

# The Shanghai Cooperation Organisation

Towards a full-grown security alliance?

Marcel de Haas (Editor)

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and  
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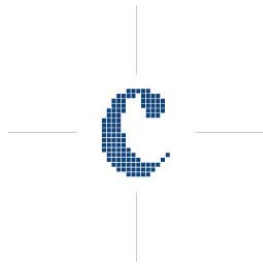
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# Abbreviations

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ASEAN	Association of Southeast Asian Nations
CIS	Commonwealth of Independent States
CST	Collective Security Treaty of the CIS
CSTO	Collective Security Treaty Organisation of the CIS
EU	European Union
NATO	North Atlantic Treaty Organisation
OSCE	Organisation for Security and Cooperation in Europe
RATS	Regional Antiterrorist Structure of the SCO
SCO	Shanghai Cooperation Organisation
UN	United Nations







Map 2: Member and observer states of the Shanghai Cooperation Organisation

Source: A. J. K. Bailes, P. Dunay, P. Guang and M. Troitskiy, *The Shanghai Cooperation Organization*, SIPRI Policy Paper no. 17 (Stockholm International Peace Research Institute, May 2007), available at <http://books.sipri.org>.

# 1 Introduction

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The Shanghai Cooperation Organisation (SCO) is a regional international organisation comprising states in Europe, the Near East, Central Asia and South East Asia. The SCO has China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan as member states and Mongolia, Iran, Pakistan and India as observer states.<sup>1</sup> The SCO takes care of cooperation in political, military, economic, energy and cultural fields. SCO member states have a population of nearly 1.5 billion people, which is about a quarter of the total world population. Including the four observers, the SCO even encompasses nearly half of the world's population. Furthermore, in addition to the member states Russia and China, the observers India and Pakistan bring together four nuclear powers, whereas observer Iran might well be on its way to reaching that status. The total area occupied by SCO member states is 3/5 of the territory of Eurasia.<sup>2</sup> Important ingredients of economic cooperation are (conventional) arms trade – with Russia as supplier – and energy, in which Russia, Kazakhstan, Uzbekistan and Iran are big exporters – and China and

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1 In practise the observer states participate in many of the activities of the SCO, such as the annual summits and as observers at military exercises. Their position is specifically mentioned in the regulations of the 'SCO Energy Club'. Therefore, their status is more than simply 'observer'.

2 Brief introduction to the Shanghai Cooperation Organisation, <http://www.sectSCO.org/html/00026.html>; The SCO members and observers account for some 2,7 billion people out of 6,4 billion of the world population (*Source*: 2005 World Population Data Sheet, [www.prb.org](http://www.prb.org)).

India are significant importers. The size of the armed forces of China and Russia belong to the top three list of the world.<sup>3</sup> Russia and China are the leading actors of the SCO. Comprising a considerable territory in and around Central Asia, a large part of the world population, energy sources, nuclear arms and significant armed forces, the SCO in theory has a formidable economic, political and military potential.

Until recently no extensive studies were published with the SCO as topic. This spring has seen a change in this apparent disinterest in this organisation. Two renowned European security institutes, the Conflict Studies Research Centre (CSRC) of the Defence Academy of the United Kingdom and the Stockholm International Peace Institute (SIPRI) have published in-depth works on the SCO.<sup>4</sup> Similar to these two publications this paper will also enlighten the development, interests, cooperation and current policies of the SCO. It would be redundant to duplicate the contents and approaches of the mentioned works on the SCO. However, since the publication of the papers of CSRC and SIPRI, some remarkable developments have taken place in the area of security policy of the SCO. For instance, as to energy security, this organisation has established a so-called 'Energy Club' for closer cooperation in this field. Furthermore, the Russian and Chinese presidents have repeatedly denied a military-oriented nature of the SCO. Nevertheless, August 2007 saw – for the first time – simultaneously conducted military exercises and a political summit of the Heads-of-State, as well as other conceptual approaches on intensified military-political security cooperation.

