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The Shanghai Cooperation Organization: An Assessment

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The Shanghai Cooperation
Organization: An Assessment

by

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About the Author



Professor Nirmala Joshi

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Professor Nirmala Joshi has travelled extensively abroad and within the country to participate in international conferences on the Eurasian region. She has contributed several chapters to books and published articles in international and national research journals.

FOREWORD

1. At the recent summit meeting of the Shanghai Cooperation Organisation (SCO) at Ufa in July 2015 India along with Pakistan were offered full membership of this multilateral regional grouping. The geographical space covered by the SCO is of vital importance to India. At stakes are its security, geo-political, strategic and economic interests. The persistent threats from terrorism, radicalism and instability pose a grave challenge to the sovereignty and integrity not only to India, but also to countries that are part of its extended / strategic neighbourhood. The rise of the Islamic State of Iraq and Syria (ISIS), and its likely spread in the region compounds the existing security threats and challenges. Besides the region is richly endowed with natural resources and vital minerals, which has attracted immense world attention. Being landlocked accessing these resources, though difficult, depends on passage through third countries and the political will of the regimes in power. Enmeshed in this quest for natural resources is the competition among major powers to secure and possibly control them. Inextricably linked with this quest is also the search to create credible transport routes, that pass through friendly countries. International transport routes will give the landlocked countries an opportunity to maximize the value of their natural resources, develop human capacity and help in reducing unemployment.

2. Today this competition has acquired new dimensions resulting in the Eurasian region, that includes the SCO space, emerging as one of the key pillars in the evolving Asian politics. A regional cooperative approach is essential to meet the challenges of security and stability in the region and to promote greater economic engagement with the outside powers.

3. The SCO is the only multilateral grouping in the region that has a focus on regional security and economic development. In the fourteen years of its existence the SCO has passed several security related declarations and launched laudable economic initiatives. Apart from summit meetings these issues have also been discussed in the various structures of the SCO. What is the track record of the SCO? Has the SCO achieved its core objectives of ensuring security and economic development? Besides has the SCO emerged as a truly coherent and an efficient grouping able to meet the contemporary challenges? The SCO is an intergovernmental regional organization, and not an military alliance or as some even believed it to be an 'Eastern NATO' in the making. The potential of SCO lies in its ability to put forth a positive discourse on issues of security and economic development. Now that the SCO is set to expand it has raised hopes of an effective multilateral grouping emerging in the future.

4. These issues have been explored and analyzed in the following pages by Prof Nirmala Joshi. I am sure that the readers will find it interesting and useful.

New Delhi
October 2015

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The Shanghai Cooperation Organization: An Assessment

Nirmala Joshi

The recent summit meeting of the Shanghai Cooperation Organization (SCO) is a watershed one in more than one respect. In the 15 years of its existence as a regional grouping, the SCO is on the verge of a new phase in its evolution. A phase that is complex and complicated. Fundamental shifts have occurred and are occurring in the geopolitical landscape of Eurasia which includes the SCO space. The withdrawal of Western coalition forces from Afghanistan, after years of an inconclusive “war on terror” has led to a resurgence in militant activities in the region. With the rise of the Islamic State (IS) or Daesh in the Middle East, militants have gained a new confidence and support, and there is a real danger of insurgency spreading to Central Asia. Therefore, two main questions need immediate answers. In the absence of Western security cover would the SCO be able to tackle its core concern of regional security? And can it emerge as a security provider to its members?

At the broader level there is a sharpening of competition between China on the one hand, and the US and key European countries on the other. In the vast Eurasian space major powers have launched their respective ‘integrationist’ projects so as to bring the region within its zone of interests. These vital interests could get accentuated in the years to come. The US also has its ‘Rebalancing Strategy in the Asia-Pacific’ in the West, and ‘The New Silk Road Strategy’ of the United States to bring Central Asia closer to South Asia. These projects are viewed by China as part of American strategy of containment. Russian President Vladimir Putin is vigorously championing Russian concept of ‘Eurasian Economic Union’ (EEU) among the Central Asian Republics (CARs), while China is the driver of the ‘Silk Road Economic Belt’ (SREB) initiative. In addition, there is the ‘Maritime Silk Road’ (MSR) initiative put forward by China for the Indian Ocean region.

In this emerging ‘great game’ a new form of competition is evident. The key elements of the emerging competition are countries of Central Asia, the Asia-Pacific region and the Indian Ocean region. Viewed from the broader perspective the SCO space is one of the crucial area of this competition and in the on-going geopolitical shifts. Can the SCO meet these emerging challenges?

The second major development at the recent SCO summit was the acceptance of India and Pakistan as full members of the regional grouping, though for technical reasons the membership will come into effect only from 2016. For India it has been the fulfillment of its long standing aspiration. The membership will give India an opportunity to play a role in the region of its vital interests. The move has been welcomed by all members. According to the Chinese news agency Xinhua, the inclusion of India and Pakistan in the SCO will enhance the organization's influence and appeal on the international stage.¹ It is interesting to note that, as mentioned by Li Lifan of the Shanghai Academy of Social Sciences (as quoted by Eurasianet.org) "China's interest in India and Pakistan has increased since adopting its New Maritime Silk Road strategy and that could be behind its acquiescence to their joining the SCO".² Nevertheless it remains to be seen what kind of role the expanded SCO would play in the region.

Moreover, the SCO in the past has signed wide-ranging and comprehensive agreements on security, trade and investment, culture etc. These agreements are commendable, but their implementation at the multilateral level remains weak and hazy. The period of 'sowing seeds' as stated by former Secretary General of the SCO Zhang Deguang should have been over a long time ago. For now it is time to harvest the fruits. However, it seems the fruit is not ripe to be picked yet. The bilateral relationships among member countries are comparatively stronger than at the multilateral level. Part of the explanation lies in the fact the SCO lacks coherence. Having being created on the initiative of China (as Shanghai Five) and supported by Russia in which the Central Asian Republics (CARs) played a marginal role, the SCO is still grappling to emerge as a cohesive organization. Nevertheless, the importance of the SCO cannot be discounted because of its geopolitical space. It is the only regional grouping in the vast Eurasian region. In the following paragraphs it is proposed to examine the core objectives of the SCO, that is, regional security and economic development. What are the challenges the regional grouping faces? However, an understanding of the SCO's evolution is also necessary to explain its future prospects.

¹*The Hindu, (New Delhi), 13 July 2015.*

²*Ibid., 20 July 2015.*

From Shanghai Five to the Shanghai Cooperation Organization

After the breakup of the Soviet Union in 1991, the immediate concern of China was the security and stability of its Western periphery; a periphery that had always been vulnerable. Hence China was keen to revive the stalled talks initiated by Mikhail Gorbachev, former strongman of the Soviet Union as part of the Vladivostok initiative of 1986 to thaw the frosty relations between the two countries, and to resolve the lengthy contested border. The talks were interrupted due to the breakup of the Soviet Union, but resumed after a gap of few years. The Russian delegation to the talks was joined by representatives of the three newly independent Central Asian countries – Kazakhstan, Kyrgyzstan and Tajikistan – who now shared borders with China in the altered geopolitical situations. The protracted border negotiations concluded in 1996.

