

# New Power Politics in ASIA

Briefing note on the  
Shanghai Cooperation Organisation



Focus India  
Publications  
December 2007

About the Author : Varsha Rajan Berry is a Research Associate of Focus on the Global South, India based in Mumbai

Researcher : Animesh Narain, then a student with Tata Institute of Social Sciences, Mumbai, and working as an intern at Focus on the Global South, India, collected the background material for this paper

Edited by : Nicola Bullard & Herbert Docena (Focus on the Global South)

Cover Picture : The Studio

Published in : December 2007

Published by : Focus on the Global South, India  
A - 201, Kailash Apartments,  
Juhu Church Road, Juhu,  
Mumbai - 400 049. India

Tel : +91-22-6592 1141 / 6592 1151

Telefax : +91-22-2625 4347

Email : focusind@vsnl.net

Website : <http://www.focusweb.org/india>

Designer : Ka Designs - kadesigns@gmail.com

Layout : The Studio - thestudio@rediffmail.com

Printer : NEIL Art Printers - neilartprinters@gmail.com

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# New Power Politics in ASIA

## A Briefing Note on the Shanghai Cooperation Organisation

The Shanghai Cooperation Organisation is a further development of the Shanghai Five grouping, a regional mechanism which was originally created on April 26, 1996 with the signing of the Treaty on Deepening Military Trust in Border Regions in Shanghai by the heads of states of Kazakhstan, the People's Republic of China, Kyrgyzstan, Russia and Tajikistan. On April 24, 1997, the same countries signed the Treaty on Reduction of Military Forces in Border Regions in a meeting in Moscow. Subsequent annual summits of the Shanghai Five group took place in Almaty, Kazakhstan in 1998, in Bishkek, Kyrgyzstan in 1999, and in Dushanbe, Tajikistan in 2000.<sup>1</sup>

The Shanghai Five was designed to solve the border disputes lingering between the Soviet Union's successor states and China in the wake of the end of the Cold War. Originally it was China's initiative, taken after resolving its border problems with Central Asia and Russia. The grouping was also profitable for the Central Asian States, which were lacking in consistency, stability and resources in the mid-nineties and also struggling to establish multilateral and bilateral relations beyond the region. Shanghai five was also a platform to balance the role of the United States in the Central Asian region. The first meeting, which took place in Shanghai in 1996, focused on confidence-building measures between China and the other four states.<sup>2</sup> These measures proved very successful, paving the way for an expansion of the Shanghai Five's agreements into other areas, such as counter-terrorism and smuggling, at its 1998 meeting. By 2000, the group had transformed into a general discussion forum for the region, covering areas from coordination between law enforcement agencies to economic and trade relations.<sup>3</sup>

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1 [http://en.wikipedia.org/wiki/Shanghai\\_Cooperation\\_Organization](http://en.wikipedia.org/wiki/Shanghai_Cooperation_Organization).

2 Document of the Ministry of Foreign Affairs of the People's Republic of China.

3 "Here There Be Dragons: The Shanghai Cooperation Organization", 26th September 2005, Centre for Defence Information, China.

## BIRTH OF THE SHANGHAI COOPERATION ORGANISATION

At the 2000 summit in Dushanbe, the Shanghai Five ceased to be an organization bound by a common conflict and was transformed into an organization bound by common interests.<sup>4</sup> All member states were relatively authoritarian regimes being challenged by Islamic radicals with regional support, creating an interest in cooperating to repress these movements. In the declaration released after this summit, the Shanghai Five pledged to respect the sovereignty and domestic institutions of fellow members, freeing them to deal with internal dissent while affirming a commitment to peace and stability in the region there by creating a common cause against radicals.<sup>5</sup>

The 2001 summit in Shanghai marked the end of the Shanghai Five and the creation of the Shanghai Cooperation Organization (SCO), which included the original five members plus Uzbekistan. All six heads of state signed on June 15, 2001 the "Declaration of Shanghai Cooperation Organization" aiming to take this new entity to a higher level of cooperation.<sup>6</sup> In July 2001, Russia and China (PRC), the organization's two leading nations, signed the Treaty of Good Neighbourliness and Friendly Cooperation. Although this new organization professed an intention to address a full range of international issues, its focus remained firmly on security issues in general and Islamic extremism in particular. The 2001 Shanghai Declaration, as well as the 2002 Charter of the SCO following from it, made abstract promises of cooperation in a number of areas but only took concrete action on the issue of terrorism.<sup>7</sup> These agreements created Regional Anti- Terrorism Structures (RATS) based on the principles outlined in the 2001 Shanghai Convention on Combating Terrorism, Separatism, and Extremism.<sup>8</sup>

In the time between the declaration of the Shanghai Cooperation Organization in 2001 and its actual founding in 2002, the situation in Central Asia changed dramatically. The September 11 attacks and the subsequent invasion of Afghanistan in October 2001 gave the United States a new interest in the region. In

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4 Chronicle of the Main events, [www.scosummit2007.org](http://www.scosummit2007.org), SCO Chronicle.

5 Documents of SCO, Declaration on Establishment of SCO, Ibid

6 Brief History of SCO Summits, 21-04-2006, Official Website of SCO Summit.

7 Ibid

8 Ibid, footnote 3

order to support its operations against the Taliban, the United States negotiated with Uzbekistan, Kyrgyzstan, and Tajikistan to provide military airfields in exchange for significant increases in aid and other assistance. At the same time, the US-led “war on terror” improved relations between Russia and the United States, pushing the problem of human rights abuses in Chechnya to the back and bringing the common struggle against “terrorists” forward. This significantly weakened the relationship between Russia and China, which had previously discussed SCO as a tool for undermining American dominance and creating a “multi-polar” world. In this new environment, the strength of SCO seemed to be waning and with it China's influence in Central Asia. Many experts predicted SCO's demise and saw evidence of this in Uzbekistan's vigorous pursuit of improved relations with the United States.

