

GLOBAL STRATEGY FORUM

*THE SHANGHAI COOPERATION
ORGANISATION:*

*A NETWORKING ORGANISATION
FOR A NETWORKING WORLD*

by
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Dr Shirin Akiner has long-standing first-hand experience of Central Asia and has written and lectured widely on the region. In 2006 she was awarded the Sir Percy Sykes Memorial Medal by the Royal Society for Asian Affairs for her contribution to Asian studies. In December 2008 she was awarded Honorary Fellowship of the *Ancien* Association of the NATO Defense College.

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FOREWORD

When Global Strategy Forum was first established four years ago, one of our founding objectives was the publication of papers by expert authors on key international affairs, defence and security issues. With this publication of Dr Shirin Akiner's comprehensive paper analysing the origins and future of the Shanghai Cooperation Organisation (SCO), this goal has now been achieved. I am delighted to be writing this foreword.

The emergence of the SCO and international reaction to its influence are subjects that I have watched with great interest over the past decade. As this paper notes, some commentators have viewed the organisation as a threat to western interests.

However, today's global structures are increasingly populated by overlapping networks drawing on the technological advances in communications. This 'network world' calls into question the utility of hegemonic strategies, traditional power blocs and a unipolar approach. In this changed context, it is now possible to identify how power has shifted, and is continuing to shift, from the Atlantic axis towards new power centres.

The SCO is a prime example of the evolving networks which are shaping the new global order. Through the development of this organisation, China in particular is showing signs that it understands these dynamics. The strategic question addressed here is whether this rise to the challenges of the network world is currently in danger of leaving the west in its wake.

Against this background, the continuing evolution of the SCO clearly merits further scrutiny and analysis and this paper is a most welcome and timely contribution to that process.

Michael Ancram PC DL QC
June 2010

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‘The Shanghai Spirit’

The Shanghai Cooperation Organisation (SCO) is a novel formation. Its stated aims – the strengthening of regional peace, security and stability – are conventional, verging on the platitudinous. Yet the way in which SCO pursues these aims is far from conventional. Firstly, the conceptual basis eschews any reference to political ideology. Instead, it invokes a ‘civilisational’ approach, popularly dubbed the ‘Shanghai Spirit’, which is defined by modes of behaviour, by ways of conducting relationships. This is exemplified by the emphasis placed on such qualities as harmony, respect for cultural variety, good neighbourliness and mutual trust as essential components of ‘a new architecture of global security’. Secondly, it espouses a holistic view of stability, setting ‘soft’ spheres of interaction such as culture and education on a par with security and defence. Thirdly, although it has the attributes of a formal Organisation, in essence it is a loosely meshed network which embraces and encourages diverse linkages and clusters. This openness and flexibility sparks synergies by facilitating and multiplying ties between partners with common interests and complementarities. The process is not confined to the membership of SCO. Links are constantly being established with other Organisations, thus tapping into additional networks. The result is a dense and ever-expanding web of connectivity, rooted in pragmatic calculations of mutual benefit. The voluntary – and fluid – nature of such associations is acknowledged in the Charter, which sets out principles for acceding to the Organisation, but also procedures for withdrawing.

Perhaps the best gauge of SCO’s peculiarity is to be found in Western responses to this entity. These have ranged from disdainful indifference (*it is bound to fail*) – through paranoid hostility (*it must be anti-Western*) – to bewilderment (*what is it for; if not to challenge the West*) – and most recently, to exasperation (*why does it not play a more active role in resolving regional security threats?*). It would take a book-length study to examine in detail the evolution of SCO, the complex relationships within the Organisation, and its evolving role in the regional and the global affairs. The scope of the present paper is more limited: it seeks to highlight some of the main internal and external issues and to consider whether or not SCO has the potential for further development.

‘Form Follows Function’: Structural Evolution

Twenty years ago, relations between China and the neighbours on its western flank were characterised by mutual antagonism, suspicion and fear. The heavily guarded Sino-Soviet border was pock-marked with tracts of disputed territory and imprecise boundaries, the legacy of a history of conflicts and ‘unfair treaties’. It was against this unpromising background that, in the early 1990s, China embarked on a mission of diplomatic alchemy to change the negative baggage of the past into a positive asset for the future. The speed and commitment with which the Chinese leadership pursued this endeavour was impressive. In April 1996, the presidents of China, Russian Federation (hereafter ‘Russia’),

Kazakhstan, Kyrgyzstan and Tajikistan met in Shanghai to sign a groundbreaking *Treaty on Deepening Military Trust in Border Regions*.¹ A year later, they concluded the *Treaty on the Reduction of Military Forces in Border Regions*. These and other confidence-building documents paved the way for negotiations leading to definitive bilateral agreements on the delimitation of China's western border. Concurrently, annual summit meetings were initiated between the presidents – popularly known as the 'Shanghai Five' – likewise regular ministerial meetings and other forms of contact. By 2001, interaction and cooperation had reached a level at which formal institutionalisation was the logical outcome. In June that year, the five presidents re-assembled in Shanghai to sign the *Declaration on the Establishment of the Shanghai Cooperation Organisation*, also a separate *Shanghai Convention on Combating Terrorism, Separatism and Extremism*. The Uzbek President was a signatory to both these documents, thus becoming the sixth Member of the group. This was a landmark development, since Uzbekistan did not to share a border with China. Previously, it had seemed possible that the focus of the nascent Organisation would continue to be confined to China's perimeters. The accession of Uzbekistan clearly signalled a broader Eurasian orientation. The only Central Asian state which did not accede to SCO was Turkmenistan, on the grounds that this would violate its official status of neutrality.

The SCO *Charter*, which officially established the Organisation in international law, was signed at the St Petersburg summit in June 2002. One of its most interesting features is the combination of precision and elasticity: detailed regulations for concrete issues are set alongside sketchy, generic guidelines for matters that might arise in the future. The structure of SCO, as specified in this document, is an embodiment of the dictum 'form follows function'. The bureaucratic apparatus is kept to a minimum. There are only two standing organs, the Secretariat (in Beijing) and the Regional Counter-Terrorist Structure (in Tashkent). The other bodies, comprising representatives from the national governments, meet on a regular basis. The timetable and agenda is largely determined by current needs. The supreme body is the Council of Heads of State. This is chaired on an annual basis by the host of the upcoming summit. The succession of summit venues follows the alphabetic order of the names of the states, in accordance with Cyrillic orthography. There are several subordinate tiers of responsibility, all adhering to the same model of equal representation for Member states. The interface between national governments and the Organisation is provided by the Council of National Coordinators.

The official and the working languages of SCO and all its organs are Russian and Chinese. Great care is taken in matters of protocol, to ensure that the core principles of equality and mutual trust, advantage and consultation are scrupulously observed and applied impartially to all Member states. All decisions are passed strictly by consensus. However, Member states are free to opt out of resolutions and projects that do not coincide with their interests; equally, they are free to join at a later stage.

¹ See official SCO website for the text of this and other documents cited below, also for a chronology of meetings, speeches and notable SCO events [<http://www.sectsco.org>].

