

# SHANGHAI COOPERATION ORGANIZATION, CHALLENGES, ACHIEVEMENTS AND ITS RELATIONS WITH REGIONAL COUNTRIES

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## Abstract

*SCO is the successor organisation of Shanghai Five, which consisted of the five member states in the region as China, Russia, Tajikistan, Kazakhstan, and Kyrgyzstan. The SCO charter deals friendship among the member states, developing effective cooperation in political affairs, economy, trade, science, and technology. There were other organisations in the region as the commonwealth of independent states (CIS) and the economic cooperation organisation (ECO) but SCO has maintained its importance due to its diversified membership and the expanding agenda. The organisation has also brought central Asian states together on a platform on equal footing with the great regional powers like China, and Russia. There may be economic competition going on among great powers in the region; but economic development, rather than counter-US policies, has remained the focus of all the SCO members. This study places greater emphasis on the theory of neo-liberalism, which explains the cooperative relationship based on the collective interests that has evolved among central Asian states, Russia and China within the SCO. As discussed in the neo-liberalism the organisation has helped in fostering trust and cooperation among its member states. In the perspective of neo-realist, the interests of member states are studied. The concept of the new great game is employed to learn the relevance of the SCO for central Asian states and the outside powers involved in the region.*

## Introduction

SCO is the successor organisation of Shanghai Five, which consisted of the five member states in the regions as China, Russia, Tajikistan, Kazakhstan, and Kyrgyzstan. The group included Uzbekistan into

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the current form and expanded its focus to ensure regional security. It also deals with the drug trafficking and economic issues. The organisation also has four observer states like Pakistan, Iran, Magnolia and India while Afghanistan as dialogue partner. In the aftermath of the September 11, 2001 terrorist attacks on the United States, the SCO charter deals friendship among the member states, developing effective cooperation in political affairs, economy, trade, science, and technology. There were other organisations in the region as the commonwealth of independent states (CIS) and the economic cooperation organisation (ECO) but SCO has maintained its importance due to its diversified membership and the expanding agenda. The organisation has also brought central Asian states together on a platform on equal footing with the great regional powers like China, and Russia. In the discourse of progress the organisation has the part great powers like Russia and China as a 'Big Brother' has been over-emphasized by many scholars.

The Chinese involvement is viewed with suspicion. R. Burnashev, for instance, warns, 'we should bear in mind that today China is treating the 'shanghai five' as a transitory structure- the basic agreement will expire on 31<sup>st</sup> December, 2020, that is why they are valid for the period of China's possible development into a world centre of power. After that China will act harshly, especially towards its neighbouring countries.'<sup>1</sup> As for SCO's counter US agenda, Mihalka, writes that China and Russia need to cooperate in order to offset the US influence from the region; and that 'together through the SCO they have enough strength to resist IS penetration in Central Asia, something they could not have done separately. Common cause against the Americans provides the main stimulus for Sino-Russian cooperation' this is also not a comprehensive explanation of Sino-Russian cooperation.<sup>2</sup> There may be economic competition going on among great powers in the region; but economic development, rather than counter-US policies, has remained the focus of all the SCO members. There is a very limited data on the

topic of SCO, the available literature is that it tends to view Central Asia and outside powers involved in the region in terms of realism and great game context. The fact is that globalisation is generating more cooperation among states, regional and extra regional also big or small. One of the strong arguments regarding Great Game in Central Asia comes from Lutz Kleveman. The book, the new Great Game: *Blood and oil in central Asia*, discusses the intense competition among great powers over oil resources, deposits and pipelines route in the Caspian region. He tries to relate the US war against terrorism as a tool in the hands of US policy makers to pursue their prime objective of securing influence over the energy resources and pipelines route in the Caspian region. For instance, Annette Bohr, in his article '*regionalism in Central Asia: New geopolitics, Old Regional Order*' argues that the main obstacle to the success of regionalism in Central Asia stems from domestic dynamics; namely, the authoritarian attitudes of the central Asian leaders and their suspicions toward each other.<sup>3</sup> This study is divided in different sections. In the first section theories of neo-realism and neo-liberalism are discussed to strengthen this view point.

