010 had increased by 65 per cent compared to the previous year.¹⁵ More Afghans believed the security condition of 2010 was worse than that of 2008 and 2009.

The United States maintains an army of 100,000, whose expenditure by 2010 was as high as USD 5.7 billion monthly.¹⁶ The criticism of the corruption of and the question of the validity of Hamid Karzai's government made the security challenge faced by Afghanistan more severe. On 1 July 2011, U.S. troops began to withdraw from Afghanistan, and the complete withdrawal will be finished before the end of 2014. With the withdrawal of U.S. forces, many terrorists returned to Afghanistan from abroad, resulting in the deterioration of the security condition, where more than 30 armed attacks occurred every day.

Some SCO member states were also faced with the threat of terrorism directly, such as from the East Turkistan Islamic Movement in Xinjiang, China; Chechen terrorist organizations in Russia; the Islamic Movement of Uzbekistan. All these terrorist organizations or groups have active links with al-Qaida and the Taliban, and all draw their inspiration from the latter. Most SCO member states share borders with Afghanistan, so the situation in Afghanistan directly affects the security and stability in these countries.

The SCO participates actively in the settlement of the Afghan issue and has established an SCO–Afghanistan Contact Group, whose member states have regular consultations on the Afghan issue. The SCO has signalled that it could be prepared to see other organizations take part in these meetings as observers. The SCO convened the Moscow Special Conference on Afghanistan in March 2009. Representatives from NATO, the Group of Eight member nations, the European Union and the United Nations attended the conference. This conference renewed the importance of the SCO's regional security agenda, meaning that the SCO had

15. David Cloud, "Pentagon Report Says Afghan Insurgency has Spread", *LA Times*, 23 November 2010, www.latimes.com.

16. Amy Belasco, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations *Since 9/11*", Washington, DC: Congressional Research Service, 2010.

become an efficient international platform to discuss measures of assistance for Afghanistan,¹⁷ and demonstrated the SCO's willingness to expand cooperation with the United States and NATO in Afghanistan.¹⁸ Afghanistan appreciates the role that the SCO plays in its reconstruction process and keeps close to the SCO. President Hamid Karzai has attended the SCO summit several times and he has said that he wants a closer economic cooperation with the SCO.

It is the common objective of the United States and the SCO to maintain security and stability in Central Asia, especially in Afghanistan. Therefore, building up a stable Afghanistan becomes the base of the cooperation between the United States and the SCO.

The View of the United States on Cooperation with the SCO

In less than a decade, the SCO has become a "global strategic factor", effectively marginalizing or reducing U.S. and western European influence in Central Asia.¹⁹ The United States has realized that a lasting stability in Afghanistan cannot come about only by way of a western solution. The United States needs the support of the SCO, so cooperation with the SCO is necessary. Evan Fiegenbaum, former Deputy Assistant Secretary of State for South and Central Asian Affairs, has said that the United States should take the SCO's Moscow Special Conference on Afghanistan as "an opportunity for the U.S. to try to turn what are ostensibly common interests into complementary policies."²⁰

The United States expects to make use of the validity of the SCO, the "anti-narcotics security belt" around Afghanistan established by the SCO, and the logistic channels and facilities in SCO member states to improve the security condition of Afghanistan.

17. Hai Yang, Liu Yang, "Role of SCO highlighted at conference on Afghanistan", *Xinhua*, 29 March 2009, http://news.xinhuanet.com/english/2009-03/29/content_11092204.htm.

18. Eric Walberg, "Eurasian 'Diplomacy': Russia and China confront the U.S. and NATO over Afghanistan", *Global Research*, 22 April 2009, www.globalresearch.ca/index.php?context=va&aid=13291.

19. Jeffery Nickeson, "Has the West Lost the Battle for Central Asia?" *Defense and Foreign Affairs Strategic Policy*, Vol. 35, No. 8 (August 2007), 1.

20. Eric Walberg, "Eurasian 'Diplomacy': Russia and China confront the U.S. and NATO over Afghanistan". *Global Research*, 22 April 2009.

The Manas Air Base in Kyrgyzstan provides a staging area for U.S. and Coalition military activity in Afghanistan, a key element in the fight against the Taliban insurgency. The base serves as home to the 376th Expeditionary Air Wing, the lead refueling wing and premier mobility hub supporting operations in Afghanistan. Following the expulsion of U.S. troops from Uzbekistan's Karshi-Khanabad Airbase in 2005, Manas took on an added importance as the only major facility in Central Asia for U.S. troops.²¹ Thus in 2006, the United States tolerated a substantial increase in the annual price for access.²² From June to November 2007, constant visits by high-level U.S. officials such as Secretary of Defense Robert Gates, Secretary of State Condoleezza Rice, and Head of Central Command Admiral William Fallon further pointed to the base's significance.²³

In addition to Manas in Kyrgyzstan, the other SCO Central Asian states also provide a range of assistance. Kazakhstan has in the past offered basing rights in an emergency situation. Tajikistan hosts a small contingent of U.S. and Coalition forces, and provides a refuelling facility near Dushanbe. All of the Central Asian states provide over-flight rights for humanitarian missions, and some for search and rescue and combat operations.²⁴

The United States can achieve the goal of disintegrating the SCO by bilateral cooperation with each member state of the SCO. However, the SCO provides the United States with a means to further contain Iran, and a platform on which to engage with it diplomatically.²⁵ The United States can use cooperation with the SCO as a venue to press Russia and China not to give Iran full membership of the SCO, which is consistent with the U.S. admin-

21. Gene Germanovich, "The Shanghai Cooperation Organization: A Threat to American Interests in Central Asia?" *China and Eurasia Forum Quarterly*, Volume 6, No. 1 (2008), 28.

22. Jim Nichol, *Central Asia: Regional Developments and Implications for U.S. Interests* (CRS Issue Brief for Congress, 14 December 2007), 23.

23. Gene Germanovich, op. cit.

24. Ibid.

25. Jeffrey Reeves, "US Cooperation with the Shanghai Cooperation Organization: Challenges and Opportunities", *Small Wars Journal*, 16 January 2011, 10.

istration's attempt to encircle and weaken Iran.²⁶ In addition, the United States believes that cooperation with the SCO could be a most decisive force for advancing U.S. interests in the region and broader Western liberal values in Central Asia, not to mention in Russia and China as well. Finally, cooperation between the United States and the SCO will enhance the SCO's status and influence; in turn, such cooperation will also highlight the fact that the United States now has the SCO as another strategic partner.

The View of the SCO and Its Member States on Cooperation with the United States

The SCO calculates that cooperation on the Afghan issue with the United States can extend the SCO's global influence. The SCO's goal of becoming an international organization with global influence can be realized by its cooperation with the United States to stabilize Afghanistan.

Cooperation with the United States will promote security and stability in Afghanistan, and security and stability in Afghanistan is consistent with the interests of the SCO. A stable and secure Afghanistan also serves SCO interests in giving the United States little reason for future military basing requirements in Central Asia.²⁷ Excluding a U.S. military presence from this region is one of the strategic targets of the SCO.

But the establishment of formal cooperation with the United States will somewhat reduce U.S. unilateral actions.

From China's perspective, its worry about the security condition in Afghanistan is the most important factor that urges cooperation between the SCO and the United States. China borders Afghanistan, so its security situation directly affects China's domestic stability, especially in western China. A stable Afghanistan is the necessary condition to counter the three evils. Since the United States and NATO are still the leading actors in maintaining security in Afghanistan, it is in China's interest to cooperate with the United

26. "Playing Chess with Iran: one game Barack Obama has not yet fumbled", *Economist*, 9 December 2010. www.economist.com/node/17677840.

27. Matthew Hall, *The Shanghai Cooperation Organization: A Partner for Stabilizing Afghanistan?* Centre for Defence and Strategic Studies, Australian Defence College, Shedden Papers, 2009, 8.

States on the Afghan issue. Since China does not want to get involved in the war in Afghanistan, then the SCO is the best platform for China to influence the security situation in Afghanistan. An SCO–United States partnership in Afghanistan provides China with the opportunity to take “its place as a leading stakeholder in the development and stability of the global economic and political system.”²⁸

Russia’s calculation might be that, due to China’s increasing political and economic influence in Central Asia, cooperation between the SCO and the United States will help Russia keep its conventional position in this region in the long term, and that a premature withdrawal of the United States from Central Asia will benefit China. But for Russia to use cooperation with the United States in Central Asia to contain the growing influence of China is not a good choice but a last resort.²⁹

However, the other SCO member states might think that cooperation with the United States may balance the predominance of Russia and China in this region.

Unity within the SCO is the Precondition and Key to its Cooperation with the United States

There are differences, even contradictions, within the SCO, but unity is de rigueur. Cooperation between China and the small SCO member states has unfolded from security to economy to culture, and the general trend of the relationship is for the better. Since 2001, aid packages, trade agreements, and resource exploration arrangements have all been achieved between China and the Central Asian republics.³⁰ China’s revival of the ancient Silk Road for trade and infrastructure development is attractive to its western neighbours.³¹ The relationship between China and Kazakhstan is a

28. Department of Defence, “Defending Australia in the Asia Pacific Century: Force 2030”, *Defence White Paper*, Australian Government, May 2009, 34.

29. See Bobo Lo and Zhang Hong, “Convergence or Competition? Russia, China and the Balance of Power in Central Asia”, *Russian Studies*, Vol. 6, 2009, 43–48.

30. Charles Ziegler, “China, Russia and Energy in the CCA Region and East Asia”, in Richard Auty and Indra de Soysa (eds), *Energy, Wealth and Governance in the Caucasus and Central Asia* (London: Routledge, 2006), 240.

31. Ariel Sznajder, *China’s Shanghai Cooperation Organisation Strategy* (Berkeley: University of California Press, 2006), 99.

typical example. After the global financial crisis broke out, China promised to provide the small SCO member states with financial assistance of USD 10 billion, of which the final amount of USD 2.6 billion was credited into account while Chinese President Hu Jintao attended the SCO Summit of June 2011. Compared to the U.S. advocates of democratic reform, China's non-interference in domestic affairs and the no-strings-attached aid policy are more welcomed by the countries of Central Asia.³²

Central Asia remains the backyard and in the orbit of Russia. Russia desires a restoration of its influence over Central Asia, partly to guarantee access to needed energy supplies, but also to keep the United States at bay.³³ In recent years, especially after the 7 April 2010 events in Kyrgyzstan, Russian influence in Central Asia has been gradually growing.

China and Russia provide two balancing poles in the SCO, each not likely to allow the other to dominate and therefore providing more security for the smaller states. Both China and Russia devote many resources to the organization to boost security and to promote regional economic development. The smaller member states in the SCO are only too receptive, since neither China nor Russia is likely to do anything that conflicts seriously with the interests of the Central Asian countries.³⁴ These countries are attuned to the growing rivalry between Moscow and Beijing, and the SCO is a forum that allows them to balance Chinese and Russian interests in order to benefit their own economic and security objectives.³⁵ So far, all the member states in the SCO are satisfied with the relations of equality and mutual benefit among them.

Sino-Russian relations are the closest they have been for decades. China and Russia are strategic partners, but also com-

32. Hooman Peimani, *Conflict and Security in Central Asia and the Caucasus* (Santa Barbara: ABC-CLIO, 2009).

33. Elizabeth Wishnick, "Russia, China, and the United States in Central Asia: Prospects for Great Power Competition and Cooperation in the Shadow of the Georgian Crisis", *Strategic Studies Institute*, February 2009, iii.

34. Greg Austin, "European Union Policy Responses to the Shanghai Cooperation Organization", EIAS (The European Institute for Asian Studies) Publications BP 02/04, December 2002, 6.

35. Daniel Kimmage, "Central Asia: Does the Road to Shanghai go through Tehran?" *Global Security*, 12 June 2006, 3.

petitors in some realms. Some argue that although relations have improved, security cooperation has remained tenuous.³⁶ China and Russia have the common desire of balancing the U.S. influence in the world in general and in Central Asia in particular, but there are also many issues that could drive the two states apart, including geopolitical competition for influence in the Central Asian region, relations with Japan, energy issues (especially Chinese concerns about the reliability of the security of supply from Russia), and Russian fears about Chinese expansionism in addition to Chinese immigration into the Russian Far East. The question is whether the desire to balance U.S. influence can overcome these issues. The last fifteen years of Russo-Chinese relations indicates that it can.³⁷

In Central Asia, Russia's political influence is greater than China's, but China's economic influence is obviously greater than Russia. The shadow now cast by Beijing in Central Asia is much larger than that envisaged by Moscow in 2001; indeed China's interests directly affect economics and business in the region.³⁸ China and Russia have inconsistent, sometimes even conflicting, policies and approaches on some major issues. The United States wishes to wedge in between China and Russia, reducing the possibility of China and Russia joining forces against the United States. The challenge facing the SCO today is as much one of Moscow and Beijing balancing each other, as it is to balance the United States in Central Asia.³⁹

The SCO's internal unity is the precondition and key to its cooperation with the United States, and the SCO will pay more attention to its internal unity than to cooperation with the United States. If there is no internal unity, there is no SCO, let alone cooperation with the United States. So, if the United States values its

36. Richard Weitz, "China–Russia Security Relations: Strategic Parallelism without Partnership or Passion?" Strategic Studies Institute, August 2008, 117–118.

37. Kajsa Ji Noe Oest and Peter Toft, "The Shanghai Cooperation Organization – a Threat or Opportunity for Europe?" Institut for Statskundskab, Kobenhavns Universitet, Arbejdsrapport 2007/01.

38. Ariel Cohen, "Competition over Eurasia: Are the U.S. and Russia on a Collision Course?" Heritage Lecture No. 901, 4 September 2005, 4.

39. Hall, *Shanghai Cooperation Organization*, 6.

cooperation with the SCO, it should not wish to see any splitting and disintegrating of the SCO.

Concluding Remarks: Prospects for Relations between the SCO and United States

Since the interests of the SCO and United States in Central Asia somewhat overlap, and security and stability in Central Asia cannot be achieved by the efforts of the United States or SCO alone, cooperation between them will benefit both sides and result in a win–win situation.

In the future, cooperation between the SCO and United States can be expected to have the following characteristics:

1. At any time reciprocity and compromise will be the prerequisite for cooperation between the SCO and United States.
2. The United States will seek cooperation with the SCO, but meanwhile it will try to split and disintegrate the SCO. The United States will prefer to deal with each SCO member state bilaterally, rather than deal with the SCO as a whole.
3. The SCO will look at cooperation with the United States with a preventive mentality. The SCO likes to cooperate with the United States collectively rather than in the name of any individual member state.

Cooperation between the SCO and United States could unfold in several fields, such as the following:

1. To seek security and stability in Afghanistan. Since the Afghan war is led by the United States and NATO, the possibility for the SCO to participate is very small. For the SCO, the feasible and practicable approach is to make some contribution in the fields of logistics and supply. After the full withdrawal of the U.S. and NATO forces from Afghanistan at the end of 2014, the SCO might enter Afghanistan in the name of a United Nations peacekeeping force.
2. To maintain the regional stability of Central Asia. Regional stability is threatened by the three evils (terrorism, separatism, and extremism), drug trafficking, and organized transnational

crime. There is a vast world in these aspects for cooperation between the SCO and United States.

3. Energy is another field in which the SCO and United States can cooperate with each other. Central Asia is an important supplier in the world's energy market. A reasonable price, a stable supply of Central Asian oil, and pipeline security are in the U.S. energy interests in this region. Such interests are also in line with the interests of the SCO countries. Both sides can do something to coordinate the conflicts of interest between export countries and import countries, among the export countries, and among the import countries, to stabilize the oil price and to ensure pipeline safety.

It needs to be pointed out that the progress of cooperation between the SCO and United States is certain to be cautious, gradual, and limited, and any extravagant expectation in this area is unrealistic.

The Evolution of the U.S. Attitude towards the SCO

Yang Hongxi

During the early years after the Shanghai Cooperation Organization (SCO) was established in June 2001, the U.S. government and academia regarded it as a loose organization with internal differences and diverging interests. Thus they were not optimistic about its development and did not pay much attention to it. But because of the SCO member states' continuous efforts, especially their trying to deal with the “democratic tide” in Central Asia, the SCO's cohesiveness increased constantly. The United States began to worry that the SCO's development would undermine U.S. interests in Central Asia. People in the United States, especially scholars and policy-makers, called for their government not to ignore the organization's growing influence.¹

The Evolution of the U.S. Perception of the SCO's Development

Prior to 2005, the U.S. Congressional Research Service (CRS) mentioned little about the SCO in their annual reports on the Central Asian situation. Academics seldom systematically talked about the SCO.² However, the Shanghai Five state mechanism only experienced a short period of six years during its course of turning into

1. This chapter has its origins in the address to the 10th International Conference of Central Asia and Shanghai Cooperation Organization in Shanghai in July 2011.
2. Zheng Yu [郑羽] (ed.), *Cooperation and Competition: China, Russia and U.S. in Central Asia, 1991–2007* [中俄美在中亚：合作与竞争], Beijing: Social Sciences Academic Press, 2007, 416.

a new regional cooperation organization and exerting important influence over Central Asian affairs. The United States' domestic scholars called for the U.S. administrations to attach importance to relations with the SCO. The U.S. attitude toward the SCO saw a transformation from indifference, to doubt, to attention. Due to a series of events in 2005, the United States significantly increased its attention to and vigilance over the SCO. After the SCO's Astana Summit in 2005, the United States adjusted its policy towards the organization accordingly. The U.S. domestic mainstream view was that the United States should establish a positive dialogue with the SCO so as to prevent it from becoming Russia's and China's tool for dominating Central Asia.³ On 1 July 2005, the joint statement about the twenty-first century's international order, which was published by Russia and China, was regarded as aiming at American policy towards Central Asia. The U.S. application to become an observer of the SCO was rejected, but countries such as Iran were accepted. On 5 July, the SCO summit issued a joint statement, calling for a U.S. timetable for withdrawing its troops from Central Asia. On 29 July 2005, the government of Uzbekistan asked the United States to withdraw its troops from the country in six months. Since 2005, especially on 25 July 2006, the Subcommittee of the Middle East and Central Asia under the International Relations Committee of the U.S. Congress, and in August of 2006, the United States–China Economic and Security Review Commission of the U.S. Congress, held hearings separately. Some viewpoints expressed at the hearings reflected the U.S. strategic analysis of the SCO after the U.S. troops' withdrawal from Uzbekistan since 2005.⁴

In 2005, Central Asia saw a fury of "colour revolutions". The so-called Tulip Revolution broke out in February in Kyrgyzstan. In May, the Andijon Event hit Uzbekistan. In response to the series of changes in the regional security situation, the SCO published relevant new policies, including admitting India, Pakistan, and Iran as observers of the organization. The Heads of States' Declaration that was issued at the Astana summit called for a withdrawal of the

3. Shao Yuqun, "The United States and the Shanghai Cooperation Organization: Cognition, Relationship and Future", *American Studies*, Vol. 3, 2007.

4. Zheng Yu, *Cooperation and Competition*, 416.

American troops. The United States reacted strongly. The spokesman at the U.S. State Department rejected the request of the SCO. The Chairman of the Joint Chiefs of Staff, Richard Myers, said that the two powers of Russia and China had forced Central Asian countries to make the decision. The U.S. Secretary of Defense, Donald Rumsfeld, then visited Tajikistan and Kyrgyzstan. The United States thought that the SCO's call for the United States to withdraw from the military bases in Central Asia would directly affect U.S. counterterrorism efforts in Afghanistan and its strategic interests in Central Asia, the Middle East, and South Asia. The United States questioned the SCO's future direction as the SCO rapidly expanded its membership and admitted Iran as an observer. The U.S. media was sarcastic about the U.S. government. A commentator noted that "officials in Washington said that the SCO was not worth taking seriously when the organization was founded 4 years ago. Now they are proved wrong."⁵

July 2005 was a turning point for the U.S. strategists. Prior to that, the United States had both paid inadequate attention to the SCO and harboured little antagonism to it. After that, the SCO's importance grew greatly and U.S. vigilance was elevated. Although U.S. strategists still thought that the SCO was not strong enough and suffered from a variety of internal policy differences, they generally believed that the SCO's current policy posed a threat to U.S. interests in Central Asia. The United States should deal with the threat carefully and pursue a policy towards the SCO.⁶ U.S. scholars judged that the absence of understanding of the SCO might compromise the U.S. status as the only superpower in the world. The SCO members seemed increasingly united and tried to squeeze the United States out of Central Asia.

The Andijon incident in May 2005 had a far-reaching impact on Uzbek domestic and foreign policies as well as on outside powers' competition in Central Asia. The United States supported the launch of an international investigation into the Andijon incident. At the same time, Uzbekistan sought support from its traditional allies Russia and China. Thus there could be no independent in-

5. Shao Yuqun, "United States and Shanghai Cooperation Organization".

6. Zheng Yu, *Cooperation and Competition*, 427.

ternational investigation. In July 2005, after the SCO summit in Kazakhstan, Uzbek President Islom Karimov was more emboldened. The joint statement of the summit urged the United States to set a deadline to end its military presence in Central Asia. Soon, Karimov demanded that the United States withdraw its troops from Uzbekistan within six months. The demands made by the Uzbeks undoubtedly expressed the desire of Russia and China, for the U.S. presence in Central Asia had made them feel nervous.⁷

U.S. scholars of Central Asian studies thought that Russia and China had played a key role in the SCO to push for Central Asian countries to close U.S. bases in the region and prevent the United States from fostering a U.S.-led security mechanism. At the same time, the organization's second clear goal was to provide an effective forum to coordinate viewpoints for the SCO members, to prevent the Americans from interfering in any member's internal affairs. Russia and China could provide of security and ideology for the regional regimes. Russia sought more bases in Central Asia and wanted to update and set uniform standards for regional weapon systems.⁸

The U.S. Government Adjusts its Policy towards the SCO

When the U.S. government realized that the SCO was more than a “talk shop”, it began to adjust relevant policy in response to the SCO's challenge to the U.S. Central Asian strategy. The mainstream view of American scholars was that if the United States still wanted to maintain a presence in Central Asia, it could not simply ignore the SCO. They believed that the United States should become an SCO observer. This view was basically in keeping with the U.S. official position. The United States should actively develop bilateral relations with the SCO's Central Asian members, balance democracy promotion, security, and economic interests, and prevent Iran from becoming an SCO member. The U.S. Assistant Secretary of State Boucher indicated that the United

7. Robert Parsons, *Central Asia: China–Russia Bloc Challenges U.S. in Region*, 25 October 2005, www.rferl.org/content/article/1062378.html.

8. Stephen Blank, “Rethinking Central Asian Security”, *China and Eurasia Forum Quarterly*, Vol. 6, No. 2 (2008), 23–39.

States had tried to forge cooperative relations with Central Asian countries in the areas of economy, politics, and security to promote relations between Central Asian countries and the European Union, NATO, and OSCE.⁹ Some American scholars pointed out that Central Asian countries hoped that the United States would maintain its presence in Central Asia as a counterbalance to the strength of Russia and China. The United States should encourage and take advantage of that line of thinking.¹⁰

Then, the U.S. government conceived a number of systemic plans, some of which were designed to deal with the SCO. First, it launched the plan of Central and South Asian Economic Integration, designed to strengthen electricity, energy, and other infrastructure construction, promote economic and trade relations between the Central and South Asian countries, and compete for dominance over the SCO in the process of Central Asian regional economic cooperation. In the U.S. strategy of integrating South and Central Asia, related geographical, economic, and security cooperation initiatives intersected and overlapped. The emergence of this situation was not coincidental. In designing the regional security cooperation mechanism and pushing forward the process of integration between South and Central Asia, there was an obvious intention to resist the SCO and scramble for the dominance of regional affairs. The United States was growing increasingly suspicious of the SCO's development and growth. Besides verbal complaints, the United States took a competitive posture. For example, the United States claimed that the SCO observer members such as India, Pakistan, Mongolia, and the quasi-observer Afghanistan, were all its "main partners". They were key factors for the United States to implement its integration strategy.¹¹ Second, the United States continued to strengthen its bilateral relations with the SCO Central Asian members such as Kazakhstan and Kyrgyzstan, in order to alienate them from the SCO. Third, the United States government started to attach importance to communicating with the SCO on regional

9. Heather Maher, "US Helsinki commission concerned about SCO", 29 Sep 2006, www.isn.ethz.ch/isn/Current-Affairs/Security-Watch.

10. Shao Yuqun, "United States and Shanghai Cooperation Organization".

11. Du Youkang, "The Analysis of the US' Strategy on Integrating the South and Central Asian", contained in *Modern International Relations*, Vol. 4, 2007.

issues. When the U.S. Assistant Secretary of State Boucher visited China in August 2006, he specially went to the SCO Secretariat in Shanghai to exchange views. Fourth, the United States continued to push for NATO, OSCE, and the European Union to maintain traditional relations with Central Asian countries, thus competing against the SCO.¹²

From the standpoint of the SCO's development, it is not wrong for the SCO to maintain virtuous interaction with the United States. Furthermore, it is able to reduce U.S. suspicions and resistance. Both the United States and the SCO have certain common interests, such as in the areas of fighting terrorism, non-proliferation, fighting drug traffickers.¹³ Some American scholars also have pointed out that although the strategic interests in Central Asia of the United States, Russia, and China were immensely competitive, their competition should not be a zero-sum game. The three outside powers together with the Central Asian countries have common goals of fighting terrorism and extremism, preventing drug and weapons trafficking and other criminal activities, and promoting regional development.¹⁴

The SCO's Cooperation Strength and Potential

Some key American think tanks just a few years ago still stressed a need to properly estimate the SCO's influence and power. In August 2006, at the hearing of the United States–China Economic and Security Review Commission under the U.S. Congress, there were strategic analysts who pointed out that the differences over the Central Asian issues of energy, water, trade, terrorism, deterioration of the environment, immigration, and smuggling were not significantly reduced. The SCO could not play an important multilateral role in solving the problems. Despite much fanfare, the SCO could scarcely prove that it had grown into a full-fledged regional cooperation organization. Although in terms of population, territory, and natural resources, the SCO is much larger than

12. Shao Yuqun, "United States and Shanghai Cooperation Organization".

13. Ibid.

14. Jonathan Dunn, "Rethinking American Strategy in Central Asia", March 2009, Midwest Political Science Association 67th Annual National Conference, www.allacademic.com.

NATO and the European Union, its economy and military strength is not strong enough to rival that of the United States.¹⁵ The U.S. Commission on Security and Cooperation in Europe – the Helsinki Commission – held congressional hearings in September 2006. The Commission discussed the SCO's impacts on U.S. strategic, political, and economic interests in Central Asia. The Chairman of the Committee, Republican Senator Sam Brownback, set the theme of the hearing, asking whether the SCO was damaging U.S. interests in Central Asia. Martha Brill Olcott, a Central Asia expert at the Carnegie Endowment for International Peace, replied in the negative. She thought that the SCO would never serve U.S. interests, but the United States needed not directly check it. People tended to believe that the organization was an alliance of non-democracies. But in fact, the organization was not unanimous in insisting that each member should remain non-democratic. They kept solidarity just because they wanted to share security interests and mitigate foreseeable risks. She further pointed out that the SCO's annual summit was indicative of the nature of the organization as a forum for its members. Actually, its anti-Western rhetoric was more of a posture than an actual policy.¹⁶

Sam Brownback worried more about the SCO's negative effect on Central Asia's democracy and human rights issues. In response to Brownback's view that the SCO was against democracy promotion, the U.S. Assistant Secretary of State Boucher thought that the SCO's main goal was to achieve problem-free cooperation. The organization served as a happy club for members to have pleasant interactions without having to confront criticism.¹⁷ In April 2008, Boucher said that the SCO was a useful mechanism to promote Central Asian regional cooperation. It played a helpful role in promoting the region's economies and solving border issues. He believed that when the organization was involved in the political field or made a statement involving the United States and other countries, the United States should pay attention to or criticize it.

15. Zheng Yu, *Cooperation and Competition*, 424.

16. Heather Maher, "US Helsinki commission concerned about SCO", 29 Sep 2006, www.isn.ethz.ch/isn/Current-Affairs/Security-Watch.

17. *Ibid.*

But the United States did not seek to establish formal ties with the SCO and would not seek to participate in the SCO process. Boucher's comments demonstrated that the United States had abandoned its plan to join the SCO, and instead had moved on to strengthening bilateral relations with Central Asian countries.¹⁸ Brownback quoted some scholars as saying that the SCO was not a purely economic organization. It may become a "Warsaw Treaty Organization". Boucher said that he did not think so. He believed that Central Asian countries had opportunities and choices beyond the control of any organization. But he and the scholars believed that the SCO had embarked on a combative track.¹⁹

Some in the United States academia and some politicians thought that the SCO was expanding its influence and was being used by Russia and China as a counterbalance against the United States. But now and in the foreseeable future the SCO would not become a military alliance whose members made commitments to the security of each other. It did not have that organizational capacity.²⁰ When it comes to U.S. policy towards the SCO, no public official documents can be found. Senior U.S. government officials rarely voice their opinions of the SCO. This may be because the United States ignored the SCO prior to 2005, and after 2005 the United States suffered serious setbacks in the region, so it tried to avoid tensions with the organization.²¹

Conclusion

In the author's personal opinion, a few U.S. scholars' viewpoints might have caused misunderstandings with regard to the nature of the SCO. As the SCO's statement on the tenth anniversary of the Astana Declaration says, the organization cooperates openly

18. The U.S. Assistant Secretary of State pointed out that the U.S. would not participate in the SCO, http://news.ifeng.com/World/3/200804/0424_2592_506335.shtml.

19. Heather Maher, "US Helsinki commission concerned about SCO", 29 Sep 2006, www.isn.ethz.ch/isn/Current-Affairs/Security-Watch.

20. Stephen J. Blank, Professor at the Strategic Studies Institute at the U.S. Army War College, "U.S. Interests in Central Asia and Their Challenges", expanded and revised version of testimony offered to the subcommittee on the Middle East and Central Asia, House Committee on International Relations, 25 July 2006. www.highbeam.com/doc/1G1-167979786.html.

21. Zheng Yu, *Cooperation and Competition*, 426.

with other countries and international and regional organizations. The observer states Iran, Mongolia, India, and Pakistan and the dialogue partners Belarus and Sri Lanka have participated in various fields of cooperation within the SCO framework. Meanwhile, the SCO has cooperative partnerships with the United Nations, CIS, CSTO, Eurasian Economic Community, ASEAN, and the United Nations Economic and Social Commission for Asia and the Pacific. Cooperation in the fields of security, economy, and improving the environment will be the organization's priorities. Based on the achievements of the past years, the SCO members will continue to strengthen cooperation in a spirit of trust, mutual benefit, equality, consultation, and respect for diverse civilizations, will seek common development, and will jointly implement the purposes and principles prescribed by the SCO's basic documents.

The Importance of the SCO in a Russian Perspective

Ingmar Oldberg

This chapter aims to investigate the role of the SCO in official Russian policy, what interests the organization serves, as well as the problems and limits of the organization in the Russian view.¹ It will be claimed that Russia's main interest is to use the SCO as a means to maintain its influence in Central Asia and, in cooperation with China, to keep NATO out of the region, and that other organizations are in fact more important to Russia.

Officially, Russia has a high opinion about the SCO and its importance. According to the National Security Doctrine of 2009 it will be "especially important to strengthen the political potential of the SCO and to stimulate its practical steps ... to boost mutual confidence and partnership in the Central Asian region."² At the SCO summit in June 2012 President Vladimir Putin stated that the organisation has achieved a resounding success and become an important player in international politics.³ Indeed, Russia has for years supported its establishment of official relations with other important organizations, for example the United Nations, ASEAN, and the CSTO.

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1. This chapter partly builds on my chapter "The Shanghai Cooperation Organisation: Threat or Promise?" in *China Rising. Reactions, Assessments and Strategic Consequences*, Bo Huldt et al. (eds) National Defence University 2008, 283 ff.
 2. *Strategiia natsionalnoi bezopasnosti*, 12 May 2009, President of Russia, www.kremlin.ru, accessed 14 May 2009, p. 3.
 3. President of Russia, "Address at the meeting of the SCO Council of the Heads of State", 7 June 2012, www.kremlin.ru, accessed 11 June 2012.

Promoting Mutual and External Security

There are several reasons for this positive Russian view. Along with China, Russia in 1996 took the initiative to create the Shanghai Five forum including Kazakhstan, Kyrgyzstan, and Tajikistan – the predecessor of the SCO. Its primary aim was to solve border issues, reduce military tension, and build confidence after the breakup of the Soviet Union and the emergence of the Central Asian states – that is, to build mutual security. In line with this, Russia and China withdrew military forces from the borders, a friendship treaty was signed in 2001, and old border demarcation problems were solved.⁴ The main principles of the SCO Charter adopted in 2002 – mutual respect of sovereignty, independence, territorial integrity, non-aggression, non-interference in internal affairs, non-use of force or threat thereof, and no seeking of military advantage – were also Russia's own principles. At its fifth anniversary in 2006 the SCO declared that the member states would never be enemies, never join alliances or organizations undermining the security of the others or allow their territories to be used in that way. In case of any emergency, immediate consultations were to be held. This indeed sounded like an alliance. In line with this several multilateral military exercises have been held, the latest one in June 2012, in which all members except Uzbekistan participated.⁵ The SCO has also served as a cover for bilateral Russian exercises with China, specifically the one in 2005. Russian researchers have even proposed the creation of SCO peacekeeping forces.⁶

The principle of territorial integrity means that China has received support for its claim on Taiwan and Russia for its wars in Chechnya (see below). But Russia did not get support from the SCO (or any other organization) for its recognition of South Ossetia and Abkhazia as independent states after it had defeated Georgia in the 2008 war, because that would have gone counter to the principle which all members embraced.

4. As late as in January 2011, Tajikistan ceded 143,000 square kilometres in the Pamir to China. AFP, 14 January 2011.

5. Roger McDermott, "Beijing-Moscow axis drives preparations for Peace Mission 2012", *Eurasia Daily Monitor*, volume 9, issue 82, 1 May 2012, www.jamestown.org, accessed 11 June 2012.

6. Anatoliy Klimenko, "Russia and China as strategic partners in Central Asia", *Far Eastern Affairs*, no. 2, 2005, 17 ff.

Even if the SCO explicitly is not directed against any third party, there has been much criticism of NATO and the United States, for example concerning NATO's enlargement and the Iraq invasion. This criticism is primarily advanced by Russia and China, with both being interested in keeping external forces out of Central Asia. When the United States established an air base outside Bishkek in Kyrgyzstan in 2001 in connection with the NATO operation in Afghanistan against the Taliban regime (more on this below), Russia also established one in Bishkek. In 2005 the SCO summit took a resolution asking the U.S.-led coalition to give a deadline for how long their backup bases in Central Asia would stay, and the U.S. base in Uzbekistan was soon closed. Russia pressed the Kyrgyzstani government to close the American base there, and President Bakiev's refusal to do so despite Russian credits angered the Russian leaders, which probably contributed to his demise in 2010. Iran, which is suspected of building nuclear weapons by the United States, was admitted as an observer into the SCO in 2005, whereas the United States has repeatedly been denied such a status. The SCO also supported the creation of a nuclear-weapons-free zone in Central Asia (including Turkmenistan) in 2006, which was not recognized by NATO states due to loopholes concerning the transport of weapons.⁷

The SCO also took steps in the surrounding region, which were in line with Russian foreign policy ambitions. It established a contact group for Afghanistan and Afghan President Karzai participated in top-level SCO meetings. At the 2010 summit the SCO members declared that they wanted to see Afghanistan as a peaceful and stable country paying full respect to its traditional and religious values. They reaffirmed the central role of the United Nations in resolving the situation and expressed the belief that it could not be done only by military means.⁸ President Medvedev stated that the SCO states wanted to play an active part in helping the friendly Afghan people

7. Scott Parrish and William Potter, *Central Asian States Establish Nuclear-Weapon-Free-Zone Despite U.S. Opposition*, 5 September 2006, James Martin Center for Nonproliferation Studies. <http://cns.miis.edu>.

8. SCO, Declaration of the Tenth Meeting of the Heads of the Member States, 11 June 2010, p. 3. www.sectsco.org.

to build an independent, peaceful, and *neutral* country.⁹ At the 2012 summit Afghanistan was granted observer status.¹⁰ Russia also conducted its bilateral relations with Afghanistan along the same lines.¹¹ The SCO thus serves to support the Russian ambition to conduct its own Afghanistan policy, which partly differed from that of NATO.

Still, even though Russia has common interests with China in keeping Western powers out of Central Asia, it clearly worries about China's growing power in world affairs and is concerned that the SCO could help China gain influence in Central Asia at Russian expense, especially in military matters. In 2004, a deputy foreign minister stated that Russia opposed any extra-regional military presence in Central Asia, including Chinese, and President Putin at a G-8 summit (where China is not a member) in 2006 excluded the possibility of a common defence under SCO auspices. In fact, the SCO Charter does not speak about collective defence in case of external attack. Most of Russia's military cooperation with the Central Asian states instead takes place in the framework of the Collective Security Treaty Organization (CSTO), where Russia is the dominating partner and China is not a member. This organization has a mutual assistance clause, which makes it a proper alliance, and Russia has long tried to have it recognized as an equal partner of NATO. Despite its friendship with China, Russia furthermore has a partnership with NATO, which developed in the 2000s as a result of common interests regarding the war on terrorism (see below).

Promoting Internal Stability and Fighting Terrorism

Another Russian aim in the SCO, which is closely linked to external security, is internal stability. Since Russia and the other member states are more or less authoritarian, they oppose demo-

9. President of Russia, "Speech", p. 2. See also Programma effektivnogo ispolzovaniia na sistemnoi osnove vneshnepoliticheskikh faktorov v tseliakh dolgosrochnogo razvitiia Rossiiskoi Federatsii (Foreign Ministry proposal), *Russkii Newsweek*, 11 May 2010, 6, www.runewsweek.ru, accessed 24 May 2010.

10. President of Russia, "Shanghai Cooperation Organization summit took place in Beijing", 7 June 2012, www.eng.news.kremlin.ru, accessed 11 June 2012.

11. President of Russia, "News conference following NATO-Russia Council meeting", President of Russia, 20 November 2010, p. 5, accessed 29 November 2010.

cratic upheavals and “colour revolutions” such as those in Georgia and Ukraine in 2003–2004. The words in the Charter about non-interference have an edge against Western “export of democracy”, as proclaimed by U.S. President George W. Bush. Democracy is only mentioned as a goal in international relations, human rights only appear at the end of the list of aims, and non-governmental organizations are not mentioned at all. To support the regimes in power, the SCO has formed its own institution of electoral monitors, and just like Russia these have praised every election in the region, which Western monitors have condemned.

Russia and the SCO others were alarmed when President Akayev in Kyrgyzstan was toppled by the so-called Tulip Revolution in 2005, but the SCO did not intervene, especially since it has a clause on non-intervention. Even if the new Bakiyev regime soon fell in line with the others, it kept the U.S. base while extorting a higher rent. When Bakiyev was ousted by public protests in 2010 and the new leadership under Roza Otunbayeva called on Russia to help stopping ethnic unrest in the south of the country, Russia was not able or willing to intervene. Instead it chose to consult with the CSTO and the SCO. Referring to the principle of non-interference, the SCO summit merely advised solving the problems through dialogue and negotiation and promised to send observers to the upcoming elections.¹² Thus the SCO could not help Russia materially in this case, but it at least helped to save Russia’s face.

An even graver threat to internal stability than Western-type democracy among the SCO states is seen in separatism and terrorism. Russia has fought two wars against Muslim separatists in Chechnya, who are viewed as linked to international terrorism spreading from Afghanistan and the Middle East, and supported the Afghan resistance against the fundamentalist Taliban regime in the 1990s. Therefore Russia fully agreed, when the fight against separatism, extremism, and terrorism, the “three forces of evil” as the Chinese called them, became a top priority also in the SCO. In 2001 the SCO adopted a special convention on the matter, in

12. SCO, Declaration of the Tenth Meeting of the Heads of the Member States, 11 June 2010, 1f. www.sectsc.org. Neil Melvin, “July/Aug 10: Eurasian security arrangements face reality check after Kyrgyzstan crisis”, SIPRI Newsletter, p. 1, www.sipri.org, accessed 30 August 2010.

which the definitions were very wide. A special Regional Anti-Terrorism Center (RATS) was established in Tashkent, and many military exercises were held under the banner of fighting terrorism. An SCO counter-terrorism convention was adopted in 2009, and a mechanism of counter-narcotics cooperation was set up. Russia was part and parcel of this.¹³

However, Russia had difficulties in helping Uzbekistan to defeat Muslim rebels in the Ferghana valley in 1999 and continued to feel threatened by the Taliban. When the United States after terrorist attacks in September 2001 decided to crush the Taliban regime in Afghanistan, Russia and the other SCO members accepted the establishment of NATO bases in Central Asia in 2001 and granted transit rights for NATO transports to Afghanistan. The call of the SCO in 2005 for a deadline for the NATO troops in Central Asia was soon forgotten, when the war went on in Afghanistan. The 2010 summit mentioned the struggle against terrorism as its first priority and expressed concern over the escalation of terrorism, drug trafficking, and crime emanating from Afghanistan.