This view of SCO was apparently confirmed by its slow progress towards becoming a functional organization. While there were numerous meetings between government officials, the RATS Council and the SCO Secretariat, the only bodies existing entirely within SCO, did not begin meeting until October 2003 and January 2004 respectively. Despite these issues, SCO claimed credit for some significant activities. In late 2002, China and Kyrgyzstan conducted counter-terrorist exercises “within the framework of SCO.” Larger, more significant exercises, involving all SCO members except Uzbekistan took place in August 2003.<sup>9</sup>

## THE COLOUR REVOLUTIONS

As the organization began to find its footing, it started devoting more attention to expanding economic and cultural ties. The extended US presence in Afghanistan, Uzbekistan, and Kyrgyzstan became a concern to China and Russia, which began using SCO to offer economic incentives to counter US influence. For example, at the 2004 summit in Tashkent, plans were floated for an SCO Development Fund and Business Council and the emphasis on political and cultural

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<sup>9</sup> Roy, Allison, “Regionalism, Regional Structures and Security Management in Central Asia”, *International Affairs*, Volume 80, Issue 3, pg. 463-483, May 2004.

cooperation increased significantly.<sup>10</sup> These measures revealed an effort to reinvigorate SCO and its role in regional politics.

Political events in early 2004 and 2005 also helped reinvigorate SCO. The “colour revolutions” of December 2003, December 2004, and April 2005 in Georgia, Ukraine, and Kyrgyzstan respectively represented a wave of democratic movements, which made the autocratic governments of Central Asia distinctly uncomfortable.<sup>11</sup> With the United States and other Western states applauding these “revolutions”, China and Russia represented buttresses against unrest. The shift in attitude was particularly dramatic in Uzbekistan, which many analysts believed was disengaging itself from the organization. Following the massacre of protesters at Andijan in May 2005, relations between Uzbekistan and the West soured, while SCO offered its support for the governments' actions.<sup>12</sup>

At its 2005 summit in Astana, Kazakhstan, SCO dramatically re-asserted itself as an international force by calling on members of the US-led coalition in the “war on terror” to set a final timeline for their temporary use of military infrastructure and bases on the SCO member-states' territories.<sup>13</sup>

It was the first time SCO had taken a strong stance on an issue of such geopolitical importance. This statement was quickly followed by an Uzbek request for the United States to remove its forces from Uzbekistan, which included major base-supporting operations in Afghanistan. Additionally, the Astana summit included Iran, Pakistan, and India as observers for the first time – an expansion that included all the major regional powers.<sup>14</sup> This was a clear sign that SCO has the ambition and the potential to emerge as an influential player in Central Asian politics.

Since the June 2004 summit in Tashkent, SCO has gone from strength to strength.

It simply stepped into the geopolitical vacuum resulting from the collapse of American policy in the region. While it is important to note that the Shanghai

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10 “Here There Be Dragons: The Shanghai Cooperation Organization”, 26th September 2005, Centre for Defence Information, China.

11 Ibid.

12 Akiner, Shirin, “Violence in Andijan, 13th May 2005”, Silk Road Paper, July 2005

13 Ibid, footnote 10

14 Official website of SCO Summit, about SCO Chronicle of main events. [www.scosummit2007.org](http://www.scosummit2007.org)

Cooperation Organization did not engineer the collapse, it was also a result of the American policy change in Central Asia. Today, the “Shanghai spirit” and the implicit backing of Russia and China give Central Asian states a newfound strength in facing up to the diverse challenges posed by local democratic forces, colour revolutions, terrorism, separatism, and religious extremism.

The SCO is a practical arrangement, which is of help to its constituents. For example, Kyrgyzstan was able to question the United States on the annual fee which it gives Kyrgyzstan for using its Manas air base and also ask for a withdrawal of troops. This would not have been possible without the support of the SCO, since the call also came from the alliance.

To sum up, the gains for the Central Asian States based on the above facts and turn of events has given a collective approach to the region. The SCO has brought money on the table for various SCO projects, which is beneficial for the newfound economies of the Central Asian States. The SCO does not ask uncomfortable questions and does not interfere in the internal politics of each of these states. It respects national sovereignty or, more accurately, adopts a policy of non-interference. Last, but not the least, the SCO definitely harmonises the relationship between Russia and China in maneuvering the political space.

#### SECURITY AS MAIN FOCUS

The SCO is centered on its member's security-related concerns, often describing the main threats it confronts as being terrorism, separatism and extremism. In 2003, a joint counter-terrorism center was built in Shanghai, China. In the June 16, 2004 SCO summit, held in Tashkent, Uzbekistan, the SCO agreed to form the Regional Anti-terrorism Structure (RATS). The RATS, a permanent organ, is referred to as the first organization to launch an attack against all three “evils” mentioned earlier. On April 21, 2006, the SCO also decided to establish a new institute to fight cross-border drug crimes. Russia's permanent representative in the SCO secretariat Grigory Logninov claimed in April 2006 that the SCO has no plans to become a military bloc; nonetheless, he argued that the increased threats of "terrorism, extremism and separatism" make necessary a full-scale involvement

of armed forces. There have been a number of SCO joint military exercises: The first of these was held in 2003, with the first phase taking place in Kazakhstan and the second in China.<sup>15</sup>