### **Conceptual Framework**

In view of multiple forces and interests operating in the Central Asian region, the study frame work needs analysis of the theories of neo-realism and neo-liberalism. This study places greater emphasis on the theory of neo-liberalism, which explains the cooperative relationship based on the collective interests that has evolved among central Asian states, Russia and China within the SCO. As discussed in the neo-liberalism the organisation has helped in fostering trust and cooperation among its member states. Some scholars have tried to analyze Central Asian politics from a Neo-realist perspective, while others have taken the alternative liberal approach. The politics of Central Asia and the role and agenda of the SCO cannot be explained by any single theory, making it imperative to study neo-

realism and great game along with the neo-liberal framework. In the perspective of neo-realist, the interests of member states are studied. The concept of the new great game is employed to learn the relevance of the SCO for central Asian states and the outside powers involved in the region.

### **The SCO agenda and theory of neo-realism**

Classical realist such as Hans J Morgenthau believes that states are like human beings, have natural desire for domination, which provokes wars. Morgenthau also stressed the virtues of the classical, multi-polar, balance of power system and considered the bipolar rivalry as hazardous. The neo-realist school of thought proposes that we live in a realist world, which is dominated by states, national interests, geopolitics and power politics. This can be one of the logics behind Russia's and China's increasing focus on the Central Asian Region and the SCO to further their respective strategic designs. An important refinement to realism was the addition of offence-defence theory, as laid by Robert Jervis<sup>4</sup>. The neo- realist theory is applicable to central Asian states, as they have followed the international trend of regionalism to further their interests, something which they were not able to achieve before through international alliances.

### **SCO's neo-liberal posture**

Neo-liberalism emerged in the 1990s as a new approach to world politics that concentrates on the ways international organisations and other non-state actors promote international cooperation. Neo-liberalism focuses on the ways in which influences such as democratic governance, public opinion, mass education, collective security and multilateral diplomacy can improve the lifestyle. Neo-liberalism does not represent a cohesive school of thought, as neo liberal scholars undertake different assumptions and examine different aspects through which international cooperation can be promoted.<sup>5</sup>

All the members of the SCO concentrate their efforts on areas of common concern, particularly the non-security issues. For instance, the SCO focuses on the issues of 'Low' politics, (economy, education transportation and culture), law and order and also functions at the level of 'high' politics (defence and foreign affairs). The motivation for collective reforms under regional grouping has been not only because of geography and economic conditions but also the governments have opened their countries to foreign investment and opted for cooperation to resolve common problems. The neo-liberals have emphasized the importance of the development of transnational relations and it appears that this process is continuing with increasing intensity. The SCO is an explicit example of neo-liberalism working in Central Asia. Although opening up of the region to extra-regional powers, particularly China, was a realistic decision on the part of central Asian states, its manifestation was in the form of neo-liberalism. The Shanghai five was mainly set up to settle the remaining border disputes troubling interstate relations in the region, particularly between China and its neighbours. China entered central Asia after the end of the cold war with the primary intention of ensuring the security of its western borders and of diversifying its energy supply.

Looking at the very broader level, the 9/11 event and the subsequent war on terrorism resulted in cooperation rather than competition among regional states. Russia and China pledged to cooperate with the US in its war on terror in Afghanistan and also in central Asia. The terrorism issue was acknowledged even at the Shanghai five forums and was formally incorporated in the Shanghai five agenda in June 2001 with the signing of a convention on terrorism, even before formal establishment of the SCO in July 2001. As already stated in the introductory section, among the permanent bodies of the SCO is Regional Anti-Terrorist Structure (RATS), located in Tashkent, which builds up cooperation against terrorism, separatism, and extremism. There have been other efforts of regional

cooperation in central Asia through the creation of different regional groupings such as the Central Asian Regional Economic Cooperation, the Commonwealth of Independent States (CIS), the Economic Cooperation Organization (ECO), and the Eurasian Economic Community.

The SCO has proved to be different from these organizations. It has opened the region for broader international cooperation in accordance with the goals and principles of the UN charter, taking into the account mutual interests and common approaches to resolving regional problems, 'the member states have not united against anyone, but against those challenges and threats that endanger regional stability.<sup>6</sup> Although the theories of realism and neo-realism and the great game explain the motives of Central Asian States: China, Russia, and other major powers involved in the region and, also to some extent, the agenda setting of the SCO, the functioning of the SCO and its response to the challenges it is facing can be understood by analysing the issue from a neo-liberal perspective.

In this context, the SCO Astana summit of 2005 was important for its declaration asking the United States to provide the timeframe for the withdrawal of its military forces from SCO territories. While the summit in Shanghai, held on 15<sup>th</sup> June, 2006, took place against the backdrop of the crisis over Iran's nuclear programme, with Iran and Pakistan both seeking full membership in the organization.