Along with stating its own position as noted above, the SCO supported reconstruction projects in collaboration with international institutions and called on the International Security Assistance Force (ISAF) to cooperate concerning the drug trafficking which financed the terrorists. (NATO was not mentioned.)¹⁴ President Medvedev supported this not only at the SCO summit while calling for the ratification of the SCO anti-terrorism convention, but he also took up the drug issue at the NATO–Russia Council in November 2010 and went a step further by confessing that it had been neglected by Russia and by appreciating that joint operations with NATO were now under way. He promised bilateral assistance to Afghanistan, including military equipment.¹⁵ Indeed, in October 2010 Russian and American security forces carried out a joint attack on drug laboratories in Afghanistan. Russia thus here cooperates more closely with NATO than the other SCO members, for

13. SCO, Joint Communiqué of the Tenth Meeting of the Council of the Heads of State, 11 June 2010, www.sectsc.org, accessed 14 December 2010, p. 2; President of Russia, “Speech”, p. 2.

14. SCO, Declaration, 2 f; SCO, Joint Communiqué, p. 2.

15. President of Russia, “News conference”, p. 5.

example China, are able or willing to do – despite its concern over U.S. bases in the post-Soviet space. The threat of terrorism thus looms higher than the threat of a NATO presence in Central Asia.

Promoting Economic and Human Development

Besides security cooperation the SCO has increasingly devoted its attention to economic and social issues. According to its Charter, the organization wants to “promote balanced economic growth, social and cultural development for the purpose of raising living standards and conditions.” In 2005, the SCO adopted an action plan on multilateral trade and cooperation and agreed on realizing the free flow of goods, services, capital, and technology within 20 years. A summit in Shanghai in 2006 designated energy, information technology, and transport as priority areas, and a great number of projects, including a Development Fund for financing common projects, a Business Council, and an Interbank Association were set up. In 2009, the SCO states agreed on a joint initiative on intensifying economic cooperation in order to overcome the consequences of the global economic crisis and ensure further development.¹⁶

Russia played an important role in this. In 2006, Russia proposed an energy club of SCO members, and this idea is still entertained by the foreign ministry.¹⁷ At the 2010 summit Medvedev considered economic cooperation in the SCO a top priority, especially in view of the global financial crisis. He drew attention to the SCO Business Council and the ongoing discussions in the energy field, and emphasized that Russia now is working on modernizing its economy and therefore is especially interested in developing science-intensive and innovative projects in high-tech communication systems as well as in developing transport infrastructure and international logistics centres.

Medvedev further professed an interest in discussing the Development Fund and a Chinese proposal for it. He praised the development of humanitarian ties, including the creation of an SCO university, meetings by science and technology ministers, and the establishment

16. SCO, Joint Communiqué, 2f.

17. Programma effektivnogo ispolzovaniia, p. 18.

of an SCO Youth Council.¹⁸ Putin spoke in the same vein at the 2012 summit, adding that the administration of the SCO Network University will be based in Moscow.¹⁹

However, there are several problems. First, concerning science and high-tech Russia has little to gain from the Central Asian partners and is probably wary of becoming dependent on the expansive economy of China, which has already surpassed Russia and become the largest in the world after the United States. Russia seems more interested in modernizing its economy in cooperation with European states, though of course the alternatives need not exclude each other. India, which is an observer in the SCO, an old ally of Russia, and another emergent economic giant, should also be considered in this context.

Second, concerning energy the SCO members have diverging interests. Russia needs to import oil and gas from Central Asia in order to fulfil its export contracts with European states and its imports of consumer goods and technology from them. It has invested heavily in the Central Asian energy sector and wants to maintain its old monopoly on pipelines from there. However, China, whose demand for energy is enormous, has started to invest in the Central Asian energy sector, recently constructing an oil pipeline from Kazakhstan to Xinjiang and a gas pipeline from Turkmenistan through Uzbekistan and Kazakhstan to China, thus breaking the Russian monopoly. China offers the land-locked states a route to the Pacific, while the Central Asian states can open the way for Chinese trade with Europe in circumvention of Russia. The Central Asian states for their part are keen on exploiting the rivalry between Russia and China so as to extract favours for themselves, even though they clearly prefer the traditional Russian masters to the more expansive and alien Chinese.²⁰

Third, the SCO Development Fund has been on the table for several years. China has offered a major contribution to it, which may appeal to the Central Asian states, but Russia probably fears that it would facilitate Chinese economic penetration in the region.

18. President of Russia, "Speech", 2f.

19. President of Russia, "Speech", 2f.

20. President of Russia, "Address", 7 June 2012, p. 2.

China is already surpassing Russia as the leading trading partner and investor, for instance in Kyrgyzstan.

On the whole, Russia and the Central Asian states have relatively unbalanced or weak economies, and suffered a lot from the global financial crisis after 2008, whereas China was little affected and instead boosted its influence, particularly in the West. This helps to understand why Russia has not pushed for economic integration and free trade in the SCO format as China does and instead is banking on the Eurasian Economic Community (EEC or EurAsEC). This organization, which was created in 2000, encompasses the four Central Asian SCO states²¹ plus Belarus, and is Russia's main tool in trying to maintain its economic domination in the post-Soviet space. Modelled on the European Union, the community aims to form a common economic space through a free trade zone with unified customs tariffs, a common market for transport services and energy, and coordination of economic reforms and the legal systems. There are no visa requirements for travel inside the community.²² However, due to problems with different levels of development and state influence, and diverging economic interests in the community, Russia nowadays instead focuses on integration in a still narrower circle.²³ An EEC Customs Union with Kazakhstan and Belarus came into effect in 2010 as a step towards a Eurasian Union. Other post-Soviet states were invited to join, and the leaders of Kyrgyzstan and Tajikistan voiced their interest.²⁴

At the same time Russia has a partnership with the European Union with four so-called common spaces, aiming at creating a common European economic space. The Customs Union is claimed to be compatible with this and even liable to accelerate Russia's

21. Uzbekistan joined in 2005 and suspended its membership in 2008.

22. Agreement on foundation of the Eurasian Economic Community, www.worldtrade-law.net/fta/agreements/eaecfta.pdf, accessed 3 March 2011.

23. Andrei Suzdaltsev, "Risks and prospects of the EurAsEC Customs Union", *Russia in Global Affairs*, no. 1, 2010.

24. President of Russia, "Statement on entry into force of the customs code of the Customs Union", 5 July 2010, www.eng.news.kremlin.ru, accessed 13 December 2010; Wikipedia, Eurasian Economic Community, Customs Union of Belarus, Kazakhstan and Russia, www.en.wikipedia.org, accessed 3 March 2011.

entry into the World Trade Organization.²⁵ In August 2012 Russia after 18 years of negotiations indeed joined the WTO, of which China and Kyrgyzstan were already members. Being partly an Asian country, Russia further participates in Asian economic cooperation, for instance in the Asia-Pacific Economic Cooperation (APEC), the Association of South East Asian Nations (ASEAN), and the Brazil–Russia–India–China (BRIC) forum. A deputy foreign minister holds the view that the economic “clusters” in the Asia-Pacific region should merge into a single free trade zone, and that the ASEAN plays and should play an important role regarding institution-making.²⁶ At the SCO summit in 2010 President Medvedev stated that the Asia-Pacific region has become one of the most important political and economic centres and that

We all take an active part in events in this region. This makes it all the more important to develop an equal and transparent security system, develop our diplomatic network, and create a system of regional organizations and forums acting in partnership with each other. This is one of the tasks the SCO will address too.²⁷

However, the other SCO members saw the organization in an international context. The common declaration of the 2010 summit said that “the SCO has become an important factor for regional and international security cooperation, excluding block, ideological, and confrontational approaches to solving actual problems.”

Conclusion

Russia thus has a positive view of the Shanghai Cooperation Organization, since it promotes mutual and external security, internal stability through suppressing Western-type democracy and Muslim-inspired terrorism and separatism, and a measure of economic and cultural cooperation. The organization may help Russia to retain its

25. President of Russia, “President Medvedev addressed the World Economic Forum in Davos”, 26 January 2011, p. 5f, www.eng.news.kremlin.ru, accessed 21 February 2011; Official site of the Prime Minister of the Russian Federation, “Vladimir Putin wishes government pool journalists a happy new year”, 29 December 2010, www.premier.gov.ru, accessed 21 December 2010.

26. Aleksei Borodavkin, “Multidimensional architecture for a polycentric Asia-Pacific region”, *Diplomatic Annual 2009*, Ministry of Foreign Affairs, 27 February 2010, p. 3, www.ln.mid.ru, accessed 13 December 2010.

27. President of Russia, “Speech”, p. 3.

influence in Central Asia and, in cooperation with China, keep outsiders like the United States out of the region. It can be a cover for promoting bilateral relations with China at the same time as China is seen as the main rival in Central Asia, growing stronger every day.

However, Russia sees the SCO as only one of the regional organizations in which it is active and not as the most important one. In Medvedev's foreign policy concept of 2008 and his military doctrine of 2010 the SCO was not mentioned prominently or extensively.²⁸ Russia's first priorities are the Collective Security Treaty Organization, the Eurasian Economic Community, and its new Customs Union, which more directly serve to maintain its influence in the post-Soviet space. Russia's relations with the European Union still remain more important than those with China and other Asian states. These multilateral forums further facilitate Russia's bilateral relations with countries with which it has especially good relations. In this multi-dimensional and multi-vector foreign policy Russia, whether under a Medvedev or a Putin presidency, is not much different from other big powers.

28. President of Russia, *Kontseptsiia vneshnei politiki Rossiiskoi Federatsii*, www.kremlin.ru, accessed 29 November 2010, 10ff.; *Ibid.*, *Strategiia*, p. 3.

The SCO and How Chinese Foreign Policy Works

The Global Influence of its Central Asia Policy

Li Lifan

The Formulation of China's Foreign Policy

Since reform and opening-up, China's rapidly expanding foreign exchanges, from those at the central government level to the local party, have opened up a wide variety of institutions to being involved in foreign policy. Government departments and enterprises, social groups and individuals, are all increasingly involved in foreign exchanges, making foreign and domestic interactions increasingly active and tying domestic issues into questions relating to China's diplomacy.¹ The result is to make China's foreign policy process much more complicated.

In the establishment of China's foreign-policy-making mechanism, it can be said that different decision-making roles have been played in different ways. There are five different drivers in Chinese foreign policy making. First there is the role of the head, as the "leader of diplomacy". Mao Zedong, Zhou Enlai, Deng Xiaoping, Jiang Zemin, and Hu Jintao have all played an extremely influential role in the formation of China's foreign policy.² Second, foreign

1. Zhong Longbiao and Wang Jun, "From One-Level Games to Two-Level Games: The Evolution of China's Foreign Policy-Making Model", *Journal of World Economics and Politics*, 2007.7, Beijing, China.
2. Ye Zhicheng, *New China's Diplomatic Thinking: Comparative Studies by Mao Zedong to Deng Xiaoping and Mao Zedong to Zhou Enlai* (Beijing: Peking University Publishing House, 2004).

affairs fostered through opposition, such as the establishment of diplomatic relations between China and Australia, is a model of public diplomacy. Third, pragmatic diplomacy, for example the establishment of diplomatic relations between China and Saudi Arabia, is driven by the need of interest.³ Fourth, multilateral diplomacy, as in China's role in the Shanghai Cooperation Organization (SCO). Fifth, crisis management, such as the Sino-U.S. aircraft collision incident of 2001. For these aforementioned examples, the decision-making mechanisms were perfectly adapted for the successful implementation of Chinese foreign policy.

A pragmatic policy means that what is important is to build up consensus and to tone down differences while emphasizing areas where cooperation is possible. Foreign policy decision-making in China is no longer the domain of a paramount leader acting through a vertical command channel with a fundamentally unified policy. Foreign policy decisions are now made by several discrete power bases coordinated at the centre, with multiple command channels reflecting different interests and policies.⁴ Bureaucratic interests, agendas of policy issues, local–central authority relations, intellectual and think-tank influences, as well as the domestic political–economic environment differentially affect policy input and output.

Reform and opening-up is China's basic national policy. China's foreign policy-making mechanism was created during the period of “pre-reform and pre-opening-up” with “vertical authoritarianism” as its main driver, until the period of “post-reform and post-opening-up”, when it developed into a “level authoritarianism (horizontal authoritarianism)”. Vertical authoritarianism means the leaders at the top of a vertical chain command the whole decision-making process, which is characterized by a unified people with a centrally directed foreign policy. Horizontal authoritarianism, on the other hand, is essentially an authoritarian and totalitarian decision-making system, at the horizontal level. There are several power centres to represent and coordinate various interests and

3. An Huihou and Huang Shejiao, *Silk Road – The New China and Arab Countries: 50 Years of Diplomatic History* (Beijing: World Knowledge Publishing House, 2006).

4. Zhao Quansheng, “Domestic Factors of Chinese Foreign Policy: From Vertical to Horizontal Authoritarianism”, *Annals of the American Academy of Political and Social Science*, Vol. 519, Jan. 1992, United States.

perspectives. It features more participating departments, a broader agenda, a diversity of stakeholders, and adopts a more collective form of decision-making.

The Purpose of Foreign Policy: the Role of Commitments in International Affairs

With the end of the Cold War, China became further integrated into the international community. This provided a favourable opportunity for her foreign policy development. However, at the same time, China's international responsibility also increased alongside a greater desire and capacity to advance her interests. China's 1997 announcement that it would be "a responsible country in the international community" was also a declaration of its national foreign policy.⁵ China's active participation in international mechanisms as part of a comprehensive diplomatic strategy advances its core objective to create a peaceful and democratic international environment that serves China's overall development plan, and promotes China's process of internationalization. The principles of this strategy are mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence, all of which are based on an understanding of the Five Principles of Peaceful Coexistence.

China has experienced the most rapid development of any emerging economy, such that its demands on external resources and markets have reached considerable proportions. As a socialist state under the leadership of the Communist Party of China, a great deal of attention has come to focus on what role China will fulfill in the process of the shift in international power and wealth. The history of international relations shows that, as a rule, when a new great power emerges, it destroys the existing balance of power, dealing a blow to global stability and provoking international conflict. It is clear that China has to uphold its policy of not entering into alliances and must refrain from conducting politics as part of a

5. Men Honghua, "Pressure, cognitive and international image: The history of China's participation in the international system as the strategic interpretation", *Journal of World Economics and Politics*, Beijing, 2005(4).

group of major powers. It must maintain a cooperative posture and a policy of openness toward all countries without using ideology and social structure to draw distinctions or determine the degree of closeness in bilateral relations. China has to develop its own innovations, including policy innovation and, starting with the expansion of domestic demand, pragmatically create a modernized template for development in which it does not rely excessively on material resources.

The Implementation of China's Foreign Policy Decision-making System

There are four key aspects of the implementation of the Chinese foreign policy decision-making system. First of all, there is a crisis management mechanism that is directed in the classic manner at making foreign policy. This decision-making mechanism is institutionalized under the leadership of the Party Committee in the Chinese executive-led system. Second, the implementation of this high-level decision-making is impelled forward by democratic centralism, that is, collectively discussed by the leadership, with the final decision made by the supreme leader. Third, the decision-making process is relatively closed, with normative characteristics: an unsupervised process. Fourth, decision-making and implementation advice emanate mainly from the Ministry of Foreign Affairs, with other departments responsible for the functional matters related to implementation.⁶

These high-level decision-making bodies comprise the apex of an elaborate network of party and government organizations and research institutes concerned with foreign policy. To support the formulation and implementation of policy, especially in a bureaucracy as complex and hierarchical as China's, a network of small and influential advisory and coordination groups exist. These groups function to channel research, provide expert advice, and act as a liaison between organizations. The most important of these groups is the Party Secretariat's Foreign Affairs Small Group. This group comprises key party and government officials, including the

6. Tang Xiaosong, "The development and system construction of China's public diplomacy", *Journal of Contemporary International Relations*, Beijing, 2006 (2).

President, the Prime Minister, state councillors, the ministers of Foreign Affairs and Foreign Economic Relations and Trade, and various foreign affairs specialists, depending on the agenda of the meeting. The group meets regularly or irregularly, as required by circumstances. Liaison and advisory functions are provided by other groups, including the State Council's Foreign Affairs Coordination Point, the staff of the Prime Minister's and State Council's offices, and bilateral policy groups, such as one composed of ministers and vice ministers of the Ministry of Foreign Affairs and the Ministry of Foreign Economic Relations and Trade.

The Role of the Chinese Academic Elite in the Foreign Policy System

Before reform, public opinion in China had little impact on foreign policy. After the reforms, foreign policy became more rational and scientific in its approach, with a growing role for the Chinese intelligentsia in the diplomatic decision-making process. The role of an academic elite in foreign policy was displayed in five categories: (1) foreign policy decisions and policy recommendations developed in governmental think tanks; (2) information channels, information messengers and outside participants in the negotiations; (3) diplomatic "Consultants" by virtue of their academic reputation and connections; (4) policy advocates, explaining and communicating policy in the public domain; (5) policy directors, reviewers, and evaluators. These scholars appeared in a wide variety of outlets, including seminars, newspapers, television, radio, and the Internet, where they published their own comments on the international situation and their views on China's foreign policy. This has an impact at home and abroad and, to some extent, affects the Chinese government's foreign policy options. In the past, media outlets were very few, and people could not express their viewpoints through the channels of the media.⁷ But with the period of reform and opening-up, and the multiplication and variety of existing media, and in particular the rapid development of the Internet, the media and other outlets now play an important supporting role in the Government's foreign policy.

7. Interview with Minister Tang Jiaxuan, *Journal of World Knowledge*, Beijing, 1999 (19).

After years of obeying Deng Xiaoping's dictum of restrained foreign policy as the best means of advancing its peaceful rise, an emboldened Beijing now appears comfortable with brandishing its strengths and achievements. Beijing is not blind to the utility of soft power. Dozens of Confucius Institutes around the world are spreading the Chinese language and culture, and its state media have stepped up efforts to spread a "Chinese view" of the world. China's official foreign policy doctrine is one of non-intervention, however, and it has shown limited interest in influencing the domestic political agendas of other nations.

China's Foreign Policy towards Central Asia

Because China is one of the main geopolitical actors in Central Asia, its Central Asia policy has been the focus of close attention. Since the independence of the Central Asian states, China's Central Asia policy has experienced three stages of development: the establishment of good neighbourly ties of friendship from December 1991 to September 1997; strengthening energy, economic, trade, and security ties from September 1997 to June 2001; and since then developing all-directional cooperation through bilateral ties and within the framework of the SCO.

In the mid-1990s, the Chinese government established a clear four-point Central Asia foreign policy. First, adhere to good-neighbourliness and peaceful coexistence; second, ensure mutually beneficial cooperation and promote common prosperity; third, non-interference in internal affairs; fourth, respect for independence and sovereignty, while promoting regional stability.⁸

From a strategic macro perspective, China's foreign policy towards Central Asia is trying to plan the relationships between China and Central Asia while bearing in the mind the influence and interests of other large surrounding states. This strategic perspective is taken so as to not unduly excite the other great powers, and China makes a point of not explicitly expressing its special interests in Central Asia and how to maintain them.

8. Xing Guangcheng, *The relationship between China and the new independent Central Asian countries* (Harbing: Heilongjiang Educational Press, 1996), 21–22.

Since the late 1990s, relations between China and the Central Asian countries have undergone great changes. During this period, Central Asia, the Caucasus, and China's Xinjiang region have reached a new situation. National separatism, religious extremism, and international terrorism, the three evil forces, have created a huge pressure on China, Russia, and the Central Asian states.⁹ As a result, combating the three evil forces has been brought to the fore for China when developing its relations with Central Asian countries. China has developed friendly cooperative relations with these countries, conforming to a trend that focuses on the fundamental interests of both parties and of the international community.

China also sees Central Asia as a foothold for maintaining stability in Xinjiang, where longstanding tensions between Muslim Uighurs and ethnic Han have exploded into deadly violence on a number of occasions. Since the ethnic rioting in 2009 in Xinjiang (but also before), Chinese officials have been especially wary of radical Islam filtering in from the Central Asian nations, or Pakistan or Afghanistan. About a half million Uighurs live in the broader Central Asian region, many of them immigrants from Xinjiang to Kazakhstan and Kyrgyzstan. Since the forging of diplomatic ties twenty years ago, China and the Central Asian states have established friendly and cooperative bilateral relations, in economy, trade, technology, culture, and education.

The Central Asian nations bordering on China, especially Kyrgyzstan, have become an important transit point for Chinese goods that are making their way to the Caspian Sea region, Russia, and Europe. According to Commerce Ministry statistics, trade between China and the five Central Asian countries totalled USD 25.9 billion in 2009, up from USD 527 million in 1992. Meanwhile, new pipelines are transporting oil and natural gas to Xinjiang from fields in Central Asia where Chinese companies have bought development rights. Chinese officials see Central Asia and the Caspian Sea as a crucial source of energy, since the Middle East is politically unstable, and tankers from there pass through the

9. An Weihua, "Ethnic separatism, religious extremism and international terrorism and political Policy", *Journal of International Politics Studies*, Peking University, Beijing, 2001 (01).

Strait of Malacca, which China fears could be closed by the United States military or other forces.¹⁰

Implementing the Core Considerations of Foreign Policy: Strategic Considerations and Strategic Interests

In the same way that Central Asian states pursue their relations with China with strategic considerations, the development of China's close ties with Central Asian countries has also been dictated by strategic considerations related to China's overall diplomatic strategy and policymaking. Over the last twenty years, China's diplomatic strategy and tactics have focused on using both "great power diplomacy" and "peripheral diplomacy".¹¹ On the one hand, China will improve diplomatic relations with the United States, Russia, Europe, and Japan; while on the other hand, China will develop good relations with neighbouring countries using a friendly policy of good-neighbourliness. The Central Asian countries are China's western neighbours, with three of which China has a border.

After 9/11, the United States sharply increased its influence in Central Asia, and the U.S. military presence in Central Asia has become a constant reality. Central Asian countries currently provide military bases for U.S. forces, worrying some in China. The Sino-American strategic interaction in Central Asia is bound to be asymmetrical, complex, and open-ended.

China would be very happy to see Central Asia as a critical frontier for its energy security, trade expansion, and ethnic stability. State enterprises have reached deep into the region with energy pipelines, railroads, and highways, while the government has recently opened Confucius Institutes to teach Mandarin in capitals across Central Asia, highlighting the important role of China's "soft power" in this region.¹²

10. Edward Wong, "China Quietly Extends Footprints Into Central Asia", *New York Times*, 2 January 2011.

11. Tang Jing, *Great Power Diplomacy* (Beijing: Huawen Publishing House, 2009), 35–36.

12. Li Lifan and Raffaello Pantucci, "Cosying up", *South China Morning Post*, 15 June 2011.

Conclusion: China Needs to Adjust Its Multi-level Influences in Central Asia

China appears to view Central Asia as a region that could provide the mainland with strategic depth, as a wide swath of territory where China can build up clout through trade, investment, and loans. It underscores China's gradual emergence as a major economic force in Central Asia, much stronger and more effective than the "Eurasian Union" advocated by Russia.

The United States has also emerged as a powerful player in the region. Earlier, Russia was the chief guarantor of stability and security in Central Asia, but with religious extremism and terrorism acquiring global dimensions and the emergence of Afghanistan as the epicentre of extremism and terrorism, a global effort to fight this challenge became inevitable. Its design of a Great Central Asia project, and its launch of a New Silk Road Strategy, drew the United States deeper into the region, displacing Russia.

The 9/11 terror attacks show that the Shanghai Cooperation Organization (SCO) was correct in its prediction that to counter the "three evil forces" in Central Asia was going to be one of the key regional challenges.¹³ China, however, pays more attention to developing a complex set of relations with the Central Asian countries, focusing on a broad range of issues with political relations, economic relations, and security as the three major factors. However, this policy is not static and China will adjust its foreign policy in a timely fashion and according to the surrounding international situation. But the fundamental diplomatic strategy for China towards the Central Asian countries will not easily change.

China's influence in Central Asia is so far limited and of short-term effect, and has some shortcomings, which has invited major criticism from the West and Russia. China's growing investments across the region are without doubt a welcome development, particularly for those countries that are mired in poverty. In 2009, for instance, when much of the world's economy was shackled by the financial crisis, China offered USD 10 billion in loans to Central Asia. But China's political and security demands at times appear

13. Liu Gengcheng, "Three Evil Forces in Central Asia", *Journal of World Knowledge* 2000 (18), Beijing, China.

to reinforce the region's longstanding bad habits, including short shrift given to human-rights issues. This is not a new criticism for China. Beijing's foreign policy in places like Africa has often been accompanied by a chorus of similar complaints. In Central Asia, China insists that all it wants is regional stability and peace. However, the centripetal force in Central Asia is still Russia, and China is not willing to challenge Russia for the leading role in this region. Therefore, strengthening the combination of summit foreign policy and people-to-people policy is the major strategy of China's policy in Central Asia.

In the near future, China has to avoid the impression that it is simply using Central Asia as a resource pit. China should think about expanding its cultural and philanthropic activities through people-to-people policy in the region, facilitating educational exchanges and investing in projects outside of the energy sector that create local jobs. China could strengthen its development assistance through loans and grants, particularly in places like the Ferghana region.

That said, Central Asia remains the geostrategic playground of the world's major civilizations: Christianity, Islam, Hinduism, Buddhism, and Confucianism. And by the end of the twentieth century, all had become not only civilizational but also nuclear powers, indicating that this geographic region without doubt will remain an important focus for international relations. China needs to take time adjusting its effective policy in Central Asia.

India and the SCO

Better Late Than Never

Swaran Singh

The Shanghai Cooperation Organization (SCO) is often debated as a model success case amongst Asian experiments in regional multilateralism. It is not only projected as the most effective, efficient, and credible alternative paradigm on regional security but includes four nuclear weapons powers (Russia, China, India, and Pakistan), nearly half the world's population, and three of the world's major emerging economies.¹ Originally created as the Shanghai Five in 1996, it was a rare regional success, making unusually rapid progress in its original agenda of ensuring peace and stability amongst its member states through evolving confidence building measures and accelerating the process of solving border demarcations that it had managed to achieve within the short span of its initial two to three years. In the late 1990s, therefore, the SCO began expanding its focus to larger Eurasian issues like energy security and countering terrorism.

Apart from its rapid progress, visibility, and Asian genre, the sub-structures that were to make India particularly interested in the SCO included its Regional Anti-Terrorism Center (RATS). The RATS was set up as a permanent organ of the SCO at its Tashkent summit of June 2004. Located at Tashkent, it serves as a secretariat to promote cooperation amongst member states to fight against

1. Swaran Singh, "China's Quest for Multilateralism", in Anjali Ghosh et al., *India's Foreign Policy* (Delhi: Dorling Kindersley, 2009), 200; Pan Guang, "The SCO's Success in Security Architecture", in Ron Huisken (ed.), *The Architecture of Security in the Asia-Pacific* (Canberra: ANU E Press, 2009), 38.

the three evils of terrorism, separatism, and extremism. By April 2006, the RATS had begun to expand its domain to include in its plans initiatives like fighting cross-border drug crimes. By October 2007, the SCO had signed agreements with the Collective Security Treaty Organization (CSTO) of ex-Soviet republics to further broaden its regional cooperation paradigm and include issues like security, crime, and drug-trafficking. These two organizations have since chalked out detailed plans in these fields.² As a result, though the SCO has repeatedly clarified that it does not expect itself to emerge as a military block, it now holds regular joint military exercises amongst its members and is often viewed as a counter to the eastward expansion of NATO.³ All this is what makes the SCO attractive to New Delhi, though this does not explain India's lukewarm engagement with this forum. This chapter makes an attempt to explore and examine further this engagement.

The SCO's Expanding Footprint

In the same spirit of widening its footprint across Eurasia, the SCO has also been deliberating on expanding its membership. Towards that end, it first invited Uzbekistan to join as its sixth member as the Shanghai Five reorganized itself into the SCO in 2001. Since then, though the working languages of the SCO remain Chinese and Russian, such an expansion of the SCO has clearly been a sign of "greater confidence that the SCO could expand its strategic and economic interests beyond Central Asia."⁴ For instance, the SCO conferred observer status on Mongolia at its 2004 Tashkent summit and on India, Iran, and Pakistan during the July 2005 Astana summit. Sri Lanka and Belarus were granted the status of Dialogue Partner at the Yekaterinburg summit of 15–16 May 2009. Similarly, starting from the Shanghai summit of 2006, President Hamid Karzai

2. Bobo Lo, *Axis of Convenience: Moscow, Beijing and the New Geopolitics* (London: Royal Institute of International Affairs, 2008), 113; Emilian Kavalski (ed.), *China and the Global Politics of Regionalization* (Farnham, Surrey: Ashgate, 2009), 75.
3. Gregory Chin, "China's Rising Institutional Influence", in Alan S. Alexandroff and Andrew F. Cooper (eds), *Rising States, Rising Institutions: Challenges for Global Governance* (Baltimore: Brookings Institution Press, 2010), 88–89.
4. Marc Lanteigne, "Security, strategy and the former USSR: China and the Shanghai Cooperation Organisation", in Shaun Breslin (ed.), *Handbook of China's International Relations* (London: Routledge, 2010), 170.

has often been invited as a special guest to SCO summits, and from the March 2009 special conference on Afghanistan in Moscow, Afghanistan has been an important concern of these countries. Especially at the 2011 Astana summit, coming in the wake of the fixing on 2014 as the exit date for international security forces from Afghanistan and on the heels of the killing of Osama bin Laden in Pakistan, SCO deliberations witnessed both India (observer) and Afghanistan (special guest) emerging as strong contenders for full membership.⁵

Given this impressive track record of the SCO, all observer and dialogue partners, even non-participants like Turkey (a dialogue partner only from 2012) and the United States, have shown keen interest in acquiring full membership.⁶ At an SCO meeting in 2011, for instance, membership for India and Pakistan, observer status for Afghanistan and affiliation Turkey as a dialogue partner were on the agenda, until the Chinese side played it down and this stayed unattended.⁷ Experts have been of the opinion that the SCO accepting more members is not any longer a matter of “if” but “when”.⁸ Meanwhile, as the SCO has agreed in principle to open itself for new members, the case of India has elicited considerable speculation both within India and outside. However, officially India has shown only occasional and subdued enthusiasm in making India’s case for full membership; its position being that it expects to be formally invited instead of lining up with its application. At the same time, India is often seen working hard to dispel the impression that New Delhi’s close relations with the United States explain

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5. Sandeep Dikshit, “India poised to join Shanghai grouping”, *The Hindu* (New Delhi), 16 June 2011, p. 1; Vladimir Radyuhin, “Afghanistan may join SCO”, *The Hindu* (New Delhi), 16 May 2011, p. 10; Erica Marat, “Afghanistan: NATO Out, SCO In?”, *Eurasia Daily Monitor*, Jamestown Foundation, Vol. 8 No. 98 (20 May 2011).
 6. “USA, Turkey eye SCO membership”, The American-Uzbekistan Chamber of Commerce, 21 October 2011, at www.aucconline.com.
 7. Vladimir Radyuhin, “Seat for India in SCO put on the backburner?”, *The Hindu* (New Delhi), 6 November 2011, p. 12; “Russia hopes India will ‘soon’ join SCO – Lavrov”, *Ria-Novosti* (Moscow), 26 November 2011, at <http://en.ria.ru/russia/20111117/168776994.html>.
 8. Hooman Peimani, *Conflict and Security in Central Asia and the Caucasus* (Santa Barbara, California: Greenwood, 2009), 320.

its lack of enthusiasm about seeking full SCO membership.⁹ Such impressions are formed in view of India's lukewarm and fluctuating engagement at the SCO summits.

India in the SCO: Interests and Limitations

After the collapse of India's time-tested and long-standing friend the Soviet Union, New Delhi gradually evinced strong interest in its Buddhist links with the Central Asian republics. This was driven primarily by India's security concerns as it "did not want this region to become a hotbed of radical Islam by becoming an extension of a Pakistan-sponsored Taliban and al-Qaida, which could further undermine the security situation in Kashmir."¹⁰ This needs to be viewed in the context of India's complicated relations with Pakistan, and the latter's participation in the raising of Mujahideen forces in Afghanistan during the 1980s with the aim of ensuring the exit of Soviet forces from there, which finally happened in 1989. This may be further linked to the Islamization of Pakistan during the 1980s and its use of radical Islam against its neighbours: in India's Kashmir, in China's Xinjiang, and later in Russia's Chechnya. Against this backdrop, though India's participation in the SCO remains driven primarily by its security concerns about the Central Asian republics, the sustained focus of India in the SCO has several other drivers that include (a) India's general commitment to Asian multilateralism, especially of the community-building type; (b) its considerable interest in being part of any pan-Asian arrangements for energy security and countering terrorism; and (c) India's historical links to the region that flow from the ancient, deep common links of Buddhism and the more recent experience of close relations with the Soviet Union.

The last ten years of the SCO has coincided with the rise of both China and India as major players in Asian multilateralism. In particular, China's success in engaging, accessing, and exploiting the vital energy sources of the Central Asian republics and Beijing's

9. "India keen to become member of SCO", *The Times of India* (New Delhi), 1 June 2010, at <http://timesofindia.indiatimes.com>.

10. G. V. C. Naidu, "India and East Asian Multilateralism", in Anjali Ghosh, Tridib Chakraborti, Anindyo Jyoti Majumdar, Shibashis Chatterjee (eds), *India's Foreign Policy* (New Delhi: Dorling Kindersley, 2009), 445.

sustained influence on Central Asian regimes have goaded India's increasing curiosity about using the SCO for engaging with the Central Asian republics. Nevertheless, thanks partly to India's lukewarm and uncertain engagement with these republics, it took over a decade from the 1996 birth of the Shanghai Five for India's links and stature to be fully recognised by the SCO members. In popular perception, India's "interest in the SCO is a recent phenomenon and it has resulted in India becoming an 'observer' in the SCO in 2005."¹¹ However, even after becoming an observer at the SCO, India's engagement with the SCO continues to be seen as sustained yet lukewarm. To some extent, this again is sought to be explained in terms of India's relations with China, which has been sceptical of India's intentions and remains a major influence in SCO decision-making. The fact that the last few years have witnessed a certain down trend in India–China relations makes China reluctant to endorse India's credentials in multilateral forums, including the SCO.¹²

Most other SCO member states have not only welcomed but pursued New Delhi's participation, projecting India as a crucial strategic partner, especially in countering terrorism. Some even speculate that this sentiment amongst the Central Asian republics is driven by their desire to ensure a restraint on an extremely well-endowed, rising China.¹³ Starting from year 2005, Russia was the first to express its desire to hold multi-country military exercises, involving Russia, China, and India, within the SCO framework. What makes it particularly interesting is that Russia, China, and India have also been holding trilateral strategic dialogues which moved to trilateral foreign ministers' meetings after 2001, which have facilitated India's participation in the SCO military exercises. As regards India, it remains fully convinced of its credentials on

11. *Ibid.*, 445.

12. Lisa Curtis and Dean Cheng, "The China Challenge: A strategic vision for U.S.-India relations", *Expert Zone* at Reuters, 19 July 2011, at <http://blogs.reuters.com/india-expertzone/2011/07/19/the-china-challenge-a-strategic-vision-for-u-s-india-relations/>.

13. Zheng Yongnian, "Organizing China's inter-state relations: from 'tianxia' (all-under heaven) to the modern international order", in Zheng Yongnian (ed.), *China and International Relations: The Chinese View and the Contribution of Wang Gungwu* (New York: Routledge, 2010), 316–317.

the basis of energy security and countering terrorism. According to one Indian former Foreign Secretary, New Delhi has formally conveyed its willingness to join the SCO, though it remains fully aware of the “internal politics of the SCO ... dominated by China ... which feels its interests in the region will be stymied by India’s presence.”¹⁴ To quote Thrassy Marketos:

[A]ny long-term quest for full membership [of India] is negatively viewed by Beijing, partly because of historical animosity between the two Asian giants and because Washington, which views the SCO as an attempt to forge a rival power centre, wouldn’t welcome any such move from New Delhi, at a time when the U.S.–India nuclear deal is under consideration of the U.S. Congress.¹⁵

Why Is India So Reluctant?

Prima facie, in spite of a fair amount of sustained engagement, India has not been enthusiastic about the SCO meetings. At the bilateral level, however, in addition to India’s traditionally close friend the Soviet Union and now the Russian Federation, it has also evolved a close engagement with the Central Asian republics, especially Kazakhstan, Uzbekistan, and Tajikistan. Even with China, India has sustained intense economic and diplomatic engagements, though these have seen fluctuations from time to time.

India’s pursuit of SCO membership has not been as aggressive or as sustained as has that of other aspirant contenders like Belarus, Iran, or Pakistan. This lukewarm approach of India is often explained by the following factors:

- First and foremost, India remains cautious because of its preoccupation with autonomy, ensuring that it does not get into any binding relationship that may circumscribe its future policy options. The fact that scholars in west have viewed the SCO as parallel to NATO makes India wary.¹⁶

14. Elizabeth Roche & Utpal Bhaskar, “India may get full membership of SCO next year, says Shinde”, *Livemint* (Mumbai), 17 November 2011.

15. Thrassy N. Marketos, *China’s Energy Geopolitics: The Shanghai Cooperation Organisation and Central Asia* (New York: Routledge, 2009), 64.

16. Peter Marber, *Seeing the Elephant: Understanding Globalization from Trunk to Tail* (New Jersey: John Wiley & Sons, 2009), 164.

- Second, India's continuous rivalry with Pakistan and China's close ties with Pakistan act against India's desire to show an interest in joining the SCO. India does not wish to compete with Pakistan for SCO membership. This is also likely to increase the SCO's influence on India–Pakistan ties.
- Third, the SCO has been especially sceptical of U.S. overtures to be part of SCO initiatives. But western experts criticize the SCO for being an exclusivist economic, if not military, forum. Given India's growing closeness to the United States, India would not like to be seen siding with forums trying to exclude the United States.
- Fourth, China – which has been the main force behind the evolution of the SCO – remains wary of allowing India any influence in the region whatsoever, especially when it comes to the SCO. This is partly driven by India's rising stature and its long-standing close ties with Moscow.
- And last but not the least, and in more practical terms, lack of easy and direct access for India to the Eurasian landmass is also often cited as something that discourages Indian initiatives.¹⁷ India has to access the Central Asian republics through the troubled states of Afghanistan, Pakistan, or Iran, which makes matters complicated.

At the same time, however, the SCO provides India with an effective model and platform of Asian multilateralism, which has been making rather visible contributions towards ensuring peace and stability in the Eurasian region and also has been facilitating rapid development across various sectors across regions. Given India's growing interest in the gas and oil of the Central Asian republics, India is normally represented at the SCO summits by India's petroleum ministers, and improvements in relations with several Central Asian republics have opened new avenues in other sectors as well. As an exception to this rule, India was represented by India's Prime Minister at the Yekaterinburg SCO summit of May 2009 and, in his speeches, Dr Manmohan Singh underlined the need for evolving innovative means to strengthen people-to-

17. Jonathan Holslag, *China + India: Prospects for Peace* (New York: Columbia University Press, 2010), 90.

people contacts and exchanges of business delegations to expand bilateral trade, investments, and technology transfers. The June 2010, June 2011, and June 2012 summits were attended by India's foreign minister, who gave signals about a certain upgrading of India's participation.

Given the SCO's unique selling point being its attempt to evolve innovative strategies for energy security and countering terrorism, India also sees a special role for itself in making an important "value addition" to the SCO's functioning and to its evolving vision and initiatives. India also sees for itself several new opportunities in helping the Central Asian republics in their agriculture sector, pharmaceuticals, and food security, as well as in building material infrastructure and social capital in the region. Similarly, the Central Asian republics can offer India much needed energy resources like oil, gas, and uranium, and there is scope for cooperation in such resource exploration. At the multilateral level, the SCO provides India with opportunities for regular deliberations with several of Asia's major powers who are now either members or observers of this important Asian forum. Given that most of the SCO observers are "regional powers with claims to global status ... will undoubtedly turn the SCO into a major regional organization to be reckoned with."¹⁸ But there remain serious challenges in realizing some of these multiple visions, and the historical baggage of the China and India equation remains a most difficult hurdle in achieving this amalgamation of thought and action.

China Cautious, India Fastidious

For understandable reasons, of all the SCO member states, China had been the least enthusiastic to endorse India's credentials for any participation in the SCO. Beijing remains unconvinced as yet as to whether India deserves to be given full membership of the SCO. This disjunction becomes increasingly glaring as most other SCO leaders have been making a positive endorsement from the early 2000s. For example President Nazarbayev of Kazakhstan put on record his desire to persuade India to join the SCO during his February 2002 visit to New Delhi. The Joint Declaration at the end

18. Peimani, *Conflict and Security in Central Asia and the Caucasus*, 320.

of his visit said that India's membership of the SCO "would add to the strength of that organization."¹⁹

It was after some coaxing and cajoling that Beijing finally agreed in 2005 to grant India the status of an observer in the SCO. This, of course, was linked to India agreeing to invite China as an observer in the South Asian Association for Regional Cooperation (SAARC). China will wait till it becomes too glaring a reality that it is the only one reluctant to support India's candidature. So just as in the cases of other such proposals – like granting India a permanent seat at the United Nations Security Council or granting a waiver at the Nuclear Suppliers Group for allowing India free access to nuclear commerce – it will take much subtle effort to get China to support India's full membership of the SCO. Given the nature of India–Pakistan rivalry, Pakistan's close relations with China, and India's close relations with Russia, the membership issue of India remains tied closely to the SCO membership of Pakistan. Experts believe that "their membership will likely be simultaneous to avoid alienating one or the other."²⁰

But India's participation in the SCO and engagement with China have been sustained over the years, and the hallmark of this new approach has been India's participation in conferences on Afghanistan: one was called by the SCO in Moscow on 27 March 2009 and the other sponsored by the United States in Geneva three days later. For the nth time the Moscow conference was to underline the fact that the SCO was not merely a clearing house for Caspian hydrocarbon reserves but a regional security organization, squarely placing the SCO in a key role, especially in post-ISAF Afghanistan. In the case of Afghanistan, the limited success of U.S. and NATO forces and the fragility of the Karzai government have brought Russia, China, and India closer to post-2014 regional security scenarios though there remain serious differences on what constitutes good and bad Taliban. Moreover, as a U.S. exit strategy gradually becomes more definitive and certain, it is China and Pakistan that have become increasingly visible players, making India's engagement appear small and lukewarm.

