

The Shanghai Cooperation Organization

SIPRI Policy Paper No. 17

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sipri

Stockholm International Peace Research Institute

May 2007

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ISSN 1652-0432 (print)

ISSN 1653-7548 (online)

Printed in Sweden by
CM Gruppen, Bromma

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Preface

There is a clear trend in the 21st century for regional organizations to multiply, to become more multifunctional and to devote themselves in whole or part to security goals. Old-style alliances with a defined opponent are now rare, and most groups address themselves to the reduction of conflict (internally or externally) and to transnational challenges such as terrorism. It is no coincidence that regions where these structures are absent or weak are also those with the greatest remaining problems of interstate tension or internal violence.

While all these phenomena are somewhat under-researched, the forms taken by multilateralism in the area of the former Soviet Union have been particularly little studied. There is a widespread assumption in the West that, because they involve imperfectly democratic states and often reject externally defined norms of governance, such groups are bound to be illegitimate or ineffective or both. This Policy Paper sets out to test and challenge such generalized views by looking in detail at the most dynamic and complex of such groupings, the Shanghai Cooperation Organization (SCO).

Founded in 2001, the SCO includes China as well as the Russian Federation and the Central Asian states Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its deeper goals thus include managing potential Sino-Russian tensions or competition, but its overt activities are directed first at transnational threats and, additionally, at economic and infrastructure cooperation. The present study seeks to illuminate the motives and experiences of the SCO's members—with the help of two chapters contributed by a Russian and a Chinese expert, respectively—and to offer a dispassionate analysis of the organization's qualities, strengths, weaknesses and effects. The judgements that emerge are mixed but include the recognition that the SCO makes some real impact on the security of the wide territories it covers and that it has real potential for further development.

This Policy Paper forms part of a SIPRI study programme on modern regional security institutions and has benefited from specific project support by the Swedish Ministry for Foreign Affairs. I would like to thank Pan Guang and Mikhail Troitskiy for their independent contributions; my co-author for the opening chapter, Pál Dunay; and David Cruickshank for the editing.

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May 2007

Abbreviations and acronyms

ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organization
ETIM	East Turkestan Islamic Movement
EU	European Union
EURASEC	Eurasian Economic Community
NATO	North Atlantic Treaty Organization
OSCE	Organization for Security and Co-operation in Europe
PFP	Partnership for Peace
RATS	Regional Anti-Terrorist Structure
SCO	Shanghai Cooperation Organization
UN	United Nations



Map of member and observer states of the Shanghai Cooperation Organization

Table A.1. Basic data for the member states of the Shanghai Cooperation Organization, 2005

State	Area (km ²)	Population (m.)	GDP (US\$ b.)	GDP per capita (US\$)	Military expenditure (US\$ m.)
China	9 572 900	1 315.8	2 244	1 715	44 300
Kazakhstan	2 724 900	14.8	57	3 786	592
Kyrgyzstan	199 900	5.3	2	477	76
Russia	17 075 400	143.5	764	5 323	31 100
Tajikistan	143 100	6.5	2	364	..
Uzbekistan	447 400	26.6	14	521	..

.. = figure not available; GDP = gross domestic product.

Sources: **Area and population:** Turner, B. (ed.), *The Statesman's Yearbook 2007* (Palgrave Macmillan: Basingstoke, 2006); **GDP:** International Monetary Fund (IMF), *World Economic Outlook Database*, Apr. 2007, URL <<http://www.imf.org/external/pubs/ft/weo/2007/01/data/index.aspx>>; **Military expenditure:** SIPRI Military Expenditure Database.

1. The Shanghai Cooperation Organization as a regional security institution

ALYSON J. K. BAILES and PÁL DUNAY*

The background and purpose of this assessment

Established in 2001 with China, the Russian Federation, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan as members, the Shanghai Cooperation Organization (SCO) has remained one of the world's least-known and least-analysed multilateral groups. It makes little effort itself for transparency and is only patchily institutionalized in any case.¹ Such useful research materials as are available on it are often in Chinese or Russian.² Outside its participant countries, the SCO has attracted mainly sceptical and negative comment: some questioning whether it has anything more than symbolic substance, others criticizing the lack of democratic credentials of its members and questioning the legitimacy of their various policies. These points have been made especially strongly by commentators in the United States following the inclusion of Iran—along with India, Pakistan and Mongolia—as an SCO observer state and hints that it may attain full membership.³

The time is now ripe to attempt a more serious and, so far as possible, objective analysis of what the SCO is, what it means for its members and for the outside

¹ The English-language section of the SCO website at URL <<http://www.sectSCO.org/>> provides the organization's basic documents. Some of its sections, such as 'Media on SCO', have little content and in general it does not reflect new developments in a timely fashion.

² For a sample of the Russian literature see Lukin, A. V. and Mochulskiy, A. F., 'Shankhaiskaya organizatsiya sotrudnichestva: strukturnoye oformleniye i perspektiy razvitiya [Shanghai Cooperation Organization: structural formation and perspectives of development], *Analiticheskiye Zapiski*, no. 2(4) (Feb. 2005). For a good Chinese analysis (in Russian) see Chzhao Huashen, *Kitai, Tsentral'naya Aziya i Shankhaiskaya Organizatsiya Sotrudnichestva* [China, Central Asia and the Shanghai Cooperation Organization], Carnegie Moscow Center Working Paper 5/2005 (Carnegie Moscow Center: Moscow, 2005), URL <<http://www.carnegie.ru/en/pubs/workpapers/73064.htm>>.

³ Before the SCO's 2006 Shanghai summit, the US Secretary of Defense, Donald Rumsfeld, commented on Iran's application for full membership that 'To think they should be brought into an organization with the hope that it would contribute to an anti-terrorist activity, strikes me as unusual.' Quoted in Saidazimova, G., 'Eurasia: observer Iran grabs limelight ahead of Shanghai alliance anniversary', Radio Free Europe/Radio Liberty, 13 June 2006, URL <<http://www.rferl.org/featuresarticle/2006/06/1c64fc44-9081-49f0-8b69-2c144f52dcab.html>>.

* This chapter is based in part on Bailes, A. J. K., Baranovsky, V. and Dunay, P., 'Regional security cooperation in the former Soviet area', *SIPRI Yearbook 2007: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, forthcoming 2007), pp. 165–92.

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world and what direction it may be evolving in. First, it is clear that the SCO is here to stay. It has developed the self-elaborating dynamic and the influence on neighbouring states that are characteristic of successful regional initiatives elsewhere—such as in Europe and South-East Asia—but have never been attained in purely post-Soviet groups such as the Collective Security Treaty Organization (CSTO).⁴ It has also shown a remarkable speed of evolution, considering that its more informal precursor—the Shanghai Five group of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan—was established only in 1996 and the first SCO summit was held just six years ago. As with the economic growth of some Asian countries, it may be doubted whether this rate of advance can be sustained, but there is no guarantee that it will not be.

Second, the SCO both channels and illuminates many of the most interesting issues and themes of Asian security today. It embodies a new and unprecedented model of Chinese–Russian relations following the initial post-World War II Sino-Soviet pact,⁵ the relapse into hostile competition between two great Communist powers after 1958, and the gradual reconciliation that culminated just before the events of June 1989 in Tiananmen Square.⁶ It sheds light on China's and Russia's visions of their mutual interaction in Central Asia, on how the Central Asian states themselves view and react to this and on how the various SCO members view and treat the evolving US engagement in the region. The rising prominence of the issue of observer states in the SCO is a starting point for questions about why four such diverse states, including the mutually antagonistic India and Pakistan, should see profit in working with the SCO and why the SCO accepts them. Afghanistan's involvement in the SCO prompts reflection on whether its long-term needs would be better met by the SCO with its determinedly self-referential 'Shanghai spirit', by some Western-inspired 'common front' in the area or conceivably by a combination of both.

Third, like any contemporary multilateral organization that seeks to have a direct impact on security, or has an inherent one, the SCO has had to choose how widely to extend its interests over the many dimensions now recognized as part of security building—from avoiding war to tackling non-state antagonists and natural disasters—and how to pursue and prioritize the many different kinds of activity required. In fact, it has adopted a characteristically 21st century agenda that pushes the joint struggle against various perceived non-state menaces (terrorism, separatism and extremism) to the fore and that recognizes the intense relevance for security of infrastructure, communications, energy and the balance of economic power.

⁴ See Bailes, A. J. K., Baranovsky, V. and Dunay, P., 'Regional security cooperation in the former Soviet area', *SIPRI Yearbook 2007: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, forthcoming 2007), pp. 165–92.

⁵ The Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance was signed on 14 Feb. 1950 at Moscow. Its main points are summarized at URL <<http://www.mfa.gov.cn/eng/ziliao/3602/3604/t18011.htm>>. The treaty expired in 1979.

⁶ Sino-Soviet relations were declared to have become 'normal' on the occasion of Soviet President Mikhail Gorbachev's visit to China in May 1989. See Garver, J. W., 'The "new type" of Sino-Soviet relations', *Asian Survey*, vol. 29, no. 12 (Dec. 1989), pp. 1136–52.

The SCO's choices reveal much about the needs, policies and capacities of the participating states but also allow interesting comparisons with other regional groups, providing new material for debate on how far the multilateral interstate mode of cooperation meets or cannot meet the needs of modern-day multidimensional security.⁷

Fourth and not least, the SCO cannot be exempt from questions about its legitimacy and whether it is ultimately a force for good or ill, as seen from the viewpoint of both its own members' populations and the outside world. In other regions, most multilateral institutions would be judged to be 'effective and (widely accepted as) legitimate' or 'legitimate and ineffective'. In the former case they may be evaluated as doing good and in the latter case at least as doing no harm (unless they create a sense of false security). Prima facie, the SCO may be a rare case of an organization that is relatively effective but not generally regarded—by other institutions, outside powers and some elements in its own member states—as legitimate. In this it would resemble the Warsaw Treaty Organization (Warsaw Pact) of the cold war era and—at least in the general Western view—the present-day Russian-led CSTO. If this characterization can be borne out by impartial scrutiny of the evidence, it would not only have implications for other states' policies but would lead back to the question of whether multilateral cooperation is always a good thing as such. Not the least interesting and challenging task of this chapter is to carry out such a scrutiny and attempt a fresh judgement on whether the SCO is 'good', 'bad' or 'ugly', or (as so often happens) a mixture of all three.

This chapter continues by first setting out the basic facts on the SCO's development, machinery, ground rules and principles. It then comments on the role and approaches of the SCO's member and observer states and the broad strategic purposes that the SCO serves for them. This is followed by a review of the nature and effectiveness of SCO operations in four distinct dimensions of present-day security and a discussion of the relevance for security of its other main fields of action. The chapter ends by evaluating the SCO against a number of criteria for legitimacy and constructiveness and offering some conclusions on its prospects and its role.

Origins and basic features

The SCO covers one of the largest geographical areas of any regional organization, from Kaliningrad to Vladivostok and from the White Sea to the South China Sea. If its observer states are added, it reaches to the Indian Ocean and the Middle East as well. Its members and observers collectively possess 17.5 per cent of the world's

⁷ For a review of recent developments in regional security cooperation see Bailes, A. J. K. and Cottey, A., 'Regional security cooperation in the early 21st century', *SIPRI Yearbook 2006: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2006), pp. 195–223.

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proven oil reserves, 47–50 per cent of known natural gas reserves and some 45 per cent of the world's population.⁸

The group's origins go back to the long tension between the Soviet Union and the People's Republic of China over their shared border, which became a multi-lateral issue with the independence of the former Soviet Central Asian republics in 1991. In 1996 China, Russia, and the three Central Asian states bordering on China—Kazakhstan, Kyrgyzstan and Tajikistan—signed the Shanghai Agreement on Confidence Building in the Military Field in the Border Area, followed in 1997 by the Agreement on Mutual Reduction of Military Forces in the Border Areas.⁹ These texts set out substantial and detailed measures of military restraint and transparency along all five states' mutual borders.¹⁰ This shared security regime formed the first multilateral bond between what came to be called the Shanghai Five, but the countries' relations were further stabilized by a series of bilateral agreements on frontier delineation, trade and cooperation.

In June 2001 the same group of countries along with Uzbekistan (which does not have a border with China) further consolidated their relations by setting up the SCO as an institution, with the declared objectives of

strengthening mutual trust and good-neighborly friendship among the member states; encouraging effective cooperation among the member states in political, economic and trade, scientific and technological, cultural, educational, energy, communications, environment and other fields; devoting themselves jointly to preserving and safeguarding regional peace, security and stability; and establishing a democratic, fair and rational new international political and economic order.¹¹

The SCO's founding documents already signalled the special interest of the member states in fighting what they defined as 'terrorism, separatism and extremism'.¹²

⁸ For figures on oil and natural gas see US Department of Energy, Energy Information Administration, World Proved Crude Oil Reserves, 1 Jan. 1980–1 Jan. 2006 Estimates, URL <<http://www.eia.doc.gov/pub/international/iealf/cruideoilreserves.xls>>, and World Crude Oil and Natural Gas Reserves, 1 Jan. 2005, URL <<http://www.eia.doe.gov/pub/international/iea2004/tble81.xls>>; and for population data see Turner, B. (ed.), *The Statesman's Yearbook 2007* (Palgrave Macmillan: Basingstoke, 2006).

⁹ The Agreement on Confidence Building in the Military Field in the Border Area was signed by China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan on 26 Apr. 1996 at Shanghai. Its text is available at URL <http://www.shaps.hawaii.edu/fp/russia/shanghai_19960426.html>. The Agreement on Mutual Reduction of Military Forces in the Border Areas was signed by China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan on 24 Apr. 1997 at Moscow. On the agreements see Trofimov, D., 'Arms control in Central Asia', Bailes, A. J. K. et al., *Armament and Disarmament in the Caucasus and Central Asia*, SIPRI Policy Paper no. 3 (SIPRI: Stockholm, July 2003), URL <<http://www.sipri.org/>>, pp. 46–56.

¹⁰ Trofimov (note 9), pp. 48–52.

¹¹ Quoted from the Declaration on the Establishment of Shanghai Cooperation Organization, which was signed on 15 June 2001 at Shanghai. Its text is available at URL <<http://www.sectesco.org/html/00088.html>>.

¹² These terms are found in the preamble of the Shanghai Convention on Combating Terrorism, Separatism and Extremism, which was signed on 15 June 2001 at Shanghai. Its text is available at

Structurally, the SCO was designed essentially as an intergovernmental network led by annual summits and by regular meetings of the heads of government, foreign ministers and other high officials of the member states. Most observer states (except India) send officials of equivalent rank to high-level meetings. Security-relevant areas are the most frequent subjects of working-level meetings, which now include experts on information security, secretaries of national security councils and heads of supreme courts.¹³ There have been some signs of a wish to bring together other sectoral representatives, such as speakers of parliaments, who met in May 2006 for the first time. The growing emphasis on economic and other functional cooperation—including a potential energy role for the SCO—led to the creation in October 2005 of the SCO Inter-Bank Association and the SCO Business Council, whose June 2006 inaugural meeting was attended by 500 business people.¹⁴

The central institutions of the SCO are sparse and small, consisting of a secretariat set up in Beijing in 2004 and the Regional Anti-Terrorist Structure (RATS), which was established in 2004—after years of discussion among the countries involved—with its base in Tashkent, Uzbekistan.¹⁵ Zhang Deguang of China was the first Secretary-General of the SCO Secretariat, and Bolat Nurgaliyev of Kazakhstan is to serve as Secretary-General from 2007 to 2009.¹⁶ The SCO Secretariat has a permanent staff of 30 and its initial budget was \$2.6 million. The remainder of the SCO's 2004 budget of \$3.1 million was allocated to RATS.¹⁷ RATS is a hub for information exchange among the security services of SCO members and conducts analytical work. The 30 RATS staff include seven from China and Russia, six from Kazakhstan, five from Uzbekistan, three from Kyrgyz-

URL <<http://www.sectSCO.org/html/00093.html>>. Terrorism, separatism and extremism are called 'the three evils' by the Chinese and sometime other SCO leaders. E.g. Putin, V., 'SCO: a new model of successful international cooperation', Moscow, 14 June 2006, URL <<http://www.kremlin.ru/eng/sdocs/speeches.shtml>>.

¹³ Regular meetings of secretaries of national security councils were suggested by Uzbekistan and supported by the other member states in the Tashkent Declaration of Heads of Member States of Shanghai Cooperation Organization, Tashkent, 17 June 2004, URL <<http://www.sectSCO.org/html/00119.html>>. The first meeting of heads of supreme courts took place on 20–22 Sep. 2006; see URL <<http://www.sectSCO.org/html/01108.html>>.

¹⁴ The SCO Agreement on Inter-Bank Cooperation was signed on 26 Oct. 2005 at Moscow. It was welcomed in the Joint Communiqué of the Moscow Meeting of the Council of Heads of Government of SCO Member States, Moscow, 27 Oct. 2005, URL <<http://www.sectSCO.org/html/00648.html>>. On the SCO Business Council see Wei, Y., 'Summit ascent', *Beijing Review*, 29 June 2006.

¹⁵ Zhao Huasheng, 'The SCO in the last year', *CEF Quarterly*, July 2005, p. 10. The archive of the *CEF Quarterly*, the *China and Eurasia Forum Quarterly* and the *CEF Monthly* is at URL <http://www.silkroadstudies.org/new/inside/publications/CEF_archive.htm>. RATS was initially intended to be set up in Bishkek, Kyrgyzstan.

¹⁶ Joint Communiqué of the Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, Shanghai, 15 June 2006, URL <http://english.scosummit2006.org/en_zxbb/2006-06/15/content_756.htm>.

¹⁷ Wacker, G., 'The Shanghai Cooperation Organization: regional security and economic advancement', Working Paper no. 8, Konrad Adenauer Stiftung, Beijing, Aug. 2004, URL <<http://www.kas.de/proj/home/pub/37/2/year-2004/>>; and Oresman, M., 'SCO update: the official launch of the Shanghai Cooperation Organization', *CEF Monthly*, Jan. 2004.

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stan and two from Tajikistan.¹⁸ The SCO's structure, staff and procedures are subject to a general, ongoing review and are in themselves a possible ground for future disagreements or compromises among member states. Thus, Russia has an interest in their effectiveness (especially against transnational threats) and—according to at least one report¹⁹—would like to create more common military infrastructure; but on the other hand it has a general dislike of 'institutionalization' and of giving the SCO any supranational powers. China's ambitions for a free-trade zone would imply more central bureaucratic capacity in the economic field but, as explained below, are opposed in substance by Russia; while the present rather decentralized nature of SCO structures and the revolving chair are considered vital by the Central Asian states to protect them from Chinese–Russian dominance. The small number of SCO officials provides both a contributory cause and an excuse for the SCO's poor record on information work and its scanty contacts with other international organizations (this point is taken up below).

Guiding principles

One author has concluded that 'the SCO is not a normative organization' and that its 'explicit focus on non-interference in domestic issues' is at the heart of its appeal for the predominantly authoritarian member states.²⁰ The Chinese and Russian contributors to this paper present the matter differently: the SCO does have norms—often referred to (especially in Chinese sources) as the 'Shanghai spirit'—but they are deliberately different from those currently being promoted in the world by the USA and like-minded powers. This gives the SCO's declared principles an inbuilt dual function: the inward-looking one of providing a basis for members to work together productively, and the outward-looking one of challenging what at least some of these states see as a threat of both strategic and philosophical unipolarity in international relations.

The SCO Charter, adopted in June 2002, lists several basic principles of international law as the foundations for the organization, including the sovereign equality of states and the rejection of hegemony and coercion in international affairs. It includes a statement that the SCO is 'not directed against other States and international organisations'.²¹ The elements present in the United Nations Charter that the SCO Charter most conspicuously omits are respect for human rights and the self-determination of peoples. All these features can be explained first of all as signals of reassurance being exchanged among the SCO's members: China and Russia grant the formal equality of the smaller ones and commit themselves, at

¹⁸ 'The Shanghai Cooperation Organisation: internal contradictions', *Strategic Comments*, vol. 12, no. 6 (July 2006).

