

Shanghai Cooperation Organisation : Problems and Prospects

Brigadier Vinod Anand (Retd)

After the conclusion of seventh summit of Shanghai Cooperation Organisation (SCO) in Bishkek, Kyrgyzstan on August 16 this year the grouping has come a long way from 2001 when it was formed to address issues of common concern. SCO has evolved from Shanghai Five grouping, formed in 1996 to address the boundary issues between China, Russia Kazakhstan, Kyrgyzstan and Tajikistan. Thereafter, it has moved on to include a range of security and economic issues. The nations in Central Asian Region (CAR) are undergoing a difficult transitional process of nation building. Internally, stability and political processes are yet to mature and there are real threats from terrorism and radicalism. Process and pace of economic development has yet to gain the required degree of momentum. Further, CAR has also become a playground for external players with their own agendas. Then there are many overlapping structures in the fields of security and economy in CAR which has the effect of diluting the unity of purpose and missions as envisaged in SCO charter.

It is critical to examine the degree of success which SCO has achieved so far in the roles set out by it. Has it been able to gain credibility as a security provider to the CAR? Is it poised to enlarge its scope and missions? Is it moving towards becoming a military alliance or will it remain an anti-terrorist coalition? How can it promote better economic integration between its member states and other regional groupings? How can it promote cooperation rather than competition especially for hydrocarbon and other resources in the region? In this uncertain and dynamic environment where each member is looking to maximise its gains from evolving situation, achieving cooperation amongst the members would be a complex task.

Brigadier Vinod Anand (Retd) is a Senior Fellow in United Service Institution of India, New Delhi.

Journal of the United Service Institution of India, Vol. CXXXVII, No. 569, July-September 2007.

Evolution of SCO

The erstwhile Shanghai Five grouping, born in 1996 to address boundary issues, expanded and formed SCO in 2001 to include economic and security issues. Uzbekistan also joined the grouping in 2001 which included Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan. Uzbekistan's entrance to the erstwhile club of five also signified that the grouping had enlarged its interests to strategic cooperation in the region and had progressed beyond the border security issues. In last six years SCO has achieved maturity and ability to come to grips with the problems bedeviling the CAR and its neighborhood. However, it has still got much to do to achieve the required degree of credibility as a multi-lateral structure. In the post Cold War era, after dissolution of Soviet Union, American intervention in Afghanistan was the second most defining event.

SCO and its members were happy to accommodate the American interests because Operation Enduring Freedom (OEF) also addressed their concerns on terrorism, extremism and instability being exported from Afghanistan. Afghanistan during heydays of Taliban regime (1996-2001) had become epicentre of terrorism with sanctuaries and training facilities being provided to likes of Al Qaeda, Islamic Movement of Uzbekistan (IMU) and holy warriors from Chechnya and CAR countries. Even China felt threatened from fundamentalist and extremist Muslim elements of Afghanistan because of its vulnerabilities in Xinjiang.

Therefore, Russia and China raised no objections to the US being granted air bases and logistics facilities for OEF by Central Asian nations since it suited their short term strategic interests. SCO at this stage was in infancy and lacked the capacity to present a credible and coordinated front against security threats. Central Asian states also perceived SCO to be not a very effective organisation as far as security and economic issues were concerned. Both Kazakhstan and Uzbekistan had pro-western orientation and were keen to obtain economic benefits and security dividends from their association with the West through various groupings like NATO's Partnership for Peace programme. Thus the USA and NATO were able to improve their influence and profile in CAR at the expense of Russia and China.

However, by the time SCO summit of 2005 took place a variety of factors resulted in SCO asking the USA to set a timeline for withdrawal of their bases from CAR. This declaration was one of the first steps towards assertion by the SCO as a multilateral institution on security issues.