19. Ajay Patnaik, "Central Asia's Security: The Asian Dimension", in R. R. Sharma (ed.), *India and Emerging Asia* (New Delhi: Sage, 2005), 223.

20. Peimani, *Conflict and Security in Central Asia and the Caucasus*, 320.

India's Continued Lukewarm Posture

It is important to underline that for several years India's approach to the SCO has been widely viewed as lukewarm. This remains true for the period since 2005 when India was granted observer status in the SCO. This may be partly due to the Indian political and diplomatic elite being busy with engaging the United States, but India has also been equally conscious of its relations with Moscow and Beijing. Even after becoming an observer in the SCO, India's lukewarm posture was to become far more visible as New Delhi continued to send only junior ministers to SCO summits. This has not been viewed as innocent and simple. Experts have interpreted it as India projecting itself as part of the U.S. 'Great Central Asia' strategy that led to the South and Central Asian bureaus at the U.S. State Department being merged in January 2006. Being forced out of the Central Asian republics in 2005, George Bush Jr. responded by combining the two, but it is important to explore whether this also reflects India's policy reorientation.

The United States is seen as seeking India's assistance to sustain its access to Eurasian strategic space and resources, which places both the United States and India in a contestation with China. But unlike China, this U.S. drive into Eurasia is viewed as driven by its need to sustain its military presence in the immediate periphery of both Russia and China. As a result, the SCO at its 2007 summit formally asked the United States to vacate its forces from the Central Asian republics. This has only further re-enforced earlier insinuations about India playing the U.S. game of counterbalancing traditional Russian (and increasingly Chinese) influence in Eurasia.²¹ Some of the experts go to the extent of alluding to how the "growing strategic partnership between India and the United States would dilute the importance of the SCO."²² The SCO's scepticism about the United States has therefore also resulted in their policies and perceptions about India. It is only more recently

21. M. K. Bhadrakumar, "India begins uphill journey with the SCO", *Asia Times* (Hong Kong), 25 March 2009.

22. Phunchok Stobdan, "Shanghai Cooperation Organisation and Asian Multilateralism in the Twenty-first Century", in N. S. Sisodia and V. Krishnappa (eds), *Global Power Shifts and Strategic Transition in Asia* (New Delhi: Academic Foundation, 2009), 240.

that New Delhi has begun making efforts to seriously contest some of these perceptions and India's participation in the SCO as also in several other Asian multilateral forums has become far more proactive and autonomous.

But again, even this sporadically proactive approach of India is seen as driven by the growing closeness of Indo-American ties. Since the change of guard in the White House of January 2009, the initial months witnessed serious apprehensions amongst India's policy makers about President Obama's India policy and his insistence on arms control and a nuclear-weapon-free world by reviving old instruments like the nuclear non-proliferation treaty (NPT), the comprehensive test ban treaty (CTBT), and the fissile material cut-off treaty (FMCT), which had been the bane of Indo-American ties during the Cold War. This triggered a reorientation of India's proactive engagement at SCO summits, with India's Prime Minister joining the Yekaterinburg summit of May 2009. This participation was facilitated by the joint hosting of the SCO and BRIC (Brazil, Russia, India, and China) summits, though there was more to it than just this joint hosting. What made this reorientation suspect was the fact that India reverted to sending its Foreign Minister to SCO summits.

Thus, with this baggage and these complications, it is too early to expect change either in India's stance towards the SCO or any immediate results of India's half-hearted efforts in making China receptive to the issue of India's SCO membership. There has however been a gradual warming up in India-China ties. After the second half of 2010 their relations were to witness a series of high-level interactions – many of these at multilateral forums like the SCO. These better bilateral relations are expected to facilitate China's change of heart on India's SCO membership. But all these trends remain too tentative to even suggest any broad, let alone conclusive, trajectories in relations between the SCO and New Delhi.

In face of these continuing uncertainties there are constituencies in India that find allying with the United States as the only way it can match the leverages of powerful Asian players like Russia and China, which remain far more intrinsic to Eurasia's security in-

terests, ideological convergence, and economic harmony.²³ While it is the popular refrain that India engages the SCO to draw the attention of the United States, New Delhi may also be engaging the United States to become more attractive to the SCO members. Similarly, while for the United States this socialization by India is expected to save the SCO from slipping into becoming a military alliance, for India the SCO provides a potent forum for addressing its security concerns about the China–Pakistan and Af–Pak theatres and terrorism. These multiple pulls and pressures continue to fluctuate from time to time, making India far more cautious and slow in engaging the SCO or staking claims for its membership.

Conclusion

Although India has had a history of long, close, and direct interactions with both Russia and China – the two main pillars of the SCO – India’s sustained interest in the SCO remains primarily aimed at engaging the relatively younger Central Asian republics. It is from this perspective that India sees itself making a value addition to the SCO’s multilateralism, though India’s participation in the SCO is also expected to benefit New Delhi’s *bilateral* interactions with the Central Asian republics, Moscow, and Beijing. It is also interesting to note that whereas the SCO remains dominated by China, India’s bilateral relationships with the Central Asian republics have failed to convince Beijing of its dependable partnership, and Beijing has failed to grow out of dated views flowing from India’s original engagement with Moscow. Even India’s interest in participating in regional and multilateral arrangements towards ensuring energy security and counter-terrorism remains at wide variance with China’s own needs for energy security and with its close relationship with Pakistan, which India sees as the main culprit for the spread of terrorism.

The SCO has its inherent limitations, and its nature and functioning have generated opposed analyses, making New Delhi cautious about appearing over-enthusiastic. For instance, some experts like Marc Lanteigne see the structures of the SCO as having been

23. Atish Sinha and Madhup Mohta, *Indian Foreign Policy: Challenges and Opportunities* (New Delhi: Academic Foundation, 2007), 441.

borrowed heavily from security community-building practices in Northeast and Southeast Asia. These include the use of informality and consensus-building and a focus on open-regionalism, inclusiveness, and non-discrimination. This was impelled by the need to accommodate different power levels and political orientations amongst its members, and has been further strengthened by the inclusion of new observers and Dialogue Partners.²⁴ But, on the other hand, while the SCO and especially China boast of inclusiveness and non-discrimination, there are also equally strong counterviews to what seems to be the SCO's grim exclusivist reality. For instance Bates Gill of SIPRI cites the example of the East Asian Summit, where China is known to have been reluctant to allow any participation to the United States. On India's reluctance in campaigning for its SCO membership, he says:²⁵

India has been reluctant to endorse the Chinese agenda on excluding "external powers" ... India has not backed the SCO's call for the withdrawal of U.S. and other foreign troops from Central Asia. Such a withdrawal, India is aware, would only benefit the extremist forces in the region, including the Taliban.

It is in this continuing gamut of multiple perceptions about the nature of India's engagement with the SCO, and also the SCO's divided house on India, that one sees major challenges for India's academics and policy makers. In spite of these limitations, India cannot refrain from engaging the SCO member states both at the bilateral and the multilateral level. India however remains bound to its own powerful historical tradition of promoting only norm-based multilateralism, with which the "pragmatic" SCO seems somewhat at variance. It is essentially from this broader perspective that, even if piecemeal and painfully slow moving, India has been able to make some useful contribution to the SCO's multilateralism. At the same time, there is no denying that some of the support for India's candidature for SCO membership is often driven by

24. Marc Lanteigne, "Security, strategy and the former USSR: China and the Shanghai Cooperation Organisation", in Shaun Breslin (ed.), *Handbook of China's International Relations* (London: Routledge, 2010), 170.

25. C. Raja Mohan, "India and the Asian Security Architecture", in Michael J. Green and Bates Gill (eds), *China's New Multilateralism: Cooperation, Competition, and the Search for Community* (New York: Columbia University Press, 2009), 147.

expectations that the entry of India will strengthen global and regional efforts at “socialising” and “balancing” a rising China. This again seems a tall order, especially since India’s SCO policy has not been geared to any such motives. It is the chances of India’s value-addition to the SCO that should remain as the basis for New Delhi’s initiatives. Reflecting the time-tested traditions of India’s foreign policy, “better late than never” continues to be the motto of India’s engagement with the SCO.

Rethinking Regional Organizations

Turkey and the SCO

Anita Sengupta

After years of existence as a body bringing together Russia, China and a number of Central Asian states, the SCO is now being identified as a security and political bloc that could become a key global player with clout to challenge NATO. It is also being argued that this challenge that the SCO could pose to NATO would be strengthened, among other factors, by the inclusion of Turkey within the SCO. Turkey's problems with the European Union and its current disillusion with the United States are being identified as key elements that will result in the search for alternative organizations by Turkey. One of the alternatives being projected as logical is a movement towards joining the SCO. There is also the counter-argument that the inclusion of Turkey within the SCO would help sustain the relationship between NATO and Russia and promote cooperation among all three countries. Turkey's entry into the SCO would make Ankara the only member of both the SCO and NATO and reaffirm its role as a geopolitical bridge.¹

However, this projected inclusion raises a number of questions:

1. Is the SCO a regional bloc? And if it is, how is the SCO "region" defined?
2. Would a regional bloc include members outside the region who have a presence and stake in it? And in the case of inclusion what would be the level of participation of these members?

1. Richard Weitz, "Towards a new Turkey-NATO Partnership in Central Asia", *Turkish Policy Quarterly*, Vol. 5 No. 2 (Summer 2006).

3. Is it acceptable to include within regional blocs members who, though geographically remote, are connected by ethnic/linguistic or cultural/historical linkages, through what may be called an *imagined neighbourhood*?
4. How important are linkages with the Eurasian region for Turkey today?
5. How would the Central Asians react to the introduction of Turkey? How important is Turkish influence in that region today?
6. Would the entry of Turkey be welcomed by China and Russia?
7. Much like the “Turkish model” which was projected as the optimal alternative in the Central Asian region in the post-disintegration period, is the projection of Turkey as a prospective member of the SCO compelled by U.S. necessity to have a say in the functioning of the organization?

All these questions are significant in understanding the direction in which the SCO as an organization will expand. If the SCO is visualized as a regional security organization, then the logical expansion would be towards Afghanistan, Pakistan, India, and Iran, states on the periphery of the region that would be important for regional security. If it is visualized as a trade/commercial bloc then, given the fact that the most important commodity here is oil and natural gas, the expansion would be in the direction where the outlet for these would be available. Here Turkey would be important. And, if the SCO is visualized as a cultural/humanitarian bloc, then the inclusion of Turkey is as logical.

Regions and organizations

Debates centred round regions and regionalism and the sharpened awareness of the possibilities of regional cooperation and institution-building emerged in the post-Cold War era. Three central elements have been identified by analysts as constituting the core elements of regionalism. First, a common historical experience and a sense of shared problems among a geographically distinct group of countries or societies which constituted a *region*. Second, close linkages of a distinct kind between those countries and societies, in other words a recognition of a boundary to the region, within which

interactions would be more intense than those with the outside world, in other words, *regionalization*. Finally, the emergence of organization giving shape to the region in a legal and institutional sense and providing some rules of the game within the region, the element of conscious policy which is central to *regionalism*.²

When dealing with regionalism, three further elements emerge as important. The first relates to the spatial dimension of regionalism, that is, how large is the area covered and how is the area defined or redefined as conditions change. A second relates to its scope; in other words the tasks or areas of interaction covered by the region or by the regional organization. A third feature is the level and extent of the organization.³ These three are useful since they indicate the variety and unevenness of regionalism. They also bring into focus the fact that regional organizations recognize boundaries both in terms of spatial dimension as well as in terms of scope.

The acceptance of these three as crucial brings into focus the fundamental question about the nature of the SCO, its aims and objectives. What was the SCO visualized to be – a regional security group, a trade bloc, or something else? And more importantly how has it developed over the years? In any case there is a need to analyse whether the SCO was visualized as a “regional” organization and the way in which its region was defined. In the 1990s the SCO had a clear criterion for membership – states that share a border with China. The Shanghai Forum was formed to deal with the requirements of confidence-building measures at the borders of the states and resolve border disputes. As a “regional” bloc it then defined itself as China and its immediate neighbourhood to its west. If we accept this to be the SCO region then its optimal permanent membership would be what it is today (though Uzbekistan does not share a boundary with China) with the possible inclusion of Turkmenistan. However, most ‘regional’ organizations expand and this expansion is generally related to the way in which their role is subsequently visualized. It is within this context that one needs to examine the SCO. The SCO expanded with the inclusion

2. See R. Stubbs and G. Underhill (eds), *Political Economy and the Changing Global Order* (London: Macmillan, 1994).

3. Brian White, Richard Little, and Michael Smith (eds), *Issues in World Politics* (London: Macmillan, 1997).

of three categories of membership: observers, dialogue partners, and guests. Mongolia, India, Pakistan, Iran, and most recently, Afghanistan have been accepted as observers. A looser form of affiliation has been introduced with the introduction of the category of Dialogue Partner. The choice of Belarus, Sri Lanka, and from June 2012, Turkey as dialogue partners demonstrates this to be the new, less restrictive category which enables the organization to expand its geographical reach into Europe and South Asia, thus redefining the concept of the SCO region. Also by looking beyond traditional partners, this emphasizes a readiness to respond to emerging complementarities and new avenues of cooperation.⁴ This is a significant development and a distinct change from the immediate priorities of the organization when it was first conceived.

As a formal multilateral forum, the Shanghai Five owes its origin to the 26 April 1996 joint border agreement between China, Kazakhstan, Kyrgyzstan, Tajikistan, and Russia. The document committed the leadership of the states to establish collectively a range of confidence-building measures in the field of military cooperation along their common borders. Although there was no specific reference to it, the initiative was undertaken primarily to protect trans-border trade among the states, which had increasingly come under attack. As an appendage the agreement also entrusted the members to “stand against stirring up ethno-religious nationalism”.⁵ Under the Shanghai Agreement the military forces of both sides stationed along the border areas promised not to attack each other. It also specified that limits would be imposed on the scale, scope, and number of military exercises on both sides of the border areas. The concerned sides should inform each other of any major military activities taking place in any area within 100 kilometres of the border. It further stipulated that the concerned sides would invite each other to observe military exercises and prevent any dangerous military activities.⁶

4. Shirin Akiner, “The Shanghai Cooperation Organization: A Networking Organization for a Networking World”, *Global Strategic Forum*, June 2010, www.globalstrategyforum.org.

5. *Beijing Review*, 13–19 May, 6–8, cited in Amalendu Misra, “Shanghai Five and the Emerging Alliance in Central Asia: The Closed Society and its Enemies”, *Central Asian Survey*, Vol. 20, No. 3, 2001.

6. *Xinhua News Agency*, 26 April 1996.

Since its inception, the organization has steadily increased its focus on the development of the regional security situation. In fact, the member nations have unanimously stated that non-traditional threats to their national interest and internal security could destabilize the existing ethno-religious harmony within their borders and endanger their territorial sovereignty. Indeed the fear of secessionism was the main reason behind the Shanghai Forum's objective of regional cooperation in the military sphere. The initial Shanghai Five agreement on strengthening confidence-building measures in 1996 brought a reduction of tension and initiated demilitarization along the borders. After significant success in border delimitation and demilitarization, the Shanghai grouping shifted its focus to address the issue of militancy in the region.⁷ At an August 1999 summit in Bishkek agreement was reached on practical measures in this direction, though they were never implemented.

In 2000 at the fifth summit meeting in Dushanbe two new initiatives were put forward. First, the Shanghai Five decided to establish an international organization for regional security and cooperation which would be open to surrounding states, and second, Uzbekistan attended this summit as an observer. The Shanghai organization declares itself to be a new model of regional cooperation, which aims to produce good neighbourly relations, mutual trust, equality, and common development, and is neither allied with nor antagonistic to third parties. Its basic idea is to preserve the integrity of member states, which share common interests for combating "separatist" movements within their states and preventing outside interference. This also means that the concerned parties never support their own minorities in other member states. In this context Uzbekistan's position was very important for the Shanghai Five since the future security and integrity of the member states could not be guaranteed without Uzbekistan's commitment to the partnership.⁸ This also

7. For details see Robert M Cutler, "Redrawing the Architecture of Central Asian Security", *Central Asia-Caucasus Analyst*, 27 February 2002.

8. The debate over Uzbekistan's entry into the Shanghai Five has been detailed in Akihiro Iwashita, "The Shanghai Cooperation Organization and Its Implications for Eurasian Security: A New Dimension of 'Partnership' After the Post Cold War Period", in S. Tabata and A. Iwashita (eds), *Slavic Eurasia's Integration into the World Economy and Community* (Sapporo: Slavic Research Centre, 2004).

raises interesting questions as far as Turkey's possible membership is concerned. There is support for the Uighur cause within Turkey as the Uighurs are an ethnic Turkic group. But an emphasis on Turkic commonality may prove problematic as far as China is concerned.

In addition a series of inter-governmental and inter-departmental agreements in the trade and economic spheres has been signed between the countries. These mainly pertain to trade and economic agreements, promotion and protection of investments, and collaboration in the energy sphere. These provide a strong base for the growth of trade and economic collaboration between China and the Central Asian states within the framework of the SCO. However, a number of problems remain in trade and economic collaboration, among them difficulties in transportation across high mountainous regions, that Chinese undertakings do not have a presence in Central Asia, and that the market capacity in the region is limited and there is a lack of finance available for development.⁹ Despite these there seems to be a conviction on the Chinese side that the formation of the SCO has provided a new impetus to the development of economic cooperation between China and the Central Asian states. On 28 and 29 May 2003, heads of state of the SCO member states met in Moscow to transform the SCO into a full-fledged international organization. The Moscow summit has been judged as a major success, particularly for China.¹⁰ The summit committed China, Russia, and the Central Asian states to address regional issues ranging from terrorism to unfair trade practice in a practical format. At the summit the leaders reached a consensus on the institutionalization of the SCO and some major international issues. They agreed to launch an SCO Secretariat and a regional anti-terrorism centre in Tashkent, Uzbekistan. The organization also revitalized itself with a new flag and logo.

9. Sun Zhuangzhi, "Economic Collaboration in the Central Asian region and the SCO", in K. Santhanam and Ramakant Dwivedi (eds), *India and Central Asia: Advancing the Common Interest* (New Delhi: Anamaya Publishers, 2004).

10. Matthew Oresman, "The Moscow Summit: Tempered Hope for the SCO", *Central Asia-Caucasus Analyst*, 4 June 2003.

Broadening the Scope

Central Asian analysts have generally commented favourably on the achievements of the SCO.¹¹ However, there is also the recognition that the process is far from complete.

The potential abilities of the organization have not been fully exhausted. Up to this day, the main goal of the organization has been the problem of security in the region. However, the leaders of the six states have pointed out the necessity of intensifying the development of the programme of economic cooperation. This sphere of activity has a very promising future. A combined market of the SCO states will be the largest in the world.¹²

The Central Asian reaction to the SCO indicates that there is a necessity of broadening the scope of the organization. Economic development has, of course, been a constant priority for the SCO. This was elaborated in the founding Charter which specified “support for and promotion of regional economic cooperation” eventually leading to a “free flow of goods, capital, technology, and services”. This would require the modernization of transportation and communication infrastructure and the development of energy systems. The development of transport corridors to enable the movement of commodities entails that routes are critical for the landlocked states. It is realized that the infrastructural requirement for the broadening of networks spanning Eurasia also essentially requires a broadening of the membership of the organization. The Kazakhstani President invited India, Pakistan, and Iran to the SCO summit in Almaty in 2005 and subsequently they were accepted as observers. Mongolia was already accepted as one and Afghanistan attended as a special invitee. Since the broadened scope of the SCO indicates both cultural commonality and economic integration, the inclusion of Turkey seems to be logical particularly since

11. Leonid Bondarez, “Formirovaniye Systemi Kollektivnoi Bezopasnosti v Tsentralnoi Azii – osobennosti, itogi, perspektivi”, *Kazakhstan i Sovremenniy Mir*, No 2 (5), 2003. However, there remains opinion to the contrary. In the course of a conversation with the author, on 26 November 2003 at the *Institut Vostokovedeniia* in Moscow, Professor Shaken Nadirov, an ethnic Kazakh associated with the *Institut Vostokovedeniia*, pointed out that the SCO was a Chinese creation aimed at dealing with separatism in Xinjiang. As such it has nothing to do with the Kazakh people.

12. Assylbek Tauasarov, “SHOS Priobretaet Realnie Ochertaniya”, *Kazakhstan i Sovremenniy Mir*, No 2 (5), 2003.

it could serve as the “hub” for the transportation of gas to Europe and beyond. The Baku-Tbilisi-Ceyhan pipeline is now operational and reinforces this point.

The debate on the inclusion of Turkey stems not just from of the requirements of the organization but also from of the fact that with the dissolution of the Soviet Union and the independence of the five Turkic speaking peoples, a strong Asian dimension was introduced to Turkey’s foreign policy, which was welcomed by most of Turkey’s political, academic, and intellectual circles. This was reflected in the fact that the term Eurasia, which until then had been non-existent in Turkish terminology, started to become popular in Turkey as the need to find new directions for Turkey in the post-Cold War period became evident.¹³ This introduction of the idea of Eurasia opened up the possibilities of imagining a new geographical space and the place of Turkey within that redefined space. This has been emphasized in the political and ideological discourse of contemporary Turkey, where Eurasia is considered by some as a region settled mainly by Turkic peoples, including Turkey, parts of the Balkans and the Caucasus, the former Soviet Republics of Central Asia, the region of Volga in Russia, and Northern Afghanistan. Adherents of this vision have included former Turkish President Süleyman Demirel but also representatives of various wings of Turkish political elites.

This vision encouraged the formulation of a more active foreign policy. The Central Asian states and Azerbaijan were the natural choice for this activism, given the fact that Turkey already shared significant historical, religious, linguistic, and cultural links with these states. Turkey’s interest was both psychological and geopolitical. Turkish policy makers assumed that Turkey could advance its strategic importance by creating a sphere of influence in the region. It was no coincidence that at this time the slogan “the Turkish model” emerged. Guided by the euphoria of this model, Ankara embarked on a policy of establishing linkages with the Turkic

13. See Emre Ersen, “Central Asia or Eurasia? The Ideological and Pragmatic Factors Defining Turkey’s Foreign Policy in the Region”, unpublished paper presented at the *ESCAS XI Conference 2009* on “Studying Central Asia: In Quest for New Paths and Concepts” organized by the Central European University, 3–5 September 2009, Budapest, Hungary.

republics. Mustafa Aydın has argued that no other country outside the Soviet bloc has seen its strategic position more radically transformed by the end of the Cold War than Turkey.¹⁴ In the immediate post-Soviet period most writings on Turkey's relations with the newly independent Central Asian states noted that the collapse of the Soviet Union had provided Turkey with a unique opportunity in the region. The emergence of the Turkic Republics was visualized as a "historic opportunity for Turkey to make a bid to fill the power vacuum in the southern heartland of the former communist super power."¹⁵ This euphoria of the initial years, however, was seen to have declined with the death of President Turgut Özal in April 1993. The subsequent debate on Turkey's emerging relationship with the Central Asian states has been divided between those who point to Turkey's renewed interest in Central Asia and others who point to a growing trend towards regionalism.

The identification of Eurasia with the Turkic world also inevitably added a dimension of "Pan-Turkism" to the evolution of this concept. Pan-Turkic sentiments were particularly strong among the descendants of the *dış Türkler* or "outside Turks" who had migrated to the present Turkish Republic in stages since the last quarter of the eighteenth century. Although Turkic peoples outside the borders of the Republic share some distinctive characteristics with the majority of the Anatolian Turks or *memleket çocukları*, they remain important in the Pan-Turkic context in reinforcing links and feelings of kinship between the Turks inside and the Turkic peoples outside Turkey. Turkic nationalism is said to have resurfaced as an emotive issue in the early 1990s partly due to the opening to Central Asia.¹⁶ The Balkans, the Caucasus, and Central Asia were remembered as having once been significant regions within the Ottoman territory or as having had close relations with the Ottomans.

Within Turkey certain nationalist organizations like the *Nationalist Action Party* of the late Alparslan Türkeş and followers of dailies like

14. Mustafa Aydın, "Turkey and Central Asia: Challenges of Change", *Central Asian Survey*, Vol 2, No 15, 1996.

15. Aswini K. Mohapatra, "Turkey's Quest for a Regional Role in Central Asia", *International Studies*, Vol. 1, No 38 (2001).

16. Mohapatra, "Turkey's Quest for a Regional Role in Central Asia".

Zaman or *Türkiye*, which were also Turkish newspapers distributed in the new Republics, nurtured Pan-Turkic sentiments. In these circles there was talk of the development of a bloc or union of Turkic nations under Turkish leadership that would eventually become a powerful and recognized political actor forging a new international order.¹⁷ Türkiye organized in Turkey four *Turkic States and Communities Assemblies* sponsored by the Turkic States and Communities Friendship, Brotherhood and Cooperation Foundation. Although these were unofficial meetings they were attended by prominent Turkish politicians including Turgut Özal, Süleyman Demirel, and Tansu Çiller. Bodies based in Turkey like the Research Foundation of the Turkish World, the Turkish Cultural Research Association, and the Turkish Clubs Association also have Pan-Turkic sympathizers. For several reasons therefore the Turkic Republics of Central Asia attained a special place in the course of the search for a significant regional role that Turkey sought in the 1990s. The Turks' cultural and historical affinities with the peoples of Central Asia provided opportunities for Turkey to regain a regional power status. A change was evident in the new trend for the study of this extended Turkic world in Turkey. As part of its extended role, Turkey sought economic and cultural penetration in the region.

However, it has been argued that the rhetoric of "Pan-Turkism" has been tempered with a realistic understanding of the post-Soviet phase, where the idea of "Turkism" seemed to have played a more important role. It has been argued that unlike Pan-Turkism, which has a racist and revisionist character Turkism concentrates on the emotional and cultural unity of the Turkic people.¹⁸ A differentiation has thus been sought to be made, with Turkey's Central Asia policy being viewed not as a sign of Pan-Turkism but as an expression of regional economic, political, and cultural assertion. Süleyman Demirel himself supported this view by stating that Turkism was a pragmatic policy aiming to foster cooperation between the countries of the region.¹⁹ Traditional Turkish policy had been based on the promotion of Turkey's strategic geographical location as one

17. Heinz Kramer, "Will Central Asia Become Turkey's Sphere of Influence?" *Perceptions* III, No. 4 (1996).

18. Ersen, "Central Asia or Eurasia?"

19. Cited from Jacob M. Landau, *Pan-Turkism: From Irredentism to Cooperation* (Bloomington: Indiana University Press, 1995).

of only two NATO countries that bordered the Soviets. It was assumed in Turkey that the dissolution of the Soviet Union would give rise to serious problems with regard to the continuation of this policy. This was particularly true at the time when the “end of the Cold War” optimism pervaded. Turkey was concerned about security threats from its neighbours (Greece, Iran, Iraq, and Syria) and particularly concerned about the fact that in the event of NATO becoming ineffective in a post-Cold War scenario, Turks would be left to their own devices. The question of who would be responsible for Turkey’s security was thus raised particularly in military circles.

Since the mid-1990s Turkish politicians and businessmen have become more aware of the Trans-Caspian linkage between Central Asia and the Transcaucasus, and this linkage’s relevance in relation to possible east–west transport and energy corridors. For example, a rail link between Kars in Turkey and Tbilisi in Georgia could form an important connection in a Central Asia–Europe rail network. Many in Ankara are eager to reap the economic and political benefits that would accrue if oil and gas pipelines joining Central Asia and Europe were constructed across Turkish territory. Turkish officials have therefore increasingly focused on the energy-rich Caspian states of Azerbaijan, Kazakhstan, and Turkmenistan. This focus cuts across the previous distinction made between the Transcaucasus as a region having a direct bearing on Turkey’s interests and Central Asia as a region with peripheral effects. The Turkish interest in the transportation corridors corresponds to what is now identified as one of the major objectives of the SCO. The rapid growth of interconnected regional energy projects gave rise to the idea of an SCO Energy Club. The idea, first officially voiced by President Putin at the 2006 Shanghai summit, was meant to promote consensus on a regional energy strategy among SCO producers, consumers, and transit states. It was also meant to coordinate public and private sector interests and integrate observers and Dialogue Partners within the SCO process. As a possible transit state the inclusion of Turkey within the energy club would seem logical.

It is interesting that around the same time Turkey started to promote itself not merely as a “bridge” but as a “junction”, “terminal” or “centre” in the transportation of Central Asian and Caspian energy

resources to the West.²⁰ Both Süleyman Demirel and İsmail Cem, the then Turkish Foreign Minister, frequently emphasized this new geo-economic role to be played by Turkey in Eurasia. This role stipulated the construction of pipelines passing through Turkey, so that the newly independent countries of Central Asia and the Caucasus could maintain their political and economic independence from Russia. Demirel anticipated this new role within the framework of his so called “Eurasian Project”, which he described as a bid to link Europe with Asia through various oil and natural gas pipelines to be built via Turkey.²¹ Cem on the other hand thought Turkey’s new role in Eurasia had a much deeper meaning. He predicted the emergence of a “Eurasian Order” in which Turkey would become the geopolitical “centre of Eurasia” due to its two-dimensional identity originating from the privilege of being both Asian and European. This became the Turkish government’s approach towards Eurasia in the 2000s.

Limitations and Alternatives

It began to be understood that Turkey had serious shortages of political and economic power to provide sufficient aid for the solution of the immense problems confronted by the Turkic republics. Although Ankara had become an influential actor for the introduction of these republics to several international and regional forums, inconsistencies and contradictions inherent in the “Turkish model” meant that the project of Turkey as a model for the Central Asian region was questioned. The overthrow of the pro-Turkish Azeri President Ebulfez Elchibey in 1993 and Turkey’s failure to persuade the Central Asian leaders to co-found of a Turkic political and economic union were important developments, symbolizing the weakness of the “Turkish model” vis-a-vis the residues of Russian influence in the region. It is also true that in contrast to the first Turkic Summit, which was orchestrated by Turkey, the agendas of the subsequent Turkic meetings were decided by the Central Asians themselves. For example, at the third summit held

20. Ersen, “Central Asia or Eurasia?”

21. For Demirel’s Eurasian Project see “Hedef: Türkiye-Avrasya Enerji Koridoru”, (Target: Turkish Eurasian Energy Corridor), *Cumhuriyet*, 6 October 1999; and “Rusyasız baris Olmaz” (No Peace Without Russia), *Cumhuriyet*, 19 October 1999, cited from Ersen, “Central Asia or Eurasia?”

in Bishkek in 1995, regional cooperation efforts of Kazakhstan, Kyrgyzstan, and Uzbekistan were highlighted. Turkey was granted only observer status in the Central Asian Union, and to a number of summits that were regionally organized to deal with regional problems, Turkey was not invited. Also within Turkey, by mid-1996, the trend of seeking to institutionalize relations with the Central Asian states had taken a back seat. A number of factors including a change in the ruling party in Turkey, the fact that Moscow was looking askance at the Pan-Turkic organizations, and most importantly, transformations within the Central Asian Republics themselves were responsible for this.

The realization of the limits of Turkey's influence over the Turkic Republics has been instrumental in transforming "Eurasia" into a more pragmatic/geo-economic concept in Turkish foreign policy. This became evident in the second half of the 1990s when both the West and Russia became interested in the construction of new oil and natural gas pipelines in the region. While Russia tried to maintain ultimate control over the natural resources of the region, U.S.-sponsored projects like the Baku–Tbilisi–Ceyhan oil pipeline and the East–West corridor all continued to rely on Turkey's geographical location. During 1998–1999 Turkey's foreign policy was guided by pragmatic rather than ideological concerns. This was mainly because relations between Turkey and the Turkic republics were becoming shaped by the issue of the pipelines. During this period significant steps were taken in order to transport oil and natural gas from Azerbaijan, Kazakhstan, and Turkmenistan to the West by pipelines through Turkey. A major development was agreements for the construction of the Baku–Tbilisi–Ceyhan oil pipeline, as well as the Trans-Caspian Natural Gas Pipeline that envisaged carrying gas from Turkmenistan by a pipeline to be built under the Caspian Sea. A second factor that demonstrated pragmatism in Turkish foreign policy was the gradual rapprochement in Turkey's relations with Russia following Russian Prime Minister Viktor Chernomyrdin's visit to Ankara in December 1997. During the visit, Russia and Turkey signed an agreement for the construction of a new natural gas pipeline, the Blue Stream, which symbolized a turning point in Turkish–Russian relations.

Events following the 9/11 terrorist attacks on the United States brought certain changes in the way Turkey perceived the significance of the Central Asian region. On the one hand, the *war against terrorism* meant that the geostrategic significance of Turkey as a regional power capable of influencing the Turkic Republics increased significantly, as far as the United States was concerned. On the other hand Russo-Turkish collaboration attained new heights.²² The rapprochement between Turkey and Russia became more visible when in September 2001 İsmail Cem proposed the establishment of a Moscow–Ankara–Central Asian strategic triangle which could function as a regional platform to tackle political issues in the region.²³ Cem’s proposal was later reflected in the “Action Plan for Cooperation in Eurasia” which was signed with Russian Foreign Minister Igor Ivanov in November 2001. The Action Plan was the first official document labelling Turkish–Russian relations as a “multi-dimensional partnership”. By signing this document the two countries decided to establish a Joint Working Group which would be composed of high-level officials of the two Ministries of Foreign Affairs and meet on a regular basis in order to realize closer cooperation on regional issues, including Central Asia, the Caucasus, and Afghanistan, as well as issues such as security, terrorism, energy, and trade.²⁴ This Plan of Action “calls for the formation between Russia and Turkey of partner relations in regional and international affairs, above all in Eurasia”. The document created a new mechanism for consultation, the high-level Joint Working Group, consisting of the two Ministers of Foreign Affairs. The areas of cooperation have been defined very widely to include the political resolution of conflict situations, the reinforcement of stability, and the creation of conditions for sustainable development in Central Asia. In a telephone conversation between the President of Turkey, Ahmet Necdet Sezer and the Russian President Putin, both heads

22. See Fotios Moustakis and Ella Ackerman, “September 11: A Dynamic for Russo-Turkish Cooperation or Conflict?” *Central Asian Survey* Vol. 21, No. 4 (2002).

23. See Özgen Acar, “Ankara-Moskova-Orta Asya Stratejik Üçgeni” (Ankara-Moscow-Central Asia Strategic Triangle), *Cumhuriyet*, 11 September 2001, cited from Ersen, “Central Asia or Eurasia?”

24. The text of the document is available at the website of the Embassy of the Russian Federation in Turkey, www.turkey.mid.ru/relat_2.

of state pointed out “the need to step up efforts of the international community in the struggle against this phenomenon [terrorism].”²⁵

It has been argued that the timing of the signing of the pact was particularly interesting as it was signed only two months after the events of 9/11. This was a time when national–patriotic circles in Turkey were particularly sympathetic to the idea of Eurasianism, which was already well known in Russia as a “geopolitical alliance” between the countries of Eurasia. The idea of national-patriotism (*ulusalcılık*) stipulated a loose alliance between the ultra-left and the ultra-(pro-military) right groups around the protection of Atatürk’s principles – particularly statism and secularism. The advocates of the group had already been proposing the formation of a “strategic axis” between Turkey, Russia, and Central Asia. These ideas were closely linked with the growing frustration in Turkey about the European Union accession process. The differences between Turkey and the European Union on a number of issues prompted General Tuncer Kılınç, the then Secretary of the Turkish National Security Council, to propose the formation of a “Russian–Turkish–Iranian axis” in order to counter the unreasonable requests of the European Union. Although his views were rejected by the Turkish General Staff and government, it pointed to pro-Russian elements within the armed forces. Consequently Russo-Turkish cooperation assumed a new political momentum.

Both countries were keen to play an important role in the emerging strategic and geopolitical world framework in order to achieve their political objectives at the domestic and international levels. For Russia these conditions included the limitation of the U.S. military presence in Central Asia, the cessation of criticism against Russian military action in Chechnya, the expedition of Russia’s World Trade Organization (WTO) entry, and the reduction of the Soviet debt. Turkey was keen to assist the United States, since it assumed that this would make Western assistance more forthcoming in terms of issues like European Union flexibility over Turkish objections to NATO asset sharing with the proposed European Union rapid reaction force, or a more open European

25. Ministry of Foreign Affairs of the Russian Federation, *Daily News Bulletin*, 28 September 2001, cited from Moustakis and Ackerman, “September 11”.

Union viewpoint on Turkish opposition to Cyprus's membership to the European Union in 2004.

An alliance between Russia and Turkey at this point also created the possibility of a counterbalance to U.S. interests in Central Asia. As a part of this there was support for granting Turkey observer status within the SCO. Alexander Lukin, Director of the Centre for East Asian and SCO Studies at the Moscow State Institute of International Relations, argues that giving observer status to Turkey, which is a NATO member, would have a significant demonstrative effect without any negative consequences for the SCO. It would also involve Ankara into strategic and economic cooperation within the SCO framework.²⁶ This found echoes on the Turkish side when Hasret Çomak, Vice Chancellor of Kocaeli University in Turkey, while speaking on "SCO and Turkey" at a conference, supported the idea of Turkish cooperation with the SCO.²⁷ He noted that the national interests of Turkey and the SCO member states were complementary and that this could create important advantages and make a substantial contribution to mutual peace and security. New economic, business, and cultural relations could be established and that would be beneficial to the members of the SCO. Çomak pointed to the necessity of market expansion, creating new opportunities for infrastructural investment and continuous initiatives for common investments to help members of the organization.

While it was acknowledged that the idea of a Pan-Turkic Union was not feasible, the possibility of transforming energy abundance into greater collective geopolitical influence led to the exploration of the possibility of forging a Turkic Commonwealth at the eighth Turkic summit in November 2006 in Antalya. In recent years Azerbaijan, Kazakhstan, and Turkmenistan have all emerged as major sources of energy, and Turkey has positioned itself as a transit hub for the flow of oil and gas from the Caspian Basin to the West. A Commonwealth of Turkic-speaking states acting in concert in

26. See for instance, Alexander Lukin, "The Shanghai Cooperation Organization: What Next?" *Rossiya v Globalnoi Politike*, 8 August 2007, http://eng.globalaffairs.ru/number/n_9132.

27. See "Turkey Should Cooperate with the SCO-report", *Uzbekistan Daily*, 7 January 2008, uzdaily.com.

order to make its influence felt in Eurasia's increasingly competitive game over energy and export routes is a distinct possibility. Turkey has been prompt in dispelling anxieties about the Commonwealth developing as a vehicle for Turkish domination over the region. It has indicated that the summit is a platform to further develop co-operation multilaterally, increase peace and stability in the region, exchange views over important regional and international issues, and develop the common social, cultural, and civilizational heritage between the Turkic peoples. In the course of the summit, attended by the Presidents of Azerbaijan, Kazakhstan, Kyrgyzstan and Turkey, Kazakhstan's President Nursultan Nazarbayev proposed the creation of a Turkic Parliamentary Assembly and went on to nominate former Turkish President and Prime Minister Süleyman Demirel to serve as the proposed Assembly's first Chairman. He also supported exploring the feasibility of a full-blown Turkic Commonwealth.

The coordination of diplomatic action might have the diplomatic muscle to alter the existing equilibrium in many geopolitical matters, but there remain problems with the scenario of Turkey emerging as a significant energy hub, principally because it is difficult for Asian crude oil and natural gas to reach European markets via Turkey given Russia's grip on energy transportation routes and bearing in mind Moscow's interest in preserving its political and economic influence in Central Asia. It has been argued that in the foreseeable future only Azerbaijani and Kazakhstani crude oil and Azerbaijani natural gas is likely to be transported to European consumers via Turkey.²⁸ It has been noted that Turkey's new strategy is, first, to build a Turkic bloc without renouncing the goal of joining the European Union and intensifying relations with Russia and China through collaborating in the SCO and, second, to direct oil and natural gas resources through Turkey making it the European Union's second most important energy supplier.²⁹ In the case of Turkey's drive to join the European Union, a Turkic Commonwealth might influence the European Union's decision

28. For details of the argument see Gareth Winrow, "Possible Consequences of a New Geopolitical Game in Eurasia on Turkey as an Emerging Energy Transport Hub", *Turkish Policy Quarterly* Vol. 5, No. 2 (Summer 2006).

29. Cited from report by Erdal Şafak, "Could there be a surprise", published by Turkish newspaper *Sabah* website on 11 March 2007.

by playing the energy card and letting it be known that a rebuff of Ankara could hinder the European Union's access to Central Asian energy supplies. Commenting on the outcome of the summit a Turkish diplomat said, "The era of romantic embracing has ended, the era of concrete cooperation has started."

It is not surprising therefore that Foreign Minister Ahmet Davutoğlu's vision of Turkey as a "central" country in Eurasia has equalized the significance of Central Asia in Turkish foreign policy with other neighbouring regions. This reorientation of Turkish foreign policy has been viewed favourably in the West since it seems to suggest that Turkey, positioning itself as a "bridge" to the Muslim world, will be a useful asset for the United States and Europe. Indeed Davutoğlu has stated that he finds that Turkey and the United States under the Obama administration share the same perspectives on international politics. Yet, despite the superficial resemblance in the importance attached to "dialogue and understanding", there are differences that will make themselves felt.

