

The Shanghai Cooperation Organization at 5: Achievements and Challenges Ahead[†]

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ABSTRACT

Over the past five years, the Shanghai Cooperation Organization successfully withstood the challenge of a rapidly changing international security environment. It also made notable institutional progress, especially in developing a conceptual framework, in cultivating a positive image, in institutional capacity-building, as well as in establishing relations with external parties. Nevertheless, the SCO remains under-developed. Specifically, it is constrained by the lack of resources, economic cooperation between member states remains limited, its international status is only just emerging, and furthermore, interaction at the non-governmental grassroots level remains nondescript. In order for the SCO to mature and consolidate its position in the region, it has to address a series of problems - it needs to improve its developmental framework, determine the scope of its function, address economic and security issues, respond to the challenges of geopolitics and regional stability, further cultivate and improve relations with the outside world, as well as clarify the question of enlargement.

Keywords • The Shanghai Cooperation Organization • achievements • weaknesses • prospects • SCO Secretariat • SCO development problems • SCO enlargement • SCO external relations

Achievements Over the Past Five Years

The Shanghai Cooperation Organization was established on June 15, 2001 and recently celebrated its fifth year anniversary. While the SCO has made great progress on a number of important issues over the past five years, there are many questions which have yet to be addressed. This paper provides an assessment of the major achievements of the SCO, as well as the problems it faces. It will then discuss the developmental prospects of the organization.

The SCO's biggest achievement to date is its success in creating a stable institutional foundation despite the challenges brought about by

[†] Translated from Chinese into English by Christopher Len, Assistant Editor of the China and Eurasia Forum Quarterly. Christopher Len would like to thank Chiu Weili, Junior Editor of the Tangent Journal 《圆切线》, for his assistance with the translation.

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the rapid and sudden changes in the international security environment. This indicates the resilience of the organization. To put things into context, the organization was set up just three months before the 9/11 incident in the United States which shocked the world in 2001 and changed the international security landscape dramatically. The Americans responded by attacking the Taliban regime and Al Qaeda in Afghanistan. The United States' operation in Afghanistan resulted in it gaining greater influence in neighboring Central Asia, as Uzbekistan and Kyrgyzstan allowed the United States to set up military bases in their countries to support operations in Afghanistan. U.S.-Russian relations also improved during this period as Russia initially supported the Americans in the fight against terrorism. These factors deeply affected the internal and external operating environment of the SCO. At its formation, the SCO was designed to work under a completely different geopolitical situation. The SCO and the member countries were caught unprepared by the advent of 9/11 and the subsequent drastic changes that followed.

The post 9/11 environment brought about a series of questions and challenges to the SCO: First, are the principles and views put forward by the SCO still relevant? Second, the sudden presence of the U.S. in Central Asia brought about the sense that the Americans have become one of the security stakeholders of the region. This led to questions as to whether the SCO would be marginalized on security issues as a result. Third, following the established ties between the U.S. and the various Central Asian states, would the Central Asian states still need the SCO? Fourth, relations between the U.S. and Russia improved considerably after 9/11. It was thought that Russia's strengthening relationship might have a negative impact on the SCO since its renewed ties with the United States could lead Russia to lose interest in regarding China as its key security partner. Fifth, the 9/11 incident and the U.S. military attack on the Taliban and against the Al Qaeda network completely caught the SCO flat-footed. The inaction witnessed despite the organization's declared anti-terror objectives led to doubts as to the actual capabilities of the SCO. This brought about questions of whether the nascent SCO could maintain enough momentum to operate in such a fragile region, sustain its members' interest, and develop its regional potential as it has hoped. Some pessimists went as far as to claim that the SCO had disintegrated following the 9/11 incident.¹ With hindsight, we now know that the skeptics were wrong. Not only did the SCO withstand the

¹ С.Кортунов. Росийско-американское партнерство и вызовы 21 века. «международная жизнь» 2002.4. с.69. S. Kortunov. Rossiisko-amerikanskoe partnerstvo i vyzovy 21 veka [Russian-U.S. partnership and challenges of the 21st century], *International Life* (April 2002): 69.

sudden changes in its operating environment, it managed to accelerate its developmental plans, pushing aside all talk of its irrelevance.

During its first five years, the SCO also had to deal with the advent of “color revolutions” within the post-Soviet space. Beginning with Georgia in 2003, the “color revolutions” spread to Central Asia in 2005 by which time their form and nature had changed. In March 2005, Kyrgyzstan experienced the “Tulip Revolution” but by May of the same year, what was witnessed in Uzbekistan during the Andijan incident was not a revolution but could better be described as social unrest. The “color revolutions” did not pose as significant a problem compared to 9/11.

The progress of the SCO underscores five points. First, it indicates that its basic principles and outlook are in accordance with the reality faced by Central Asia. Second, America’s engagement with Central Asia cannot replace the SCO’s function. Third, as a regional organization, the SCO indeed caters to the needs of the individual member states. Fourth, Russia’s changing relations with the U.S. did not undermine Russia’s commitment to the SCO. In fact, as U.S.-Russian rivalry accelerates in Central Asia, Russia has accorded more importance to the SCO to counter America’s growing influence in the region. Fifth, the SCO has the necessary ability and potential to develop as a regional organization.