Following the successful completion of the first ever Sino-Russian military exercises in 2005, Russian officials began speaking of the SCO taking on a military role and of India also joining these exercises in the future. The next joint military exercises were planned for 2007 in Russia, near the Ural Mountains and close to Central Asia, as was agreed upon on April 2006 at a meeting of SCO Defense Ministers. This decision to hold large-scale joint military exercises scheduled for the summer of 2007 in central Russia, together with the Collective Security Treaty Organization (CSTO) –the military alliance that is Moscow's answer to the North Atlantic Treaty Organization's enlargement into the post-Soviet space – is a significant step. Described as “Warsaw Pact-2,” the CSTO includes Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan. That the military exercises took place against the backdrop of the chill that has descended on Russia-US relations in the past year or two, and in light of the likely deployment of the first interceptors of the US missile defense systems in Central Europe and the Asia-Pacific region, is no doubt significant.<sup>16</sup> Russian Defense Minister Sergei Ivanov said that the exercises are transparent and open to the media and the public. The joint military exercises were the largest war games the grouping has ever conducted. The exercises took place with about 6,000 soldiers, more than 1,000 combat vehicles, and scores of aircraft. They practiced combat skills in what is called the Peace Mission-2007, in the Chelyabinsk region of Russia.<sup>17</sup> Although, as decided, these exercises did not involve the CSTO.

The exercises coincided with its 7<sup>th</sup> annual summit meeting in the Kyrgyz capital Bishkek on August 16-17, 2007 and by doing so, the SCO has sought to demonstrate its growing regional clout and focus on security and counter terrorism.<sup>18</sup>

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15 [http:// en.wikipedia.org/wiki/Shanghai\\_Cooperation\\_Organization](http://en.wikipedia.org/wiki/Shanghai_Cooperation_Organization)

16 “SCO States hold Joint Military Exercises”. Radio Free Europe, Radio Liberty, 17th August 2007.

17 Ibid

18 SCO Summit Meeting Issues Joint Communiqué, China View, 17th August 2007.



These military maneuvers were significant in several ways. It was the first time that the SCO leaders attended the war games, the first time that the militaries of all the SCO members took part in the drill, and finally, the first time that China dispatched its troops to train abroad. The Presidents of China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan traveled to the West Siberian town after the annual summit in Bishkek to witness these exercises.

### 2007 SCO SUMMIT IN BISHKEK – REORDERING THE WORLD ORDER?

This year's summit took place amid debate about the SCO's expansion and its potential as a regional counterweight to NATO. The observer nations Mongolia, Pakistan, Iran and India attended the summit. The other first-time special guests at the summit were Afghanistan President Hamid Karzai, Turkmen President Gurbanguly Berdimukhamedov and UN General Secretary B. Lyn Pascoe. There were no additions to the members' list, even though Iran was open and Pakistan wanted to become a member. The highlights of the summit were the signing of Declaration of Peace, Security and Stability, Combating Terrorism, Separatism and Extremism between 2007-2009, an expressed intention to play a bigger role in Afghanistan to contribute more to regional security and stability, and to deepen concrete cooperation between the Commonwealth of Independent States (CIS), the European Economic Cooperation (EEC) and the Association of South East Asian Nations (ASEAN).<sup>19</sup>

Although the SCO leaders have repeatedly denied any plans to transform their group into a defence alliance, the security component has been growing. Three years ago the SCO had set up RATS for information exchange and joint training of national security services. Two years later the cooperation between the Defence Ministries was institutionalised by the establishment of the Defence Ministers Council. In 2007 Russia floated a draft agreement to formalise closer military ties among the SCO states. China has also now backed Russia's proposal of partnership between the SCO and the CSTO. Although, (as has been mentioned earlier) CSTO did not participate in the 2007 exercises. It is important to note that

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<sup>19</sup> SCO Leaders Sign Declaration on Security Stability, China View, 17th August, 2007.

China, the only SCO member which is not a part of CSTO, had earlier rejected Russia's proposal of holding the 2007 joint exercises with the CSTO. Although a formalised partnership between the two organisations would lay the basis for a defense alliance between Russia and China in Central Asia and turn the SCO into an effective counterweight to the US and the NATO in the region.<sup>20</sup>

The Declaration adopted in Bishkek stated that regional security was the responsibility of the SCO alone. Joint exercises were primarily conducted for this purpose and will be held over a period of time in different SCO countries. It was also a reminder to the USA that the SCO in 2005 had demanded from Washington the withdrawal of troops and military forces from Central Asia and also to set a deadline for the same. The reminder sounded particularly loud as the SCO leaders met in Bishkek several kms away from the US airbase at the Kyrgyz main airports Manas. It is the only remaining US base in Central Asia after Uzbekistan closed down another airbase that Pentagon had set up to support its anti Taliban operation in Afghanistan.<sup>21</sup>

To my mind, the SCO security concerns are also prompted by a looming US defeat in Iraq and the resurgence of the Taliban in Afghanistan. The situation in the region and in the neighbouring countries remains unstable and it is quite possible that the situation in Afghanistan may worsen. As mentioned earlier, the SCO leaders had resolved to play a greater role in Afghanistan. They agreed to convene an international conference in 2008 on post-conflict rehabilitation of Afghanistan and energise the work of the SCO contact group of Afghanistan. President Putin called for the creation of counter-narcotic security belts and belts of financial security to disrupt financing of the drug trade in Afghanistan.

## ENERGY KEY TO ECONOMIC COOPERATION

A framework agreement to enhance economic cooperation was signed by the SCO member states on September 23, 2003. At the same meeting, Chinese premier Wen Jiabao proposed a long-term objective to establish a free trade area

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<sup>20</sup> Radyuhin, Vladimir, "Setting up SCO as Counter to NATO", The Hindu, 21st August, 2007.