¹⁹ Sysoev, G., 'SCO v. NATO', *Kommersant*, 15 June 2006.

²⁰ White, A., 'Guiding the "near abroad": Russia and the Shanghai Cooperation Organization', *CEF Quarterly*, July 2005, p. 31.

²¹ The Shanghai Cooperation Organization Charter was signed on 7 June 2002 at St Petersburg. An English translation of the charter is available at URL <http://www.sectsco.org/news_detail.asp?id=96&LanguageID=2>. The principles are listed in Article 2.

least on paper, not to intervene in their internal affairs without invitation. The omission of any reference to rights of non-state actors completes the assurance of support for authoritarian, centralizing regimes that was given already in 2001 by the organization's dedication to countering the 'three evils' of 'terrorism, separatism and extremism'.

Of course, several of these points also constituted from the outset a standpoint against values held to be important by large sectors of world opinion: and by the time of its 2005 Astana summit the SCO was more explicitly profiling itself as an alternative to alleged US dominance. The Astana summit declaration of 5 July 2005 proclaimed that 'a rational and just world order must be based upon consolidation of mutual trust and good-neighborly relations, upon the establishment of true partnership with no pretence to monopoly and domination in international affairs'.²² Just five days earlier, the Chinese and Russian presidents had issued a bilateral statement castigating unnamed states that 'pursue the right to monopolize or dominate world affairs' by seeking to 'divide countries into a leading camp and a subordinate camp' and 'impose models of social development'.²³ While the Astana summit declaration reaffirms 'the supremacy of principles and standards of international law, before all, the UN Charter', it provides a characteristic twist by stressing above all the principle of non-interference and arguing that 'it is necessary to respect strictly and consecutively historical traditions and national features of every people' and the 'sovereign equality of all states'. This last formulation is clearly designed to provide a basis for asserting the relativity rather than universality of standards for political, civic and individual human rights: as a Chinese writer later put it, the SCO 'opposes interference in other countries' internal affairs, using the excuse of the differences in cultural traditions, political and social systems, values and model of development formed in the course of history'.²⁴ It is probably safe to assume that this particular part of the SCO's creed would be endorsed by all six of the organization's members—the Central Asian regimes have persistently tried to explain away pro-democracy movements on their own soil or elsewhere (e.g. in Georgia or Ukraine) as being artificially induced for hostile purposes by the USA or others, and have taken a similar ideological position in related dealings with the Organization for Security and Co-operation in Europe (OSCE).²⁵ However, the more extreme expressions of the anti-hegemonic principle are most commonly made by China and Russia since, if taken too literally, they would conflict

²² Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, 5 July 2005, URL <<http://www.sectSCO.org/html/00500.html>>.

²³ The text of the Chinese–Russian Joint Statement regarding the International Order of the 21st Century, made on 1 July 2005 at Moscow, is available at URL <<http://www.politicalaffairs.net/article/view/1455/1/108>>.

²⁴ Xinhua, 'Commentary: SCO outlines new norm of international relations', *People's Daily* (English edn), 16 June 2006.

²⁵ On the behaviour of the 'Astana group'—Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan—in the OSCE see Dunay, P., 'The Organization for Security and Co-operation in Europe: constant adaptation but enduring problems', *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2005), pp. 78–79.

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with the smaller members' efforts to maintain a complicated and profitable balance between China, Russia and the West (see below).

At this stage, the main conclusion to be drawn is that the SCO is not an 'unprincipled' organization in the strict sense, but one that has chosen to define its members' shared concepts of multilateral interaction in terms that consciously and significantly deviate from the principles of almost all other extant regional groups, notably on the point of disregard for human rights.²⁶ This choice can all too easily be understood in terms of the SCO's practical programme and the interests of its membership; but it has inevitable repercussions for the SCO's standing elsewhere in the world and its chances of developing positive relations with other groups. More fundamentally, it may be queried whether it represents a strategy that is actually likely to foster stability and unity in the SCO's region and its individual states in the longer term.

The Shanghai Cooperation Organization members and their interests

It is the *sine qua non* of success in any venture for regional security cooperation that its members should see participation as serving at least some interests that they have in common, while not handicapping them in the pursuit of individual interests when these diverge. Shared interests can in turn relate to conditions within the region formed by the members' territory, to joint fears and ambitions vis-à-vis the outside world, or to both. Diversity among the group's members does not have to be a hindrance to finding a viable common agenda and may indeed supply the starting point for it because the participants want to avoid their differences spilling over into warfare, getting in the way of potential joint profits or encouraging outsiders to 'divide and rule' the region.

The SCO is a good illustration of all these points because of the many ways in which its participants differ widely—starting with the ethnic and linguistic. Differences in strategic position and influence are most obvious between, on the one hand, the two large and potentially global powers—China and Russia—and the four Central Asian members on the other. The latter are not only far smaller but are also landlocked and have few fields of action beyond the regional. Even within the group of four, Kazakhstan's and Uzbekistan's oil and gas and their size place them in a different category from Kyrgyzstan and Tajikistan. China and Russia, for their part, are linked by their status as nuclear weapon states, permanent membership of the UN Security Council and long experience (in Russia's case, now ended) of Communist rule. Yet there is anything but a natural empathy and harmony between them, as seen by the chronic fears and tension that arise on the Russian side from

²⁶ In fact, in this context the positions of other organizations lie on a spectrum, with the most explicit 'democracy' agendas being put forward by the European Union, the African Union and several groups in the Americas, and this aspect being approached less directly (at best) in the groupings of the Asia-Pacific region. See Bailes and Cottey (note 7), pp. 206–11.

Chinese economic penetration into Russia's Far Eastern Federal District.²⁷ China is a rising power with economic and financial dynamics that create sobering challenges even for the USA and the European Union (EU): Russia has hardly begun to redefine its world status and find stable and acceptable ways of maintaining it since the collapse of the Soviet Union in 1991. The smooth and complementary meshing of defensive elements in Russian motives with ambitions for 'soft'—that is, economic and cultural—hegemony on the Chinese side is the central secret of the SCO's success and the key to its hopes of survival.²⁸

The harmonizing of all six members' interests takes place in the SCO in much the same way as for any (non-supranational) regional group: by the formulation of guiding principles that, among other things, play the role of safeguards; by the creation and balancing of a programme of activities in which each party can find something to its taste; and by features of institutional 'process' that allow difficult issues to be worked through to compromise. The first two aspects are dealt with elsewhere in this chapter. As for internal process, a striking and unusual feature of the SCO is that, as noted above, its members all have more or less autocratic forms of government. This not only provides the obvious explanation of why shared measures against 'extremism' and 'secessionism' and the rejection of foreign 'interference' have featured so highly on the group's agenda, but also allows SCO proceedings to take place in an exclusively state-to-state mode, with minimal transparency and no significant means of democratic control. In this perspective it is not unfair to categorize the SCO as a pact for regime survival: a pro-status quo, as well as anti-terrorist, coalition. This is not the same as saying that nothing done by the SCO can be in the true interest of its suppressed populations—the latter would hardly profit from war between China and Russia or from the inability of both to trade peacefully with Central Asia. However, it does mean that the multi-lateral superstructure could prove just as fragile as individual regimes, as and when the latter face more serious challenge from both pro-democracy and pro-autonomy forces at home.²⁹

The contributions that the specific interests of Russia, China and the Central Asian members bring are considered here in turn. Special attention is paid to Central Asia because there is no separate chapter in this Policy Paper to represent that region. The SCO observer countries are also covered briefly.

²⁷ While China's north-east is overpopulated, only 7 million inhabitants live in Russia's Far Eastern Federal District, a territory of more than 6 million square kilometres. It has been estimated that up to 2 million Chinese people work across the border on a daily or longer-term basis, making the local population increasingly dependent on them for survival and creating closer ties for this region with China than with the rest of the Russian Federation. See Lintner, B., 'The Chinese are coming . . . to Russia', *Asia Times*, 27 May 2006.

²⁸ Russia is not without some specific comparative advantages vis-à-vis China: a material one is its large reserves of oil and gas, and more political factors include its relatively stabilized relations with the USA and its membership of the Group of Eight (G8) industrialized states.

²⁹ This point is made with more specific reference to the Central Asian states in Maksutov, R., 'The Shanghai Cooperation Organization: a Central Asian perspective', SIPRI Project Paper, Aug. 2006, URL <<http://www.sipri.org/contents/worldsec/eurosec.html>>.

The Russian Federation

Russia's interests in the SCO form a complex with at least four different levels of application: Central Asia, Chinese–Russian relations, relations with the West (primarily the USA) and the general world politics. Russia is the only significant world power for which Central Asia is not a remote and obscure area, but something more like an intimate strategic extension of its own homeland. Any breakdown of security or anti-Russian development there would threaten Russia both in general terms and because of the approximately 5 million ethnic Russians who live in the region. Conversely, the status quo that has prevailed in the past 15 years under authoritarian Central Asian leaders has offered Russia the most comfort and continuity that could reasonably have been expected after the break-up of the Soviet Union. Russian is still the common second language of the region's populations; the four countries that have chosen to join the SCO have generally maintained a cooperative and non-provocative attitude towards Russia; and Russia has in practice kept a free hand to use the military facilities and play the military role that it wishes within their territory.³⁰ Central Asia is also practically the only part of the former Soviet Union in which Russia does not (yet) have to compete with serious 'infiltration' by the EU and the North Atlantic Treaty Organization (NATO).³¹

In Russia's relations with the Central Asian states, the SCO plays a supplementary and consolidating role. Russia conducts its most serious business bilaterally and also has the frameworks of the Commonwealth of Independent States (CIS) and the CSTO available for organizing the region's multilateral security relations.³² The clearest specific value of the SCO for Russia lies in regulating the uneasy mix of cooperation, competition and a gradually shifting power balance that characterizes its current dealings with China. Since the 1990s and perhaps from even earlier, Russia has no longer been able to expect to treat China as a junior partner, and it can have little appetite for provoking a trial of strengths—either locally or globally—for which it no longer possesses any assured advantage (aside from nuclear capacity). Given the inevitability of Chinese economic penetration into Central Asia, the growing Chinese need for energy,³³ and the region's objective need for

³⁰ On Russia's post-cold war force basing policy see Lachowksi, Z., *Foreign Military Bases in Eurasia*, SIPRI Policy Paper no. 18 (SIPRI: Stockholm, May 2007), URL <<http://www.sipri.org/>>.

³¹ The basis for this judgement is set out in Fischer, S., 'Integrationsprozesse im post-sowjetischen Raum: Voraussetzungen, Erwartungen, Potenziale' [Processes of integration in the post-Soviet space: prerequisites, expectations and potentials], *Internationale Politik und Gesellschaft*, no. 1/2006, p. 147.

³² See Bailes, Baranovsky and Dunay (note 4).

³³ In May 2004 China and Kazakhstan agreed to build a pipeline connecting Kazakh oil fields with western China without crossing Russian territory; in Aug. 2005 the state-owned China National Petroleum Corporation (CNPC) bought the Canadian company PetroKazakhstan, which has the second largest proved oil reserves in Kazakhstan; and in Dec. 2006 China's CITIC Group bought the Kazakhstan oil assets of the Canadian company Nations Energy for \$1.9 billion, the third largest overseas oil acquisition made by a Chinese company. 'Kazakhs agree to China pipeline', BBC News, 18 May 2004, URL <<http://news.bbc.co.uk/2/3723249.stm>>; 'CNPC secures PetroKazakhstan bid', BBC News, 26 Oct. 2005, URL <<http://news.bbc.co.uk/2/4378298.stm>>; and Xinhua, 'China's CITIC Group acquires Kazakhstan oil assets for 1.91 bln US dollars', *People's Daily* (English edn), 1 Jan.

Chinese investment if it is to grow without over-dependence on the West, it makes eminent sense for Russia to capture the process in an explicit institutional framework in which it can hope to retard any premature breakthrough, such as a free-trade area. In purely military terms, a peaceful border with China and the settlement of Chinese territorial claims on Central Asia also allows more of Russia's stretched force capacity to be diverted elsewhere, notably to the North Caucasus.

Rather than the China factor, many analysts have seen competition with the USA and NATO as the real motive for Russia's co-founding of the SCO.³⁴ Even if the present authors may assess the hierarchy of Russian motives differently, there is no denying that the anti-USA streak in Russia's thinking about Central Asia is both patent and powerful. The USA's interest and profile in the region have grown rapidly since 2001 because of the military operation in Afghanistan and the need for rear-echelon bases, which the USA initially acquired in Kyrgyzstan and Uzbekistan,³⁵ but also because of Central Asia's own potential for nurturing indigenous and transnational terrorism and its strategic relevance for South Asia and the greater Middle East.³⁶ A longer-standing US preoccupation is, of course, to keep a competitive stake in the region's oil and gas markets and in particular to promote supply routes out of Central Asia that do not have to cross Russian territory.

Russia's response to the new, more militarized US engagement could best be described as a slowly increasing anger. In February 2003 the Russian Foreign Minister, Igor Ivanov, was still prepared to say that 'We view the US military presence in Central Asia through the prism of the efforts by the antiterrorist coalition to eliminate the illegal Taliban regime that existed in Afghanistan'.³⁷ However, he strongly hinted that both the Afghanistan operation and the new US bases should be of strictly limited duration—at the UN's, rather than the USA's, discretion. A year later, a Russian Deputy Foreign Minister, Vyacheslav Trubnikov, said more bluntly that 'I don't think we can be happy with the presence of extra-regional powers whether it is the US, China or some other country'.³⁸ In July 2005 Russia prevailed on its SCO partners at the Astana summit to call on Western powers to set 'a final timeline for their temporary use of the [military bases]' and to remove

2007. See also Pronińska, K., 'Energy and security: regional and global dimensions', *SIPRI Yearbook 2007* (note 4), pp. 215–40.

³⁴ The Russian author Mikhail Troitskiy is very open on this in chapter 2 in this paper.

³⁵ The USA also acquired military overflight rights in all 4 Central Asian SCO member states. See Lachowski (note 30).

³⁶ MacFarlane, S. N., 'The United States and regionalism in Central Asia', *International Affairs* (London), vol. 80, no. 3 (May 2004), pp. 447–61; Starr, S. F., 'A partnership for Central Asia', *Foreign Affairs*, vol. 84, no. 4 (July/Aug. 2005), pp. 164–78; and Yazmuradov, A., 'The U.S.'s Greater South Asia project: interests of the Central Asian countries and of the key non-regional actors', *Central Asia and the Caucasus*, no. 41 (2006), pp. 81–94.

³⁷ Russian Ministry of Foreign Affairs, 'Replies by Russian Minister of Foreign Affairs Igor Ivanov to readers' questions during an online conference on the Renmin Ribao website', Beijing, 27 Feb. 2003, URL <http://www.mid.ru/brp_4.nsf/english>.

³⁸ Skosyrev, V., "'Est' predel ustulkam Moskvu'" ['There is a limit to Moscow's concessions'], *Nezavisimaya Gazeta*, 12 May 2004. English translation from URL <http://www.rusembcanada.mid.ru/pr/120504_1_e.html>.

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their forces from SCO members' territories.³⁹ Uzbekistan duly terminated the USA's basing rights, although it is fair to note that the Uzbek Government's relations with the West were already becoming troubled—and the USA and the United Kingdom were both coming under attack for working with it—because of its appalling human rights record. Just as interestingly, however, Uzbekistan did not expel a German base that was also linked with the Afghanistan operation. Kyrgyzstan allowed the USA to stay after renegotiating the rent for its base.⁴⁰ Russia's ploy at Astana had the effect of raising the strategic stakes for the USA too, and in December 2005 one US expert noted that 'having bases in Central Asia also sends a message to China and to Russia that this is now a significant U.S. sphere of influence'.⁴¹ Lessons learned on the SCO side may, perhaps, be traced in the fact that the Astana statement was not revived at the 2006 Shanghai summit, as well as in the interpretation now offered by Chinese SCO expert Pan Guang (see chapter 3) that the Astana declaration was primarily about SCO members' positive intent to take the lead in defending their own region against new threats.

However, Russia's vision of the balancing role of the SCO extends beyond the issue of local competition with the USA to that of coping with the apparently relentless expansion of Western security institutions. All Central Asian countries were drawn into NATO's Partnership for Peace (PFP) or the Euro-Atlantic Partnership Council already in the 1990s;⁴² they have been participating states of the OSCE (or its predecessor, the Conference on Security and Co-operation in Europe, CSCE) since 1992; and Central Asia provides the chief evidence for Russia's complaint against the OSCE for interfering tendentiously (under Western pressure, as Russia sees it) in its members' internal affairs.⁴³ The EU for its part proposes to adopt a new and more active Central Asian strategy in 2007.⁴⁴ During the 1990s, Russia's attempts to balance or hold back these growing Western influences focused (institutionally speaking) on the CIS, and later on the smaller and more operational group of the CSTO. Both the CIS and the CSTO were clearly designed in part to imitate Western groups, in the hope of blocking the advance of and asserting equal status with the latter. In reality, neither of these exclusively post-Soviet groups has ever achieved full regional coverage or convincing security

³⁹ Declaration, Astana (note 22).

⁴⁰ Saidazimova, G., 'Bishkek assures Rumsfeld that U.S. air base can stay'. Radio Free Europe/Radio Liberty, 26 July 2005, URL <<http://www.rferl.org/featuresarticle/2005/07/363ce7be-5c22-4d42-b176-83e8b4e67900.html>>.

⁴¹ Carpenter, T. G., quoted in Tully, A., 'U.S.: What is strategy for bases in the former Soviet bloc?', Radio Free Europe/Radio Liberty, 7 Dec. 2005, URL <<http://www.rferl.org/featuresarticle/2005/12/7141A858-DD57-4691-9F77-06B3C78D17D6.html>>.

⁴² On these institutions, now grouped together at the Euro-Atlantic Partnership (EAP), see North Atlantic Treaty Organization (NATO), 'The Euro-Atlantic Partnership', NATO Topics, 13 Feb. 2007, URL <<http://www.hq.nato.int/issues/eap/>>.

⁴³ Dunay, P., *The OSCE in Crisis*, Chaillot Paper no. 88 (EU Institute of Security Studies: Paris, Apr. 2006), URL <<http://www.iss-eu.org/chaillot/chaill88e.html>>.

⁴⁴ 'EU outlines new Central Asia strategy', *Euractiv Newsletter*, 24 Apr. 2007, URL <<http://www.euractiv.com/en/enlargement/article-163327>>.

results—let alone legitimacy in the eyes of the outside world. The SCO may be seen in part as a new balancing ploy that on the face of it is more viable and attuned to its 21st century setting, but in which Russia has had to buy better results at the price of bringing in and sharing the initiative with China. This interpretation is borne out by the two SCO powers' explicit attempt to establish principles for their organization that are also a would-be alternative creed to dominant US and Western ideas on international relations, as discussed below.

China

China's motives for the creation and exploitation of the SCO are not simply the obverse of Russia's. What both powers share are interests in their mutual strategic reconciliation, including the avoidance of border clashes, and in establishing an orderly framework for their coexistence in Central Asia. As indicated in chapter 3, China also has an interest in showing that it can build an international bloc independent of the West and organized on non-Western principles. However, while Russia values the CIS, the CSTO and the SCO partly as hedges against Western intrusion, China's motives for launching the SCO seem to have been on balance more proactive than defensive. For China as much as for the West, Central Asia is a region essentially opened up by the end of the cold war after generations of Soviet seclusion; an intriguing market for both goods and technologies; and a source of much-needed energy that China can afford to pay for but would like to reserve to itself under long-term agreements based on material interdependence. In theory, China could have tried to pursue these national interests in the region behind Russia's back or as an adversary to Russia. Apart from going against the spirit of the Sino-Soviet agreements of 1989, however, that would have involved a degree of security risk that the Chinese regime in recent decades has preferred to avoid whenever possible—so long as it can find a 'soft power' alternative. Entering Central Asia via a consensual and (compared with past history) relatively transparent multilateral framework allows China to let its economic strengths do their own work at minimum strategic cost. Against this background, it is just as clear why China should want to keep pressing for an SCO free-trade area as it is clear why the other members are nervous about permitting it.

