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Shanghai Cooperation Organization has Wind in Its Sails

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The tenth annual summit of the Shanghai Cooperation Organization (SCO) in Astana, Kazakhstan, on June 15 was a milestone in the history of the institution. The organization comprising China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan has gained a reputation as a possible strategic rival to American and Western interests throughout Central Asia. Current signs suggest that SCO membership may increase and the organization could become a more prominent regional geopolitical actor.

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At this summit, leaders unanimously reasserted that the SCO must develop evenly in the three areas of economic, security, and “humanitarian” cooperation—the latter referring to socio-cultural relations. Expect the SCO’s next decade to adhere to this script with special emphasis on SCO intergovernmental cooperation, and further investment in Central Asian infrastructure and transportation projects.

Summit decisions broadly reflected this course, including the adoption of an agreement on healthcare, a five-year strategy and action plan against drug trafficking and a two-year program against terrorism to further the organization’s core security mandate geared towards new challenges and threats. Moreover, a Memorandum of Understanding was signed with the United Nations Office on Drugs and Crime aimed at tackling the rising regional drug trade, while the SCO Regional Anti-Terrorist Structure based in Tashkent, Uzbekistan, established links with the Collective Security Treaty Organization, the other security framework in the region under a Russia-only leadership.

Additional proposals included the creation of a conflict prevention and response mechanism, supported by Kazakhstan and Kyrgyzstan, and seconded by China’s President Hu Jintao, while the call for a natural and manmade emergencies response unit, likely to be based in Kazakhstan, was renewed. Partially, these initiatives come as a response to the 2010 ethnic unrest which followed the overthrow of the Bakiev government in Kyrgyzstan which highlighted the impotence of regional organizations.

Finally, Afghanistan was another key issue on which the summit focused, with Afghanistan formally announcing its intention to become an official SCO observer. This SCO emphasis upon Afghanistan reflects the regional importance of this country in light of the US-led International Security Assistance Force (ISAF) intention to transfer security operations to Afghan forces by 2014.

The summit also foreshadowed China’s return to the driver’s seat of the SCO with its upcoming tenure of the rotating Chair in 2012. There is little doubt that China will continue to lead in the area of economic cooperation, where, in the face of disagreements and impasses with Russia, it has been willing and able to advance its



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interests within the SCO by using its own facilities in absence of a joint decision. Whereas China and Russia have opposite views on a yet to be created SCO Development Bank, with China favoring the creation of a new entity, and Russia proposing to extend the mandate of the existing Eurasian Development Bank, China’s decision to grant SCO members access to the Chinese Export-Import Bank as a substitute provider of soft loans for joint projects illustrates this point.

Nevertheless, regarding energy, discussions for the creation of a SCO energy club, first proposed by then Russian President Vladimir Putin in 2006, have been revamped, and are gaining momentum, at least on paper, under Kazakhstan’s chairmanship of this summit, and despite China’s initial caution. While Russia is increasingly sidelined by China’s economic inroads, Russian presidential aide Sergei Prikhodko said his government does not see China’s economic initiatives as a threat.

In the face of what some saw as China’s growing presence in Central Asia given the success of the SCO and sanctioned by this jubilee summit, the question is whether Russia will be able to keep up and retain the ability to employ the Commonwealth of Independent States—the dwindling umbrella organization of former Soviet countries—as a complementary framework to pursue the goals it is unable to advance within the SCO.

The SCO currently lists India, Iran, Mongolia, and Pakistan as observer states, with Belarus and Sri Lanka as dialogue partners, and it is undeniable that over the past ten years the SCO has been steadily upping its tempo as a geopolitical player. In the run up to the summit, two major non-members, Afghanistan and India, announced their intentions to join the organization.

Afghanistan wants to become an observer. This would be the culmination of a six-year relationship hinged on the SCO-Afghanistan Contact Group, and responding to SCO members’ concerns, also reiterated at the summit, of ensuring Afghanistan’s stabilization through a comprehensive socio-economic engagement process after ISAF’s withdrawal in 2014.

India, already an observer, requested to upgrade its current status to full membership. Though no decision was taken, and Pakistan’s application has been pending for several years, it looks like membership enlargement is now just a matter of time. Therefore, membership of the SCO will be a key facet to watch in the coming years. Aside from geopolitical considerations, membership enlargement could offer the organization significant leverage to promote regional influence and stabilization.

As proposed at the summit, it is expected that China will make efforts towards turning the Euro-Asia Forum and the China-Asia-Europe Expo into regional economic cooperation platforms during its chairmanship. These are trade and business fairs established respectively in 2005 and 2010 to boost cross-regional exchanges.

Such initiatives, and a possible enlargement along the lines suggested by the roster of observers, indicate that the SCO has the potential of tilting the barycenter of the Asia-Pacific region inwardly towards Central Asia. Emphasis on economic cooperation and large infrastructure projects appear to be a driver of this.

Whereas presently Asia is mostly oriented towards the Pacific Ocean as its main gateway to global markets and networks, this shift would rewrite this paradigm by giving that function to the landmass between Asia and Europe reviving the ancient Silk Road. Hence, while it is widely held that this will be the Asia-Pacific century, a different scenario might be in preparation. If both China and Russia remain keen on using the SCO to engage Central Asia, the game plan might actually be geared towards a Euro-Asian orientation.