

## The First Ten Years of the Shanghai Cooperation Organization (SCO)

By Prof. Richard Rousseau\*

**T**en years after its establishment on June 15, 2001, the Shanghai Cooperation Organization (SCO), successor to the original Group of Five (Shanghai Five), is still in a state of flux. Its continued existence though has resulted in it becoming largely entrenched in the political-economic landscape of Central, South and East Asian countries [1].

The SCO acts as a regional security organization, whose members include China, Russia and the four Central Asian republics (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan), covering an area of 30 million square kilometers with a population of 1,455 billion people, or one quarter of the world's total population. It is governed from Beijing and it operates in a highly diverse political environment. Its activities are highly diverse. It also serves as a forum for maintaining relations with other major Asian countries in various spheres. It has accepted a few new members since 2001. Mongolia has held observer status since 2004, and India, Iran and Pakistan became also observers the following year. Diplomats from Afghanistan and Turkmenistan regularly attend its conferences as guests, while Belarus and Sri Lanka are also now affiliated with the organization as dialogue partners. In recent years the SCO has developed relations with regional and international institutions, such as the European Union,

the Commonwealth of Independent States, the association of South East Asian Nations, the Collective Security Treaty Organization and others. The SCO has also an observer status at the UN General Assembly [2].

The SCO is more than an instrument for the consolidation of political and economic relations of its member states; the organization represents a Chinese attempt to create a system of regional cooperation that it can use to further its foreign policy objectives in its neighborhood. As it operates in an area with ample room to engage in strategic maneuvers, the SCO is seeking ways to enhance its already considerable sway by admitting new members, discussing how to deal with the war in Afghanistan and developing energy cooperation. These issues continue to be high on its current discussion agenda. The future will demonstrate whether or not it will have to adopt an operational plan agreed upon by both Russia and China in order to fulfill its ambitious program. The delicate balance of interests between Moscow and Beijing significantly affects the group's ability to act in a concerted fashion and an incisive way.

### Origin and mission

The Shanghai-based inter-governmental body has continually sought to expand on its founding pur-



pose since its establishment ten years ago. It has proved its ability to effectively act as more of an inter-regional cooperation mechanism than the Group of Five (China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan) ever did. Although the Group of Five's work basically hinged around strengthening border security, the SCO soon put forth a more comprehensive and integrated form of collaboration. Its Charter of Establishment, signed as a treaty in 2002 in St. Petersburg, and the nature of the organization as defined under international law, detailed its prerogatives, the main ones being the maintenance of security and stability in spheres of political, economic and cultural relations between its members [3].

Combating terrorism, separatism and fundamentalism – threats shared by individual countries – are objectives high on the agenda of the SCO. This was demonstrated in 2004 with the establishment of the Regional Anti-Terrorist Structure (RATS), which became a permanent body aimed at developing common strategies in these areas. There are also coordination programs in the spheres of trade, technology, tourism, transport and energy. These activities are funded internally, which helps to ensure the dominance of China and Russia, the two wealthiest countries within the group. They continue to be the main financial contributors to the organization (it is estimated that Beijing and Moscow have donated funding amounting to \$900 million and \$500 million, respectively). The summit held in Tashkent in June 2004 saw the establishment of a General Secretariat for the organization, which, in addition to the RATS, has fostered greater institutional development of the SCO as a whole. As a result, the organization is now equipped with coordination and representation mechanisms, enabling the organization to function during intervals between meetings and the various forums organized by its constituent groups [4].

### Obstacles to enlargement

The accession of new members continues to remain one of the most controversial issues the SCO executive faces. Many countries, each having their own unique features and interests, wish to negotiate their accession to the organization on terms which best suit them. The status within the organization can vary: full Member, Observer (created in 2008), Dialogue

Partner and Guest Attendance. However, the SCO has not added one full-fledged member since its establishment in 2001. Only Mongolia has a real opportunity of being granted full membership status any time soon.