This instrumental use of multilateral methods is a phenomenon that can be seen in other fields of Chinese behaviour in the early 21st century, including notably its relations with South-East Asia and its growing contributions to UN peacekeeping missions.⁴⁵ As in those cases, however, the choice of diplomatic methods does not mean that there are no hard security issues at stake for China. In the case of the SCO, the suppression of terrorism and separatism is a serious Chinese interest and, arguably, ranks even higher in the hierarchy of objectives for China than for Russia. Unlike Russia, China does not have actual armed conflicts to divert its

⁴⁵ Gill, B., 'China's new security multilateralism and its implications for the Asia-Pacific region', *SIPRI Yearbook 2004: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2004), pp. 207–30.

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attention and in the last analysis might not see it as a vital interest to prop up any specific Central Asian regime, so long as the successors were still willing to do business with it. What does threaten the Chinese leadership's policy, not just in its western territories like Xinjiang but more generally, is the prospect of internal attack from violent and disaffected elements of all kinds, and the risk of such domestic protesters starting to collaborate with and be abetted by transnational movements. After the terrorist attacks on the USA of 11 September 2001, China managed to get the best-known Xinjiang group, the East Turkestan Islamic Movement (ETIM), added to some Western lists of terrorist organizations.⁴⁶ Today, growing doubts are expressed in other parts of the world about this characterization. However, within the SCO, China can be secure in the assurance that its fellow members will not only accept each others' characterizations of their various dissidents, but engage in practical national and multinational efforts to suppress such elements and keep all borders closed against them.

The four Central Asian member states

Since gaining independence, the Central Asian states have had to defend their integrity and promote their interests in a remote, underdeveloped region defined strategically by two far greater powers to the north and east, and by a mixture of interstate rivalry, disorder and even open conflict on their southern flank. The four Central Asian states taking part in the SCO have their policy differences but, broadly speaking, have all sought the answer in a multi-vector strategy of balancing: first, between the old hegemon Russia and the expanding power of China; and second, between these partners and the states and institutions of the West. The value of the SCO in this context starts with the fact that it allows Central Asian leaders, at least formally, 'to take part in generating regional approaches to cooperation and security on an equal basis with the larger regional powers—an opportunity that Central Asia has not had before in modern times'.⁴⁷ Being able to take their own national line on security issues in a forum with China present, not to mention the far-flung observer states, helps to offset the subordinate role that these countries have been obliged to accept in practice in the post-Soviet CSTO, where military cooperation is inexorably dominated by Russia.⁴⁸ The formal multilateral

⁴⁶ E.g. on 3 Sep. 2002 the USA designated ETIM as being subject to Executive Order 13224 Blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism. US Department of the Treasury, Office of Foreign Assets Control, 'Terrorism: what you need to know about U.S. sanctions', Washington, DC, 20 Feb. 2007, URL <<http://www.treas.gov/offices/enforcement/ofac/>>. ETIM does not appear in the list to which EU Council Common Position 2001/931/CFSP of 27 Dec. 2001 on the application of specific measures to combat terrorism applies. Council Common Position 2001/931/CFSP appears in *Official Journal of the European Union*, L 344, 28 Dec. 2001, pp. 93–96 and the updated list is in *Official Journal of the European Union*, L 144, 31 May 2006, pp. 26–29 and L 379, 28 Dec. 2006, p. 130.

⁴⁷ Maksutov (note 29), p. 4.

⁴⁸ A similar effort to dilute Russian dominance by broadening the circle is demonstrated in the Central Asian-inspired Conference on Interaction and Confidence-building measures in Asia (CICA),

framework of the SCO not only relieves the Central Asian fears of becoming a battleground for unrestrained power play between China and Russia but makes it easier for them at the political level to avoid having to choose between their two dominant (and nuclear-armed) neighbours. In a general and theoretical sense, the SCO's emphasis on helping local states to take care of Central Asian security without enlisting a more distant protector flatters the smaller members' sense of emerging nationhood, free choice and the ability to protect their own alleged 'values'.

At the same time, the creation of the SCO has not had the effect—or perhaps even seriously sought it—of blocking growth in the Central Asian states' relationships with the USA, other Western states, or the EU and OSCE. It was after the establishment of the SCO in June 2001 that Kyrgyzstan and Uzbekistan agreed to provide military facilities for the US-led coalition's operations in Afghanistan; and, as noted above, Kyrgyzstan is still doing so in spite of the SCO's 2005 Astana declaration. Under the aegis of OSCE dialogue and assistance programmes and NATO's PFP, the Central Asian states have received and continue to receive substantial Western aid and advice for military reform and technical interoperability and for the development of defensive, intelligence-gathering and enforcement capabilities against various 'new threats'.⁴⁹ Kazakhstan, which apart from its oil and gas wealth has also maintained perhaps the most stable policies and international reputation of the four Central Asian SCO members, has recently given fresh proof of just how much room remains for Central Asian 'balancing'. In a July 2006 speech, the Kazakh Foreign Minister, Kassymzhomart Tokayev, said that his country would 'work to keep the SCO universal and well-balanced'.⁵⁰ In January that year Kazakhstan had become the first Central Asian state to sign an Individual Partnership Action Plan with NATO under the PFP, and in September Kazakh President Nursultan Nazarbaev was in Washington seeking a wide-ranging 'strategic partnership' with the USA.⁵¹ Kazakhstan has also sent 27 personnel from its own peacekeeping battalion (KAZBAT) to carry out humanitarian activities in Iraq in cooperation with the Polish contingent of the US-led operation there.

The security dimension. If the SCO has not caused any apparent net loss in the Central Asian states' strategic and political room for manoeuvre, has it brought them any positive benefits? Since the final delineation and pacification of their frontiers with China and Russia was an achievement of the earlier part of the Shanghai process, the main security relevance of the SCO for local regimes has

where the SCO countries are joined by others as widely spread as Egypt and Turkey to the west, Afghanistan, India and Pakistan to the south, and Thailand to the east.

⁴⁹ Olikier, O. and Shlapak, D. A., *U.S. Interests in Central Asia: Policy Priorities and Military Roles* (RAND Corporation: Santa Monica, Calif., 2005), URL <<http://www.rand.org/pubs/monographs/MG338/>>, p. 48.

⁵⁰ Tokayev, K., 'Kazakhstan: strengthening security in Central Asia through democratic reforms and economic development', Address to the W. P. Carey Forum, Central Asia–Caucasus Institute, Washington, DC, 5 July 2006, URL <<http://www.silkroadstudies.org/new/inside/forum/>>.

⁵¹ Sands, D. R., "'Strategic" accord planned for Nazarbayev's U.S. visit', *Washington Times*, 8 July 2006.

lain in the area of 'new threats' and above all the combating of terrorism, local insurgency and the drugs traffic. All the Central Asian states have been exposed from the start to terrorist infiltration involving both internal and cross-border attacks, admittedly often inspired by the regimes' own oppressive practices and failure to address social ills, but also aggravated by the effect of the Soviet break-up in artificially dividing areas like the Fergana Valley (now split between Kyrgyzstan, Tajikistan and Uzbekistan and becoming fertile ground for the Islamic extremist movement Hizb ut-Tahrir). Since 2002 the spill-over from hostilities in Afghanistan has been an additional risk factor.⁵² The Central Asian militaries and other agencies have performed poorly in mastering these challenges.⁵³ Matters have been made worse by disputes among the states themselves,⁵⁴ as well as by the earlier tendency of China and Russia to focus on keeping such dangers dammed up in Central Asia rather than trying seriously to address them there. Against this background, the existence of the SCO and the development of anti-'extremist' cooperation as its central feature have made a real difference: in enlisting greater Chinese and Russian support for efforts within Central Asian territories; in helping overcome the Central Asian states' own bilateral frictions;⁵⁵ in providing a framework for concerted strategies towards the transnational aspects of the problem; and in channelling more supplies of vehicles, spare parts, communications equipment and other technical support to Central Asian forces from both China and Russia. For the Central Asian states, the very fact that all these efforts can now be handled in a multilateral framework rather than requiring ad hoc deals for bilateral assistance (which are difficult to balance politically and are never without a quid pro quo) represents a huge step forward in itself. As for the drug trafficking problem, which is also largely driven by Afghanistan and affects Kyrgyzstan and Tajikistan most severely, SCO actions have at least helped Central Asian leaders to admit and address the issue as a major one for national security and have given them access to joint SCO anti-trafficking exercises since 2003.

The economic dimension. Like Russia, the Central Asian states have seen both attractions and dangers in developing the economic dimension of the SCO. On the

⁵² According to Hu Jian, deputy director of the SCO Research Centre at the Shanghai Academy of Social Sciences, 'Afghanistan has been a cradle for terrorism and extremism since the US invasion'. Quoted in Dyer, G. and McGregor, R., 'Opposition to US inspires "NATO of the East"', *Financial Times*, 22 June 2006, p. 4. To put this in context it may be noted that Afghanistan probably harboured more terrorists during the Taliban regime than it has since 2001.

⁵³ E.g. an incursion by just 6 terrorists in mid-May 2006 left 4 Kyrgyz law enforcement officers dead and 9 wounded. Yarov, D., 'ChP v Sary-Taala: mnogo voprosov, malo otvetov . . .' [Incident in Sary-Taala: many questions, few answers . . .], 24.kg News Agency, 15 May 2006, URL <<http://www.24.kg/glance/2006/05/15/1929.html>>

⁵⁴ E.g. following the May 2005 Andijon incident in Uzbekistan, Kyrgyzstan handed over some Uzbek refugees to the UNHCR instead of repatriating them. On the Andijon incident see chapter 2, note 26.

⁵⁵ The presidents of Kyrgyzstan and Uzbekistan met in May 2006 and expressed their satisfaction that their troops had cooperated in suppressing extremists in Djalal-Abad oblast, Kyrgyzstan. Uzbekistan has also agreed to demine parts of its borders with Kyrgyzstan and Tajikistan. On intra-Central Asian confidence building generally see Maksutov (note 29), pp. 18–19.

one hand they fear trade competition from China and would not wish over-close SCO integration to block their cooperation with Western customers and Western-inspired pipeline schemes (such as the Baku–Tbilisi–Ceyhan oil pipeline project which Kazakhstan has now joined). What they would like to get out of the SCO in positive terms is the guaranteed inflow of Chinese (and, to a lesser extent, Russian) investment to support their power infrastructures—including the development of the hydroelectric power sector and electricity networks that are important for their own energy needs; and major road and rail transport projects that could mitigate the geographical isolation of—in particular—Tajikistan, Kyrgyzstan and Uzbekistan, while offering profits from the growing transit trade to countries such as Iran, India and Pakistan as well as the West.⁵⁶

The political dimension. The political attraction of the SCO for Central Asian regimes lies in the hopes they have of using it to boost their external standing and security while making no concessions on, and indeed winning new practical support for, their authoritarian practices at home. However, it is fair to note that the SCO has exploited and encouraged the existing non-democratic tendencies of most of the members rather than created them or, indeed, dictated this or any other political orientation as a condition for membership. On the most optimistic reading, the opening up of Central Asian politics through multilateralization of any kind may create more stimulus and room for eventual change in governance: ‘the very differences in the degree of democratic transformation among different states could cause greater “regionalization” to have also a kind of levelling-up function, if properly stimulated’.⁵⁷ What seems clear, at all events, is that for the West to make any over-crude attempt to block the Central Asian states’ cooperation with the SCO or to punish them for it, notably by withdrawing Western security-related aid, would constitute a fatal misreading of the importance and nature of ‘balancing’ as a component in the region’s strategy. It would risk losing both the direct reformist impact of Western engagement, and the more subtle and inadvertent role that the SCO itself might also eventually play in that direction.⁵⁸

The observer states

The status of observer was not foreseen in the original SCO statutes, which provide only that ‘membership shall be open for other States in the region that undertake to respect the objectives and principles of this Charter and to comply with the provisions of other international treaties and instruments adopted in the framework of SCO’.⁵⁹ The reference to states in ‘the region’ is noteworthy here, but no definition of the region and its limitations is offered. There is thus some flexibility for ad hoc

⁵⁶ For details see Maksutov (note 29), pp. 19–23.

⁵⁷ Maksutov (note 29), p. 29.

⁵⁸ The fate of Uzbekistan, which not only closed US bases but also rejoined the Russian-led CSTO as its differences with the West over bad governance became sharper in 2005, will be an interesting testcase to watch in this context.

⁵⁹ Shanghai Cooperation Organization Charter (note 21), Article 13.

decisions on membership, which would be taken by the SCO's Council of Heads of State on the basis of a representation made by the Council of Ministers of Foreign Affairs, following a formal application by the state in question.

Thus far, India, Iran, Mongolia and Pakistan have been granted the status of observer states at the SCO, allowing them to be represented at least at all higher-level meetings. Mongolia became an observer in 2004 and the other three states were invited to do so in 2005. As noted above, they form a disparate group, especially in terms of their degrees of democracy and of international acceptance and the nature of their other group affiliations. The one motive for association with the SCO that may reliably be attributed to all of them is an interest in the opening up of trade across Central Asia in general and joint approaches to (and possible Chinese investments in) trans-Asian energy deliveries and infrastructure links in particular.

Iran has an especially overt interest in energy cooperation, as shown also by its growing bilateral engagement with China, and in 2006 Iranian President Mahmoud Ahmadinejad invited the six SCO member states to a meeting in Tehran to discuss energy exploitation and development.⁶⁰ It has been suggested that Iran is 'a good fit' also in terms of its stake in combating drug trafficking,⁶¹ but it is not only US observers that may be cynical about the idea of Iran's being committed to fight 'terrorism' and 'extremism' (in Iran's own region or elsewhere) as required by the SCO's founding documents. More relevant to Iran in its current embattled situation over its nuclear programme vis-à-vis the UN and Western powers is the character of the SCO as an 'alternative', multilateral model based on mutual non-intrusion and national interest—and, in practice, as one of very few operationally meaningful groups that might let today's Iranian regime join it.

In contrast, India and Pakistan are anything but pariah states and both have recently improved their strategic relations in different contexts and to different degrees with the USA. What they may hope to gain from the SCO connection, over and above the material motives mentioned above, is (a) a route into wider Asian geopolitics (both have been identified as wishing to break out from their narrower subregional setting),⁶² and (b) a forum in which they can, if wished, also jointly address (including in the corridors) the issues of military confrontation, border management, terrorism and insurgency that are so critical for progress in their own bilateral relations but which their own subregional organization (the South Asian Association for Regional Cooperation, SAARC) is incompetent to resolve.⁶³ For India, a regulated and peaceful multilateral framework for addressing the regional and global rise of China is also of interest for reasons partly analogous to those of Russia.

⁶⁰ Dyer, G., 'Iran leader hits at intrusion in region', *Financial Times*, 16 June 2006, p. 4.

⁶¹ Gentry, B. J., 'The dragon and the magi: burgeoning Sino-Iranian relations in the 21st century', *China and Eurasia Forum Quarterly*, vol. 3, no. 3 (Nov. 2005), pp. 122–23.

⁶² Bailes, A. J. K. et al., *Regionalism in South Asian Diplomacy*, SIPRI Policy Paper no. 15 (SIPRI: Stockholm, Feb. 2007), URL <<http://www.sipri.org/>>.

⁶³ See Inayat, M., 'The South Asian Association for Regional Cooperation', Bailes et al. (note 62), pp. 12–24.

Finally, Mongolia may be assumed to have an interest in a new opportunity to multilateralize its own highly asymmetric and sometimes sensitive strategic relations with China. Mongolia is a country with a well-attested commitment to multi-lateral approaches to peace and confidence building in general.⁶⁴

For completeness' sake, the interest shown by Afghanistan in some form of SCO affiliation may be noted here. In its current condition, Afghanistan is both a factor of regional instability helping to drive the current SCO members together, and a state that shares several *prima facie* objectives with them. These objectives include controlling cross-border terrorist activity and the drugs trade, and developing its economy on a sustainable regionally integrated basis. In 2005 a contact group was set up between Afghanistan and the SCO to allow discussion of possible joint proposals and recommendations, and Afghan officials have subsequently attended various meetings of the SCO.⁶⁵ The question remains open whether the Afghan Government will formally seek, or gain, observer status: this will presumably depend among other things on how strongly its Western friends may argue against it and on how strongly disposed the Afghan leadership is to heed their wishes.

Of the four existing observers, Iran has openly pressed for full membership of the SCO and there are less conclusive signs of Indian and Pakistani interest—it is certainly likely that, if one of them joined, the other would feel obliged to match it. In spite of a surge of speculation before the SCO's Shanghai summit of June 2006, that meeting did not approve any changes of status and instead 'entrusted the Council of National Coordinators to make recommendations on the procedure of SCO membership enlargement'.⁶⁶ While this move could be interpreted in various ways, the comments made after the meeting at least by Chinese experts hinted that it might be designed to gain time and avoid precipitate decisions, while perhaps looking at alternative ways of fortifying practical involvement by non-members.⁶⁷ In spite of the general opacity of intra-SCO politics, there have been clear signs of reluctance among the Central Asian members (*a*) to admit any new members at all, because they would include additional economic competitors and would threaten to spread the prospective profits of membership more thinly, (*b*) to dilute the present already very wide geostrategic focus of the group, (*c*) to offend the USA and others

⁶⁴ Enkhbayar, N., President of Mongolia, Speech at the sixth annual meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, 15 June 2006, URL <http://www.president.mn/show_module.php?index=speech&speechid=96>. Mongolian President Nambaryn Enkhbayar mentioned 2 other factors for his country's active involvement in the SCO: (*a*) economic backwardness and poverty, while some other SCO members make 'phenomenal economic progress', and (*b*) lack of direct access to the ocean.

⁶⁵ The Protocol on Establishment of SCO–Afghanistan Contact Group was signed on 4 Nov. 2005 at Beijing. Its text is available at URL <<http://www.sectesco.org/html/00649.html>>.

⁶⁶ Joint Communiqué, Shanghai (note 16). The Council of National Coordinators directs the day-to-day activities of the SCO.

⁶⁷ A Chinese Foreign Ministry spokesperson stated on 15 June that 'Members are having vigorous discussions on how to let observers better participate in pragmatic cooperation within the framework of the organization.' 'Full text: FM press conference on June 15', Chinese Government's Official Web Portal, 17 June 2006, URL <http://english.gov.cn/2006-06/17/content_312942.htm>.

by giving full status to Iran,⁶⁸ and (d) to import the India–Pakistan confrontation into a group that has enough security problems and potential divisions already.⁶⁹ Russia for its part showed some signs of trying to distance itself from the Iranian president's warm reception at the SCO's 2006 Shanghai summit: the Russian Foreign Minister, Sergey Lavrov, noted that Ahmadinejad had 'attended the summit meeting as head of state of an observer state on the invitation of the host, the President of China, Hu Jintao'.⁷⁰

It may more generally be assumed that China would have a greater interest than Russia in expanding the group (with the possible exception of membership for Mongolia) because of the potential for reinforcing its own economically focused agenda as well as the strategic interest of creating a 'greater Asia' committed to China's way of handling international relations and putatively ready to accommodate China's rise.⁷¹ However, India's accession could also prove to be something of a double-edged sword because of the influence that its more genuinely democratic practices and its Western links might exert on other members, and because it is the only conceivable new entrant that could convert the group's overall power balance between China and Russia into a triangle.⁷² The odds are that, for all these reasons and others that may be known only to SCO insiders, consensus among the six full members to admit others will not be forthcoming at least for several years. It remains to be seen whether (as the EU and NATO have done before it) the SCO will continue elaborating the range and significance of 'halfway houses' that it can offer to frustrated candidates.

The Shanghai Cooperation Organization and its members' security

SIPRI's analytical work on regional security has postulated four functions that institutional structures in a particular geographical neighbourhood can perform: (a) avoiding, containing or sublimating armed conflict; (b) positive military cooperation both for 'old' (allied defence) and 'new' (peace missions) tasks; (c) the promotion of security sector reform and democracy or good governance in general; and (d) the combating of non-traditional security threats, including those that arise at the interface between the worlds of security, the economy and society.⁷³ Enough is said above about the SCO to allow a rapid conclusion that it deserves a zero or

⁶⁸ Blank, S., 'The Shanghai Cooperation Organization: cracks behind the facade', Eurasia Insight, 21 June 2006, URL <<http://www.eurasianet.org/departments/insight/articles/eav062106.shtml>>.