Considering the contents of the mentioned recent publications and the latest developments in military and energy security of the SCO, this Clingendael paper will analyse in particular the recent advances in security policy and its possible implications. Should this be regarded as the onset of a movement of the SCO towards becoming a solid military-political alliance, or are these occurrences nothing more than ad-hoc events? Furthermore, and related to this, will the SCO grow to be a strong and coherent organisation, capable of controlling the Central Asian and the Pacific regions, and if so, what possible consequences may that have for other contenders in this area?

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3 [http://www.nationmaster.com/red/graph/mil\\_arm\\_for\\_per-military-armed-forces-personnel&b\\_printable=1](http://www.nationmaster.com/red/graph/mil_arm_for_per-military-armed-forces-personnel&b_printable=1).

4 H. Plater-Zyberk, *Who's Afraid of the SCO?*, Central Asian Series 07/09, Swindon: Conflict Studies Research Centre, UK Defence Academy, March 2007; .A.J.K. Bailes, P. Dunay, P. Guang & M. Troitskiy, *The Shanghai Cooperation Organization*, SIPRI Policy Paper, No. 17, Stockholm: Stockholm International Peace Institute, May 2007.

## 2 Development of the SCO

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The institutional development of the SCO can be divided into three phases, in which this entity matured from an ad-hoc arms control grouping via emphasis on internal security to an international organisation with a variety of cooperation and activities (See Annex A: ‘Shanghai Five and SCO Summits 1996-2007’).

### **2.1 1<sup>st</sup> phase: Confidence and security building measures (1996-2001)**

In November 1992, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan started security negotiations.<sup>5</sup> These were former Soviet republics facing China. The basic objective of this grouping was to diminish possible tensions at the borders, after the Cold War had ended. In 1996 the ‘Shanghai Five’ group of cooperating states was founded with the aforementioned five states as members. In 1996 and 1997, the heads of states, at their meetings in Shanghai and Moscow respectively, signed an ‘Agreement on deepening military trust in border regions’ and an ‘Agreement on reduction of military forces in border regions’, which became an important historical stage and resulted in launching the ‘Shanghai Five mechanism’: strengthening good-neighbourly relations of mutual trust, friendship and cooperation among the

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5 R. Weitz, ‘Shanghai summit fails to yield NATO-style defence agreement’, *Jane’s Intelligence Review*, August 2006, p. 40.

five countries. Annual meetings became established practice and were held alternately in each of the five countries.<sup>6</sup>

### ***2<sup>nd</sup> phase: Regional security against the three evils (2001-2004)***

Next, the members of the 'Shanghai Five' together with Uzbekistan decided to lift the 'Shanghai Five mechanism' to a higher level, in order to make it a strong base and important support for developing cooperation among the six states under new conditions. On 15 June 2001 in Shanghai the Heads of these six states signed the 'Declaration on Establishment of the Shanghai Cooperation Organisation', thus creating a new organisation of regional cooperation, the SCO. During this meeting 'The Shanghai convention on fight against terrorism, separatism and extremism' was also signed. After diminishing military tensions, and by creating mutual trust, friendship and cooperation, this convention against the so-called 'three evils', i.e. 'terrorism, separatism and extremism', marked the next phase in development of the SCO. The year 2004 then saw the completion of the institutional phase of the SCO. Two permanent organs were established: a Secretariat in Beijing and a Regional Anti-Terrorist Structure (RATS) in Tashkent, Uzbekistan. Furthermore, Mongolia joined as the first SCO observer.<sup>7</sup>

### ***3<sup>rd</sup> phase: Comprehensive international organisation (2004-present)***

Until 2004 the SCO mainly dealt with regional security – in particular against the three 'evils' as well as with economic cooperation. Gradually, the SCO changed from a purely regional outlook into an organisation seeking international recognition and cooperation. In 2004 the SCO received an observer status at the UN. The next year the SCO Secretary-General was allowed to make a speech to the UN General Assembly. Moreover, the SCO has signed Memoranda of Understanding with the Association of Southeast Asian Nations (ASEAN) and with the Commonwealth of Independent States (CIS).<sup>8</sup>

At the Summit of July 2005, in Astana, Kazakhstan, the SCO seemed to proclaim a radical change of course. In previous years the governments of the Central Asian member states and Uzbekistan especially – faced with the

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6 History of development of Shanghai Cooperation Organisation, <http://www.sectSCO.org/html/00035.html>.