Promotion of aggressive democratic practices by the USA and adopting policies of extreme unilateralism in pursuance of its national interests led to disenchantment of CAR countries. As a throwback to Andijon violence of May 2005 in Uzbekistan and severe criticism of the Uzbek government actions by the USA; Americans were asked to vacate their base in Uzbekistan. This call was also echoed by the SCO in July 2005 which required US to vacate its bases in Uzbekistan and Kyrgyzstan¹. Tajikistan also provides the USA military and NATO fly-over rights and a small contingent of French troops is based there for OEF². Kyrgyzstan had also demanded vacation of its air base by the USA but agreed to extend the lease with multifold increase of the lease money³. Further, by 2005 Central Asian countries also realised that envisaged economic benefits from the West were not substantial and were contingent upon many conditions including promotion of democratic norms as interpreted by the EU and the US.

Thus middle of 2005 marked the beginning of decline of the strategic influence of the USA in CAR even though America and the West continue to exercise substantial influence in CAR affairs. SCO summit in July 2005 was also important because it took in India, Iran and Pakistan as observers, thus expanding its geographical reach and adding the possibilities of improved cooperation on economic and security affairs. Admission of the aforesaid observers in 2005 and Mongolia in 2004 may have resulted from some degree of confidence that SCO's strategic and economic interests could expand beyond CAR⁴.

SCO's summit in Beijing in June 2006, after half a decade of its existence, was noteworthy for many reasons. It again emphasised the leading role of China in imparting direction to the organisation. Documents signed at the end of conference included a joint communique on closer cooperation, a statement on information security, a resolution on fighting terrorism, separatism and extremism from 2007 to 2009, an agreement on

joint terrorism actions among member countries and cutting off of infiltration channels of terrorists, extremists and separatists. Joint declaration also indicated determination of SCO to prevent interference in its affairs by outside powers. It said "models of social development should not be exported".

Another noteworthy aspect of the summit was the Russian proposal for creating an energy club under the aegis of SCO. It can be seen that SCO consists of both energy deficient and energy surplus members and cooperation on energy issues can be mutually beneficial to all the concerned members and observers.

Assessing the SCO

Cooperation and competition continue to be the defining features of CAR. SCO members are also using bilateral arrangements in preference to multilateral arrangements under the aegis of SCO in pursuance of their security, economic and strategic interests. While China has been the driver of SCO, Russia created its own grouping of Central Security Treaty Organisation (CSTO) in 2002, which includes all SCO members less China. This signifies a certain degree of competition in an area which Russia considers as its near-abroad.

Even though SCO has completed six years, the big countries like Russia and China do create apprehensions among the other smaller members because of the large power differential between them. Therefore, it is not strange that Central Asian nations are still attracted towards the West for both political and economic reasons. All of them are pursuing multi-vector policies to exploit the emerging strategic space to the maximum and further pursue their national interests. For example, all CAR nations are members of Organisation for Security and Cooperation in Europe (OSCE) and NATO'S 'Partnership for Peace' programme. Kazakhstan is looking at becoming chairman of the OSCE in 2009 when new chairman is to be elected. Uzbekistan has not given up on improving its relations with the EU and the USA. In order to assuage their concerns, Uzbek President had sacked Andijon Governor thus attempting to put the blame on local/ provincial authorities for Andijon incident. But this was not bought by the EU which continues to place restrictions on trade with that country.

Having learnt its lessons the USA has also become more pragmatic in criticising the deficiencies in the democratic and political processes in CAR countries. For example, the USA refrained from criticising election of Kazakhstan President Nursultan Nazarbayev in November 2006 because of its interest in getting access to hydrocarbon riches of Kazakhstan. Similarly Kyrgyzstan, where Seventh SCO summit was held in August this year, and which is the only country where a democratic government is functioning, has been recipient of considerable economic aid from the West and the USA. It is still hosting a USA base for carrying out operations in Afghanistan.