Among the issues that the *Charter* left open for future interpretation were the creation of additional SCO agencies, and the accession of new Members. This allowed for growth and expansion in two directions. One was through the rapid proliferation of specialised SCO bodies. In less than a decade, the Business Council, the Interbank Consortium, the Forum (a ‘second track’ research and discussion group) and the Youth Forum have been founded. Currently, an SCO University network² is in the process of formation and an Energy Club is under consideration. There are initiatives on cultural undertakings such as SCO Arts Festivals, likewise exchange programmes for tourism and language learning. SCO health care and disaster relief projects are also being developed.

The issue of enlargement through the accession of new Members has proved to be more difficult. On the one hand, there is a risk that extraneous stresses will be introduced, leading to possible destabilisation, and even schism. On the other hand, there are internal as well as external pressures that favour expansion. Careful drafting of criteria for admitting new applicants is required if the process is to proceed smoothly. In the interim, a subtle compromise has been adopted: tiered forms of affiliation. In 2004 the category of Observer was formally instated and Mongolia was immediately granted this status, followed by India, Iran and Pakistan in 2005. In 2008, the rights of Observers were upgraded, to permit greater participation in SCO affairs. Also that year, the status of Dialogue Partner was created; in 2009, Belarus and Sri Lanka became the first recipients of this status.

Meanwhile, SCO was consolidating its international standing. It acquired observer status in the United Nations General Assembly in December 2004, and some months later, during the UN’s 60th anniversary World Summit, the SCO Secretary-General made his maiden speech to a UN audience – an acknowledgment of the growing prestige of SCO. This was further emphasized in April 2010 with the signing of the Joint Declaration on Cooperation between UN and SCO Secretariats.³ Agreements on cooperation and partnership with other regional groupings such as ASEAN, the Commonwealth of Independent States (CIS), the Collective Security Treaty Organisation (CSTO) and the Eurasian Economic Community (EurAsEC), likewise the establishment of the SCO-Afghanistan Contact Group, further enhanced SCO’s outreach, creating links to new networks.

Multi-Dimensional Noughts and Crosses: SCO Internal Dynamics

The basic dimensions of the SCO ‘family’ – Members, Observers and Dialogue Partners – are staggering. Territorially, it encompasses the entire Eurasian landmass, from the Pacific to the Atlantic Oceans, from the Arctic to the Indian Oceans. The population is close to three billion, almost half the global total. Culturally, this region is home to many of the

² A cooperative initiative which enables students to divide their time between a ‘base’ institution and an affiliated establishment in another SCO state (excluding Uzbekistan, which has opted out). On graduation they receive diplomas from their main institution, also an SCO University certificate. The programme covers language training and specified subject areas e.g. Regional Studies, Ecology, Energy, and IT-Technology [<http://www.eduweek.ru>].

³ The document, signed by the Secretary Generals of UN and SCO in Tashkent, during Uzbekistan’s chairmanship of SCO, provides a legal basis for cooperation between the Secretariats of UN and SCO on issues relating to international peace and security, under Chapter VIII of the UN Charter. For text, see SCO website.

world's great faiths and philosophical traditions (Buddhism, Christianity, Confucianism, Hinduism, and Islam) and three major language groups (Chinese, Indo-European, Turkic), written in a variety of scripts. There are enormous differences in historical experience, in human and physical geography, in economic and political development, likewise in military strength and doctrine. The region possesses vast reserves of hydrocarbons and other valuable minerals; four of the group are declared nuclear states. That such a diverse group of countries should see benefit in cooperating within a single, albeit very flexible, structure is extraordinary enough. What makes this an even more challenging endeavour is the fact that each one of these states has its own relationship, grounded in past contacts (friendly or otherwise), with each of the others. Moreover, not only do these different sets of relationships intersect all the other sets, forming interlocking and overlapping sub-clusters, they are also extremely fluid, constantly fluctuating.

It is a mind-bendingly complex structure – metaphorically speaking, a multi-dimensional game of noughts and crosses. The appearance of chaos, however, is deceptive. The internal logic is not framed by a (vain) desire to homogenise or ‘discipline’ the Member states into an orderly, cohesive structure. Instead, it stems from a pragmatic attempt to generate a virtuous momentum by widening the opportunities for voluntary cooperation. There are two corollaries to this. One is that ‘variable geometry’ – bilateral to hexagonal combinations – becomes an operational imperative rather than an occasional occurrence. The other is that discord between member states is not allowed to impinge on the functioning of the Organisation as a whole: it is either ignored or mediated discreetly behind closed doors. Thus, the principle of non-interference in the affairs of others does not signify indifference. Rather, it is an oblique means of resolving problems by concentrating on positive forms of collaboration so as to create a benign environment in which difficult issues can be addressed in a non-confrontational manner.

Member States

Within SCO, the relationship that attracts the most comment and speculation is that between China and Russia. These are the two giants that straddle the Eurasian landmass. Diplomatic links between them date back to the mid-17th century. For both countries, this has always been a difficult, but vital relationship. Today, in the face of massive internal and external changes, they are confronted with added complexities, not only at the bilateral level, but the regional and global levels too. This increases, not lessens, the need for mutual understanding and cooperation. It is a hugely difficult challenge. The relationship between the two countries is often described in terms of economic and political rivalry, fuelled by visceral distrust and resentment. This is far too simplistic. Certainly there are elements of suspicion on both sides, particularly amongst the Russian military, some of whom regard China as an emerging threat. However, there are also sustained efforts to address these issues and to contain, if not eradicate, such concerns. It is noteworthy that in July 2001, just one month after the launch of SCO, China and Russia signed a bilateral twenty-year

*Treaty of Good-Neighbourliness and Friendly Cooperation.*⁴ This document underlines the importance that both sides attach to maintaining good relations, cemented by strategic cooperation in such areas as trade, energy supplies, technology transfer and defence. SCO does not supersede, or impede, such agreements. It merely provides an additional strand in the relationship.

The four Central Asian states – Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan – are often indiscriminately lumped together as ‘the Stans’. Further, it is assumed that, as the smaller, weaker and poorer SCO members, they must necessarily be treated as junior partners and that consequently, they will band together to present a united front. This is far from being the case. The Central Asian states have much in common, but there are also marked differences, not least in terms of size of territory, population and economic resources.

Moreover, since independence they have followed widely divergent political paths. Relations between them are brittle, complicated by disagreements over such issues as border security and water management. They all have strong, but ambivalent ties to Russia, which is sometimes regarded as a friend and ally, sometimes as a duplicitous manipulator. China, too, arouses contradictory responses, welcomed for the benefits it offers, but feared as a potentially expansionist power. Kazakhstan is in an especially exposed position. A huge, sparsely populated country, richly endowed with natural resources, it stretches from the shores of the Caspian Sea in the west to the Chinese frontier in the east; in the north it is bounded by a border of almost 7,000 km with Russia. For centuries it has walked a tightrope in its relations with these two great powers. In the 18th century part of the Kazakhs’ traditional territory was incorporated into the Chinese empire; some one million Kazakhs still live in China. Today, Kazakhstan’s policy towards its two large neighbours is skilfully calibrated to ensure maximum security, cooperation and benefit from both sides. For Kazakhstan, as for the other Central Asian states, SCO creates a useful space within which to pursue their own interests, as well as to manage complex regional interactions.