7 Chronology of Main events within the framework of "Shanghai five" and Shanghai Cooperation organization (SCO), <http://www.sectSCO.org/html/00030.html>; Ministry of Foreign Affairs of the People's Republic of China, *Shanghai Cooperation Organisation*, 7 January 2004, <http://www.fmprc.gov.cn/eng/topics/sco/t57970.htm>.

8 Speech by Secretary-General of the Shanghai Cooperation Organisation Zhang Deguang at the 60th High-Level plenary meeting of the United Nations General Assembly, New York, September 16, 2005, <http://www.sectSCO.org/html/00515.html>.

Western backed regime changes in Georgia (2003) and Ukraine (2004), another change of government in Kyrgyzstan (2005) as well as with Western criticism of the Uzbek government's suppression of unrest in Andijan in May 2005 – increasingly saw their existence threatened, which forced them to choose an alliance with Russia and China and diminishing their (economically favourable) relationship with the West. At the Astana Summit this led to a final statement of the SCO members, in which (US) unipolar and dominating policies, as well as foreign military deployment in Central Asia, were condemned and the withdrawal of Western military troops encouraged.

There was another significant development at this summit. In addition to Mongolia, in July 2005 Iran, Pakistan and India joined the SCO as observers. As a result of the anti-western statements at the summit, the joining of 'rogue state' Iran as observer, as well as the rather offensive orientated 'Peace Mission 2005' military exercises of August 2005, the SCO now seemed to develop into an anti-Western security organisation, which some Western media described as the 'NATO of the East'. However, the anti-Western stances in the summit declaration were instigated by Russia and reluctantly accepted by the other SCO members.<sup>9</sup> The formal documents of the next high-level meeting, the 2006 Shanghai Summit, mentioned that differences in political and social systems, values and model of development should not be taken as pretexts to interfere in other countries' internal affairs. It was further stated that models of social development should not be 'exported'.

At the 2007 Bishkek Summit the Heads of State made clear that the security and stability of Central Asia in the first place depends on the armed forces of the states within the region, which may be further guaranteed on the basis of the existing regional organizations.

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9 'Declaration of Heads of Member States of Shanghai Cooperation Organisation', Astana, 5 July 2005, <http://www.sectSCO.org/html/00500.html>. Representatives of Central Asian states informed Lt-Col De Haas that the anti-Western statements at the 2005 Astana Summit was put forward by Russia and that their countries had no choice but to adhere to this view (International Arms Control Seminar on Confidence and Security Building Measures in the Modern Context, Almaty, Kazakhstan, 17-19 October 2006). Russia's role as instigator of the anti-Western stances was confirmed by Chinese sources to Lt-Col De Haas at his visit to China in August 2007.

The call at the 2005 Astana Summit for withdrawal of (Western) forces from Central Asia has not been repeated at subsequent summits.<sup>10</sup> The statements of the 2006 and 2007 summits demonstrate that most of the SCO member states intend to continue their cooperation with the West but when it comes to regional, Central Asian security policy, they want to be in charge themselves and reject outside interference, especially in domestic affairs. Therefore, the SCO cannot be regarded as targeted against the West; its members essentially emphasize freedom from outside interference.

### ***Further enlargement***

Enlargement of the membership is – besides its scope of tasks – another point of discussion within the SCO. The SCO members decided on the eve of the 2006 Shanghai Summit not to allow any new members, allegedly, because the current member-states had not yet finalised a legal base for new participants.<sup>11</sup> However, it is more likely that there is disagreement within the SCO on which of the observers – the most likely contestants for membership, would be allowed to join. For instance, Iran and India have been the Russian favourites to become observers, whereas Pakistan was supported by China. At the Bishkek Summit of 16 August 2007 the Russian minister of Foreign Affairs, Sergei Lavrov, stated that the freeze on the admission of new members to the SCO would be continued, but observer states would be offered closer cooperation. He added that participants in the Bishkek summit agreed to involve observer states more actively in practical projects and that it would be quite possible that the ‘SCO Energy Club’ would be open to companies from SCO observer countries. His reference to a greater role of the SCO observers in the ‘Energy Club’ corresponded with the regulations of that energy body, in which active participation of the SCO observers was foreseen. Turkmenistan's President Gurbanguly Berdimukhammedov attended the Bishkek Summit, which was the first time a Turkmen president did so. Since Turkmenistan is the only Central Asian state outside the SCO – being the missing link – it would be logical to expect that this country, in due course, will be admitted to the SCO. Turkmenistan has made the first step out of its self-imposed isolation. Since Turkmenistan is not specifically favoured or opposed by Russia or China, if it expresses the desire to join, its request is likely to be honoured. On the eve of the Bishkek Summit Russian Deputy