Turkmenistan President's presence at the Seventh SCO summit points towards a shift in its erstwhile policy of 'positive neutrality', though it is not very clear as to when will it become member of the SCO. However, its membership would definitely be a boost for the SCO since it is the only CAR nation which remains outside the group. Turkmenistan has concluded a number of agreements with both Russia and China on gas supply which point towards rising influence of Russia and China and tilting of Turkmenistan away from the USA and the West. Russian sponsored proposal of forming an Energy Club under the aegis of SCO has found resonance among the members and it has been mentioned as part of the economic cooperation between the SCO members in the Joint Communiqué issued after the end of Seventh summit at Bishkek.

Yet, China's fast paced economic growth and its voracious appetite for natural resources and raw materials is seen with consternation by other SCO members. They remain wary of being exploited by a large powerful neighbour who can not be wished away. CAR nations are looking for an all round development which is yet to take place in meaningful way. Uzbekistan and Kazakhstan have been the two most pro-western oriented nations in CAR but in the post-Soviet era, the Western economic aid had not been up to their expectations. The aggressive democratic practices of the West in concert with the USA also created their own negative dynamics in the relationship. Further, even though the complementarities of economy exist in CAR the goal of achieving regional economic integration and political harmonisation seems to be far away.

However, as a mark of increased security cooperation among the SCO and CSTO members, a joint military exercise (ostensibly an anti-terrorism exercise) titled Peace Mission 2007 was conducted in August this year. This has several implications on the emerging strategic situation in the CAR. First, it signifies the cementing of strategic relationship between Russia and China in the CAR. Second, this security combine encompasses a vast region from the NATO in the West to China in the East, prompting comparisons with the Warsaw Pact of the Cold War-era. Many analysts have also speculated that it could turn into a NATO of the East. Third, the CSTO is more of a defence pact with the members required to come to each others aid in certain contingencies, while the China-led SCO is not a defence pact. Therefore, does it mean that China is veering away from its oft-stated policy of not joining any military alliance? Both China and Russia have been emphasising that the SCO has no plans to mutate into a military bloc.

At the international and regional levels, SCO has also established relations with regional cooperative structures like ASEAN, Commonwealth of Independent States (CIS), and Eurasian Economic Community, besides the CSTO. During its seventh summit, SCO has resolved to expand and deepen the relations with regional organisations and intensify international exchanges. SCO had proposed an Afghan Contact Group in 2005; protocol for the same was signed the next year. Because of the worsening security situation in Afghanistan and resurgence of Taliban with concomitant likely adverse effect on stability and security in CAR, SCO in its joint communique of August 16, 2007 has indicated the possibility of 'taking bigger part in Afghanistan affairs to contribute more to regional security and stability'. This may not be taken kindly by the USA or NATO; yet this is an exhibition of SCO's willingness to be a net contributor to the regional security.

Thus, it can be said that though SCO has come of age and has achieved a certain degree of maturity and salience, it has yet to evolve as an effective regional organisation. It has still to achieve the required degree of harmonisation of competing interests of its members as well as interests of regional and outside powers. At the international level it has gradually improved its image (SCO's seventh summit was attended by

United Nation's Under Secretary for Political Affairs, Lynn Pascoe) but it is yet to be given due recognition by either the USA or NATO.

India and the SCO

India was admitted as an observer in the SCO in its fifth summit meeting in 2005. Thereafter India has attended SCO's sixth meeting at Beijing in 2006 and seventh meeting at Bishkek in August 2007. Attendance of last two SCO summit meetings by India's Petroleum and Natural Gas Minister, Mr. Murli Deora, signifies the importance which India attaches to its energy needs. India considers Central Asia as its strategic neighborhood and has been endeavoring to develop economic and trade relations which, to a large extent, are being hampered by lack of a direct route to CAR. India's motivations in this direction are propelled by rapid growth of economy with rising demand for energy imports. India, therefore, is looking at Central Asian oil to diversify its gas and oil imports. Further, India prefers stability of the current regimes and peaceful change rather than promotion of any aggressive democratic practices. Therefore, India is considered as a friendly partner by Central Asian states and a country which can play a balancing role in fierce power play taking place in CAR.