### **Establishment of SCO**

On April 26, 1996, China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan concluded an 'agreement on strengthening military confidence in border areas' in Shanghai, which was named as Shanghai Five. On April 24, 1997 in Moscow which laid down a manual for good-neighbourly relations. Despite the limited scope of the Shanghai five agenda at the initial stage and its areas of

cooperation, the member states were able to resolve their border issues and create a 7400-km belt of peace and stability in Central Asia.<sup>7</sup> In June 2001, with the inclusion of Uzbekistan as the sixth member of the organisation, Shanghai five was transformed into SCO with a much broader agenda and perspective. Uzbekistan's decision was based on the outbreak of violence led by Islamic militants (specifically IMU) and the growing need for a common platform to tackle its extremism problem. Uzbek president Islam Karimov termed the SCO as a 'multilateral cooperation mechanism' sought to enlarge the areas of interaction and cooperation among the member countries.<sup>8</sup>

### **Central Asian states and SCO**

After the collapse of the Soviet Union, the Central Asian states opened their doors to external aid and borrowed in economic and social sectors, since all of them are landlocked and three of them have a common border with China. In particular the close relationship with China became a geopolitical compulsion for central Asian states. Therefore, their participation in regional grouping remained dormant initially largely due to their multi-vector approach in foreign policy. The central Asian states, on the other hand, have been facing numerous challenges since independence, and their foreign policy priorities have been that of having multiple alignments based 'on an open-door policy'.

The central Asian states were particularly alarmed by the US-led regime changes in some of the former soviet republics, including Kyrgyzstan, Ukraine and Georgia<sup>9</sup>. This has brought about a realization among central Asian ruling elites that the US and its European allies may prefer pro-western regimes in the region. Such regional and international factors compelled central Asian regimes to look towards China and Russia for support. Some realist scholars have discussed the central Asian politics and the role of the external powers from the perspective of great game. This term has been

popular since 19<sup>th</sup> century and is still employed by many to understand the regional dynamics. The US has an established military presence in central Asia. Keeping in view that China shares a border of 3000 km with three Central Asian states like Kazakhstan, Kyrgyzstan and Tajikistan, the region's importance for China's stability cannot be underestimated. Besides, China's need for oil and natural gas to support its booming economic growth requires closer relations with central Asian countries, especially in terms of energy cooperation. The transnational gas pipeline which is currently operational in the year of 2009. The ever largest gas pipe in the world having length of 7000 kilometres and will export 40 billion cubic metres of gas annually. These factors contributed towards the fear of a renewed great game among major powers in central Asia. The strategic approach of China and Russia today are geared towards establishing peace and stability in the region, opposing great power influence in the region and supporting regional cooperation. Thus despite having military bases in Afghanistan for fighting the war on terror, the US political influence in central Asian states is limited. Neither Turkey nor Iran is likely to play a major role in the region and the same would be true for India and Pakistan. At the moment Russia and China remain the leading major powers in the region and they are not in competition with other major international players.

### **Objectives of the SCO**

The founding Declaration of the SCO outlined its basic goals and objectives. The declaration acknowledged the achievements of the predecessors Shanghai five and enlarged the focus and agenda of the new organisation to include diverse areas of cooperation and regional development. The key points of the Shanghai Cooperation Organisation Declaration were the following:

- 1: The goals of the Shanghai Cooperation Organisation are to strengthen mutual trust, friendship, and good-neighbourliness among the member states; to encourage effective cooperation



among them in the political, trade, economic, science, technology, culture and other spheres; and to undertake joint efforts for the maintenance of peace, security, and stability in the region, and the building of a new, democratic, just, and national international political and economic order.

- 2: The Shanghai cooperation organisation is not an alliance directed against other states and regions and it adheres to the principle of openness. It declares its willingness to develop dialogue, contacts and cooperation of all kinds with other states and appropriate international and regional organisations and, on the basis of consensus, to admit as new member states which share the objectives and goals of cooperation within the framework of the organisation and the principles set forth in paragraph 6 (of the declaration) and also other provisions of this Declaration and whose admission may help achieve that cooperation.
- 3: The Shanghai cooperation organisation attaches priority to regional security and shall make all necessary efforts to maintain it. The member states shall engage in close cooperation with a view to ensure the implementation of the Shanghai Convention on combating terrorism, separatism and extremism, including the establishment of a regional anti-terrorist structure of the Shanghai cooperation organisation with headquarters in Bishkek. In addition, appropriate multilateral documents shall be drawn up on cooperation in curbing illicit trafficking in arms and narcotic drugs, illegal migration and other types of criminal activity.
- 4: The Shanghai cooperation organisation has enormous potential and broad possibilities for mutually advantageous cooperation of the member states in the trade and economic sphere and shall make efforts to promote the further development and diversification of cooperation among member states at the bilateral and multilateral levels. To this end, within the

framework of the Shanghai cooperation organisation, a negotiating process shall be undertaken on the establishment of favourable conditions for trade and investments, a long-term programme of multilateral trade and economic cooperation shall be drawn up, and also the relevant documents shall be signed.