It took 22 rounds of talks to demarcate the border and finalize two agreements.³ The agreements were Mutual Trust in the Military Sector and Mutual Reduction of Military Forces in the Border Areas. They were primarily aimed as Confidence Building Measures, and implied that decades of acrimony was buried and the way paved for 'Dialogue'. On signing the agreements China took the initiative in concurrence with Russia to launch the 'Shanghai Five' (26 April 1996), to continue the momentum of friendship of the post settlement phase. The three CARs went along with this decision. As an appendage to the Shanghai Five document, members were entrusted to "stand against stirring up ethno-religious nationalism,"⁴ A reference to China's concern about its ethnic minority, the Uyghurs.

The Shanghai Five was thus basically conceived as a mechanism to ensure that the lengthy border remained peaceful and stable, and that the members exuded good neighbourly attitude along the border. China's concern was for its restive ethnic minority of the Xinjiang region. The Uyghurs have been battling for greater autonomy or even independence for decades. The struggle has been suppressed and they have been described as "separatists". From Chinese perspective the worry was that its ethnic

³General Xiong Guangkai, "Promote Shanghai Spirit and Boost Peace and Development", *International Strategic Studies* (Beijing), 4 June 2004. p.1.

⁴Michael Fredholm, ed., *The Shanghai Cooperation Organization and Eurasian Geopolitics*, (Denmark, Stockholm International Program for Central Asian Studies, 2013), p.179.

minority would seek the support of fellow Uyghurs living in the CARs. At the time of the breakup of the Soviet Union in 1991, it is estimated that nearly 300,000 Uyghurs were residing in Central Asia. The text of the Shanghai Five Agreement amply reflected this concern.⁵ In fact in the Chinese strategic thinking high importance and attention is given to the periphery. China's peripheral security has two goals; to maintain stability within its own territory adjoining the boundary, and ensure peace and stability on the border by promoting a belt of good neighbourliness and friendship.

Within two years of engagement among the members at the Heads of State meeting, the Shanghai Five began to enlarge its security focus. Apart from stability and peace on the border, the core concern of the organization, the focus now encompassed regional security as well. It was the rapid advance of the Taliban in the northern direction that led to the enlargement of the security focus. All the members of the Shanghai Five are multi ethnic and pluralist entities, hence reports about 'greater Afghanistan' could have had disastrous consequences for all. The prospect of a destabilized Central Asia especially in the Fergana Valley the 'heart of Central Asia' where home grown religious extremist and terrorist groups were active was a horrendous prospect. As a result, the Bishkek summit meeting in 1999 highlighted the issue of what China called the three evils – religious extremism, separatism and terrorism – and the need to take effective measures to deal with the growing danger.

At the Dushanbe summit in 2000 the area of cooperation widened further to include an economic agenda. By the turn of the century the regional security environment was getting vitiated. An acute need to transform the Shanghai Five from a mechanism created to manage peace and stability on the border, to a regional grouping and institutionalize it as an international organization was felt. It was perceived that the issues of security were getting complex. An institutional framework was imperative. The Dushanbe summit took the decision to transform the Shanghai Five into a regional grouping. Accordingly, in 2001 the Shanghai Five transformed into the SCO. Secondly, Uzbekistan was coopted as a full member. Probably its geopolitical location was crucial for the grouping.

⁵*Text of the Shanghai Five Agreement (April 26, 1996). See Jyotsna Bakshi, Russia-China Relations Relevance for India (New Delhi, Shipra, 2004), pp. 286-296.*

The SCO was formally established in June 2001 at Beijing. The Declaration stated: "The Shanghai organization declares itself to be a new model of regional cooperation, which aims to produce good neighbourly relations, mutual trust, equality and common development, and is neither allied with nor antagonistic to third parties".⁶ The Declaration of the Shanghai Cooperation Organization which formally established the regional grouping stated that, "...every member should strictly honour the principles of good neighbourliness, equality and mutual benefit, friendly cooperation and development".⁷ Elaborating further on these principles Xiong Guang Kai, then Deputy Chief of General Staff of PLA said "All these four principles are inseparably interconnected to form a complete whole, in which mutual trust is the basis, mutual benefit the aim, equality spells guarantee while coordination means approach".⁸ This was the essence of 'Shanghai spirit'.

The formation of the SCO was perceived among some of the academic and strategic community, diplomats, journalists etc. particularly in the West as the likely emergence of an eastern North Atlantic Treaty Organization (NATO) with an anti-West orientation.

Regional Security Challenges and the SCO

There is no doubt that the regional security environment was getting volatile with the advance of the Taliban towards the north. The subsequent devastating attack on the United States on 11 September 2001 was masterminded by the Al Qaeda from Afghanistan. It showed the lethal power, reach and the ability of the terrorists to use advanced technology. This was no longer a regional phenomenon, but had acquired global dimension. From the perspective of the CARs the Collective Security Treaty was a defensive grouping. Hence when the war on terror began the CARs extended full support to the Western launched 'Operation Enduring Freedom'. Consequently, Uzbekistan, Kyrgyzstan and Tajikistan offered military base facilities to the International Security Assistance Force (ISAF) at Karshi Khanabad, Manas Air base and Dushanbe respectively. These

⁶n.4, p. 180.

⁷Sun Zhuangzhi, "New and Old Regionalism: The SCO and Sino Central Asian Relation", *The Review of International Affairs*, vol. 3, no. 4, Summer 2004, p. 601.

⁸*Ibid.*

military base facilities were granted at the bilateral level, though with the tacit approval of Russia. Kazakhstan gave overflying rights, repair facilities and refueling, while Turkmenistan despite its neutral status gave overflying rights on humanitarian grounds. In March 2002 Uzbekistan signed a Strategic Partnership Agreement with the US. China viewed the developments in Central Asia with a great deal of circumspection for the Manas Air base was a mere 200 km. away from its borders. In a sense the military cooperation agreements made by the CARs were seen as a violation of the Shanghai spirit.

The Charter of the SCO signed on 7 June 2002 at St. Petersburg primarily reflected China's core concern of maintaining peace and stability on its borders with the CARs. "In security terms we can look forward to the peaceful and friendly new borders between China and Central Asia. This cooperation on attacking the three forces and transnational crimes became the key components of security cooperation".⁹ In addition China was able to get an endorsement of its other core issue at the summit. The statement issued at the end of the St. Petersburg summit extended support for the One China policy and the principle that "Taiwan is an inalienable part of China".¹⁰ According to Jyotsna Bakshi, an expert on Eurasian affairs, "... there exists a certain resentment in the Central Asian circles that under Russian and Chinese influence they are called upon to express views on issues that do not directly concern them and which tend to antagonize the West".¹¹

As the war on terror progressed the Taliban and other extremist groups in Central Asia showed considerable resilience. Though the Taliban were defeated and weakened, the terrorist infrastructure had not been completely destroyed. The Federally Administered Tribal Area (FATA) of Pakistan bordering Afghanistan emerged as the safe haven for extremists and terrorists operating in Afghanistan with the support from certain quarters in Pakistan's security establishment. As a consequence Uzbek, Tajik, Kyrgyz, Kazakh and Uyghur militants began flocking to FATA. *Madrasahs* had sprung up imparting religious education, training in the use of arms and then sent to Afghanistan to conduct *jihad* against the

⁹*Ibid.*, p.603

¹⁰*The Times of Central Asia (Bishkek)*, 22 July 2004.