Another important success of the SCO over the past five years is its success in promoting a positive image on the international stage. The SCO is based on the “Shanghai Spirit,” which is a new security concept, a new model of inter-state relations and regional cooperation. It is based on the principles of non-alignment, openness to the rest of the world, mutual trust and benefits, equality, consultation, respect for diversified civilizations and mutual development.² As the organization’s charter also notes, the SCO is not aimed at any other country or international organizations.³ However, the establishment of the SCO attracted criticisms and mistrust, due to the ambiguity of its international status. Within the international community, the SCO tends to be perceived as a traditional organization governed by *realpolitik*. The West in particular regards the organization as a Sino-Russian led alliance that seeks to

² Declaration on the Establishment of the Shanghai Cooperation Organization. <www.sectSCO.org/html/00088.html> (August 15 2006).

³ Shanghai Cooperation Organization Charter, Article 2. <www.sectSCO.org/html/00096.html> (August 15 2006).

compete against and curb the influence of the U.S. and NATO.⁴ Some Russian scholars feel the same way too.⁵

Such a perception is derived from the fact that the SCO, as well as its predecessor, the “Shanghai Five,” were both established at a time when Sino-Russian relations were peaking while the United States’ relations with these two countries were at a dismal low. When the Shanghai Five was set up in 1996, China’s relationship with Russia was entering into what could be described as a “honeymoon period” whereby both parties regarded each other as a strategic partner. In contrast, Sino-U.S. relations continued to remain frosty during this period as a result of the 1989 Tiananmen incident, while Russia, which considered the U.S. as a strategic partner three years earlier, had begun to drift away from the U.S., leading to what could perhaps be described as a “Cold Peace”.

When the SCO was established in 2001, the United State’s relations with both China and Russia suffered another critical downturn due to a series of grave incidents. In 1999, America bombed the Chinese embassy in Yugoslavia causing relations between the two countries to nose-dive. Relations between the two reached a new low in April 2001 when America’s EP-3 spy plane collided mid-air with a Chinese fighter jet during which the Chinese pilot lost his life. As for relations between the U.S. and Russia, relations similarly reached a freezing point as a result of the U.S. led war by NATO against Yugoslavia over Kosovo which went ahead despite strong protests by Russia. It was also around this time when NATO underwent its first phase of expansion to include former Warsaw Pact member states. In addition, America’s threat to quit the Anti-Ballistic Missile treaty signed in 1972 by both parties caused bilateral relations to further deteriorate. The fact that the SCO was founded at such a pivotal period therefore gave the impression that its formation was a collective anti-American response by both China and Russia. Furthermore, the SCO’s emphasis on regional and global multilateralism did not sit well with America’s determination to remain as the paramount global power, leading to the impression that the organization was anti-American.⁶

On July 5, 2005, the SCO caused more consternation in the West as a result of the joint statement released following its summit meeting in

⁴ Chairperson of the Carnegie Endowment for International Peace, Jessica T. Mathews propounds a similar line of thought; that one of the objectives of the SCO is to resist the eastern expansion of NATO. See Jessica T. Mathews, “September 11, One Year Later: A World of Change,” *Carnegie Endowment for International Peace*, Policy Brief. Special Edition 18, 5 (August 2002).

⁵ For instance, political scientist Andronik Migranian said SCO could turn into a military alliance to supplant the U.S and NATO. See *Interfax* (Moscow), October 26 2005.

⁶ For instance, the objectives of the SCO differ fundamentally from those of the US: advocating multilateralism, promoting a global order based on justice and reasonableness, respecting sovereignty of nations, adherence to non-interference and non-violence.

Astana, Kazakhstan whereby the U.S. was asked to provide a deadline for withdrawal from the military facilities they were using in Kyrgyzstan and Uzbekistan.⁷ This statement further re-enforced the distrust the United States has towards the SCO, and contributed to the impression that the SCO is in the process of creating a NATO-type military alliance against the West.⁸

However, the joint statement released at the Astana Summit should not be perceived as a shift in the SCO's attitude towards the West. This is because Russia and China's attitude towards American bases in Central Asia has always been consistent - that U.S. military bases in Central Asia are temporary and that they should be withdrawn when operations in Afghanistan wind down. American officials have themselves also stated repeatedly that the U.S. does not have any intention to maintain a military presence in Central Asia in the long-term. Thus, the statement released following the Astana summit was only intended to serve as a repeat of their long-standing position and a reminder to the U.S. of their promise. In reality, a more important factor is the change of attitudes by the Central Asian states towards the United States, especially in the case of Uzbekistan after the Andijan incident, where it was criticized by the U.S. for human rights abuses. As a result, the Uzbek regime which hosts U.S. military bases no longer welcomed America's presence in Uzbekistan.