⁶⁹ For a fuller discussion of Central Asian attitudes see Maksutov (note 29).

⁷⁰ Blinov, A., 'ShOS na pereput'e' [The SCO at the crossroads], *Nezavisimaya Gazeta*, 15 June 2006, p. 10 (authors' translation).

⁷¹ It has been argued that 'India's membership would serve to reinforce China's view as to the primacy of an economic agenda: India's leadership made clear that its interests in Central Asia are primarily economic and . . . does not seek to join any putative military or geopolitical alliance'. 'The Shanghai Cooperation Organisation: internal contradictions' (note 18).

⁷² Weiss, S. A., 'Don't play this Great Game', *International Herald Tribune*, 9 Dec. 2005, p. 6.

⁷³ Bailes and Cottey (note 7).

possibly minus rating on the third of these; it does not even have an explicit agenda of military modernization.⁷⁴

The agenda of conflict avoidance can also be dealt with relatively briefly. It is argued above that the SCO and its forerunner, the Shanghai Five, have both aimed and managed to reduce the risks of open conflict between any of the present six participants to a level that leaves them free to engage positively in even quite sensitive aspects of security cooperation. A similar emergent role may be played by the SCO framework *vis-à-vis* the four observer states. While historical forces and shifting power balances might have achieved much of this effect in any case, the existence of the SCO as an institution has arguably consolidated the results and created channels that did not exist before for addressing and dispersing, or at least easing, intra-regional state-to-state tensions through dialogue. On the other hand, the SCO has not even tried—unlike the Russian-led CIS and CSTO or their rival group GUAM⁷⁵—to claim a role in mounting active multilateral peace operations either in its own region or outside. Its creed of non-interference strongly suggests that its leaders would try to avoid even discussing a military role for the SCO in situations very pertinent for regional security such as the Afghanistan conflict—although that has not stopped them adopting increasingly critical positions on the efforts made by other powers to deal with that problem. It is not inconceivable that an SCO label might be put on a (consensual) intervention by one or more members in another member's internal disorders, but that situation has not so far arisen except at the level of exercise scenarios (see below).⁷⁶

The two issues that remain to be addressed in more depth are the relevance of the SCO for military cooperation among its members, and its role regarding 'new threats'. As to the military point, the SCO has never characterized itself (or acted in practice) as a traditional military alliance comparable to NATO (or the former Warsaw Pact, or even the CSTO today). Although some writers have portrayed this

⁷⁴ The SCO members' interactions in exchanging defence equipment and technology are overwhelmingly bilateral, although there are some related joint capacity-building programmes in the CIS and the CSTO. While all SCO members—and perhaps especially the Central Asian states—badly need know-how and material inputs to raise their forces to internationally accepted standards in both efficiency and norms of behaviour, many of their most basic shortcomings could only be addressed with help from outside the region.

⁷⁵ Georgia, Ukraine, Azerbaijan and Moldova (GUAM) formally established the Organization for Democracy and Economic Development–GUAM on 23 May 2006, but the GUAM members had worked together, and for periods with Uzbekistan, since 1997.

⁷⁶ This seems to be the eventuality contemplated by the Russian experts who have argued that 'it would not be bad to establish in the nearest future the rapid reaction forces of the SCO that would be able to take full responsibility for the security of the region so that the participation of extra-regional contingents would not be necessary for the stabilization of the situation in Central Asia'. Lukin and Mochulskiy (note 2), p. 21 (authors' translation). There are other reports of Russian ambitions to invest more resources in strengthening the SCO's military infrastructure; but such thinking looks suspiciously like a mirror-imaging of developments in the CSTO, which no other SCO member would probably wish to duplicate in the wider context. Certainly, the Central Asian states would not welcome either a new formalization of the role Russia has claimed to play in 'helping' them defend their own borders or an intrusion by Chinese troops under that pretext.

as an inherent failure or weakness of the Shanghai process,⁷⁷ even brief reflection will show that it would be impossible to imagine Russia guaranteeing China's entire territory against attack and vice versa, let alone Chinese and Russian forces—and potentially their nuclear weapons—being brought under a single command with joint force goals. Russian President Vladimir Putin has 'publicly excluded any possibility of military operations conducted under the auspices of the SCO',⁷⁸ and it is significant that the first meeting of SCO defence ministers did not occur until April 2006. (The SCO Charter does not provide a role for them and no decision has been reported that they should have regular meetings.) Indeed, there is nothing like a joint 'headquarters' group of military commanders, such as was originally planned to exist in the CSTO. Also relevant is the insistence of SCO members, especially China, that their cooperation is not directed against any other state and that, in this strategic sense, the SCO is 'a non-aligned' organization.⁷⁹

Where the ambiguity and the scope for confusion lie is in the fact that all members have a distinctly militarized approach to combating 'new threats' and that some of the SCO's most reported activities have involved exercises using military forces in anti-terrorist or similar scenarios. These have included a China–Kyrgyzstan joint border security exercise involving hundreds of troops on each side, in 2002; a multilateral exercise in eastern Kazakhstan and Xinjiang in western China in 2003, with over 1000 personnel and all SCO members represented except Uzbekistan; a large Chinese–Russian exercise in August 2005 that was observed by other SCO states;⁸⁰ and a multilateral exercise, 'East Anti-terror 2006', hosted by Uzbekistan in 2006 that tested the ability of special forces and law enforcement agencies to defend local infrastructure and rescue hostages.⁸¹ A major anti-terrorist exercise is planned for 2007 in the part of the Russian Federation adjacent to Kazakhstan. It will include roles for special forces and air forces using precision-guided weapons and is expected to involve thousands of troops, live fire ranges, and the use of advanced weapons and tactics—approaching the intensity of exercises more typically held in a collective-defence context.⁸²

The Chinese–Russian 'Peace Mission 2005' ground, air and naval force exercise of 18–25 August 2005 illustrated the scale of SCO ambitions. It engaged 10 000

⁷⁷ Weitz, R., 'Shanghai summit fails to yield NATO-style defence agreement', *Jane's Intelligence Review*, vol. 18, no. 8 (Aug. 2006), p. 42.

⁷⁸ Trenin, D., 'Russia and the Shanghai Cooperation Organization: a difficult match', *CEF Quarterly*, July 2005, p. 26.

⁷⁹ This was stated in the 2001 Declaration on the Establishment of Shanghai Cooperation Organization (note 11), paragraph 7.

⁸⁰ See De Haas, M., *Russian–Chinese Military Exercises and their Wider Perspective: Power Play in Central Asia*, Conflict Studies Research Centre, Russian Series no. 05/51 (Defence Academy of the United Kingdom: Swindon, Oct. 2005), URL <<http://www.defac.ac.uk/colleges/csrc/document-listings/russian/>>.

⁸¹ Weitz (note 77).

⁸² LeBlanc, J. M., 'Armed forces (external)', *ISCI Analyst*, vol. 12, no. 5 (25 May 2006). The Russian Defence Minister, Sergei Ivanov, committed Russia to hosting this event at the meeting of SCO defence ministers in Apr. 2006.

military personnel, plus navy vessels and aircraft. Although the scenario was related to ‘terrorism, separatism and extremism’, some of the assets used and functions exercised were unusual and apparently excessive for a counter-insurgency operation. They included force elements and functions more reminiscent of Warsaw Pact exercises, such as strategic long-range bombers, command posts and airbases, the neutralization of anti-aircraft defences and achievement of air superiority, enforcement of a maritime blockade, simulation of an amphibious landing and control of sea areas among others. The defence ministers of the SCO member states and the defence attachés of SCO observer countries monitored the manoeuvres. A request by the USA to send its own observers was declined,⁸³ but the USA did not overreact to this. The US Secretary of Defense, Donald Rumsfeld, simply observed that ‘We are obviously observing what takes place, but I didn’t see anything in it that was threatening’.⁸⁴ Nonetheless, the fact that the exercise took place so soon after the SCO’s Astana summit, at which the organization made its clearest ever protest against US involvement in Central Asian affairs, indicates that the signals it conveyed about Chinese–Russian capacity and resolve were not aimed exclusively at potential non-state adversaries.

Another and distinct role played by military personnel in the SCO relates to its purpose, inherited from the Shanghai Five, of disengagement and confidence building along shared frontiers. Under the relevant arms limitation and confidence-building arrangements, the parties carry out reciprocal bilateral inspections, while other members may send representatives to the inspections at their own cost. Last but not least, it is clear from the communiqués of the annual SCO summits that a wide range of strategic issues are discussed there, at least some of which can be assumed to fall within the more traditional realms of strategic relations and ‘hard’ defence.

However, the dimension where the SCO has worked hardest to establish its profile and expand its activities is that of combating new threats, as defined first and foremost in the mantra of ‘terrorism, separatism and extremism’, but also including such universal problems as drug trafficking, cyber-sabotage and aspects of weapons of mass destruction (WMD) proliferation. An SCO group of information security experts was established in the autumn of 2006,⁸⁵ and in September that year against the background of international concern over Iran’s nuclear programmes the Russian prime minister talked of establishing an international nuclear fuel-cycle services centre under SCO auspices.⁸⁶ As for drug trafficking, it is noted above what a tough challenge it poses for the SCO’s Central Asian members, which are hampered not only by ill-defined and ill-guarded borders and weak

⁸³ De Haas (note 80).

⁸⁴ Agence France-Presse, ‘Rumsfeld: China–Russia drill no threat’, *China Daily*, 24 Nov. 2005.

⁸⁵ Shanghai Cooperation Organization, ‘International information security experts meet in Beijing’, News item, 27 Oct. 2006, URL <<http://www.sectsc.org/html/01123.html>>.

⁸⁶ Alyakrinskaya, N., ‘SCO: pragmatism gains the upper hand’, *Moscow News*, 22 Sep. 2006.

enforcement capacities but also by endemic corruption.⁸⁷ Russia—whose territory is crossed by some of the same smuggling trails—and China have a genuine common interest in supporting anti-drug trafficking efforts in the region. However, too little information is publicly available to allow a judgement on the exact scope or comparative value of the SCO's own efforts. Numerous other institutional and national actors, including once again the USA, are of course also working with the Central Asian states in this field.

The SCO's primary focus remains as defined in the 2001 Convention on Combating Terrorism, Separatism and Extremism.⁸⁸ This convention establishes a common understanding between the parties on what the terms 'terrorism', 'separatism' and 'extremism' mean and commits them to reciprocally extradite persons committing such crimes. The members are to further cooperate (a) through the exchange of information and intelligence; (b) by meeting requests for help in operational search actions; (c) in developing and implementing measures to prevent, identify and suppress offending actions; and (d) in collaborating to stop the flow of finance and equipment to the guilty parties.⁸⁹ The live exercises referred to above constitute the largest-scale visible activities in pursuit of these ends and, through their scenarios, confirm that the primary focus is on preventing cross-border movements and violent actions by indigenous armed groups. The other main engine of SCO joint action is the Regional Anti-Terrorism Structure. Its mandate is to carry out 'analytical work', but its activities have developed in some clearly operational directions, such as planning a shared databank on terrorist, separatist or other extremist organizations (their structures, leaders, members, operational channels and financial resources); contributing to command and tactical-operational training; and helping to draft international legal documents concerning the fight against terrorism.⁹⁰ There are obvious difficulties in trying to evaluate, from the outside, the work of RATS to date, but one intriguing note of criticism was sounded in 2006 by a Russian writer who suggested that the SCO machinery had reacted slowly to the challenges from Islamic extremists and the lessons of 11 September 2001.⁹¹ At any rate, it is clear that, like any multinational organ, RATS can only be as good as the quantity and quality of information contributed by its members allows. There is also room to suspect that in a region with no other elements of a common jurisdiction, common market or common movement space, the really important matters will be handled nationally or at best bilaterally. As with the other transnational challenges mentioned above, overlap or competition with other actors

⁸⁷ Fenopetov, V., 'The drug crime threat to countries located on the "Silk Road"', *China and Eurasia Forum Quarterly*, vol. 4, no. 1 (Feb. 2006), pp. 5–7.

⁸⁸ Shanghai Convention on Combating Terrorism, Separatism and Extremism (note 12).

⁸⁹ The text of the convention provides no basis for the suggestion of one writer that SCO 'members pledge to send military assistance to other members if requested in the event an attack by separatists, terrorists, or fundamentalist Islamic organizations'. Blank, S., 'The Shanghai Cooperative Organization: post-mortem or prophecy', *CEF Quarterly*, July 2005, p. 13.

⁹⁰ Lukin and Mochulskiy (note 2), pp. 20–21.

⁹¹ Lousianin, S. in 'An international perspective', *Beijing Review*, 15 June 2006.

trying to cooperate in and with Central Asia—including the OSCE and its Office of Democratic Institutions and Human Rights (ODIHR)⁹²—may also be an issue. The SCO has taken rational steps in this context by establishing general-purpose cooperative arrangements with both the CIS and the Association of South East Asian Nations (ASEAN), but its more adversarial relations with the West make it hard to imagine effective coordination between its efforts and what the USA, for example, is trying to accomplish with Central Asian partners. Finally, it may be noted that the SCO's anti-terrorist, anti-separatist and anti-extremist policies and methods are those that have caused most concern to outsiders on grounds of human and civic rights. Such criticisms would become even more pertinent if what these policies have delivered in terms of genuine risk reduction should be found to be inadequate.

Security and economics

None of the SCO's members is likely to underestimate the importance of economic factors for security. For China, building and asserting its economic power are the high road to future status and security, while Russia has recently used its oil and gas as a 'weapon' in a more focused and blatant way.⁹³ The Central Asian states want economic growth and development to satisfy their rulers' wishes but also for the genuine needs of their peoples.⁹⁴ Even so, economic matters appeared relatively late on the SCO's formal agendas, with such topics earlier being left to discussions among the states' prime ministers. Elements of institutionalization in this field appeared only (with the SCO Inter-Bank Association) in 2005. When considering the effectiveness of the organization's current work both on general economic topics and energy, it is important to bear in mind the far greater resource transfers and stronger influences springing from market dynamics, in which the USA and other actors from outside the region play a major role.

As noted above, the SCO's economic dimension has been pushed from the outset by China. As early as October 2002 China hosted an SCO forum on investment and development in the energy sector in which representatives of governmental agencies and state commercial structures as well as transnational corporations took part. In late 2003 the Chinese Prime Minister, Wen Jiabao, proposed to set up a free-

⁹² Billen, C., 'The OSCE: a platform for co-operative counter-terrorism activities in Central Asia?', Institute for Peace Research and Security Policy at the University of Hamburg (IFSH), *OSCE Yearbook 2005* (Nomos Verlag: Baden-Baden, 2006), pp. 280–81.

⁹³ The reference is to a number of occasions in 2005–2007 when Russia stopped deliveries via gas pipelines or imposed large unilateral price increases on its customers, for reasons widely interpreted as involving political pressure on some of its neighbour countries and, indirectly, on Western consumers supplied through the same channels.

⁹⁴ China and Kazakhstan both achieved annual growth of their gross domestic products of 10% in 2005. International Monetary Fund (IMF), World Economic Outlook Database, Apr. 2007, URL <<http://www.imf.org/external/pubs/ft/weo/2007/01/data/index.aspx>>. See also table A.1 and Lillis, J., 'Nazarbayev visit to Washington: looking for recognition as regional leader', *Eurasia Insight*, 26 Sep. 2006, URL <<http://www.eurasianet.org/departments/insight/articles/eav092606.shtml>>.

trade zone within the SCO.⁹⁵ Even if other members have so far balked at this, a work programme has been adopted to build by 2020 a zone favourable for the free movement of products, capital, technology and services. At an expert meeting in Moscow in March 2004, the SCO members formed four working groups: on electronic trade, customs, inspection of goods and unification of standards, and investment cooperation. At the meeting of prime ministers in September 2004 more than 100 related multilateral projects were approved. At the 2006 Shanghai summit, the SCO and the Eurasian Economic Community (EURASEC) signed a memorandum of understanding to improve energy and transport cooperation with the aim of facilitating regional trade, and the (Chinese) SCO Secretary-General made clear that energy would be the real focus. The two organizations plan to deepen their cooperation as more SCO members join the World Trade Organization—Kyrgyzstan and China have been members since 1998 and 2001, respectively, and the four other SCO members are at various stages of the accession process.

Even without the benefits of such SCO programmes and the organization's general stabilizing effects (perhaps especially relevant to cross-border trade), China has the wherewithal to drive a steady increase in commerce with its neighbours and is motivated to do so not least by development goals for its own western provinces. As noted by an observer in 2003, however, mutually beneficial cooperation has been held back by challenges of 'payment arrangements, customs procedures, and transportation facilities'.⁹⁶ Inequalities of development within the SCO group, with Kyrgyzstan, Tajikistan and Uzbekistan lagging behind the others, could also become a problem for the organization's economic efficiency and cohesion.⁹⁷ It was against this background that China established a large credit fund of \$900 million for its Central Asian partners in 2004.⁹⁸ At the SCO's 2006 Shanghai summit, hopes were expressed that this new source of finance 'will help expand regional cooperation',⁹⁹ although by September 2006 Western observers could find no evidence that it had arrived in the Inter-Bank Association's account.¹⁰⁰ At all events, the loan is significant both for its size—described by one commentator as a 'gesture that makes Western (and Russian) economic diplomacy look pathetic'¹⁰¹—and for the fact that China, typically, has attached no political or ethical strings to it. To

⁹⁵ 'Chinese premier proposes free trade zone within SCO', *People's Daily* (English edn), 23 Sep. 2003.

⁹⁶ Spechler, M. C., 'Crouching dragon, hungry tigers: China and Central Asia', *Contemporary Economic Policy*, vol. 21, no. 2 (Apr. 2003), pp. 270–80.

⁹⁷ Natalia Touzovskaya has expressed this as a contrast between the larger and the smaller economies. Touzovskaya, N., 'Shanghai Cooperation Organization: a new security provider for Central Asia?', *Security in a Globalized World: Towards Regional Cooperation and Strategic Partnership* (Deutsche Gesellschaft für Auswärtige Politik: Berlin, forthcoming).

⁹⁸ 'China offers US\$900 million in credit loans to SCO members', *People's Daily* (English edn), 18 June 2004.

⁹⁹ See Joint Communiqué, Shanghai (note 16).

¹⁰⁰ Official of the EU Council Secretariat, Interview with author, Brussels, 14 Sep. 2006.

¹⁰¹ Bhadrakumar, M. K., 'China and Russia embrace the Shanghai spirit', *Asia Times*, 16 June 2006.

complete the picture, China and Russia have also agreed bilaterally on various concrete joint projects to be carried out with Chinese capital.¹⁰²

Elements of SCO common purpose and complementarity also exist in the energy field. The Chinese economy is notoriously and increasingly ‘oil thirsty’ and with China now making (often unscrupulous) use of political and economic levers to build energy alliances literally worldwide, it would be surprising if it did not also seek to exploit the SCO framework to secure supplies from its own backyard.¹⁰³ The two main hydrocarbon producers of the region—Kazakhstan and Russia—both have some reasons to comply. Russia is happy to diversify its energy partnerships and to maintain or even increase its eastward links, both for economic reasons and to show its European partners that it has alternatives. Its dominant share of supplies to Central Asian energy importers is also one of its means to control their behaviour. China and Kazakhstan have the converse motive for working with each other: to avoid exclusive reliance on Russia. China has bought the company with the second largest proved oil reserves in Kazakhstan and agreed to build a pipeline connecting Kazakh oil fields with western China without crossing Russian territory.¹⁰⁴ However, while Kazakhstan can contribute to diversifying China’s supply, Russia can guarantee the volume of supply in the long run.