Davutoğlu's thesis is attractive because it represents a welcome intellectual effort to move away from a siege mentality that has for long prevailed in Turkish foreign policy thinking and which has become more entrenched in certain parts of the establishment. However, it is also true that Davutoğlu's thesis makes assumptions about foreign relations, particularly in positing the existence of a state of harmony where interests and priorities collide, and where good intentions alone would be incapable of neutralizing conflicting interests. On one account his "zero problems with neighbours" policy has already collided with harsh regional realities. The strategy to normalize relations with Armenia and the offer to open Turkey's border with the region has provoked a crisis with Azerbaijan. Addressing problems with one state has created problems with another state. Meanwhile in the case of Iran, Turkey has supported calls for a dialogue as a means of resolving the crisis posed by the Iranian nuclear programme. Presently it is in line with the stand taken by the U.S. administration. It remains to be seen what would happen if the Turkish approach is revealed to be ineffective and the United States is forced to change its stance. However, the "zero problem" approach itself carries far-reaching

logical implications. It fails to take into account the possibility that Turkey's neighbours may pursue policies that are to Turkey's detriment. In that case a zero problem policy would fail to safeguard the national interest.

It has been argued that although this “multi-dimensional and multi-track” foreign policy aimed at advancing Turkey's political and economic influence in a geography extending from Europe to Asia and even Africa, it is difficult to claim that it was designed to create new spheres of influence for Turkey in the Caucasus or Central Asia. If that had been the case then the Turkish–Russian rapprochement of the 2000s would have been halted, especially since Russia was deeply sensitive about the possibilities of Pan-Turkism in the former Soviet space. In fact Turkish–Russian relations flourished as there was a downturn in Russian–U.S. and Turkish–U.S. relations in the early part of the 2000s.³⁰ This also paved the way for new interpretations of Eurasia in Turkish foreign policy. Making special reference to Eurasianism some commentators have started to claim that Turkish–Russian relations were turning into an alliance or an “axis”.³¹ Some even claimed that Putin's desire was to include Turkey within the so-called “Eurasian axis” of Russia–China–India–Iran.³² At the same time the Turkish press published rumours about Turkey's wish to obtain observer status in the SCO. All this helped to change the perception of Eurasia among the Turkish public, which was associated with Central Asia and the Caucasus. It should also be kept in mind that despite the emergence of a “Eurasian orientation” in Turkish foreign policy, Ankara did not just improve relations with Russia or Iran, but also with many other countries in Asia, Europe, and Africa. On the other hand the Turkish AKP government's pragmatic approach in Eurasia has brought it into competition with Russia on the issue of pipelines. Turkey's part in the Nabucco pipeline project brought

30. For details see Ersen, “Central Asia or Eurasia?”

31. See for instance, Fiona Hill and Ömer Taşpınar, “Turkey and Russia: Axis of the Excluded”, *Survival*, Vol 48, No 1, Spring 2006.

32. Zeyno Baran, a well known Turkish political analyst, was among those who made this claim. See excerpts from her interview in *United Press International*, 22 December 2005, cited from Ersen, “Central Asia or Eurasia?”

her into competition with Russian plans of transferring the gas via Kazakhstan to Russia.

There is also need to take note of the fact that perceptions within Turkey about U.S. and NATO partnerships also vary. It has been noted that a part of the military establishment has been critical of Turkey's traditionally strong ties to NATO and the United States and has advocated an eastern orientation towards Russia, China, and Iran, a position that has been termed Eurasianism.³³ While Eurasianism lacks credibility in strategic terms, its emergence itself is said to be indicative of an eastward shift. The conclusion about Eurasianism that seems to be prevalent is that under present conditions Eurasianism in Turkey is a foreign policy option advocated by certain groups with different ideologies, approaches, and attitudes regarding Turkey's position in the post-Soviet international arena. There are however, serious obstacles to this option being put into effect as a viable option. Turkey continues to have a primarily pro-Western policy and this region is still of secondary importance. It should also be emphasized that Turkey is just one of the players in the region and definitely not one of the most significant. The general impression is that the three biggest players in the region, Russia, China, and the United States, are becoming more and more involved with the region in addition to actors with less influence such as India, Iran, Japan, and the European Union. Any shift that Turkey showed in its foreign policy would make all these actors uncomfortable. On the other hand the recent growing ties between Turkey, China, and Iran are being viewed with apprehension by the West. Recently the Turkish Air Force held joint exercises with its Chinese counterpart in the tactical air warfare centre in Konya. It was reported that Chinese planes were sent to Turkey via Pakistan and Iran. Turkey and China are also involved in projects to build pipelines in Iran. While it is unlikely that Turkey's dislike of China's policy in western China will dissipate, it remains a fact

33. Halil M. Karaveli, "Islamic Western Embrace Fuels Eurasiansim in Turkish Military", *Turkey Analyst*, 13 February 2009, www.silkroadstudies.org/new/inside/turkey/2009/090508B.html.

that Turkey and China aim to triple two-way trade to USD 50 billion a year by 2015 under a new strategic partnership.³⁴

Conclusions

In a number of important ways the SCO is a novel formation. It is based on the invocation of a “civilizational” approach, popularly identified as “the Shanghai spirit”, which is defined by modes of behaviour, by ways of conducting relationships. This is exemplified by the emphasis placed on harmony, respect for cultural variety, good neighbourliness, and mutual trust as essential components of a new architecture of global security. Secondly the SCO espouses a holistic view of stability, setting soft spheres of interaction such as culture and education on a par with security and defence. Thirdly its essence is a loosely meshed network which embraces and encourages diverse linkages and clusters. However, the issue of expansion through membership has remained difficult. Here there is apprehension about the introduction of extraneous stresses leading to schism. On the other hand there are internal and external factors that are encouraging expansion. A compromise has been accepted in the meantime through a tiered form of affiliation. The question of Turkey’s entry into the organization must be considered against this background. Here the most significant aspect is the level of Turkey’s entry into the organization, which in its turn would indicate the level of Turkish involvement in the organization as well as the level at which the SCO would be willing to involve Turkey within the organization.

The SCO has established itself as a regional forum. Its potential to transform itself into an international body will depend on the extent to which it can expand its membership and networks along with the expansion in the scope of the organization. However, there remains the possibility that the organization may wish to retain its “regional” character. In that case expansion would be limited. It could also put forward the argument that a broader Pan-Asian security organization, the Conference on Interaction and Confidence Building Measures in Asia (CICA), already exists

34. See Jim Wolf, “China mounts air exercise with Turkey, US says”, Reuters, 8 October 2010.

in the region. Therefore the SCO would be limited to its original membership and collaborative partners. Here the intention of the founder member states would become crucial. The process of the formation of the SCO is deeply connected with the creation of the “strategic partnership” between Russia and China. The signing of the Shanghai Agreement in 1996 came just after a declaration of Sino-Russian “strategic partnership” in Moscow. As Russian foreign policy shifted in the mid-1990s President Yeltsin first talked about a “constructive partnership” and then a “strategic partnership” with Jiang Zemin.³⁵ The SCO has to be understood within this context.

The SCO, whose core is based on a Russo-Chinese partnership, has turned into a multilateral partnership coping with new threats in the SCO border areas. In 1996 Russian diplomacy appealed to this “strategic partnership” as a model which in the twenty-first century could overcome the historic antagonism between countries with long, shared borders, and tasted its desire for the expansion of the partnership to India.³⁶ China, however, was cautious about the use of the term “partnership” and the expansion of the Shanghai organization. Chinese strategic writings identified the constructive strategic partnership between China, Russia, and the Central Asian Republics as a stabilizing multilateral institution that would help define stability and cooperation in the region.³⁷ The effectiveness of the SCO in dealing with a number of issues and particularly border problems has also been noted as significant in recent Central Asian strategic writings.³⁸ In common with their Chinese counterparts these also point out that the continuing significance of the mechanism would depend on the relationship between Russia and

35. See the text of the Russo-Chinese Joint Declaration in *Sbornik Rossiisko-Kitaiskikh Dogovorov*, 1999, cited from Akihiro Iwashita, “The Shanghai Cooperation Organization and Its Implications for Eurasian Security: A New Dimension of ‘Partnership’ After the Post Cold War Period”, in S. Tabata and A. Iwashita (eds), *Slavic Eurasia’s Integration into the World Economy and Community* (Sapporo: Slavic Research Centre, 2004).

36. *Krasnaya zvezda*, 30 April 1996, cited from Iwashita, “The Shanghai Cooperation Organization and Its Implications for Eurasian Security”.

37. Pan Guang, “China–Central Asia–Russia Relations and the Role of the SCO in the War Against Terrorism”, *SIIS Journal*, Vol. 9, No. 2 (May 2002).

38. M. Ashimbaev et al., *New Challenges and New Geopolitics in Central Asia After September 11* (Almaty: Kazakhstan Institute for Strategic Studies, 2003).

China as the main axis of the organization. In such a scenario the possibility of the inclusion of other states as permanent members seems limited.

However, given the fact that the SCO was conceived as a mechanism that would eventually be built on a diverse network of relationships and linkages, the inclusion of other states like Turkey within the organization seems logical. Similarly the holistic view of stability that the organization espouses means that a significant cultural and educational linkage between the Central Asian region and Turkey cannot be denied. The issue of the expansion of membership, however, remains a debated one within the SCO. The establishment of a set of criteria for this would be useful. It would only be in response to such a set that the entry of new members could be considered. Despite these limitations analysts have noted that the multilateralism that the SCO epitomizes remains significant.³⁹ Concluding his speech at the plenary Session of the Council of Ministers of Foreign Affairs of the SCO, Kasymzhomart Tokayev, the State Secretary-Minister of Foreign Affairs of Kazakhstan, emphasized this by noting

The Shanghai Cooperation Organization can and should by means of joint efforts [emerge as] an efficient instrument of ensuring stability and security in the region; an instrument of the creation of efficient mechanisms of trade, economic, cultural, and humanitarian cooperation.⁴⁰

As an organization focused not just on “security and stability in the region” but as “an instrument of the creation of efficient mechanisms of trade, economic, cultural, and humanitarian cooperation”, the SCO would have to look to an expansion of its membership. And it is in this context that the question of Turkish entry into the organization would have to be examined. At the 2012 SCO summit in Beijing, no new members were admitted, but Turkey was granted Dialogue Partner status which could be a first step in this direction.

39. Iwashita, “The Shanghai Cooperation Organization and Its Implications for Eurasian Security”.

40. Cited from “Vistupleniye Kasymzhomarta Tokayeva na Plenarnom Zasedanii Soveta Ministrov Inostrannikh Del Shankhaiskoi Organizatsii Sotrudnichestvo”, *Kazakhstan i Sovremenniy Mir*, No 2 (5), 2003.

The Shanghai Spirit and SCO Mechanisms

Beyond Geopolitics

Yang Cheng

Introduction

The peculiarity of the Shanghai Cooperation Organization (SCO) lies primarily in that it is the first Eurasian international organization with a truly integrated nature under the geopolitical and geo-economic conditions of the post-Cold War era. Since its establishment, it has become an important step of Eurasia's geopolitical and geo-economic "great transition" after the Cold War. Different from the Commonwealth of Independent States (CIS), Eurasian Economic Community (EEC or EurAsEC) and Collective Security Treaty Organization (CSTO), the SCO is more representative through its including China in addition to a number of CIS countries.¹

The SCO can be traced back to mechanisms aiming at solving remaining border issues after the collapse of the Soviet Union among China, Russia, and the newly independent Central Asian countries, including Kazakhstan, Kyrgyzstan, and Tajikistan. It

1. This chapter is also a stage achievement of the major project of the key research base for humanities and social sciences of the Ministry of Education of the People's Republic of China, Research on the Medium and Long-term Prospects of the Shanghai Cooperation Organization (Shanghai he zuo zu zhi de zhong chang qi qian jing Yan Jiu, No. 11JJDGJW011).

was in 1998 that an informal forum of the Shanghai Five began.² Driven both by the members' own requirements and the actual evolution of the regional situation, the SCO was eventually officially established in 2001.

The Shanghai Cooperation Organization, consisting of China, Russia, and four Central Asian countries, namely Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan, held a noteworthy summit on 15 June 2011 in Astana, capital of Kazakhstan. The main purpose of this summit was to celebrate the SCO's tenth anniversary and to make important planning for its future development. The reason why it attracted much attention worldwide mostly lies in that this summit was a testimony to the SCO's growth from a new-born mechanism to an increasingly sophisticated multilateral, multi-functional, regional, international organization. However, through this summit, it was still unclear as to what changes would take place within the SCO in the next one or two decades.

Prior to this, non-members of the SCO, or more accurately speaking most Western countries, especially the United States, had formed two totally opposite impressions of the SCO. One almost ignored the SCO, holding that its role in the central Eurasian region was extremely limited and it could be completely neglected from the strategic perspectives of the United States and its allies. The other tended to consider Central Asia as a battlefield where Russia and China on the one side and U.S.-led Western countries on the other side exclusively competed with and confronted exclusively each other. Seemingly as synonym of "anti-American" or "anti-NATO", the SCO was regarded as a "geo-political weight carefully

2. According to Zhang Deguang, Chinese former ambassador to Russia and first Secretary-General of the SCO, after trilateral border negotiations among China, Russia, and Central Asia, during the process when Kazakhstan was preparing for the third meeting among five heads, due to President Yeltsin's absence because of his illness the Kazakhstani foreign minister at that time himself called Zhang (as former Chinese ambassador in Kazakhstan and deputy minister of foreign affairs then) to arrange for President Jiang Zemin's presence. In fact, for all parties, no obvious ideas formed regarding developments in solving remaining border issues. After President Jiang Zemin decided to participate, Russia finally determined to send Foreign Minister Ye. M. Primakov to attend as special representative of the president. It was just after this summit that "Shanghai Five" came into being in the media. In Zhang's view, without this summit, there would not have been any subsequent birth of the SCO. In this sense, Kazakhstan has played a key role in the development of the SCO. Interview with Zhang, 2009.06.01.

forged against the United States”³. Besides, they thought that China and Russia would “form a Eurasian military bloc to counterbalance the NATO through the SCO”⁴. Many Chinese researchers have mentioned that U.S. views of the SCO have changed significantly since 2005. American academic circles and strategic analysts have begun to pursue positions showing respect, antagonism, and defensiveness instead of condescension, disregard, and ignorance.⁵

If China and Russia were regarded by Western mainstream academic circle more as players with almost the same identity and behaviour in Central Asia before 2005, then in recent years, Sino-Russian competition in Central Asia has been increasingly considered as a weather-vane to observe the SCO’s future development. Ariel Cohen of the American Heritage Foundation has stressed that “the SCO cannot be considered as a fully integrated homogeneous entity”⁶ because of its internal contradictions and interest conflicts, most notably the Sino-Russian conflicts with primarily different views on and interests in military strategies and energy issues. Through an overview of the international academic community’s researches on the SCO in recent years, we can find several major paradigms, as follows, in the existing literature.

Paradigm I: methodology in structure, namely, to explore the SCO’s changes from bilateral and multilateral (especially triangular) perspectives. The core issues are (1) power shift and power exchange, especially in changes of competition and cooperation in Sino-Russian relations concerning Central Asia under the background of their “double rises”; (2) Sino-Russian-U.S. trilateral

3. Fredrick W. Stakelbeck Jr., “A New Bloc Emerges?” *The American Thinker*, 5 August 2005,
4. Gene Germanovich, “The Shanghai Cooperation Organization: A Threat to American Interests in Central Asia?” *China and Eurasia Forum Quarterly*, Vol 6, No. 1 (2008), 19–38.
5. Referring to the following articles: Zhao Huasheng, “Shanghai he zuo zu zhi: ping gu yu fa zhan wen ti (The SCO: Evaluation and Development)”, *Xian dai guo ji guan xi* (Modern International Relations) Vol. 5, 2005; Zheng Yu, “Mei guo dui Shanghai he zuo zu zhi de kan fa yu zheng ce (The U.S. Perspectives and Policies towards the SCO)”, *He ping yu fa zhan* (Peace and Development) Vol. 1, 2007; Shao Yuqun, “Mei guo yu Shanghai he zuo zu zhi : ren zhi, guan xi yu wei lai (The United States and the Shanghai Cooperation Organization: Cognition, Relationship and Future)”, *Mei guo yan jiu* (American Studies), Vol. 3, 2007.
6. Ariel Cohen, *The Dragon Looks West: China and the Shanghai Cooperation Organization* (Heritage Foundation, 2007).

relations concerning Central Asia in the context of drastic changes in Eurasian geopolitics and geo-economy; (3) the role as third-polar of the regional power Kazakhstan in Central Asian power allocation. V. V. Mikheyev (Corresponding Member, Russian Academy of Sciences), A. Lukin (Director, Center for the SCO Studies, Institute of International Relations attached to Russian Ministry of Foreign Affairs), Martha Brill Olcott (chief expert in Central Asia, the U.S. Carnegie Endowment for International Peace), Xing Guangcheng (Former Director, Institute of Russian, East European and Central Asian Studies, Chinese Academy of Social Sciences), Sun Zhuangzhi (Secretary-General of the Center for Shanghai Cooperation Organization Studies, Chinese Academy of Sciences), and other scholars have made in-depth contributions regarding the SCO's internal structure from both bilateral and multilateral perspectives, and have assessed its prospects.

Paradigm II: qualitative research within the framework of intellectual history and the history of ideas. That is, to examine the possible influences of concepts such as empire, identity, recognition, and revolution, on the SCO's status and prospects. A. B. Chubais, former Russian privatization czar, advocates that Russia should establish a "liberal empire", restructuring the political map of the CIS countries including Central Asia.⁷ Most Russian scholars hold that Russia and the SCO members share a common history, culture, language, and other Soviet legacies, which could help to build a new Russian-led identity, continuing to consolidate Russia's traditional influences in Central Asia, avoiding Russia's being squeezed out by the United States and China. Russian scholar A. D. Voskresenskiy has pointed out that China's Central Asian policies have been affected by its imperial mindset. British scholar Bobo Lo has made a penetrating analysis of both countries' elites' recognition of each other's behaviours and interests in Central Asia.⁸

Paradigm III: traditional geopolitical research, mainly embodied in its adherence to the model of the Great Game, to predict the

7. A. Chubais, "Missia Rossii v XXI veke", *Nezavisimaya gazeta*, 1 October, 2003.

8. Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Brookings Institution Press, 2008).

prospects of the SCO. Since the dawn of the twenty-first century, the international community's analysis of Central Asia's configuration is inclined to consider it as a new geopolitical Great Game, with more participants than before. In addition to Russia, the traditional power in Central Asia, the United States as outside great power and the rising power of China are increasingly integrated into Central Asian issues. Meanwhile, China and Russia attempt to squeeze the United States out by means of the SCO, in order to keep exclusive control of Central Asia.⁹

Paradigm IV: quantitative research, that is, prediction by quantitative means. Research into the SCO has been carried out by predicting of Central Asian political, economic, and security. This author has participated in research into the Central Asian Security Index (Индекс безопасности Центральной Азии, 2010 onwards), organized by the Kazakhstan Institute of Political Solutions, which belongs to this type. Through quarterly assessments of the Central Asian countries' domestic and foreign risks, this project has provided a basis for reasonable predictions of trends in the SCO.

I myself prefer situational simulations, that is, those based on presumed scenarios, through the setting of the dimensions, essence, content, and force composition of possible events, to demonstrate important potential trends, intensities, and structures of great-power relations within the SCO. Just as do the United States National Intelligence Council forecasts for 2020 and 2025,¹⁰ my aim is not to give a single positive or negative view for the future development of the SCO, but to offer several possible scenarios by means of the analysis of some primary factors. In the framework of "Research into the SCO's Medium and Long-term Prospects", a key project of the National Key Research Institute for the Humanities and Social Sciences under the Chinese Ministry of Education, over which I presided, we have obtained preliminary findings through surveys of hundreds of Chinese and foreign scholars. This research has provided important cases for this chapter. Perhaps future real-

9. F. Kempe, "Central Asia Emerges as Strategic Battleground", *Wall Street Journal*, 16 May 2006.

10. Mapping the Global Future. The National Intelligence Council's 2020 Project and Global Trends 2025: A Transformed World – The National Intelligence Council's 2025 Project.

ity will not fully fit with our predictions; however, at least this research has provided some insights.

This chapter now first analyses non-material factors neglected by Western mainstream academia, namely, the significance of the Shanghai spirit for the SCO's survival and development. Then it explores the SCO's expertise in mechanism design and its efficient implementation. Third, it concentrates on the Afghanistan issue and the agenda of the SCO within the next decades. In conclusion, it briefly introduces the main future scenarios of the SCO from our perspectives.

Non-material Factors: Re-thinking, Re-evaluating, and Re-conceptualizing the Shanghai Spirit

Among various assessments of the SCO, probably the "Shanghai spirit" is the most overlooked. The fact is that in the past decade what has been most successful for cooperation within the SCO lies in solidarity and frank collaboration among members. "Common development" and "common prosperity" are not merely empty political and diplomatic discourse, but genuine practice. In the past decade, the SCO has undergone a step-by-step path continuously seeking greater perfection and has achieved functional enhancement through persistent self-improvement. Reducing border military forces, strengthening border military trust, approving the Long-term Good-neighbourly Friendship and Cooperation Treaty, combating the "three" evils, collaborating against the financial storm, absorbing observers and dialogue partners, promoting interaction and cooperation between the SCO and other international and regional organizations, jointly promoting fighting against drug trafficking in Central Asia, participating together in Afghanistan in national reconciliation and reconstruction: in all this the SCO continues to inspire all members to cooperate in various fields in both multilateral and bilateral frameworks. Always with great vitality, strong potential and growing attractiveness, the SCO has opened a historic chapter in transnational cooperation in Eurasia.

Although since 2001 international opinion has at times heralded the SCO's decline, facts have proved any efforts in doubting, belittling, or even curbing the role of the SCO to be in vain. For

all members, the establishment and development of the SCO is a significant event within the international political landscape since the Cold War, and especially since the new millennium. It is also the case for the outside world. Compared with Northeast Asia, Southeast Asia, South Asia, West Asia and North Africa, Central Asia remains relatively stable to a great extent thanks to the existence and development of the SCO. As the first SCO Secretary General Zhang Deguang repeatedly emphasized, “Now we cannot imagine a Central Asia without the SCO, a Eurasian region without the SCO, and an international society without the SCO.”¹¹

In my opinion, the SCO’s establishment and development has enriched international relations, putting forward many new ideas for the new era and adding a new diplomatic philosophy as well. In the past decade, how could the SCO become mature and turn into a regional cooperative organization with a significantly international influence? It mainly depends on the Shanghai spirit which features “mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations, and seeking common development”. This spirit has been internalized as a core criterion to develop friendly and cooperative relationships amongst all members, for all SCO members with other countries, and for the SCO together with other multilateral mechanisms. Only when we comprehensively understand the Shanghai spirit, can we accurately understand the SCO’s ups and downs in the past decade, and then understand the SCO’s medium and long-term prospects as planned by the Astana Summit.

First, the Shanghai spirit should be understood in the wide context of accelerating international system transition. Currently, the focus of international political and economic competition is rapidly shifting from the West to the East.¹² Although old developed countries have considerable advantages in various fields, still the changing profiles of countries such as China, Russia, and India

11. Interview with Ambassador Zhang Deguang, 27 May 2011.

12. Currently there is a view that the centre of gravity of international politics and economy is shifting to the Asia-Pacific. We think this is far from a reality. By 2030, there will not be any country or force which could counter-balance or even replace the dominant role of the United States within the Asia-Pacific region or even the whole world. The present so-called power shift is more a change in competition.

have provoked an adjustment of the international configuration. History has not ended in the liberal Western capitalist model as Francis Fukuyama predicted, but instead is now showing characteristics of plurality and diversity. The Shanghai spirit, being the core cohesive force of the SCO, represents an alternative concept beyond traditional models of international relations.

Second, the Shanghai spirit should be understood under the paradigm shift whereby a great geopolitical and geo-economic transition has taken place since the Cold War at the heart of the Eurasian continent. In this process, Central Asian countries' identities have undergone an evolution from being at the periphery of the Tsarist Empire, to constituent republics of the Soviet Union, to important parts of Russia's "foreign neighbours" at the beginning of their independence, to an independent region in formation.¹³ Looking forward, in a broader sense of Eurasia, the integration represented by the SCO with the participation of the Central Asian countries reflects not only post-Soviet space in a traditional sense, but is also part of a grand integration within Eurasia that includes the European Union and East Asia. Central Asia thus can be regarded more as a sub-region.¹⁴ In view of this, the Shanghai spirit has become a core value of Central Asia's regionalism.

Third, the birth of the Shanghai spirit should be viewed from a collective perspective. Although literally there is "Shanghai" in the phrase, yet it is not China's innovation alone but the fruit of the collective wisdom of China, Russia, and the Central Asian countries. It evolved from the Shanghai Five mechanism and derived from various relationships in Sino-Soviet Union diplomatic history.¹⁵ It was reaffirmed in the last part of the Astana Summit Statement.

Fourth, the Shanghai spirit should be regarded in the light of its development. The essence of the Shanghai spirit is not static and it will not be limited to the existing 20 words. Besides, its expansion

13. A. Libman, "Regionalization in Central Asia", EDB Eurasian Integration Yearbook 2009.

14. I put forward this opinion in the Chinese outline for the first Sino-Russian Section for the Valdai International Discussion Club in Shanghai in November 2011.

15. Yang Cheng, "The 'Shanghai Spirit' and the SCO's Medium and Long-term Prospects", speech for international conference in celebration of the SCO's tenth anniversary held by Chinese International Relation Foundation on 27 May 2011.

will not remain the same either. Over the past decade, the progress of the SCO shows that on the one hand all members are promoting cooperation in line with the Shanghai spirit, while on the other hand new practices have widened the extent of the Shanghai spirit and have also provided rich philosophical and intellectual resources for international relation theories.

In my opinion, the Shanghai spirit is like a multi-dimensional chessboard with a profound essence. First, it is a conceptual vehicle, which reflects a conscious construction of a regional identity by all member states, with common goals, aiming at building, maintaining and amending the Central Asian regional order in politics, economy, and security. The ultimate goal is to realize this region's lasting peace, common development, and common prosperity. Second, the Shanghai spirit itself represents a kind of legitimacy widely accepted by all member states, which is a significant sign distinguishing the SCO from other international and regional organizations. Thanks to the Shanghai spirit, the SCO, as a regional international organization, has a very strong moral basis for its vitality and legitimacy. Third, the Shanghai spirit should not be seen as merely the pursuit of value by a virtual body, but as a specific practice. It demonstrates that the transition of the SCO members, observers, and dialogue partners from relatively heterogeneous entities to ones convergent, intertwined, embedded, and interdependent politics, economy, security, and cultural development. To a certain extent, of course, the unavoidable friction and differences during the process have left marks on this interest community, but from the perspective of the past decade the Shanghai spirit has been the catalyst for the SCO to resolve historical issues, to promote economic and social cooperation, and to strengthen regional stability.

For a comprehensive understanding of the Shanghai spirit, we should especially note two key aspects of the development of the SCO in the past decade. First, this is a process that all transition countries in this region could learn from to achieve continuous progress with the interaction between domestic institutional changes and the external international environment. Second, this is an innovative process. That the wave of democratization at the

turn of the new century could be practiced in such a complicated region as Central Asia through such a regional mechanism should not be understated.

Two paradigms of traditional Western international relations theories – realism and liberalism – go against the implementation of small states' diplomacies and the realization of their interests. Essentially, these two paradigms support the logic that great powers dominate the international system, while small states are left only the right to opt in or not, and as a result they are not capable of influencing or altering the international system. The difference between these two paradigms (realism seeking a balance of power, liberalism advocating collective security and the construction of international mechanisms) will not change the fact that they both pursue the maximization of national powers, those of great powers in particular. Constructivism, gradually popular since the 1990s, defines national interests using non-material concepts such as identity. Despite the fact that constructivism emphasizes that the mutual construction of a national or an international system can alter international relations, it still views great powers as the main actors, and it does not change the logic of great powers dominating small states. Thus, major Western international relations theories, including those related to diplomatic practices, do not leave enough space for small states. Small states are often overlooked as the object of great powers' actions, and are not able to affect international politics as “normative organizers”, nor even as equal interlocutors with great powers.

The SCO members thoroughly understand the identity and sensitivity of small states. They accept and respect this with institutionalized methods like agenda-setting. Promoted by the dual cores of the SCO, China and Russia, the status and role of small states are rising, although they still occupy low positions within the assessment system of traditional indicators (strength, etc.). Though military imbalance is increasing between great powers and small states, through scientific technologies and globalization, small states are becoming increasingly significant in the international arena and this has been one of the salient features of modern international politics. During the Cold War, major international

and regional issues focused on security. At present issues involving trade, resources, energy, environment, economic cooperation, cultural exchanges, and multinational companies are showing a tendency of growing diversity and complication. With the growth of fluidity in the international and regional systems, the manoeuvrability of the diplomacy of small states is higher. It is not rare for small states to pose challenges to great powers and skilfully make use of their material resources to mobilize the diplomacy of great powers.

With the guidance of the Shanghai spirit, the SCO provides a particular model of governance, emphasizing that any member country, big or small, should work in line with the principles of consensus to promote mutual cooperation. Under the framework of the SCO, the Central Asian countries, and China and Russia are no longer in a hierarchical relationship of client states and dominant states, vassal states and suzerain states, in the traditional way. The Central Asian countries of the SCO are not enslaved to China and Russia, or passive. These countries are active and agile in the construction of foreign relations and have equal rights in setting the SCO's internal agenda. Within the SCO, great powers cannot unilaterally impose their own ideas on small countries, but instead through common interests. The SCO has never been exclusive, so it does not prohibit its members from participating in other organizations. It is always enhancing its attraction by institutional innovation and pragmatic cooperation.

Jean Monnet once commented of the EC that it was not of a big new country but of a new method or system that has changed the relationship forever between people and countries. The unification of Europe has been ranked as one of the most important events in the development of the West. When countries and people accept a principle and an institution, and adopt them, people's interaction will change. This could also apply to the SCO: the establishment of the SCO is one of the most important events for non-Western countries in the post-Cold War era. Its importance does not lie in the creation of a new international regional organization, but in the creation of a new method, a new mechanism, a new concept, which lay a lasting and sustainable foundation for the democratization

of international relations and the improvement of relationships among people from different countries and regions. It can be said that the reason why the Shanghai Five could evolve smoothly into the SCO mainly lies in that it has gone beyond geo-politics. Its success above all lies in “the successful construction of a concept”,¹⁶ from which comes a strong motivation for the future medium and long-term development of the SCO.

A Gulliver bound under Dozens of Locks: the “Dispute” within the SCO

The SCO is not perfect, it is still a work in process, with a number of achievements, yet many problems left to be solved. Despite the Shanghai spirit and its principles of consultation and consensus, there are paradoxes within the SCO.

The Integration of the SCO: Inside vs. Outside

The number of permanent members of the SCO has remained unchanged since 2001, while observers and dialogue partners have increased. This means that, for the SCO, the priority at present and even in the next decade remains issues of positioning and development. That is to say, two paradigms diverge in the way of integration for the SCO, either to focus on its “inside” potential or to develop via both its “inside” and “outside” regional participants. These are two obviously different ways in dimension and path selection.

Despite the fact that the leaders of the SCO member states have signed a series of documents on the regulation of receiving new memberships in recent years, problems still lie in the actual operation of this process. Besides, regarding what inclusive principles the SCO should adhere to, no members have reached any consensus.

Theoretically, there are the following three options for the future integration of the SCO.

First, the SCO should maintain the existing scale of membership till the right time for expansion. Simply seeking to acceler-

16. Zhang Deguang, “Shanghai he zuo zu zhi yu ou ya di yuan zheng zhi bian hua (The SCO and Evolution of Eurasian Geopolitics)”, *E luo si yan jiu* (Russian Studies), Vol. 2, 2006, 2.

ate expansion for its own sake may hurt the SCO.¹⁷ Actively and prudently to enlarge the membership of observers and dialogue partners would be a preferential option. It would eliminate the outside suspicion of the closedness of the SCO and avoid external factors adversely affecting internal integration.

Second, the SCO should carefully enlarge its membership under defined conditions, because it is supposed to regulate entrance conditions and procedures, like those mature international organizations the European Union and NATO. Meanwhile, every member would be required to take on a number of strict obligations. The SCO must go through a process of self-positioning before considering admitting India or Pakistan as full member states.¹⁸

Third, the SCO should admit more observers and full members, different in scale, as soon as possible in order to enlarge itself. The reason would be that the entrance of new members would further expand the geographical space of the SCO. In this way, it would enhance its international status and influence. Particularly, admitting regional powers like India or Pakistan would be a positive factor.¹⁹

However, even if India and Pakistan enter, the West may continue to regard the SCO as an imaginary enemy. Moreover, is it necessary for the SCO to accept two countries which are likely to cause internal disputes just to dispel the doubts of Western countries? I think that if it “allows the SCO’s observers and dialogue partners to join the SCO’s economic and cultural activities and projects, which was stressed in a recent joint communiqué, not only will the

17. Портяков В. Я. Обсуждение. Об аналитической записке «Шанхайская организация сотрудничества: структурное оформление и перспективы развития». Актуальные проблемы российско-китайских отношений и пути решения (материалы круглого стола). Аналитические доклады. Выпуск 1 (6)/2006. Центр исследований Восточной Азии и ШОС.

18. Мочульский А. Ф. Итоги дискуссии. Об аналитической записке «Шанхайская организация сотрудничества: структурное оформление и перспективы развития». Актуальные проблемы российско-китайских отношений и пути решения (материалы круглого стола). Аналитические доклады. Выпуск 1 (6)/2006. Центр исследований Восточной Азии и ШОС.

19. Проблемы совершенствования Шанхайская организация сотрудничества и взаимодействия России и Китая в Центральной Азии. Аналитическая записка по итогам «круглого стола» в Институте Дальнего Востока РАН, май 2005 года.

anti-China comments fall flat, but also the SCO's influence in the world will be strengthened.

From the Astana Summit to the meeting for Prime Ministers in St. Petersburg, Russia has become increasingly eager to expand the SCO's membership, especially in terms of India's entry. The logic of Russia is that India's participation will help to promote the formation of a "strategic triangle" and will speed up the SCO's transformation into a new international regional organization with much greater significance. The sooner, the better.²⁰ It seems that Pakistan's participation is Russia's compromise to ease China's potential strategic concerns. President Medvedev publically supported its entry during the Pakistani president's visit to Russia in May 2011.

Russia's proposal has its own rationale. The question is whether this expansion is the only way to reach its aim. In order to strengthen China–Russia–India trilateral interaction, in addition to the existing meeting mechanism for the three foreign ministers, the BRIC option is also a pretty good one. China and Russia, as SCO members, have already safeguarded the SCO's international prestige. With the aim of dispelling the doubts of Western countries, the SCO can accept states like the United States as observers or dialogue partners.

The Tashkent 2010 SCO summit set six criteria for expansion. The first is that candidate countries should belong within regional limits, that is, the SCO only admits European and Asian countries. The second is that new members should establish diplomatic relations with all old member states. The third is that those who have qualifications should become observers or dialogue partners. The fourth is that candidate countries and current member states should maintain a positive relationship in the fields of economic and cultural cooperation. The fifth is not to be subject to United Nations sanctions. The last one is that applicant countries cannot be in military conflict with a member state. In strict accordance with the above criteria, India, who was strongly recommended by Russia, would not fully come up to the standard. Although the

20 A. Lukin, "Should the Shanghai Cooperation Organization Be Enlarged?" *Russia in Global Affairs*, No. 2, 2011.

India–Pakistan relationship has improved in the past two years, still they are at the edge of conflict. Besides, needless to say Iran would face problems.

In light of the process of other international and regional organizations, compare the European Union which, with the highest level of homogenization and centuries-old federal ideas, has gone through more than half a century to reach the present uneasy level of cooperation and regional identification. The European Union also faced a vital choice in terms of expansion and intensification during its evolution. It chose to expand primarily to digest the successful outcome of the Cold War, but was unexpectedly trapped in a system of multilateralism. This caused the decrease of decision-making efficiency and the aggravating burden of the development of differences among member states. At the same time, it was drawn into an interest game with Russia in the field of the Eurasian geopolitical space. These factors brought troubles to the deepening development of European Union integration. It has in the past endeavoured to push forward its partnership in Eastern Europe, but now shows caution in establishing any special partnership with Ukraine and Georgia, and a wariness about admitting them into the union later.

The media's analysis of Russia may have revealed the subtleties. The real aim of Russia's active promotion of India to the SCO is to balance China's influence in the organization. China's development has led to other countries' growing concerns, including those of Russia. From the starting point of a Customs Union to the promotion of a unified economic space within Russia, Kazakhstan, and Belarus, an to the concept of a "Eurasian Union" put forward by Putin: the effect of the integration mechanism led by Russia is aimed to balance China's influences in Central Asia.

Maybe, as one Russian diplomat has revealed, the stances of China and Russia on the enlargement of the SCO are close to each other.²¹ It is possible that the SCO will make a strategic decision to admit India and Pakistan as full member states.²² However,

21. Interview with one Russian high-ranking diplomat in Shanghai.

22. At the "2011 Seminar on International Situation" held by the semi-official China Foundation for International Studies in Beijing on 26 Nov. 2011, several former senior Chinese diplomat made this forecast.

the author still believes that the SCO had better make a strategic choice between superficial prosperity and practical cooperation. Expansion is not the aim of the SCO. The international image of the SCO is becoming more positive. There is no doubt about its inclusiveness. In this way, there is no need to have new member states immediately. For the SCO, the most important thing is further to maintain and consolidate peace, stability, and development in Central Asia with the help of integration, then to push forward member states' internal reform and to open up to the outside world in order to improve members' quality of governance. Therefore, the SCO could seek better external conditions for member states to increase their national well-being. It will hurt all member states' benefits if the SCO were to expand improperly at an inappropriate point, leading the SCO to inefficiency or even to getting involved in regional conflicts.

Identity Construction: What Is the SCO vs. Who Are We?

As theoretical research and practical experience suggest, it will lay a solid foundation for the establishment and development of organizations for international and regional cooperation in terms of social psychology and culture if members of these organizations share and acknowledge a relatively high degree of regional identity. In the meantime, the effective realization of the organizations' functions will in turn shape their members' interests, expectations, and policy orientation. In this interactive process, they will achieve further regional peace, stability, and prosperity.

However, there are obviously different degrees of regional identity, which can be divided into three levels. As for the first level, "responsive" identity, a country establishes its own regional identity by recognizing differences and relationships between self (local region) and others (countries and regions outside) in its interactions with outside countries, regions, and even the whole international environment. As for the second level, "functional" identity, the countries within one region form a community of intertwined interests, based on their interdependence on each other, which has formed through their interactions. For this level of identity, countries within a region recognize that their own interests are congruent with those of both other local countries and the

whole region. As for the third level, “sense of belonging” identity, long-time exchanges between countries within a region produce all kinds of historical and cultural kinships between those countries, which are the basic essences of regional identity.²³

Regional identity at the first level only means the construction of regionalism. It largely covers the differences felt by countries within a region in the interaction and comparison between these countries and outside regions, as well as their rational calculation of the necessity to strengthen local regional cooperation, in which local governments and elites play a dominant role. The second level of regional identity is the foundation of strengthening local regional cooperation, of which the driving force extends beyond the government and elite level, that is, the local market also plays an important role. As for the third level, namely the formation of collective identity, local countries form communities not only in terms of economic interests, but also in terms of politics, society, and culture, in which the progress of local regional cooperation is driven by joint efforts of governments, the markets, and civilians.

The SCO covers a most diverse region in the world in terms of social and economic systems, and civilization forms. For the time being, this kind of diversity is unlikely to lead to significant tensions among SCO members. But obstacles always exist: SCO members lack the necessary elements for regional identity such as common or similar historical memories, cultural traditions, and religions.²⁴ The most important reason may be that, in their state-building process after the collapse of the USSR, Central Asian countries increasingly cherish and continuously strengthen their new national and state identities. Civilians, societies, and governments of the SCO member states lack the regional identity of the kind of the European Union members, and they do not see others as part of their own self-perceptions. Thus, they do not have

23. Liu Xinghua, “Di qu ren tong yu dong ya di qu zhu yi (Regional Identity and East Asian Regionalism)”, *Xian dai guo ji guan xi* (Modern International Relations) Vol. 5, 2004, 19.

24. N. Bandalet, “The SCO’s Efficiency: A Perspective of Formation in Orientation of Former Soviet Union’s Mass, The SCO Progressing Stably”, edited by Ma Zhenggang, World Knowledge Press, 2006, 106–111.

a clear recognition of their self-positioning in the organization, or distinguish other SCO members from countries outside the SCO.

This is closely connected with the institutional designs and operations of the SCO. For the public, the SCO is a lofty geopolitical and economic design, scarcely related to their daily life. Since economic cooperation within the SCO is not well developed, the public does not get many economic benefits from the SCO.²⁵ To be more precise, an interest community has not yet formed amongst SCO members. Although members all agree with the Shanghai spirit, and they hope to promote cooperation in all fields within the SCO framework in order to push forward their own development, still it is difficult for them to make choices between relative and absolute gains or between economic interests and strategic calculations, or issues concerning choosing China or Russia or the United States as a priority partner, since a “sense of belonging” identity does not yet exist.

An ideal supposition is that, with the increasing exchange of goods, capital, technology, and individuals, the SCO members will recognize the interconnection between their own prosperity and that of other members, thus providing sustainable driving forces for strengthening regional cooperation. But the reality is that economic exchanges between the SCO members are very limited both in quantity and quality, and they are far from forming a community.