Observers, Dialogue Partners and Summit Guests

The picture is no simpler with regard to the Observer states and Dialogue Partners. For these affiliates, not only do relations with the existing members play a part, but so, too, do broader geopolitical calculations, not least attitudes towards the United States. It is beyond the scope of this paper to examine these relationships in depth, but it is necessary to touch upon some of the salient features in order to show how the standing of SCO is changing. The case of Mongolia is revealing. Like Kazakhstan, it has a large territory, small population and rich resource base – but unlike Kazakhstan, it is entirely enclosed by Russia and China, with no outlet except through these countries. It might have seemed an obvious candidate for full membership. Instead, Mongolia held aloof from the Organisation until

⁴ For text, see website of Chinese Ministry of Foreign Affairs, rubric: Communiqués, 24 July 2001.

2004, when it was granted Observer status. Even then, it maintained a relatively passive stance. This reluctance to become actively engaged was possibly a reflection of a long and troubled relationship with its large neighbours. However, there was an additional factor: Mongolia's dependence on Japan. Since the early 1990s, Japan has been the country's largest aid donor. Japan also plays a key role in helping to integrate Mongolia into the East Asian economy.⁵ This is not a relationship that Mongolia can afford to jeopardise. Hence, its involvement in SCO is in no small measure determined by Tokyo's attitude to the Organisation. To date, this has been cool – not surprisingly, since Japan is a close ally of the US and has uneasy relations with China and Russia. Yet with the election of Prime Minister Hatoyama in 2009 there have been signs of a possible shift in Japan's foreign policy thinking, giving more emphasis to the Asian dimension. Coincidentally, Mongolia has started to take a livelier interest in the activities of SCO. In January 2010, Ulaanbaatar hosted a Board Meeting of the SCO Business Council, the first time such an event was held in a non-Member state. As Prime Minister Batbold commented, 'Mongolia wants to be present in the SCO's biggest projects in infrastructure, communication, united energy system, health, art and cultural sector'.⁶

India, another Observer state, was also initially reluctant to become closely involved with SCO. This was a period when India's foreign policy was evolving in new directions. Formerly one of the Soviet Union's closest allies, it now sought to broaden its range of diplomatic, economic and military ties. Perhaps the most significant development was the growing closeness between India and the US. In July 2005, this resulted in a landmark, and controversial, agreement on nuclear cooperation between the two countries (India is not a signatory to the Nuclear Non-Proliferation Treaty); in October 2008, there was a further Indo-US agreement on civilian nuclear energy, a vital contribution to India's energy needs.⁷ To have pursued links with SCO might well have been counter-productive, risking US displeasure and gaining little of value in return. However, the situation was already changing. India's relations with Russia, somewhat downgraded after the collapse of the Soviet Union, were again flourishing – and included nuclear cooperation. Relations with China were also improving, although contentious issues remained. The Central Asian states, too, were moving up India's foreign policy agenda, particularly with regard to regional security and energy supplies. There had long been a body of thought in India that favoured closer involvement in SCO, arguing that it was a convenient vehicle for engagement with regional partners. Moreover, there was a perception that India, historically one of Asia's leading powers, was being overshadowed by China. All these factors contributed to a change in attitude towards SCO. This was made explicit in 2009, when Prime Minister Singh attended SCO summit, the first time that India had been represented at such a high level.

⁵ Japanese economic cooperation and aid accounts for approximately one-third of Mongolia's total aid from foreign countries and international organizations; see further website of Japanese MFA, rubric: Japan-Mongolia Relations [<http://www.mofa.go.jp>]. See also 'The great Japan-Mongolia love affair', Hisane Masaki, Asia Times Online, 28 February 2007 (available at: www.atimes.com). Note, however, that Japanese diplomats are dubious about the extent of Tokyo's influence on Mongolian foreign policy (personal discussions with Japanese officials, January-May 2010).

⁶ 'Mongolia and SCO Boost Cooperation', MONTSAME State News Agency report, 24 January 2010.

⁷ Indian participation in international civilian nuclear activities was approved by consensus by the Nuclear Suppliers Group (NSG), a body which includes among its 46 members China, Kazakhstan and Russia. India subsequently signed bilateral nuclear cooperation agreements with SCO members Russia and Kazakhstan.

The upbeat tone of his comments suggested a more proactive Indian approach to the Organisation.⁸

Pakistan and Iran, in contrast to the other two Observers, were from the outset enthusiastic supporters of SCO. They saw it as a way to further a number of national and regional aims. One was the economic and political advantages of a privileged relationship with China and Russia. Another was additional channels of access to the Central Asian states and participation in an increasing number of regional infrastructural projects. In the international arena, it provided a sympathetic cushion of moral, if not material, comfort for both countries. This was especially important for Iran in its confrontation with the West. Iran and Pakistan both made formal applications to join SCO as full members, but despite some support within the Organisation (Russia tending to favour Iran, China sympathetic to Pakistan), their requests were politely deferred. Each of them was embroiled in international disputes and it was feared that this would impact negatively on the development of SCO. Moreover, the decision to accept any new member would require the consensus of all the existing members. Thus, to win the support of one or two members was insufficient to gain acceptance. In any case, as mentioned above, there was a moratorium on the accession of new members until agreed conditions and procedures were set in place. In order to resolve this situation, Uzbekistan, SCO chairman for the year 2009-2010, earmarked this as a priority task.

Meanwhile, dynamic impetus was maintained by the creation of a looser form of affiliation, that of 'Dialogue Partner'. The choice of Belarus and Sri Lanka as the first Dialogue Partners showed that this new, less restrictive category, would enable the Organisation to expand its geographic reach into Europe and South Asia, thus redefining the concept of the 'SCO region'. Also, by looking beyond traditional partners, it emphasised a readiness to respond to emerging complementarities, to new avenues for cooperation.

An even more tenuous form of association was provided by the category of 'Guest' – honoured invitees at summit meetings. This mechanism enabled heads of state of countries and organisations that had friendly relations with SCO, but no formal status within the Organisation, to attend meetings on an *ad hoc* basis, with no commitments on either side. The presidents of Afghanistan and Turkmenistan have both attended SCO summits in this capacity, as have senior representatives of CIS, ASEAN and CSTO. The chief function of this category is to keep open channels of communication and to build trust.

Aims and Capabilities

The aims of SCO, as set out in its *Charter*, are encyclopaedic in span. They embrace such spheres as the international political and economic order, security, defence, law enforcement, environmental protection, culture, science and technology, education, energy,

⁸ For text of PM Singh's opening remarks see website of India's Ministry of External Affairs, rubric Speeches, 16 June 2009 [<http://www.mea.gov.in>]

transport, credit and finance. This is a colossal package. Whether or not it is judged to be realistic depends very much on how it is interpreted. If it is understood as an action plan that has to be implemented point by point, it is clearly an impossible task. If, however, these different elements are seen as areas of cooperation in which, in small and large ways, steps can be taken that cumulatively contribute to creating a more peaceful, stable and secure environment then it assumes a very different aspect. This is a key issue, because it relates directly to the nature of SCO – what it represents, what it is trying to achieve, how it functions and perhaps what might be its point of ‘mission accomplished’.