<sup>21</sup> Ibid.

in the SCO, along with other more immediate measures to improve the flow of goods in the region. A follow-up plan with 100 specific actions was signed one year later, on September 23, 2004.<sup>22</sup>

At the Moscow Summit of the SCO on October 26, 2005, the Secretary General of the organization said that the SCO will prioritize joint energy projects, including in the oil and gas sector, the exploration of new hydrocarbon reserves, and joint use of water resources. The creation of an Interbank SCO Council was also agreed upon at that summit in order to fund future joint projects. The first meeting of the SCO Interbank Association was held in Beijing on February 21-22, 2006.

There is also a proposal within the SCO to form an SCO Energy Club and this plan gained momentum at the Bishkek Summit held on August 16-17, 2007 with the SCO instituting regular meetings of the group's Energy Ministers. Mr. Putin clearly mentioned in his speech that the unfolding energy dialogue, the integration of national energy concepts, and the creation of the Club will set out priorities for further cooperation. Apart from the SCO members, the Energy Club is bound to include Iran and Turkmenistan. Iran has offered to host a conference of SCO Energy Ministers in Iran while Turkmenistan has recently signed agreements to build new pipelines to Russia and China.

#### WHO IS IN AND WHO WANTS TO JOIN?

Mongolia became the first country to receive observer status at the 2004 Tashkent Summit. Pakistan, India and Iran were conferred observer status at the 2005 SCO summit in Astana on July 5, 2005. All four nations have applied for full membership in the organization.<sup>23</sup>

Chinese Assistant Foreign Minister Li Hui once said that the SCO will not take in new members before its six members make serious studies. Russia's permanent representative in the SCO Secretariat Gregory Logninov has also claimed that the

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<sup>22</sup> [http://en.Wikipedia.org/Shanghai\\_Cooperation\\_Organization](http://en.Wikipedia.org/Shanghai_Cooperation_Organization).

<sup>23</sup> Weitz, Richard, "SCO Fails to Solve its Expansion Dilemma", Central Asian Caucasus Institute Analyst, 19th September 2007.

enlargement of the SCO is impeded by "an immature mechanism of admission of new members" while Secretary General Zhang Deguang argued that an overexpansion might hinder the intensification of the cooperation.<sup>24</sup>

In a series of meetings in February 2006 with Chinese officials and media, Pakistan's President Pervez Musharraf argued in favour of his country's qualification to join the organization as a full member. China said that it would convey Pakistan's desire to all SCO member states. In turn, Musharraf was formally invited to the sixth summit of the SCO in Shanghai in June 2006. Belarus has also applied for observer status in the organization and has been promised Kazakhstan's support towards that goal. However, Russian Defense Minister Sergei Ivanov voiced doubt on the probability of Belarus' membership saying that Belarus was a purely European country.<sup>25</sup> China is reluctant and even inimical to further expansion of the SCO and admission of other countries while Russia, the other power pole in the cartel, affirms its commitment to inclusion and openness, barring the countries, which do not come in Asia.

Iran and Pakistan are fervently clamouring for full membership. The 2006 Summit was a watershed in that it witnessed the participation of Mahmoud Ahmadinejad from Iran.<sup>26</sup>

The Serbian Radical Party led by Vojislav Seselj, who is currently awaiting trial in The Hague, has also called for Serbia to join the SCO. The party, which is labeled "ultra-nationalist", views the European Union as being a negative force on Serbia. The party also wants better relations with Russia and has proposed that Serbia joins the Union of Russia and Belarus.<sup>27</sup>

As already mentioned earlier in the paper, no new members were added in the 2007 summit in Bishkek.

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24 Bigg, Claire, "Russia/Central Asia: Shanghai Cooperation Organization Mull Expansion", Europe Free Radio.

25 "SCO States hold Joint Military Exercises". Radio Free Europe, Radio Liberty, 17th August 2007.

26 Cherian, John, "Shanghai Spirit", 14th July 2006, Frontline.

27 [http://en.wikipedia.org/wiki/Union\\_of\\_Russia\\_and\\_Belarus](http://en.wikipedia.org/wiki/Union_of_Russia_and_Belarus)

The SCO has also encouraged India to join the organization, saying that it would properly consider its application should it decide to join the group. So far, India has not applied but has unofficially showed its interest in joining the group.

Casting a glance at the 2006 summit of the SCO, the low-profile representation of India is worthy of note: all other delegations were represented by heads of state while India's representative was Petroleum Minister Murlu Deora. While Deora is conspicuously missing from a photograph of leaders taken at the summit ostensibly owing to reasons of protocol, there may be more to it given that former Prime Minister A.B.Vajpayee and the others were, in the past, quick to capitalize on opportunities to attend ASEAN summits notwithstanding their quasi-affiliate status there.<sup>28</sup>

In light of India's recent nuclear deal with the US, it leaves little to imagination why Deora was sent and not the premier. Another factor in India's low-key presence was the attendance of Ahmedinejad. With the US blatantly demonizing Ahmadinejad, India too, was consistently cautioned against committing any indiscretions on the Iran front lest the passage of its nuclear cooperation bill be jeopardized. India's purported intention is to join the SCO but it has been keeping a low profile in order to remain in the US' good books. To take it further, India has yet to take a definitive stand on joining the SCO, which most likely comes from India's own lack of a comprehensive strategic vision. India has still not defined its permanent interests but only its friends and enemies.