It is reasonable to say that the regional identity of the SCO members is very limited. A “sense of belonging” identity does not exist, and a “functional” identity is only developing. Currently their identity consists of an organizational concept and culture based on their development experiences, their changes in the international political and economic environment and their own interests calculations. It is a kind of positive response to changes in domestic and external situations that can be called “political responsive identity”. For example, if the “Tulip Revolution” in

25. Many friends of mine in Central Asia politely point out that the OSCE, viewed as one of the main promoters of the 2005 Tulip Revolution in Kyrgyzstan by the Russian and Chinese governments, has acquired a better reputation in Kyrgyzstan than the SCO. The reason is that the OSCE has committed to promoting microfinance services, which helps to improve the well-being of local people. For ordinary people in Central Asia, the SCO, is just like a “beautiful, but not delicious” dish.

Kyrgyzstan deepened Central Asian political elites' suspicions and concerns of the purposes of the West, the Andijon incident further deepened this fear and pushed Uzbekistan into the arms of China and Russia. Fearing a U.S. threat to his rule, I. A. Karimov, the Uzbekistani president, reversed the Uzbek–U.S. relationship and started to re-establish an Uzbek–Russian alliance.²⁶

It is not the system similarity between Uzbekistan, China, and Russia but the strategy of seeking government change in Central Asia in favour of the West that pushed Central Asian countries to the side of China and Russia. Despite the various U.S. attempts to transform the authoritarian regimes of Central Asia, China and Russia are seen as the biggest umbrella against revolutions incited by outside powers and organizations because they hold a non-interference policy with regard to the domestic affairs of these countries. Central Asian authorities recognize that the U.S.-led West is more willing to support regimes close to the West and the market economy, rather than the existing what some term “authoritarian, nepotism systems based on sectarian foundations”. For current Central Asia, multi-vector diplomacy is too expensive a luxury.

In sum, besides forming a composite force to combat the so-called three evils and maintaining national security and international strategic stability, this kind of response has not yet become a kind of regional identity that stimulates awareness and concern in maintaining local regional survival and development, or further unites the SCO members, enhancing their regional cooperation. But once the international environment changes, the willingness of certain SCO members to promote cooperation within the SCO framework is likely to change accordingly.

Maintaining Regime Security: Revolution vs. Counter-revolution

The need for “regime security” comes from the pressure of “regime threats”. External threats against a regime mainly have five modes: military intervention; economic blockade; breaking diplomatic relations; utilizing public opinion at home and abroad to attack the legitimacy of the regime in the ideological sphere; and assistance

26. Dina Rome Spechler and Martin C. Spechler, “Uzbekistan among the Great Powers”, *Communist and Post-Communist Studies*, No. 42, 2009.

to the opposition.²⁷ As external threats are the most common to bolster the legitimacy of a regime, certain regimes are inclined to equate themselves with the fate of the state, and exaggerate external threats, or even fabricate sources of threats. Leaders of such states try to protect their reigning regimes. Thus when the West continuously criticizes Hugo Chávez, Alexander Lukashenko, Mahmoud Ahmadinejad, and Islam Karimov it pushes them to pursue stricter policies to consolidate their own regimes – which in turn incur more criticism from the West. All of this leads to increasingly tense relationships between such authoritarian regimes and the West.

For the leaders of Central Asia, after 2003 their strategic concerns evolved into three key issues: 1) how to weaken the opposition and further consolidate their regimes, and how to avoid the impact of “colour revolutions;” 2) how to crack down on Islamic extremism and terrorism against the background of a reviving Islamic faith and to maintain domestic security; and 3) how to drive the national economy while preventing key sectors of it from being controlled by other states. These three form the main part of “regime security” in this area. Not only do external forces have sharp disagreement with the political elites of Central Asia on these three issues, but they also challenge their authority actively, which must be regarded as threats by Central Asian countries.

In the past, the external pressures actually intended to overturn the ruling authorities in Central Asia, and replace them with more pro-Western or more pro-Russian regimes. This sort of external pressure is a more serious threat than the internal challenging factors regarding regime security. But the latest turn is that the West and the United States are seeking progressive changes instead of “colour revolutions”. However, dramatic changes in the Middle East and North Africa suggest that internal threats will become the primary challenging factors to the ruling authorities in Central Asia and will threaten new “revolutions” against the backdrop of the deteriorating circumstances in Afghanistan.

Nevertheless, the differences between the circumstances of Central Asian countries and countries in the Middle East and North Africa lie

27 Vladimir Shlapentokh, “Perceptions of Foreign Threats to the Regime: From Lenin to Putin”, *Communist and Post-Communist Studies*, No. 42, 2009.

in the following. First, the Internet has played a significant role during the revolutions in West Asia and North Africa, while the Central Asian countries are not fully equipped with the developed Internet. Second, tribes in Central Asia are critical throughout the political organization there. Also, the principle of voting is not the evaluation of the candidates' policies, but personal factors like their parentage. Third, countries in West Asia and North Africa want regime change because of the economy's Malthusian trap, while countries in Central Asia, like Kyrgyzstan, lag far behind the economic development of countries like Egypt.

But similarities rest with: first, a political fatigue brought about by the leaders' length of incumbancy; second, people cannot accept the mode of appointing a successor; third, the regime's corruption in the financial sphere.

There are three important elements for future political change in Russia and Central Asia. First, the threat to food security. Second, the effects of population growth on society. Third, the calculation of any revolution's costs and benefits.

The food issue is undoubtedly a threat to the stability and development of the Central Asian countries. A direct result of the conflagration in Russia and Kazakhstan in 2010 was to reveal Central Asia's deep dependence on food from elsewhere. From 28 July 2010, the price of wheat rose to USD 240 per ton, from USD 195–200. In Kyrgyzstan, all prices rose from 20 August 2010. On 11 November 2010, the Kazakhstani President banned the export of livestock, meat products, and potatoes. Food prices in Kazakhstan rose from January 2011. In 2011, in Tajikistan the price of flour rose 80 per cent. The price of tea, sugar, and milk rose 25 per cent. From February 2011, a new wave of appreciation followed, including with regard to fodder grain and seeds. A food security crisis became a possibility, and it still is.

The Logic in Cooperative Behaviour: Great Powers vs Small Countries

After the end of the Cold War, due to the process of the democratization of international relationships and the further development of the multi-polarization of international politics, the interaction between the great powers and small countries has been close and

deep. On the one hand, where the major powers possess nuclear weapons, the traditional diplomatic strategy game is still based on security. The revival of geo-politics after the Cold War proves this. A number of small countries, especially the ones in a critical location, were drawn into a security dilemma and controlled by the great powers. It is still possible to advance a traditional sphere of influence with the help of territorial expansion and military occupation. The Western overthrow of the Saddam Hussein regime and of Taliban authority, together with the fostering of pro-American regimes to come to power, are examples. On the other hand, small countries get a say because of non-state agents rising in international politics, and the expansion of international and regional mechanisms that surpass state sovereignty.

On account of the importance of its geographical location, the great powers have attached great importance to Central Asia, and have even competed with and antagonized each other. Meanwhile it is required that the great powers should cooperate with each other for regional interests. Therefore, Central Asian countries have adhered to the following principles when dealing with outside great powers.

1. Central Asian countries have been actively and deeply involved in international and regional affairs. There have been twists and turns during this process, yet they are still trying to establish an integration mechanism without the participation of international powers.
2. Central Asian countries have fostered good partnerships with the major great powers.
3. Central Asian countries are paying close attention to cooperation in the fields of a “non-traditional security” (the issue of regime security and anti-terrorism), economics, and culture.

Central Asian countries’ diplomatic behaviours can be divided into the following three categories. First, the effects of their diplomacies are similar to those of the great powers. For instance, in the establishment of diplomatic relations, and in the international visibility of their participation in international law and in international organizations. Second, their coordination with regard to

resource utilization. Central Asian countries are doing better than the great powers in some aspects, witness the energy diplomacy of Kazakhstan and Turkmenistan. Third, their practice of practical, useful techniques (including promoting topics for discussion, shaping their image and utilizing contradictions among great powers) gains the attention of the international community and improves their level of influence. Examples include Kazakhstan's pushing forward Interaction and Confidence-building Measures in Asia, the advocacy of the "International Year of Mountains" by Kyrgyzstan, and suggestions on how to solve Afghanistan's problems put forward by Uzbekistan.

A mutual peaceful containment among great powers will benefit small ones. If the containment disappears, it will be detrimental to the survival of small countries. Due to competition among great powers, small countries become targets for great powers in building a regional order. When a small country establishes bilateral agreements in politics, economics, and security with several great powers or international organizations, there may be a "wheel-spoke" effect. That is to say, small countries in the axle position may achieve additional benefits, but great powers at the spoke position will contain each other due to their mutual competition. Furthermore, they cannot acquire the public goods that the others provide for small countries. If a small country wants to become an axle state, it must meet the following conditions. Compared with neighbouring countries of the same type, it must have:

1. a high degree of openness;
2. no high degree of binding and exclusive institutional arrangements, that is, the small state cannot limit itself to cooperation with one particular country or organization; and
3. the great powers must have significant needs in its particular geographical area.

Since 2001, the Central Asian countries have fully met the above requirements. The situation in this area acquired the feature of "small countries driving great powers", which can be observed, more specifically, in how they handle Sino-Russian coordination. The SCO's core issue is the relationship between China and Russia,

because whether Sino-Russian relations develop smoothly has a direct impact on the SCO. Thus, strengthening coordination and trust between China and Russia is the key for the further development of the SCO.

Russia's domestic awareness of the SCO is changing. Some Russian politicians are inclined to view the future development of the SCO in the perspective of balancing China's rising influence over the SCO. Their growing concerns rest with China's economic development. They worry that China will take its own interests as its priority and focus on enhancing its regional influences. The comments of the Russian media regarding the Astana Summit suggest a belief that Russia's dominance in Central Asia is fading away. China may gain the dominant role in the next decade.

Conclusion

In the first decade of its existence, the SCO entered a new historical stage, yet its prospects remain uncertain. In the survey of the global context that I presided over, embracing at Chinese experts and foreign experts on China, we formed the following preliminary hypotheses regarding the development of the Shanghai Cooperation Organization in the next ten to twenty years.

The first is "inertial evolution". The Shanghai Cooperation Organization will continue to develop in accordance with its basic trajectory as in its first decade. Mutual cooperation among members, observers, and dialogue partners will deepen, but practical cooperation in such fields as security, economy, and culture will not be balanced. Each participant will join other international mechanisms, not considering the SCO as a priority. The SCO's geographical scope will slowly expand along with a decline in efficiency in decision-making and implementation. The SCO will co-exist with other international and regional organizations of Eurasia, with healthy system competition. Sino-Russian common interests will transcend their differences on specific issues, and the two countries will continue to maintain coherent regional policies.

The second is "obvious decline", that is, the SCO becomes unable to play its proper role in the central Asian region, or even becomes marginalized and empty. The main presumption of this

scenario is that China and Russia, as the twin engines of the SCO, are no longer synchronized, their competition exceeds cooperation and therefore directly restricts the progress of the SCO. Russian Prime Minister Vladimir Putin in 2011 called for the establishment of a “Eurasian Union”, that is, a commonwealth of inter-state integration on the part of some former Soviet republics. If this concept is implemented, it might negatively affect the current, harmonious Sino-Russian relationship.²⁸

The third is “new opportunities”, that is, to effectively integrate internal resources within the SCO, its production capacity, and its market in order to form real, practical manufacturing industry chains. Moreover, all members will achieve positive progress in fields including politics, security, and cultural cooperation. All members will have a strong collective Eurasian identity. The geographical scope of the SCO will continue to expand and its influence will no longer be confined to the central Asian region, but will reach East Asia, South Asia, and the European part of the post-Soviet space.

No matter in which direction the SCO goes, it cannot avoid the core question of how China and Russia will construct their relations within the SCO. The pattern of interrelationships between the SCO and the Russia-dominated Central Asian integration organizations (such as the CSTO, the EEC, the Customs Union, the unified economic space of Russia, Belarus, and Kazakhstan, and even the concept of the Eurasian Union) in the future may have the following four forms:

First, in opposition. Russia has not publicly indicated priorities in its foreign policies regarding Russia-led regional integration organizations and the SCO. However, since the establishment of the SCO, before or after every summit, Russia has convened summits of the CSTO in order to consolidate its positions with Central Asian countries. For Russia, the SCO repeats the functions of the

28. The second Sino-Russian section of the Valdai International Discussion Club was held jointly by the Russian News & Information Agency RIA Novosti and the Center for Russian Studies, East China Normal University, on 3–4 Dec 2011 in Shanghai. The Russian outline first explicitly proposed this union, which caused heated discussion. Meanwhile, this chimes with certain concerns within academic circles both in China and Russia concerning how the SCO will cope with other Central Asian integration mechanisms in the future.

CSTO. China's presence in Central Asia has a serious impact on Russia's traditional influences. Due to the gradually widening gap in strength between China and Russia, Russia will never allow China to supplant its role in Central Asia. These, either within the SCO or within the CSTO, disputes have already arisen regarding China-led or Russian-led security models. Either would compete with the other.

Second, in parallel existence. The CSTO and the SCO are different types of organizations. The SCO is increasingly evolving towards a sort of discussion club in a broad sense. The existence of the SCO has not yet affected Russia's cooperation with Central Asian countries within the framework of the CSTO. In other words, for Russia, cooperation between China and Central Asia within the SCO is controllable. The CSTO is more likely to become an independent actor on the international stage than the SCO. Russia will play the SCO as a card containing both China and the West, while actually the SCO will turn into a Russia-led integration organization by means of Russia's delicate manoeuvring.

Third, mutual complementarity. Because of China's presence within it, the SCO will grow in political influence. Nevertheless, in terms of mutual coordination among its members, it will not be comparable with the CSTO. Although different in levels of integration, the SCO and Russia-led integration in Central Asia will complement each other. Both sides will cooperate on specific issues, rather than make vague political statements.

Fourth, consolidation and restructuring. Mechanisms such as the SCO, the CSTO, and the EEC will be regarded as cooperation among members under two friendly frameworks. Over time, they will be merged into one organization, in order to avoid duplication.

In my opinion, the first model overstates Sino-Russian competition while the fourth is too idealistic. The interactive relationship between the SCO and Russian-led regional integration mechanisms falls more between parallelism and complementarity. The relationship will mainly depend on Russia's strategies towards China and Central Asia.

Each scenario listed above has its own rationale, while the SCO's real evolution in the future may be that promoted through

a mixture of some factors of each scenario. To consider the SCO's future development path, what should first be recognized is the Shanghai spirit which so far has been the SCO's most important moral basis. As a felt force, its role should never be overlooked or underestimated. In the future, whether the SCO evolves according to the "inertial evolution", the "new opportunities", or the "obvious decline" scenario above all depends on whether the Shanghai spirit will continue to serve as a guideline for each member state. For China, it would be a good strategic option to promote the SCO's spirit of cooperation, with the object of establishing a harmonious Central Asia region, and achieving a stable, coordinated, multipolar structure, following cooperative principles of multilateralism and aiming at a common goal for Central Asia's peace, stability, and sustainable development.

Part 3: The SCO and Central Asia

Friendship with Moderation

The Central Asian Point of View on the SCO

Marlene Laruelle and Sebastien Peyrouse

The Shanghai Cooperation Organization (SCO) is a much discussed and studied international organization, a fact that stands in total disproportion to its real levels of activism. All the debates on the state of Chinese and Russian relations, on China's rise to power on the international scene, on the emergence of a new world order stamped by anti-American alliances, feel obliged to mention the SCO. This can be explained for the most part by the fundamentally new character of the organization: it is the only multilateral organization that has been set up by China; it gathers together regions of the world that were practically in open conflict only a few decades ago; it encompasses three-fifths of the Eurasian continent and a quarter of the world's population; and it gives off the image – whether true or false – of being an anti-Western organization, challenging U.S. supremacy in the heart of the Eurasian continent.¹ Granting associated member status to Mongolia, Iran, India, and Pakistan in 2004–2005 thrust the SCO even more into the media spotlight. However, beyond its rhetoric of cooperation and declarations of good intentions, the young organization is not without many difficulties.

Its member states often have very divergent interests, some of which bring into question its mid- to long-term credibility. While the Central Asian official declarations proclaiming the need to maintain friendly relations with Beijing have been unanimous, this

1. S. Hanova, "Perspectives on the SCO: Images and Discourses", *The China and Eurasia Forum Quarterly*, Vol. 7, No. 2 (2009), 63–82.

has not been the case among the Central Asian experts and academic specialists, who present more variegated and critical viewpoints. Almost all of them express concern about the silence cultivated by the authorities in relation to China, and do not hesitate to condemn their lack of good will in not providing more detailed information about Chinese activities in Central Asia. They are concerned about the atmosphere of suspicion – generated precisely through the dearth of information – that surrounds the topic of China in public opinion, and argue that if the issue does not receive adequate expression, it will only contribute to increasing social tensions. The discourse that has been developed by Central Asian expertise on the SCO's role in the region is therefore a complex one.²

The SCO's Desperate Search for Some Shanghai Spirit

Since its inception, the SCO has regularly announced that it does not oppose any other organization or foreign state. However, it quickly emerged as a virtually anti-Western organization. It was founded during the NATO attacks against Serbia and the bombing of the Chinese Embassy in Belgrade, which raised the ire of Moscow and Beijing. In 2000, the Dushanbe Declaration asserted that the organization was against any intervention undertaken without United Nations approval and any interference in a states' internal affairs under the pretext of defending human rights, a direct reference to U.S. policy in the region. This anti-Western orientation became clearer at the Astana summit in July 2005, when the SCO demanded that the United States limit the duration of its military presence in Central Asia. After Andijon, Tashkent insisted that Washington close the base at Karshi-Khanabad, which Washington did in November of that year.³ Though Russia is often accused by Western pundits of wanting to see the U.S. Manas base in Kyrgyzstan closed, the Chinese authorities seem just as intent on ending that American presence on their borders. They allegedly

2. More in M. Laruelle, and S. Peyrouse, *The "Chinese Question" in Central Asia. Domestic Order, Social Changes, and the Chinese Factor* (London, New York: Hurst, Columbia University Press, 2012).

3. G. Gleason, "The Uzbek Expulsion of U.S. Forces and Realignment in Central Asia", *Problems of Post-Communism*, Vol. 53, no. 2 (2006), 49–60.

offered financial compensation to the Kyrgyzstani state for any revenue loss incurred by the base's closure.⁴

China and Russia both share a similar commitment to fight against Western influence in Eurasia and claim that they are victims of a containment policy pursued by Washington's establishing friendly regimes via colour revolutions.⁵ They also have the same view of the dangers that they face in Central Asia, deemed a potentially unstable area with risks of Islamism, state failure, and drug trafficking. For this reason, Beijing, like Moscow, gives its support to local authoritarian regimes, arguing that they are the last guarantors of stability and secularism. These regimes have all adopted similar interpretations of the Chechen issue in Russia, the Tibetan and Uighur issues in China, and the Islamist risk in Central Asia. Nevertheless there have been several SCO policy fits and starts. After 9/11, 2001, China was offended by Moscow's and the Central Asian regimes' agreement to cooperate with the United States in Afghanistan. Nonetheless, since 2003, the atmosphere once deemed conducive to cooperating with the West has vanished. Although SCO statutes formally prohibit any interference in the internal affairs of members, the shock waves sent into the post-Soviet space by the colour revolutions and the Andijon events in May 2005⁶ helped to revive political ties between the SCO member states. However, Moscow's recognition of the independence of South Ossetia and Abkhazia in August 2008 caused confusion in China, and angered Central Asian authorities, which made calls for former Soviet borders to be preserved and for the propagation of secessionist movements to be limited. China and Central Asia's

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4. According to a cable released by Wikileaks, the United States is allegedly able to prove that China offered the Kyrgyz authorities three billion dollars to close down their base at Manas. See D. Trilling, "China Gives U.S. Base Advice", *Eurasianet.org*, 29 November 2010, www.eurasianet.org/node/62454.
 5. T. Ambrosio, "Catching the Shanghai Spirit: how the Shanghai Cooperation Organization Promotes Authoritarian Norms in Central Asia", *Europe-Asia Studies*, Vol. 60, No. 8 (2008), 1321–1344.
 6. S. Peyrouse, "Le tournant ouzbek de 2005. Éléments d'interprétation de l'insurrection d'Andijan", *La Revue internationale et stratégique*, no. 64 (2006), 78–87; N. Megoran, "Framing Andijon, Narrating the Nation: Islam Karimov's Account of the events of 13 May 2005", *Central Asian Survey*, Vol. 27, No. 1 (2008), 15–31.

refusal to recognize the new states disappointed Moscow, which had sought the unwavering support of its SCO allies.⁷

The question of Chinese influence on the Central Asian political regimes ought to be confronted. Western observers often tend to overestimate Beijing's ability to direct Central Asian political choices. However, with the exception of the Uighur diaspora, on which, indeed, the Chinese authorities bring their full weight to bear, the Central Asian regimes remain as impermeable as possible to Chinese political influence. Their choice in favour of an increasingly authoritarian politics, even if it is evidently influenced by the regional situation, nonetheless cannot be explained by this proximity. It cannot be assumed that Kazakhstan, Tajikistan, Uzbekistan, and Turkmenistan are in fact spontaneously democratic but have become "victims" of Russian and Chinese authoritarian pressures. The proof of this is Kyrgyzstan, a country which has managed to uphold a certain ideological liberty and authorizes the expression of a diversity of viewpoints, without Beijing's being able or wanting to prevent this. Even Moscow's influence, although much more manifest in this domain than China's, is unable to explain the choices of the Central Asian regimes, choices which are driven by domestic issues and local political culture. Though the SCO really is an alliance of authoritarian regimes, with the mitigated case of Kyrgyzstan, it is more a matter of an axis of convenience than of an influence of the stronger over the weaker.

Moreover, although the SCO undeniably attempts to counter Western influence in Eurasia, no member state wishes to pursue an aggressive policy aimed directly against U.S. interests or causing a slowdown of its integration into the international community.⁸ China cannot afford to be declared a "rogue state" by Washington, as its economy is now too dependent on its relations with the

7. M. Katz, "Russia and the Shanghai Cooperation Organization: Moscow's Lonely Road from Bishkek to Dushanbe", *Asian Perspective*, Vol. 32, No. 3 (2008), 183–187; S. Peyrouse, "Facing the Challenge of Separatism: The EU, Central Asia and the Uighur Issue", *EUCAM Brief Paper*, no. 4, January 2009, www.eucentralasia.eu/fileadmin/user_upload/PDF/Policy_Briefs/Policy-Brief-4.Peyrouse.pdf.

8. A. Iwashita, "The Shanghai Cooperation Organization and Its Implications for Eurasian Security: A New Dimension of 'Partnership' after the post-Cold War Period", *Slavic Eurasia's Integration into the World Economy and Community* (Hokkaido: Slavic Research Center, Hokkaido University, 2004), 259–281.

United States. The Central Asian states seek to keep contacts with the West in order to weaken both Moscow and Beijing. Despite the rise of anti-American sentiment among Central Asian elites, all consider a Western presence in the region a means to guarantee stability, and agree that the exclusive, dual grip of Russia and China is dangerous.⁹ For its part, Russia seeks to signal to the West that it has geo-political alternatives if the European Union and the United States oppose its objectives, without calling for a rupture of its partnership with the West. For Moscow, the SCO can be seen as an extension of the “Primakov doctrine”, which sought to reorient Russian foreign policy towards Asia, and to strike a balance between East and West. Given this state of affairs and the interests of its members, the SCO does not appear to pose a direct threat to Western interests, despite the refusal of its U.S. request to be granted the status of associated member.¹⁰

Whereas it originally focused on security questions, the SCO has quickly formed many commissions and forums devoted to economic, financial, and investment questions, but also to the environment and cultural exchanges. This activism has earned it increased visibility, but has also worked to accelerate the dissolution of its security objectives while failing to yield any new, well-defined priorities.¹¹ Each member state therefore tries to promote its own interests, which are often very divergent from those of its neighbours. The differences in prospects for economic development, in domestic fragility, and in geo-political strategies broadly influences the perceptions harboured by each of the states and their expectations of the SCO. For Russia, the organization obliges China to play the card of multilateralism and allows Moscow to curb Beijing’s ambitions without directly confronting its growing influence in the Central Asian region. For China, the SCO has made it possible to institutionalize its legitimacy in the region. With this done, it can go about playing on the contradictions be-

9. K.L. Syroezhkin, *Problemy sovremennogo Kitaia i bezopasnost' v Tsentral'noi Azii* (Almaty: KISI, 2006).

10. A.J.K. Bailes, P. Dunay, P. Guang, and M. Troitskiy, “The Shanghai Cooperation Organization”, *SIPRI Policy Paper* no. 17, May 2007.

11. H. Zhao, “The Shanghai Cooperation Organization at 5: Achievements and Challenges Ahead”, *The China and Eurasia Forum Quarterly*, Vol. 4, No. 3 (2006), 105–123.

tween member states and lobby groups without the risk of being accused of expansionism. For the Central Asians, the organization serves as a buffer: it can mediate disagreements peacefully and channel competition between the two dominant powers for more advantageous solutions.

Divergent State Interests and Visions of the SCO

An implicit hierarchy has therefore taken shape, despite avowals about equality among member states. At the first level, Russia and China dominate the SCO's international visibility: through it both powers negotiate their relation to Central Asia but also their international positioning in favour of a multi-polar world, and the organization's relations with other regional and international institutions. At a second level, Kazakhstan joins this duo to form a dominant trio. The Moscow-Astana-Beijing trio is in charge of promoting the organization among the observer states, as well as in the other parts of the post-Soviet space (through their overlapping membership in several regional organizations, such as the CSTO or the Eurasian Economic Community, EEC). It is also pushing the SCO to take a more economic focus, since Kazakhstan is one of the region's energy leaders and also constitutes the territorial link between Russia and China. Astana is at an advantage whenever the SCO seeks to promote a nuclear-weapons-free world. While Russia and China appeal for the world to avoid nuclear proliferation, neither country is ready to call its atomic status into question, and the issue is a sticking point for the three main observer countries (Iran, Pakistan, and India). In Kazakhstan, on the contrary, denuclearization has been a complete success. Astana plays this hand to its fullest, as it did, for example, during the nuclear security summit in Washington in April 2010, or with Nursultan Nazarbayev's proposal to elaborate a universal declaration for a denuclearized world.¹² At the third level are Uzbekistan, Kyrgyzstan, and Tajikistan, the first for being a rebellious member against any collective activities, the other two for their internal weaknesses. The leaders of these three

12. "Nazarbayev calls on countries to adopt universal declaration on nuclear-free world", Interfax, 26 August 2010; RIA Novosti, 1 December 2010, en.rian.ru/world/20101201/161573340.html.

countries participate much less in the SCO activities that attract international visibility or in the large-scale energy projects, and appeal to the organization to return to its initial aims, namely regional stability, and the fight against terrorist threats.

China constitutes the main driver behind the SCO orientation towards economics, in which it sees, among other things, an opportunity for the development of the “Far West” and the conquest of new markets. Since 2002, Beijing has proposed to make the SCO a free trade zone that would be the largest in the world with more than 1.5 billion people. At a 2003 summit, the SCO prime ministers signed an agreement on multilateral trade and economic cooperation. In 2004, four working groups were formed for electronic commerce, customs, inspection of goods and harmonization of standards, and cooperation in investment. However, this Chinese dynamic toward a common market is far from being unanimously accepted. Moscow as well as the Central Asian states fear that they will be subsumed in a kind of Chinese economic protectorate, given the development and growth differential. In the post-Soviet space, where industries have never recovered from the collapse of the Soviet Union, those that still exist cannot compete with the profitability of their Chinese competitors. Russia and Central Asia are thus not interested in forming a free market with China, but they privilege the energy sector and Chinese investment capacities, in which they see an alternative to their more demanding, Western partners. The setting up of a transport corridor between China and Europe via Russia and Central Asia, export agreements for electricity, and the transit of hydrocarbons thus elicits the interest of all member states,¹³ even if Sino-Russian competition for Central Asian gas could grow.

Uzbekistan occupies a specific position since it is the only member state to have declared its reluctance to engage in any multilateral cooperation and to have refused to envisage, even symbolically, any loss of sovereignty. Islam Karimov’s regime regularly refuses to participate in SCO joint military exercises,

13. V. Paramonov and A. Stokov, *Ekonomicheskoe prisutstvie Rossii i Kitaa v Tsentral’noi Azii* (Swindon: Defence Academy of the United Kingdom, Conflict Studies Research Center, Central Asian Series, 07/12, 2007).

and often only sends observers to them, or a few participants from the security services, but not the regular army. Tashkent does not conceal its discontent at the SCO's cautiousness. Moscow and Beijing are criticized for refusing to tackle basic problems, such as the question of water management, and for not voicing themselves in favour of the Uzbek stance. Only the activities of the RATS, as it is based in the Uzbek capital city and centres on questions of anti-terrorism, seem to find Tashkent's favour. Uzbekistan's strategy is thus to use the SCO as a multilateral platform in which it requests a reinforcement of actions that go in its own favour: the anti-terrorist struggle, and the settling of tensions related to hydroelectricity. The other SCO components are discreetly put to one side, such as the debates on economic integration, as they go directly against Uzbek isolationist logic. The Uzbek regime also interprets the declarations which present the SCO as a "rampart" against Western influence in accordance with its geo-political strategy of the moment: either such pronouncements are deemed to be in line with its own anti-Western stance, or else they are denounced as Russian interference and American interest is solicited.¹⁴

Kyrgyzstan and Tajikistan have similar positions when it comes to their expectations of the SCO. During official meetings, Dushanbe and Bishkek complain of the growing lack of interest in security questions, despite the centrality of these matters for both of them, given their domestic instability. The governments of Tajikistan and Kyrgyzstan could also barely hide their disappointment during their wrestling with Tashkent over water management, since neither Moscow nor Beijing openly took their side. The SCO's anti-Western rhetoric has sometimes caused Bishkek difficulties, notably over pressures to close the U.S. base at Manas, but this does not prevent the government of Kyrgyzstan from negotiating directly with the United States or the European Union. Thanks to both American and Russian presences on its territory, financial blackmail (the annual rent paid for the two bases) and symbolic blackmail (the change in status of the Manas "base", which since 2009 has officially become a "transit center")

14. On developments in Uzbek foreign policy in 2007–2008, see J. Nichol, *Uzbekistan: Recent Developments and U.S. Interests* (Congressional Research Service, 27 August 2008).

now form part of Kyrgyzstan's foreign policy and guarantee it some room for manoeuvre. Dushanbe is more restricted than Bishkek since the United States has no presence there, Russia dominates on the security level, and the Tajik relationship with Iran makes debate on strategic security evolution even more complex. On the economic level, Kyrgyzstan and Tajikistan are enthusiastic SCO participants. They were the grateful beneficiaries of USD 900 million in credit, offered to them by Beijing, and are able to take plenty of advantage of developments in cooperation over banking and finance, investments for large projects, and SCO study bursaries and training – all essentially at China's initiative. On the military level, the supervision provided by the organization, even if it is more limited than that of the CSTO, offers unique possibilities for training and practical experience for the weak armies of Tajikistan and Kyrgyzstan.

Kazakhstan, for its part, can allow itself both to be a key actor of the SCO and an autonomous, demanding partner. The organization is pointed up in Kazakh discourse, since it is part of its logic of promoting all the regional and international organizations, but Astana does not consider that this membership restricts its own foreign policy choices.¹⁵ The partnership with Russia under the auspices of the CSTO is the more privileged, and Kazakhstan makes no secret of its preference for this institutional framework, which guarantees it low-price Russian military materiel, Russian investment in its military–industrial complex, and the training of hundreds of officers.¹⁶ Kazakhstan is also the most advanced Central Asian country in terms of cooperation with NATO, thanks to its Individual Plan of Action for the Partnership (IPAP).¹⁷ It is the only Central Asian state to have created a peacekeeping force – namely the Kazbat battalion, which has been elevated to a brigade, Kazbrig, and was sent to Iraq from 2003 to 2008 – which it has done in collaboration

15. M. Laumulin, *The Shanghai Cooperation Organization as Geopolitical Bluff? A View from Astana* (Paris: IFRI, Series *Russie. NEI. Vision* no. 36, 2006).

16. S. Peyrouse, "Russia-Central Asia: Advances and Shortcomings of the Military Partnership", in S. Blank (ed.), *Central Asian Security Trends: Views from Europe and Russia* (Carlisle: Strategic Studies Institute, U.S. Army War College, 2011), 1–34.

17. R.N. McDermott, "United States and NATO Military Cooperation with Kazakhstan: The Need for a New Approach", *Journal of Slavic Military Studies*, no. 4 (2008), 615–641.

with NATO under a United Nations mandate. In the years to come, Astana hopes to obtain interoperability status with NATO and this is in spite of its privileged partnership with Russia and its official enthusiasm for the SCO.

On the economic level, Kazakhstan, like Russia, is pushing for the establishment of collective rationales concerning hydrocarbons, electricity, and transit corridors, but rejects Chinese projects for a common market that would abolish customs barriers. Astana is also anxious about the possibility of the yuan becoming the common currency for intra-SCO exchanges.¹⁸ As a result, Kazakhstan has joined forces with Russia and Belarus to request joint entry to the World Trade Organization. This is to the great displeasure of China, which had been hoping for rapid, individual entry for Kazakhstan in order to boost economic exchanges without having to go through Kyrgyzstan, a member of the WTO since 1998. The new Russia-Belarus-Kazakhstan Customs Union which came into effect in July 2010 confirms that Astana's economic orientation privileges Moscow over Beijing, and that the SCO is not seen as the main engine of economic cooperation in the region.

China: A Credible Partner in Matters of Security?

All Central Asian experts profess their astonishment at the rapidity with which China has managed to impose itself on the Central Asian scene. Nevertheless, their viewpoints of the region's place in China's foreign policy are varied. While recognizing that the Caspian Basin is not a priority compared to Taiwan or Japan, some contend that the Chinese authorities see Central Asia as having real strategic interest.¹⁹ Others more modestly maintain that the Chinese objective is less to impose itself on the Central Asian domestic scene than it is to demand loyalty with respect to sensitive questions such as Taiwan, Tibet, and Uighur separatism.²⁰ But irrespective of their particular opinions on the foreign policy of China, all

18 On this point, see E. Madiev, "Perspektivy internatsionalizatsii kitaiskogo iuna v ramkakh ShOS", *Kazakhstan v global'nykh protsessakh*, no. 2, 2010, 124–129.

19. I. Karsakov, "Osobennosti politiki SShA v Tsentral'noi Azii 'Great Game'", *Analytica*, no. 5, 2006, 15, www.analitika.org.

20. M. Imanaliev, "Tsentral'naia Aziia i vneshnii mir", *Institute for Public Policy*, 2 February 2007, www.ipp.kg/ru/analysis/foreign_policy/ (18 March, 2010).

insist on the long-term nature of Chinese geo-political thinking. They remark upon the specificities of Chinese diplomacy, claiming that it is defined by restraint and patience rather than confrontation and the use of force, and that it thus stands in sharp contrast to the more brutal Russian policies.²¹

All experts, particularly those in the weakest countries, namely Kyrgyzstan and Tajikistan, remain positive about China's stabilizing role in regard to security matters, and often unreservedly support its strategic commitments in the region: the more actors present, the best for the region.²² Some argue how much more effective the Chinese border guards are compared to the Central Asian customs officers, who have been corrupted by the drug trade.²³ They also welcome China's genuine efforts to combat Islamism since this leads it to invest in Afghanistan, which can only be of benefit to Central Asia as a whole.²⁴ While the majority of Uzbek experts, whose capacity for public expression is limited, have adopted the official pro-Beijing discourse on the "three evils", Kazakhs, on the other hand, remain rather more sceptical. Konstantin Syroezhkin remarks for instance that Chinese policy in Central Asia is not without ambiguity. Even though Beijing strives to maintain stability, it also discreetly fosters disagreement among Central Asian states. Its aim, he claims, is to prevent the Central Asian states from establishing a common front that might jeopardize the forward march of its interests.²⁵ He thus tends to think that China's multilateral aims in the SCO are deceptive, arguing that all the fundamental questions have been settled through bilateral agreements. Other, more moderate, experts consider that China has always put more emphasis on bilateral relations, but was led to develop a more ambitious policy of multilateralism after the Soviet Union's collapse, and even more pointedly after the suc-

21. Interview with Sukhrob Sharipov, Dushanbe, 26 March 2008.

22. A. Iskandarov, "ShOS: k voprosu o rasshirenii", *Analytica*, no. 1, 2007, www.analitika.org (14 April 2008).

23. Anonymous interview, Bishkek, February 2008.

24. T. Kokchekeyev, cited in "Kitaiskaia ekspansiia v Sredniuiu Aziuu. Igra na operezhenie ili nastuplenie (mnienie ekspertov)", *CentrAsia*, 8 August 2007, www.centrasia.ru (21 May 2008).

25. Syroezhkin, *Problemy sovremennogo Kitaa i bezopasnost' v Tsentral'noi Azii*, 199.

cess of Asian multilateral organizations such as the Association of Southeast Asian Nations (ASEAN).²⁶

Opinion remains more divided, however, as regards China's effective capacity to improve regional security. In a survey conducted in 2006 among thirty Kazakh experts by Adil Kaukenov, only 20 per cent thought that Beijing was going to be a major player in Central Asian security; and 44 per cent declared that over the short term it would not even have the least interventional capacity.²⁷ Also, none of the experts surveyed believed that Chinese policy was fully compatible with Kazakhstan's interests. A large majority among them (three quarters) even reckoned that China's increasing geo-political influence would have contradictory effects and basically run counter to the interests of the Central Asian republics.²⁸ The issue of China's potential military presence in Central Asia is a particularly sensitive one. The idea is widely decried in the media, above all in Kazakhstan, and in populist books, many of which promulgate alarmist perspectives on the Chinese military's purportedly hidden presence in the region.²⁹ Several experts also have expressed direct concern about Chinese military power. They see Chinese military reforms and Beijing's massive investment in military technology as being of major concern and as something Central Asian governments should follow closely.³⁰ The build-up of military forces in the Lanzhou region, for example, is said to be more than three times as massive as the combined forces of the Kazakh army.³¹ Last, the issue of the use of nuclear arms in

26. S.K. Kushkumbayev, "ShOS i bezopasnost' Tsentral'noi Azii", *Kazakhstan-Spektr*, no. 4, 2006, 19.

27. V.F. Galiamova and A.S. Kaukenov, "Aktual'nye voprosy razvitiia kazakhstanskokitaiskikh otnoshenii", *Kazakhstan v global'nykh protsessakh*, no. 1, 2006, p. 107.

28. A. Abdrakhmanov and A. Kaukenov, "Otnosheniia Kitaia i stran Tsentral'noi Azii glazami kazakhstanskikh ekspertov", *Kazakhstan v global'nykh protsessakh*, no. 3, 2007, p. 123.

29. For instance A. Retivyykh, *Voina za mirovoe gospodstvo* (Almaty: Galym, 2006).

30. Interview with Muratbek Imanaliev, Bishkek, 14 February 2008.

31. E. Aben, "Kazakhstansko-rossiiskie otnosheniia: faktory 'za' i 'protiv'", *Tsentral'naia Azia i Kavkaz*, no. 3, 2000, www.ca-c.org/journal/cac-09-2000/03.Aben.shtml (19 March 2007).

Xinjiang is not yet resolved, with the Chinese still performing tests on short- and mid-range weapons at the Lob Nor test site.³²

Kaukenov's survey also revealed that 50 per cent of experts placed Russia as their country's number one partner, ahead of the United States and China, while none placed China first.³³ Indeed the majority of all Central Asian specialists we interviewed claimed that the only partner who would really be willing to accept the political and financial burden of a military intervention in case of serious destabilization was Russia. They held it to be most improbable that the Chinese armed forces might try to use the auspices of the Regional Anti-Terrorist Center – which they view as an empty shell, with virtually no efficacy – to intervene in Central Asia.³⁴ No one went so far as to call for the creation of a Chinese military base on national territory. Even those who saw China as a necessary counterweight to Russia claim that the arrival of Chinese troops on Central Asian territory would be opposed by the local governments and would provoke violent reaction among the population.³⁵ Only a handful of Kyrgyz experts, such as the then pro-Rector of the Diplomatic Academy of Kyrgyzstan, Murat Suyunbayev, actually envisaged the arrival of Chinese troops in case of serious conflict with Islamist groups. He also argued that Kyrgyzstan should be turned into a training centre for anti-terrorist combat in which not only Russia and China but also the West might participate.³⁶ Direct intervention by the Chinese authorities following a political destabilization in any one of the Central Asian states is considered to be a serious risk to Kazakhstan's geopolitical security.³⁷ Although there is no official information available on this issue, very many experts say privately that too much intelligence exchange between the Chinese and Central Asian secret services might well backfire

32. Abdrakhmanov and Kaukenov, "Otnosheniia Kitaia i stran Tsentral'noi Azii glazami kazakhstanskikh ekspertov".

33. Ibid., p. 121.

34. Galiamova, Kaukenov, "Aktual'nye voprosy razvitiia kazakhstansko-kitaiskikh otnoshenii", p. 117.

35. Interview with Adil Kaukenov, Almaty, 29 February 2008 and 28 September 2010.

36. M. Suiunbaev, "Vneshniaia politika Kyrgyzstana: nelegkii vybor", *Analytica*, December 16, 2006, (November 17, 2008).