In other words, it would perhaps be better to say that the U.S. ran into problems with the Central Asian states, not with the SCO per say. Besides, the Secretary-General of the SCO Zhao Deguang has already stated that the SCO is not, and will not turn into an "Eastern NATO".⁹ The SCO is also not an anti-American organization. Such an impression is counterproductive to the image of the SCO. It is also inconsistent with the spirit and principle of the SCO, as well as the intention of the individual member states. This is especially so with the smaller members of the SCO, namely, the Central Asia states themselves, who do not wish to see the SCO "politicized" and end up being in an anti-American bloc.

Over the past five years, the international image of the SCO has in fact been evolving. To begin with, the SCO has sought to focus on cooperation on "non-politicized" tasks such as joint economic, anti-narcotic, contagious diseases, and natural disaster management. Furthermore, the SCO has stressed a constructive and open approach on political issues. The 2005 Tashkent declaration by the SCO Head of

⁷ Declaration of Head of Member States of SCO, Astana, July 5 2005. <www.chinadaily.com.cn/china/2006-06/12/content_614632.htm> (August 15 2006).

⁸ "Russia, China looking to form 'NATO of the East'?" *Christian Science Monitor*, October 26 2005, <www.csmonitor.com/2005/1026/p04s01-woeu.html> (August 15 2006).

⁹ In response to accusations that the SCO actually is a "NATO of the East", Secretariat Zhang Deguang declared categorically that SCO will never become a political or military alliance. <<http://news.sohu.com/20060116/n241464321.shtml>> (August 15 2006).

Member States stressed the “principles of equal partnership, mutual respect, mutual trust and openness.” Furthermore, “responses to the complex challenges of our time - be they international terrorism or regional conflicts and crises - can and have to be found on a multilateral and cooperative basis.”¹⁰ There are a lot of points worth noting from this summit declaration, in particular that the SCO is not a “bloc organization” [*sic*], as well as the increased emphasis on multilateral cooperation.¹¹

One of the important accomplishments of the SCO in the past five years has been building institutions that facilitate multi-facet and multi-level cooperation amongst member states. Such institutions within the SCO help to maintain its basic operations. The structure of the SCO consists of the following: permanent institutions and permanent mechanisms to facilitate dialogue and meetings. When the SCO was set up, it planned to set up two permanent institutions. The first was the appointment of a Secretariat and the other was the creation of an anti-terrorism arm. The Secretariat is in charge of matters related to budgeting, personnel, institutional functions, operating procedures, to name a few. Its creation turned out to be more complicated than expected and the entire process of setting up a SCO Secretariat took two-and-a-half years and was only completed in January 2005. The Regional Anti-Terrorist Structure (RATS) took an even longer time to set up. This idea was initiated at the time of the Shanghai Five and was only finally established in June 2005. The creation of a Secretariat and its anti-terrorism arm, RATS, in 2005 represent two steps forward in the organization and institutional development of the SCO and heralds the basic completion of SCO’s institutional development. SCO is now a functionally, organizationally complete grouping.

SCO has an internal mechanism which organizes regular meetings for member states. Such a mechanism constitutes an integral part of discussions and policy-making within the SCO. According to the Charter of the SCO, the meetings of the following levels of government would be organized: Heads of State, Heads of Government, Council of Ministers of Foreign Affairs, the Conference of Heads of Agencies and Council of National Coordinators. In the five year history of the SCO, these meetings were successfully conducted and uninterrupted, even in the most difficult circumstances.

Not counting the 2006 summit in Shanghai, the SCO has carried out five heads of state summit meetings and four Prime ministers meetings since 2001. The Council of National Coordinators meetings were held 15

¹⁰ Tashkent Declaration of Heads of Member States of Shanghai Cooperation Organisation at <www.sectSCO.org/news_detail.asp?id=119&LanguageID=2> (August 15 2006).

¹¹ *Ibid.*

times, while the foreign ministers have met both formally and informally more than 9 times. In addition, the SCO is in the process of creating mechanisms for the member states' various ministries, ranging from defense, culture, transport and communications, to meet under its auspices.

Finally, the SCO has over the past five years reached a degree of consensus in the fields of politics, economics, inter-state relations as well as external relations. This is an important achievement for the SCO. The roots of the SCO began with the Shanghai Five and there is a strong continuity from its Shanghai Five days. However, it should be noted that the SCO is different compared to its predecessor in terms of its focus, character, and both internal and external operating environment.

After all, the Shanghai Five's main focus was on solving boundary problems by facilitating dialogue amongst countries. With such a narrow objective, the internal and external pressures and expectations faced are far less than what the SCO has to undergo. The SCO's starting point is different. It is not a forum but a regional organization that has to conceptualize a wider and more concrete regional goal based on long-term planning. It also has to set up a practical process for which to realistically attain these goals. To date, the SCO has made much progress in terms of politics, economics, improving inter-state relations, and in its external relations. This can be seen in the numerous agreements and documents produced by and with the SCO. They form the conceptual basis and legal foundation with which SCO operates and develops.