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10 Joint Communiqué Meeting of the Council of Heads of States of the SCO, Shanghai, 15 June 2006, <http://www.sectsc.org/html/00030.html>; Declaration on the Fifth Anniversary of the SCO, 15 June 2006, <http://www.sectsc.org/html/01470.html>; ‘SCO leaders sign declaration on security, stability’, *China Daily*, 17 August 2007, [http://www.chinadaily.com.cn/world/2007-08/17/content\\_6030498.htm](http://www.chinadaily.com.cn/world/2007-08/17/content_6030498.htm); ‘Bishkekская Декларация’, *SCO website*, 16 August 2007, <http://www.scosummit2007.org/news/press/148/>.

11 Weitz, ‘Shanghai summit fails to yield NATO-style defence agreement’, p. 43.

Minister of Foreign Affairs, Andrei Denisov, declared that in principle Turkmenistan could apply for membership of the SCO. Nevertheless, at the Bishkek Summit such an application was not yet made by President Gurbanguly Berdymukhammedov.<sup>12</sup>

### ***Activities***

Comparing the results of the annual summits demonstrates a steady expansion of topics of political cooperation and discussion (See Annex A: 'Shanghai Five and SCO Summits 1996-2007'). This is also displayed by frequent deliberations, not only by heads of state or heads of government, but also by ministers and agencies. The Council of Heads of State, the main strategic organ of the organisation, meets once a year at a summit to discuss all topics interesting the member states. The Council of Heads of Government adopts the SCO budget and coordinates mainly economic issues. Regular sessions of the Council are held once a year.

The Council of Ministers of Foreign Affairs meets one month before the annual meeting of the Heads of States. The Council of Ministers and Heads of Agencies coordinates specific issues in specific areas ranging from military to cultural. And, finally, the Council of National Coordinators meets at least three times a year to manage and coordinate the tasks set by the SCO's decision-making councils. This Council coordinates the meetings of the heads of the border control organs, the general prosecutors, the law enforcement bodies and the ministers of foreign affairs, defence, economic affairs, transport, and culture as well as of emergencies.<sup>13</sup> Concrete cooperation is mainly found in the following areas.

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12 'Moratorium on admission to Shanghai Six to hold - FM Lavrov', *RIA Novosti*, 16 August 2007; 'Polozheniye ob energeticheskoy klube', 3 July 2007, [http://www.scosummit2007.org/files/material/polozhenie\\_energ\\_kluba.doc](http://www.scosummit2007.org/files/material/polozhenie_energ_kluba.doc); 'Shanghai alliance interested in Turkmenistan membership', *RIA Novosti*, 15 August 2007; D. Kosyrev, 'Rush demand for Shanghai Cooperation Organization', *RIA Novosti*, 17 August 2007.

13 Plater-Zyberk, *Who's Afraid of the SCO?*, p. 2.



### 3 Defence and security policy

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Cooperation in the domain of defence and security comprises security policy concepts and agreements, military drills, counter terrorism activities and armament deals. Energy security will be discussed separately.