37. T. Zhukeev, and N. Kasenova, "Prioritety vneshnepoliticheskoi orientatsii Kazakhstana", *Analytica*, 14 January 2007, www.analitika.org (November 17, 2008).

on national interests. They also state their belief that the Chinese secret services are already too well established in Central Asia.³⁸

The SCO – A Balancing Act for or against Central Asia’s Interests?

The SCO is by far the topic that Central Asian expertise most often treats. The overall opinion of it is very positive. It is the main regional organization to which four of the five Central Asian states belong and which is not limited to the post-Soviet space, and the one which the international media focus most on. Despite the profuse number of publications relating to the SCO, Central Asian experts contend that the major issue concerning the relationship with China is not multilateral but bilateral. Questions about the organization’s future revolve around three major axes. Does the SCO function solely as an instrument to promote Chinese interests or is it designed to help address Central Asian problems? Will the balancing act between Moscow and Beijing continue, and if so, will it enable Central Asia to increase its autonomy or does it thereby risk becoming a dominion of the Russians and Chinese? Is the anti-Western direction of the organization an asset of stability or is it liable to cause destabilization in the region?

Central Asian experts dismiss simplistic Western critiques that cast the SCO as the precursor of a future supranational political or military–political organization on the model of the defunct Warsaw Pact. They remind us that neither Russia nor China desires to give up their national sovereignty. On the other hand, whatever direction the organization takes in the coming years, a large majority of experts state that Central Asia will have little influence over it. Only a little more than 10 per cent of the Kazakh experts interviewed by Adil Kaukenov in 2006 considered that Central Asia would be able to determine the development of the organization in the coming decades. Conversely, more than 60 per cent stated that the SCO’s future would be decided by direct negotiations between Moscow and Beijing, irrespective of the Central Asian viewpoint.³⁹ On this issue researchers in Tajikistan and Kyrgyzstan again seemed more

38. For safety reasons, remarks made about this question have been kept anonymous.

39. V.F. Galiamova and A.S. Kaukenov “Aktual’nye voprosy razvitiia kazakhstansko-kitaiskikh otnoshenii”, *Kazakhstan v global’nykh protsessakh*, no. 1, 2006, p. 115.

enthusiastic than their counterparts in Kazakhstan and Uzbekistan, and stated that their countries had everything to gain from the development of an SCO fostered by the Russian and Chinese giants.⁴⁰

In Kazakhstan, the SCO arouses even less enthusiasm. The majority of experts doubted the effectiveness of the organization, especially as an instrument for tackling the important questions that Central Asia faces.⁴¹ The absence of any binding foreign policy agreement between member states, as well as potential conflicts of interest, is regularly cited as reasons that speak against the organization.⁴² An expert from the Al-Farabi National University, Gulden Zholamanova, has argued that the SCO's declarations of intent are all well and good, but that only the specialized commissions designed to strengthen cooperation in specific areas are of any real efficacy.⁴³ Konstantin Syroezhkin similarly contends that the SCO's capacity for action is essentially limited to declarations of intent, arguing that the more the organization develops, the more it is confronted with multiple problems such as the question of enlargement, rates of unequal development between member states, and the competition, or indeed antagonism, between Russia and China.⁴⁴ These multiple inconsistencies are further evidence that the SCO has been unable to establish any sort of unified approach to the priorities of its member states.⁴⁵

Nearly all experts accuse the SCO of talking too much and doing too little, an observation that is made to Western countries and Russia, but never to China as a bilateral partner. Its refusal to become a discussion platform for the water management issue is of

40. A. Iskandarov, "ShOS: k voprosu o rasshirenii", *Analytica*, no. 1, 2007, www.analitika.org (14 April 2008).

41. Abdrakhmanov and Kaukenov, "Otnosheniia Kitaia i stran Tsentral'noi Azii glazami kazakhstanskikh ekspertov", 119–129.

42. K.B. Sher'iazdanova, "ShOS v Tsentral'noi Azii", in *ShOS v poiskakh novogo ponimaniia bezopasnosti* (Almaty: IIMP, KISI, IWEP, 2008), p. 60; E.N. Orazalin, *ShOS: osnovy formirovaniia, problemy i perspektivy. Puti sovershenstvovaniia mekhanizmov sotrudnichestva* (Almaty: IWEP, 2007), 93–106.

43. G. Zholamanova, "Rol' ShOS v uregulirovanii transgranichnykh rek mezhdru Kazakhstanom i Kitaem", *Analytica*, no. 1, 2007, 34–42, www.analitika.org (12 April 2008).

44. K.L. Syroezhkin, "Rossiia i Kazakhstan v ShOS: problemy i perspektivy", *Analytica*, 18 December 2006, www.analitika.org (20 March 2007).

45. K.L. Syroezhkin, "Sammit ShOS: ozhidaniia i real'nost'", *Analytica*, no. 5, 2007, 9–19, www.analitika.org.

big concern to Astana, Dushanbe, Bishkek, and even to Tashkent, as all governments have raised this issue as being a potential element of regional conflict. The issue is often presented as the reason for the organization's future historical failure.⁴⁶ This refusal is explained both by Beijing's fear of having to take sides for one state and against another, but also by its not wanting to have the issue of Sino-Kazakh cross-border rivers return to the limelight.⁴⁷ Beijing is also often held as solely responsible for the SCO's refusal to look into questions of human security in Central Asia, especially migration issues. Central Asian experts are therefore critical of the real will of member states to put "explosive subjects" on the discussion table: By dint of fostering consensus, the SCO is liable to lose its ability to influence future developments.⁴⁸

The great majority of Central Asian experts agree in recognizing that since 2007–2008 the SCO has been going through a form of "growth crisis". Some consider that this stagnation was born of an interpretive error. Having attained its goals, the SCO is always unlikely to elaborate other, more complex mechanisms. According to Konstantin Syroezhkin, for example, the SCO's only functions were to settle the question of border disputes and neutralize the Uighur diaspora; to build relations of trust between member states and to regulate Sino-Russian dialogue; and to supervise China's rise in economic power; all objectives that were attained successfully.⁴⁹ All the other domains fall under bilateral relations with Beijing, or amount to geo-political speculations about the SCO security missions, which are deemed to have no more than a declarative, rhetorical value. For others, the SCO is a mechanism with a merely defensive, anti-NATO function. It is therefore no

46. M.A. Olimov, "Ispol'zovanie vodnykh resursov v Tsentral'noi Azii: problemy i ugrozy", in *ShOS v poiskakh novogo ponimaniia bezopasnosti*, 73–74.

47. Interview with Sanat Kushkumbayev, researcher at Kazakhstan's Institute of Strategic Studies, Almaty, 1 October 2010; and with Guzel Maitdinova, the director of the Chair of International Relations at the Slavic-Russian-Tajik University and a specialist on China, Dushanbe, 26 June 2010.

48. Criticisms expressed by Central Asian participants to the 9th Conference of Shanghai Cooperation Organization, Shanghai International Culture Association, Shanghai Center for International Studies and the Center of SCO Studies at the Shanghai Academy of Social Sciences, Shanghai, 17–19 July 2009.

49. Interview with Konstantin Syroezhkin, Almaty, 29 September 2010.

surprise that the organization is stagnant, since NATO does not “threaten” to expand further east and since American interests in Central Asia have become less significant.⁵⁰

However, it is on the level of security that the SCO’s competencies are the most discussed, and the events in Tajikistan and Kyrgyzstan in 2009 and 2010 have, of course, reinforced this tendency. The gap between the organization’s official discourse on the fight against “non-traditional dangers” and the – quasi-non-existent – mechanisms in place to enable collective or at least concerted action constitute the main component for the disillusionment of Central Asian experts. Except for a few people who state that the SCO has the potential to replace the international coalition in Afghanistan, such as Alexander Knyazev in Bishkek⁵¹ and Viktor Dubovitskiy in Dushanbe,⁵² others criticize its lack of common will in spite of its increasingly active rhetoric on the “Afghan question”.⁵³ They all doubt the will of the Russian and Chinese armed forces to work together even in a defensive form, such as, for example, by forming brigades to monitor the Central Asian borders against drug trafficking. According to them, it would be naive to expect anything whatsoever from the SCO on the Afghan question: each member state is developing bilateral economic relations with Kabul but nobody wants to get more directly involved, and not in a collective way.⁵⁴

China’s position within the SCO also raises numerous questions, and opinions on this issue diverge accordingly. The majority of experts agree that the organization’s statutes make it impossible to stop Chinese expansion in the region but that at least they provide

50. Interviews with Murat Suyunbayev, Bishkek, 3 July 2010, and Iskander Firouz, Dushanbe, 14 June, 2010.

51. A. Knyazev, “Afganskaia voenno-politicheskaia real’nost’ i potentsial ShOS”, in *ShOS v poiskakh novogo ponimaniia bezopasnosti*, p. 154; A. Knyazev, “Nuzhen li Shankhaiskoi Organizatsii Sotrudnichestva Afganistan?”, *Knyazev.org*, 23 January 2009.

52. Interview with Viktor Dubovitskiy, Dushanbe, 26 June 2010.

53. A. Paramonov and O. Stolpovskiy, *Kitai i Tsentral’naia Aziia: sotrudnichestvo v sfere bezopasnosti*, *Ceasia*, July 31, 2007, <http://www.ceasia.ru/bezopasnost/kitay-i-tsentralnaya-aziya-sotrudnichestvo-v-sfere-bezopasnosti.html>.

54. Debate between Parviz Mullojanov and Faredoun Khopizoi, Dushanbe, 23 June 2010.

Moscow with possibilities to curb it.⁵⁵ Others have less nuanced views. For them the SCO is an instrument that directly serves Chinese interests and works to justify Beijing's activities in the region in the eyes of the international community.⁵⁶ A professor at the Slavic-Kyrgyz University in Bishkek, Nur Omarov, went so far as to talk of the "Chinese SCO".⁵⁷ Farkhat Tolipov, at the National University of Uzbekistan, suspects the SCO of wanting to become an "Eastern NATO" and compares it to the Holy Alliance of 1815, the objective of which was to maintain the political *status quo* and therefore to work in favour of the major powers.⁵⁸ A researcher from the KISI, Venera Galiamova, has pointed out that SCO treaties will have to be renegotiated in 2020, when China will be able to put even more pressure on its partners.⁵⁹ A highly placed Uzbek official who participated in Uzbekistan's membership process to the SCO in 2001 stated off the record that the fifth founding point of the organization – which stipulates that member states cannot act prejudicially against one another – ought to be revoked: he is concerned about the possibility of Chinese intervention if any state's policy options begin to run counter to Beijing's interests.⁶⁰ According to Konstantin Syroezhkin, the SCO has made it possible for China to institutionalize its legitimacy in the region without being accused of expansionism.⁶¹

In spite of the fact that all the Central Asian experts support Moscow's presence in the SCO and refuse to envisage any head-on clashes with Beijing in Russia's absence, their opinions diverge when it comes to the positive or negative value of the Russo-Chinese

55. Interview with Nurbek Omuraliev, Bishkek, 22 February 2008.

56. Iskandarov, "ShOS: k voprosu o rasshirenii".

57. N. Omarov, "Tsentral'naia Aziia: vmeste ili porozn'? Pliusy i minusy regional'noi integratsii", *CentrAsia*, 19 March 2007, <http://www.centrasia.ru> (10 April, 2008).

58. F. Tolipov, "The SCO from the Central Asian Perspective", in B.K. Sultanov and M. Laruelle (eds), *Tsentral'naia Aziia i Kitai: sostoianie i perspektivy sotrudnichestva* (Almaty: KISI, 2008), 71–82.

59. V.F. Galiamova, "Politika i interesy Kitaia", in B.K. Sultanov (ed.), *Politika i interesy mirovykh derzhav v Kazakhstane* (Almaty: Friedrich Erbert Stiftung, 2002), p. 133.

60. Anonymous interview, Tashkent, March 2008.

61. K.L. Syroezhkin, "Rossiia i Kazakhstan v ShOS: problemy i perspektivy", *Analytica*, 18 December 2006, www.analitika.org (20 March 2007).

partnership. Some of them contend that it represents a balance of forces that plays in favour of Central Asia; others denounce it as a simple mechanism of bilateral domination. An expert at KISI, Murat Laumulin, expresses the concern that Moscow actually discusses the region's future more with Beijing than with the Central Asian governments. Not only is such a tendency disadvantageous to Central Asia's autonomy, but, were the Russo-Chinese partnership to collapse, it would expose the region to a major risk of destabilization.⁶² In this balancing act, many experts point out the difficulties that stand in the way of the SCO's forging a role to rival that of the CSTO, which is perceived to be far better structured and much more effective.

Other experts judge the Russo-Chinese partnership in Central Asia more positively. Maria Disenova and Aitolkyn Kurmanova of the Institute of Economic Strategies in Almaty, for instance, have remarked that Kazakhstan has always had to maneuver between its two neighbours and that history shows this game to be optimal.⁶³ Esen Usubaliyev at the Institute for Strategic Analysis and Forecasting in Bishkek maintains that China will enable Central Asia to set limits on Russian policy, since Beijing has been more accepting of the U.S. military presence in Kyrgyzstan than Moscow.⁶⁴ As such, many experts believe this Sino-Russian arrangement to be optimal, at least for the time being, and note that Beijing at any rate favours maintaining Russian domination in the region.⁶⁵ Farkhad Khamrayev, who works at the Uzbek Ministry of Foreign Affairs, has stated that Beijing is discreetly supporting Russia's anti-American position in order to kill two birds with one

62. M.T. Laumulin, "Geopoliticheskoe polozhenie Tsentral'noi Azii i Kazakhstana na sovremennom etape (2005–2006 gg.)", in *Kontseptsii i podkhody k regional'noi bezopasnosti: opyt, problemy i perspektivy vzaimodeistviia v Tsentral'noi Azii* (Almaty: KISI, 2007), www.analitika.org (19 January, 2008).

63. Disenova, Kurmanova, cited in "Kitaiskaia ekspansiia v Sredniuiu Aziiu".

64. E. Usubaliyev, "Kyrgyzsko-rossiiskie otnosheniia – k voprosu ob otvetstvennosti v mezhdunarodnykh otnosheniakh", *Analytica*, 4 June, 2007, www.analitika.org (29 April 2008).

65. For example, B. Zhiger, and K. Khafizova, "Kazakhstan i Kitai v XXI veke: strategiiia sosedstva", *Analytica*, 21 June 2007, www.analitika.org (1 November, 2008), and interview with Viktor Dubovitskiy, Dushanbe, 27 March 2008.

stone: getting the United States to withdraw from Central Asia, and having Washington blame Moscow for it instead of Beijing.⁶⁶

Nevertheless, despite the apparent cooperation between China and Russia, many researchers question the future of this collaboration and think that the long-term interests of both countries are contradictory.⁶⁷ According to Ablat Khodzhayev, the potential for competition over the control of Central Asian resources is only going to increase,⁶⁸ an opinion that is shared by Ainura Dzhorobekova at the National University of Kyrgyzstan, and Murat Asanbayev in Almaty.⁶⁹ For his part, Konstantin Syroezhkin surmises that one day Russia will have to choose between the West and Beijing.⁷⁰ Other researchers, such as Adil Kaukenov, hope that Moscow will prevent Beijing from entering into the domain that has hitherto been closed to it. The vast majority of experts hold this opinion; they believe that Russia will do everything in its powers to curb Chinese expansion.⁷¹ They dismiss the idea that a real partnership could develop between the SCO and the CSTO, since they do not believe that it is in Moscow's interest to merge an efficient organization over which it has total control with the SCO.⁷²

From a Central Asian viewpoint, another major issue concerning the SCO relates to Central Asia's attitude to the position that the West, and especially the United States, occupies in the region. The SCO's anti-Western overtones thus tend to be evaluated positively or negatively depending on the specific political

66. F. Khamrayev, "ShOS v formirovanii sistemy regional'noi i global'noi bezopasnosti", *Kazakhstan v global'nykh protsessakh*, no. 1, 2005, p. 75.

67. E. Orzaliyev, "Perspektivy ShOS v kontekste sotrudnichestva v oblasti regional'noi bezopasnosti", *Analytic*, no. 4, 2006, p. 27.

68. A. Khodzhayev, *Kitaiskii faktor v Tsentral'noi Azii* (Tashkent: FAN, 2007), p. 54.

69. A.E. Dzhorobekova, "Tsentral'naia Aziia na perekrestke strategicheskikh interesov Kitaia i Rossii", *Voprosy istorii Kyrgyzstana*, no. 4, 2007, 38–41; M. Asanbaev, "Politika Kitaia i Rossii v Tsentral'noi Azii v ramkakh deiatel'nosti ShOS", *Analytica*, no. 2, 2007, 32–42, www.analitika.org.

70. Syroezhkin, *Problemy sovremennogo Kitaia i bezopasnost' v Tsentral'noi Azii*, p. 278. See also K.L. Syroezhkin, "Rossiia i Tsentral'naia Aziia: problemnye uzly", in *Kazakhstan i Rossiia: perspektivy strategicheskogo partnerstva* (Almaty: KISI, 2007), www.analitika.org (10 April 2008).

71. Interview with Bektas Mukhamedzhanov, Almaty, 5 March 2008.

72. K.L. Syroezhkin, "Novaia arkhitektura bezopasnosti v Tsentral'noi Azii", in Sultanov, and Laruelle, *Tsentral'naia Aziia i Kitai: sostoianie i perspektivy sotrudnichestva*, pp. 55–62.

convictions of each expert. The most pro-Russian complain about Western interference, whereas those of more Western-oriented sensibilities worry about the disappearance of American power in the region. For example, the Vice Director of the Center for Geo-political Studies in Dushanbe, Viktor Dubovitsky, and Leonid Skakovsky, a researcher at the Center of Geo-political Research at the Russian-Kazakh University in Astana, positively welcomes the Russo-Chinese alliance in its desire to counter the United States.⁷³ The Director of the Center for Social Research in Bishkek, Nurbek Omuraliyev, has stated his concern about China's desire to enlist Muslim countries in possibly dangerous anti-U.S. politics.⁷⁴ Numerous Central Asian experts express their apprehension about the deteriorating relationship with NATO and would like to see the European Union and/or NATO obtain observer status so that they could be reassured about the SCO's intentions.⁷⁵ According to Konstantin Syroezhkin, despite the rise of anti-U.S. sentiment among the Central Asian elites in recent years, all experts tend to believe that a Western presence in the region is a guarantee of stability and that it would be dangerous were the Russo-Chinese partnership to have an exclusive grip over Central Asia.⁷⁶

Conclusions

In its fifteen years of existence, the SCO has allowed the Central Asian governments to familiarize themselves with their Chinese neighbour, a neighbour with which historical relations were partially ruptured in the twentieth century. This improved mutual knowledge has materialized in the framework of bilateral exchanges, but the SCO continues to be important in this regard. The proliferation of commissions, forums, and working groups has given rise to an intense diplomatic ballet throughout all sectors, from the more political to the more cultural. Thus, in addition to the

73. Interview with Leonid Skakovskiy, Astana, 5 October 2010, and with Viktor Dubovitskiy, Dushanbe, 24 June 2010.

74. Interview with Nurbek Omuraliev, Bishkek, 22 February 2008.

75. M.T. Laumulin, "Tsentral'naia Aziia, Rossiia i Zapad v usloviakh rosta vlianiia Kitaia v regione", in Sultanov, and Laruelle, *Tsentral'naia Aziia i Kitai: sostoianie i perspektivy sotrudnichestva*, pp. 41–54.

76. K.L. Syroezhkin, "Rossiia i Kazakhstan v ShOS: problemy i perspektivy".

official summits at which heads of state and ministers gather, and the military exercises for which officers come together, thousands of Central Asian state employees, experts, and academics have had the occasion to visit China, to be welcomed there with full honours, and to host their Chinese counterparts in return. With the numerous partnerships signed under SCO auspices, the Central Asians' degree of institutional, not to mention of personal, familiarity, with the Chinese world has grown exponentially within the space of a few years. It can thus be said that SCO positives include the gaining of knowledge about the "Other", person-to-person relations, and the forming of – at least partial – relations of confidence.

The SCO and its precursor, the Shanghai Group, have undeniably been successful. They have helped to ease long-standing tensions between the Russian and Chinese worlds, to put in place cooperative mechanisms for border management, and to establish a collective narrative on the common threats they face. But now that this threshold of development and institutionalization has been reached, the organization faces new challenges. Despite its security rhetoric, it is relatively inactive in practice and unable to compete with Russian influence in strategic terms. It cannot be compared to the CSTO structure, which offers real interaction between the general staffs and the army corps, along with the training of soldiers, arms sales, and technological and logistical inter-operability.⁷⁷ SCO activities largely remain at the stage of declarations of intent. A lack of coordination between member states is evident, the desire to exchange information is restrained, the financial resources are far too few, and bureaucratic structures remain too weak. Furthermore, the absence of actual common jurisdiction in most areas and the lack of networks on important matters weaken considerably the scope for potential action. In economic terms, the SCO has failed to compete with the Eurasian Economic Community (EEC) or the Customs Union to guide the development of trade relations between member states – which remain primarily bilateral – or to erase Russian and Central Asian fears of the impending "invasion"

77. A. Frost, "The Collective Security Treaty Organization, the Shanghai Cooperation Organization, and Russia's Strategic Goals in Central Asia", *The China and Eurasia Forum Quarterly*, Vol. 7, No. 3 (2009), 83–102.

of Chinese products. In the coming years, a growing Sino-Russian competition for Central Asian resources – mainly hydrocarbons and potentially uranium, but probably not electricity – could also impede SCO energy-related cooperation.

If the SCO is viewed as a mechanism to reinforce confidence, it has been an historical success. But if it is viewed as an organization that attempts to influence Central Asian security realities, for the time being at least it appears to be no more than a “paper tiger”.⁷⁸ The gap between the organization’s narrative about the fight against non-traditional threats and its mechanisms to enable collective, or at least concerted, action is immense. The SCO does not provide any military guarantees in cases of domestic crisis, but neither does it offer any such structure as a “rapid intervention force” or a collective troop force like that of the Ministry of Emergency Situations in Russia, able to intervene in situations such as natural and ecological catastrophes, sudden populations displacements, refugees, and so on. The SCO has never managed to react to a large-scale crisis within one of its member states: its silence during the events in Kyrgyzstan in 2010 confirmed this, as does its incapacity to offer anything collective to a state that, albeit a non-member, is as strategic as Afghanistan.

An obsession with consensus and with maintaining the *status quo* has in fact hampered the effectiveness of the SCO, and risks delegitimizing it in the future. Since 2008, the organization seems to have entered into a growth crisis. It has not defined any positive long-term goals, has no well-defined priorities, and refuses to discuss divergences in its members’ priorities. The SCO seems therefore primarily to be a reflection of a Chinese willingness to support a so-called “healthy Central Asian order”, free from any of the three evils⁷⁹ and devoid of pro-Western forces that might act to destabilize China. Even if the organization partially limits

78. A. Cooley, “The Stagnation of the SCO. Competing Agendas and Divergent Interests in Central Asia”, *PONARS Memo* no. 85, September 2009.

79. Also called the three extremisms (*sange jiduanzhuyi*). This ideological drive is sometimes called the “Shanghai spirit”. See, for example, M. Oresman, “Catching the Shanghai Spirit”, *Journal of Social Sciences* (Shanghai), no. 12, December 2003, republished on www.foreignpolicy.com/articles/2004/05/01/catching_the_shanghai_spirit.

the room in which the Central Asian states have to maneuver, in particular relative to the West, it provides the established regimes with an ideological framework by which to shore up their legitimacy on both the domestic and international fronts. Where the geopolitical balance is concerned, *Realpolitik* prevails among local experts. All tend to share the conviction that the Central Asian states have to adapt to their Chinese neighbour, regardless of whether or not they view this presence positively. They doubt the SCO's capacity to impact upon the region's security, especially given Russia's predominance in strategic partnerships, and the absence of supranational competencies in the organization. Nor do they entertain any illusions about the long-term solidity of the Sino-Russian partnership, which they think is doomed to fade in the years to come. A majority of them consider that China's advance into Central Asia presents significant risks in the medium term and that it cannot be conceived as being entirely positive for long-term national interests. In one of his most widely distributed articles, Konstantin Syroezhkin sums up this majority opinion well in saying that China remains a *challenge* for Central Asia.⁸⁰

80. K.L. Syroezhkin, "Kitaiskii faktor v kontekste bezopasnosti v Tsentral'noi Azii", *Kazakhstan-Spektr*, no. 4, 2006, 25–30.

The SCO and Prospects for Regional Economic Cooperation in Central Asia

Zhuldyz Tulibayeva and Aigerim Sadvokassova

He who can stand firmly, cannot be upset. He who can lean on another, cannot be overthrown. – Lao-tze

During the ten years since the establishment of the Shanghai Cooperation Organization (SCO), it has achieved significant results in the fields of politics, and security, and with economic and humanitarian issues.

In the sector of political cooperation, agreements were signed to strengthen military confidence among bordering countries and encourage the mutual reduction of military forces in border areas, which has strengthened mutual trust between the SCO member states.¹ During the development of bilateral and multilateral political and economic relations in the SCO the territorial disputes, which were left over by history, have been fully resolved.²

Currently security has become one of the most important spheres of cooperation,³ aimed against the “three evil forces”⁴ of terrorism, separatism, and extremism. On 15 June 2001 when the SCO

1. 上海合作组织 一种新的思维方式和新的安全机制 (Shanghai Cooperation Organization is a new way of thinking and a new security mechanism). Beijing, 2003.
2. Специальный репортаж: ШОС- достижения, вызовы и перспективы (SCO, 2011.06.11), http://russian.china.org.cn/news/txt/2011-06/11/content_22762269.htm.
3. Analysis and forecasting of international strategy and security. 2002/2003. Beijing, 2003. p. 151.
4. Li Bo, ШОС в борьбе с «тремя силами зла» (SCO is in the struggle against “three evil forces”), Interview with the Director of Executive Committee of the RATS Jenisbek Dzhumanbekov, www.kitaichina.com/se/txt/2011-06/09/content_365980.htm.

was established, member states signed the Shanghai Convention against terrorism, separatism, and extremism.⁵ They were the first countries in the world who clearly defined these “three evils”, and who identified specific areas, forms, and principles of cooperation in the fight against them. The SCO was formed before the terrorist attacks against the United States on 11 September 2001. It fully demonstrates the foresight of the SCO’s leaders in countering terrorism.⁶

Economic Cooperation

The SCO was founded on the basis of the Shanghai Five,⁷ which was formed after the heads of Kazakhstan, Kyrgyzstan, China, Russia, and Tajikistan signed the Agreement on the Strengthening of Confidence-building Measures in the Military Sphere in Border Areas (in 1996, Shanghai) and the Agreement on Mutual Reduction of Military Forces in Borderlands (1997, Moscow). Currently there are six member states: China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Moreover, there are now four observers in this organization: Mongolia, Pakistan, Iran, and India. The dialogue partners are Belarus and Sri Lanka.

According to the SCO Charter of 7 June 2002,⁸ one of the most important goals which the organization has is to strengthen mutual trust, friendship, and good neighbour relations and to promote effective cooperation in the political, economic, scientific, technical, cultural, educational, energy, transport, and environmental spheres.

The organization strictly complies with the purposes and principles of the United Nations Charter, stands for the equality of all members, and resolves all issues through negotiation. It is committed to the principles of non-alignment; and stands for the

5. Шанхайская конвенция о борьбе с терроризмом, сепаратизмом и экстремизмом (Shanghai Convention against terrorism, separatism and extremism), <http://medialaw.asia/document/-2056>.

6. ШОС – достижения, вызовы и перспективы (SCO – achievements, challenges and prospects), 2011.06.13, Renmin Ribao (Russian version), <http://russian.people.com.cn/95181/7407482.html>.

7. Sun Zhuangzhi. *中亚新形势和地区安全* (New situation in Central Asia and regional security). Beijing, 2001.

8. SCO Charter of 7 June 2002.

Shanghai spirit,⁹ which consists of mutual trust, mutual benefit, equality, coordination, the respect for the diversity of civilizations, and a search for common development.

Today, the leading aspects of cooperation within the SCO are in the security, and economic sphere. The member states have resolved to strengthen economic cooperation in three phases:

- The first phase – creating a favourable environment for trade and investment; improving methods of cooperation.
- The second phase – strengthening economic and technological cooperation in the interests of all members.
- The third phase – implementing the long-term movement of goods, capital, and technology.

There are several important cooperation mechanisms:

1. Meeting of Ministers of Trade and Economy
2. Meeting of Ministers of Transport
3. Meeting of Ministers of Agriculture
4. Coordination of the SCO Business Council and the SCO Inter-bank Association

The Meeting of Ministers of Trade and Economy was established and conducted for the first time in Shanghai in May 2002. It is the main mechanism for coordinating and promoting regional economic cooperation. At the Meeting it was assigned the important task of implementing the resolutions on trade and economic cooperation adopted at summits and at meetings of Prime Ministers. The Meeting adopted resolutions on the creation of commissions on trade and economics and of special working groups in key areas of cooperation:

1. Customs Working Group
2. Working Group on technical regulations and conformity assessment procedures
3. Working Group on electronic commerce
4. Working Group on investment promotion

9. N. Nazarbayev. ШОС: десять лет истории (SCO: Ten Years of History), *Rossiyskaya gazeta*, federal publication No. 5495 (119), www.rg.ru/2011/06/03/nazarbaev.html.

5. Working Group on the development of transit potential
6. Working Group on energy
7. Working Group on information and telecommunication technologies

The Meeting of Ministers of Transport was officially established in November 2002. In November 2009, Beijing hosted the fourth Meeting. Its main theme was the development of transport corridors and the creation of favourable conditions for transport and communication. Currently, the main work of the Meeting is to agree and conclude an Intergovernmental Agreement¹⁰ of SCO member states on the establishment of favourable conditions for international road transport.

Under an agreement reached by the Prime Ministers of SCO member states and by the Ministry of Agriculture of China in November 2007, Beijing hosted a meeting of high officials in agriculture from the SCO member states, during which they exchanged opinions on issues regarding key trends in agricultural cooperation and ways and mechanisms of cooperation. As a result, on 25–26 October 2010 in Beijing, the first Ministerial Meeting on agriculture took place.

In June 2006, the SCO Business Council was set up in Shanghai, based on member states' chambers of commerce with large and medium-sized businesses. The Council is a non-governmental structure. It combines the most authoritative representatives of the business community of the six countries with the aim of expanding economic cooperation within the organization. It works to establish direct contacts and dialogue between the business and financial circles of the SCO member states and to advance a practical promotion of multilateral projects, which were defined by the heads of governments in the Program of Economic and Trade Cooperation,¹¹ which was adopted in 2003.

Economic cooperation is an important basis of multilateral cooperation among the SCO member states. At the first summit of the

10. Naryshkin. Для ШОС начинается иной этап эволюции (Another step of evolution starts for the SCO), 2011.09.14, www.rosbalt.ru/main/2011/09/14/889991.html.

11. SCO Business Council, 15 June 2011, <http://russian.scosummit2012.org/102577/7411145.html>.

SCO member states, on 14 September 2001,¹² the member states said that they “will develop inter-regional economic cooperation within the SCO framework, strengthen the economic power of countries in the region, as well as raise the region’s status in the global political and economic structure.”

According to the SCO Charter, the main objectives of regional economic cooperation are to “promote trade and investment formalities for the progressive implementation of the free movement of goods, capital, services, and technologies; for the efficient use of existing transport infrastructure; for improving the capacity of cross-border transport; and for the development of the [joint] energy system.”¹³

A number of joint projects were launched in infrastructure, telecommunications, water management, production and processing, and engineering. According to the Chinese newspaper *People’s Daily*, China was using its role of the SCO chairmanship in 2011–2012 to facilitate the implementation of agreements reached at the summit, and cooperation in economy and security. China will also continue to promote the implementation of the Action Plan for the program of multilateral trade and economic cooperation among SCO member states, which was approved on 30 October 2008 in Astana.¹⁴

Trade and economic relations between the six SCO member states have a long history.¹⁵ Thus on 6 October 2005, during the meeting of the SCO Council of Prime Ministers, it was formally announced that an agreement on the establishment of the SCO Interbank Association and the Interbank Association Agreement (IBA) had been signed on that day. The IBA membership includes

12. Sun Zhuangzhi. Успехи экономического сотрудничества государств – членов ШОС (SCO state-members’ success in economic cooperation), www.kitaichina.com/se/txt/2011-06/09/content_365978.htm.

13. Ibid.

14. Китай будет содействовать сотрудничеству в рамках ШОС в экономике и безопасности (China will promote cooperation within the SCO in economy and security), *People’s Daily*, 16 June 2011, <http://russian.people.com.cn/31519/7411420.html>.

15. Ходжаев А. Китайский фактор в Центральной Азии. Ташкент: Фан. 2007. С.92–125 (Khodzhaev A. The Chinese Factor in Central Asia. Tashkent. 2007, pp. 92–125).

the Kazakhstan Development Bank, the China Development Bank, the Vnesheconombank of Russia, the National Bank of Tajikistan, and the Uzbekistan National Bank for Foreign Economic Activity. On 14 June 2006 in Shanghai during the second meeting of the SCO IBA Consortium, the Settlement and Savings Company of Kyrgyzstan became a member of the Association. On 15 June 2006, while the Presidents of the SCO member states were attending that meeting, the heads of banks, who were members of the Interbank Association, signed a Programme of Action in support of regional economic cooperation.¹⁶ It reflected the IBA strategy in the near future. The first agreement on a loan and on investments in joint projects totalling USD 742 million was signed during the Shanghai summit in 2006.¹⁷

Eximbank is only one Chinese bank which provides preferential loans to SCO member states. So far it has loaned for over 50 projects in Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan in such fields as telecommunications, transport and grid reconstruction, water and agriculture, and energy. These projects have contributed to the socio-economic development of the SCO member states and to economic cooperation between them. China will continue to provide financial assistance for projects of economic cooperation among SCO members. Priority areas for future cooperation will be in competitive industrial spheres and in infrastructure construction. Much attention will be given to the development of modern agriculture and of the manufacture and service industries. In addition, China will increase its support to projects in the field of communications and in the construction of the new Silk Road.¹⁸

The Silk Road construction project will promote the idea of global transport and communications, and furthermore serve the economic growth of Central Asia, attracting new investment and

16. http://inlang.linguanet.ru/Cis/CisCountries/detail.php?ELEMENT_ID=2619&PAGEN_1=3.

17. Межбанковское объединение ШОС (SCO Interbank Association), 2011.06.15, <http://russian.scosummit2012.org/102577/7411152.html>.

18. Китай продолжит оказывать поддержку в реализации проектов экономического сотрудничества в рамках ШОС (China will continue to support the implementation of economic cooperation projects within the SCO), 2011.06.14, <http://russian.people.com.cn/31519/7408876.html>.

strengthening cooperation and collaboration among countries in the region. The ancient Silk Road served as an important bridge to promote economic and cultural exchanges between East and West. After two thousand years, the new Silk Road, which crosses the territory of more than forty countries and regions of Central Asia and Europe, is becoming “the world’s longest economic corridor that has the greatest potential for development.”¹⁹ The territory of the SCO member states is an important part of this economic corridor. The new Silk Road, which includes pipelines, roads, railway lines connecting the east coast of China with Central Asia, has replaced the ancient caravans and is becoming a powerful engine of regional economic development.

The new Eurasian transcontinental railway, about 11,000 kilometres long, originates on the eastern coast of China, runs through Kazakhstan, Russia, Belarus, Poland, Germany, and ends in Rotterdam in the Netherlands. It is the second longest railway after the Trans-Siberian Railway, which also connects Asia and Europe. It allows a reduction of time and distance by up to 50 per cent, compared to the sea routes.²⁰

On 7 November 2011 Russia hosted the meeting of the heads of governments of the SCO member states. At this meeting they discussed the economic component of the organization’s development strategy. The strategy takes into account changes that have occurred in the global economy. Russia has already expressed its assumptions about the future of the program, in the form of a series of “road maps” for the SCO for the next decade.²¹

The last SCO summit before then was held in June 2011 in Astana, Kazakhstan. The President of the Republic of Kazakhstan, Nursultan Nazarbayev, proposed the creation of a new structure: a water and food committee, which would deal with the problems of

19. Новый “Шелковый путь” – мощный двигатель торгово-экономического развития государств-членов ШОС (New Silk Road is a powerful engine of commerce and economic development of the SCO member states), www.crc.mofcom.gov.cn/crweb/scor/info/Article.jsp?col_no=322&a_no=33790.

20. Ibid.

21. Руководство стран-участниц ШОС обсудит экономическую стратегию (Leadership of SCO member states will discuss economic strategy), 2011.09.14, www.rosbalt.ru/main/2011/09/14/889667.html.

food and drinking water on SCO territory.²² The problem of drinking water in the region is one of the most important and sensitive issues among Central Asian countries. The solution of this problem requires the attention of the SCO, because only the joint efforts of the six SCO member states can peacefully resolve this regional problem.

Currently the SCO has several joint projects:²³

- The SCO and international projects in communications and telecommunications
- The SCO information superhighway
- The SCO and international health projects
- The University of the Shanghai Cooperation Organization
- Suggestions for the organization of best practices of SCO representatives
- The construction of a terminal complex for the export of liquefied petroleum gas (LPG) and general cargo in Azov
- The Technopark “Konstantinovo”
- The Industrial and logistics infrastructure of the SCO
- Investment projects of Uzbekistan CCI
- Digital signature
- The system of labour migration in the SCO area

These projects will have a major influence on the SCO member states. For instance, the goals of the establishment of the SCO University have been defined by multilateral legal instruments adopted by the SCO member states, and consist of the following:²⁴

- Strengthening mutual trust and good neighbourly relations between SCO member states;
- Developing of integration processes in the fields of education, science, and technology;

22. Казахстан предлагает создать при ШОС структуру по водной и продовольственной безопасности (Kazakhstan suggested to create a structure of water and food security within the SCO), 2011.06.15, International Information Agency “Novosti-Kazakhstan”, www.newskaz.ru/economy/20110615/1589523.html.

23. SCO Business Council, Projects, <http://bc-sco.org/?level=6&lng=ru>.

24. Goals and Stages of Creation, University of SCO, www.eduweek.ru.

- Providing new impetus to the expansion of multilateral educational, scientific, and cultural cooperation;
- Expanding opportunities for youth to receive quality modern education, and for teachers and scientists to develop contacts;
- Promoting effective cooperation among SCO member states in the political, economic, scientific-technical, and cultural fields.

According to the Chinese proverb, “A journey of a thousand miles begins with one step”, and education cooperation is one of the most important steps which has been taken by the SCO member states. This ambitious joint project gives an opportunity to all students in the SCO area to get a good education in the main universities of China, Kazakhstan, Kyrgyzstan, Uzbekistan, Russia, and Tajikistan.

Regional Cooperation Perspectives

There are new situations and new opportunities in the region, which can increase regional cooperation in several areas, formulated below in five “directions”.

The first direction is promoting the sustainable development of the whole regional economy in the long term, based on the current situation. The maintenance of stable and consistent economic development is a priority for all the governments of the SCO member states. In 2009, the Prime Ministers approved the joint initiative to strengthen multilateral economic cooperation,²⁵ responding to the global financial crisis and to ensure sustainable economic development. It is necessary to actively promote the business cooperation that has been agreed by the parties in key industries, to consider and discuss new ways of long-term regional economic cooperation within the SCO framework, and to raise the level of regional economic cooperation and to fill it with a specific content, promoting sustainable development of regional economy.

The second direction is the creation of a favourable environment facilitating regional economic cooperation, to speed up the process

25. Joint Communiqué following the Council of Prime Ministers’ meeting of Shanghai Cooperation Organization Member States, 14 October 2009, www.fmprc.gov.cn/rus/wjdt/gb/t620776.htm.

of creating favourable conditions for trade and investment. Based on the current level of regional economic development, the parties should take full advantage of existing mechanisms to enhance cooperation in customs, quality assurance, electronic commerce, investment promotion, and transit.

The third direction is to promote mutual communication and communication with regional countries through regional projects. The members have gradually come to a common understanding that multilateral projects with multilateral participation in energy, transport, and telecommunications promote regional economic integration. For this, it is necessary to get moving on the following important matters:

- Developing a of the regional energy and market system;
- Creating a convenient and efficient regional transport and logistics system;
- Creating a regional network of high-speed information highways.

The fourth direction is the expansion of new sources of growth in regional economic cooperation, and attention given to the region's social, cultural, and infrastructure realms. In the post-financial crisis period, improving economic structures, development levels, and social stability has become a common challenge facing all countries.

The fifth direction is promoting the participation of observer states, and dialogue partners in regional economic cooperation.

There are many problems in Central Asia, the solutions to which are very important to strengthening stability in the region. Measures to be taken are, for instance, those pertaining to the rational use of natural resources, primarily as regards transnational waterways, the upgrading of land transport linkages, the unification of rates for transit by railway and by road, and the improvement of the environmental–ecological situation in the region.

Conclusion

Ten years ago, the six countries of the region comprising China, Kazakhstan, Kyrgyzstan, Uzbekistan, Russia, and Tajikistan made

the wise decision to create an organization which could effectively cope with the regions challenges and threats.