India shares the goals of anti-terrorism, security and stability in Central Asia along with the curtailment of drug trafficking in the region. Therefore, India supports the objectives of SCO which seeks to ensure stability in the region, combat terrorism and extremist view points and is keen to play constructive and active role in SCO. India's effort during SCO meetings has been to include energy cooperation among the members as a priority objective because SCO has important consumers and producers of the world. India has been in favour of construction of gas pipelines from Turkmenistan through Afghanistan and Pakistan to India. Turkmenistan President has indicated that there is enough gas in Turkmenistan to meet the demands of Pakistan and India. From India's point of view the formulation of SCO Energy CLUB would be beneficial, if all the members and observers are able to evolve a win-win situation and there is more of cooperation rather than competition on the field of energy. It needs to be remembered that India had lost to China in its bid for an oil contract in Kazakhstan towards end of 2005 because of some extraneous reasons.

The economic cooperation with CAR nations also remains at a low level and has not seen significant volumes. For instance, India's trade with two major countries in the region Kazakhstan and Uzbekistan has been US \$ 95 million and 49 million respectively in 200. With other nations the trade has been much less. Trade between Central Asia and India is largely circumscribed by the unstable situation in Afghanistan and confuse policies being followed by Pakistan in not allowing the Indian goods to pass through its territory. The need to develop a North-South Transport corridor, which provides a shorter and more efficient trade route to Russia and landlocked Central Asia, can not also be overemphasised.

It is too early to say whether SCO platform has been of any use to India as only two years have passed since India became an observer. But it can certainly be said that India has made progress on all issues of concern on bilateral basis with the SCO members rather than through the multilateral structure of SCO. Blame can also be apportioned to lack of any SCO's formulation on rights and obligations of the observers in its charter. There is also a moratorium placed on admission of new members, even though India has not expressed its intention of becoming a member of SCO very forcefully like say that of Iran or Pakistan. India may like to abstain from full membership, if it perceives SCO evolving into a military alliance.

Conclusion

SCO, at the age of seven, has acquired increased confidence and prominence as a multilateral organisation. Its growth as politico-security and economic structure has been slow and steady. Central Asian firmament is awash with number of multilateral structures led by one or the other major players with their own agendas thus creating competition for the SCO. Even though it has shared goals of stamping out terrorism, extremism and radicalism in the region with other organisations like NATO, it is not seen as a complimentary security structure by the NATO or the USA. Seventh SCO summit has resolved to expand its engagement with Afghanistan, due to worsening situation there, which may raise the hackles of the NATO and the USA. Further the joint SCO-CSTO exercise Peace-Mission 2007, though signifying the

merger of two competing security structures also has the potential of creating discord with the USA and NATO.

Gains to India from SCO's multilateral platform have so far been evolving and gaining momentum independent of SCO. India continues to favour increased cooperation with SCO on trade, energy and economic issues while it would steer clear of forming any military alignment with the grouping.

References/end Notes

1. For a detailed analysis of requirement of US bases in Central Asia and interests of SCO see Lionel Beehner, "Asia: U.S. Military Bases in Central Asia" available at Council on Foreign Relations website available at <http://www.cfr.org/publication/8440/asia.html#3>.
2. For instance see PINR report drafted by Adam Wolfe titled "The 'Great Game' Heats Up in Central Asia", 03 August, 2005 available at http://www.pinr.com/report.php?ac=view_report&report_id=339&language_id=1.
3. Eric Marquardt, Adam Wolfe, Yevgney Bendersky, "Rice Attempts to Secure U.S. Influence in Central Asia", October 17, 2005 available at http://www.pinr.com/report.php?ac=view_report&report_id=382&language_id=1.
4. Marc Lanteigne, "Medias Res: The Development of Shanghai Cooperation Organisation as a Security community", *Pacific Affairs*, Volume 79, No. 4-Winter 2006-2007.