The SCO's Weaknesses

While the SCO can be characterized as being successful, having achieved much over a period of five years, there are nonetheless deficiencies and weaknesses that have yet to be addressed. A major problem encountered during the development process of the SCO is that while its member states have made many demands to the SCO, there are insufficient resources available to address the various needs. Furthermore, the effectiveness and credibility of any international organization is to a large extent dependent on the member states' willingness to entrust power and authority to the organization. The SCO is not an alliance, nor is it a supranational organization. In addition, member states' domestic and external policies are diverse. Thus, there has been little basis to cede authority to the SCO. This is a structural problem whereby there is little avenue for the SCO to implement and enforce collective decisions according to its members' will. In addition, the member states of the SCO are all rather poor economically, especially the Central Asian member states. China and Russia, while relatively better-off compared to their fellow members, also have limited financial and economic resources.

This situation means that the SCO has to operate within the limits of a tight budget and is a real hindrance to the growth of the SCO.

Another major problem is that while the SCO has made progress in its conceptual framework, the process of reaching a practical agreement with regards to the enforcement and implementation remains slow. Thus, the actual benefits derived from the SCO have been lower than expected. The SCO has already identified 127 areas for cooperation but due to disagreements over how to implement them, most remain as documents at the proposal stage. As a result, the benefits derived by the signatories remain less than initially anticipated and this has reduced the credibility of the SCO. A Russian scholar has pointed out that, especially in the economic field, there is a gulf between rhetoric and reality. While there are numerous proclamations of agreements under the auspices of the SCO, their practical implementation remains limited. This, according to him is the biggest problem facing the SCO.¹² This phenomenon is partly due to the high expectations of the SCO. On the other hand, it shows that the SCO's potential has not been fully realized, especially in the field of economic cooperation.

As a regional organization, the SCO's international status remains low and its influence weak after five years in operation. It has yet to become an active participant in international politics, or received recognition as an influential player in the world stage. In the Central Asian context, the SCO's influence in the field of security and general affairs also remains weak. Having said that, the SCO is without doubt already an important player in the region and can even be said to be the most representative organization of the region. However, the SCO still lacks the capability to resolve all of the serious security challenges facing the region. This limitation must be put into context. The SCO has only been in existence for five years. Compared to Association of Southeast Asian Studies (ASEAN) which has been in operation for nearly 40 years and the European Union (EU) which has nearly a 50 year history starting with the European Economic Community in 1958, the regional and international standing and influence of the SCO is understandably limited. However, the international environment is no longer the same as it was decades ago; the regional environment the SCO occupies differs from that of the ASEAN and the EU. Besides, given the fast pace in which the international security environment is developing, new organizations like the SCO have to mature rapidly in order to remain

¹² А.Лукин, А.Мочульский. Аналитические записки. Шанхайская организация сотрудничества: структурное оформление и перспективы развития. 2005.2. Выпуск 2 (4). с. 11. A. Lukin, A. Mochul'sky. Analiticheskie zapiski. Shanghaskaya organizaciya sotrudnichestva: Strukturnoe oformlenie i perspektivy razvitiya [Analytical notes. Shanghai Cooperation Organization: Structural frame and development prospects], 2, 4 (February 2005): 11.

relevant and does not have the luxury of developing at a slow and gradual pace. The problem facing the SCO thus is how and in which areas it could advance in order to remain relevant in a rapidly changing political environment.

There are also questions as to the type of regional organization the SCO would develop into in the future. The SCO already has a clear conceptual framework as expressed through its principles, purpose and the "Shanghai Spirit". However the practical questions as to how and in which areas it could advance its cause is not as clear. In reality, as a regional organization set up in a nascent region, much uncertainty remains and these questions can only be addressed on a gradual basis. There are two useful regional models which the SCO could perhaps examine. The first is the European Union model, the other is the ASEAN model. The uniqueness of the EU model lies in the fact that it is built on uniformity and harmonization in terms of common values, integrated economies, a cohesive foreign policy strategy, and political integration among member states. Power is substantially ceded from the member states to the EU. There are also attempts at making it a supranational organization.

ASEAN's function is, on the other hand, based on diversity and the autonomy of individual member states, whereby member states differ in terms of political values, governance philosophy, varied economic systems, and a coordinated diplomatic mechanism that does not impede on the foreign policy of individual member states. While there are plans to form an ASEAN security community, the national sovereignty of the individual member states remains largely intact. Thus, the EU and ASEAN represent two different models for regional cooperation, because of their own distinct political, economical, historical, cultural, and regional conditions. Overall, the ASEAN model appears to be more suitable with regards to the SCO's operating environment and there are certainly lessons to be learnt from the ASEAN experience. Nevertheless, the SCO, because of its own distinctive set of challenges would have to develop its own development path.

Another weakness of the SCO is the lack of socialization among the member states' population. The SCO has largely been organized and led by the political elite of the various member states. There is a lack of identification among the masses with the SCO, and needless to say, the SCO has not created a sense of community at the regional grassroots level. The lack of affinity is not the SCO's fault, but rather a result of the existing disconnectedness between Central Asian states, as well as within and among China and Russia. The lack of greater social interaction among the population of the SCO member states is bound to have an impact on the SCO's development since it means that policies implemented and activities organized by the SCO is likely to lack

popular support. This will become a major challenge for the SCO in times to come as it raises questions concerning its legitimacy at the basic level among the populace.