In sum, it may be said that the SCO members have some genuine shared interests—also relevant to their security objectives—in promoting Central Asian development with the help of large-scale Chinese investment, and especially in building better infrastructure, communications and energy supply networks to and through the region. However, SCO activities thus far have only reached the level of goal setting and primary provision of resources, with little evidence of how far and how effectively these are being used and whether there is more to come. On the energy front, tensions between the members’ objectives as well as the interests all of them have in playing off one client against another make it seem unlikely, at least for the present, that anything will come of speculations about the SCO turning into some kind of energy cartel.

Evaluation and conclusions

While other commentators from outside the region have often gone to the extremes of either painting the SCO as a malignant ‘anti-NATO’ or dismissing it as mere window dressing, this study points to the more mundane conclusion that it, like

¹⁰² These projects are worth *c.* \$1 billion and include the production and export of Russian civilian high-technology goods, including glass, pulp and paper, and aviation equipment. According to President Putin, Russian–Chinese bilateral trade increased by 53% from the first quarter of 2005 to the same period of 2006. Putin, V., ‘Answers to the questions of media representatives following the Shanghai Cooperation Organisation summit’, 15 June 2006, Shanghai, URL <<http://www.kremlin.ru/eng/sdocs/speeches.shtml>>.

¹⁰³ See Pronińska (note 33); and Zha Daojiong, ‘China’s energy security and its international relations’, *China and Eurasia Forum Quarterly*, vol. 3. no. 3 (Nov. 2005), p. 48.

¹⁰⁴ See note 33.

most other organizations, has its strong and weak, good and bad points. Considered in terms of its security functionality, the SCO (like the Shanghai Five) has succeeded in allowing China and Russia to coexist—and to manage their relations with the Central Asian states—without any open confrontation. It has apparently achieved some degree of coordination and interoperability among its members' armed forces and security services in regard to potential anti-terrorism deployments. It has developed (at least on paper) joint policies in the related fields of domestic and functional security, and it has broached topics that are highly relevant to economic security such as energy cooperation and infrastructure. Its record is weakest or downright negative in respect to good governance and democracy building: and this may also be its Achilles heel in practical terms, since reliance on repressive methods, including attempts to block outside influence, will make Central Asian societies and regimes more rather than less fragile. Unlike at least some other security organizations, the SCO does not include any provision for a parliamentary assembly or for other forms of public and independent comment that might help its organizers to recognize and address such weaknesses.

Applying the more detailed criteria of legitimacy and effectiveness developed in earlier SIPRI studies,¹⁰⁵ it is hard to say that membership of the SCO is *coerced* or that its style of operation is *hegemonic*. The power of China and Russia within the group is well balanced, although over the long term the advantage is tipping towards China. As noted above, most of the current observer states have expressed interest in full membership and are held back only by the lack of consensus among the current members on the merits of expansion. The Central Asian members are in a highly asymmetric position as *demandeurs* in every dimension (except for Kazakhstan's oil and gas), but the SCO gives them symbolic recognition and equality and arguably helps in their global policy of 'balancing'. Central Asian elites who want to develop their Western links may actually be freer to do so as long as SCO membership demonstrates their 'loyalty' to partners closer by.¹⁰⁶

This last point is also relevant to a judgement on whether any positive outcome that the SCO members gain from the organization's strategic relationship with the rest of the world is *outweighed by negative outcomes elsewhere*. It is in particular a Russian aim—but one to which other SCO members have acquiesced—to profile the organization as a counterpart and a source of alternative 'values', not just vis-à-vis NATO (for which the CSTO is a closer equivalent), but for the whole part of the world system that Russia sees as dominated by US power and ideas. This said, China and Russia would be the first to suffer if the SCO developed in a way that prevented them from playing their own 'balancing' games and from seeking both common cause, and profitable deals, with the USA and its allies (or other players such as Japan) when it suits them. It is also worth noting that China and Russia belong to a number of overlapping security-related groups in the region, from the large Asia-Pacific Economic Cooperation (APEC) group to the Six-Party Talks on

¹⁰⁵ See Bailes and Cottey (note 7).

¹⁰⁶ Maksutov (note 29), pp. 12–13.

problems of the Korean peninsula and the new East Asia Summit (ESA), all of which except for the ESA also have the USA as a member. At any rate, there is no sign yet that the SCO has closed the way to the possible extension of the roles played by the OSCE, NATO's Euro-Atlantic Partnership and the EU in Central Asia, or indeed to the possible emergence of new subregional groups if the local states could find a more genuine common purpose than in the past. The most clearly negative aspect of the SCO's relations with the world lies in its inability to establish a cooperative dialogue with any institution outside its own region (or individual Western state), in spite of having won official observer status at the UN General Assembly in December 2004. This in turn is a reminder that reputation can limit an organization's options almost as much as its capacities or actual behaviour.

The SCO has on the face of it demonstrated *flexibility* and *adaptiveness* by its rapid growth and the creation of new networks and mechanisms. The issues still emerging on its agenda (such as energy and economic development in general) and the keenness of more states to join it justify a prediction that its profile and reach will continue to rise for some time yet. The real uncertainty for the medium to longer term is whether the SCO might be broken up by national crises triggered by policymakers' rigidity on domestic matters, or whether—conversely—a change of heart or identity among ruling elites would let it become a tool for more genuinely serving its citizens' interests while welcoming rather than blocking external interactions and help. It would take an optimist to believe today that the organization's flexibility goes as far as the latter scenario.

By the standards of other groups (at least outside Europe), the SCO cannot be judged to suffer excessively from *empty formalism*. Its agenda is relatively tightly focused, it has set up networks and programmes that are logically geared to its priorities and its procedures are workmanlike. Behind its stated objectives lie the genuine, and sometimes existential, shared interests of six diverse nation states, regardless of whether those interests are seen as legitimate in themselves. It fulfils its primary aim of conflict avoidance and peaceful dialogue among its members just by existing. On the same grounds, the input–output balance of the SCO as an institution can be seen as positive. What is holding it back, if anything, is the very slow and cautious approach of its larger members to depositing any substantial funds or other resources to be used for the group's collective purposes, as well as the rudimentary nature of the SCO's central institutions. This last factor, combined with the member states' natural dispositions, also helps to explain the weakness of the SCO's outward-looking information efforts and the limited and tentative nature of its overtures for inter-institutional dialogue.

2. A Russian perspective on the Shanghai Cooperation Organization

MIKHAIL TROITSKIY*

Introduction

As a form of institutional engagement, the Shanghai Cooperation Organization (SCO) has three basic features that, in combination, make it unique in Russia's history. First, the organization embodies its members' converging policy approaches towards socio-economic stability and security in a particular geographical region. Second, while developing a security dimension, the SCO falls short of a collective security or defence bloc.¹ Finally, Russia is only one of two powerful states within the organization. Neither the Warsaw Treaty Organization (Warsaw Pact) of Soviet times, the post-Soviet Commonwealth of Independent States (CIS) nor the present Collective Security Treaty Organization (CSTO) has ever met all three of these criteria. Historical circumstances help to explain the difference. By the turn of the 21st century Russia no longer had the ambition or resources to develop Soviet-style, highly integrated military blocs. At the same time, if it wanted to add maximum weight to the SCO, Russia was obliged to share influence in the organization with another great power.

Russian mainstream analysts do not treat the SCO as an attempt at a traditional collective security arrangement. Nor do they write it off—as outside observers often tend to do—as a loose grouping of states that have nothing more in common than reservations about Western policies and positions. A middle position between these two extremes seems to be most popular in the Russian foreign policy-making community. The SCO is regarded as a means to add weight to member states' common positions on key security issues, both internal and external to the SCO territory; and its comparative advantage for doing so is that it places these countries' interactions on a firm institutional footing. The establishment in September 2004 of an inter-agency commission on Russian participation in the SCO was widely interpreted as evidence of the significance that the SCO has attained for Russia.²

¹ Russian President Vladimir Putin expressed his understanding of this fact in an interview to the Chinese *People's Daily* newspaper on 4 June 2002: 'SCO is not a military bloc, but an organization which can play an important role in promoting development in Asia'. A Russian translation of the interview is available at URL <<http://kremlin.ru/text/appears/2002/06/28936.shtml>>.

² Komissina, I. N. and Kurtov, A. A., 'Shankhaiskaya organizatsiya sotrudnichestva' [The Shanghai Cooperation Organization], ed. K. A. Kokarev, *Rossiya v Azii: problemy vzaimodeistviya* [Russia in Asia: problems of interaction] (Russia's Institute for Strategic Studies: Moscow, 2006), p. 258.

* This chapter reflects the personal views of the author.

This chapter first examines Russia's role in the SCO and its motives for co-founding and developing the organization. It goes on to review the significance and effect of various SCO policies as seen from a Russian perspective and then discusses issues for the future and Russia's evolving vision for the SCO.

Russia in the Shanghai Cooperation Organization

A co-founder with moderating influence

While Russia was a co-initiator of the SCO, the leading role in launching the Shanghai Five that later evolved into the SCO belonged to China. China needed to settle border disputes with its Central Asian neighbours and held the view that engaging Russia would significantly facilitate such negotiations. Russia's involvement did, in fact, alleviate some of the anxieties that the Central Asian countries had regarding China's pressure. However, even with Russia participating in the multilateral discussions, Kazakhstan, Kyrgyzstan and Tajikistan had little choice but to make significant territorial concessions to China. The acquisition of territory in Central Asia, which China was too prudent to pursue during the Soviet era, occurred relatively smoothly once the Central Asian republics had become independent—from Russia's rule, but also from Russia's protection. Russia demilitarized its own border with China in the process and now has reason to believe that Chinese–Russian border disputes have been settled for good.

Russia has retained the prestige and influence of one of the two SCO founding partners, and Russian membership constitutes—no less than China's—part of the organization's *raison d'être*. Both China and Russia understand that, should Russia feel sidelined within the SCO, the organization will lose much of its legitimacy and purpose in the eyes of the smaller Central Asian members. As a consequence, both China and Russia have an interest in preserving and promoting Russia's credentials as a co-leader in the organization, presenting it (whether correctly or not) as playing a role on a par with China's in defining the SCO's mission and goals. It was helpful for maintaining this image that the SCO Charter was adopted at a summit in St Petersburg in June 2002.³ Russia also acted with China in initiating the SCO Regional Anti-Terrorist Structure (RATS), launched in 2004 and now based in Tashkent.⁴

In reality, the Russian record of participation in SCO security and defence activities is mixed. The first SCO security exercise, held in the autumn of 2003 in Kazakhstan and China, involved only moderate Russian participation in the form of one company of troops. Two years later, in August 2005, Russia co-organized the large Chinese–Russian 'Peace Mission 2005' manoeuvres on China's Shandong peninsula in the Yellow Sea. This exercise was held formally on a bilateral

³ The Shanghai Cooperation Organization Charter was signed on 7 June 2002 at St Petersburg. An English translation of the charter is available at URL <http://www.sectsc.org/news_detail.asp?id=96&LanguageID=2>.

⁴ On RATS see chapter 1 in this paper.

Chinese–Russian basis, but both China and Russia made reference to the SCO as a legitimizing institutional framework for the event. The exercise was rightly viewed by many observers as signalling the SCO’s growing ambition in the field of traditional security policy.⁵ Russia is to host a further round of SCO manoeuvres in 2007, and the joint anti-terrorism exercises that China has meanwhile conducted with Kazakhstan and Tajikistan (in August and September 2006, respectively) have been described by Chinese military officials as a prelude to the 2007 all-SCO events.⁶

In the economic realm, Russia represents a moderating force vis-à-vis the ambitious Chinese free-trade agenda. Russia endorsed a framework agreement on enhanced economic cooperation among SCO member states in September 2003,⁷ and in September 2006 a Russian Foreign Ministry spokesman outlined an extensive list of joint economic projects that Russia would be interested in promoting through the SCO.⁸ These included expanding Eurasian telecommunications networks and a transport corridor to connect the Caspian Sea with China through Russia, Kazakhstan, Uzbekistan and Kyrgyzstan; developing agreements for exports of electrical power from states and regions with a surplus to interested SCO countries; and developing structures to coordinate trade in and transit of hydrocarbons among SCO member states, such as the SCO Energy Club that was proposed by Russian President Vladimir Putin at the Shanghai summit in June 2006. However, Russia’s vision of the SCO’s economic ambition falls short of creating the free-trade area that China called for at that summit. This controversy is discussed below in greater detail.

Russia’s motives

The SCO is ‘a new model of successful international cooperation’: so reads the title of an article by President Putin stating Russia’s official position on the eve of the SCO’s 2006 Shanghai summit.⁹ These words offer a succinct summary of Russia’s overarching motivation for establishing and actively participating in the SCO.

⁵ See e.g. Cohen, A. and Tkacik, J. J., ‘Sino-Russian military maneuvers: a threat to U.S. interests in Eurasia’, Backgrounder no. 1883, Heritage Foundation, Washington, DC, 30 Sep. 2005, URL <<http://www.heritage.org/Research/RussiaandEurasia/bg1883.cfm>>.

⁶ ‘Vtoraya faza kitaisko-kazakhstanskikh sovmetnikh antiterroristicheskikh uchenii “Tian’shan-1”’ [Second phase of Sino-Kazakh joint anti-terrorist manoeuvres ‘Tianshan-1’], *People’s Daily* (Russian edn), 26 Aug. 2006; ‘Zavershilsya vtoroi etap pervykh sovmetnykh kitaisko-tadzhikhskikh antiterroristicheskikh uchenii’ [Second stage of first joint Sino-Tajik anti-terrorist manoeuvres ended], *People’s Daily* (Russian edn), 23 Sep. 2006.

⁷ The Program of Multilateral Trade and Economic Cooperation among SCO Member States was signed at a meeting of SCO prime ministers in Beijing on 23 Sep. 2003.

⁸ ‘Intervyu M. Kamynina v svyazi s predstoyashchim zasedaniem Soveta glav gosudarstv-chlenov ShOS’ [Interview with M. Kamynin relating to the forthcoming session of heads of government of the member states of the SCO], RIA Novosti, Moscow, 13 Sep. 2006, URL <http://rian.ru/m_kamynin/20060913/53828885.html>.

⁹ Putin, V., ‘SCO: a new model of successful international cooperation’, Moscow, 14 June 2006, URL <<http://www.kremlin.ru/eng/sdocs/speeches.shtml>>.

Russia has sought to demonstrate the viability of a 'Eurasian integration' model that is independent from, and an alternative to, its political dialogue with the European Union (EU) and the North Atlantic Treaty Organization (NATO) or the pattern of Russia's engagement with the United States since the end of the cold war. By stressing the importance of the SCO on the world stage and the organization's relevance to Russia's major foreign policy goals, Russia seeks to demonstrate to its European and North American counterparts that it has a viable alternative to substantive rapprochement with the West. It suits Russia's current aims well if the EU, eyeing the growth of SCO influence, becomes uneasy over the implications of expanded energy cooperation within the SCO for the long-term prospects of Russian gas supplies to Europe. NATO, in its turn, is meant to get the message that Russia is consolidating its position in Central Asia and is not about to yield ground there to NATO or the USA. By strengthening the SCO, China and Russia leave little room for doubt that they will oppose, for example, any US grand designs for Central Asia such as Frederick Starr's 'Greater Central Asia Partnership'.¹⁰

More specifically, the SCO has multiple meanings and purposes for Russia. First, the founding of the SCO in 2001 heralded the beginning of a general rapprochement between China and Russia in both the strategic and financial realms. Since then, Chinese–Russian ties have appeared to be continually improving. The two countries have expanded bilateral trade and negotiated a number of deals in the energy field, while Chinese banks financed the purchase of a major upstream oil production asset by a state-owned Russian bank in late 2004.¹¹ In mid-2005 at the SCO's Astana summit, China and Russia were able to repeat and 'multilateralize' a shared view on the US military presence in Central Asia that they had already formulated at their latest bilateral summit.¹²

Second, while cooperating with the USA in Central Asia during the anti-Taliban campaign of 2001–2002, Russia found the SCO a useful means to balance its relationship with the USA by strengthening ties with China and Central Asian countries. Finally, as the Kazakh analyst Zakir Chotaev has pointed out, the SCO is a 'structure that allows Moscow to control and limit Beijing's activities in Central

¹⁰ Starr, S. F., 'A partnership for Central Asia', *Foreign Affairs*, vol. 84, no. 4 (July/Aug. 2005), pp. 164–78.

¹¹ In Dec. 2004 the Russian state-controlled oil company Rosneft bought Yuganskneftegaz, a major oil production asset of Yukos which was auctioned off to pay Yukos's tax debts. According to Russian news sources, the money used by Rosneft to pay for Yuganskneftegaz was borrowed from Vneshekonombank, one of Russia's largest state-owned banks. Earlier that month, Rosneft had signed a contract with China National Petroleum Corporation (CNPC) on oil supplies to China until 2010 worth \$6 billion. Rosneft used the money advanced by Chinese banks, which financed the contract, to pay back its debt to Vneshekonombank. See e.g. "Rosneft" raskryla skhemu finansirovaniya pokupki "Yuganskneftegaza" [Rosneft revealed how the purchase of Yuganskneftegaz was financed], NEWSru.com, 26 Aug. 2005, URL <<http://www.newsru.com/finance/26aug2005/rosn.html>>.

¹² Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, 5 July 2005, URL <<http://www.sectsco.org/html/00500.html>>; and Chinese–Russian Joint Statement regarding the International Order of the 21st Century, Moscow, 1 July 2005, URL <<http://www.politicalaffairs.net/article/view/1455/1/108>>.

Asia. . . . This Organization [is valued for] the conditions and opportunities it provides for developing multilateral relations [with Central Asian states], for enhancing regional security with participation of China and for coordinating SCO members' foreign policies'. At the same time, Chotaev considers that 'Russia does not hinge its efforts to expand influence in Central Asia on SCO mechanisms'.¹³

Militarily, the main institution that Russia relies on for its defence cooperation with Central Asian countries is the Collective Security Treaty Organization of seven post-Soviet states, which includes Armenia and Belarus along with the five former Soviet members of the SCO.¹⁴ Several steps have been made to establish links between the SCO and the CSTO. In 2003 CSTO Secretary-General Nikolai Bordyuzha met with SCO Secretary-General Zhang Deguang in China to discuss opportunities for cooperation between the two institutions. Later, in August 2004, SCO observers attended the CSTO's 'Rubezh-2004' military exercise, which was designed to give impetus to the CSTO's collective rapid deployment forces project. However, CSTO–SCO contacts remain limited overall, and this seems to be in line with Russia's interests in and vision of the SCO. According to Central Asia analysts of Russia's Institute for Strategic Studies (RISS), a government-funded organization, in the anti-terrorist domain 'Russia views the SCO, on a par with the CSTO, as one of the vehicles for ensuring safe development of the whole Central Asian region'.¹⁵ At the same time, Russia views these two institutions as distinct tracks for developing its security relations with Central Asian countries and China. While the CSTO is designed as a traditional defence arrangement, the SCO has renounced any ambition to develop military cooperation apart from intelligence sharing and limited joint exercises. More importantly for Russia, the CSTO is a bloc where Russia's role as a central hub in defence cooperation and collective decision making is beyond challenge or question. In the SCO, Russia has to accept the role of a junior founding partner and share influence with China. Finally, Russia has reservations about involving Belarus, a European member of the CSTO, in the SCO as well. If the Belarusian authorities could communicate directly with China through the SCO, there is no guarantee that they would not try to express discontent with Russia's policies towards Belarus by siding with China. Russia would clearly not welcome such a substantial broadening of the room for manoeuvre of its uneasy Slavic ally.

Similarly, in the economic field Russia promotes its interests in Central Asia through the Eurasian Economic Community (EURASEC), which includes Kazakh-

¹³ Chotaev, Z., 'Mnogostoronnie struktury i pravivye osnovy Rossiiskoi politiki bezopasnosti v Tsentral'noi Azii' [The multilateral structures and legal foundations of Russia's security policy in Central Asia], *Tsentral'naya Aziya i Kavkaz*, no. 40 (2006), p. 145 (author's translation).

¹⁴ On the CSTO see Bailes, A. J. K., Baranovsky, V. and Dunay, P., 'Regional security cooperation in the former Soviet area', *SIPRI Yearbook 2007: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, forthcoming 2007), pp. 174–78.