¹¹n.5, pp. 266-67.

legitimately elected government. It was in the midst of this growing turmoil in the region that the so called 'colour revolution' occurred in Kyrgyzstan (March 2005) forcing President Akaev to flee the country and seek refuge in Moscow. The events in Uzbekistan (May 2005) in which hundreds of lives were lost was another serious development. Uzbekistan accused Kyrgyzstan of sending armed insurgents into its territory, which resulted in the Andijon events of 2005. The international community condemned the brutality in which innocent lives were lost and demanded an independent investigation. President Islam Karimov was facing international criticism for his refusal to allow an international investigation into the issue of human rights violation. The US and the European countries imposed sanctions on Uzbekistan. Whereas Russia and China extended full support to Uzbekistan, China and Russia were more concerned about the impact of the colour revolutions impacting the Uyghurs, Chechens and other groups in Central Asia. The Central Asian elites concerned for the safety of their regimes supported the suppression of the insurgents. It was widely suspected that the West was behind these events. In the backdrop of these events, in June 2006 Uzbekistan signed a Strategic Partnership Agreement with Russia. The present status of this Agreement is not clear. It was against this background that the landmark SCO Summit was held in Astana in 2005.

At the Summit it was pointed out that ensuring security and stability of the region was the rights and responsibility of the countries themselves. The high point of the Summit was the Astana Declaration which gave a call to the US to announce a time frame for the withdrawal of its military presence from Central Asia. The Declaration implied that Russian, Chinese and Central Asian interests enjoyed a great deal of compatibility on this particular issue. Russia and China were getting highly circumspect about long term Western objectives in the region. China had always been of the opinion that Western military presence in Central Asia was to encircle its western periphery. It may be pointed out again that the military base facilities were under a bilateral agreement, and the SCO had no role in it. Later Uzbekistan asked the US to vacate the Karshi Khanabad air base, which was vacated by November 2005, but the German base at Termez continues to be active.

However, the Astana Declaration showed the limitation of SCO in

ensuring peace and stability in its zone of responsibility. In a reply to a question on why the SCO did not involve itself in the Andijon events, reportedly instigated by another member, the former Secretary General Deguang said: "... the grouping strictly observes the principle of non-interference in the country's internal affairs. However, it does not mean that, we cannot take joint action in the cause of common struggle against terrorism. We can do that, but there must be some kind of legal procedure in place to carry out such action".¹²

Other important highlights of the Astana summit was the expansion of the economic agenda as part of comprehensive security. Secondly, India, Iran and Pakistan were invited as members with Observer status.

There were reports that Kyrgyzstan would ask the US to vacate the Manas Air base at the next Summit. However, Kyrgyz officials made it clear in the weeks ahead of the Summit in Beijing (2006) that they did not want Manas Air base to be on the agenda. Former Foreign Minister Ednan Karabaev categorically stated that Kyrgyzstan is a member of the international coalition against terrorism, and hence the Manas Air base was Kyrgyz contribution to operations against terrorism.

At the Fifth anniversary summit in Shanghai in 2006 the SCO forcefully asserted that it was the responsibility of the countries in the region to take care of their security issues. It was stated in the Declaration that,

"---threat and challenges can be effectively met only when there is a broad consensus among all countries and international organizations concerned. What specific means and mechanism would be adopted to safeguard security of the region is the right and responsibility of countries in the region".

Further it added:

"Diversity of cultures and model of development must be respected and upheld. Differences of cultures, traditions, political and social system values and model of development formed in the course of

¹²Article by Secretary General Zhang Deguang on the Fifth Anniversary of the SCO. www.sectSCO.org/eng/502.html, accessed 16 November 2005.

history should not be taken as pretexts to interference in other countries internal affairs. Model of social development should not be exported".¹³

The Declaration drew attention the world over because of its forceful assertion on issues pertaining to SCO space.

From the perspective of regional security, President Hu Jintao proposed at the summit to consolidate the foundations of political trust, unity and coordination among the SCO members. As a consequence, these suggestions of better coordination and unity among the members were raised to the status of a Treaty relations. A Treaty of Good Neighbourliness, Friendship and Cooperation was signed. Central to the Treaty was China's core concern of peace and stability on its borders. The Treaty was part of Chinese policy of 'soft reverse containment', a counter to Western strategy of containment and encirclement. At the Yakaterinburg summit in Russia in 2009 a Convention on Counter Terrorism was signed which laid the groundwork for a legal framework among the members for counter terrorist operations. It is not however not clear whether the Convention has been able to give legal shape to its counter terrorist activities.

After the strong message of unity of purpose and strength on display at the Astana and Bishkek Summits, it was expected that the regional grouping would play a decisive role in matters of regional security. But the SCO in its future evolutionary phase was about to enter a stage of stagnation. This was largely because of the shift in the geopolitical landscape of the region and the internal dynamics of the regional grouping.

On the regional security landscape new critical developments were emerging that would impact heavily on it. One was the nearly decade old war on terror was headed nowhere. The Taliban were resurgent and continued to pose a threat to the fledgling democracy in Afghanistan. A multiple transition was underway in security, military, political and economic spheres in Afghanistan. Peace was an essential prerequisite for the Afghan experiment in democracy to succeed. It was in the midst of this situation that US President Barack Obama announced the withdrawal of

¹³ *Ibid.*

Western coalition forces by the end of 2014. This announcement instilled hopes in the hearts of the Taliban, and they vowed to pursue the struggle against democracy with greater tenacity. The rapid advance of the IS in the Middle East acted as an impetus to their intentions.

Meanwhile, President Obama's announcement created a dilemma for Russia and China. The concern was how to deal with the new geopolitical situation in the post-2014 phase. According to a SCO-Afghan Plan agreed at the Moscow seminar it was also agreed to strengthen anti-terrorist efforts by focussing on border control and counter terrorist operations and the involvement of Afghanistan within this framework in a phased manner.¹⁴ It was reported that China was making available military equipment to states to enable them to strengthen border control and fight the three evils. It may be added that some European countries are already involved in training the Central Asian countries with regard to border management and control. However, on Afghanistan the SCO has no unified policy. It has supported reconstruction effort and individual SCO countries were rendering assistance on a bilateral basis.

Another significant dimension of the SCO was the internal dynamics of the regional grouping. Despite the wide ranging agreements and Declarations signed by the members on security, economic cooperation, political developments, the regional grouping had not emerged as a cohesive entity one. For instance, on the Afghan developments the SCO was unable to project a coherent view on issues of cardinal importance to all members. The threat perception of each member varied and hence their approaches also differed. The post 2014 scenario was perceived differently; the sense of vulnerability felt by Tajikistan was not shared by Kazakhstan. Neither did Kazakhstan share a border with Afghanistan, nor did it have ethnic affinity. Uzbekistan was confident of dealing with the fallout of post 2014 scenario, while Kyrgyzstan looked to Russia for protection. Russia preferred to deal with the outcome through the Collective Security Treaty Organization (CSTO) formed in 2003. The aim of the CSTO was to establish an integrated defence mechanism in the post Soviet space. Consequently its focus was to protect the borders of its members by military means, equip

¹⁴ *Ibid.*

the Collective Rapid Reaction Force (CRRF) an arm of the CSTO, and control migration. China's prime focus was on economic means to gain a presence/influence in Central Asia; the heart of the SCO as many Chinese believed.