The SCO supports a process of nuclear disarmament and the development of international cooperation in using nuclear energy for peaceful purposes. Creating a Zone free of nuclear weapons in Central Asia would bolster regional peace and security and make a significant contribution to strengthening the nuclear non-proliferation regime.²⁶

Economic cooperation between SCO member states has been developing rapidly. According to the Treaty on Long-Term Good-Neighbourliness, Friendship, and Cooperation between the Member States of the Shanghai Cooperation Organization, Article 13, “The Contracting Parties shall strengthen economic cooperation on the basis of equality and mutual benefit and shall create favourable conditions for developing trade, encouraging investments, and exchanging technologies within the framework of the SCO.”²⁷

26. Astana Declaration. Article V, 2011.06.15, Astana, <http://today.kz/ru/news/kazakhstan/2011-06-15/45681>.

27. Treaty on Long-Term Good-Neighbourliness, Friendship and Cooperation between the Member States of the Shanghai Cooperation Organization, 2007.08.16, Bishkek, www.hrichina.org/content/5227.

Financial Cooperation among SCO Member States

Review and Prospects from China's Perspective

Liu Junmei and Zheng Min

In the interdependent world, financial globalization, relying on technological advancement, makes it possible for one country's financial resources to seek the best investment opportunities worldwide so that the optimal allocation of resources can be achieved. Meanwhile, it also allows all kinds of risks to transfer more rapidly and thoroughly, resulting in danger for one country's financial security in this open system. The fact that "one fails, all fail" is true, while the prospect that "one prospers, all prosper" is still uncertain. Therefore, proposals for cooperation and mutual assistance are made unceasingly, and experiments with various cooperation mechanisms are on the rise. The 2008 global financial crisis highlighted the importance of international financial cooperation, as well as the solutions to cope with the crisis.

Every world economic crisis will stimulate the desire of countries to seek cooperation. As one of many European and Asian regional economic cooperation organizations, the SCO actively seeks the development of its region's financial cooperation, with the aim of preventing any crisis jointly, working together to promote international monetary system reform, and strengthening the sustainable development of its regional economy and trade. There are also those who distrust and disdain, however, those who consider it to be "a dream of idiots" or "the Arabian Nights" to deepen financial cooperation between countries with the heterogeneity

of economic development of the SCO member states and with the inconsistency of the core states' interests. Thus, there are hot debates around financial cooperation among SCO member states. Is it necessary to develop and deepen cooperation? Is it feasible? What are the main constraints? Where would a breakthrough be located? Against this background, the present chapter scrutinizes the necessity and feasibility of deepening regional financial cooperation, and the constraints on such a deepening, in an attempt to identify the prospects for an overall expansion, with regard to conditions at the international level.¹

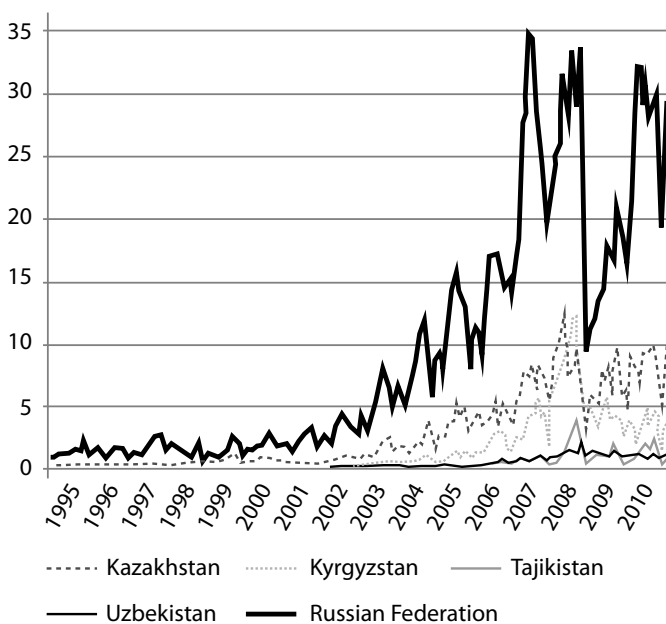
1 This chapter is based on the following references: Россия и Шанхайская организация сотрудничества, Информационно-аналитический обзор №110, 22 августа 2008, www.nns.ru/; Страны ШОС за создание стабильных условий для взаимной торговли и инвестиций, «Деловой Казахстан», 31 октября 2008 года, www.dknews.kz/; Е.М. Кузьмина. Шанхайская организация сотрудничества: возможности и интересы России, Информационно -аналитический бюллетень, Центра проблем глобализации и интеграции, РАН, 2006, №7; Б. Султанов. Россия и ШОС: Взгляд из Казахстана //Сборник материалов международной конференции «ШОС и проблемы безопасности в Центральной Азии», г. Алматы, 5 октября 2005 года; Лузянин С. Приоритеты России и Китая в рамках Шанхайской организации сотрудничества не совпадают. – 29 марта 2005 г. www.analitika.org; Prajakti Kalra, SCO and prospects of development in the Eurasia region, www.esiweb.org; The Financial Development Report 2008, www.weforum.org/en/index.htm; Transition Report 2009: Transition in crisis? www.ebrd.com/pubs/index.htm; 陈柳钦, 中俄自由贸易区问题探讨, 《俄罗斯中亚东欧市场》2008年第4期; 陈淑华, 中俄建立自由贸易区的积极效应分析, 《西伯利亚研究》2008年第2期; 戴慧, SCO 区域经济合作的进程与前景分析, 《吉林华侨外国语学院学报》2008年第1期; 黄平晁, 实施面向中亚扩大对外开放战略的几点思考, 《新疆金融》2007年12期; 贾俐贞, 构建SCO自由贸易区的战略思考, 《俄罗斯中亚东欧研究》2007年第1期; 李治倩, SCO 区域经济合作的发展模式, 《决策&信息》2008年第4期; 刘华芹, SCO 区域贸易发展现状评估与展望, 《国际贸易》2008年第9期; 刘伟建, 中亚五国金融体系探究, 西安金融, 2006年第8期; 刘小波, SCO 成员国之间贸易优势与互补性分析, 《新疆农垦经济》2008.2; 王海燕, SCO 框架下的中亚区域经济合作, 《新疆师范大学学报》(哲学社会科学版) 2008年6月第29卷第2期; 王书华, 谈“中亚合作圈”的“创新升级”, 《创新科技》2008年第5期; 须同凯, 稳步推进 SCO 区域经济合作, 《中国经贸》2008年第1期; 须同凯, 中国与中亚、俄罗斯经贸合作前景广阔, 《中国经贸》2008年第6期; 徐林实, 中俄东部地区自由贸易区创建研究, 《俄罗斯中亚东欧研究》2007年第6期; 岩下明裕, SCO 与日本:一起行动重新构建欧亚共同体, 《俄罗斯中亚东欧研究》2008年第3期; 张永明, 中亚五国金融体系与新疆金融体系的比较, 《俄罗斯东欧中亚市场》, 2007年第5期; 赵祎诚, 中国与中亚国家建立自由贸易区的实证分析, 《法制与社会》2007.12; 周逢民, 中俄边境地区经济金融发展与外汇管理, 中国金融出版社, 2009年2月; 朱显平、张建政, “SCO” 框架下的中国与中亚国家金融合作目标及途径, 《东北亚论坛》2007年第3期.

Why Promote Regional Financial Cooperation among SCO State Members?

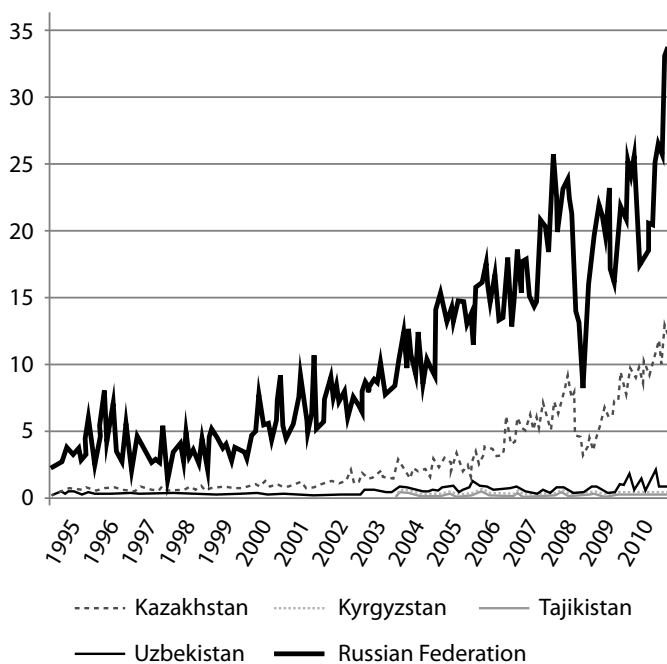
The SCO can promote economic cooperation and development by increasing the density of capital and agencies and meeting the regional diversified financial needs. While the SCO was initially established first and foremost in order to maintain regional security, its establishment and operation arguably is a great contribution to promoting China's economic and trade relations with the countries of Central Asia. Since its formation in 2001, import and export trade and investment between China and the countries of Central Asia have correspondingly increased substantially (see Figures 15.1–3).

Economic development and financial cooperation complement each other. All the economic and trade activities within the framework of the SCO are a means to an end: stability and growth, and other financial services such as foreign exchange, loans, and guarantees are indispensable. With the deepening of economic and trade cooperation, the requirements on the types and quality of

Figure 15.1: Chinese exports to SCO member states (in USD millions)



Source: Adapted from www.wind.com.cn.

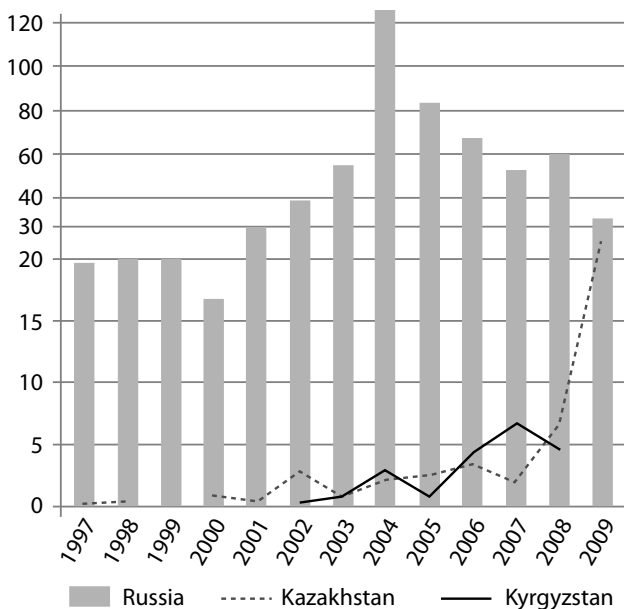
Figure 15.2: Chinese imports from SCO member states (in USD millions)

Source: Adapted from www.wind.com.cn.

financial services are strict, and parties will be more closely linked in the financial services sector. In other words, the development of regional trade will force the pace of regional financial cooperation. The 2008 global financial crisis strengthened the motivation for deepening regional financial cooperation among SCO member states. It can be expected that SCO regional financial cooperation will be beneficial to the following ways:

1. Member states jointly on guard against financial risks

It is difficult for one country to effectively respond to the impact of a world crisis by itself, and thus it is the inevitable demand and choice of SCO member states to deepen regional and bilateral financial cooperation. In addition, it is also a beneficial attempt to have a say on the reform of the international monetary system reform, and to promote the rationalization of the international financial system through regional financial cooperation.

Figure 15.3: Direct investment in China from SCO member states (in USD millions)

Source: Adapted from www.wind.com.cn.

2. The promotion of the regionalization of the Chinese RMB

As an attempt to cope with restrictions from the USD and to prevent wealth shrinkage, RMB internationalization has been accentuated again in an effort to respond to the global financial crisis. Although there is a long way to go, in the face of the hegemony of the USD, as well as the United States' lack of self-discipline and its sole focus on self-protection in times of crisis, China has to play this "card" in the game of power rivalry. Though East Asia is the primary field of RMB regionalization, and taking into account the SCO member states' recognition of China's economic development, efforts to deepen and expand regional financial cooperation will contribute to the realization of the long-term goal to internationalize the RMB.

3. The implementation of China's strategy for diversifying energy

The SCO's formal establishment in 2001 showed that China's "Central Asia strategy" is increasingly clear after long-term deliberation and exploration. It can easily be seen from the resource advantages of

the SCO member states that “energy” is an important element in this strategy, alongside geopolitical considerations. Now, with significant improvement in and upgrading of its economic base and strength, China can promote a mutual beneficial and win-win economic cooperation with the SCO member states through its own economic advantages, and can also promote the deployment and implementation of its strategy of diversifying energy in Central Asia and Russia within this framework. Thus, the deepening of SCO regional financial cooperation is an important starting point for the successful realization of China’s energy strategy.

Furthermore, strengthening SCO regional financial cooperation also plays an important role in (a) promoting the role of financial agencies in preventing risks going sour, (b) maintaining regional financial security, (c) promoting the optimal allocation of resources, and (d) directing the financial sectors and business communities of member states to better promote mutually beneficial cooperation and win-win development.

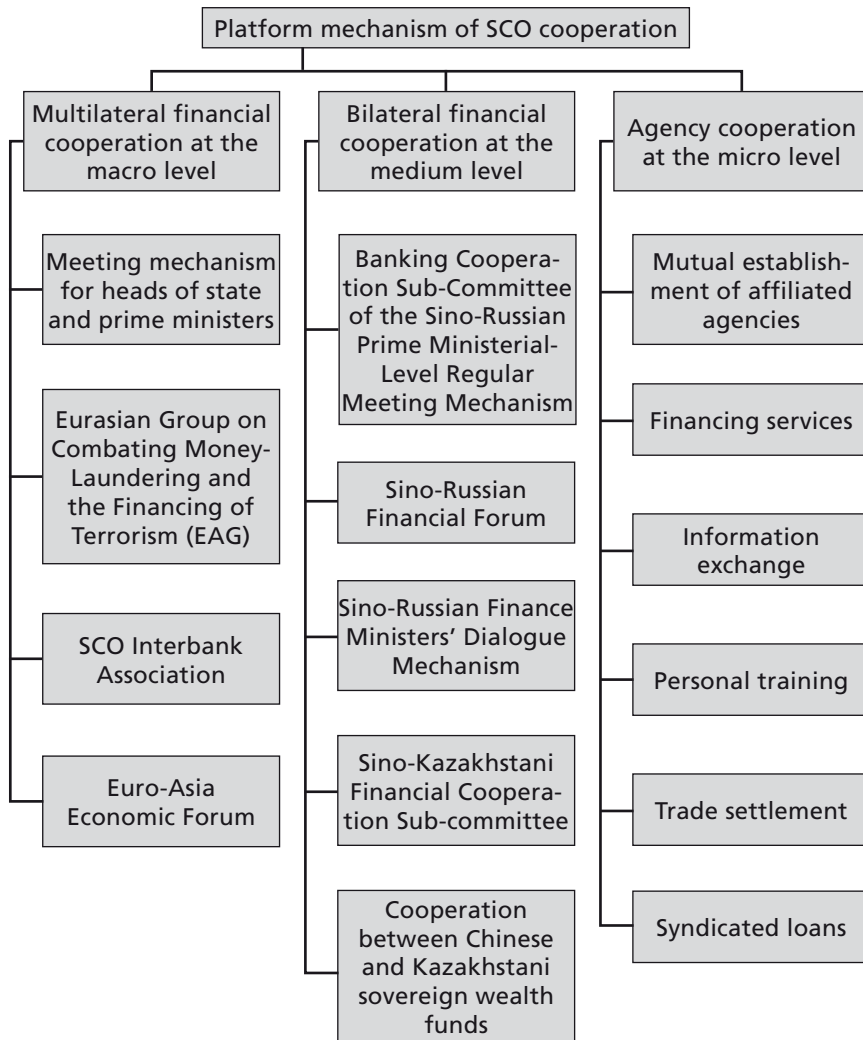
The Multi-Layered and 3D Framework of SCO Regional Financial Cooperation

With the SCO’s growing economic strength and the upgrading of its economic and trade relations, financial cooperation between SCO member states in various respects, including information communication, policy dialogue, and mutual financing arrangements, has achieved initial success

In terms of mechanisms of regional financial cooperation, the SCO has created a multi-layered cooperation framework with multi-lateral relations on the macro level, bilateral relations on the medium level, and relation among financial agencies on the micro level (see Figure 15.4). On the macro level, as far as the multilateral financial cooperation agencies or mechanisms are concerned, some effectively operating organizations such as the Eurasian Group on Combating Money-Laundering and the Financing of Terrorism (EAG), the SCO Interbank Association, and the Euro-Asia Economic Forum have been formed within the SCO framework.

EAG was founded on 6 October 2004 in Moscow. The reason for establishing this cross-region organization was that the money-

Figure 15.4: The multi-layered and 3D framework of regional financial cooperation among SCO member states (plan drawn by the authors)



laundering activities in the SCO member states, which were in transition from a planned economy to a market economy, were even more serious than those in developed countries with market economies. What was more, these money-laundering activities were the key funds to maintain terrorism, drug smuggling, corruption, bribery, and other criminal activities, which are easily disguised and are directly related to the security of SCO member states' financial

systems security. With economic and financial globalization, the struggle against money-laundering and terrorism financing has no national boundaries, and only international cooperation can be effective. As the financial agencies' actions are primary and key to the battle, all EAG members are required to strengthen financial supervision cooperation under the framework, closely coordinate with each other, and take joint action. Up till now, EAG has held nine plenary meetings, playing a significant role in destroying the three evils harming Central Asia and in strengthening SCO regional financial security.

The SCO Interbank Association is a new type of international financial regional cooperation organization, founded on 16 November 2005 in Moscow. As a new mechanism of financial cooperation, it will undoubtedly, through improving the service of financial agencies and building financing methods suitable to the developmental characteristics of each SCO member state, provide funds for the sustainable development of the SCO and its members as well as for the implementation of a series of major projects. It has gradually become an important financing platform for economic cooperation among SCO member states, helping SCO member states to achieve the goals of freely flowing goods, services, capital, and technology.

The Euro-Asia Economic Forum was established by the SCO to promote closer economic interaction and a more pragmatic cooperation among Central Asia, Russia, and Central and Western China. It is directed by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the China Development Bank, who are assisted by the Boao Forum for Asia. A sub-forum for finance provides a platform and discussions of issues including the building of a regional credit and guarantee system, the promotion of financial cooperation and development finance, and the financing of small and medium-sized enterprises.

China–Russia and China–Kazakhstan bilateral intergovernmental financial cooperation is most prominent in medium-level bilateral financial cooperation. Sino-Russian bilateral financial cooperation includes (1) the Banking Cooperation Sub-Committee of the Sino-Russian Prime Ministerial-Level Regular Meeting Mechanism, (2) the Sino-Russian Financial Forum, and (3) the

Sino-Russian Finance Ministers' Dialogue Mechanism. The Banking Cooperation Sub-Committee of the Sino-Russian Prime Ministerial Level Regular Meeting Mechanism mainly functions to research and solve the problems of specific cooperation and technical coordination between the banks of two countries. The Sino-Russian Financial Forum is a communication platform for experts and scholars of China and Russia in finance, which is different in targeted function from the Banking Cooperation Sub-Committee of the Sino-Russian Prime Ministerial Level Regular Meeting Mechanism. The Sino-Russian Finance Ministers' Dialogue Mechanism was launched in 2006, and is held every year alternately in China and Russia. In addition to the above platform mechanisms, the deepening of financial cooperation between China and Russia can also be seen in Russia's listing the RMB as a reserve currency, which allows a direct exchange between the Chinese yuan and the Russian rouble.

China–Kazakhstan bilateral financial cooperation, smaller in scale than the one between China and Russia, mostly includes the activities of the Sino-Kazakhstani Financial Cooperation Sub-committee, established in May 2004. Its main purpose is to (1) coordinate and promote cooperation between the financial agencies of the two countries, (2) strengthen legal system-building and the exchange of information and experience, and (3) facilitate the overall development of bilateral economic and financial relations. In addition to the above platform mechanisms, there is also cooperation between sovereign wealth funds. Moreover, the SCO member states are also trying to implement a dialogue between the central bank governors of member states. Since 2004, the People's Bank of China has actively held regular bilateral exchanges and consultations with Russia and Kazakhstan, strengthening policy dialogue and business exchange.

At the micro level, the various financial agencies of the SCO member states also show a strong willingness to cooperate in developing financial markets, and have been strengthening mutual cooperation. They have gradually increased business cooperation such as trade settlement, export credit, syndicated loans, financial services, setting branch agencies in other countries, information

exchange, and personnel training. China's State Development Bank, Export-Import Bank, Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Everbright Bank are all actively involved. The National Development Bank, in particular, plays a leading role in expanding financial cooperation among the SCO member states. Business cooperation between the Commercial Bank of China and the SCO member states is also being progressively promoted, from the "staying away" policy in the 1990s to the establishment of bilateral cooperation mechanisms, by establishing correspondent bank relations, opening direct settlement accounts in USD, improving mutual credit, and signing comprehensive cooperation agreements.

Constraints on Deepening SCO Regional Financial Cooperation

The promotion of economic cooperation between the SCO member states is arguably one of the important strategic means employed by China in order to develop this organization. And with the SCO platform, China does obtain the oil and gas resources of Central Asian countries that were difficult to get in the past. However, to further promote SCO regional financial cooperation, there will inevitably arise a series of constraints:

1. The non-positive attitude of Russia

To financial cooperation among the SCO member states the biggest obstacle is Russia's non-positive attitude. In view of Russia's traditional influence in former Soviet regions and its inertial way of thinking, Russia is likely to resist and negatively respond to China's Central Asia strategy and regional economic cooperation layout, or at least feel some sense of loss and dissatisfaction, which China cannot be too sensitive about, but also should not entirely ignore. Especially, China's ideas about an "SCO free trade zone" are difficult to realize if Russia does not agree to them. Moreover, there is another integration organization of a higher level in roughly the same area, namely, the Eurasian Economic Community, which is developing towards a Customs Union. Russia's interest in the SCO, is its function on security. And Russia's leading economic role in the region is mainly reflected in sub-regional cooperation in the CIS area.

2. Embarrassment when using the RMB in settlement

In the border trade between China and Russia, China has devoted efforts to promoting settlement using domestic currency since 2002. For various reasons, however, this has led to the success of settlement using the Russian rouble, so the RMB is lagging behind, making the amount of RMB and roubles for border trade settlement seriously imbalanced, with the amount of roubles more than two hundred times higher than RMB. On 1 July 2006, Russia announced that the rouble was now freely convertible, intensifying the use of the rouble in settlement by the parties involved, and crowding out the RMB, which is only convertible in regular projects, further enlarging the gap between the volume of roubles and RMB and the proportion of cash settlement in roubles between China and Russia, contrary to China's strategic intent to achieve RMB regionalization. The seriousness of this problem cannot be denied.

3. The heterogeneous economic development of member states

In terms of economic development, among the SCO member states, China and Russia are in a leading position, after which comes Kazakhstan, followed by Tajikistan, Kyrgyzstan, and Uzbekistan. The heterogeneity of the member states' economies became more evident in the global financial crisis. The financial systems of Tajikistan and Kyrgyzstan reflect relatively small total economies still in their infancy. Their banks and capital markets are not only small, but they also operate in non-standard ways. This is detrimental to developing and deepening regional financial cooperation.

Breakthroughs Needed to Promote the Deepening of SCO Regional Financial Cooperation

SCO regional financial cooperation should not simply be carried out for the purpose of serving economic and trade exchanges, but should also be given the task of mutual assistance to prevent or cope with any financial crisis.

When considering the characteristics of SCO economic cooperation and development, it is the experience of East Asia that can be learnt from. The following rather forward-looking ideas may not be mature and perfect, but they probably point in the right direction.

On the macro-strategic level, we believe that the following directions are worth trying:

1. For Russia, financial cooperation among SCO member states is “crisis-driven”, that is, only a crisis can help member states to considerations about political or national interests and thereby push forward regional cooperation. To this end, ways should be found to bring home a sense of crisis to Russia. The United States wants an oil price that is neither too high nor too low, which in fact is a policy directed mainly towards China and Russia. China must urge Russia to (1) recognize that China is its reliable partner, (2) strengthen its sense that the losses of one country will led to losses in both countries, (3) recognize the win-win nature of cooperation, (4) recognize that financial cooperation is a basis of security cooperation, and (5) eliminate its excessive caution, thus contributing to speeding up the process of cooperation among all parties.
2. The SCO should help in increasing the number of people who master Chinese and understand Chinese culture through the expansion of Confucius Institutes, which will help to reduce the SCO’s “Russian factor”.

On the level of micro tactics, in addition to the establishment of the SCO Joint Development Bank, the implementation of a mutual currency exchange between member states, strengthening cooperation between sovereign wealth funds, deepening the regional trade settlement payment system, encouraging bank financial agencies to “go out”, and attempts to set up an SCO bond market, we believe that we can also try to break through in the following directions:

1. Strengthening “energy finance” cooperation

Although Central Asia and Russia are rich in energy, there is a serious funding gap for the large capital investment need to develop and construct energy resources and finance improvements to the existing equipment and infrastructure. Meanwhile, China needs to turn its huge foreign exchange reserves into physical resources reserves. It is important to explore “energy finance” cooperation under the SCO framework. The feasible methods are exchanging resources for “construction”, and exchanging resources for credit or equity investment.

2. Deepening financing and leasing business

The weak infrastructure and aging equipment of Central Asian countries require significant capital investment. If the financing and leasing business can be carried out among member states, the problem of fund shortage for enterprises in states accepting the leases can largely be solved, and the states providing the leases can also effectively avoid financial risks. For example, the wholly owned subsidiary of Zoomlion, CCMG Russia, won the Russian financial leasing license in 2009, successfully signed four finance lease contracts for Chinese engineering machinery and equipment in 2010, and there are also three sets of bulldozers produced by Zoomlion operating in Moscow and other cities. Leasing business will become an important business among the SCO member states.

3. Introducing financial supply-chain services into the SCO

The financing of Small to medium-sized enterprises (SMEs) is a problem worldwide, and the SMEs in the SCO member states are no exception. If the SCO can introduce financial supply-chain services in this region, with China's banks' branch offices in member states as the main credit system, based on an understanding of local industry chains, providing financing services to the upstream and downstream SMEs in the entire chain with large enterprises as the core, the company financing problems in the entire chain can be solved. If this vision is realized, not only will the funding problems of SMEs in the SCO member states be solved, but the competitiveness of our financial agencies' business in foreign countries be enhanced with enriched credit products, helping to increase their market share in the corresponding countries. It is evident that this will be beneficial to all parties. Although the specific operational procedures, risk avoidance, and policy coordination of supply-chain financial cooperation still need further exploration, this is a viable approach for regional financial cooperation from the macro perspective.

The SCO: An Energy Alliance in the Making

Sreemati Ganguli

The economic significance of energy as a resource and the political leverage associated with the ownership and distribution of this resource have provided it with a strategic dimension. The initiative of the Shanghai Cooperation Organization (SCO), primarily a security organization, to develop a cooperative mechanism around energy is the recognition of this strategy. It is a rational choice for the organization as all its members (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) share an energy component— they are constituents of an energy supply chain, either as producers or as a market. This chapter concentrates on the energy dimension of the Shanghai Cooperation Organization.

The Context

The contemporary energy security situation, particularly the Asian one, serves as the context of the development of the SCO towards an energy alliance. D. Moran and J. A. Russell analyse the current global energy situation thus: “It is in the energy sector that strategic planners now find it easiest to imagine major states reconsidering their reluctance to use force against each other. ‘Energy security’ is now deemed so central to ‘national security’ that threats to the former are liable to be reflexively interpreted as threats to the latter. In a world in which territorial disputes, ideological disputes competition, ethnic irredentism, and even nuclear proliferation all seem capable of being normalized in ways that constrain the actual use of military force, a crisis in the global energy supply stands

out as the last all-weather *casus belli* when the moment comes to hypothesize worst-case scenarios.”¹

Mikkal E. Herberg has commented that, “For Asia, energy is becoming a matter of the ‘high politics’ of national security and no longer just the ‘low politics’ of domestic energy policy. Governments across the region are deciding that energy security is becoming too important to be left entirely to the markets, as their economic prosperity increasingly is exposed to global supply disruptions and instability in energy exporting regions.”²

Christopher Len³ has also analysed the complexities and challenges of Asia’s energy security. To him, the reasons for the growing uncertainty in developing a secure energy mechanism in Asia could be categorized as “the lack of coordination among governments on energy security issues, which is worsened by the zero-sum approach towards energy security by governments; competition over strategic resources within the region, especially between China, Japan, India and Russia; the lack of integration of the energy market in the region, even within sub-regions; the failure to develop quickly enough sustainable, efficient and environment-friendly energy supply systems; over-reliance on oil and gas from the volatile Middle East; the vulnerability of the long sea lines of communication; and the lack of emergency preparedness in the case of a sudden energy crisis”.

The decision by the SCO to develop an Energy Club gains relevance against this perspective. The search for alternative energy producers and energy markets, the need to address the question of the energy vulnerabilities of the members, and the urge to develop a mechanism to meet the challenge of dealing with a comprehensive concept of security all worked as the motivations for the creation of the Energy Club.

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1. D. Moran and J. A. Russell, “Introduction”, in D. Moran and J. A. Russell (eds), *Energy Security and Global Politics* (New York: Routledge, 2009).
 2. Mikkal E. Herberg, “Asia’s Energy Insecurity: Cooperation or Conflict?” in *Strategic Asia*, 2004-05.
 3. Christopher Len, “Energy Security Cooperation Asia: An ASEAN-SCO Energy Partnership?” in *Energy Perspectives on Singapore and the Region*, Singapore, Institute of Southeast Asian Studies, 2007.

The SCO Energy Club

The proposal for the establishment of a unified and coordinated system of energy supply for the SCO member states was first mooted by the Russian Prime Minister Mikhail Fradkov in 2004 during the Bishkek Prime Ministerial Conference. Later in 2005, Tajikistan put forward the proposal of a unified hydroelectricity network. But it was the Russian President Vladimir Putin who proposed the formation of the SCO Energy Club at the 2006 Shanghai Summit, to coordinate the energy policies of the member states and to increase energy cooperation among them. The proposal was endorsed in the Prime Ministerial Summit of the SCO in Tajikistan in late 2006. Before the 2007 SCO Summit in Bishkek, Kazakhstan presented a plan for an Asian Energy Strategy. During the Moscow Meeting in June 2007, the SCO Energy Ministers (barring the Uzbek Energy Minister, who was not present) agreed to establish the Energy Club to form a unified regional energy space. It was followed by the formal signing of the SCO Energy Charter, at the August 2007 Bishkek Summit, to address energy cooperation among the members.

According to the Statutes, the Energy Club is a non-governmental consultative body unifying representatives of state and business circles, and also of information-analytical, scientific-research centres which are active in the fuel-energy complex sphere of SCO member states. The energy cooperation mechanism of the Club has four ingredients: infrastructure construction, development of energy transportation, financing of joint and multilateral energy projects, and cooperation in research and development in the field of technology. It covers an extensive network of different forms of energy like oil, gas, coal, hydropower, and nuclear.

In expounding the Energy Club concept of the SCO, Sergei Luzyanin put forward four dimensions of the concept: “a) global; b) regional/Eurasian (Russia, China and four Central Asian countries); c) sub-regional/Central Asia (Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan); and d) national (the development of national energy models by the six SCO members).” To him, “The Energy Club would enable the SCO members to build a self-sufficient energy structure (producer-supplier-customer) in the Eurasian space” and

he pointed out some characteristics of the SCO energy space. There will be no presence of third countries on energy transport routes, and the space will be marked by an “organic geo-economic combination of groups of energy producers/exporters (Russia, Kazakhstan and Uzbekistan) and consumers/importers (China, Kyrgyzstan and Tajikistan)”. There might be a possibility of supplementing the SCO energy project with an integration project, namely an SCO free trade zone. And, most notably, the Energy Club has the potential to become “an effective regulator of energy conflicts in Central Asia, especially between Uzbekistan and Tajikistan and between Uzbekistan and Kyrgyzstan, over the supply of Uzbek gas and electricity in exchange for water supplies from Kyrgyzstan and Tajikistan.”⁴

Leonid Moiseyev, Special Representative of the Russian President for SCO affairs, has explained that “The Energy Club, in concept, is called to harmonize national energy strategies and development plans, to give a platform for discussion of common programs and projects, as well as to solve questions connected with their implementation.”⁵ And he said that “This club or forum – no matter how it is called – can become a brain and information trust, which would contribute to the coordination of long-term programs in the sphere of the fuel-energy complex. It could elaborate common strategic guidelines, and help to create a general infrastructure, which should serve in the implementation of joint projects, and of joint foreign economic policies”.

The Initiative

This initiative is a natural corollary to such developments and trends like (1) the eastern vector of Russia’s foreign and energy policies; (2) a the growing energy demand of the Chinese economy (in 2005 the need for oil doubled from 3 million barrels per day to 6 million barrels per day and China became the second largest net importer of energy after the United States, and the International Energy Agency suggested that by 2030 the volume of imported

4. Sergei Luzyanin, “SCO-2009: Development Problems”, *Russia in Global Affairs* 2 (April–June 2009).

5. See “SCO Energy Club: what it will be like?” <http://infoshos.ru>, accessed on 16.11.2011.

crude for China would reach more than 80 per cent of its total energy requirements); (3) the need for China to get steady and secure energy supplies from sources that are close to its territory; and (4) the Central Asian states' need to reach the growing Chinese market.

For Russia, the development of the SCO's energy wing provides some strategic benefits. This initiative is an important component of Russia's dependence on energy to foster bonding with the Central Asian countries in the post-Soviet era. Apart from initiatives like (1) the maintenance of Soviet-era pipelines and the development of new pipelines like the Atyrau–Samara pipeline, the CPC pipeline, and the Prikaspiysky pipeline, and (2) the March 2002 Statement of Intent on Cooperation in Energy Policy and Measures to Defend the Interests of Natural Gas Producers by Russia, Turkmenistan, Kazakhstan, and Uzbekistan, the SCO energy initiative promotes energy relations among these states for the future. The initiative involves cooperation in different forms of energy and in building a coordinated approach towards a regional energy strategy that would not be anti-Russian in nature. The initiative projects Russia's interest in gaining a hold over the growing energy market of China and at the same time it provides Russia with a means to balance China's unilateral advances by promoting energy relations with the Central Asian countries.

For China, there are various imperatives for building up such an alliance, primarily China's search for alternative energy sources, to the traditional ones like Saudi Arabia, Iran, Oman, and Yemen, and need to avoid single-supplier dependence (in 2006 China imported nearly 46 per cent of its oil from the Middle East). Political volatility and instability in the Middle East and the need to reduce dependence on the U.S. naval protection of critical maritime routes to import energy are other pressing reasons for China to opt for energy supplies from Eurasia. Vitaly Kozyrev⁶ has noted that, "The energy potential of China's northern 'backyard' (meaning Russia and Central Asia) provides it with additional options to advance

6. Vitaly Kozyrev, "China's Continental Energy Strategy: Russia and Central Asia", in G. B. Collins and A. S. Erickson (eds), *China's Energy Strategy The Impact on Beijing's Maritime Policies*, (Annapolis: Naval Institute Press, 2008).

its energy security interests". This initiative also enables China to further its geopolitical influence in Central Asia, considered as a "geo-economic extension" of its territory. In other words, China's growing relations with the energy-producing states of Central Asia "reflects its perceived 'energy vulnerabilities' and a desire to ensure energy security by diversifying supply away from Middle Eastern sources."⁷ This strategy is in perfect harmony with its so-called "Grand West Development" program.

To Russia, China is an integral part of its Asian energy market and the "Chinese alternative" approach provides Russia with a better bargaining advantage against other buyers like the European Union and Japan. There are a number of agreements between Russian companies like Gazprom, Rosneft, Transneft, and CNPC on the development of energy cooperation between these two states. Significantly, the 2006 Sino-Russian Joint Declaration, signed during Putin's visit to China, spelt out the essential points of Sino-Russian energy cooperation. This cooperation was considered as an important part of their strategic partnership, but at the same time it allowed their respective rights to diversify markets and sources of energy supply, as both the states adopted a "pluralistic strategy" in their energy relations.⁸ This mutual recognition of pursuing respective interests is vital for the growth of the SCO Energy Club, as this alliance accommodates the two main powers in the region, one the traditional and the other, the growing.

There are a many proposed pipeline projects among the SCO members, like the Kovykta gas pipeline project from Irkutsk to North-East China and the Altai gas pipeline project from West Siberia to Xinjiang and from there to Shanghai. Other energy projects within the SCO framework include the Mayina hydropower station, with a designed capacity of 300,000 KW, in Kazakhstan, and the 350-km-long South–North Tajikistan electricity transmission line with a projected capacity of 500 KW.

7. Guo Xuetang, 'The Energy Security in Central Eurasia: The Geopolitical Implications to China's Energy Strategy' *China and Eurasia Forum Quarterly*, Vol. 4 no. 4, 2006, 117–137.

8. *Joint Declaration of the Russian Federation and the People's Republic of China*, www.kremlin.ru/en, accessed on 10.01.2009.

But the two most important pipelines projects, in this context, are: first, the Atasu–Alashankou oil pipeline between Kazakhstan and China with the current capacity of 200,000 barrels a day. This line is a part of the 3,000-km-long Kazakh–China Transnational Pipeline network, involving Russia and other Central Asian states as well. The second one is the East Siberia–Pacific Ocean line. This line is to carry oil in two stretches, one from Taishet to Skovorodino and then to Daqing in China, and a second branch from Skovorodino to the Pacific to transport oil to Japan. The fact that half the oil pumped through the Atasu–Alashankou line would come from Russia points to closer China–Russia–Kazakhstan energy cooperation, “the nightmare scenario” for the United States. This project also allows for major strategic gains for China as it is the first time that China has secured “a source of imported energy not vulnerable to U.S. aircraft-carrier battle groups, as is the case with present oil deliveries from the Persian Gulf and Sudan”.⁹ On the other hand, the Angarsk–Nakhodka line shows Russia’s balancing of China. It cannot afford to lose the Chinese market, as Russia is the fifth largest energy exporter to China and also it cannot afford to let China have an economic advantage as a monopolist consumer of the energy resources of Siberia.

Kazakhstan has emerged as a growing power in this alliance in a number of ways. It has acquired an indispensable place in both Russian and Chinese energy strategy by allowing Russian oil to flow through its pipeline to China. Kazakhstan acts as a transit state for Turkmenistan and Uzbekistan to reach the Chinese energy market. It also wants to establish a Russo-Kazakh oil cartel to coordinate exports to Asian and European markets. Interestingly, while China is not averse to the idea of such a cartel, as that would be conducive to Chinese strategy to safeguard half of its oil imports from the “strategic northern rear”, it is apprehensive of a Russian-led Gas OPEC, as suggested by Gazprom. While President Putin had to downplay the idea of a formal gas cartel, Vladimir Milov, former Russian Energy Minister, termed the prospect of such a

9. Both the quotations are from F. W. Engdahl, “China lays down gauntlet in energy war”, *Asia Times Online*, December 2005, www.atimes.com, accessed on 10.01.2009.

cartel as unrealistic, to allay Chinese apprehensions.¹⁰ Importantly, Kazakhstan has projected an energy vision for Asia through its Asian Energy Strategy of 2007. It has suggested a comprehensive energy cooperation mechanism, much in the line of Kazakh President Nursultan Nazarbayev's vision for CICA, another ambitious project to make Astana a regional power in Asia. The Asian Energy Strategy aims at the development of a stable energy market in Asia, with consideration given to individual energy policies, to energy security, and to the environmental security of member states. It calls for the formation of a unified information system of all the energy-systems of the members as well as a unified electronic energy exchange for electricity, oil, gas, and coal.

Balancing Energy Interests

Western involvement in the Eurasian energy scenario has provided another significant motivation for Russia to form the SCO Energy Club. The most important energy project in this context is the Baku–Tbilisi–Ceyhan pipeline project. This pipeline, along with the Baku–Tbilisi–Erzurum gas pipeline, tries to provide alternative transport and trade options to the Eurasian states. The U.S.-sponsored Energy Corridor, of which these two projects form an integral part, is set to reduce the strategic dependence of the European Union on Russian energy. The most significant feature is that these pipelines represent the Multiple Export Pipeline concept of the U.S. government, or the so-called “anti-monopoly” concept, meaning not to allow Russia to have a unilateral advantage over the transport of energy resources of the region to the external market of Europe.

The European Union is a leading energy consumer in the global energy market. The share of the European Union is approximately 17 per cent of total global energy consumption. And about 80 per cent of this energy consists of fossil fuels. The European Union is, at the same time, a prime energy importer, as it has to import about 50 per cent of its total energy requirements. Some 80 per cent of its oil and 57 per cent of its natural gas needs are met by

10. S. Boykewich, “A New OPEC in the Making?” *The Moscow Times*, no. 3437, June 2006.

imports. Russia has emerged as the largest single source of the European Union's energy imports, as in 2005 Russia supplied 45 per cent of gas and 29 per cent of oil import requirements of the European Union. The need to ensure the diversification of energy sources and the security of its energy supply prompted the Council of the European Union to launch the "Energy Policy for Europe" initiative in 2007. It identified three main challenges: (1) a common external policy approach, (2) diversification of fuel sources, transit routes, and resources, and (3) common crisis management.