One of the most difficult questions at present is how to deal with the possible accession of India and Pakistan. This question is being held in abeyance, though there is a shared desire amongst members to accept the simultaneous entry of these two countries. Part of the problem is that longstanding Indo-Pakistani friction over the contested region of Kashmir might impact the stability of the SCO were India and Pakistan brought into its realm. This is a simmering issue, and further discussion and debate would be moot if Beijing were not significantly involved in it, as China, which controls part of the Aksai Chin and Shaksgam districts, would eventually force the members to take one side or the other in the territorial dispute. This would negatively affect the cohesion, operational efficiency and external perception of the organization as a whole. Furthermore, the fact that India and Pakistan are de facto nuclear powers, although they have not signed the 1968 Non-Proliferation Treaty (NPT), is incompatible with the objectives underlying the SCO's desire to enhance regional security and, in particular, promote disarmament and arms control agreements.

Another point of contention is the status of the Islamic Republic of Iran within the organization. Alt-



though it has not made a formal application for SCO membership, since 2007 the Iranian government has been claiming that it is no longer satisfied with mere Observer status. However, the extension of full participation in the SCO to a country under active UN sanctions would doubtless hinder the SCO's activities and cause disagreements with the international community.

In this sense, the SCO's hesitation to accept Iran as a new member should be interpreted as a clear sign that the SCO wants first and foremost to be perceived by the international community as a credible and responsible regional player. The participation of Iran in the SCO would also make the organization appear more anti-American, making it more difficult for it to confirm its stated neutrality. Therefore, rather than expanding the membership in order to face the problem of managing new regional threats, the SCO decided to offer varying levels of participation in the organization (the Observer group, SCO-Afghanistan Contact Group and the Dialogue Partner are some examples). Such status designations promote the maintenance of mutually beneficial relationships with all those countries and stakeholders interested in the SCO, whilst at the same time enabling it to sidestep the difficulties of managing larger full participation [5].

### The Afghan issue

The common interest in establishing a peaceful Afghanistan has offered an excellent opportunity to boost the active participation in the affairs of the players most vulnerable to the effects of the crisis in that country, i.e. its Central Asian SCO member neighbors. The socio-political instability in Afghanistan, which increases the export of crime and terrorism and stimulates drug trafficking in its border areas, has actually led to the SCO's further legiti-

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matization of its involvement in the region. In 2005 the protocol for the establishment of a SCO-Afghanistan Contact Group was signed to promote initiatives aimed at reconstruction, peacekeeping and fighting terrorism.

In 2009, at the Moscow SCO conference (at which, for the first time, Western observers were involved, in particular representatives of NATO, the EU, the OSCE and the U.S.), the organization presented itself as the essential mediator for encouraging dialogue with the Taliban in Afghanistan. The last two years have witnessed the closest cooperation to date between NATO and the SCO. However, the impression of a majority of members is that the interest of the SCO to be active in Afghanistan was primarily prompted by a unilateral Russian initiative. In 2009, Moscow has certainly taken advantage of holding the SCO Presidency to reassert its presence in South Asia.

The prospects of building a bridge between the SCO and Euro-Atlantic institutions (the EU and NATO), actually provides Moscow with a unique opportunity to truly emphasize its geopolitical importance, and thus increase its prestige within in the SCO at the same time. However, any involvement of the SCO in the Afghan conflict would at variance with the organization's official aims and objectives.

There is no permanent military structure within the SCO that can be made available to member countries; it has therefore no an autonomous capacity to take military action (it should be noted that its frequent military exercises are purely for demonstration purposes). Moreover, a deep internal split exists over whether the organization should develop such a force. Beijing, which is now actually leading the group, favors a less restrictive type of partnership arrangement. Other members of the SCO, such as Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, appear to be much more concerned about and actively preoccupied with their own internal security than with the level of security abroad. However, the desire to work with NATO on specific security projects in the Central Asian region, reaffirmed in final declaration of the June 2010 summit in Tashkent, is still a positive sign when it comes to openness to dialogue on security matters [6].