Chinese President Xi Jinping at Dushanbe (2014) highlighted the need for fostering a sense of common interests. He said "... member states should firmly establish a sense of community of common destiny and community of common interests, helping each other and sharing weal and woe ... and take maintaining regional security and stability as one's own responsibility"¹⁵ Further in his speech the President suggested discussion and signing of an anti terrorism convention"¹⁶

Inextricably linked with the regional security scenario was the issue of drug trafficking. It is a well-known fact that drug profits is one of the source that sustains insurgency. Under the Taliban rule Afghanistan had emerged as the highest producer of opium/heroin. The coalition forces did not pay attention to the problem of drug production and its trafficking. In the process drug cartels came up along the Afghan-Tajik border to oversee the transport of this contraband. Intertwined with drug cartels was the smuggling of weapons and organized crime. In this illicit trade, Central Asia was one of the routes for transportation. Probably poor quality of life in some CARs or unemployment attracted the youth into this nefarious activity. Today the CARs consider drug trafficking as a bigger danger than religious extremism and radicalism.

In order to deal with this growing menace the SCO adopted an anti-narcotics strategy (2011-2016). The related Action Plan was approved. Since 2010 the SCO has been working with other regional agencies to tackle this menace. As an invitee to the SCO summit meetings in Bishkek in 2007, President Hamid Karzai urged the members to focus on fight against drug trafficking and to even come up with a regional plan for tackling this danger. Russian President Putin called upon for creating a belt of counter narcotics security around Afghanistan and bring down the financial costs of drug

¹⁵http://www.fmprc.gov.cn/mfa_eng/topics_665678/zipcxshzccygys/11191482shtml accessed 15 July 2015.

¹⁶*Ibid.*

trade in the region. At the Moscow Conference in April 2009 it was agreed to establish a regional anti-drug trade and specialized training centre for training officers of the relevant SCO authorities in the region.¹⁸

Mechanism of the SCO

While security issues have been discussed in all the meetings, and advanced by initiating appropriate agreements, the question is how does the multilateral grouping implement its objectives? The only institutional development has been the setting up of the Regional Anti-Terrorist Structure (RATS) as the SCO's chief mechanism to deal with extremism, terrorism and separatism. After the formation of the SCO, a decision to establish RATS was taken at Foreign Ministers' meeting in June 2002. The structure was to be located initially at Bishkek. The internal conflict in Kyrgyzstan was a powerful argument to move the Headquarters of RATS to another location. Consequently it was shifted to Tashkent on 23 September 2003.¹⁹

RATS was established as a centre to “arrange studies of regional terrorist movements, exchange information about counter terrorist policies. The RATS also coordinates exercises among SCO security forces and agencies efforts aimed at disrupting terrorist financing”.²⁰ The structure has conducted several anti-terrorist drills, and all have acted in concert in fighting drug trafficking. The first Director of RATS V. Kasymov claimed that 260 terrorist acts were prevented because of the relevant information passed on to the relevant state authorities.

Reports suggest that the structure was not functioning efficiently mainly because of the trust deficit among the members. At the joint anti-terrorist military exercise code named “Peace Mission 2007” held partly in Urumqi, China and partly in Russia at Chelyabinsk, Kazakhstan barred Chinese troops from crossing its territory. The route via Kazakhstan would

¹⁷Ash Narain Roy (2007), “Shanghai Cooperation Organization – Towards New Dynamism”, Online URL: <http://www.mainstreamweekly.net/article313.html>. Accessed 25 March 2015.

¹⁸<http://www.sectSCO.org/en/1123.asp?7d=99> accessed 16 March 2015.

¹⁹Henry Plater Zyberk with Andrew Monaghan, *Strategic Implications of the Evolving Shanghai Cooperation Organization* (Strategic Studies Institute and US Army War College Press, August 2014), p. 21.

²⁰*Janes Intelligence Review*, vol. 18, no. 8, August 2006, p. 40.S

have cut their travel distance by 2500 miles.²¹ In her testimony to the US Helsinki Commission on Central Asia on the question of SCO's influence, Martha Brill Olcott, a well-known expert on Eurasian affairs stated "The Security goals of Russia and the SCO do not fully overlap Russia itself would be very uncomfortable with intelligence sharing between Central Asia States and Beijing Some limited intelligence sharing goes on but not the kind of that goes on between Russia and the Central Asian States."²² Unless the issue of trust deficit is addressed, RATS cannot emerge as an efficient coordinator. India has been co-operating with RATS in sharing experience and information. Now that India is poised to be made a full member this cooperation could further intensify.

Another problem with RATS is its inadequate structural response for responding to situations jeopardizing the security and stability of the SCO or creating such threats in its space is not effective enough. As is known the SCO does not have its own defense and security component.²³ It can at best provide diplomatic-political initiatives. Unlike the CSTO, the SCO does not have its own Collective Rapid Reaction Force. The SCO has also been conducting military exercises to familiarize members with tactics and strategy of counter terrorism operations. It was at the May 2003 annual summit meeting that on the recommendation of the Ministers of National Defense a Memorandum on the SCO was issued. Member States Armed Forces Anti-terrorism Exercises "Coalition 2003" was approved. The first such an exercise Coalition 2003 showcased the joint performance of the SCO in military anti-terrorism manoeuvres and explored ways for future cooperation. Since then military exercises are held regularly. Russia and China conduct these exercises and other members are invited to send their contingents for participation. At times CARs do send a small contingent. In 2006 Tajikistan was the venue for military exercises. Peace Mission exercises were held partly in Russia and partly in China. Around 4000 troops participated out of which 1600 were Chinese, 2000 Russians, 100 Kazakh, 30 Kyrgyz, 100 Tajiks and a dozen from Uzbekistan. A similar exercise was held

²¹ www.radiofreeeurope/radioliberty.htm, 27 September 2006. Accessed 16 November 2007.

²² www.rferl.org 3 August 2007, accessed 31 August 2007.

²³ I. Vorobyov, "The Shanghai Cooperation Organization: Elaboration of Strategy, International Affairs (Moscow), vol. 59, no. 5, 2013, p. 72.

in Kazakhstan in 2010. Besides China has also taken part in bilateral exercises held jointly under the framework of SCO. They are Kyrgyzstan (2002), Kazakhstan (2006), Tajikistan (2006), Russia (2005, 2007 and 2009). A Council of Defense Ministers and commanders of the armed forces meet regularly.

According to Ji Zhiye, Vice President of China's Institute of Contemporary International Relations observations at the Third Lanting Forum or Blue Hall Forum in Beijing on June 8, 2011 that anti-terrorist drills within the SCO framework were a good format to follow...It is these activities that have stopped the rapid multiplication of extremist forces. He urged for greater cooperation among the members in the light of the impending drawdown of coalition forces from Afghanistan by the end of 2014.

Economic Engagement and Cultural Exchanges

Economic cooperation has been an integral component of the SCO's agenda. The definition of regional security expanded at Astana (2005) to include comprehensive security which included social and economic issues. It was stressed that regional security depended on economic development and the well-being of its citizens. Hence poverty eradication became an important plank of economic agenda. It must be mentioned that, economic prosperity and political stability are still not assured in the CARs as their transformation process is still not over. As a consequence the main areas of economic development identified as priority areas were, investment, trade, energy and overland transport infrastructure, communication, science and technology and cultural exchange. At every summit meetings noteworthy suggestions and ideas were discussed and approved in the sphere of economic development.