Finally, there are questions concerning the two operational arms of the SCO, namely the Secretariat and RATS. These two are important because they represent the relevance and purpose of the SCO and embody the multilateral cooperation principles of the SCO member states at a practical level. The implementation of such institutionalized multilateral cooperation mechanisms is something new to the SCO and will take time before such mechanisms and processes are honed. However, the SCO has to adapt to the rapidly changing environment both within Central Asia and internationally, so time is of essence. A challenge faced by the SCO is how it could speed up the process to quickly make these two offices operate efficiently and effectively.

Developmental Problems Facing the SCO

The SCO having been around for just five years is still a young organization and with this fact comes two associated problems. First, because it has yet to mature, it remains unable to operate at its fullest potential. Second, as a nascent organization, the SCO is still relatively weak. Therefore, its long term success cannot be taken for granted. Both problems indicate one point - that its future make-up and survivability is dependent on its current developmental trajectory.

The SCO's Development Model

A major concern the SCO would have to deal with is whether the development model adopted by the organization would enable it to constantly grow and mature. At a basic level, the development of the SCO is dependent on the political and economic wills of all the member states, including their foreign policy outlooks, each of which is different. Thus, the SCO is regarded as a vehicle to promote common interests without interfering in the individual states' foreign policies. The SCO has many unique characteristics which makes it different from other regional cooperation organizations. The disparities in terms of population and geographical size are very significant among member states. In particular, both China and Russia have huge populations and territories compared to the Central Asian member states. Every country also has a different profile in terms of politics, society, religion, culture, not to mention the different pace of economic growth.

The SCO has its roots in resolving boundary issues at the time of the Shanghai Five. The organization treats security and economic issues as intertwined and has a concept of security that is different from the traditional approach. The SCO is situated in an exceptional region, set up

under exceptional circumstances and faces a special situation. Accordingly, it will have to come up with unique solutions for the benefit of its member states. Being formed after the Cold War, it has a different set of priorities and outlook and this is reflected in its special set of guiding principles and the “Shanghai Spirit”. Having been formed for cooperation among themselves instead of being against any other state or group of states, it does not have a “Cold War” mentality. In sum, the SCO has to strike its own developmental route according to the local conditions.

There are numerous regional cooperation models in the world, each of which is different. They range from loose cooperative structures such as forums, to integrated structures among participating states. The SCO is somewhere in-between the two extremes. It is neither a forum nor an alliance. Due to the diversity and disparity in the economies, internal politics, and foreign policies between the member states, this format works best in ensuring the survival and development of the organization.

Thus far, the SCO has primarily engaged in the following areas of cooperation: political, security, economic, and cultural. It could, according to practical needs and possibilities, tighten its cooperation in certain areas, whilst loosening in others. The extent of cooperation within the SCO is rather fluid and depends on the development of the SCO itself. Over time, it ought to gradually increase the level of multilateral cooperation.

Determining the Scope of the SCO's Functions

The SCO also faces the important task of determining the scope of its activities. This is crucial to the future development of the organization. If the parameters are too narrow, the organization will not be able to manifest the strength and potential it deserves, which will decrease the confidence of member nations, thus affecting its stature and image. If the parameters are too wide, exceeding the organization's actual strength and resources, surpassing the aims and targets member nations are willing and able to accept, the results will be counter-productive.

Therefore, setting appropriate parameters is not merely a technical problem for the organization, but a political issue determining its successful development. Different scholars have varying opinions on the scope of cooperation. With regards to anti-terrorist and economic cooperation, each country's scholars are motivated by national self-interest, and the perspective of their own country. Thus, they tend to treat the SCO via a prism of narrow self-interest as a means of solving their own country's concerns and problems. Generally speaking, China and Russia hope that the additional scope of the SCO would include formulating geopolitical relations with other great powers. Central Asian countries are on the other hand keen to use it to solve internal security

and economic problems.¹³ Ultimately, the SCO's future direction should be determined according to the "Shanghai Spirit", the members' will and the availability of resources to the organization. Growth should be organic rather than contrived, based on the political environment and direction of the region.

Facing Changes in the Political Environment

While China and Russia are often perceived to be the primary movers of the SCO, the SCO's political heart lies in Central Asia, since the participation of Central Asian states are of utmost importance for the organization's success. Thus, the organization will have to face up to any political changes which might occur within the region. The Central Asian republics have been independent since 1991. In times to come, it is inevitable that these states will witness changes in political leadership. These Central Asian republics tend to have a high centralization of state power in the hands of the President as a basis for the political stability of the state. However, there are currently no reliable systems and mechanisms in place to ensure a stable transition between the political leaderships and there have been concerns about the outbreak of power struggles among the elites which may lead to unrest during the power transition period. The older generation political leaders of the Central Asian republics are also founding members of the SCO and have developed strong personal ties with the organization. A change in leadership in these states in the future would most likely represent a new generation of political leaders assuming power. This could bring about adjustments in their domestic and diplomatic policies. Such changes would affect their attitude towards the SCO as well. The question of leadership succession, especially in Central Asia is something that the SCO is very concerned with and has to face up to.¹⁴

¹³ For example, Farkhod Tolipov, a scholar from Uzbekistan, summarizes four possible development routes for the SCO as follows: first, a view that is popular within Russian political circles, that the SCO could become an anti-Western and anti-NATO alliance. Second, the membership and functions of the SCO could become more generalized, with less of a regional focus. Third, the SCO could become a means to maintain the balance of power in Central Asia, particularly between China and Russia. Fourth, SCO could promote regional integration. Tolipov thinks that of the four, the fourth route is most suitable for the needs and interests of the SCO. Farkhod Tolipov, "On the Role of the Central Asian Cooperation Organization within the SCO," *Central Asia and Caucasus 3* (2004).