#### ***Security organisation***

Although the SCO started as a security organisation – extending from confidence building measures at the borders to anti-terrorist activities – the SCO members frequently state that this organisation is primarily meant for political and economic cooperation and that military coordination – focussing on domestic security – plays a minor role. For instance, the Russian Deputy Defence Minister, Sergei Razov, denied allegations that military cooperation among SCO members is a top priority and stated that economic cooperation and security are the main interests. Likewise at the Bishkek Summit, President Putin denied that the SCO would develop into a full-grown security organisation such as NATO.<sup>14</sup>

So far, neither individual members nor the organisation itself have made any statements towards the intention to create, what some Western commentators call a ‘NATO of the East’. Furthermore, its members disagree upon vital

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14 F. W. Stakelbeck Jr., ‘The Shanghai Cooperation Organization’, *FrontPageMagazine.com*, 8 August 2005, <http://www.frontpagemag.com/Articles/Printable.asp?ID=19041>; ‘ShOS ne nado sravnivat s NATO, schitayet Putin’, *RIA Novosti*, 17 August 2007.

issues of security – as was the case with the anti-Western positions in the declaration of the 2005 Astana Summit – concerning Western military deployment in Central Asia – and also on other issues of security cooperation. For instance, as to the international legal connotation of security, there is common understanding within the SCO that ‘non- interference’ in internal affairs is a leading principle. Accordingly, its members refuse Western criticism on their human rights practises. However, when it comes to collective action against domestic, non-violent uprisings, the March 2005 revolution in Kyrgyzstan demonstrated disagreement within the SCO whether to act or not, with China allegedly in favour and Russia against military intervention.<sup>15</sup>

### **Steps towards closer security cooperation**

In spite of the frequent denials of the military nature of the SCO and the differences between members on military and security cooperation, five recent developments can be discerned which point in the direction of the SCO gradually moving towards a full-grown security organisation. These developments – most of which will be discussed later in detail – are the following:

#### *Combination of military and political events*

First of all, the features of military and political activities were combined. For the first time a political summit (Bishkek 2007) was amalgamated with war games (‘Peace Mission 2007’). Moreover, until then defence ministers were the highest ranking officials to watch SCO military exercises. The Heads of States’ presence at the war games, for the first time in the history of the SCO, was probably to demonstrate the growing significance of the military component within the SCO but also signalled their determination to be in ‘command’ of the security situation in this region.

#### *‘Military assistance’ concept*

Secondly, there is the phenomenon of ‘military assistance’ as a concept. Perhaps the most significant development with regards to the security policy aspects of ‘Peace Mission 2007’ was its scenario in which military assistance played a central role. One of the vital ingredients of a mature security organisation, which also applies to the CSTO, is military assistance as one of its instruments. Although a development towards inclusion of such an article into the policy documents of the SCO cannot (yet) be discerned, the scenario of the ‘Peace Mission 2007’ unmistakably revealed a de-facto application of military assistance.

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15 Weitz, ‘Shanghai summit fails to yield NATO-style defence agreement’, pp. 41-42.

### *Cooperation between SCO and CSTO*

Thirdly, the intensifying relationship between the SCO and the Russian-led military alliance Collective Security Treaty Organisation of the CIS (CSTO) should be mentioned. Although China is hesitant, as was made clear in the consultations for 'Peace Mission 2007', a Memorandum of Understanding (MoU) between the SCO and the CSTO seems to be underway, which will open the door for military cooperation between the two organisations.<sup>16</sup> Such cooperation was actually already started by allowing CSTO observers at the latest SCO exercises (See Annex B: 'SCO military exercises 2002-2007'). Since the CSTO is a purely military alliance, this cooperation will undoubtedly reinforce the military component of the SCO.

### *Maturing joint manoeuvres*

Fourthly, the military exercises of the SCO, since 2002, have become increasingly ambitious, developing from a bilateral or multilateral level to a joint all-SCO level, and including not only counterterrorism but also external security policy connotations. Furthermore, prior to the 2007 Bishkek Summit the SCO ministers of Defence in Bishkek on 27 June 2007 reached agreement on a structural arrangement for joint exercises. According to the Kyrgyz Defence minister, Ismail Isakov, this agreement would lay the long-term organisational and legal foundations for such activities in the future.<sup>17</sup>

### *Security response mechanisms*

Fifthly, the 2006 Shanghai Summit affirmed that in case of threats to regional peace, stability and security, SCO members will have immediate consultations on effectively responding to the emergency. Furthermore, the intention was expressed of formulating a mechanism for measures in response to threats to regional peace, as well as a study on establishing a regional conflict prevention mechanism within the SCO framework. The projected drafting of such security mechanisms, which are also found in NATO, were repeated at the 2007 Bishkek Summit.<sup>18</sup>

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16 'SCO and CSTO set to sign MoU', 1 August 2007, *SCO website*, <http://www.sectsc.org/html/01592.html>; 'CSTO proposes to SCO joint effort on post-conflict Afghanistan', *RIA Novosti*, 31 July 2007.