Accordingly, several initiatives were launched. China offered to set up a fund of USD 1 billion for projects in the SCO countries. Later China offered to enhance the amount to USD 5 billion. It was also stressed the need to harmonize laws so as to create a favourable business climate was stressed in 2004. The Russian Prime Minister suggested the establishment of the unified gas, oil, energy, and transport system. A special working group was set up on fuel and energy to study the possibilities of forming a SCO

energy club; a laudable initiative, but the energy club is yet to take off. Dr. Alexander Lukin, a well-known Russian expert on SCO affairs at the Moscow State Institute for International Affairs lamented that the energy club could play a special role in harmonizing interests between the world's largest energy producing, transit and consuming countries from among SCO members and observers. The club had not started operating till 2009.²⁴ In fact the first meeting of the energy club was held in Dushanbe (2014) where Indian Foreign Minister Sushma Swaraj participated. At Astana (2006) a Joint Business Council of Entrepreneurs was set up. The Council was perceived as a platform for enterprises and to reinforce communication among the private sector. Along with the Council an Interbank Association was proposed to facilitate cooperation. A multilateral programme for trade and economic cooperation was adopted at Yekaterinburg (2009), but Russia and China could not agree on terms of a SCO Development Fund and Development Bank. Russia feared that given China's financial clout these institutions would be swamped with Chinese finance. However, banks are an important necessity for economic cooperation to progress. In the wake of the global financial crisis of 2008, the SCO could not come up with a coherent response as it did not have an anti-crisis programme.

However, the fact is, despite the above mentioned initiatives for long term multilateral trade, economic cooperation and a Plan of Action not a single multilateral economic project was launched in the first decade of SCO's existence. Importantly the SCO has not worked out as yet a multilateral mechanism for selection of projects and its implementation. As a result the groupings economic agenda lacks substance and has remained weak. Interestingly, the content of economic engagement is strong and vibrant especially between China and the CARs at the bilateral level in terms of investment, trade, energy and transport sectors. At this juncture it is necessary to understand the reasons for this sluggish cooperation at the multilateral level.

The perceptions of the members differ considerably and are also marked by a high degree of distrust. When Chinese Premier Wen Jiabao

²⁴Alexander Lukin, "Russia to Reinforce the Asian Vector: Some Priorities of Russian Foreign Policy after the Crisis", *Russia in Global Affairs* (Moscow), vol. 7, no. 2, April-June 2009, p. 95.

declared that China was prepared to put USD 900 million toward financing the joint development projects, Kazakh expert Murat Laumulin opined "Had the Chinese solution been accepted there would have been a danger of the SCO turning into a Chinese economic protectorate."²⁵ Another well-known Kazakh expert observed "In essence researchers who believe that China is making pragmatic use of the wider umbrella of the SCO in order to develop and ensure bilateral relations with Central Asian countries are correct,"²⁶ whereas in Chinese view Russia is more interested in consolidating its own security and economic benefit through SCO. Russia fears the threat of becoming China's junior partner and would like to limit economic cooperation. Importantly, the SCO has yet to develop a framework for regional economic cooperation and mechanism by which to approve projects in the absence of which China decides which projects to support as it involves Chinese finance. Moreover, the economies of the Central Asian Countries are at the various stages of development, hence in such a situation multilateral cooperation could be ineffective. All these factors has stymied economic cooperation.

However, it is necessary to reinvigorate the economic dimension, if regional security is to be meaningful. For, it is only in such a situation regional cooperation could work. The Afghan scenario necessitates a regional solution. This is an urgent task in the light of the withdrawal of Western coalition forces from Afghanistan. A high degree of political, military, security and economic uncertainty hangs over Afghanistan. The alarmists believe that the region is heading for turbulence in the coming years with a strong possibility of another civil war. Since the SCO does not have its own defence and security policies nor the means to implement them, the two leading members Russia and China have introduced their own integrationist projects; the EEU and SREB or popularly referred to as 'One Belt One Road' (OBOR) respectively to deal with the changing uncertain geopolitical scenario in the region. Though the EEU project was launched in 2001, it is being pursued by Russia now with vigour in the

²⁵ Murat Laumulin, "The Shanghai Cooperation Organization and the Interests of Kazakhstan", *Central Asian Affairs* (Almaty), 4/2006, p. 23.

²⁶ Sanat Kushkumbayev, "SCO and Central Asia in the Relations between Russia and China", *Central Asia Affairs*, 3/2012, p. 17.

evolving situation. These projects seek to promote not only economic cooperation, but importantly to enhance their respective presence/influence in Central Asia. It is evident that a competitive element between Russia and China over Central Asia is emerging.

The EEU seeks to include CARs along with other countries of the post-Soviet space and a free trade area. A Customs Union has already been established. The objective of Russian strategic thinking is to integrate the post-Soviet space into an economic union and to create an integrated defense system. Kyrgyzstan joined the Customs Union in May 2015. The SREB concept aims to revive the ancient trade route which connected China with Europe via the Eurasian region. Some Chinese experts believe that the emergence of the SREB is a reaction of its leadership to the slowness and ineffectiveness of the SCO, and that the Chinese version of Eurasian integration and development covering 21 Nation States from Eastern Asia to the Middle East has much greater scope and is much more effective.²⁷ Moreover, the Chinese feel that there is lack of interest on the part of Russia. Given the focus on integration of Central Asia by both the EEU and SREB projects the transport sector remains at the crux and one of the most competitive aspect for Russia and the People's Republic of China. China is already very active in the field creating an alternative network to the trans-Siberian railway on the Eurasian transcontinental route.²⁸ In the long run China hopes to create its own network of interdependencies.

The opening of the Eurasian landmass rich in natural resources including energy resources, and the landlocked states of the region has given a boost to other major and regional powers. They have already established their presence in Central Asia as well as in other countries of the post-Soviet space. The competition between Russia and China is benign and may not get confrontational in the future, but it nevertheless has a negative impact on the SCO's efforts to foster economic cooperation.

Besides, the structure of the SCO is rigid and inflexible. Dr. Lukin has

²⁷Shanghai Cooperation Organization: Model 2014-2015, Working Paper, 21/2015, Russian International Affairs Council (Moscow), p. 7.

²⁸Ibid.

called for organizational reforms to strengthen the SCO, first of all by enhancing the role and independence of the Secretariat whose officials often are accountable to their respective Foreign Ministers rather than to the SCO Secretary General.²⁹ It is agreed by all experts that for the present the economic instrument of the SCO is weak and needs a new approach.

Cultural exchanges are also part of the SCO agenda. It has focused on youth energy by encouraging exchanges and people to contacts. In October 2006 the first meeting of Ministers of Education was held in Beijing to discuss plans for cooperation. In 2007 President Putin suggested the establishment of a SCO University. His concept was based on the so called network principle. This means that the SCO countries and Observer countries select universities which work with each other in multilateral cooperation.³⁰ Though a feasible, implementing the proposal would be difficult. Students would encounter language difficulties as well problems relating to differing educational systems. It must, however be mentioned that China has introduced full-fledged courses at the university level on all the Central Asian languages.

India and the SCO

At the recent summit meeting of the SCO in Ufa Russia on 10 July 2015, India's candidature as a full member was approved. On completion of certain procedural formalities India's membership would come into effect from 2016. It has taken 10 years for India to traverse the path from Observer status to full membership.

India was offered the observer status at the 2005 Astana summit. It was taking place against the background of escalating ethnic discord and violence between two members: Kyrgyzstan and Uzbekistan. Due to lack of legal framework, the SCO was unable to intervene in the conflict. The Western military presence in neighbouring Afghanistan and certain military facilities offered by the CARs were being viewed negatively by Russia and China. India's Minister of State for External Affairs Natwar Singh had then observed, if India was offered full membership it would bring its rich

²⁹Vladimir Radyuhin, "SCO: Ten Years of Evolution and Impact", *The Hindu*, 14 June 2011.