¹⁴ A Russian observer suggests that leadership changes in the members states would eventually lead to the weakening of the SCO. А.Лукин, А.Мочульский. Аналитические записки. Шанхайская организация сотрудничества: структурное оформление и перспективы развития., А. Lukin, А. Mochul'sky. Analiticheskie zapiski. Shanhaskaya organizaciya sotrudnichestva: Strukturnoe oformlenie i perspektivy razvitiya [Analytical

Questions on Security and Economic Priorities

The question of whether to prioritize security or economic cooperation is an important point that the SCO has to decide. Before 9/11, the emphasis of the SCO was on security cooperation. Following the collapse of the Taliban regime in Afghanistan, the security situation in and around the region has improved and this has led to growing calls for more effort in economic cooperation.¹⁵

There are two opposing views on this issue. One camp feels that SCO should continue to focus on security issues. For instance, the SCO should continue to focus its efforts on security issues, not turn its attention on economic issues at a time when there is international disappointment in the manner with which the U.S. has conducted its anti-terrorist operations.¹⁶ The other camp feels that the SCO should focus on economic cooperation as a basis for development.¹⁷ It has argued that if the SCO is unable to bring economic benefits to the Central Asian member states, it is likely that they will focus their attention elsewhere, away from the SCO, leading to the weakening and irrelevance of the organization.¹⁸

Security and economic cooperation are of equal importance and the two actually complement each other. However, security-based organizations have a life span and are usually victims of their own success. They tend to lose their relevance when the threat is removed. Economic cooperation on the other hand is infinite in potential; success in this area leads to the expansion of the region's economy which would warrant further cooperation in this field as a means to facilitate future growth. Besides, as the security situation in Central Asia improves, there

notes. Shanghai Cooperation Organization: Structural frame and development prospects;" p.12.

¹⁵ R.M. Alimov points out the following: "Due to the reduced threat from Afghanistan, Central Asian republics now view the SCO as a means of obtaining financial resources, strengthening internal economies and solving specific social problems". Р.М.Алимов. Центральная Азия: Общность интересов. Издательско-полиграфическая акционерная компания «Шарк». Ташкент. 2005. с.110. R.M. Alimov. Tsentral'naya Aziya: Obschnost' interesov [Central Asia: Similar interests] Central Asia: Similar interests (Tashkent: Shark, 2005), 110.

¹⁶ К.Константин. ШОС как альтернатива Американскому влиянию. Независимая газета. 29 сентябрь 2003 г. K.Konstantin. ShOS kak al'ternativa Amerikanskomu vliyaniu [SCO as an alternative to U.S. influence]. *Nezavisimaya Gazeta*, September 29 2003.

¹⁷ R.M. Alimov, Director, Institute for Strategic and Regional Studies under the President of the Republic of Uzbekistan, strongly supports the view that the core of the security issues is economic, and that solving economic problems is the best solution to regional terrorism. Quoted from author's conversation with Alimov on July 5 2005.

¹⁸ ШОС может быть расширена в скором будущем. Интервью с Валерием Салыгином. Итар-Тасс. 12 февраль 2004 г. ShOS mozhhet byt' rasshirena v skorom buduschem. Interviyu s Valeriem Saltyginom [SCO might widen in the near future. Interview with Valry Saltygin], *Itar-Tass*, February 12 2004.

would naturally be calls for closer economic cooperation and the SCO is well-positioned to facilitate such demands. Thus, economic cooperation is something that the SCO could capitalize on as a basis for its long term development and survival.

Enlargement of the SCO

The question of enlargement is something that the SCO would have to address sooner or later. At this point in time, the SCO is not ready for enlargement. It is something the SCO does not consider to be an urgent matter on its agenda. It does not even have legal documentation by which to admit new members. In the short-term, the likelihood of new members being admitted into the SCO is low. In June 2004, the SCO passed a motion on the "Regulations on Observers of the Shanghai Cooperation Organization" It went on to accept Mongolia as an observer in the same year, followed by India, Pakistan and Iran in 2005. However, one should not assume that observer status automatically translate into eventual membership.

Nevertheless, enlargement is an issue that the SCO will inevitably have to face up to. This is because the SCO has already stated that it is an organization that is open to other countries. Second, the SCO at a certain stage of its development would have to enlarge as a basis for progress. Besides, if other countries meet the criteria to join the SCO, the organization cannot overlook their request for too long. Furthermore, if the SCO successfully develops and brings benefits to its members, the likelihood of other countries wanting to join will increase.