- 5: The member states of Shanghai cooperation organisation shall strengthen the consultation mechanism and coordinate action on regional issues and international problems, provide mutual support and develop close cooperation on major international and regional issues, and jointly facilitates the consolidation of peace and stability in the region and throughout the world, believing that the preservation of global strategic balance and stability in the current international situation is of particular importance.
- 6: The 'Shanghai spirit' formed in the process of the development of the shanghai five, characterised by mutual trust, mutual advantage, equality, joint consultations, respect for cultural diversity and the desire for joint development, is an invaluable asset gained by the countries of the region over the years of cooperation. It will grow, and in the new century will become the norm in relations among the state members of the Shanghai cooperation organisation.<sup>10</sup>

The 'shanghai spirit' embodied a new security concept, which called for 'mutual trust and common security, partnership and non-alliance, openness, and transparency, equality, and consensus, mutual benefit, respect for diverse civilization and pursuit for common development'. In 2002, the content of promoting a democratic, just, fair international political and economic order was written into the SCO Charter.

## **Main Challenges for SCO**

Major challenges facing the organization have been the lack of political will and cohesion within the organization, along with difference in economic status and priorities of the member states, the lack of resources for development, and a host of domestic problems within the Central Asian states. There has also been a serious lack of direction for cooperative endeavors. Moreover, the organization needs to neutralize its negative image in the US/West. However, it is too early to expect conclusive results from SCO, as it is still in the process of defining its functions.

- **Maintaining Cohesion among Members**

An important challenge for the SCO remains to maintain cohesion on the home front, which not only includes establishing cooperative relations among its members but also covers promoting cordial relations among their respective state and civil society institutions. China and Russia being overwhelmingly stronger members and the unstable Central Asian members represent a situation of unequal membership.

Moreover, the interest of the member states conflicts with each other in many areas. Kazakhstan and Kyrgyzstan have serious reservations and suspicions about the policies and goals of Uzbekistan and its leader Islam Karimov. Central Asian states also have longstanding suspicions about Russo-Chinese cooperation and ambitions in the region. Uzbekistan, until recently, had been a US ally and had reservations about joining the Sino-Russian initiative. The conflict of interests among SCO members is more pronounced in the energy sector. For instance, the Russians are interested in promoting the Trans-Siberian railway as a main connecting link between Asia and Europe. The Chinese are said to prefer the southern route to Europe across Central Asia-Transcaucasus - Turkey to the Mediterranean coast. This route is said to provide China's western

region “a new geo-strategic importance.” Similarly, the interests of Central Asian states may not coincide with China and Russia insofar as the exploitation of energy resources in the region area concerned.

The Kyrgyz are said to be unsatisfied with “ceding a mountain range to China in the framework of a peace treaty”.<sup>11</sup> After the Askaniya riots in 2002, an anti-government rally in Kyrgyzstan protested the government’s decision to cede “territory to China in land negotiations. Such difference in perspective does influence the participation and interests of the members-states in the organization. This leads to questions such as how much priority the SCO enjoys in the foreign policies of the Central Asian countries, or to what extent these countries are willing to invest in the SCO, both politically and economically.

Until 2005, SCO’s effectiveness as a strategic alliance had been limited by “multi-directional foreign policies of the Central Asian states for gaining maximum advantage by playing off the west-particularly the United States-against the incipient Moscow-Beijing axis”. Until the recent past, Central Asian States’ short-term security priorities did not match with SCO’s long-term developmental strategy. Gradually, however, they have started to express greater interest in the latter.

Another policy dilemma for the SCO in maintaining cohesion is the question of its future role. China and Russia have both stated their desire for the organization to serve as a regional provider of security through intelligence and economic cooperation. Yet, this declared commonality belies certain visible differences between Beijing and Moscow.<sup>12</sup> Both countries are energy rivals in Central Asia, with Russia striving to monopolize Central Asian exports, while China is also engaged in massive infrastructural projects of rail and road transportation with these states, positioning itself as a potential trade rival to Russia. Among the two important areas of SCO agenda, security and development, Russia emphasizes security, while the

Chinese focus has been on development. Hence, a consensus on its future shape of the organization does not exist due to difference in the interests of the members.