The current mood of India and the shift in its foreign policy which we are witnessing works splendidly well for the US, which resents in the thickening strategic ties between Russia and China. The damage in the traditional bonds of friendship and cooperation between India and Russia meets the core objective of the US diplomacy. Not too long ago, Russia used to regard India as a reliable partner in Central Asia. Russian diplomacy constantly urged India to play a proactive role in Central Asia's difficult post-Soviet transition. It is important to note that in the Soviet

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<sup>28</sup> Ibid, Footnote 26.

era, India was only one of the four fraternal countries that were permitted to maintain consulates in the Central Asian region.<sup>29</sup>

Despite the pro-American tilt, it is hard to believe that India really believes in the US; "Great Central Asia" strategy which aims to draw the Central Asian states away from the SCO toward a cooperation arrangement with the South Asian region. India should very well recognize the US failures in Iraq and Afghanistan. Also, in the recent 2007 summit, the declaration made it very clear that the SCO members will not allow any interference in the matters of their region.

During the 2007 summit in August India was the only country that was not represented at the level of the head of government/state. As has been mentioned, the SCO is focused on security issues. The various observer countries have responded differently. While on one hand, Iran wants a full membership; India has decided to distance itself from the SCO political agenda. 'The Hindu' newspaper in India reported that India does not want to align itself with this six-nation grouping in military, strategic and political terms, but wants to be a hands-on participant especially in improving trade, economic, and cultural linkages.<sup>30</sup>

Although India did show its interests in energy cooperation with the SCO by sending Deora to Bishkek, the fact that India was the only country to not send the Head of the Government was noticed by the SCO and particularly Russia. Delhi should take note that the SCO in the 2007 summit made clear that the economic and security agendas have the same priority for the SCO and those who wish to have full-fledged cooperation with the organisation should go for both.

## IRAN

Iran has for all these years expressed its intention to join the SCO, which might complicate issues for the western countries trying to curtail Iran's nuclear ambitions. Iran, although was hoping to become a full member in the August 2007 SCO Summit but failed to as no new member was added this time. Surely the

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29 Bhadrakumar, M.K. "The New 'NATO of the East' takes shape", 25th August 2007, Asia Times

30 Radyuhin, Vladimir, "Setting up SCO as counter to NATO", 21st August 2008, The Hindu.

membership would help in terms of getting extra support from Russia and China in its time of crisis.

Membership of the SCO could offer Iran shelter from the intense US-led international pressure on Tehran to end uranium enrichment. Russia and China have already given Tehran crucial support in the United Nations debate over its controversial nuclear programme. Both have resisted pressure from the United States and its European allies to formulate a UN draft resolution that could open the way for economic sanctions or even military intervention unless Iran stops work on the nuclear fuel cycle.

Iran's aims in aligning itself with the SCO fit well with Chinese and Russian geo-strategic goals. Moscow and Beijing want to reduce the penetration of US influence into Central Asia and the Middle East. In this context, Iran could serve as a bastion against further US encroachment from the West. In addition, for China, access to Iran's vast energy resources is essential, and bringing Tehran into the Shanghai club ensures that access. The European Union has just brought forward a new package of economic incentives to offer Tehran in exchange for giving up nuclear enrichment. Against this, Tehran is weighing the possibility of increased SCO investment in its energy sector.<sup>31</sup>

The prospect of Iran joining the SCO, and possibly India, Pakistan, and Mongolia -- all of which currently have observer status -- could affect the fine balance in the organization between Russia and China. Iran has pledged it will not give up its right to develop its nuclear program, including the uranium fuel cycle, and that the international community, whether in East or West, must accept that.

## RUSSIA

Russia is one of the two important members of the SCO. Central Asia remains at the heart of Russia's sphere of influence. However, the past 15 years have seen its military and diplomatic strength in the region reduce due to difficulties of transition

<sup>31</sup> O'Rourke, Breffni, "Iran: plans to join Shanghai group seen as bold geopolitical stroke," Radio Free Europe, Radio Liberty, 15th May 2006.

to capitalism, the war in Chechnya, and problems maintaining its large, Soviet-legacy military. Although, it still maintains close cultural ties with many of the Central Asian republics, continuing to provide services such as border patrol forces, etc.

Russia is involved in several other multilateral organizations in which it is the dominant partner, such as the Commonwealth of Independent States and the Collective Security Treaty Organization. Relative to SCO, it holds much greater influence within these groups, giving it a stronger interest in projecting its power through them. While still one of SCO's dominant states, its influence is much less visible than that of China.

## CHINA

At its heart, SCO is a Chinese project. The Shanghai Five was created with China on one side and the Soviet successor states on the other, making Beijing the natural nexus as the organization became a more multilateral body. The Dushanbe Declaration of 2000 reveals an organization heavily under the influence of China.<sup>32</sup> The decision to locate SCO's headquarters in Beijing and to appoint a Chinese secretary-general reflects a sustained and powerful Chinese influence. These administrative choices have given the Chinese government much greater access to and influence over SCO leadership.<sup>33</sup>

The current organization is extremely important to China's strategic goals for Central Asia. First, several member states (Russia, Kazakhstan, and Uzbekistan) have significant supplies of oil and natural gas and are rich in mineral resources that China needs to secure to fuel its economic growth. Second, SCO helps fight Uyghur separatists in Xinjiang province, who draw support from other separatists in the region. Finally, SCO stands as a buffer against the burgeoning US presence in Central Asia.<sup>34</sup> The United States has long had a significant military presence near China's eastern coast, and the Chinese government is concerned that the United States is seeking to develop a presence along its western border, thereby

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<sup>32</sup> "Here They Be Dragons: The Shanghai Cooperation Organization", Centre for Defence Information, China, 26th September, 2005

<sup>33</sup> Ibid

<sup>34</sup> Ibid



encircling the country. The SCO presents the perfect tool for China to oppose the United States by cloaking its domestic interests and goals in the trappings of multilateralism. The most recent official document the Chinese Military White Paper of 29<sup>th</sup> December 2006 refers to the SCO as a regional stabilising body and talks of the US, Japan and others as concerns but does not view India as a threat.<sup>35</sup> Whether China still holds the same view after the Indo-US nuclear deal remains to be seen.