¹⁵ Komissina and Kurtov (note 2), p. 262 (author's translation).

stan, Kyrgyzstan, Tajikistan and Uzbekistan as well as Belarus.¹⁶ Given China's economic pressure on Central Asia, Russia is interested in establishing a free-trade zone with its Central Asian partners through EURASEC rather than the SCO. In late 2006, Kazakh and Russian officials floated the idea of forming an even narrower customs union—one that would initially include only Belarus, Kazakhstan and Russia. The aim of speeding up the customs union project in this way is to strengthen the position of Kazakhstan in negotiating its accession to the World Trade Organization.¹⁷

Ultimately, as the leading power in the CSTO and EURASEC and as a member of the SCO, Russia faces a dilemma. Should it work for the SCO to become more militarized, or rather seek to focus it on a 'soft' security and economic agenda? In the former case, the SCO might overshadow the CSTO or at least create confusing choices (with unpredictable outcomes) for Central Asian states. In the latter case, China may gain additional leverage within the SCO—given China's significant economic clout and its ability to penetrate Central Asia by means of both small-scale trade and large state-supported investment programmes—and the relative importance of EURASEC might also decline.

Russia and the substance of the Shanghai Cooperation Organization's work

When assessing the effectiveness of the SCO, the vast differences between the cultures of security cooperation in different regions of the world should be borne in mind. Achievements that the Euro-Atlantic community may regard as insufficient and as reflecting a 'lack of substance' in regional security cooperation can signify success for Eurasian groups of diverse states, such as the SCO. Whereas NATO was founded on its members' long-term commonality of values and similar threat perceptions, the SCO unites countries with diverging security and external economic agendas. Many SCO members are still in the process of nation building and suffer from a lack of internal consensus on the fundamentals of their national interests. Some of the Central Asian SCO members, such as Uzbekistan, have undergone several foreign policy 'revolutions' in their post-Soviet history. At least two of Uzbekistan's policy revolutions occurred after it had joined Shanghai cooperation structures, but they did not affect the country's participation in the Shanghai Five or the SCO. Such foreign policy oscillations would be very hard to reconcile with a country's membership of NATO. Therefore, any comparison of the SCO with Western organizations for security cooperation or economic integration should be approached with a degree of caution.

¹⁶ EURASEC was established in May 2001 when the Treaty on the Establishment of the Eurasian Economic Community, signed by Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan on 10 Oct. 2000, came into effect. Uzbekistan became a member in Jan. 2006.

¹⁷ REGNUM News Agency, "'Kitaiskaya ekspansiya': Kazakhstan za nedelyu" ['Chinese expansion': Kazakhstan this week], Moscow, 16 Nov. 2006, URL <<http://www.regnum.ru/news/740620.html>>.

Against this background, the SCO is important to Russia as a vehicle for substantial activities in a number of fields. It would be a mistake to underestimate the benefit that Russia draws from the SCO's substantive activities, even though these may not, for the time being, be fully codified in the organization's documents or facilitated by its formal institutions. First, the SCO provides a discussion forum on mutual security concerns that helps to alleviate interstate tensions in Central Asia and to stave off open conflict. For example, Russia can employ SCO mechanisms to defuse tensions arising from force repositioning in Central Asia. Controversy heated up on this issue after Uzbekistan broke many of its Western ties to ally itself closely again with Russia in 2005,¹⁸ thereby upsetting Tajikistan and, to a certain extent, Kazakhstan and Kyrgyzstan, which blame the increasingly self-confident Uzbekistan for obstructing trans-border communication in the whole region.¹⁹ Second, Russia would like the SCO to continue monitoring and discussing ways to neutralize extremist activity in Central Asia in order to ensure the stability of incumbent regimes. In a situation where any regime change is fraught with the danger of diminished Russian influence over new Central Asian governments, Russia appreciates the SCO's role in reinforcing the status quo in regional politics. Finally, Russia values the SCO as a means for cooperation in infrastructure development and—most desirable of all—for coordination of its energy policies among itself, China, Kazakhstan and Uzbekistan.

In Russia's opinion, the SCO has also achieved tangible success in conflict avoidance, containment and resolution of a more traditional kind. As noted above and as seen from Russia, virtually all the border disputes that China had with other SCO members—including Russia—have now been settled through the SCO or with the help of SCO mechanisms. Moreover, as a mediation forum, the organization has played a positive role in avoiding conflicts between Central Asian states over the use of water resources, customs, border regimes and so on. From the Russian point of view, the SCO has been able to address the key areas where the risk of conflict among its members was substantial. Finally, the organization continues to send clear signals to radical elements in Central Asia, and China and Russia stand behind Central Asian governments in containing Islamic and other forms of extremism and denying legitimacy to any separatist movements.

The SCO's progress in positive military cooperation has so far been more limited. While a number of security and anti-terrorist exercises have been held under the SCO's aegis, its members have from the start avoided positioning the organization as either a collective defence or collective security institution. Russia has often taken the lead in rejecting the idea that the SCO may be directed against any rival state or group of states. Russian policymakers and experts have pointed

¹⁸ On Uzbekistan's policy change in the military context see below.

¹⁹ The importance of the SCO's regional conflict management function has been emphasized by the Russian Central Asia and Middle East expert Irina Zviagelskaya, as cited in Sultanov, B. K., 'Rossiya i ShOS: vzglyad iz Kazakhstana' [Russia and the SCO: a view from Kazakhstan], Analytical Centre for Prudent Solutions, 22 Feb. 2006, URL <<http://www.analitika.org/article.php?story=20060222234652335>>.

out on many occasions that none of the key SCO documents includes any reference to defence cooperation. They have also stressed that the organization does not plan to establish any multilateral military, or even police, units. In this context, Russian Central Asia analyst Sergey Lousianin has pointed out that any comparison of the SCO's Regional Anti-Terrorist Structure with Interpol would be misplaced: RATS's mandate does not extend beyond intelligence analysis and coordination among national agencies responsible for combating terrorism in the SCO member countries.²⁰

The SCO has been even less ambitious (and successful) in building democracy and promoting good governance. At no point in its development did the SCO contemplate influencing the domestic politics of any member state, apart from attempting to marginalize extremist Islamist movements in Central Asia. On the contrary, the organization was designed to hinder pressures for internal reform and change from outside powers, which implies adhering to this principle in relationships within the SCO as well. All basic SCO documents, including the organization's charter, stress the principle of non-interference by any member in other members' internal affairs. Given that such interference was hardly conceivable anyway in the context of Chinese–Russian relations, these statements were aimed first and foremost at reassuring Central Asian countries that neither China nor Russia sought to change the governance style of their regimes. The SCO has been consistent in abstaining from any criticism of its members' internal policies or their security implications: issues such as the massive drug trade-fuelled corruption in Tajikistan, for example, were never invoked in its declarations. This situation clearly suits Russia in terms of protecting its own internal affairs and rejecting Western 'interference', while leaving it free in practice to query Central Asian states' policies bilaterally and discretely when it wishes.

The focus of SCO activities has been aimed rather at the handling of 'new threats'. As discussed above, the main functional area of security that the SCO has identified as of the utmost importance to the organization is the 'fight against terrorism, extremism and separatism'. At the RATS Council meeting in April 2006, the SCO members agreed a list of prohibited 'terrorist, separatist and extremist organizations whose activity is prohibited on the territory of SCO member states'.²¹ Featuring prominently on that list were such groups as al-Qaeda, the Islamic Movement of Uzbekistan and Hizb ut-Tahrir, which is deemed responsible for a number of terrorist attacks and armed incursions in Central Asian countries. China made sure that Uighur separatist organizations, such as the East Turkestan Islamic Movement (ETIM), were included in the list and banned in all SCO

²⁰ Lousianin, S. G., 'ShOS nakanuie sammita v Astane: problemy razvitiya organizatsii v regional'nom i global'nom izmereniyakh' [The SCO on the eve of the Astana summit: issues of the organization's development in regional and global dimensions], *Rossiya i Kitai v Shankhaiksoi Organizatsii Sotrudnichestva* [Russia and China in the Shanghai Cooperation Organization] (Russian Academy of Sciences, Institute for Far Eastern Studies: Moscow, 2006), p. 9.

²¹ The list is published in Vinogradov, M., 'Bortsy s terrorizmom dogovorilis' o sotrudnichestve' [Terrorism fighters agreed to cooperate], *Izvestia*, 3 Apr. 2006.

member states. (ETIM is also recognized as a terrorist group by the USA.) RATS also endorsed a 400-name 'List of individuals wanted by special services and law enforcement bodies of SCO members as having committed or suspected for crimes of terrorist, separatist or extremist nature'.²²

Russia is even more interested in harnessing the SCO's potential for fighting the drug trade and the transit of drugs across Central Asia. At a meeting in Moscow in November 2002, the SCO foreign ministers raised concerns over the increased production and smuggling of opium in SCO countries. The final communiqué officially acknowledged the link between the drugs trade and terrorism in Central Asia and beyond.²³ However, no agreement on concrete joint anti-drug policies was reached at that point. It was reported only that SCO foreign ministers supported the idea of an 'anti-drug security belt' (i.e. strong border controls and zones of coordinated enforcement) around Afghanistan. At the SCO's Tashkent summit in June 2004, the Agreement on Cooperation in Fighting the Illegal Trafficking of Narcotics, Psychotropic Substances and their Precursors was adopted. Later that year a decision was made to delegate anti-narcotics powers to RATS.²⁴

It is crucial for Russia to retain a central role in setting the tone and defining the concrete objectives of anti-extremist activities in Central Asia. The SCO has endowed Russia, as well as other SCO partners, with substantial moral authority in shaping the form and substance of the anti-terrorist campaign—and of the broader defence and security arrangements serving that goal—in Central Asia and beyond. At the SCO's Astana summit in June 2005 the organization's members joined in an appeal for 'defining the timeline' of the Western military presence in the region.²⁵ Later in 2005, partly emboldened by the support provided by the SCO and irritated by the EU's and USA's demands for an international investigation into the events in Andijon of May 2005,²⁶ Uzbekistan demanded the closure of the USA's Karshi-Khanabad (K-2) airbase.²⁷ As a sign of yet another foreign policy reorientation, Uzbekistan signed an alliance treaty with Russia in November 2005 and restored

²² Vinogradov (note 21). The list of individuals is not available in an open source of information. It is likely to have been classified in accordance with the Agreement on the Database of the Regional Anti-Terrorist Structure of the Shanghai Cooperation Organization, which was signed on 22 June 2004 at Tashkent. The text of agreement (in Russian) is available at URL <<http://www.government.gov.ru/government/governmentactivity/rfgovernmentdecisions/archive/2004/06/28/543787.htm>>.

²³ 'SCO foreign ministers meeting issues communique', *People's Daily* (English edn), 25 Nov. 2002.

²⁴ Komissina and Kurtov (note 2), p. 274.

²⁵ On this see chapter 1 in this paper.

²⁶ On 12 and 13 May 2005 Uzbek security forces shot hundreds of local demonstrators at Andijon, Uzbekistan. Strong reactions from Western countries pushed Uzbek President Islam Karimov to abandon the country's pro-Western policies and seek stronger ties with Russia. Shortly afterwards, Uzbekistan demanded the withdrawal of all US forces based in the country and imposed further restrictions on NATO's use of the country's airspace and territory. See Dunay, P. and Lachowski, Z., 'Euro-Atlantic security and institutions', *SIPRI Yearbook 2006: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2006), p. 61.

²⁷ On US and Russian foreign bases in Eurasia see Lachowski, Z., *Foreign Military Bases in Eurasia*, SIPRI Policy Paper no. 18 (SIPRI: Stockholm, May 2007), URL <<http://www.sipri.org/>>.

its active membership in the CSTO by June 2006. From a Russian perspective, this case demonstrated the potential of the SCO to enforce its own vision of how exactly anti-extremist and anti-terrorist policies should be pursued.

Russian diplomats and mainstream experts are enthusiastic about the SCO's potential for enhancing the security of member states through an expanded cross-regional communications network that would promote contacts between politicians, government officials and experts and facilitate exchange of sensitive information. In spite of the continuing disputes over border regimes and the use of water and other resources among Central Asian neighbours, Russian pundits often invoke the 'Shanghai spirit': an 'atmosphere of mutual trust' that has emerged in the region thanks to the achievements of SCO activities across the whole spectrum of issues.

Russian experts generally acknowledge that several 'soft' security issues of particular interest to Russia are still missing from the SCO agenda or are being inadequately addressed by the organization. In particular, Russia does not want to irritate China by insisting on measures to jointly control the flow of Chinese migrants to and through Russian territory and to return illegal immigrants to China with the help of the Chinese authorities. The bilateral delicacy of this issue makes it hard for the SCO to address the issues of cooperation in combating human trafficking and illegal migration more generally. Russia also believes that the SCO could do more to curb the flow of drugs from Afghanistan through Central Asia.²⁸

There appears to be an almost universal consensus among top Russian foreign policy makers that Russia should remain an active member of the SCO. When criticized by more pro-Western opposition figures or experts for compromising Russia's 'European path' by forging such a close alliance with the autocratic China and Central Asian states, Russian officials usually respond that there is no contradiction between Russia's closer engagement with the West and the strengthening of the SCO. According to them, the SCO is not directed against any country or bloc, and thus Russia's involvement with the SCO is compatible with any form of cooperation with the EU and NATO.²⁹

However, as noted by the Russian Government-affiliated analyst Azhdar Kurtov, there are other Russian experts who 'question the strategic expediency of expanding Russia's contacts with China, including those within the SCO framework, on the grounds that China will not in the foreseeable future take Russia and Central Asian states seriously'.³⁰ This line of argument emphasizes the increasing gap in resources and aggregate wealth between China and Russia. As a rising power intent on promoting its low-key yet ambitious foreign policy agenda, China may be inclined over time to adopt a 'dictatorial stance' vis-à-vis its SCO partners, including Russia. In such a situation, Russia would have a painful choice between

²⁸ See e.g. Chufirin, G., 'The SCO: changing priorities', *International Affairs* (Moscow), vol. 53, no. 1 (2007), pp. 57–61.

²⁹ See Lavrov, S., 'The rise of Asia, and the eastern vector of Russia's foreign policy', *Russia in Global Affairs*, vol. 12, no. 3 (July–Sep. 2006).

³⁰ Kurtov, A. A., quoted in Sultanov (note 19) (author's translation).

either submitting to such behaviour or undoing its own handiwork and forgoing many practical benefits by limiting—or even ending—its participation in SCO work.

Overall, at the beginning of 2007 the SCO's international image is exactly what Russia would like it to be. The organization's 'Eurasianist' thrust and non-interference principles are a considerable asset for Russia as it faces up to mounting criticism from the USA—and many West and East European countries—for its manifest lack of political freedoms and market liberalism, and for the new foreign policy assertiveness of an 'energy superpower'.

Looking ahead

Russia's vision of the future of the SCO has several dimensions, including its position on institutional issues such as enlargement and new partnerships, and the strengthening of cooperation in major functional areas.

Enlargement

The Russian position on SCO enlargement is reserved if not openly negative. The accession of any of the potential candidate countries appears to be contrary to Russian interests.

As full members, India and Pakistan could cause trouble for the SCO and Russia in at least two areas. First, their status as *de facto* nuclear weapon states that are non-signatories of the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (Non-Proliferation Treaty, NPT) contradicts the requirement of adherence to the NPT regime stipulated in the SCO's founding documents.³¹ Accession to the SCO by India or Pakistan could also complicate the internal politics of the SCO and its relations with the outside world, notably with certain other Asian countries that are being placed under strong international pressure to remain within the NPT's confines. Second, any discussion of the Indian–Pakistani conflict over Kashmir within the SCO could force its members to side with one of the parties. This, in turn, might negatively affect the organization's internal cohesion and its ability to convey a clear and unified message to the outside world.

Should Iran decide to make an official application to join the SCO, it will also hardly find a warm welcome in Russia. The latter does not stand to benefit from sponsoring the SCO membership of a potential nuclear 'rogue' state, whose dispute with the international community would then be projected onto the SCO and would doubtless provoke stronger efforts by the USA to frustrate the organization's work.

Another source of concern for Russia over Iran's and Pakistan's prospective accessions to the SCO lies in these countries' strengthening ties to China in the

³¹ The NPT was opened for signature on 1 July 1968 and entered into force on 5 Mar. 1970. According to the treaty, only states that manufactured and exploded a nuclear device prior to 1 Jan. 1967 are legally recognized as nuclear weapon states. By this definition, only China, France, Russia, the United Kingdom and the United States are the nuclear weapon states parties to the NPT.

field of energy trade. China is stepping up its engagement with Iran in order to explore opportunities for pipeline imports of gas from Iran and Turkmenistan. This gas, according to China's thinking, could be delivered via a pipeline across Afghanistan and Pakistan. It is unlikely that Russia's largest energy company, Gazprom, will openly oppose such a route. However, Russia will certainly seek to limit the options for gas sales by Turkmenistan to China or for a radical increase in pipeline capabilities that allows China access to Central Asian gas resources. These considerations will further limit Russia's enthusiasm for Iran's and Pakistan's full membership of the SCO, which analysts see China as having raised precisely in the hope of Iranian and Pakistani cooperation on energy supplies.³²

In spite of the apparent consensus among SCO members on the need for a temporary pause in SCO enlargement, some influential Russian experts have voiced alternative views. In early 2006, the rector of the Moscow State Institute of International Relations (MGIMO University), Anatoly Torkunov, argued that the SCO 'would perhaps be more effective if it emerged from its Central Asian "cocoon"' in order to 'give higher priority to the Asia Pacific region'. This could, in his view, be achieved through the 'participation of new states' in the SCO.³³ Russian Middle East specialist Yevgeny Satanovsky thinks that Russia should lobby for the simultaneous accession to the SCO of both India and Pakistan. In the summer of 2006 he wrote that 'China supports [SCO membership for] Pakistan but not India', since 'the latter might balance out China if it grows too strong'.³⁴

The question of Afghanistan's eventual status vis-à-vis the SCO is evidently less controversial for Russia. At the SCO's Tashkent summit in June 2004, President Putin proposed the creation of an SCO contact group on Afghanistan. SCO leaders were joined at that meeting by Hamid Karzai, then head of Afghanistan's Interim Administration, who had been invited amid mounting concerns about increased opium production in Afghanistan in the wake of the defeat of the Taliban regime.

Russia's cautious overall stance on SCO enlargement has been summarized by a high-ranking Russian foreign ministry official who noted that, at the Chinese–Russian summit in Beijing in March 2006, both sides acknowledged 'that there was much potential for constructive interaction in the SCO's cooperation with the observer nations—Mongolia, India, Pakistan, and Iran—as well as with such partner as Afghanistan'.³⁵ This formulation suits Russian interests by neither recognizing any prime candidates for status change, nor implying that such change is needed for 'constructive engagement'.

³² See e.g. Cohen, A., 'The dragon looks west: China and the Shanghai Cooperation Organization', Heritage Lecture no. 61, Heritage Foundation, Washington, DC, 7 Sep. 2006, URL <<http://www.heritage.org/Research/AsiaandthePacific/hl961.cfm>>.

³³ Torkunov, A., 'Groundwork for the future', *International Affairs* (Moscow), vol. 52, no. 2 (2006), p. 25.

³⁴ Satanovsky, Ye., 'Russia and the modernisation of the Middle East', *International Affairs* (Moscow), vol. 52, no. 4 (2006), p. 58.

³⁵ Vnukov, K., 'Moscow–Beijing: new vistas of cooperation', *International Affairs* (Moscow), vol. 52, no. 3 (2006), p. 45.

Economic issues

Russia has several clear preferences regarding the practical substance of the SCO's work and its positioning on the world scene. First, Russia would like the SCO to remain a vehicle for developing Russian trade and political relationships with Asia in general and China in particular. On various occasions during the autumn of 2006, high-ranking Russian officials—including President Putin—vowed to increase the share of Russia's total oil exports to Asia to 30 per cent over the next 10–15 years.³⁶ Chinese and Russian leaders have also repeatedly called for increased trade in other goods and services between the two countries.