In addition, the membership of almost all of the organizations working in Central Asia is overlapping, which means that the members of one organization are also members of other parallel organizations. These security arrangements not only overlap in membership but also in their goals, which limits the commitment of the members, particularly of Central Asian states in a particular organization. The overlapping membership results in differing priorities that member states place on any forum of the organizations, which may become an obstacle for the SCO. After 9/11, US cooperation with each of the Central Asian states its anti-terror war has been different, and they do not have an equal stake in this war. The political interests of the member states overshadow their commitment to the organization.

- **The Economic Challenge**

Given that, “there is still little prospect of major Western investment in several of the countries”. As for now, the region is too remote, the market too fragmented, and the future too uncertain. Such disappointing economic situation of SCO members surely hinders the implementation of SCO’s developmental plans. Central Asian states expect China and Russia to provide for economic development of the region, as they face tremendous difficulties in opening up their markets. However, for their part, China and Russia can spare limited financial and economic resources for the region. This implies that the SCO has to operate within the budget constraints.

Even though land, SCO member-states have a common interest in the exploitation of energy resources, expansion of transportation and communication lines, and promotion of trade and economic cooperation, they are a long way from creating a common market.

Thus, in the foreseeable future, there is no prospect for the establishment of a free trade zone in the region, since SCO countries differ greatly in their respective domestic economic and political realities.<sup>13</sup> The intra-regional trade in Central Asia is low and external dependence is high. Exports are mainly in agricultural and mineral products, while informal trade has gained importance with large distortions in the market system. There is limited scope for trade expansion within the region as all of the five Central Asian states export similar range of products. For instance, Kazakhstan exports electricity, cotton and aluminum, Turkmenistan's products are cotton and natural gas and Uzbekistan exports cotton and gold. Therefore, their economies are more competing than complementary.<sup>14</sup>

- **Counter-Terrorism and SCO**

Terrorism has been a high priority issue in the SCO agenda since the beginning, as they perceived potential danger of Islamist militants is the main threat that binds regional security policies of the SCO countries together. Also the contribution of the member states in terms of military intelligence and police assets remains limited. The RATS has not been able to contribute to wards regional security in a substantial way due to the lack of resources.

The unrest in Uzbekistan and Kyrgyzstan is said to have spill over effect on Chinese Uighur problem, due to links between Uighur separatists and terrorist groups in Central Asian nations, particularly Kyrgyzstan.<sup>15</sup>

- **Institutional Issues in SCO**

There is no permanent body to settle disputes among the SCO member states. Article 22 of its Charter stipulates no alternatives for dispute settlement other than negotiations and consultation. Most of the regional organizations in the world are equipped with a judicial body for settlement of disputes among members. Hence, it is appropriate that the SCO establishes a juridical body to overcome the challenge of dispute settlement.

The expansion of SCO membership does not appear to be a priority for the SCO. Its Charter does not have any provision regarding the issue of membership. The SCO lacks the legal document on the issue of accepting new members.<sup>16</sup>

- **The Image Problem of SCO**

There is need for political image building of the SCO. This image needs to evolve more closely with the organization's political principles and agenda. To counter its image as an anti-US/West organization, SCO has already emphasized in many of its declarations that it intends to cooperate with all the states, and that is not a bloc against any state. Moreover, the SCO leadership has frequently stressed that the organization's agenda is geared towards promoting cooperation in non-political areas such as trade and economic issues. Still the organization needs to do a lot more to address its image problem.

### **Achievements of SCO**

The SCO established two of its permanent organs: Secretariat and Regional Anti-Terrorist Structure (RATS) in 2004. The Secretariat was required to fulfill the administrative tasks and also for organizing the functions of the SCO, and RATS was crucial for tackling with terrorism issue at regional level. The establishment of these organs is very important for the progress of the SCO. With

these organs, the SCO has become a full-fledged organization. Nonetheless, it remains crucial as to how these organs work and the progress in this regard has not yet been very impressive. However, it is important to keep in mind that it takes time for a new setup to operate in a multilateral framework. Shanghai Summit in June 2006, 10 agreements were signed, and on the sidelines of the summit, business worth US\$2 billion was transacted.<sup>17</sup>

- **Successes in the Security Sector**

Although the SCO agenda had focused on security aspect since the 'Shanghai five' time, serious doubts were expressed after 9/11, as the SCO failed to deliver a collective response to the event other than issuing a collective statement of condemnation. The member states responded individually, creating doubts about the relevance and future of the organization. However, for an objective view of the organization, it should be kept in mind that the organization was created in June 2001 and lacked an institutional structure to respond to such incidents.