³⁰n. 28, p. 27.

experience of multilateral diplomacy into the SCO. India has played a very productive role in organizations like the Non Aligned Movement of which it was a founder member. Similarly, Indian experience in combating religious extremism and terrorism can be a valuable input for the SCO. As mentioned, India is already cooperating with RATs in sharing experience and intelligence.

However, in 2005 Pakistan and Iran were also invited as countries with Observer status. The organization was expanding, but cautiously. Since then India has regularly attended all the meetings and was often represented by its Foreign Minister. To cite an example: in 2011 at the Astana summit Foreign Minister S.M. Krishna hoped that by becoming involved with the SCO Afghanistan could become the geostrategic bridge between Central and South Asia as well as a trade and transit hub³¹ In Dushanbe (2014) Foreign Minister Sushma Swaraj voiced the common concern of all members on the geopolitical changes that were occurring. She said: "This summit of the SCO is taking place at a crucial juncture in global politics with many nations facing violence and conflict. We need to reflect collectively on all these events of deep geopolitical significance. India is deeply concerned at the ongoing conflict in Iraq and Syria. We need to evolve a common strategy to safeguard the borders in Afghanistan and neighbouring countries from any spillover effect of these conflicts."³²

India had evinced keen interest on becoming a full member so as to contribute effectively to issues of common concerns. On the issue of elevating India's status there were discordant views especially among China. Initially, even Russia expressed scepticism on this issue. Commenting on the possibility of India and Pakistan being elevated as full members Russian Foreign Minister Sergey Lavrov said in an interview to Xinhua Chinese news agency that, India and Pakistan's elevation would boost the international authority of the SCO, but "We have also to bear in mind that India and Pakistan are two nuclear powers that are in rivalry with one another and have set of territorial problems..."³³ Nevertheless Russia has

³¹*The Hindu*, 2011.

³²[http://www.mea.gov.in/speeches/12 September 2014](http://www.mea.gov.in/speeches/12%20September%202014), accessed 7 October 2014.

³³As quoted by Sanat Kushkumbayev, n. 27, p. 19.

been on the whole supportive of India's candidature. Ever since the decision to expand the organization was being considered, Russia favoured India's inclusion. In the perception of Dr. Lukin two factors explain this thinking; one Indian admission would significantly increase the SCO's political weight and economic attractiveness among developing countries. Secondly, India, some observers believe could act as a counter-weight to China's overwhelming presence and economic clout in in Central Asia. From this point of view one could only welcome India's admission to the SCO as this country can make a significant contribution to the Central Asian countries and help diversify their external economic relations.³⁴

Chinese experts think that the heart of SCO space is Central Asia therefore China does not need to create additional complications for its cooperation through the organization's expansion by inclusion of regional powers such as India and Pakistan and to compete against these countries.³⁵ China could be apprehending that within the grouping two broad view points could emerge: one led by Russia, the CARs and India and the other one by China and Pakistan. In any future discussions and resolutions of the SCO the view point led by Russia could prevail.

The CARs have however always supported India's inclusion into the SCO. They viewed India as a soft balancer against the two leading powers, as it would strengthen their multi-dimensional foreign policies. Even in India there is a view that we would not derive any benefits by becoming a member. But this is a minority view. With the trend towards regionalism gathering momentum, membership of a grouping could be beneficial. The nature of threats pose a grave danger to a nation's sovereignty and territorial integrity, and require a concerted and a collective approach. It also helps in strengthening the bargaining position as a regional group *vis-à-vis* other regions on issues of economic consideration. The SCO can promote a positive discourse on regional cooperation. From the Indian perspective it is better to be a member, than a mute spectator watching from the sidelines.

Given the impending changes in the regional dynamics brought about a paradigm shift in the security landscape and the withdrawal of the

³⁴Dr. Alexander Lukin, "Should the SCO be Enlarged?", *Russia in Global Affairs*, April-June 2011.

³⁵n. 36.

security cover provided by the western coalition forces in Afghanistan, the SCO in its present format was in no position to provide security to its members. The regional security scenario was heading towards turbulence. The increasing activities of the IS in Iraq and Syria acted as a powerful boost to the rising insurgency in the region, which threatened to spill over into Central Asia. At this critical juncture the best option for the SCO is to energies regional cooperation involve countries who had a vital stake in the stability and security of the region. It was increasingly realized that the problem of Afghanistan could be solved only within a regional format and that the SCO was the best instrument for facilitating regional cooperation. The question is, can the SCO achieve such a goal?

The need for expanding the organization was acutely felt by the members for it could widen the basis of regional cooperation by inducting other neighbouring countries. Moreover in the wider geopolitical rivalry being played out in the Asia-Pacific in which Central Asia had emerged as one of the key pillar in this strategy, and the deep chill in Russia's relations with the West and India's rising international profile augured well for Indian membership.

Consequently, a consensus in favour of expanding the organization emerged and with each summit meeting the process of a legal framework was taken forward. In Dushanbe the final legal framework was approved. Accordingly at the Ufa Summit India and Pakistan were invited as full members, though technically on completion of certain procedural formalities they will become full members in 2016. In his acceptance speech Prime Minister Modi said "...our membership of the Shanghai Cooperation Organization is the natural extension of the relationships that India has with member countries and mirrors the region's place in India's future". Further he said "It will promote peace and prosperity in this vast region that has often been called the "pivot of history".³⁶ Offer of membership to India and its acceptance was welcomed by all. In a commentary by the Xinhua news agency it was stated "with the accession of India and Pakistan – the former being the world's ninth biggest economy, while the latter sits on the crossroads of the Silk Road Economic Belt and the 21st century Maritime Silk

³⁶*The Hindu*, 11 July 2015.

Road the proposed trade and infrastructure network – the SCO could play a more substantial economic role”.³⁷

SCO's expansion indicates that it wants to reach out to countries in the Eurasian region. At the Ufa summit Belarus was elevated from a Dialogue Partner to an Observer status. Turkey was made a Dialogue Partner, but it is still a puzzle why Sri Lanka was made a Dialogue Partner some years ago. It does not share boundaries with any of the member countries. Although the SCO may aim to play a proactive role in the region, its success would depend on its ability to overcome certain challenges.

Challenges Confronting the SCO

For any regional organization to be an effective grouping cohesiveness and compactness are essential. SCO's effectiveness is stymied due to differing perspectives of the members especially between Russia and China on issues relating to security and economic development. Even the CARs have developed their respective perspectives on the SCO based on their perception of their national interest which are not always congruent with the objectives espoused by the SCO. Even on a key issue of developments in Afghanistan and its impact on stability and security in the region, members are unable to agree upon any coherent position on this issue within the framework of the SCO. As a consequence the SCO has no unified strategy on Afghanistan.

SCO, it must be remembered was a Chinese initiative in 1996 to institutionalize the goodwill and bonhomie created after two major agreements regarding the border settlement were signed. Initially, Russia also went along with the decision because of the common interest to stabilize the border and the situation in Central Asia. The three CARs had no experience in multilateral diplomacy as they were young states and hence went along with Russian decision. With the passage of time both Russia and the CARs began to develop their expertise and perceptions within the framework of a new socio-political and economic order they planned to build. As a consequence with 15 years down the line perceptions began to diverge and it is not easy to bridge the gap for various reasons.