Russia's most important concern about possible future developments in the SCO is China's policy of using the organization as a vehicle for the economic penetration of Central Asian countries. Proposals for an SCO free-trade zone were initially tabled by China at the first meeting of SCO trade ministers in 2002.³⁷ China stresses that such a zone could become the largest in the world, with a total population of about 1.5 billion people. Russian analysts for their part have been markedly less enthusiastic. They have pointed to the expanding sales of goods and services by Chinese companies on the Central Asian markets: China's market share would see a further major increase as soon as any free-trade regime was enacted. This would affect not only Central Asia, but Russia as well. In addition, free trade would facilitate further labour migration from China to Central Asia and Russia.³⁸ In parallel with China's predominance as an exporting power, China's overall political clout in relations with other SCO countries would also increase. An Asian affairs expert from the Institute of World Economy and International Relations (IMEMO), Moscow, has been cited as saying that

China's economic 'opening up' of Central Asia is an integral part of China's global strategy. Rising internal demand for energy in China is turning Eurasia into an energy appendage not only of Europe's economy, but also China's. The overall lack of competitiveness among post-Soviet economies makes diversification of exports beyond energy resources extremely difficult, if at all feasible. [At the same time,] China's economic mastery of Central Asia proceeds at minimal cost to the Chinese side.³⁹

Soberly aware of the difference in the scale of the Chinese and Russian economies, Russian officials have maintained that the full elimination of trade barriers should only be undertaken by smaller groups of SCO members with comparable economies. Instead of overall trade liberalization, Russia was actively proposing in

³⁶ See e.g. Stenographic report on the meeting of President Putin with participants of the 3rd session of the 'Valday' International Discussion Club, Novo-Ogarevo, 9 Sep. 2006, URL <<http://www.kremlin.ru/text/appears/2006/09/111114.shtml>> (in Russian).

³⁷ This proposal was repeated in 2003 by Chinese Prime Minister Wen Jiabao. See chapter 1 in this paper.

³⁸ The number of Chinese residents and cross-border commuting workers in Russia's eastern regions is already a matter of concern to the local authorities and Russian population. See chapter 1 in this paper, note 27.

³⁹ Zhukov, S., quoted in Sultanov (note 19) (author's translation).

2005–2006 an intensified energy dialogue among SCO members. Russian interests would be well served if an agreement to coordinate energy trade among major SCO stakeholders in this field were reached within the organization. This could alleviate the conditions of uncertainty and intermittent competition for energy resources and pipeline capacities related to the export of Russia's and Kazakhstan's oil and gas to China and Western countries. Russia is interested in long-term arrangements that would consolidate and perpetuate its influence as a major energy exporter. It is therefore logical for Russia to try to harness the SCO to its own agenda as an 'energy superpower'.⁴⁰

Infrastructure development projects constitute another Russian priority for the SCO. At the 2006 SCO Shanghai summit, President Putin stated that 'There are many ways in which our countries' economies complement each other. For that reason we have a huge range of possibilities for cooperation in energy, developing natural resources, modernizing transport infrastructure and in other sectors.'⁴¹ Indeed, the Russian economy could strongly benefit if important transport corridors connecting East and Central Asia with Europe were opened up from China, running mainly through Kazakhstan and then into Russia. SCO cooperation on transport infrastructure could also be useful in discouraging China and Central Asian states from attempting to bypass Russia with trans-Caspian routes for oil, gas and other commodities.

'New threats'

Contrary to what some may assume, Russia does not necessarily have an interest in placing excessive stress on the SCO's mission of 'combating Islamic extremism in Central Asia'. In spite of the secular nature of current Central Asian regimes and their fear of Islamism, at a certain point they may want to employ the ideas of Islam for the purposes of nation building. They therefore need to be cautious about taking any position that seems to equate widespread Islamic practices with 'extremism'. Russia itself, with its large Muslim population, may find it undesirable to invoke the notion of Islamism so persistently as to cause irritation among its own Turkic ethnic groups.

It remains true, in general, that a strategy of fully harnessing the SCO's symbolic and practical potential to the needs of Russian foreign policy implies limiting economic integration while stressing the SCO's security functions. For example, Russia would be interested in expanding the activities of RATS to combat drugs trafficking through and from Central Asia. Activity by narcotics producers and smugglers has been rising lately even on China's relatively well-guarded territory. China will therefore be inclined to support an intensified SCO anti-drug policy.

⁴⁰ See e.g. Lousianin, S. G., 'Energeticheskoe prostranstvo ShOS: K voprosu o razrabotke konseptsii sozdaniya "Energeticheskogo Kluba" ShOS' [An SCO energy space: elaborating an 'energy club' concept], Presentation at the SCO Business Council meeting, Moscow, 6 Dec. 2006, URL <<http://www.mgimo.ru/content1.asp?UID={A9AE6E80-C881-42E4-87FA-BF398B38DD71}>>.

⁴¹ Putin, V., Press statement following the Shanghai Cooperation Organization Council of Heads of State session, Shanghai, 15 June 2006, URL <<http://www.kremlin.ru/eng/sdocs/speeches.shtml>>.

In conclusion: Russia's general vision

In terms of its overall role on the world stage, Russian policymakers want the SCO to continue to act as an important symbol of rebuke to Russia's might-have-been strategic partners in the West and as a bargaining chip in negotiations with the USA. The SCO's transcontinental nature and the mutual respect of sovereignty among its members are frequently cited by Russian observers as alternatives to a narrow policy focus on building alliances between Russia and EU countries or the USA—all the more so, given these partners' inclination to interfere in Russian internal affairs.⁴²

One of the symbolic concepts capturing the minds of Russian experts and policymakers is that of creating an 'arc of stability' in the north of Eurasia. This 'arc of stability' is contrasted to the 'arc of instability' stretching along the SCO's southern rim—from the eastern Mediterranean through Iraq and Afghanistan to Pakistan and northern India.⁴³ The instability in the latter arc is seen in Russia as largely the result of the USA's flawed policies of intervening in Iraq, pressuring Iran and vainly attempting to build a viable state in Afghanistan.

Russia will strive for a balanced distribution of power within the SCO, thus hindering China's aspirations to win greater influence in Central Asia through the organization. Russia needs to assure its Central Asian partners that it is 'keeping an eye' on China's intentions vis-à-vis the region and stands by to provide Central Asian states with diplomatic backing should they need it in relations with China. On the same logic, any attempts by China to endow SCO bodies with even a restricted supranational mandate will meet with Russian resistance. Russia will strive to preserve the SCO's original design as an intergovernmental forum.

Finally, it should be appealing for Russia to establish itself as a 'bridge' between the SCO and Euro-Atlantic institutions, such as the EU or NATO, which have manifested their increasing interest in Central Asia. This move could serve to emphasize Russia's unique geopolitical position as a link between Europe and Asia, and raise its standing within the SCO itself. As two US observers of Central Asian affairs noted in late 2006:

The present Russian government clearly has a different idea of what democracy entails than does the Bush administration and will take opportunities to trump any card the United States may play. Nonetheless, some Russians are open to joint efforts to stabilize and develop Central Asia, provided that Moscow is afforded an appropriate say and share in any arrangement. To enlist Russia's assistance, the United States would need to be more consultative about the implementation of its limited goals in Central Asia.⁴⁴

⁴² Lousianin (note 20), pp. 18–19.

⁴³ See e.g. Komissina and Kurtov (note 2), p. 311.

⁴⁴ Spechler, D. R. and Spechler, M. C., 'Trade, energy, and security in the Central Asian arena', eds A. J. Tellis and M. Wills, *Strategic Asia 2006–07: Trade, Interdependence, and Security* (National Bureau of Asian Research: Washington, DC, 2006), p. 227.

3. A Chinese perspective on the Shanghai Cooperation Organization

PAN GUANG*

Introduction

China established close links with Central Asia via the Silk Road as early as 2000 years ago. At the opening of the 21st century, in the light of China's rapid economic growth—including in particular the further development of its western region and the country's accelerating demand for energy—Central Asia is becoming more and more strategically significant for China. The Shanghai Cooperation Organization (SCO) has enabled China to build up unprecedentedly strong security, political, economic and cultural ties with local states, thus creating the conditions for it to play an active and constructive role in the region. Cooperation within the multilateral framework makes it possible for China to avoid friction with its neighbours while preserving and pursuing its own national interests. Throughout the process that began with the Shanghai Five in the mid-1990s and developed into the SCO by 2001, China has played the key role as a major driving force. This also symbolizes the entry of Chinese diplomacy into a new stage, with an orientation towards multilateral interactions.

This chapter starts by looking at the SCO's significance, both substantial and demonstrative, for China's present-day strategic goals and at the ways in which China has played a driving role in the various stages of the SCO's development. It goes on to discuss the SCO's achievements and challenges in various spheres of cooperation and then highlights a number of sectoral and structural issues that, as seen from China, will be critical for the next phase of the SCO's existence.

The strategic significance of the Shanghai Cooperation Organization for China

From China's perspective, the SCO has a many-sided strategic significance. First, it 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. 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. When peace and security are maintained in these extensive border areas, China need no longer feel exposed to direct military threats on its western and northern flanks, thus allowing

* This chapter reflects the personal views of the author.

it to concentrate on the possible flashpoints on the country's eastern and south-eastern coasts.

Second, the SCO provides a good framework for China to cooperate closely in combating terrorism, extremism, separatism and various other cross-border criminal forces. The primary target of the Chinese anti-terrorism campaign is the East Turkestan Islamic Movement (ETIM), which advocates the independence of Xinjiang and is said to be supported by Osama bin Laden.¹ From the Chinese perspective, it is of particular importance that China has been able, in the SCO framework, to count on the support of the other nine member and observer states in its campaign against ETIM. Moreover, China has also been able to draw support from SCO partners in its efforts to frustrate other conventional or non-conventional security threats and to eliminate or ease the external factors of disruption to China's stability and development.

Third, the economic cooperation that the SCO is committed to pursuing is directly conducive to China's programme for developing its western regions, particularly as it offers land-based routes for energy import and transport. It should be noted that, in contrast to the Middle East, South-East Asia, Africa and Latin America, the region stretching from Central Asia to Siberia is a source of energy supply that has no need for naval protection. As China has no prospect in the near future of being able to build up a navy that would be strong enough to protect its oil shipping lanes, this alternative—the only one—is of crucial strategic significance for China's energy security and for its overall development.

Fourth, given that its members and observers boast nearly half the world's total population and include such large countries as China, India and Russia, the SCO exerts a much greater influence beyond its own region through its expanding circles of friendship and cooperation. Building a zone of stability and development from Central Asia outward to South Asia, the Middle East and even more distant areas will create a favourable neighbourhood and international environment for China's peaceful development.

The demonstrative role of the Shanghai Cooperation Organization in Chinese diplomacy

The SCO has had a strong 'demonstration effect' in the formation of new models and new thinking for Chinese diplomacy at the turn of the 21st century. This effect may be defined and traced in the following four ways.

The Shanghai process has pioneered attempts at building a new approach to *neighbourhood security* by means of mutual trust, disarmament and cooperative security. Having solved, in a matter of a few years, the century-old border problems between China and the former Soviet states, this security approach already

¹ Bin Laden is reported to have told this group, 'I support your jihad in Xinjiang'. Information Office of the Chinese State Council, "East Turkestan" terrorist forces cannot get away with their offences', Beijing, 1 Jan. 2002.

embodies great achievements for the parties involved and offers potential to assist in other outstanding border problems such as those between China and India; the South China Sea dispute; the Chinese–Japanese disputes over the Diaoyu Islands and part of the East China Sea, and so on. Moreover, the SCO has adopted a very broad perspective towards the definition and execution of security cooperation that has been highlighted by the way in which it has made the fight against drug-trafficking and cross-border crime its top priority; has proposed the establishment of effective mechanisms for the use of the mass media against new challenges and new threats; has signed a joint declaration on maintaining international information security; and has given full attention to energy security, environmental protection, the protective development of water resource and similar issues. Keeping an open mind towards the various contemporary non-conventional security issues, as well as the conventional ones, in the framework of the SCO leaves China better positioned to play a growing role in global security cooperation.

The SCO has helped to shape a new model of *state-to-state relationships* characterized by partnership but not alliance, as originally spearheaded by China and Russia. By endorsing a set of new rules regulating state-to-state relations in the post-cold war era, the SCO presents a sharp contrast to the views of those who cling to a cold war mentality, the pursuit of unilateralism and the strengthening or expansion of military blocs. The relationship between China, Russia and the Central Asian states—under the SCO umbrella—constitutes a close partnership with constructive interactions while stopping short of military alliance. The 2001 Chinese–Russian Treaty of Good Neighbourliness and Friendly Cooperation symbolized the initiation of a new stage in the bilateral relationship.² This treaty was the first between the two countries to be based on genuine equality and not on military alliance. More generally, the relationships between China and the Association of South East Asian Nations (ASEAN), between China and the European Union (EU), between China and the African Union (AU), and between China and the Arab League are all now developing in the same positive direction. The current Chinese diplomatic principle of befriending and benefiting neighbours has grown directly out of the SCO success story and other related experiences.

The SCO process has given rise to a new model of *regional cooperation*, characterized by common initiatives taken by both large and small countries, with security cooperation paving the way, a focus on collaboration for mutual benefit and the facilitating of cultural complementarity. This new model not only stresses cooperation and reciprocity in the economic sector but also emphasizes cultural exchange and mutual learning. Valuable experience for China's regional and cross-regional cooperation with many other countries can be supplied by the various activities pursued under this model, such as the establishment of the SCO Business Council and the SCO Inter-bank Association; the buyer's credit that China provides to other SCO members; the launch of the Huoerguosi Border Trade and

² The Treaty of Good Neighbourliness and Friendly Cooperation was signed by China and Russia on 16 July 2001 at Moscow. Its text is available at URL <<http://www.fmprc.gov.cn/eng/wjdt/2649/t15771.htm>>.

Cooperation Centre between China and Kazakhstan; the SCO Cultural and Art Festival; the training provided by China for 1500 Central Asian professionals in various fields; and the strengthening of educational ties. They provide important input for the various proposed bilateral and multilateral free-trade programmes involving China.

More generally, the SCO process, with its successful practice and evolution, symbolizes the *transformation of Chinese diplomacy* from its traditional focus on bilateral relations towards the growing embrace of multilateral interactions. Prior to the Shanghai process, China chose mainly bilateral rather than multilateral channels for resolving its disputes with other parties. However, the SCO has now given China greater confidence in participating in and, in some cases, even initiating multilateral processes. For example, China is now an actor in the ASEAN Regional Forum (ARF) and an active participant in the '10 plus 1' ASEAN–China summits and '10 plus 3' meetings between ASEAN, China, Japan and South Korea.³ It hosts the Six-Party Talks on the Korean peninsula and is a responsible player in the 'P5+1' efforts at resolving the Iranian nuclear problem.⁴ The beginning of the 21st century has seen China playing an increasingly active and constructive role in the multilateral arena.

China's driving role in the Shanghai Cooperation Organization

China's driving role in the SCO can be traced mainly in the following contexts.

1. *Formulating the theoretical guidelines.* Summarizing the successful experience of the Shanghai Five, in 2001 Chinese President Jiang Zemin put forward for the first time a definition of the 'Shanghai spirit': 'mutual trust, mutual benefit, equality, consultation, respect to different civilizations and common prosperity'.⁵ These have since become guiding principles for the steady development of the SCO. Reviewing the first five years of the SCO and the 10-year Shanghai process, the 2006 Shanghai summit summed up the successful experiences that this multilateral structure has achieved by promoting and practising unswervingly the Shanghai spirit. On this foundation, Chinese President Hu Jintao put forward at the summit the further strategic goal of constructing 'a harmonious region of lasting peace and common prosperity',⁶ which has become an important part of the plan for the future development of the SCO.

³ The 10 members of ASEAN are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

⁴ The Six-Party Talks on North Korea bring together China, Japan, North Korea, South Korea, Russia and the United States. The 'P5+1' are the 5 permanent members of the United Nations Security Council—China, France, Russia, the United Kingdom and the United States (the P5)—and Germany.

⁵ Zemin, J., 'Deepening unity and coordination to jointly create a brilliant future', Speech at the SCO inaugural ceremony, St Petersburg, 15 June 2001, URL <<http://www.china.org.cn/baodao/english/newsandreport/2001july/new14-1.htm>>.

⁶ 'SCO points way forward', *People's Daily* (English edn), 16 June 2006.

2. *Driving forward institutionalization.* China has actively pushed forward the institutionalization of the SCO since its foundation, and particularly following the terrorist attacks on the United States of 11 September 2001. Three days after the attacks, at a meeting of SCO prime ministers in Almaty, Kazakhstan, Chinese Prime Minister Zhu Rongji stressed that work on drafting the SCO Charter should accelerate and that the SCO anti-terrorist mechanism should begin to operate as soon as possible.⁷ The opening of the SCO Secretariat in Beijing in January 2004 and its effective work under the leadership of Secretary-General Zhang Deguang bear witness to the critical role that China now plays in regularizing the work of the organization through its permanent institutions. The SCO's 2006 Shanghai summit took further specific initiatives for the institutional improvement of the organization. Although the institutional build-up of the SCO might be seen as being basically complete after five years of development, significant work remains to be done on improving the institutional structure and the efficiency of its operations in particular. A resolution was therefore passed at the Shanghai summit to strengthen the role of the SCO Secretariat within the multilateral system. It was also agreed that Bolat Nurgaliyev of Kazakhstan would take over from Zhang as SCO Secretary-General in 2007 and serve until 2009.⁸ These measures will make the SCO better prepared for the increasingly important work lying ahead.

3. *Giving direct support to major projects.* Partly because of its economic strength relative to the other five SCO member states, China has granted substantial direct assistance to the major SCO projects. Its financial contribution to the organization surpasses that of any other member. As one illustration, President Hu stated at the 2005 Astana summit that 'China attaches great importance to the implementation of the 900-million-US-dollar buyer's export credit promised in the Tashkent Summit.'⁹ China has offered preferential treatment in terms of the interest rate, time limit and guarantees of the loan, so that the funds can be used as quickly as possible for SCO cooperative projects in the interest of all member countries concerned. The fulfilment of this Chinese promise of \$900 million in buyer's credits is promoting the economic development of SCO member states and the deepening of SCO economic cooperation. Cultural cooperation is another area in which China has played a pivotal role. Hu remarked in Astana that SCO members 'should adopt effective measures to develop and deepen the cooperation in such fields as culture, disaster relief, education, tourism and media' and 'should enhance the cooperation in the capacity building of human resources'. For the latter purpose, 'China will set aside a special fund to train 1,500 management and profes-

⁷ 'Premiers of SCO member states hold first meeting', *People's Daily* (English edn), 15 Sep. 2001.

⁸ Joint Communiqué of the Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization, Shanghai, 15 June 2006, URL <http://english.scosummit2006.org/en_zxbb/2006-06/15/content_756.htm>.

⁹ Chinese Ministry of Foreign Affairs, 'Hu Jintao attends the Shanghai Cooperation Organization (SCO) summit and delivers an important speech', 5 July 2005, URL <<http://www.fmprc.gov.cn/eng/topics/hzxcfelseng/t202787.htm>>.

sional talents in different fields for other member states within three years.’¹⁰ It was gratifying to see that the 2006 Shanghai summit further promoted this project, which is now making good progress.

Although China has been a major force in driving forward the SCO’s development, it would be inexact to say that China has dominated or led the process. Theoretically speaking, all the participating states are equal, which is in itself a key component of the Shanghai spirit and, legally speaking, the SCO has a rotating chair system. Of course, since China and Russia outweigh other SCO member states, these two countries have undeniably played key roles in facilitating the SCO process. This in turn means that coordination and consultation between China and Russia are invariably crucial for the further development of the organization.

The substance of the Shanghai Cooperation Organization’s work: achievements and challenges

Over time, the SCO has taken on an increasingly active posture in safeguarding security and promoting economic and cultural development in its region; showing concern for the situation in areas around Central Asia, such as the Middle East and South Asia; and demonstrating that this five-year-old organization has embarked on a new course of pragmatic development.