SCO has strengthened over time and launched several anti-terrorism initiatives. Establishment of RATS was an important step in this regard. RATS, with its headquarters in Tashkent, was formed in 2004 to help Central Asian states and their neighbors to deal with terrorism problem, though the decision to create such an organ was made in 2002 at St. Petersburg summit. The main function of RATS is to coordinate SCO members' activities against terrorism, separatism and extremism. The RATS mandate also includes coordination of services such as border police, customs and national security services. During a RATS meeting in April 2006, 14 terrorist organizations were identifying as potential threat for the region. At the same time, RATS efforts for preventing over 250 terrorist attacks in member states since its inception were also commended.<sup>18</sup>



Such anti-terror exercises have been important in improving anti-terrorism cooperation among the members and also in updating joint command and coordination in anti-terrorist operations. The current strategic role of the organization is not only confined to traditional security, but the non-traditional threats such as smuggling of arms; narcotics and illegal migration are also to be dealt with.

Apart from regional level work, the SCO has also begun to interact with other international agencies and has been sending representatives to other international forums on counter-terrorism to learn about the experiences and knowledge of others. It has also established an SCO – Afghan Contact Group to assist reconstruction process in Afghanistan and to control illegal cross-border activities exacerbating terrorism and drugs trafficking problems in Central Asia. The SCO can also collaborate in some joint venture against terrorists with countries and organizations in the neighborhood of Central Asia, for instance, with SAARC, which now also includes Afghanistan.

Drug trafficking is another major challenge for the security of the region and the SCO has also extended its joint response to eradicate this problem. In June 2002, transport police from Russia, Kyrgyzstan, Kazakhstan and Uzbekistan carried out a joint operation to stop drug trafficking and limited success was achieved. Since 2003, joint anti-trafficking exercises have been carried out annually and have included the relevant agencies of all the member states. These exercises and joint operations have achieved the desired targets, for instance, as a result of ‘Kanal 2006’ operation, the anti-drug agencies intercepted and destroyed ‘19285 kg of narcotic substance.’<sup>19</sup>

### • Progress in Economic and Social Field

Achieving economic development for member-states has been an important item on the agenda of SCO since its inception. Different strategies have been considered for fostering economic cooperation,

and increasing trade and communication links among the members. Soon after SCO's formation, heads of state of the member – states met in September 2001 and signed the 'Memorandum of Regional Economic Cooperation'.<sup>20</sup>

At the bilateral level, China also signed an energy agreement with Uzbekistan worth \$600 million. In 2005, President Hu Jintao announced that China would set aside development fund of \$10 million for training 1,500 people from other SCO countries, in areas of economic, scientific – technical and humanitarian cooperation.<sup>21</sup> Also the bilateral agreement between China and Tajikistan on construction of the 410 km Dushanbe – Ayni-Shahrison – Istaravshon-Khujand-Buston motorway along the Tajik border would revitalize the transport and communication links and also help in maintaining effective control of the border zones in Central Asia.<sup>22</sup> There have also been some multilateral cooperative ventures, like Chinese, Kazakh and Russian investment in hydroelectric power sectors of Kyrgyzstan and Tajikistan. Thus, the regional initiative has also resulted in greater bilateral cooperation among the members.

### • **Improvement of International Political Image**

The SCO has improved its image from anti-US and China dominated to a regional organization based on the principles of multilateralism and multiculturalism. One of the important factors contributing to this image is SCO's cooperation with other international organizations and non-SCO nations. Thus opening up to the outside actors and removing external misgivings about itself. The SCO has also started accepting observer states, which can participate in the SCO process under the 'Regulations on the Observer Status of the Shanghai Cooperation Organization' with the inclusion of observer states in the SCO, its influence has grown and its political clout has enhanced. India, Iran Mongolia and Pakistan have been admitted as observers. Some other nations, including the United States, have expressed interest in gaining observer status in the organization.

This alone shows the growing political importance and international image of the organization.

- **Consolidation of Ties among Member States**

During the past decade, bilateral relations among the SCO members have been enhanced. The bilateral ties between the China and Russia were hostile during the Cold War. Since late 1980s, improvement in relations began, and, in October 2004, one of the issues responsible for hostility – the border dispute – was settled through a comprehensive agreement. Bilateral trade rose to \$30 billion in 2005, which was a 37 percent increase from the previous year.<sup>23</sup> Russia has also become a key arms supplier to China and defense cooperation has further strengthened their bilateral relations.