One of the main criticisms levelled against SCO is that, as a corporate body, it has achieved very little. This is true. However, that is the wrong yardstick. It assumes that the Organisation is a tight-knit organism, controlled from a central hub. In fact, it is the very opposite. Diffuse and variegated, it creates a space for making connections, exchanging information, testing opinion, identifying partners and opportunities, brokering deals. It is an environment that Shakespeare’s Antonio, in the *Merchant of Venice*, would no doubt have recognised as similar to his Rialto. And like the Rialto, the entrepreneurial vitality of SCO is given order and focus by internal regulation as well as by an overarching ethic. Thus, although the great majority of the initiatives that have been undertaken within the framework of SCO have not involved the Organisation as a whole, they nevertheless reflect its aims and principles. Furthermore, while specific projects could undoubtedly have been arranged and financed without reference to SCO, the ‘added’ value it gives its members is that it is a mobilising, enabling force and as such, facilitates the process of bringing an idea to fruition.

The main debates, planning sessions and decision-making take place in the various multilateral councils (see above), which convene at regular intervals. There is a permanent Secretariat, but the low priority accorded to the creation of an administrative nerve centre is demonstrated by the paucity of the resources that have been dedicated to this office. Located in Beijing, it was opened in January 2004. It is headed by a Secretary General, appointed for a fixed term, in accordance with the SCO rotational principle. The first holder of this office was Zhang Deguang, a Russian-speaking Chinese diplomat (and former ambassador to Russia). The Secretariat has an annual budget of some US\$ 3 million, financed on a proportional basis by China and Russia, contributing 24% each, Kazakhstan 21%, Uzbekistan 15%, Kyrgyzstan 10% and Tajikistan 6%. This sum covers little more than running costs, thus largely restricting the work of the Secretariat to basic administration.⁹ Moreover, it has a very narrow decision-making remit. In any matters that impinge on national interests or jurisdiction, there has to be consultation with the National Coordinators, who in turn will refer back to their governments for guidance. Yet despite these practical limitations, the Secretary General does play an international role, representing the Organisation at meetings with foreign dignitaries and making public statements on matters of concern. There have been calls to boost the role of the Secretariat, by giving it more funding, greater independence and additional functions. Accordingly, it

⁹ Proceedings of the Third Meeting of the SCO Forum, Beijing 19-21 May 2008, ed. A Lukin (Russian text), Moscow-MGIMO University, 2008 (hereafter Third SCO Forum), pp. 6-9, 83-84.

is now taking over the administration of the SCO University. The proposed Energy Club might also be brought under its umbrella.

Trade, Transport Corridors and Energy Supplies

Economic development has been a constant priority for SCO. This was flagged in the founding *Charter*, which specified ‘support for, and promotion of regional economic cooperation’. The aim was to foster a favourable environment for trade and investments, eventually leading to ‘a free flow of goods, capitals, services and technologies’. This would require the modernization of transportation and communication infrastructures, and the development of energy systems. In 2003, a comprehensive *Programme of Multilateral Trade and Economic Cooperation* was adopted, followed by the creation of working groups on specific issues such as the harmonisation of customs regulations and unification of standards.

Trade is at the heart of SCO economic project. However, the massive asymmetries and imbalances between the Member states make this a highly sensitive issue. China favours the early creation of a regional free-trade zone, while Russia and the Central Asians fear that this will result in an influx of cheap Chinese goods and labour, to the detriment of their own production capacity. As a compromise, this goal is being pursued gradually, initially focusing on bilateral arrangements at border crossing points.¹⁰ Meanwhile, Beijing is encouraging the process by linking preferential credits and loans to the purchase of Chinese goods and services.

Other areas of economic cooperation are less controversial. Transport corridors – air, rail and road – are being developed to create networks that span Eurasia in all directions, encompassing the entire SCO family. These routes are of crucial importance for the land-locked Central Asian states, giving them access to sea ports. Projected routes (some already under construction) include motorways from China to the Persian Gulf and from Russia to India. The most ambitious project is the E-40 highway, connecting Western Europe through Russia and Central Asia to China. Transcontinental high speed rail links are also planned. The financing for these enterprises is being provided by China, the SCO Inter-Bank Consortium and international financial institutions (including the Asian Development Bank, European Bank for Reconstruction and Development, and Russo-Kazakh Eurasian Development Bank). Often, the main task is to connect up existing segments of transit corridors. There are still problems to be solved, such as the harmonising of national customs and transport legislation, and in some cases technical issues such as different track widths, but there is strong support from the participating states and this is a key factor in overcoming obstacles. When fully functional, these routes will dramatically reduce journey times for transcontinental traffic.

¹⁰ To date, the only functioning free-trade area is the Khorgos International Cooperation Centre (KICC) on the Kazakh-China border. A bilateral construction and development programme was launched in 2005, aimed at facilitating foreign trade. It now provides a range of logistical, commercial and financial services. See ADB report on Khorgos Field Visit 3 March 2010 [<http://www.carec.institute.org/uploads/events/2010/CPMM-Workshop-Mar2010/Khorgos-BCP-Field-Visit-Note.pdf>].

Cooperation in the energy sector is another area in which there has been rapid development. Again, however, such projects are not funded by SCO but by the participating countries and international financial institutions. The chief player is China, whose energy needs are growing exponentially. Kazakhstan, which has the largest hydrocarbon reserves in Central Asia, is the main focus of attention, but China also has projects in Uzbekistan and Turkmenistan (not a Member of SCO). In 2005, a Kazakhstan-China oil pipeline was completed; a gas pipeline is under construction. The Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline was launched in 2009. Russia, too, is involved in the Central Asian energy sector. Current projects include the expansion of the existing Turkmenistan-Uzbekistan-Kazakhstan-Russia network of gas pipelines. Russia and China are also energy partners. The East Siberia – Pacific oil pipeline is on schedule for completion in 2011. Within the wider SCO region, Iran, India and Pakistan are involved in regional energy ventures. These include two Turkmenistan-Iran pipelines already in operation, and projects for a Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, and an Iran-Pakistan-India (IPI) pipeline.

This rapid growth of inter-connected regional energy projects gave rise to the idea of an SCO Energy Club. The concept, first officially voiced by President Putin at the 2006 Shanghai summit, was interpreted by many as an attempt to create a ‘gas OPEC’. In fact, such a body already existed. The Gas Exporting Countries Forum (GEFC), which includes most of the world’s leading gas producers, was established in Tehran in 2001 as an informal group. It was institutionalized as an international Organisation in 2008 and acquired a permanent base in Doha; the first Secretary General, elected in 2009, is a senior representative of a Russian energy company. In popular perception, the GEFC and the proposed SCO Energy Club have been conflated and comments referring to the former are often assumed to apply to the latter. The remit of the SCO body has not as yet been defined, but the current discussions imply that it would cover all aspects of the energy sector, not only hydrocarbons but electricity, nuclear power (production of uranium and other minerals, as well as generation) and possibly water. The aim would be to promote consensus on a regional energy strategy among SCO producers, consumers and transit states. It could also help to coordinate public and private sector interests, and to integrate Observers and Dialogue Partners into these deliberations.¹¹ The Member states, particularly Kazakhstan, favour the idea of such a forum. However, given the acute national and commercial sensibilities in this sector it will require superlative diplomatic skills to implement this project. As of now, it is still at the discussion stage.