SCO's enlargement does not only mean a change in membership number. It would also bring about changes in some aspects of the organization. While enlargement may be a basis to strengthen the organization, it could also lead to the weakening of the organization. Thus, the question of enlargement is not a technical one but a political one. The organization would have to examine the possible effects of enlargement before proceeding to do so. The future enlargement of the SCO is most likely to be geographically determined, with states surrounding the Central Asian region having the main priority. States surrounding Central Asia refer to Mongolia, Turkmenistan, Iran, Afghanistan, Pakistan, and India, as well as those in the neighboring Caucasus region. To become members, states would have to adhere to the SCO's founding aims and principles, agree to the SCO's theme of cooperation, and be accepted by all SCO members.

The SCO and Central Asia's Regional Stability

The stability of the Central Asian region is a new issue for the SCO. The basic goal of the SCO has been anti-terrorism and border settlements; it does not interfere in the internal politics of the Central Asian states.

Nevertheless, the Central Asian region may be destabilized as a result of other causes such as in the case of the Andijan event, and such developments would have a negative impact on the organization. A problem arises as to how the SCO would have to respond under such circumstances. For example, the SCO would be facing some difficult choices if the region faces instability as a result of internal disputes or domestic political unrest, or if the region faces instability as a result of non-terrorist threats. If the SCO does not engage in these problems, the outcome may be one that would undermine the organization. However, if it does involve itself with such issues, it may undermine its basic principle and bring about a different set of political risks which would threaten the basis of the organization.

These are two difficult choices, which in fact the SCO is already facing and will likely face again in the future. To give a concrete example, the appearance of “color revolutions” in Central Asia raised two important issues for the SCO: First, the United States is perceived to be behind the color revolutions as a way to install pro-U.S. regimes. A pro-U.S. regime in Central Asia would very likely distance itself from the SCO. Thus, such a development would not only disrupt the cohesiveness among SCO member states, it would undermine the SCO’s development as a regional organization. Second, the appearance of “color revolutions” has raised a dilemma for the SCO. In the event of political unrest, should the SCO regard this as an internal matter and stay out of the situation or should it intervene? Inaction by the SCO would mean that it lacks credibility in ensuring stability of the region. On the other hand, intervention contravenes the “Shanghai Spirit” of non-interference in the domestic affairs of member states, not to mention that it would complicate the relations between SCO and its member states since intervention could lead to the organization’s entanglement with the internal political and social disputes of its members. While the “color revolutions” passed without much negative impact for the SCO, the implications that challenged SCO cannot be ignored.

Thus, the SCO would have to expand its concept of security. From a basic point of view, the internal stability of the Central Asian states would affect the SCO and thus, it is an issue the SCO is concerned about. It will be necessary to enlarge the concept of security to include regional security and stability in addition to anti-terrorism and border disputes. This implies that the SCO should have the responsibility of ensuring Central Asia’s security and stable development. If the SCO is unable to assume such responsibility, its function and effectiveness as a regional organization will come under question. It goes without saying that in order to assume such an expanded role, the SCO will need to establish clear principles that is based on consensus in consultation with its members. If there are disputes between two member states, the SCO

could act as a mediator. If there is a domestic problem which is significant enough to destabilize the entire region, or if there are external forces interfering, or if the problem has already been internationalized and the international community has agreed to intervene in accordance with certain international principles and norms, the SCO may consider intervention in the form of mediation, reconciliation, prevention of large-scale military clashes, and urgent economic assistance, to name a few. At the same time, it should stick to the basic principle of not undermining state sovereignty.

The SCO's External Relations – The CSTO, EAEC and the United States

Beginning in 2005, the SCO began dialogue and cooperation with other states and international organizations. At the June 2005 Tashkent Summit, the organization passed the motion “Regulations on the Status of Observers to the SCO” which serves as a practical base towards external cooperation. Earlier in April 2005, the SCO Secretariat signed a Memorandum of Understanding with both the Commonwealth of Independent States (CIS) and ASEAN thus reflecting group’s positive attitude towards the developing of relations with other regional organizations. However, what the organization needs most is to affirm relations with three parties: The first is with the Collective Security Treaty Organization (CSTO), the second is with the Eurasian Economic Community (EAEC) and the third is with the United States. Relations with these three are crucial but at the same time the most challenging for the SCO. This is especially so when it comes to establishing relations with the United States.

The CSTO and EAEC, which operate under the framework of the Commonwealth of Independent States (CIS), have been described as a “relative” of the SCO because a large number of its members are also members of the SCO. In addition, it is set up by Russia, which is a key member. It is also because of such linkages that strained relations among the SCO, CSTO and EAEC will lead to rivalries, deplete the internal resources of both organization and undermine their effectiveness. The three should in fact work closer together in partnership since it would be illogical for the SCO not to work with another closely-linked organization. For the CSTO and EAEC, cooperation with the SCO is also beneficial for strengthening their position and cooperation initiatives are in fact already underway. In January, 2005, the anti-terrorism arms of both SCO and the CSTO met to consult each other on their lists of terrorist organizations. In May 2006, SCO and the EAEC signed the Memorandum of Understanding for Cooperation. What is more important here is to develop mutual understanding and cooperation at a political level so as to facilitate strategic cooperation.