³⁷*The Hindu*, 20 July 2015.

After the initial support, Russia did not show much interest in the regional grouping since it was keen to build up the CSTO and the EEU. However, it has now realized that SCO can serve as a platform for harmonizing Russian-Chinese interests and approaches especially in Central Asia within the framework of an international organization that does not include Western countries.³⁸ For China the SCO is an instrument to establish its presence/influence in Central Asia. The SCO is a tool to avoid negative reaction from Russia as well as the CARs. Nevertheless Chinese experts are aware that “old thinking” dominates Russian strategic thinking and hence view the SCO as a vehicle for expanding Chinese interests in Moscow’s traditional sphere of influence. Such thinking is an obstacle in Chinese view.³⁹

Central Asian members consider the SCO as a mechanism to balance between Russia and China and strengthen its multi vector foreign policy. The Central Asian countries consider that the SCO should place much more emphasis on the interests of small countries. China and Russia are great powers and play a crucial role in the SCO. Thus, should even if it means sacrificing their own interests help the middle and small countries, writes Sun Zhuangzhi, a Chinese expert on Central Asia.⁴⁰ Laumulin on the other hand has questioned the importance of SCO for Kazakhstan. He writes “... Kazakhstan has been unable to gain any concessions from China on such a weighty problems as the use of cross border rivers. The SCO’s potential in the area of security remains mostly abstract and provides no real guarantee.”⁴¹ President Nursultan Nazarbayev applauded the SCO for addressing a number of issues, reduce tensions etc. However he also said that, “In fact the Anti-terrorist Coalition has filled the gap in the regional security system which existing military political groupings of the region could not fill.”⁴² The Kyrgyz perspective was put forward by its then Foreign Minister Ednan Karabaev who felt that the SCO rests on peacekeeping and that is its key activity.

³⁸ Alexander Lukin, n. 25, p. 95.

³⁹ Elizabeth Wishnick, “After Five Years, Assessing the SCO”, 22 August 2006, <http://www.worldpoliticswatch.com/article>. Accessed 21 April 2007.

⁴⁰ Sun Zhuangzhi, n. 7, p. 607.

⁴¹ Murat Laumulin, n. 26, p. 26.

⁴² Nursultan Nazarbayev, *The Critical Decade* (London, First Books, 2003), p. 129.

Besides Russian military action in Georgia in 2008 and the incorporation of Crimea in 2014 had led to an unease among the CARs as well as China. These military actions violated the 1996 territorial integrity principle enshrined in the Shanghai Five --- the Shanghai Spirit. Since these countries were members of the United Nations, it also constituted a violation of their sovereignty and integrity. President Islam Karimov of Uzbekistan remarked that the developments in Ukraine are worrisome as it could have an impact on on-going border disputes with its neighbours. These differing perceptions among the members, distrust of each other's intentions and goals cannot lead to projecting a cohesive approach to issues of mutual interest and concern.

In the course of its existence the SCO has passed several resolutions and declarations, but some are being observed in violation than its observance. The SCO became the first regional grouping to oppose the bid by India, Japan, Brazil and Germany to seek permanent membership of the United Nations Security Council. Probably the SCO is promoting Chinese interests. However, one of the Central Asian Countries' Foreign Minister while in Japan supported Japan's bid to become a permanent member of the United Nations Security Council. This is contrary to SCO's stated position, said Secretary General Deguang adopted at the Astana Summit (July 2005). It was stated that we do not approve voting on drafts which cause considerable disagreement.⁴³ Russia has a large military presence in Central Asia as part of the CSTO including base facilities in Kyrgyzstan and Tajikistan. The pertinent question: is such a large military presence necessary to protect its members and their borders? It appears, as a projection of power, rather than border protection. For, what is essential is better border control and management, uniform rules and efficient law enforcement agencies. Many Central Asian countries are linked to North Atlantic Treaty Organization (NATO) programme of Partnership for Peace (PfP). They have also witnessed military exercises conducted by NATO. These activities by the members are incongruent with decisions of the SCO.

Another factor that could affect the SCO is the nature of relations between Russia and China both being influential players with an ambition to play a

⁴³Secretary General Zhang Deguang, n. 12.

pivotal role in the region. An element of competitiveness, therefore, is inherent in the relationship. The Russian-Chinese relations are marked by both cooperation and competition. The effectiveness of the SCO to play its due role would depend on friendly and cooperative relations between the two players.

The competitive aspect became evident when Russia formed the CSTO in 2003 at Dushanbe. As mentioned the CSTO has the CRRF of over 4000 personnel for rapid deployment in its area of responsibility, and is developing a collective peacekeeping force and additional crisis management capacities.⁴⁴ However, some experts believe that the development of the CSTO contributed to Russia strengthening its position both inside the organization and in the region as a whole makes it more beneficial for the CARs to participate in the SCO activities since both Russia and China longing for domination in the region are actively taking part in it.⁴⁵ Being members of both CSTO and the SCO helps the CARs to balance between their two powerful neighbours. This approach is compatible with their multi vector foreign policies. The essence of which is: "No Single Power" shall dominate Central Asia.

In contrast, the Chinese do not perceive the existence of two regional organizations as a complimentary effort. From the Chinese perspective two regional groupings espousing near similar objectives has diluted the SCO agenda. The two groupings would work at cross purposes. In the opinion of Chinese expert Zhang Wenwei "... rivalry for the leadership rule over security affairs lends an uncertain element in the security cooperation between China and Central Asia". Arguing further he said that because of this competition the Central Asian States are exhibiting a tendency towards diversity. They are pursuing an external security strategy that is balanced and pragmatic on the basis of multilateral diplomacy.⁴⁶ Writing in a somewhat similar vein Russian Col. A.I. Rekuta Res noted "... the existence of structures parallel to the CSTO (the Shanghai Cooperation Organization and the Conference for Cooperation and Confidence Building

⁴⁴ *Janes Intelligence Review*, vol. 18, no. 8, August 2006, p. 42.S

⁴⁵ *Maulen Aslimbayev and Murat Laumulin, Continent (Almay)*, no. 10, 2002, p. 321.

⁴⁶ *Zhang Wenwei, "An Observation of Security Cooperation between China and the Central Asian States"*, *International Strategic Studies (Beijing)*, 4 June 2004, p. 31.

Measures in Asia) effectively erodes its framework, which poses a potential threat Further the fact that the same states assume the same obligations within the framework of different treaties leads to a situation in which these obligations sometimes are in conflict with each other. This is a very serious problem that needs working on".⁴⁷

The unfolding security scenario in the wake of Western powers decision to withdraw its forces from Afghanistan by the end of 2014 has accentuated the competitive element. Russia began to pursue its EEU project vigorously. A Customs Union has already been set up. While the Customs Union has economically integrated Kazakhstan and Kyrgyzstan into the EEU, it also acts as a barrier against external players including China. Russia perceives the Chinese SREB project as a latent challenge to its integrationist efforts in its 'near abroad'. A zone of Russia's special interest China unveiled its SREB project while on a visit to Kazakhstan in 2013. China has set up a Silk Road Fund and has launched overland transport corridor projects connecting Xinjiang to Europe via Central Asia. As discussed earlier both the projects aimed to integrate Central Asia within their own spheres of influence.