Security and Defence

SCO is often described as a security organisation. Security is certainly an area of major importance, but, as indicated above, it is seen as part of a larger, more complex phenomenon which needs to be addressed in many different ways. Even before the creation of SCO, the ‘Shanghai Five’ regularly discussed practical measures to improve regional

¹¹ Third SCO Forum, esp. pp. 19-18.

cooperation in combating drug trafficking, illegal immigration and other forms of trans-frontier criminal activity as well as the three 'evils' of terrorism, separatism and extremism. Concurrently with the founding of SCO, the *Shanghai Convention on Combating Terrorism, Separatism and Extremism* was signed (see above) and the decision was taken to establish a permanent Regional Anti-Terrorist Structure (RATS). This was officially inaugurated at the 2004 summit; a counter-terrorism strategy was approved the following year. Based in Tashkent, RATS is mandated to carry out such functions as gathering, coordinating and sharing intelligence on terrorist groups, carrying out analytical work and preparing legal documents relating to security issues. Like the Secretariat, it is poorly funded, with an annual budget of around \$US 1 million. Individual programmes, however, are funded separately by participating Member states. The main emphasis in RATS remains counter-terrorism and anti-narcotics operations, but cyber-sabotage has become an area of increasing concern. In 2006, an SCO group of information security experts was established.¹²

SCO states are adamant that their actions, military or otherwise, are not directed against any other states. The first official meeting of SCO defence ministers did not take place until April 2006. No attempt has been made to establish a joint military command. However, as part of the SCO anti-terrorist campaign, several joint military operations have been conducted. Initially, they focused on cross-border security exercises (China–Kyrgyzstan in 2002, China–Kazakhstan in 2003). In 2005, the Chinese–Russian 'Peace Mission' (held mainly in China) was conducted on a far larger scale, involving some 10,000 troops in ground, air and naval manoeuvres. The rationale was a scenario involving 'terrorism, separatism and extremism'. To some Western analysts, the tactics and advanced weaponry that were deployed seemed ill-suited to anti-insurgency operations. This aroused fears that there was a hidden agenda, especially as similar manoeuvres, though more limited, were conducted two years later (mainly in Russia) under the rubric 'Peace Mission-2007'. Subsequent exercises have been relatively small-scale. Operations held in Tajikistan in 2009, designed to repulse a terrorist attack from Afghanistan, involved some 1,000 land and air troops. The threat of urban terrorism is also a concern. RATS is to assist in providing security at international events such as the 2010 World Expo in Shanghai and the Winter Asian Games in Kazakhstan in 2011.

To place the SCO contribution to regional security in context, it is important to remember that there are several overlapping security structures in the Eurasian region. Russia and the Central Asian states (minus Turkmenistan) are members of the CIS Collective Security Treaty Organisation (CSTO). In 2007, SCO signed a cooperation agreement with CSTO. Russia and the Central Asian states (including Turkmenistan) are also members of the NATO *Partnership for Peace* programme and within this framework participate in training projects and some joint exercises (e.g. the annual 'Steppe Eagle' peacekeeping exercises in Kazakhstan). Additionally, there are other bilateral agreements with NATO member states such as the use of air bases and transit facilities. SCO has expressed a desire to cooperation with NATO, but this has not progressed beyond occasional meetings.

¹² SCO website, documents for 2006.

As discussed above, non-interference in the internal affairs of other states is a fundamental principle of SCO. There will be no reference to human rights abuses and poor governance (at least not in public). Security threats are defined primarily in terms of non-state actions, such as terrorism or trafficking of any form of contraband. It is not part of the Organisation's philosophy to intervene in situations involving state actors, even though they might conceivably pose serious threats to regional security and stability.¹³ Thus, it is futile to expect SCO to play a mediating role in Kashmir, in water disputes in Central Asia, or in any other such areas of contention. Equally, it is very unlikely that SCO would take sides in arguments over the putative military nature of Iran's nuclear programme. Individual SCO members, however, are free to adopt whatever stance they wish on such issues. China and Russia, both nuclear powers and permanent members of the UN Security Council, are inevitably involved in international negotiations over appropriate responses to Iran's position regarding its right to pursue a nuclear programme. The Central Asian states, too, have their own views on this matter and act accordingly.

The same principle applies to the situation in Afghanistan. However, non-interference does not mean non-engagement. SCO members have long been keenly aware of the dangers posed by the instability in Afghanistan, particularly the rise in drug production and terrorism. In 2005, after the successful conduct of the Afghan presidential and parliamentary elections, an SCO-Afghanistan Contact Group was established. President Karzai was a guest of honour at the 2006 summit and regularly attended subsequent meetings.¹⁴ Nevertheless, Afghan engagement with SCO remained at a relatively low level, in large part a reflection of US antipathy to this body. The breakthrough came in March 2009, when a major SCO conference on Afghanistan was held in Moscow. Coming just a few days before the international Afghanistan conference in The Hague, it might have been seen as a superfluous rival event. In fact, it was highly successful. Participants included the UN Secretary-General, the US Deputy Assistant Secretary for South and Central Asian Affairs, and representatives from the European Union (EU) and other international bodies. The Joint Declaration that was issued at the end of the conference contained two significant statements. One was the endorsement that the event 'was in line with the efforts' of the UN, NATO, EU, OSCE, and other international players. The other was the acknowledgment that SCO was 'one of the appropriate fora for a wide dialogue' on Afghanistan-related issues in the context of joint efforts of the international community.¹⁵ This amounted to a validation of SCO's role in Afghanistan.

The emphasis on SCO as a 'forum for dialogue' was not accidental. Most of the economic and humanitarian assistance is rendered on a bilateral basis, according to the capabilities

¹³ To date, SCO's only public reaction to the 2010 conflict in Kyrgyzstan was a short statement from the current Secretary General Imanaliyev (himself a Kyrgyz), expressing concern for the casualties and 'sincere condolences to the families and friends who have lost their loved ones' (text on SCO website, 4 April 2010).

¹⁴ On his return from the 2006 summit President Karzai affirmed that SCO was 'not anti-west' and said his country wanted to benefit from it (Xinhua, 22 June 2006).

¹⁵ Text available on SCO website.

and policies of individual states. In sum total, their contribution has been significant, including the construction of roads, communication units, hospitals and schools. Training courses have also been provided for government personnel, as well as assistance with mine clearance and other security-related activities. The main donors are China and Russia, but the Central Asian states, too, have made a considerable input. In addition to publicly-funded initiatives, private sector commercial ties are developing, mostly supported by cross-border trade. There has also been investment in the development of Afghanistan's natural resources. The most notable venture is a Chinese project, estimated to be worth US \$3 billion, to develop one of the world's largest copper deposits mine. More such projects are under discussion.

SCO does not address conflict resolution issues in Afghanistan. It is careful to limit its dealings to contacts with the legitimately constituted government. Matters such as support for NATO-ISAF operations, or dialogue with other Afghan players (e.g. the Taliban), are left to individual states. Yet it does have two important benefits to offer. Firstly, it facilitates Afghanistan's integration into the pan-continental infrastructural projects – roads, railways and pipelines – that are now taking shape. This is critical to the country's long-term development. Secondly, it opens up an additional channel for dealing with regional powers. Afghanistan's most difficult relationship is with Pakistan. SCO cannot resolve the tangle of grievances between these two states, but it can (and already does) provide a quietly mediating influence by expanding areas of mutual cooperation.

and Baluchistan?