China has successfully tapped the organization to stimulate bilateral cooperation with Central Asian countries. Considering that until recently China loomed large in the Central Asian consciousness as a hostile power, the soft power that China wields today is extraordinary.

China has used the SCO forum and the Russian influence in Central Asia to return to the region, which is indeed its back yard, for the first time in nearly 1,000 years.

Through the SCO, China has acquired local knowledge, which it has used to build relations with the region's indigenous political, economic and military elites. These has resulted in many politically and economically significant projects, such as China's gas deal with Turkmenistan in April 2006; the commissioning of an oil pipeline from Kazakhstan; China's proposal for an energy-pipeline grid for Central Asia and connecting it with Xinjiang; China's cooperation agreement with Iran in the Caspian region; China's gas deals with Uzbekistan; China's interest in participating in a Turkmenistan-Afghanistan-Pakistan gas pipeline.<sup>36</sup>

In general, for both China and Russia the alliance is a handy diplomatic lubricant, serving both as a clearinghouse of Chinese-Russian cooperation in Central Asia and as a reality check on their vaulting regional ambitions. However the strategic China-Russia partnership has much greater significance regionally and globally and they will not let their differences get out of control.

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<sup>35</sup> China's National Defense in 2006, updated: 29th December, 2006, Beijing. Information Office of the State Council of the People's Republic of China.

<sup>36</sup> Ibid

## THE UNITED STATES AND THE SCO

The SCO and the Shanghai Five have never been particularly friendly toward the United States. The Dushanbe Declaration took an explicitly anti-American position on National Missile Defence and the Anti-Ballistic Missile Treaty, and Russia and China sometimes mention SCO as a mechanism for creating a “multi-polar world,” a reference to the overwhelming power of the United States.<sup>37</sup>

Afghanistan, a close ally of the US, had not attended a single SCO summit despite its location in the heart of Central Asia, until the one held recently in August 2007. It was an observer nation and the SCO, also as mentioned has shown keen interest in Afghanistan and its rehabilitation programme.

While the SCO has promoted economic integration since its inception and is well on course to expanding the region's trading infrastructure and engaging in joint efforts to develop energy export routes, there are concerns in the US on a variety of counts.

## ENERGY

Three of the SCO members are among the largest energy producers in the world. The SCO has shifted gears since inception from "deepening mutual trust and furthering military cooperation" to the trade dimension taking centre stage with the object of facilitating goods and services across borders. Today, the key or at least emerging key dimension of this trajectory is energy. The constituent forces are now talking of embracing conflict minimization, which they believe stems from the tussle for control and acquisition of energy, into the over-arching Central Asia and Russia energy cooperation mandate. Strategically, natural gas remains the key driver and informer of the SCO process especially given China's burgeoning energy requirements and high conventional transportation costs. Piped gas supply will cut down costs and transfer time significantly if a pipeline between China and Central Asia gets established.

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<sup>37</sup> Ibid, Footnote 3. "Here They Be Dragons...."

## EVICTON OF US MILITARY FROM CENTRAL ASIA

The Central Asian SCO member countries appear to be in no mood to allow the continuance of US presence in their backyards. Kyrgyzstan has upped its rent for the US base on its soil six-fold and demanded \$100 million by way of aid. The US perception is that Russia and China -- through the SCO -- are not only trying to belittle US role in the region but also looking to remove its presence completely.

Though the declaration on the establishment of the Shanghai Cooperation Organization contained a statement that it "is not an alliance directed against other states and regions and it adheres to the principle of openness",<sup>38</sup> most observers believe that one of the original purposes of the SCO was to serve as a mechanism to keep (or push) the United States out of Central Asia.



38 "Made in China: The Shanghai Cooperation Organisation", The Peking Duck, 5th June 2006.

The SCO's security agenda appears dubiously vast to experts with its professed commitment to combat extremism, separatism and terrorism through military means. It has been compared to the Warsaw Pact, and even referred to as the "NATO of the East". The Russian and Chinese leaderships, however, vehemently reject these characterizations and disavow any motives towards the achievement of such status.

Efforts by Moscow and Beijing to increase their influence in Kyrgyzstan also appear to have taken a toll on US interests. To extend an agreement on the US military's use of an air base at Manas, outside the Kyrgyz capital of Bishkek, Washington had to agree to a massive rent hike: from an annual \$2.7 million payment to \$150-200 million per year. In contrast, a Russian base in Kyrgyzstan operates rent-free.<sup>39</sup> Beijing has gone so far as to contact Kyrgyz officials to explore the possibility of Chinese military bases in Kyrgyzstan. The increasing Chinese militarization of the region raises the possibility of the use of military means to address regional issues, especially religious radicalism, terrorism, separatism and narcotics trafficking. An area of particular concern to China is Xinjiang Province, the centre of Uyghur separatist activity. After the collapse of the Soviet Union, Beijing secured the agreement of Central Asian states not to support, protect or train Xinjiang separatists. Since then, China and Central Asian states have signed agreements on combating separatism and terrorism, launching military and security cooperation in the border regions and beyond. The People's Liberation Army has been involved in several joint exercises with troops from other SCO states, including the first-ever bilateral joint exercise with Russian forces in the summer of 2005.<sup>40</sup> The interoperability of Russian and Chinese forces would constitute a great force multiplier in the event of a major military confrontation, and the possibility of coordinated action is viewed by the Pentagon with great suspicion. This is further reinforced by the fact that Russian units outnumber American forces deployed in Central Asia. Military cooperation between Russia and China, under the guise of counter-terrorism in Central Asia, has the potential to set off alarms in the planning rooms of NATO and the Pentagon. It already has the Americans believing that the SCO is but a stratagem to squeeze the US out of the region. Many observers also