The SCO has also acted as a catalyst for new Chinese, Russian and even Western technical, educational and financial ventures aimed at strengthening Central Asian defense capabilities. The number of Central Asian personnel going to Russia for study exchange and training has increased and China has opened up its law enforcement and military training institutes for Central Asian States.<sup>24</sup> The main achievement of SCO, in terms of creating harmony, has been the rapprochement among the Central Asian states through confidence building. Differences and tensions among Central Asian states have been curtailed, and steps have been taken to resolve tensions on Uzbek-Kyrgyz and Uzbek-Tajik borders. For instance, in 2004, the Uzbek President announced his country's readiness to de-mine the border zone with Tajikistan and Kyrgyzstan.<sup>25</sup>

### **Negative propaganda against SCO**

The negative portrayal of the SCO is particularly visible in US media and academia, whereby the organisation is even considered 'an informal group ... initially established to help settle border disputes along the former Sino-Soviet border, but the Chinese and Russian

leaders transformed the group into a mechanism to coerce the smaller Central Asian States into accepting the predominate influence of the two big powers.' The SCO IS likewise perceived as a 'ploy for expanding Chinese influence,' or to contain US influence in the region. There is also a perception in the West that SCO may be a new version of Warsaw Pact<sup>26</sup> to counter NATO. From the SCO perspective, the removal of US bases from the region was a common stand of the organisation to avoid any physical presence of outside powers in the region, and it was not merely an anti-US step. Instead, both Russia and China have aligned themselves with the US in countering terrorism. Moreover, the two major actors of SCO and Central Asian members of the organisation have scores of bilateral agreements with the US and EU. The growing interaction of Central Asian members of the SCO with NATO and the organisation for Security and Cooperation in Europe (OSCE) also prevents them from developing hostility against the US in particular and the West in general. Most important of all is the fact that if the SCO starts acting as anti-US alliance, then it will contradict all its official documents, which repeatedly declare it as a regional cooperation organisation and not as a counter-weight to any other international player in Central Asia. Since the SCO is 'not designed to be unipolar structure,' US/Western fears of Sino-Russian dominance of Central Asia have been neutralised with the passage of time. The Shanghai spirit implies non-interference in the internal politics of member states, and it is a guarantee against any political manoeuvres by stronger powers.<sup>27</sup>

### **Role of China and Russia in SCO**

China has played a "very important role" in promoting the establishment of the SCO and the formation of its aims and principles, particularly the Shanghai spirit, which embodies mutual trust and benefit, equality, respect for cultural diversity and a desire for common development. Beijing does not perceive its participation

in the Shanghai Cooperation Organization (SCO) to be a counterweight to NATO. Formed in 2001 and composed of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, the SCO is not a military alliance. Its security cooperation focuses on “the fight against terrorism, separatism and extremism”<sup>28</sup>. The SCO has nothing like Article 5 of the NATO Treaty which states “an armed attack against one or more members in Europe or North America shall be considered an attack against them all”<sup>29</sup>. Tensions in the organization were clearly visible during the August War in 2008 between Russia and Georgia over South Ossetia when the member states expressed “their deep concern in connection with the recent tension around the issue of South Ossetia,” but did not back Russia’s military efforts.<sup>30</sup>

### **Russia and SCO**

Moscow also regards the SCO as a forum within which it has the unique opportunity to coordinate with China. While receiving the SCO defence ministers who gathered in Moscow, Medvedev said, “Overall, the region in which the SCO operates is a complex one, and so we have to take into account the reality that surrounds us, and the need for our countries to jointly coordinate efforts on a wide range of issues, including security and the defence capability of our countries on a collective basis.”

The defence ministers’ meeting in Moscow on April 29 saw a strong affirmation by China on enhanced SCO cooperation to confront regional challenges. In an oblique reference to the US, Liang called for the eschewal of “antagonism, clique politics and unilateralism” and underlined that the SCO has a role to play in the entire Eurasian region.<sup>31</sup> Russia and China separately agreed on an intensified program of bilateral military cooperation that includes as many as 25 joint maneuvers in 2009 in a demonstration of the strengthening of strategic ties.