Of all the region's potential flashpoints, the most vulnerable is surely Baluchistan. It stretches from Afghanistan to the Arabian Sea, the strategic link between Central Asia, South Asia and West Asia. Most of the traditional area of Baluchi settlement lies within Pakistan, where it accounts for over 40% of the country's territory, but there are sizeable Baluchi populations in adjacent regions of Iran and Afghanistan. Sparsely populated and poor, despite its rich mineral deposits, it is fertile ground for separatist movements. Moreover, ethno-nationalism readily merges with religious extremism (Quetta, the provincial capital, is a Taliban stronghold) to create chronic instability.

This volatile area is a key link in the region's projected freight transit scheme. The proposed TAPI and IPI pipelines are both routed across Baluchistan. There is also an ambitious scheme to develop a multi-modal transit corridor from western China down the length of Baluchistan to the port of Gwadar. Located at the mouth of the Persian Gulf, this port is a joint venture with Pakistan, but largely Chinese funded. Equipped with ultra-modern facilities, it forms part of China's so-called 'string of pearls' – nodes in the sea lines that are vital for China's supplies of oil and other raw materials.¹⁶ Hambantota in Sri Lanka is another such port (possibly a consideration in the decision to accept Sri Lanka as an SCO

¹⁶ The term, coined by the US strategy and technology consulting firm Booz Allen Hamilton, in a report on Energy Futures in Asia, November 2004, has since become embedded in Western strategic jargon on the region.

Dialogue Partner). However, the additional significance of Gwadar is that it is the terminal of the emerging north-south land corridor. Much of the road and rail network is already operational, but the section across the Karakorum Mountains requires expanding and upgrading. This is a costly and technically challenging undertaking. There are many other problems, not least the building of vital on-shore infrastructure in the port area.¹⁷ The construction of oil and gas pipelines will be even more difficult. However, feasibility studies have already been conducted and, despite all the obstacles, in time no doubt the project will be realized. This integrated transit corridor is of immense strategic significance to China, since it will provide an alternative to the shipping lines that pass through vulnerable choke points. The most sensitive of these is the Malacca Strait, which is not only plagued by pirates, but could be blockaded by hostile forces. The corridor is also important because it will give China, as well as the Central Asian states, direct access to the Persian Gulf, opening up a vast potential for import and export trade.

These massive infrastructural projects are tempting targets for terrorist attacks. Moreover, these developments create a situation which could be exploited not only by separatist groups, but by external forces with their own agendas – whether destabilizing Pakistan or curbing China's ambitions. In a worst case scenario, this could result in Baluchistan becoming the setting for a proxy war, reminiscent of Afghanistan in the 1980s. Many members of the SCO family would be adversely affected. Further, it would hinder the implementation of one of SCO's chief aims – the creation of transcontinental transit corridors. Maximum effort will certainly be devoted to avoiding conflict, yet ultimately Pakistan may decide to follow the same course as the Sri Lankan government, which eventually resorted to massive military force to defeat the Tamil Tiger insurgency.¹⁸

'NATO's Evil Twin': Western Reactions

Western commentary on SCO abounds with lurid epithets such as 'Beast of the East', 'OPEC with bombs', and 'NATO's Evil Twin'. The invective, remarkable more for its imaginative quality than insight, reveals outrage as well as insecurity on the part of the writers. The mere existence of a body that is neither Western-led nor inspired by Western models is regarded as an affront. By this reasoning, the only 'explanation' for the establishment of SCO is that it must be inimical to Western interests. Yet this interpretation is not borne out by the historical record, nor does it recognize the need for cooperation in the face of very real and pressing common threats.

Initially, SCO was largely ignored in the West. The mood changed abruptly after the SCO summit in July 2005 in the Kazakh capital, Astana. This meeting must be seen in the context of developments in Afghanistan. US-led operations to destroy al-Qaeda and Taliban

¹⁷ The port opened in 2007 and the Pakistan Government granted the Port of Singapore Authority operating rights for 25 years. The initial euphoria soon evaporated in the face of innumerable delays and in 2010 the port was scarcely functioning. Each side accused the other of not fulfilling the terms of the agreement. See K. Ali, 'Govt urged to scrap Gwadar port deal', Dawn, 3 January 2010 (available on-line at www.Dawn.com).

¹⁸ Allegedly, Chinese support was instrumental in securing the Sri Lankan government's victory (J. Page, 'Chinese billions in Sri Lanka fund battle against Tamil Tigers', The Times, London, 2 May 2009).

bases in Afghanistan were launched in autumn 2001, a few months after the founding of SCO. The Central Asian states supported this action, believing that it would improve security and stability in the region. Uzbekistan and Kyrgyzstan went furthest, agreeing temporarily to host US bases on their territory. Additionally, the Uzbek government granted basing rights to Germany. By mid-2000, around four thousand US and coalition troops were stationed in the region. However, disenchantment with the Western presence soon set in, partly driven by anger over the behaviour of the foreign, especially US troops, partly by dissatisfaction over the low level of rent for the use of facilities. Starting in 2004, the Uzbek government sent six official notes to Washington, requesting clarification of the terms and conditions for the presence of US troops on its territory. They were ignored.¹⁹

By this time, NATO had officially assumed command of peacekeeping operations in Afghanistan. The stated aims of the original mission had been met. However, there was no sign of the US military presence coming to an end: rather, there were hints that it might be prolonged indefinitely.²⁰ The Uzbek government was now openly critical of US policies, which were exacerbating not resolving security problems.²¹ In May 2005 there was an outbreak of violence in the Uzbek town of Andijan. Accounts as to what occurred were confused and contradictory. The predominant Western view was that there had been a massacre of innocent civilians. The Uzbek government was censured accordingly and the EU imposed sanctions. Uzbek sources, however, insisted that there had been an armed insurgency and produced documentary evidence to support this claim. Moreover, there was a widespread belief (not confined to Uzbekistan) that there had been covert Western involvement in the incident, aimed at toppling the government and replacing it with a friendlier regime. In Kyrgyzstan, the president had recently been removed from office in a coup that was supported and encouraged by some Western non-governmental organisations. Thus, there was distrust and anger on all sides.

SCO, meanwhile, was consolidating its institutional structure and developing its own anti-terrorist capability (see above). When SCO heads of state assembled in Astana in July 2005 for the annual summit, they were supportive towards Uzbekistan. However, it was not the main topic of discussion. Several key far-reaching decisions were taken at this meeting, including the granting of Observer status to India, Iran and Pakistan. (According to unconfirmed reports, the United States also applied for Observer status at this time, but was rejected.²²) Among the various declarations that came out of the Astana summit was the request that, in the light of ‘the completion of the active military stage of antiterrorist

¹⁹ Personal communications from senior Uzbek diplomats in 2005 and later.

²⁰ H. Kazem, ‘Karzai Hints at Permanent U.S. Military Basing’, Los Angeles Times, 14 April 2005. See also report by D. van der Schriek, ‘Afghan riots bode ill for US long-term plans’, 13 May 2005, which notes comments made in Kabul by Senator John McCain and senior US military officers in the same vein [http://www.afghanemb-canada.net/en/news_bulletin/2005/may/13/Afghan%20plans.php].