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39 Berdikeena, Saltanat and Eric Mark, "Russian Energy Politics", Eurasia21.

40 Finn, Peter, "Chinese, Russian Militaries to hold first joint drills", Washington post Foreign Service, 15th August 2005.

believe that the organization was formed as a direct response to the threat of missile defence systems by the United States, after the United States reversed course in its nuclear policy and began promoting National Missile Defence.<sup>41</sup>

Although, China and Russia's conflicting interests have limited the group's ability to act in a coordinated manner. Immediately after the September 11, 2001 attacks, the SCO was unable to develop a coordinated policy against terrorism and was also unable to deal as a collective body with the United States. The United States was able to significantly increase its influence by offering aid and convincing many of its Central Asian members to allow the United States to use their territory as military bases. In July 2005, after the war in Afghanistan and Iraq saw an indefinite troop presence of US forces in Uzbekistan, Tajikistan and Kyrgyzstan.

The SCO after being strengthened and also in turn strengthening the Central Asian States started demanding withdrawal of troops and bases, the SCO meeting at its summit in Astana, Kazakhstan, urged USA to set a timetable for withdrawing their troops from member states. Since then, Uzbekistan has asked the US to leave the K-2 air base. As mentioned earlier in the section on the 2007 summit the only operating US base in Central Asia is in Kyrgyzstan after Uzbekistan shut down another air base that Pentagon had set up to support its anti Taliban operation in Afghanistan.

The Bush administration is deeply disconcerted by the emergence of the SCO. It has termed SCO "an anti-US" group and as one that "has the potential to emerge as a counter-weight to NATO".<sup>42</sup> The Russian and Chinese leadership deny any motive to turn the SCO into a NATO-type formation. The paradox here is the paradigm shift in policy and priority of the SCO where militarization - especially by the Chinese - in Central Asia is being stepped up. This move is in stark dissonance with the original vision of deepening mutual trust and reducing military presence on the borders.

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41 [http://en.wikipedia.org/wiki/Shanghai\\_Cooperation\\_Organization](http://en.wikipedia.org/wiki/Shanghai_Cooperation_Organization).

42 Allison, Roy, "Regionalism, Regional Structures and Security Management in Central Asia", *International Affairs*, Volume 80, Issue 3, pgs 463-483, May 2004.

## SCO AND ITS FUTURE

The SCO including all its member and observer countries is the largest organisation geographically and also in terms of its population of which USA is not a member. The SCO is a definite slant against the US economic hegemony that it is trying to establish on the world. The initial objective along with others of Russia and China, the two main power centers within the SCO was to establish geopolitical multipolarity in Central Asia and check the US advance into the region. It is a reflection of the emerging multi-polar world.

It is quite clear from the paper that after an initial period of halting growth, the SCO, particularly after 2005, emerged as an alliance serving as an effective vehicle for not only Beijing and Moscow but for all of Central Asia and helping them achieve their geopolitical aims. SCO has definitely achieved some of its goals and now not only looks good on paper, but also in action. SCO is increasingly acquiring strength which is suggestive of its becoming a major political force of the Eurasian region.

Russia and China definitely have their differences over control of oil and gas reserves and their transportation route in Central Asia but if these two power centres maintain accord and the regimes in Central Asia depend and gain from the axis for political support, the SCO will grow in strength and Washington's influence will further diminish.

However, the future of the SCO depends not only on the actions of China and Russia. It will also be determined by international political factors such as the challenge to the NATO due to the divide between the EU and the US over the failure in the Iraq war; the future of the US military and political policy in both Afghanistan and Iraq; Iran becoming a member nation from an observer country; the US again asking for observer status during the July 2007 summit (which was declined); the future of the WTO and its various rounds and agreements; and on the rise of bilateral and regional trade agreements.

After the 2007 summit in August in Bishkek, the SCO is destined to play a vital role in ensuring international security and thus, despite America's strong disapproval, a multipolar global order is emerging, slowly but surely.

## THE STRUCTURE OF THE SHANGHAI COOPERATION ORGANISATION

Source: SCO structure - [www.sectSCO.org](http://www.sectSCO.org)

The Shanghai Cooperation Organization (SCO) is an intergovernmental organization which was founded on June 14, 2001 by leaders of the People's Republic of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Except for Uzbekistan, the other countries had been members of the "Shanghai Five". After the inclusion of Uzbekistan in 2001, the members renamed the organization. The official working languages of the SCO are Chinese and Russian.

### Members

People's Republic of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan

### Observers

Mongolia, India, Pakistan and Iran. The 2007 Summit was also attended by Afghanistan and Turkmenistan.

### Objectives

- Strengthening mutual trust and good-neighbourly relations among member states,
- Promoting their effective cooperation in political affairs, economy and trade, scientific-technical, cultural, and educational spheres as well as in energy, transportation, tourism, and environment protection fields,
- Joint safeguarding and presenting regional peace, security and stability,
- Striving towards creation of democratic, just, reasonable new international political and economic order.