The European Union's attempts to intensify energy relations with the Caspian states gained significance in this context. The first attempt to institutionalize the European Union's interest in the region was the Interstate Oil and Gas Transport to Europe (INOGATE) Programme of 1995. This Programme was initiated to facilitate the construction of regional pipeline systems to transport energy to Europe. In 2004, another Programme, the Baku Initiative, was established by the European Commission and the Caspian Sea and Black Sea littoral states. The basic objective of the Baku Initiative¹¹ is to develop a sevenfold cooperation among these countries through (1) enhancing energy security for the entire region in such spheres as the convergence of energy markets, taking into account the particular features of each state; (2) addressing the issues of energy exports/imports, supply diversification, and energy demand; (3) transparency and capacity-building in the governance of the energy sector; (4) support for the rehabilitation of the existing infrastructure and the construction of new projects of common and regional interest, as well as for the building up of a regional electricity transport network; (5) the development of comprehensive action programmes to promote energy saving, energy efficiency, and renewable energy to meet commitments under the Kyoto Protocol; (6) the facilitation of the "Global Energy Efficiency and Renewable Fund Initiative"; and (7) support for a new Caspian Sea–Black Sea–European Union Energy Corridor. Significantly, Georgia, Azerbaijan, Ukraine, Kazakhstan, Lithuania, and Poland

11. See Paul Belkin, *The European Union's Energy Security Challenges*, CRS Report for Congress, 2008. For Data on energy requirements of the EU and its energy dependence on Russia, see http://ec.europa.eu/dgs/energy_transport/figures/pocket-book/2006.

initiated the Concept of the Caspian Sea–Black Sea–Baltic Energy Transit Space (at two Energy Summits in Krakow, May 2007, and Vilnius, October 2007). The primary goal of the Corridor project is the formation of a “Single Energy Space” among the interested countries of the region and the development of mechanisms to secure the production, transit, and supplies of hydrocarbons from the Caspian region to European and international markets “while providing for the mutually beneficial balance of interests between producers, consumers and transit countries”, according to the provisions of the Energy Charter Treaty.¹²

In connection with the European Union’s search for alternative energy transit corridors, the Nabucco pipeline has become a seriously considered option. This 3,300-km-long gas pipeline from Turkey to Austria would pass through Bulgaria, Romania, and Hungary, and there are plans to connect it with the Tabriz–Erzurum pipeline and with the South Caucasus pipeline, to make it a part of the ambitious plan of a future Trans-Caspian gas pipeline project. The significance of this project lies in the fact that it represents a totally non-Russian option. The source of gas supply will be mainly from the second phase of the Shah Deniz gas fields of Azerbaijan and Turkmenistan, with Kazakhstan remaining as a future source; the route avoids Russian territory entirely.

The balancing or rather counter-balancing of the energy strategies of the Western powers through the SCO Energy Club constitutes a significant part of Russia’s global energy strategy.

New Partners

The bringing in of Iran as a partner in the SCO Energy Club would have major economic and political implications. Iran has approximately ten per cent of world’s proven oil reserves and the world’s second largest natural gas reserves. As A. M. Jaffe and R. Soligo observe, “Iran’s strategic location (alongside the Strait of Hormuz), as well as its important role as a supplier of oil, and potential as a major supplier of gas, give it leverage to assert in en-

12. See Energy Charter Treaty, www.encharter.org.

ergy markets in the future.”¹³ Iran’s interest in becoming an active member of the Club is logical as Iran and China have a flourishing energy relationship and as both Russia and Iran are members of the Gas Exporting Countries’ Forum (GECF). Political considerations would suggest that the inclusion of Iran in the grouping provides it with more anti-West rhetoric. But economic calculations on the other hand would justify the decision as Iran is an energy-rich producer-state and could act as an alternative transit state to reach the SCO observer state of India, the second largest growing energy market after China. Pakistan, another SCO observer state, has the potential to become the most effective transit state for the Indian market, if their mutual mistrust could be overcome for the sake of mutual economic benefits.

India has become the seventh largest consumer of oil in the world and it produces just about 30 per cent of its consumption requirements. During the decade 1991–2001, India’s oil consumption increased by 68 per cent to touch 2.07 million barrels per day, and in the process India emerged as the fourth largest consumer of oil after the United States, China, and Japan.¹⁴ India’s commercial energy consumption is expected to more than double to 812 million tonnes of oil equivalent (mtoe) by 2030.¹⁵ Thus India is one of the most promising energy markets for the SCO Energy Club.

Scope for the SCO Energy Initiative

There are criticisms as well as apprehensions about the efficacy and future of the SCO Energy Club. There are critics who have stressed the so-called “real” motives behind the formation of the Club. Nargis Kassenova¹⁶ has commented that for Russia “The goal is not to create a real energy alliance with the Central Asian states,

13. A. M. Jaffe and R. Soligo, “Energy Security: the Russian Connection”, in D. Moran and J. A. Russell (eds), *Energy Security and Global Politics*, *ibid.*

14. See Anup Jayaram and Rajeev Dubey, “India’s Oil Hunt”, *Business World*, 14 July 2003, p. 31.

15. Tanvi Madan, *India*, The Brookings Foreign Policy Studies, Energy Security Series, 2006.

16. Nargis Kassenova, “The Shanghai Cooperation Energy Club: Purpose and Prospects”, in Indra Overland, Heidi Kjaermet, and Andrea Kendall-Taylor (eds), *Caspian Energy Politics: Azerbaijan, Kazakhstan and Turkmenistan* (New York, Routledge, 2010).

China and Iran, but rather to use the *threat* potential of such an alliance in dealings with the West. In the face of European strategies to diversify away from its dependence on Russian energy imports, the SCO Energy Club is a way for Russia to prove that it too can diversify away from the European market.” On the other hand, China “does not believe in an energy alliance with Russia and the Central Asian states, but finds that it can benefit from having a more institutionalized energy dialogue in the region. In reality, however, Beijing would prefer to negotiate energy deals bilaterally”. Artyom Matusov¹⁷ has expressed doubts over the SCO’s potential to create a comprehensive energy framework within the region as a number of states, most prominently Russia, have undermined such an effort. Christina Y. Lin¹⁸ has cautioned that the United States and its allies “need to monitor the close nexus between energy security and military alliances as manifested through SCO–CSTO ties, and put in place countermeasures to safeguard against a Russia–China–Iran axis from using the SCO for anti-western policies.” But still, Nargis Kassenova feels that, “It is most likely that the Club will evolve into a soft structure, facilitating cooperation in the energy sphere, rather than becoming some kind of ‘eastern OPEC’ in the making. In this capacity, the SCO Energy Club can create more channels for dialogue among officials, business representatives and experts, thereby increasing communication and cooperation and establishing greater potential for future partnerships – in the energy sector, and beyond.”

But there are other views as well, focusing on the economic potentials of the Energy Club. Expressing a more balanced assessment, Muharrem Eksi¹⁹ has pointed out that for the SCO, “Energy and security axes are considered in parallel with each other”. He notes that, “Russia sees the organization as a balancing and bargaining asset against the West and the U.S., whereas China wants

17. Artyom Matusov, “Energy Cooperation in the SCO: Club or Gathering?” *China and Eurasia Forum Quarterly*, Vol. 5, No. 3 (2007), 83–99.

18. Christina Y. Lin, “The Prince of Rosh: Russian Energy Imperialism and the Emerging Eurasian Military Alliance of the Shanghai Cooperation Organisation”, www.ispsw.de, accessed on 10.10.2011.

19. Muharrem Eksi, “The Expansion of the SCO to the OPEC-CSTO Axis and Europe’s New Security Border”, www.eurasiacritic.com/articles, accessed on 14.11.2011.

to use the organization to satisfy its increasing energy demands and to secure transportation routes. At this point, it can be claimed that the main goal of the SCO is the satisfaction of the needs and the balance of these two states.” T. H. Johnson has termed the SCO as “one of the most unusual” organizations in Central Asia. For him, it is “an organization for mutual defense” against perceived common threats of terrorism, extremism, and internal subversion, yet “the true strength of the SCO may lie in the economic and trade agreements it is seeking to broker, agreements that would in turn have strategic significance, since economic cooperation within the region is a way for the two big regional and global powers, of China and Russia, to improve their hold on the energy resources in Central Asia. At the same time, having China and Russia in the SCO together may make it easier for the CARs to avoid a bid for direct hegemony by either of them”.²⁰ Michael Snyder echoed this view too, as he has commented that, “While the potential of the SCO may be limited in its military scope, the true promise of the organization lies in its likely development as an economic superpower. With its expanded membership, it now contains two booming economies in India and China, as well as the enormous amounts of oil in Russia, Central Asia, and Iran. This influence on world markets and control over energy resources gives its members tremendous clout in the international arena. Steps toward integration found in the European Union, such as the adoption of a common currency and financial system, are unlikely, but the SCO can make enormous progress in securing the benefits of energy trade and greater liberalization. With an increased focus on economic development, member states can encourage greater investment amongst each other to further their mutual dependence, creating a common economic zone of free trade and financial cooperation”.²¹

Christopher Len²² has deliberated on the potential benefits of multilateral energy cooperation in Asia from the security point of view and places enhanced energy cooperation between the SCO

20. T. H. Johnson, “Central Asia: energy resources, politics, and security”, in D. Moran and J. A. Russell (eds), *Energy Security and Global Politics*, op. cit.

21. Michael Snyder, “The Shanghai Cooperation Organization: A New Order in Central Asia”, www.sjeaa.stanford.edu/journal81/CE2.

22. Christopher Len, op. cit.

and ASEAN in this perspective. His five-point formula concerning the benefits of multilateral energy cooperation focuses on: (1) regional stability through the construction of emergency stocks and the development of sharing mechanisms and information systems during energy crises; (2) the creation of norms for future territorial settlements through the joint development of resources in disputed waters like the Caspian and the East China Sea; (3) cooperation between states and civil societies for the joint development of energy-efficient and eco-friendly technologies to address regional environmental issues; (4) the fostering of regional military cooperation to safeguard energy infrastructures against possible terrorist attacks; and (5) greater inter-governmental commitments to successful energy cooperation. And, according to him, a possible “ASEAN–SCO Energy Partnership” is expected to address all these issues. This suggestion of inter-alliance collaboration is indicative of the potentials of the Club in the Asian energy scenario in the long-term.

Nicklas Swanström²³ has proposed the idea of a Eurasian (covering North-East Asia and Central Asia) oil and gas union, as “Multilateral energy cooperation could create permanent relations of mutual engagement and cooperative interdependence, thus mitigating the potential of violent conflict in Eurasia”. To him, “Energy integration is a crucial measure in Eurasia”, both from political and economic perspectives. Energy diversification would lead to new sources, and there would be less reliance on the Sea Lines of Communication (SLOCs) and on supplies from the politically volatile Middle East, with the possibility of avoiding the “Asian premium” that the Middle Eastern oil producers levy on Asian importers. Also the development of a more competitive and transparent energy market with greater deregulation, transparency, and harmonization of standards “would have positive repercussions on the overall economic integration” of the region. As against the prevailing environment of “zero-sum games” and lack of trust among different actors, he calls for “political commitment and strong economic incentives for the regional economies and non-

23. Nicklas Swanström, “An Asian Oil and Gas Union: Prospects and Problems”, *China and Eurasia Forum Quarterly*, Vol. 3, No. 3, 81–97.

state economic actors to integrate”. And he suggests that the SCO “is well positioned to initiate such cooperation over energy, both in an effort to improve political relations but more importantly to improve the economic situation for all actors. This is due to the strong political commitment China and a few Central Asian states have placed in the organization ... However, in order for the SCO to act as the vehicle for an oil and gas union, the SCO would need to include some of the more important energy consumers, such as South Korea, Japan and even possibly Taiwan, and production states such as Iran, in order to make it economically viable”. The explicit trust in the cooperative mechanism of the organization in the regional, and in the greater Asian context, is worth noting.

Conclusion

The concept of an evolving Energy Club provides the SCO with another dimension, apart from its present status as a security cum economic cooperation organization in the region. Notably, the nature of the member states of the SCO presents a geo-economic combination of energy producers like Russia, Kazakhstan, and Uzbekistan with energy consumers like China, whereas Tajikistan and Kyrgyzstan are both producers of hydro-electricity and energy markets as well. The inclusion of observer countries like Iran, India, and Pakistan will help widen this concept. If the SCO Energy Club can be re-structured and re-organized in such a way, it has the potential of becoming a formidable energy alliance in Eurasia.

The SCO has not, as yet, been able to promote coordinated energy projects under its aegis. There are bilateral or trilateral energy projects among SCO members but there has not been developed any single major SCO energy pipeline. The involvement of observer states in SCO energy projects has been minimal. Also, the engagement of two states is essential for this Club to be economically viable and to achieve a truly regional identity. The first is Turkmenistan, as it is a resourceful energy-producer state. The only problem is that Turkmenistan already has too many energy commitments. Still, Turkmenistan’s inclusion would provide the Club with considerable energy clout. The second is Afghanistan. With possible but still untapped energy reserves, as recent studies

have predicted, and with the locational advantage of becoming the bridgehead between Central and South Asia, Afghanistan is an essential choice as an energy producer and transit state. And in a post-2014 scenario, involvement in such a regional energy cooperation initiative might become a viable choice for Afghanistan – a choice for economic revival and post-conflict national reconstruction.

The SCO Energy Club could best be described as an energy alliance in formation, and its importance in the Asian as well as global energy security context lies in its potentials and possibilities. But its achievement as a budding energy alliance is significant. First and foremost, the SCO Energy Club has institutionalized the idea of mutual energy dependence among the producers, the market states, and the transit states. Unlike OPEC or GECF, both of which are energy producers' unions, the Club seeks to involve all members of the energy chain in the region. While there are apprehensions, as it is difficult to harmonize the interests of these members with different interests and motivations, the idea itself is visionary. The successful implementation of the idea might open up new avenues of regional cooperation and integration in Asia as a whole.

Second, it provides the option of alternatives and of diversification. For the Central Asian states, there is the alternative market of China. And, there is also the future possibility of the huge South Asian market, if the observer states get fully integrated within this Energy initiative. Also, pipelines through China carry the option of the diversification and promotion of non-Russian routes toward the North-East Asian market. For China, the alternative sources are Russia and the Central Asian states, so as to lessen its energy dependence on African (like Angola and Sudan) and Middle Eastern sources. For Russia, the Energy Club presents the option of an alternative focus of its energy strategy.

Third, the Club has been a balancer of interests at various levels. It balances the interests of the producers like Russia and Kazakhstan and the market states like China. It balances the interests of hydro-resources-rich upstream states like Kyrgyzstan and Tajikistan with the downstream user states like Uzbekistan. More important, it is the balancer of energy interests and motivations of Russia and China. For both, the energy resources of Central

Asia are vital, but in different ways. For both, the development of energy relations with the member states is a strategy of fostering multidimensional involvement, including security and economy. So it is vital for them to balance their respective energy strategies. And also for both, the mutual balancing of energy interests in the region is necessary to counter-balance the energy interests of third countries. For Russia, these are the European Union and the West, particularly the United States; for China, these are the Middle East and the United States. But, most important, in a futuristic projection, the Energy Club might become a balancer of NATO's possible energy involvement in the Eurasian space. Energy security has become a topic of discussion in NATO, as the Summits of Riga in 2006 and Bucharest in 2008 show. NATO has decided to engage in activities to promote the energy security of the members, like the sharing of information and intelligence; the advancement of international and regional cooperation in energy; and support for consequence management and the protection of critical energy infrastructures.

The SCO Energy Club is an experiment, depending on the strategic worth of energy to build up an alliance of interlinked interests and to strike a balance among the interests of various involved states and groupings, as against the strategic use of energy as a weapon. It might take long to achieve success in this venture, but the experiment itself is the testimony to a new strategy of mutual dependence.

Central Asia, Energy, and Trade Policies from the SCO's Perspective

Marianne Laanatza

Introduction

There are a variety of policy strategies and thoughts regarding current and future energy from Central Asia. There are also many actors who want part of the Central Asian energy resources. The main external actors are the American, European, Russian, and Chinese oil and gas companies. The U.S. companies are supported through the U.S. Trade and Investment Framework Agreements and the European Union companies have a certain protection through the Energy Charter Treaty. Russia has its relationship with Central Asia through its energy and pipeline network since the days of the Soviet Union. China has its relationships with Central Asia bilaterally and regionally within the framework of the Shanghai Cooperation Organization (SCO). Can these strategies be combined or are there contradictions which could create problems or even conflicts in the future? These issues are connected to regional trade policies, especially the SCO, or to the Energy Charter Treaty. In a wider context the trade policies must be compatible with the rules and obligations set out in the agreements of the World Trade Organization (WTO), even if not all actors are members of that organization. A fundamental question is how the SCO will develop in the direction of establishing a free trade area that includes energy policy. Would such a development have a great impact on actors outside the SCO, or would more flexible relationships be offered to these actors?

Background

In 1986 after years of increasing oil supply and dropping demand oil prices collapsed. The collapse was triggered by Saudi Arabia, which decided to end its role as “swing producer” in OPEC, and dramatically increased its output. Oil prices fell below 10 USD per barrel, and a “reversed” oil crisis was a fact.

The Soviet Union was especially hard hit, and the collapse of oil earnings undercut Soviet leader Mikhail Gorbachev’s hopes to use oil revenues to cushion the shock of economic reform. Eighty per cent of its export revenues outside the Eastern Bloc were oil and gas, and the drop in export earnings in 1986 was estimated at three quarters of the corresponding revenues at the beginning of the 1980s. By the end of the decade, the Soviet oil industry was suffering from the same problems as were affecting the nation as a whole, maintenance was set back, and production volumes and exports declined sharply.¹ The consequences to the Soviet Union of low oil and gas prices at the end of the 1980s were dramatic, and can partly explain the collapse of the state. Together with other circumstances it undermined the central power in the Soviet Union and led to the dissolution of the empire at the beginning of the 1990s.²

The combination of Western appreciation of President Gorbachev and awareness in Western Europe of its increasing dependence on imported oil and gas resulted in a new energy policy for the European Economic Community (EEC). To those involved in preparing the policy agreement it became obvious that it was good timing, with the ending of the Cold War and the related unprecedented opportunity to establish cooperation with the Soviet Union in the energy sector. The agreement was first known as the Energy Charter.³ Reports published in 1990 by the Organization for Economic Co-operation and Development (OECD) highlighted both the security aspects and the cost efficiency of choosing the Soviet Union as the main partner for

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1. See the website, www.americanforeignrelations.com.
 2. There are several theories about the dissolution of Soviet Union. A good overview of these is presented by Douglas B. Reynolds published 30 Aug. 2006 in *Energy Bulletin*, Post Carbon Institute.
 3. When the agreement was prepared it was first named as the Energy Charter. Later on it was named the Energy Charter Treaty, and finally the Energy Treaty.

the EEC's future energy policy, instead of increasing its dependency on the Arab States in the Arabian Peninsula, not least because of all the wars in the Persian Gulf region; namely the Iraq–Iran war of 1980–1988 and Iraq's invasion of Kuwait in 1990.

The Lubbers Plan and the New Promising Relationship with the Soviet Union

The new approach towards the Soviet Union, which was dissolved in 1991, and after that towards Russia and the other former Soviet Union republics, was formulated by the Dutch Prime Minister Ruud Lubbers. His first approach was formally presented as an intention to help to stabilize the entire Soviet economy. He presented ways to increase the volume of exports from the former Soviet Union. He offered measures to eliminate negative economic factors which were constraining Soviet energy development.⁴

The first steps taken in the direction of an energy agreement were in June 1991, when Lubbers launched a proposal for the European Energy Community at a European Council meeting in Dublin. He stated that the prospects for mutually beneficial cooperation in the energy sector were obvious, and recognized the need to “ensure that a commonly accepted foundation” was established for developing energy cooperation among the states of Eurasia. The considerations became the formal platform for the Energy Charter Process.

The Energy Charter Treaty, Central Asian Membership, and Russian Hesitation

To the EEC with its increasing needs of energy imports, not least of gas, multilaterally recognized rules not only created more security regarding the delivery of energy products, but also a more balanced and efficient framework. It was underlined by the EEC that the Energy Charter Treaty could play an important role as part of an international effort to build a legal foundation for energy security, based on the principles of open, competitive markets and sustainable development.

4. See more details in Andrei Konoplyanik, *Lubbers Plan: Soviet Energy as a Standpoint for Improving Economic Reforms in the USSR*, published in *Energy Journal* 13 (3) 1992, 281–294.

The Energy Charter Treaty and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects were signed in December 1994 and entered into legal force in April 1998. To date, the Treaty has been signed or acceded to by fifty-one states. The Treaty was developed on the basis of the 1991 Energy Charter. It was presented as a declaration of political intent to promote energy cooperation. The Energy Charter Treaty had an important impact as a legally-binding multilateral instrument. In the formal presentation it was declared that “the fundamental aim of the Energy Charter Treaty is to strengthen the rule of law on energy issues, by creating a level playing field of rules to be observed by all participating governments, thereby mitigating risks associated with energy-related investment and trade”.⁵

As soon as the former republics of the Soviet Union got their independence there was an interest from the EEC member states as well as the other Western European countries to persuade these new states to sign the Charter. All the five countries in Central Asia, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, are now not only signatories of the Energy Charter Treaty, but all of them have also ratified the Treaty. Even though the Russian Federation has signed the Treaty, it has not yet ratified it. Russia was, however, applying it provisionally until 18 October 2009. The obstacle, as seen from the Russian side, to ratifying the ECT is related to Article 7 in the Treaty: the “obligation to facilitate energy transit in line with the principle of freedom of transit (Art. 7.1) and not to interrupt or reduce established energy transit flows (Art. 7.6)”. There is also a specific conciliation procedure for transit issues as an integrated part of the Treaty (Art. 7.7), and such a procedure is available to the parties in order to resolve a dispute over energy transit.⁶

5. About the Charter, www.encharter.org.

6. The Russian side has experience of these articles related to transit questions from its transit dispute with Belarus in 2006–2007. The Secretary General of the Energy Charter Secretariat, André Mernier, called on 30 December 2006 and on 8 January 2007 for a settlement of the outstanding transit issues between Russia and Belarus on the basis of the principles of the Energy Charter Treaty. See News Russia and Belarus 2007, www.encharter.org.

China and the SCO Observer States – Their Relationship to the Energy Charter Treaty

China is an observer state to the Energy Charter Treaty (ECT), and in the framework of the six member states of the SCO, it is only Russia that has an unclear linkage to the ECT since 18 October 2009. Regarding the observer states to the SCO, Mongolia is a member of the ECT, while Iran and Pakistan have observer status. In the case of India, the representatives of the ECT have tried to persuade India to become an observer. The Secretary General of the Energy Charter Secretariat, Ambassador André Mernier, stated in 2008 that India has “much to gain from the application and expansion of international rules of the game in the energy sector in the broader South Asian sub-continent. He stressed that the core principles espoused by the Energy Charter can assist India in strengthening its security of energy supply and elevate it towards the position of the energy hub of the South Asian region”.⁷

The United States has not ratified the ECT either. The reason is that the United States requires that the public procurement of future oil and gas concessions should also be included in the agreement, and that these procurements should be handled on the basis of national treatment. The consequences of such rules would be that international oil and gas companies could compete on the Russian market with Russian oil and gas companies on the same terms, and all ratifying states would have to open their energy markets in the same way.

The U.S. way to secure its investments in the Central Asian states, which have been mostly directed into energy projects, was through its ordinary Trade and Investment Framework Agreements (TIFAs). Such agreements are in force with all the five countries in Central Asia and they provide strategic frameworks and principles for dialogue on trade and investment issues between the United States and the other parties to the TIFA.⁸ But already in 1992 a treaty was signed between the United States and Kazakhstan concerning

7. Statements of the Secretary General of the Energy Charter Secretariat, Ambassador André Mernier, during his keynote address at the Fifth Asia Gas Partnership Summit, in New Delhi, 14–15 April 2008, , *News about ECT and India*, www.encharter.org.

8. USTR information about TIFA; www.ustr.gov.

the reciprocal encouragement and protection of investment, and the year after with the Republic of Kyrgyzstan.⁹

The role of the Energy Charter Treaty is a very important one as being the only legal international treaty covering several aspects of trade and related issues. This can be stated even if many big and influential countries have not yet ratified the treaty. Its importance also includes its dispute settlement mechanism, which can be used in disputes where only one of the parties has ratified the treaty.

Energy Issues and the SCO

The first time the model of a new SCO structure – a mechanism for “running-in” a wide range of ideas and proposals in the energy sphere – was advanced in December 2005 in Tashkent, at the conference “Central Asian energy market”.¹⁰ Since the SCO Summit in 2006 energy has been stressed as an important issue for cooperation in the SCO. At the summit President Putin announced the intention of the founding of an Energy Club within the SCO with the purpose of developing a joint SCO course of action in the field of energy. This proposal was further discussed at a meeting with the Heads of the Government Council of the SCO in Dushanbe, Tajikistan in September the same year, where priority areas regarding energy policy, transportation, and telecommunication were defined. Special working groups were decided upon in the fuel and energy sector. The issue of creating an Energy Club was handled by Kazakh and Russian parties and proposals were presented to the SCO Secretariat in 2007. The SCO Energy Club was established in Moscow the same year. The proposed regulations of the Energy Club state that the Club unites energy producers, consumers, and transit countries in the coordination of energy strategies with the aim of increasing energy security.¹¹ The SCO observers also took part in the process.

To negotiate a functioning Energy Club takes time. Also the development of the ECT needed some years. The ECT was, how-

9. U.S. Trade Compliance Center, <http://tcc.export.gov>.

10. Maxim Krans, *SCO Energy Club: what will it be like?* Published in InfoSCO, 28.10.2009, <http://infoshos.ru/en>.

11. Marcel de Haas, *The Shanghai Cooperation Organisation's momentum towards a mature security alliance*, www.ajol.info, 2009.

ever, a project led by the big European importers of energy, who had a common interest to obtain an agreement, which could ensure them access to energy on as favourable terms as possible, and to persuade the suppliers in the former Soviet Union to accept the conditions. Among the supplier countries it is only supplier states of energy of the former Soviet Union which have ratified the ECT so far, but Russia is not one of them. From a Russian point of view an SCO Energy Club is much more attractive, but it is clear that the views of other SCO member states are less clear and less enthusiastic, with the exception of Kazakhstan. Such views were for example presented in Moscow at the roundtable organized by the SCO Business Council in 2009 under the auspices of the Ministry of Energy of the Russian Federation and with the InfoSCO's sponsorship. It took place in the frame of the IV International Energy Week. All the participants of the roundtable were in unison of the opinion that the creation of the SCO Energy Club "must contribute to closer cooperation of energy resources producers, their consumers and transit countries". It could even transform the SCO into a "self-sufficient energy system both in global and regional contexts". But it was also emphasized that there were many questions and to be asked problems to be solved before such an Energy Club could be implemented.

Many Western experts are looking at the possible future of the SCO Energy Club as an eventual threat to Western interests. One of these researchers is Haas, who mentions this, and the situation could be more critical if Iran's proposal to set gas prices and to control its gas flows together with Russia, as a so-called "gas OPEC", were to be implemented. But there is also competition between the SCO member states, and the interest of China as a huge energy importer is not the same as the exporters. Most energy projects which so far have been implemented in the region have been on a bilateral or a sub-regional basis. Haas notes that China has already implemented such projects with Turkmenistan, Kazakhstan, and Uzbekistan.¹²

Some Western researchers have already judged the SCO Energy Club as a failure, and underline that the SCO "currently lacks the

12. Ibid.

ability to forge an energy or natural gas cartel". They point out that Central Asian energy cooperation is mostly occurring outside of SCO auspices.¹³ The situation where four out of six SCO member states have ratified the Energy Charter Treaty requires that these countries follow the rules and regulations set up in the ECT. A consequence of this fact is that the SCO Energy Club cannot set up any rules which are in conflict with the ones of the ECT. A harmonization of the rules and regulations is therefore the only way.

The Energy Resources of Russia and Central Asia in an SCO Context

The role of Russia and the Central Asian member states of the SCO within the context of global gas and oil production has to be taken into consideration when one focuses on the Energy Club concept.

The total gas production of all SCO countries constituted 24.3 per cent of global gas production in 2010. Russia's share was 18.4 per cent of the global total, China's 3.0, Uzbekistan's 1.8, and Kazakhstan's 1.1. In the case of an Iranian SCO membership the global share would increase by 4.3 per cent, and if India and Pakistan became members of the SCO the global share would increase by 1.6 and 1.2 per cent respectively. The total share of the global gas production would then reach 32 per cent. It has, however, to be stressed that especially China and India are major net importers of gas.¹⁴

The establishment of a "gas OPEC" (looked upon as a threat especially by the United States) was discussed in 2007–2008. The background was an Iranian initiative of 2001 and the formation of a Gas Exporting Countries Forum (GECF) the same year. During the years 2007 and 2008 the definitive establishment of the GECF took place, and an Agreement and Statute was signed in 2008 by Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago, and Venezuela. Kazakhstan and Norway were accepted as Observer Members. The city of

13. Andrew Scheineson, *The Shanghai Cooperation Organization*, Energy Cooperation, 24 March 2009, www.cfr.org. Scheineson also refers to Michael Raith and Patrick Weldon of EurasiaNet.org in his article.

14. The data series for proved oil and gas reserves in *BP Statistical Review of World Energy*, June 2011, p. 22.

Table 17.1: Natural gas production in Russia and Central Asia (billions of cubic metres)

	1995	2000	2005	2008	2009	2010
Russia	573.13	561.43	615.22	637.83	560.19	624.61
Azerbaijan	6.42	5.66	5.54	16.31	16.30	18.18
Kazakhstan	5.72	9.09	18.88	24.69	27.21	28.38
Kyrgyzstan	0.04	0.03	0.03	0.02	0.02	0.02
Tajikistan	0.04	0.04	0.03	0.04	0.04	0.04
Turkmenistan	34.68	45.58	61.20	68.48	37.06	43.17
Uzbekistan	47.11	54.64	58.42	65.49	64.18	62.83
Total	667.15	676.53	759.33	812.87	705.00	777.23

Data source: Original data from IEA Energy Statistics (© OECD/International Energy Agency, 2011). Converted by Eni using a unified gross calorific value of 39 MJ/cm.

Doha, Qatar, was selected as the Headquarters of the GECF.¹⁵ The gas market and its contracts differ, however, from the oil market, and any organization comparable to OPEC would be very difficult to set up. Gas contracts are normally on very long terms and cover big volumes, which makes changes of prices and volumes complicated.

Of global oil production the share of the SCO member states reached 20.3 per cent in 2010. Russia's share was 12.9 per cent, China's 5.2, Kazakhstan's 2.1, and Uzbekistan's 0.1. If the eventual future SCO member states Iran and India are included the share increases to 26.5 per cent of global production.¹⁶

Russia had control of the pipeline system in the former Soviet Union. The picture has changed and new pipeline projects outside Russian territory have been implemented, and others are planned, regarding both oil and gas. This development is natural and related to the huge and increasing demand for energy in East and South Asia.

Within the SCO energy issues continue to be highlighted as an area of priority. At the Tenth Prime Ministers' Meeting of the SCO in 2011 Prime Minister Wen Jiabao suggested strengthening prag-

15. Gas Exporting Countries Forum (GECF), *History and member states*, www.gecforum.org.

16. The data series for proved oil and gas reserves in *BP Statistical Review of World Energy*, June 2011, p. 6.

Table 17.2: Oil production in Russia and Central Asia – crude and non-conventional oil, natural gas liquids (thousands of barrels/day)

	1995	2000	2005	2008	2009	2010
Russia	6,168	6,527	9,636	10,013	10,210	10,450
Azerbaijan	191	282	449	906	1,050	1,042
Georgia	1	2	1	1	1	1
Kazakhstan	423	718	1,295	1,442	1,575	1,635
Kyrgyzstan	2	2	2	1	1	1
Tajikistan	1	0	0	0	0	0
Turkmenistan	70	158	201	225	204	196
Uzbekistan	166	175	118	108	113	110
Total	7,023	7,864	11,703	12,697	13,154	13,435

Data source: IEA Energy Statistics © OECD/International Energy Agency, 2011

matic cooperation in several areas. He stated that it is important to “speed up the interconnection of transport, energy, and communications infrastructure, and lay a solid foundation for the region’s economic and trade cooperation”.¹⁷ It was also meant to be a special occasion for demonstrating the energy cooperation between China and Russia through signing a major deal. Moscow and Beijing agreed on a price formula for Russian gas exports, “the biggest stumbling block for signing a deal between the world’s largest gas producer and the world’s fastest-growing energy market.” But still there were issues to resolve, and Gazprom was not satisfied with all parts of the agreement. The Russian partner wants the same returns on deliveries to China as to Europe, which sources said meant a price gap of at least USD 100 per thousand cubic metres between Gazprom and China’s negotiating positions.¹⁸

There do not need to be any contradictions or conflicts in the SCO energy policy even if there are projects implemented in different forms involving two or more states. Within the frame of the ECT there are different numbers of states involved in the respective projects. There is the German–Russian Nord Stream pipeline as one example, and the contract between Russia and

17. “Premier Wen Jiabao Attends the Tenth Prime Ministers’ Meeting of the SCO Member States and Delivers a Speech”, 2011/11/08, www.chinaembassy.org.nz.

18. “Russia, China agree gas price formula but no final deal yet”, Energy Delta Institute, December, 2011, www.energydelta.org.

Turkey regarding the South Stream pipeline. It is clearly stated in the SCO charter that cooperation within different sectors can be implemented on different levels with two countries or more involved. This principle also covers projects in the energy sector. To judge the result after only a few years is too early, and all SCO member states involved in the Energy Club have declared their openness to international trade and cooperation within the energy field as well as in other fields. Many of the new projects within the SCO territory will, however, deepen the relationships between member states, create more dependency, and increase economic strength within the region.

The SCO, Trade Policy, and the WTO

In November 2011 Prime Minister Wen also made suggestions on strengthening trade-related cooperation within the SCO. He underlined the importance of taking active measures to promote the free movement of goods, capital, technology, and services between member states, and to further invigorate economic and trade cooperation within the framework of the SCO.¹⁹ Such free movement as Prime Minister Wen presented can only have one definition, mainly as obligatory elements in a free trade agreement (FTA) compatible with the rules of the current agreements of the World Trade Organization (WTO). China as a member of the WTO knows well all the requirements for an acceptable FTA. China has been a member of the WTO since 2001. To illustrate the kinds of conditions a new member state has to fulfil, the case of China can be used. Among some of the commitments undertaken by China to be accepted as a member state are the following:²⁰

- China has to provide non-discriminatory treatment to all WTO members. All foreign individuals and enterprises, including those not invested or registered in China, have to be accorded treatment no less favourable than that accorded to enterprises in China with respect to the right to trade.

19. "Premier Wen Jiabao Attends the Tenth Prime Ministers' Meeting of the SCO Member States and Delivers a Speech 2011/11/08", www.chinaembassy.org.nz.

20. "WTO successfully concludes negotiations on China's entry", WTO NEWS: 2001 Press Releases Press/243, 17 September 2001, www.wto.org.

- China has to eliminate dual pricing practices as well as differences in treatment accorded to goods produced for sale in China in comparison to those produced for export.
- Price controls are not accepted for purposes of affording protection to domestic industries or services providers.
- The WTO Agreement has to be implemented by China in an effective and uniform manner by revising its existing domestic laws and enacting new legislation fully in compliance with the WTO Agreement.
- After three years of accession all enterprises have the right to import and export all goods and trade them throughout the customs territory with limited exceptions.
- China is not allowed to maintain or introduce any export subsidies on agricultural products.

In other areas, like the protection of intellectual property rights, China had to implement the TRIPS (Trade-related Aspects of Intellectual Property Rights) Agreement in full from the date of accession.²¹

Among the other five SCO member states there was at the time only one state that was a member of the WTO, namely Kyrgyzstan, which has been a WTO member since 20 December 1998. It was a very easy process for Kyrgyzstan to be accepted as a member. It first applied for WTO membership in February 1996, and its first membership meeting was held in March 1997, based on a Working Party report. This picture is confirmed in the WTO Press Release upon the acceptance of Kyrgyzstan. It states the following:²²

The process of accession has been greatly accelerated by the willingness of the Kyrgyz Republic to bring its economic and trade regime into conformity with WTO rules and obligations as rapidly as possible, by putting in place the necessary implementing legislation prior to accession.

It was for political reasons that Kyrgyzstan so easily obtained its WTO membership. The Western member states of the WTO expected that all the countries in Central Asia would want to develop

21. Ibid.

22. "Kyrgyz Republic and the WTO", *WTO News*: 1998 Press Releases, Press/109, 17 July 1998.

strong ties with the Western democracies and to develop political structures similar to the Baltic countries and those in Eastern and Central Europe. Kyrgyzstan was meant to be the model for the other new republics in Central Asia. But the United States and the European Union member states as well as other old member states of the OECD miscalculated the strong heritage of the old structures of the Soviet Union, and the profiles and values of the leaders of the new republics and their strong ties with Russia, especially regarding trade and migration.

The current position concerning WTO membership for the other four SCO member states is the following:

1. The Working Party on the accession of the Russian Federation was established on 16 June 1993. The accession package was adopted by the Working Party on 10 November 2011. After a long wait, especially for acceptance from the European Union, the Russian Federation became a member of the WTO on 22 August 2012.²³
2. Kazakhstan's Working Party was established on 6 February 1996. Bilateral market access negotiations are ongoing. The latest revision of the draft Report of the Working Party was circulated in June 2008. The Working Party held its tenth meeting in July 2008.²⁴
3. The Working Party on the accession of Tajikistan was established by the General Council on 18 July 2001. Multilateral work is proceeding on the basis of revised elements of a draft Working Party Report. Bilateral market access negotiations are underway on the basis of revised offers in goods and services. The Working Party held its sixth meeting in July 2011 to continue the examination of Tajikistan's foreign trade regime.²⁵
4. The Working Party on the accession of Uzbekistan was established on 21 December 1994. Uzbekistan submitted its Memorandum on the Foreign Trade Regime in October 1998 and the first meeting of the Working Party was held in July 2002. Bilateral market access negotiations are being conducted on the basis of initial offers in goods and services circulated in

23. See WTO membership, www.wto.org.

24. WTO – Accession status of Kazakhstan to WTO, www.wto.org.

25. WTO – Accession status of Tajikistan to WTO, www.wto.org.

September 2005. The Working Party held its third meeting in October 2005.²⁶

In 2010 Russia, Kazakhstan, and Belarus decided to establish a customs union. The then Russian President Medvedev confirmed this at a Summit in Kazakhstan in July 2010. He announced that a statement signed on the enforcement of the customs code would be applied as of 6 July the same year. He admitted that Belarus had raised an issue that implied the abolishing of export duties in trade. The Russian side stated that such abolition would not take place until a Single Economic Space was established, in 2012. The three former Soviet republics – Russia, Belarus, and Kazakhstan – finally formed their customs union and launched the common economic space on 1 January 2012. In November, their presidents had signed a declaration on Eurasian economic integration, a roadmap of integration processes aimed at creating the Eurasian Economic Union, based on the Customs Union and common economic space among the three countries. The aim of the customs union was to create a single market of 170 million people, and to boost trade and investment. Kyrgyzstan and Tajikistan are already studying the possibility of joining the union.²⁷

Belarus is also in the status of accession to the WTO. This means that of the three states, Russia, Kazakhstan, and Belarus, only Russia is yet a member of the WTO. It would be complicated to negotiate a customs union which fulfils all WTO obligations related to such a union without having had the experience of the applications of all rules and regulations. Furthermore a customs union is a unit, and the purpose is to finalize the accession to the WTO of this a unit, which complicates the ongoing processes in different fields within the frame of the WTO. Furthermore, establishing a customs union between two members of the SCO and a third one, Belarus, which is not a member of the SCO, will have an impact on the future development towards a free trade agreement

26. WTO – Accession status of Uzbekistan to WTO, www.wto.org.

27. “Belarus joins Russia and Kazakhstan customs union, BBC”, 5 July 2010, www.bbc.co.uk; Payrav Chorshanbiyev, Russia, Belarus, Kazakhstan launch common economic space, *ASIA-Plus*, 3 January 2012, <http://news.tj/en/print/114359>.

within the SCO. No clear reactions on this have yet been presented from the Chinese side.

Meanwhile, Russia, Kazakhstan, and Belarus have as a customs union started to negotiate free trade agreements with both Vietnam²⁸ and New Zealand,²⁹ which are both members of the WTO. As partners it should be of great interest for the new customs union to take note of the experience of Vietnam, as a state with the experience of transition from a planned economy to a market economy. In the case of New Zealand the customs union should take note of its long experience of the General Agreement on Tariffs and Trade (GATT), namely since 1948, of its experience within the WTO, and of its membership of the OECD, where most new international trade policy issues were initiated and developed before they were presented to the GATT, and since 1995 to the WTO. These negotiation processes should also strengthen both Russia and Kazakhstan in their positions in the frame of the SCO, and in their ability to deal with its future trade policy, in particular their ability to negotiate an FTA in the SCO.

Conclusion

There are possibilities to develop the concept of the SCO's Energy Club, but the international acceptance of such an organization depends on its compatibility with the obligations of the Energy Charter Treaty. On the other hand the ECT can with its legal framework covering trade and trade-related issues in the energy field also inspire and facilitate the negotiations and wording of the SCO's Energy Club. The development of an FTA in the framework of the SCO has to be formulated and structured in a way that meets all obligations to the WTO. Such negotiations will be complicated because a customs union between Kazakhstan, Russia and Belarus has been signed into being. The experience of the already-initiated FTA negotiations between this customs union on the one hand and Vietnam and New Zealand on the other hand can function as good

28. "Vietnam starts FTA talks with Russia, Belarus, Kazakhstan", www.vbeconomynews.com.

29. "Kirill Muradov, HSE, Russian in the Asian Pacific: a break outlook", 21 October 2011, www.eastasiaforum.org.

exercises and excellent ways to prepare the customs union for future FTA negotiation within the SCO. There are no contradictions or conflicts related to the fact that an individual SCO member state, or some of them, conclude FTAs with countries outside the SCO group. China has, for example, an FTA with ASEAN.

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