²¹ News reports of the time document the growing tension between the US and Uzbekistan. See S. Akiner, ‘Geopolítica en Asia Central: enero-diciembre de 2004’, in *Anuario Asia Pacific*, CIDOB, CasaAsia and Real Instituto Elcano, Barcelona 2005, pp. 45-54.

²² Frederick W. Stakelbeck Jr. (‘A new bloc emerges?’ *American Thinker*, 5 August 2005) stated that there was an ‘abrupt rejection of U.S. requests for observer status’ in SCO, without, however, referencing the source of his information; this claim has been repeated by other authors, likewise without references. Note that according to SCO sources, no formal application was ever received by the Secretariat. Furthermore, the US did not fit the criteria set out in the Charter, so was in any case not eligible for this status.

operations in Afghanistan ... 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.’

This relatively mild statement stirred up a storm of protest in the West. It was widely reported that SCO was ‘demanding’ instant US/Western withdrawal from the region. It was not. However, the Declaration did convey dismay at Western ‘mission-creep’ in Afghanistan. Shortly afterwards, Uzbekistan implemented its decision to close the US facility. This was the logical outcome of the failure of negotiations between Tashkent and Washington. By contrast, the Germans were allowed to retain the use of their base. US troops were also allowed to remain in Kyrgyzstan. SCO played no direct role in these or later developments in relations between the Central Asian states and Western military forces. In 2009, the Central Asian states gave permission for NATO-ISAF to transport non-lethal cargoes across their territories to Afghanistan. Russia gave a similar undertaking. In 2010, this was expanded to include military supplies.

Developments such as these make it hard to substantiate the accusation that SCO is pursuing an anti-Western agenda.²³ Nevertheless, although there is a growing awareness of the need for cooperation, Western thinking is still marked by a bedrock of suspicion and hostility towards SCO. Despite cordial meetings and encouraging statements, in 2010 there was little sign of a genuine desire on the part of the EU, NATO and the Organization for Security and Cooperation in Europe (OSCE) for formal engagement with SCO.²⁴

Other Regional Organisations

The Eurasian space is a spaghetti bowl of inter-twining political, economic and security Organisations. Agendas overlap, as do sets of members. These formations – some large, some small, some relatively young, some with decades of experience – offer SCO both competition and complementarity. It is beyond the scope of this paper to discuss these bodies in detail. They are merely noted here to give an indication of the vibrancy of the region, the range of alternative choices that are available. Moreover, they expand the boundaries of the ‘region’, creating links with countries that once seemed very remote and alien. For the Central Asian states, this is of increasing importance because it is allowing them to leverage the centrality of their geography.

On SCO’s eastern rim there are the ASEAN structures; the Asia-Pacific Economic Community; the Thai-led Asia Cooperation Dialogue (all the SCO family except Belarus are members); and the BOAO Forum, Asian equivalent of the Davos World Economic Forum. Southwards, there is the South Asian Association for Regional Cooperation. In the

²³ Interestingly, the 2005 Astana Declaration was available on the SCO website for some time after the summit, but following the negative reaction in the West it was quietly removed. The document may now be obtained from the SCO Secretariat and the National Coordinators.

²⁴ The SCO Secretariat has submitted draft Memoranda of Understanding on cooperation to these bodies, but to date there has been no response (personal communications in March-May 2010 by Central Asian diplomats with responsibility for SCO affairs).

south-west, the Economic Cooperation Organisation, which has its headquarters in Tehran, includes Pakistan, Turkey, Central Asia and Afghanistan. On SCO's western flank, encompassing Russia and the Central Asian states, there is NATO's Partnership for Peace programme and the Organisation of Security and Cooperation in Europe.

There are yet more structures within the Eurasian region, including the Conference on Interaction and Confidence Building Measures in Asia (CICA), a Kazakh inspired pan-Asian counterpart to the OSCE. There are also framework Organisations such as 'Central

Asia plus Japan Dialogue', launched in August 2004, which provides a channel for substantial flows of Japanese economic assistance.²⁵ Similarly, the 'Korea-Central Asia Forum' seeks to enhance economic and trade cooperation between the Republic of Korea and the Central Asian states.²⁶ Seoul has the advantage of being able to draw on the support of the sizeable ethnic Korean communities in Uzbekistan and Kazakhstan (a legacy of Stalin-era deportations).

However, only two Organisations in this region come close to SCO in terms of institutional development and the spread of core members: the Eurasian Economic Community (EurAsEC) and the Collective Security Treaty Organisation (CSTO). Both include Russia and Central Asian states, but not China. EurAsEC, a brainchild of Kazakh President Nazarbayev, aims to create a tightly integrated economic core of CIS countries. It was launched in May 2001, a month before SCO, with Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan as founder members. Uzbekistan joined EurAsEC in 2006, but withdrew two years later. In 2010, Belarus, Kazakhstan and Russia started phasing in a customs union; others would possibly accede later. CSTO, a military-political Organisation, was established in 2002 on the basis of a previous collective security treaty. Its aim is 'to become an integral part of a common and comprehensive system of collective security for Europe and Asia'. It has some similarities to NATO, including a mutual military defence clause. Key priorities are to develop cooperative inter-state mechanisms to fight terrorism, drug trafficking and other forms of transnational crime. Its membership is the same as that of EurAsEC, with the addition of Armenia; Uzbekistan is a member but does not fully participate in all programmes.

These two organisations are often regarded as rivals to SCO – as vehicles for the projection of Russian influence. It is very likely that there are some who privately do harbour such hopes or fears. However, this should not be exaggerated. Such sentiments do not form the basis for policy decisions and they do not find expression in public statements or actions. Similarities between the three bodies are superficial: EurAsEC and CSTO are close-knit systems with centralised bureaucracies and a fairly narrow focus, while SCO is a loose, network-type organisation with a broad-brush approach to achieving its aims. These

²⁵ For documents and chronology of meetings and other activities see Japanese MFA website, rubric: 'Central Asia plus Japan' Dialogue', under rubric Europe [<http://www.mofa.go.jp/announce/event/2006/5/0530.html>].

²⁶ See e-library of Republic of Korea, Ministry of Foreign Affairs and Trade, for official reports in Russian and Korean on meetings of the Korea-Central Asia Forum (available on request).

differences make cooperation easier. The likelihood of a clash over specific issues is reduced; instead, it allows for creative complementarity between concrete short-term goals and long term objectives. This potential is underlined by the cooperation agreements that SCO has concluded with the EurAsEC and CSTO.

Inevitably, problems do arise. In matters relating to security there are questions of jurisdiction and of working practices; exchange of information is limited by considerations of confidentiality and basic trust between national security agencies. There is, too, the risk of duplication in the programmes and operations undertaken by RATS and CSTO. These issues are serious, but not insurmountable. This is recognised by all parties and attempts are being made to establish more effective forms of cooperation.