Russian Foreign Minister Sergei Lavrov also expressed similar sentiments earlier in the week after his talks with his visiting Chinese counterpart. Lavrov said Moscow and Beijing favored the “comprehensive strengthening of the SCO as a key factor of the promotion of stability and security in the Central Asian region”. Lavrov summed up that two chief principles lie at the core of the “dynamically evolving” Russian Chinese strategic cooperation. One, the two countries share a common perspective on the contemporary world processes.<sup>32</sup> Secondly, the two countries will “always support each other on concrete issues” that directly affect their national interests. Lavrov added that Russia and China agreed during consultations in Moscow that “such comradely mutual assistance” is only going to be strengthened.<sup>33</sup>

### **Recent Summit of SCO 2009**

The Shanghai Cooperation Organization (SCO) held its ninth summit on June 15 -16, 2009 in Yekaterinburg. SCO leaders signed several documents at the end of the summit, including the Yekaterinburg Declaration, a Joint Communiqué, and the SCO Counter-Terrorism Convention which provides the legal base for counter terrorism interaction. The plenipotentiaries of member states also signed agreements on international information security, training of officers for Counter Terrorism Agencies of member states, and on financial cooperation.

The specialty of this Summit is that it was held under the shadow of emerging security challenges particularly in Afghanistan and Pakistan, Obama’s new Af-Pak strategy, the internal crisis in Iran, the spreading financial crisis, and the Kyrgyz parliament asking the US to close its military base in Manas, and increasing US Russia confrontation over Georgia. The Declaration acknowledged the need to mobilize existing resources and take up joint work to prevent the spread of epidemic diseases. Member states expressed the hope of strengthening practical cooperation by implementing joint projects to

tackle the financial crisis. The Russian and Kazakh leaders suggested the establishment of a unified, supranational settlement unit within the SCO framework. The summit adopted a declaration urging a fair global financial order. On the issue of addressing the global financial crisis, SCO member states acknowledged the need for adopting effective measures aimed at minimizing the impact of the global crisis and boosting closer regional trade, as well as economic and investment cooperation in the SCO region. Implementation of multilateral projects was stressed by all member states.

SCO countries agreed to the Russian proposal on using their national currencies in mutual settlements and introducing a common currency within the SCO framework for its members. On the issue of admitting new members to the SCO, no final decision was taken during this summit meeting. The Special Expert Group was instructed to carry out its work on the draft document of regulations for admitting new members. However, with a view to expand cooperation with new countries without giving them full membership within the SCO framework, Sri Lanka and Belarus were granted the status of dialogue partners.

### **Afghan Issue and SCO Summit**

From all these perspectives, the time has come for the SCO to ponder seriously its future relations with Iran. Without doubt, two big questions await the SCO. These are Iran's admission as a full member and the direction of the SCO's partnership with Turkmenistan. Parallel to the SCO's "Great Central Asia" strategy involving Iran, the summit can be expected to come up with new initiatives toward Afghanistan. Again, both Russia and China view with growing concern the deepening crisis in that country.

To quote from a People's Daily commentary in June, "The 'Taliban phenomenon' has produced grave concern ... its resurgence has severely challenged the authority of the Afghan government ... the

Taliban have grown more robust ... taking full advantage of local feelings of dissatisfaction over living conditions and anti-US sentiments ... the Taliban have galvanized their link-up with al-Qaeda remnants ... Afghanistan is at risk of becoming the second Iraq."

Russian thinking has also been on a similar track. In fact, Moscow has gone a step further and openly questioned the continued rationale of the United States' monopoly over conflict resolution in Afghanistan. Moscow, like Beijing, is keen to adopt a two track approach. First, it will endeavor to work closely on a bilateral track with the government headed by President Hamid Karzai. The visit by Foreign Minister Sergei Lavrov to Kabul signified an intensification of Russian diplomacy toward the Afghan problem.

At the same time, Moscow is also looking for a multilateral approach involving the CSTO. Significantly, Bordyuzha suggested, "We [CSTO and the SCO] together should assist in preventing the Taliban from coming to power, and otherwise we will get serious problems in Afghanistan, problems for many years." Bordyuzha hinted at the likelihood of an extensive involvement by the SCO in Afghanistan. He said, "Work should be conducted in all spheres, political and economic, and in rendering assistance in the formation of armed forces and law-enforcement organs of the government, as well as in the fight against illegal drug trafficking."<sup>34</sup> To be sure, the SCO summit can be expected to come up with proposals aimed at intensifying the functioning of the SCO-Afghanistan Contact Group.

## **Conclusion**

With growing interdependence among states, the role played by global and regional economic cooperation organizations has also been enhanced. The SCO has played a significant role in building mutual trust and developing state-to-state relations based on partnership rather than alliance.<sup>35</sup> However, factors of instability



exist in the region and it would take a long time for the states and the SCO as a regional organization to deal with them.

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