The SCO should establish dialogue with the CSTO and EAEC to discuss the basis of a long term partnership and to create a basic foundation for close cooperation. As for cooperation between the SCO and CSTO in particular, anti-terrorism may be a platform for closer cooperation between the two organizations. Both organizations have anti-terrorism as an objective. The SCO has the advantage of being a platform for cooperation between member states, but it also has the weakness of lacking a military rapid reaction force. This weakness has been noted by a Russian scholar who feels that the SCO should establish its own rapid reaction force in the near future so as to assume the responsibility of maintaining the overall security of Central Asia.¹⁹ However, such a proposal is hard to realize at the moment. The function of RATS is primarily to collect and analyze information related to terrorism, not military action. Furthermore, it lacks a military wing under it to initiate any action. In this respect, the CSTO is more effective since it has its own joint military strength and rapid military force. The 9/11 attack has shown us that at this age of large-scale and dramatic terrorists threats, the lack of material methods, especially military capabilities, restricts the effectiveness of one's response.

Terrorist ideologies these days are transnational and are not confined to the national boundaries, particularly in Central Asia. Anti-terrorism responses on the other hand are restricted by boundaries, and whenever terrorists strike, the members of the SCO can only respond within the confines of their own respective territories. This is a severe restriction that limits the effectiveness of anti-terrorist measures. Though the CSTO already has a standing military, China and Uzbekistan²⁰ are not members of this organization. Furthermore, the CSTO's anti-terrorist military force is not sufficient to cover the entire region. This is where the SCO can cooperate with the CSTO. The two organizations complement each other, and by integrating resources this partnership could result in synergies for both parties. To be clear, this does not imply a joint military force between the SCO and the CSTO though such an arrangement cannot be ruled out in the future. A more practical step is to establish joint military cooperative mechanisms and for member states of both organizations to commit more resources towards inter-organization

¹⁹ The SCO's regional security officer (卡瑟莫夫) remarks that the strengths of the CSTO's anti-terrorism centre lie in its abilities to coordinate anti-terror operations and train anti-terror personnel. The strengths of the SCO's anti-terror unit are as follows: experience with anti-religious fundamentalism and local knowledge. The two organisations are thus highly complementary. Независимая газета. Бедность как основа терроризма. 07 февраля 2005 г. *Bednost' kak osnova terrorizma* [Poverty as the basis for terrorism], *Nezavisimaya Gazeta*, February 7 2005.

²⁰ [Editor's note: Uzbekistan became a full-fledged member of CSTO in August 2006.]

coordination to deal with large-scale terrorist attacks. This approach could serve as a basis for a true SCO-CSTO partnership.

Relations with the United States are the most sensitive as well as the most difficult for the SCO. The SCO has thus far been ambiguous towards its relations with the United States. This is because developing relations with the U.S. is not the most pressing issue which the SCO has to address at the moment. On the other hand, it reflects the fact that the SCO has not formulated a collective response and definite attitude on this subject. America's presence in Central Asia has an important influence in the region. As the SCO develops and strengthens, the United States will pay more attention to the organization and its attitude towards the region will also evolve. The SCO-U.S. relationship largely depends on America's rapport with both China and Russia in the context of great power relations (as well as with the various Central Asian States). Thus, good relations between Washington and Moscow and Beijing would be a requisite for improved SCO-U.S. relations.

At the moment, the biggest problem plaguing U.S. relations with Russia and China is the lack of mutual trust and understanding in the strategic arena. America's interaction with Russia and China in the Central Asian region is particularly complex. While there is potential for further cooperation in the sphere of non-traditional security such as in counter-terrorism and counter-narcotics, this has been curbed by the lack of trust between the U.S. on the one side and Russia-China on the other. Both sides think that the other is trying to displace it from the region. Russia and China regard the "color revolutions" as well as the promotion of the "Greater Central Asia" concept as attempts by the U.S. to pull the region into its own orbit. Similarly, the U.S. has interpreted the SCO's 2005 Astana declaration on the issue of U.S. military bases in Central Asia as a sign of Russia and China trying to push the U.S. out of the region. It would be bad for the region's development, not to mention dangerous if a zero-sum mentality takes root in the region. The SCO and the U.S. cannot ignore each other in the long-term. All parties must find avenues to improve relations and create confidence-building measures.

Conclusions

While the SCO is still a very young regional organization, its development has been rapid and achievements notable. Nevertheless, many organizational weaknesses and problems remain. The biggest success of the SCO in its five years of existence is its ability to survive through its nascent years. As a regional organization, not only did it weather a difficult period of change in the international system, it also managed to strengthen and develop institutionally. The major achievements of the SCO lie in its ability to make notable institutional

progress, particularly in developing a conceptual framework, in cultivating a positive image, in institutional capacity-building, as well as the cultivation of its institutional image. The major weaknesses of the organization lie in its lack of concrete economic achievements and its under-capacity as a regional organization with regards to the region's general affairs. As it continues to develop there are several issues it would have to address; namely, development framework, determining the scope of its functions, enlargement, external relations and its role in providing regional stability.