### Structure

The SCO is nominally an international organization, with a permanent Secretariat headquartered in Beijing and a Secretary-General, currently Zhang Deguang. The Charter of the Shanghai Cooperation Organization, which was approved in June 2002, lays out the structure and responsibilities of the organization. The charter provides for the following bodies:

- Council of Heads of State

- Council of Heads of Government (Prime Ministers)
- Council of Ministers of Foreign Affairs
- Meetings of Heads of Ministries and/or Agencies
- Council of National Coordinators
- Regional Anti-Terrorist Structure
- Secretariat

However, until recently, SCO has been little more than a forum for multilateral meetings between senior officials. Most of the important work occurs at an annual summit, held in the middle of the year at the capital of a member state, which is then communicated to the world by a declaration. The only bodies exclusive to SCO are the administrative organs (the Secretariat and Council of National Coordinators) and Regional Anti-Terrorist Structure (RATS). With the addition of Business Council, the SCO has begun to gain additional responsibilities, but it still remains primarily a forum to facilitate intergovernmental consultation.

A council of permanent representatives headquartered in Tashkent, Uzbekistan governs the RATS. Its responsibilities are outlined in the Shanghai Convention on Terrorism, Extremism, and Separatism, which was signed at the same 2001 summit that declared the SCO. This document describes RATS as means for sharing intelligence on “terrorist, extremist, and separatist” groups and coordinating action against them. Under this convention, terrorism, extremism, and separatism are given broad definitions, providing its signatories with wide latitude to repress dissidents and insurgents alike.

1. Council of Heads of State. It is the highest SCO organ. Its main functions are to identify priority areas and basic directions of SCO activities, to determine matters of principle concerning SCO internal set-up and operation, to decide on matters of principle of SCO cooperation with other countries and international organization and to study pressing international issues.

Regular sessions of the Council of Heads of State are held once a year in member states alternately according to the Russian alphabetical order of the country names. The host country of the session of the Council of Heads of State assumes the rotating presidency of the organization.

2. Council of Heads of Government. Its main functions are to adopt SCO budgets, to study and determine the principal matters of cooperation in specific areas within the SCO framework, especially in the economic



field. Regular sessions of the Council of Heads of Government are held once a year.

3. Council of Ministers of Foreign Affairs. Its main functions are to study and resolve major issues of current SCO activities, including preparing for the meeting of the Council of Heads of State, implementing SCO decisions, and holding consultations on international issues. Regular sessions of the Council of Ministers of Foreign Affairs are arranged to take place one month before the regular meeting of the Council of Heads of State. The Minister of Foreign Affairs of the host country of the meeting of the Council of Heads of State serves as chairman of the meeting of the Council of Ministers of Foreign Affairs and may conduct external relations on behalf of the SCO.

4. Conference of Heads of Agencies. Its main function is to study and resolve specific questions of cooperation in specialized areas. At present, the meeting mechanism has been established for attorneys general (procurators general), and ministers of defence, the economy, commerce, transportation and culture as well as heads of law-enforcement, security, emergency and disaster-relief agencies.

5. Council of National Coordinators. It is a coordinator and management organ of SCO routine activities. It meets at least three times a year. Its chairman is the National Coordinator of the host country of the meeting of the Council of Heads of State and may represent the SCO externally subject to authorization by the chairman of the Council of Ministers of Foreign Affairs.

6. Secretariat. As the SCO's standing executive organ, the Secretariat is based in Beijing. Its main functions are to provide organizational and technical support for SCO activities, to participate in the study and implementation of SCO documents and to put forward suggestions for SCO annual budget making. The Council of Heads of State appoints the Executive Secretary. Member states take turns according to the Russian alphabetical order of their country names to serve a non-consecutive three-year term.

7. Regional Anti-Terrorism Structure (RATS). This is a SCO permanent organ based in Tashkent, capital of Uzbekistan whose main function is to coordinate SCO member activities against terrorism, separatism and extremism. The RATS is composed of the Council and the Executive Committee. The Council, a decision-making and leading body of RATS, is composed of leading officials of the competent authorities of the member states. The Council of Heads of State appoints director of the Executive Committee, which is RATS' routine executive body.



Focus on the Global South is a policy research organisation based in Asia (Thailand, Philippines and India). Focus provides support to social movements and communities in India and the Global South by providing research and analysis on the political economy of globalisation and on the key institutions underlying this process. Focus' goals are the dismantling of oppressive economic and political structures and institutions, the creation of liberating structures and institutions, demilitarization, and the promotion of peace.

The Shanghai Cooperation Organisation (SCO) is a regional mechanism, which was created in 2001 and consists of the following:

People's Republic of China, Kyrgyzstan, Russia, Tajikistan, Kazakhstan and Uzbekistan. It was inspired by the need to solve the border disputes lingering between the Soviet Union's successor states and China in the wake of the end of the Cold War. Originally a Chinese initiative, taken after resolving their border problems with Central Asia and Russia, it was also profitable for the Central Asian States, which were lacking in consistency, stability and resources in the mid-nineties and struggling to establish multilateral and bilateral relations beyond the region. It was also designed as a platform to balance the role of the United States in the Central Asian region.

**Main findings of this paper :**

- The SCO has been able to meet with its initial objective to establish geopolitical multipolarity in Central Asia and check the US advance into the region.
- It is a reflection of the emerging multi-polar world.
- Its increasingly acquiring strength is suggestive of becoming a major political force of the Eurasian region.
- The SCO will play a vital role in ensuring international security.