Foreseeing that emergence of these regional groupings could overshadow the SCO, Lt. Gen. Klimenko of the Institute of Far Eastern Studies of the Russian Academy of Sciences in a succinct manner observed "The SCO having an impressive potential is not fully-fledged regional security institution, but continues to seek its own identity". Further he made a thought provoking suggestion and the way ahead. In his view "... In our opinion the military component of the regional security system above all in the framework of the CSTO should be strengthened. At the same time the geopolitical potential of the SCO is greater than that of the CSTO and covers a wider area. Yet mechanism for responding to the new threats and challenges to the SCO States clearly do not suffice."⁴⁸ In this regard the urgent and priority task was to strengthen the legal base for military cooperation. This could be done through mutual assistance treaties guaranteeing border

⁴⁷Col. A.I. Rekuta, "The Collective Security Treaty Organization Averting Security Threats in Central Asia", *Military Thought (Moscow)*, vol. 15, no. 4, 2006.

⁴⁸*Shanghai Cooperation Organization: Model 2014-2015*, no. 26, p. 11.

integrity. Whether the SCO secretariat is working on these lines is not known.

At this critical juncture Russia and China would not like to accelerate the competition and are seeking possibilities to harmonize cooperation between the SCO, EEU and the SREB without 'absorbing or infringing anyone's interest'. In November 2014 President Putin on a State visit to China expressed support for Chinese Silk Road Initiative, though suggested that Russia would like to see China's new Silk Road connect to the trans-Siberian and Baikal-Amur rail lines.⁴⁹ Willy nilly developments in Central Asia and the Eurasian region could accelerate the competition.

At the cooperative level Russia and China share views on global and regional issues such as the need for a Multipolar world, approach to the US led Rebalancing Strategy in the Asia-Pacific, energy cooperation, developments in the Middle East etc. This cooperative element in their relationship will continue in the short to medium terms.

The structure of the SCO also requires an overhaul in order to make it an efficient grouping. On this issue I Vorobyov writes. It (the SCO) does not have sufficient power and its structure is not conducive to that, since it continues to operate mainly in the same format as established when the organization was still in its embryonic form As is known procedure only provides for politico-diplomatic measures since the SCO does not have its own defense and security component⁵⁰

However the real challenge to the SCO originates from within its own space. Regional security could be threatened by internal conflicts. Serious challenges such as the sharing of trans boundary rivers, border disputes in the Fergana Valley, potential for violence in the event of a changeover of political power are serious challenges. These potent issues very quickly take an ethnic colour and result in unprecedented violence. In the violent clashes between Kyrgyzstan and Uzbekistan in 2010 hundreds were killed and thousands rendered homeless and even the CSTO with its

⁴⁹Yu Bini, "Comparative Connections: China-Russia Relations Russia's Pride and China's Power", January 2015. *A Triannual E-Journal on East Asian Bilateral Relations*, p. 8.

⁵⁰I. Vorobyov, "The Shanghai Cooperation Organization", *International Affairs (Moscow)*, vol. 59, no. 5, 2013, p. 77.

CRRF did not intervene, despite request from Kyrgyzstan for such support. It is possible that President Kurmanbek Bakiev's government had extended the lease for the Manas Transit Center, and therefore Russia did not respond to his request. Earlier the first Secretary General of SCO Deguang had mentioned about the legal framework being prepared to respond to such situations. Probably modalities are still being worked out.

Given the gravity of the challenges and the high degree of mistrust among the members, it remains to be seen how the SCO would meet these challenges, as the organization has embarked on a path of expansion.

Concluding Observations

The SCO is neither a provider of regional security and stability nor a 'discussion club', however, it can initiate a positive discourse on regional cooperation. In the light of widespread expansion of religious extremism and terrorism in the region, regional cooperation is the best way forward to tackle these forces. These threats are transnational in character and are carried out by non state actors. Such threats require a collective and a collaborative approach. In that respect the SCO is well placed to promote cooperation on regional security. With the world witnessing the rudiments of two broad groups emerging in Eurasia and Asia, the geopolitical expanse of the SCO has assumed tremendous significance for major and regional powers. Whether it is the Rebalancing strategy of the US in Asia-Pacific or the turbulence caused by the phenomenal resurgence of religious extremism and terrorism in Afghanistan in the post-2014 scenario coupled with ominous developments in the Middle East, the region has become an arena for competing goals and strategies of the major and regional powers. In addition the natural resources particularly energy resources of Eurasia is a powerful input in the on-going competition to secure, if not, control this vital resource.

The economic component of the SCO is weak, or as some experts suggest, it is in a crisis. This is primarily because the SCO has yet to develop a multilateral mechanism to deal with economic issues particularly on investments. The issue is how to convert the bilateral mechanisms into a multilateral one. However for the CARs economic development is a prime objective. Their economies are still in the transformational stage and they

aim to integrate into the world economy in the final analysis. The SCO needs to foster a sense of equality among its members.

A major shortcoming of the SCO is, as mentioned, that it has yet to develop a multilateral mechanism to deal with the issues of security and investment, trade etc. This is of utmost importance as then the SCO will be able to infuse true equality among the members, and become a broad based organization. In this context the SCO should address the issue of structural adjustments in the grouping. The legal framework approved by all is still being worked out and needs to be expedited. A legal framework approved by the members would enable the grouping to act in a concerted manner.

Another challenge is the nature of relationship between the two lead players of SCO: Russia and China. If the relationship is marked by competition, it will impact on the future trajectory of the grouping. Cooperation between Russia and China is imperative for a smooth functioning of the grouping. At present the cooperative element is the dominant tendency of the SCO, as both the players need each other's support. Till then centripetal tendencies would continue to flourish, in order to ward off centrifugal tendency. In this context a Russian expert Lt Gen Klimenko made a notable suggestion. He has suggested in order to deal with the latent competition becoming a dominant tendency and impacting negatively on the grouping, it is necessary to establish meaningful cooperation between the two competing organizations; CSTO and the SCO. In his view the CSTO which has the CRRF, and the SCO which has a broader geopolitical reach should cooperate more intensely. In other words the CSTO could be made as an adjunct of the SCO. Though thought provoking, such a proposal will not be acceptable to the members. For Russia the CSTO is a defense mechanism to integrate the post-Soviet space, whereas for China and the CARs the fear of being out manoeuvred by Russia would not make them to support this idea.

Now that the SCO has taken the decision to expand the grouping, the organization would not only be broad based, but importantly the multilateral mechanism would also be in place. This step was necessary in order to reinvent the SCO. Earlier it was what the Observer states spoke to media on the sidelines of the summit meetings that; made bigger headlines

than the deliberations of the summit. Some experts opine that, the trilateral format of the 'Russia-India-China' could become the centerpiece of SCO's annual meetings. There is possibility that next year Iran and Mongolia would be made full members, and this has raised the possibility of ' Russia-Mongolia-China format taking shape, when both Iran and Mangolia believed to be prospective states to be elevated to full membership. But would such trilateral formats make the SCO a cohesive grouping? Can trilateral formats promote SCO's core objectives of regional security and economic developments in its space? It remains to be seen how the expansion would promote SCO's goals .

For India full membership of the SCO is a welcome development. The SCO's space is also of vital interest to India. The CARs are part of its extended/strategic neighbourhood. Indian interests lie in a stable, secure and modern states in its common neighbourhood. How effective the SCO emerges as an instrument to safeguard regional security would depend on the requisite political will of its members. However, from the Indian perspective it is better to be part of the grouping and contribute to the common objective, than to be a mute spectator watching from the sidelines.

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