On the political level, the existence of these almost congruent organisations, far from being a handicap, is a major advantage. It allows the smaller states to manage their relationship with the two giants, China and Russia, on an ongoing, day-to-day basis. Every meeting, every decision, not only creates an opportunity for re-calibrating the balance, it also allows for maximum profit (material or symbolic) to be extracted from each side. Russia and China also benefit from the situation, because it provides an additional set of tools with which to engage with each other – to counterpoise national ambitions with constructive cooperation.

SCO Aged Nine: An Assessment

It is less than a decade since SCO was formally inaugurated. During this period it has grown and expanded at a phenomenal rate. There has been institutional development as well as conceptual evolution. The core principle of security through cooperation has been elaborated to encompass issues far beyond the initial challenge of resolving cross-border tensions. However, the element of flexibility has been retained. So, too, has the emphasis on mutual understanding and agreement, respect for diversity, and the readiness to accommodate each country's individual position. Thus, within the overarching SCO framework, there is still a strong bilateral strand. The authority and prestige of the Organisation has risen; there are outstanding applications for full Member status (Iran, Pakistan and possibly India), and interest in the category of Dialogue Partner (Nepal and Ukraine are potential candidates). The positive efforts of SCO in Afghanistan have been recognised by the international community. Turkmenistan has remained outside SCO, but the president attends summit meetings as a guest of honour and participates in some of the debates. Japan, Korea and Turkey remain watchful observers, weighing the shifting *Realpolitik* calculations.

China was the initiator of SCO and remains the driving force. This reflects the role of multilateralism as a key feature of Beijing's post-2001 foreign policy. A similar approach

has been adopted in China's relations with African and Arab countries, where analogous organisations have been established ('Forum on China-Africa Cooperation' in 2000, 'Sino-Arab Cooperation Forum' in 2004). These bodies espouse the same principles of mutuality and reciprocity, and like SCO, act as a funnel for Chinese investment. There is, too, a common emphasis on cooperation in energy, trade and anti-terrorism.²⁷ However, the scale of SCO activities is considerably larger, an indication of both the complexity of the region and its importance to China.

It is not easy to sum up the achievements of SCO, since much of what is happening is not immediately visible. However, there are three areas in which it has made a distinct difference. The first is the remarkable improvement in regional relations. It is still a work in progress, with residual suspicion on all sides. However, direct contacts, formal and informal, have raised mutual confidence and trust and this is helping to overcome old prejudices. The second is the massive boost to economic development. It could be argued that this would have happened anyway, on a bilateral basis. Yet China, the main investor, clearly favours an integrated, region-wide framework (as demonstrated in African and Arab countries). Thus, although the various projects are implemented by sub-sets of members rather than collective action, they are, nevertheless SCO undertakings. The third area is the political process of being 'in communion' with a rising super power. This is particularly important for the small Central Asian states. They are not merely recipients of aid, but through SCO have a voice in shaping the regional agenda. This gives them greater weight and influence than they would have had as individual actors.

Not everyone within the SCO ambit is satisfied with the rate of progress. One criticism is that many agreements are signed, but few are realised as intended. Uzbekistan in particular has voiced its displeasure at the lack of focus, and the dilatory approach to implementation of agreed decisions. A more general complaint is that 'people-to-people' programmes (cultural exchanges, language learning etc.) do not reach a wide enough audience and therefore are relatively unknown. This reinforces the impression that SCO promises a great deal, but delivers very little. These negative impressions, indicative of the shortfall between expectations and delivery, are not surprising. They do not detract from what is being achieved, but they highlight the problem of trying to carry through a broad-based, holistic approach to regional relations. It is not surprising that at this early stage, implementation is often piecemeal, experimental. It is a process of trial and error – some projects will succeed, others will remain an aspiration.

Will the SCO Survive?

Today's world is experiencing an unprecedented rate of change: globalisation brings interdependence and connectivity, but also new, incalculable risks; advances in technology open new horizons, but come with built-in obsolescence. SCO is a product of this

²⁷ For documents and further information, see website of Chinese MFA, rubric Forum on China-Africa Cooperation. Noteworthy is the Sharm el Sheikh Action Plan (2010-2012), which sets out an agenda similar to that of SCO [<http://www.fmprc.gov.cn/eng/topics/sco/>]. The Sino-Arab Cooperation Forum is less institutionalized and few documents have as yet been published.

environment: it is pragmatic, mobile, fashioned to respond to current needs. Its durability will be determined by whether or not it can remain relevant. This in turn will depend on its capacity for adaptation and transformation.

SCO's future will depend in large measure on China. Russia and the Central Asian states would almost certainly neither wish, nor be able, to sustain it without such backing. At present, SCO fulfils a useful role in China's foreign policy, yielding diplomatic as well as security and economic benefits. These different interests come together in the construction of a transcontinental system of trade and transport. This visionary enterprise will create a pan-national network for the movement of people, goods and investment. It is sometimes described as a modern version of the ancient 'Silk Roads', but in truth it has more in common with engineering feats such as the Suez and Panama canals which, in their day, changed regional geography. When fully functional, this complex of transport corridors will be of global significance, but it will also have a profound impact on local economies, societies and perhaps even political systems. As transport costs fall, there will be greater incentives to export middle range goods, to fill the gap between high value items and cheap, low quality manufactures; there will be more demand for intermediate inputs of goods and services, strengthening linkages between sectors within a single state, likewise across state boundaries. Such developments will create new complementarities, new communities of interests, enhancing productivity and stimulating the diversification of chains of supply and demand.

SCO has been instrumental in laying the foundations for this project. It is far from complete, but now there is enough momentum for it to continue with or without input from SCO. Thus, in a sense it is a 'mission completed'. If the Organisation is not to atrophy, it must find a new role – moreover, one that coincides with China's priorities. The current regional span of SCO will continue to be of geo-economic importance for Beijing, but it represents only one segment of its global interests. A possible way forward would be to expand the reach of the Organisation by developing its network of affiliates. This is already happening. The institution of Dialogue Partners provides a mechanism for moving beyond the confines of territorial contiguity. It is not inconceivable, for example, that a future candidate might be Brazil, a country with strong ties to the SCO family (three of which, together with Brazil, form the BRIC group and another three the BASIC group).²⁸ Common priorities for these countries are issues such as world trade regulations, climate change, environmental protection and renewable energy technologies. Thus, an enlarged SCO might serve as a platform for emerging economies. It could also provide a basis for joint voting blocks in international forums, providing mutual support for each other's candidates and policy positions.

These possibilities are, at this stage, mere speculation. It is too early to do more than hazard a guess as to whether, and if so how, SCO might develop in the future. It has established itself as an important regional player and this is likely to remain the situation

²⁸ BRIC countries: Brazil, Russia, India, China; BASIC countries: Brazil, South Africa, India, China.

for the near future. In the longer term, however, it does have the potential to transform itself from a regional organisation, with a purely Eurasian focus, into an international body. This would present the current SCO membership with challenges, but also with enormous opportunities for expanding networks of friends, partners and allies – in other words, to become wired into the networking world.

Note: There is a relatively large body of literature available in English on the Shanghai Cooperation Organization. Much of this material reflects a Western perspective and as such is worthy of study in its own right. The aim of the present paper is rather different: it seeks to examine the internal dynamics of the Organization. Consequently, it draws mainly on official documents and personal discussions with diplomats and academics directly involved in SCO affairs.



Gwadar - Xinjiang Projected Transport Corridor



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