### Energy Cooperation

Another sector offering great potential for cooperation is the energy sphere given Central Asia's abun-



dant gas, oil and petroleum reserves. A multi-lateral organization exercising legitimate joint control over these sources and working together to coordinate their exploitation might seriously influence the global balance of power. The opportunity – already identified in 2007 by the then Russian President Vladimir Putin – of creating a unified energy market through the conclusion of preferential agreements between SCO member countries has long been of interest to Moscow and Beijing. Moreover, joint development of energy resources by Russia, China and Central Asian countries could be beneficial to all stakeholders: it would make them energy self-sufficient and more resilient to external factors. Strategically, such integration would provide an additional incentive for the development of the SCO and give it greater influence at the international level. At present, however, the every country for itself principle prevails. For instance, in the energy sector the interests of Central Asian countries are far from always coinciding and China, which seeks at all costs to maintain its growth rate, gives top priority to its own self-interest by applying a form of pressure and penetration that leaves no room for developing coordinated policies [7].

### Internal Dynamics: the Chinese Leadership

The potential of the SCO is compromised by its inability to act in a methodical and coordinated manner. Lack of cohesion amongst its members and the ambiguity of its policy have led to what otherwise was favorable external conditions turned into missed opportunities. The SCO could not put forth a common view even in the face of the crisis in Kyrgyzstan in 2010, when its only contribution, quite negligible, was to send observers to monitor the constitutional referendum held in the aftermath of the uprising. While, at the ninth SCO summit held in Tashkent in 2010 its leaders proclaimed it had become an “effective organization committed to stability and prosperity in the region,” its subsequent actions proved devoid of any content. What’s more, China has largely delegated to the Collective Security Treaty Organization (CSTO) in Moscow the practical implementation of the initiatives necessary to normalize the situation in Kyrgyzstan. Such empirical evidence suggests that this lack of response in the face of what is happening in one of its member states demonstrates that the organization is inefficient [8].

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The two pillar-based governance of the SCO limits its practical ability to take any meaningful action. For instance, the highly dynamic approach of Russia, now ready to assume major responsibilities in the political-military sphere, is ill-matched with the approach of offering low-profile assistance, mainly focused on economic cooperation, favored in Beijing. Moscow wants to transform the SCO into a collective security force but it still lacks clear direction in how best to achieve the aim of economic integration. In China’s view, however, the alliance is a vehicle with which Beijing can extend its political and economic influence to Central Asia, i.e., to the countries its main partner is seeking to isolate in order to restore an all-encompassing control over former Soviet republics.

Sino-Russian bilateral relations are therefore a source of potential destabilization for the SCO, which is partially contained by their primary common goal of maintaining the regional status quo. The preservation of Russia’s control over the post-Soviet republics is off-set and balanced by China’s desire for economic growth, both objectives being furthered by a policy of mutual restraint. However, such internal contradictions prevent the SCO from defining a clear strategic vision and obtaining unanimous consent from the membership. Preference has so far been afforded to the Chinese organizational model over the Russian one, making the SCO unwilling (despite Russia’s intentions) to develop as an approximate form of Asian NATO [9].

### Future Prospects

Regardless of the obvious potential the group holds, based on population, territorial size, resources and economies of its current and prospective members, and the geopolitical significance this

international coalition has, many large questions remain about the actual capacity of the SCO to fulfill its intended program. (The notion of its role in the international system is still rather indistinct and matters are complicated by the incomplete sharing of strategic objectives by its members, which in turn waters down the implementation of pragmatic and beneficial multilateral cooperation. The imbalance in its internal policy in favor of Beijing leads it to take a less proactive approach to economic cooperation, which creates fundamental weaknesses for the organization as a whole [10].

A new dynamic within the SCO could only develop following a substantial reconfiguration of the relations between Moscow and China, as the “convergences and differences” in Sino-Russian relations are currently fully manifested in the structure, development direction and work of the organization. However, its future orientation and effectiveness will largely depend on the degree of mutual trust and understanding that its two main partners are able to achieve and how effectively they will be able to balance the needs of other members with those of aspiring members. **PR**

### Notes:

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