Maintaining security in the heart of Eurasia

Since 1996 the process begun by the Shanghai Five and continued in the SCO has brought remarkable achievements in security cooperation, with the following main features.

Confidence-building measures have been put in place, leading finally to the resolution of historical border problems. As mentioned above, within the frameworks of the Shanghai Five and the SCO, and thanks to the joint efforts of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan, all disputes regarding the western section of the former Chinese–Soviet border—which stretches for more than 3000 kilometres and was an area of instability and conflicts for centuries—were completely solved within six years, which is a rare case in the history of international relations.

Cooperation in the struggle against trans-border menaces. After the break-up of the Soviet Union, and with the rise to prominence of the Taliban in Afghanistan, extremist and terrorist forces started rampaging across Central Asia and became a grave concern for the countries in this region. The Shanghai Five was the earliest international community to call for cooperative action against terrorism in Central Asia. The 2001 Shanghai Convention on Combating Terrorism, Separatism and Extremism, to which the six SCO members are the parties, was the first inter-

¹⁰ Chinese Ministry of Foreign Affairs (note 9).

national anti-terrorism treaty of the 21st century.¹¹ It spells out the legal framework for SCO members to cooperate with each other and to coordinate with other countries in fighting terrorism and other such menaces. Within the framework of this convention, the SCO member states cooperated in establishing the Regional Anti-Terrorism Structure (RATS) in 2004, which has helped to combat and contain extremism and terrorism in the region.¹²

Restraining the spread of conflict and maintaining regional security and stability. Central Asia's ethnic and religious conflicts and other issues emerging from history are as intricate and complex as those in the Balkans and the Middle East. Central Asia is, however, fortunate in having the SCO mechanism, for which the Balkans and the Middle East have no exact equivalent. Within its framework—and again in contrast to these other areas—the Central Asian authorities have managed to restrain malignant influences, such as the civil war in Afghanistan, from spreading into the region, thus offering a successful model on the troubled international scene after the end of the cold war. It can be said, without exaggeration, that in the absence of the Shanghai Five system and the SCO the Taliban may have continued marching northwards and the Afghan conflict might well have spread to neighbouring countries. In this regard, the SCO is playing an essential role in maintaining the region's security and stability.

A cautious expansion and development policy. As an organization, the SCO works to develop fruitful multilateral cooperation with all states and international organizations on the basis of the principles of equality and mutual benefit. The Regulation on the Status of Observer to the Shanghai Cooperation Organization, adopted at the 2004 Tashkent summit, was the first document to regulate contacts between the SCO and the rest of the world and had major significance for promoting international cooperation as well as for developing and strengthening the organization itself.¹³ In December 2004 the SCO was granted observer status in the United Nations General Assembly.¹⁴ In April 2005 the SCO signed memoranda of understanding with ASEAN and with the Commonwealth of Independent States (CIS) establishing relations of cooperation and partnership.¹⁵ In September 2005 the SCO Secretary-General was invited to the UN's 60th anniversary World

¹¹ The Shanghai Convention on Combating Terrorism, Separatism and Extremism was signed on 15 June 2001 at Shanghai. Its text is available at URL <<http://www.sectSCO.org/html/00093.html>>.

¹² On RATS see chapter 1 in this paper.

¹³ The Regulation on the Status of Observer to the Shanghai Cooperation Organization was approved by the Council of Heads of the Member States of the Shanghai Cooperation Organization on 17 June 2004. An English translation is available at URL <http://www.shaps.hawaii.edu/fp/russia/2004/20040621_sco_observer.html>.

¹⁴ UN General Assembly Resolution A/RES/59/48, 16 Dec. 2004, URL <<http://www.un.org/Depts/dhl/resguide/r59.htm>>.

¹⁵ The Memorandum of Understanding between the CIS Executive Committee and the SCO Secretariat was signed on 12 Apr. 2005 at Beijing. The Memorandum of Understanding between the ASEAN Secretariat and the SCO Secretariat was signed on 21 Apr. 2005 at Jakarta. Its text is available at URL <<http://www.aseansec.org/4984.htm>>.

Summit and for the first time was able to make a speech from a UN podium.¹⁶ This was an important sign of the constantly increasing international prestige of the SCO. Meanwhile, by granting observer status to India, Iran, Mongolia and Pakistan, the SCO has increased the potential opportunities for cooperation and broadened the prospects for the SCO's own development. The SCO can be expected to proceed steadily along its path of cautious expansion. As stated in the 2004 Tashkent Declaration, the leaders of the SCO member states 'are convinced, that further development and strengthening of the SCO—which is not a bloc organisation and is based on principles of equal partnership, mutual respect, trust and openness—correspond to the main tendencies of international development and will promote broadening the scope of international dialogue'.¹⁷

If analysed more deeply, the above-mentioned successes of the Shanghai process do not merely have a strategic significance for the stability and development of the organization's member states and for security and development in Central Asia overall—they also have demonstrative significance for peace and development in the whole world. Recent realities have proved that the Shanghai spirit differs from the thinking of the cold war period and that it meets the requirements of a new era characterized by peace and stability, as recognized and accepted by many countries today.

Economic and cultural development (and its link with security)

The SCO leadership has laid increasing emphasis on promoting economic and cultural cooperation, believing that such cooperation not only constitutes the basis for political and security cooperation but directly promotes the long-term development and interests of future generations in the region.

At the SCO's 2004 Tashkent summit it was pointed out that 'Progressive economic development of the Central Asia region and contiguous states, as well as satisfaction of [the] population's essential vital needs are [a] guarantee of their stability and security'.¹⁸ The 2005 Astana summit made clear that the main priority for the near future was to put into practice the action plan on fulfilment of the 2003 Programme of Multilateral Trade and Economic Cooperation among SCO Member States, thus embarking on a pragmatic course of cooperation in trade, transport, environmental protection, disaster relief, the rational use of natural resources and so on.¹⁹ The 2006 Shanghai summit decided to designate energy, information technology and transport as the priority areas for economic cooperation, stressing par-

¹⁶ Zhang, D., SCO Secretary-General, Speech at the 60th High-Level Plenary Meeting of the United Nations General Assembly, New York, N.Y., 16 Sep. 2005, URL <<http://www.un.org/webcast/summit2005/statements.html>>.

¹⁷ Tashkent Declaration of Heads of Member States of Shanghai Cooperation Organization, Tashkent, 17 June 2004, URL <<http://www.sectsco.org/html/00119.html>>.

¹⁸ Tashkent Declaration (note 17).

¹⁹ The Programme of Multilateral Trade and Economic Cooperation among SCO Member States was signed at a meeting of SCO prime ministers on 23 Sep. 2003 at Beijing.

ticularly the importance of proceeding to implement a number of pilot projects.²⁰ The SCO Inter-bank Association—which is designed as the first step towards an SCO development bank and was formally inaugurated before the Shanghai summit—is expected to provide a financing platform for major projects in the region. The official launch of the SCO Business Council during the Shanghai summit can be expected to provide a new tool for facilitating greater economic cooperation within the SCO framework.

As regards cultural cooperation, the SCO member states have actively cooperated in the SCO framework on education, culture, sports, tourism and the like. President Hu has stressed the need for cooperation in these fields. As he pointed out at the 2004 Tashkent summit, ‘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’.²¹ 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’.²² The Shanghai summit emphasized 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 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 represents another SCO initiative to broaden its individual as well as cultural cooperation, while the formal launch of the SCO Forum—an academic mechanism for research and discussion created before the 2006 Shanghai summit—will provide intellectual support for the further development of the organization.²³ The first and second SCO Cultural and Art Festivals held during the Astana and Shanghai summits, respectively, also stand out as specific achievements in this field.

Responding to new challenges

Since early 2005 there has been a wave of so-called colour revolutions in Central Asia, Afghanistan has witnessed the resurgence of the Taliban and al-Qaeda in the wake of a new wave of terrorist attacks following the war in Iraq and, even more

²⁰ Joint Communiqué, Shanghai (note 8).

²¹ Chinese Ministry of Foreign Affairs, [Re-enforcing pragmatic cooperation for collective peaceful development], President Hu Jintao’s speech at the SCO summit, Tashkent, 17 June 2004, URL <<http://www.fmprc.gov.cn/chn/wjdt/zyjh/t140098.htm>> (author’s translation).

²² Declaration of Heads of Member States of Shanghai Cooperation Organization, Astana, 5 July 2005, URL <<http://www.sectsco.org/html/00500.html>>.

²³ SCO Secretariat, ‘The Shanghai Cooperation Organization Forum’, *SCO Bulletin*, 2006, p. 57.

seriously, Hizb ut-Tahrir and other extremist groups are fast winning support in Central Asia, particularly in the poverty-stricken Fergana Valley. This heralds a re-emerging grim security situation in the region that also poses new challenges for the SCO.

Facing such a grave situation, the SCO's 2005 Astana summit took the initiative to shoulder the main responsibility for safeguarding security in Central Asia. The heads of state attending the summit decided to increase their security cooperation significantly on the basis of the achievements made so far, with a particular focus on: (a) promoting close cooperation among member states' diplomatic, external economic, law-enforcement, national defence and special services authorities; (b) working out effective measures and institutions to respond collectively to developments that threaten regional peace, security and stability; (c) coordinating member states' laws and regulations designed to ensure security; (d) cooperating in researching and developing new technologies and equipment for coping with new challenges and threats; (e) establishing new effective structures for the mass media to deal with new challenges and threats; (f) combating the smuggling of weapons, ammunition, explosives and drugs; (g) fighting organized transnational crime, illegal immigration and mercenary troop activities; (h) giving special attention to preventing terrorists from using weapons of mass destruction and their launch vehicles; (i) taking precautionary measures against cyber-terrorism; and (j) drafting uniform approaches and standards for monitoring financial flows linked with individuals and organizations suspected of terrorism.²⁴

The SCO leaders also took the view that cooperation on drug trafficking should become a priority focus, as defined by the 2004 Agreement on Cooperation in Fighting the Illegal Trafficking of Narcotics, Psychotropic Substances and their Precursors.²⁵ They agreed that the SCO should step up its participation in international efforts to create an 'anti-drug security belt' around Afghanistan, and in the formulation and realization of special programmes to help stabilize Afghanistan's social, economic and humanitarian situation.²⁶

The SCO's 2006 Shanghai summit decided to further deepen cooperation in security affairs. As stressed in the summit declaration, 'To comprehensively deepen cooperation in combating terrorism, separatism, extremism and drug trafficking is a priority area for the SCO'.²⁷ High priority was attached to continuing the build-up of RATS, launching joint anti-terrorist exercises and establishing an anti-drugs mechanism. At this summit it was stated publicly for the first time that SCO members will prohibit any individual or group from conducting on their territories any kind of activity that would undermine the interests of other members. Following the proposal made at the Astana summit to establish structures for the

²⁴ Declaration, Astana (note 22).

²⁵ The Agreement on Cooperation in Fighting the Illegal Trafficking of Narcotics, Psychotropic Substances and their Precursors was signed on 17 June 2004 at Tashkent.

²⁶ Declaration, Astana (note 22).

²⁷ Declaration on the Fifth Anniversary of Shanghai Cooperation Organization, Shanghai, 15 June 2006, URL <<http://www.sectsco.org/502.html>>.

media to deal with new challenges and threats, at the 2006 Shanghai summit a statement on international information security was issued, and it was decided to establish a commission of information security experts to lay the groundwork for drafting and executing related action plans.²⁸ At the Shanghai meeting, the SCO leaders also instructed the Council of National Coordinators to conduct consultations on concluding a multilateral legal document on long-term neighbourly and amicable cooperation within the SCO framework.²⁹

The SCO leaders have recently stressed that security cooperation must be put on the basis of comprehensive security. As stated at the Astana summit, this cooperation should be comprehensive and should assist the member states in providing protection for their territories, citizens, livelihoods and key infrastructure sectors ‘from the destructive effect of new challenges and threats’, thus creating the necessary preconditions for sustainable development and poverty elimination.³⁰ On the same occasion, the SCO leaders agreed that, with a view to preventing and eliminating the various kinds of technical disasters that have become significant components of the new threats, it was becoming increasingly urgent to protect and further develop the region’s infrastructure, particularly for transport. They saw a need for the SCO members to construct multilateral structures to monitor possible disasters and their consequences, exchange information and analysis, and create the necessary legal and institutional conditions for joint rescue and response operations, including by promoting interoperability in terms of personnel training and the deployment of personnel and equipment. The SCO leaders also declared that ‘The SCO will be making a constructive contribution to the efforts by the world community on issues of providing security on land, at sea, in air space and in outer space.’³¹

Looking ahead: big tasks and a long journey

In June 2006 the heads of the SCO member and observer states gathered in Shanghai to celebrate and review the five years since the establishment of the Shanghai Cooperation Organization and the 10 years since the initiation of the Shanghai Five. The leaders discussed the new developments in the international arena and in Central Asia, and their impact on the SCO. As mentioned above, they defined the strategic goal of constructing a ‘harmonious region’—and, above all, a ‘harmonious Central Asia’—and proposed an ambitious plan for the next stage of the SCO’s development.

Looking into the future, several major issues should be highlighted that face the SCO and deserve urgent attention.

²⁸ Statement of Heads of SCO Member States on International Information Security, Shanghai, 15 June 2006, URL <http://www.sectSCO.org/news_detail.asp?id=958&LanguageID=2>.

²⁹ Joint Communiqué, Shanghai (note 8). The Council of National Coordinators directs the day-to-day activities of the SCO.

³⁰ Declaration, Astana (note 22).

³¹ Declaration, Astana (note 22).

The need for a breakthrough in economic cooperation

An early breakthrough in SCO economic cooperation is essential, and several points are particularly crucial for realizing this aim.

The first point is to be pragmatic in designing cooperation goals and implementing cooperation measures. Empty talk and a lack of specific goals and effective measures will not suffice, in the economic field above all. The second point is to persist in following market rules such as those of 'the level playing field', equality and reciprocity, mutual opening, and a combination of both bilateral and multilateral approaches. It is not enough to care only about one's own interests, and divorcing economic cooperation from the market base is even more of a mistake. Properly managed, bilateral cooperation and multilateral cooperation can be mutually enhancing, a case in point being the oil pipeline between Kazakhstan and China, which is now also giving rise to trilateral energy cooperation including Russia. The third point is to press ahead with coordination and the setting of priorities for each stage. Initial investment is certainly necessary, yet caution is needed to avoid over-hasty expansion and duplication of construction projects.

Deepening security cooperation

There is a clear need to deepen the SCO states' security cooperation. In the near future, work in this area can be expected to remain one of the SCO's strong points. However, it must be intensified if further headway is to be made on the basis of past achievements.

Several practical points demand attention. RATS should be quickly consolidated to increase working efficiency and, more specifically, cooperation must be stepped up in finalizing the SCO list of the names of wanted terrorists and terrorist groups and in regularizing joint anti-terrorist exercises. The Central Asian Nuclear Weapon Free-Zone (CANWFZ) programme should be carried forward, so that the region no longer risks a nuclear arms race and the proliferation of weapons of mass destruction.³² Furthermore, additional campaigns should be launched to crack down on drug trafficking. In this regard, active cooperation with the UN is needed in order for an 'anti-drug security belt' to be established around Afghanistan to allow its peaceful reconstruction. Only when these various practical goals are fulfilled can the SCO play an indispensable role in maintaining security in the whole Central Asian region, as well as within its member states.

The following words from the final declaration of the SCO's 2005 Astana summit deserve special attention:

Today we are noticing the positive dynamics of stabilising internal political situation in Afghanistan. A number of the SCO member states provided their ground infrastructure for temporary stationing of military contingents of some states, members of the coalition, as

³² The Central Asian Nuclear Weapon-Free Zone (CANWFZ) Treaty was signed on 8 Sep. 2006 by Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It has not yet come into force and it does not include China or Russia.

well as their territory and air space for military transit in the interest of the antiterrorist operation.

Considering the completion of the active military stage of antiterrorist operation in Afghanistan, the member states of the Shanghai Cooperation Organisation consider it necessary, that respective members of the antiterrorist coalition set a final timeline for their temporary use of the above-mentioned objects of infrastructure and stay of their military contingents on the territories of the SCO member states.³³

Here, for the first time, the SCO made clear its position that it endorses international participation in anti-terrorism cooperation in Central Asia, yet at the same time believes that Central Asian security should be chiefly the responsibility of countries in the region, and notably of the SCO countries themselves.

Four points should be emphasized in this connection. First, the remarks quoted are not specifically targeted at the United States, but more broadly at ‘respective members of the antiterrorist coalition’, that is, all those countries and international organizations that use the infrastructure facilities of SCO countries or station their troops in SCO countries. Second, while the SCO has voiced its views and suggestions, any final arrangements will have to be worked out through multilateral or bilateral consultations between SCO member states and the relevant parties. Third, issues such as one SCO member state’s military presence or use of infrastructure facilities in another member state—for example, Russia’s use of a military base in Kyrgyzstan—may be resolved through coordination within the framework of the SCO or the CIS, either multilaterally or bilaterally. Fourth, as the situation in Afghanistan is still severe, this is not the right time to draw up a timetable for the withdrawal of all foreign troops from Central Asia. Instead, it is necessary to step up anti-terrorism activities in Central Asia and to strengthen the relevant ties among the SCO, the USA, the EU and other parties.

Promoting cultural cooperation

Cultural cooperation should be pushed forward steadily. The existing bilateral cultural cooperation among the SCO member states should be expanded into multilateral cultural cooperation within the SCO framework, which will clearly demand organizational coordination, financial support and professional programming.

In the near future, cooperation will develop in the following specific fields, among others: mutual exchange visits by cultural, artistic and sports groups, hosting joint art festivals and exhibitions, sending and receiving more exchange students, promoting visits by high-level experts and scholars, mutually assisting in training those with talents in various fields, increasing cultural exchanges among young people and facilitating culture-oriented tourism along the Silk Road.

³³ Declaration, Astana (note 22).

A cautious growth policy

External relationships and the expansion of the organization should be carefully handled. Since India, Iran, Mongolia and Pakistan were accepted as SCO observers in 2004–2005, an increasing number of countries have expressed a desire to achieve this status, to join the SCO or to cooperate with it. In light of this growing demand, the 2006 Shanghai summit commissioned the SCO Secretariat to monitor the implementation of the documents on cooperation between the SCO and other organizations, and to facilitate cooperation between the SCO and its observer states. The heads of state have also asked the SCO Council of National Coordinators to make suggestions regarding the procedures for membership enlargement.³⁴

Sorting out its relationships with such important players as the USA, the EU and Japan—which are probably not interested in becoming members or observers of the SCO but offer great potential for cooperation—remains a major challenge for the SCO. One way in which this potential can be realized is to establish, alongside the formal membership and observer statuses, a system of partner states modelled after the Partnership for Peace (PFP) of the North Atlantic Treaty Organization (NATO). A given country could choose, for example, to become an SCO partner for anti-terrorism or anti-drug purposes. Indeed, Afghanistan has already become a fully active partner of the SCO.³⁵ Whether immediately feasible or not, such ideas are worthy of careful consideration with a view to broadening external exchanges and moving towards cautious enlargement of the SCO.

In conclusion: key points

In reviewing the success of the SCO to date and in contemplating its future development, the following three points merit special attention.

First, regional cooperation needs to be steadily institutionalized and to be supported by relevant international or regional laws and regulations. At the same time, discrepancies between laws and regulations at the national and the regional levels need to be resolved with due care.

Second, regional security cooperation must be based on a ‘comprehensive security’ approach. In particular, the handling of conventional security threats should be combined closely with the handling of non-conventional threats.

Third, the maintenance of regional security and stability is both a precondition and a guarantee for the facilitation of regional economic and cultural cooperation, while economic and cultural cooperation can in turn provide a solid basis for political and security cooperation.

³⁴ Joint Communiqué, Shanghai (note 8).

³⁵ This was effected through the Protocol on Establishment of SCO–Afghanistan Contact Group, which was signed on 4 Nov. 2005 at Beijing. Its text is available at URL <<http://www.sectseo.org/html/00649.html>>.

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