17 'SCO Defence Ministers gather in Bishkek', 27 June 2007, <http://www.sectsc.org/html/01465.html>; 'SCO member states to increase defense co-op', *Xinhua*, 27 June 2007; Karniol, 'China, Russia expand "Peace Mission 2007"', 25 July, 2007.

18 Declaration on Fifth Anniversary of Shanghai Cooperation Organisation, *SCO website*, 15 June 2006, <http://www.sectsc.org/html/01470.html>; 'Joint Communiqué of meeting of Council of Heads of SCO Member States', *SCO website*, 16 August 2007, <http://www.sectsc.org/html/01651.html>.

### ***Military exercises***

Combined military manoeuvres are one of the activities of the SCO. Since 2002 the SCO has conducted the following war games.

#### **SCO manoeuvres 2002-2003**

SCO military manoeuvres started on a bilateral level in October 2002 with a Kyrgyz and Chinese bilateral anti-terrorist exercise within the SCO framework. In August 2003, the first formal SCO sponsored cross-border anti-terrorist exercises, 'Cooperation 2003', in the Almaty oblast of Kazakhstan and the Xinjiang, province of China, with participation of all SCO members except Uzbekistan, were conducted, comprising 1,000 troops. This was the first time for foreign troops to be invited to participate in exercises on Chinese territory. The objective of the exercises was to implement the provisions of the 2001 Shanghai Convention on the joint struggle against terrorism, separatism and religious extremism.<sup>19</sup>

#### **Peace Mission 2005**

In August 2005, for the first time in 40 years, Russian and Chinese armed forces carried out joint exercises, 'Peace Mission 2005' comprising 10,000 military personnel, navy vessels and aircraft. The Russian-Chinese military exercises should not only be considered from a Sino-Russian bilateral point of view, but also as an activity of the SCO, as was frequently stated by Sergei Ivanov, the Russian minister of defence at that time, and by other officials. Not only the Russian and Chinese ministers of defence attended the manoeuvres, but also representatives of the remaining SCO members and of the observers.<sup>20</sup>

The formal objectives of the exercises were to strengthen the capability of joint operations and the exchange of experience; to establish methods of organizing cooperation in the fight against international terrorism, separatism

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19 C. Carlson, 'Central Asia: Shanghai Cooperation Organization Makes Military Debut', 5 August 2003, <http://www.rferl.org/features/2003/08/05082003154708.asp>; Weitz, 'Shanghai summit fails to yield NATO-style defence agreement', p. 42; G. Wacker, *The Shanghai Cooperation Organisation – Regional Security and Economic Advancement*, website Konrad Adenauer Stiftung, 20 August 2004, [http://www.kas.de/proj/home/pub/37/1/year-2004/dokument\\_id-5210/index\\_print.html](http://www.kas.de/proj/home/pub/37/1/year-2004/dokument_id-5210/index_print.html).

20 A. Ventslovski, "'Plokhiye" parni vybity s Beybeya', *Krasnaya Zvezda*, 26 August 2005; 'Russian-Chinese games continue', *RFE/RL Newslines*, Vol. 9, No. 160, Part I, 24 August 2005; 'Russian and Chinese defence ministers praise joint military exercises', *RFE/RL Newslines*, Vol. 9, No. 161, Part I, 25 August 2005; I. Plugatarev, 'Kto platit, tot i zakazyvayet ucheniya', *Nezavisimoye Voyennoye Obozreniye*, No. 31 (440), 19 August 2005, p. 3; A. Ventslovski, "'Mirnaya missii" v zalive Lunvan', *Krasnaya Zvezda*, 25 August 2005.

and extremism; as well as to enhance the mutual combat readiness against newly developing threats.<sup>21</sup> The exercises comprised ‘ingredients’ such as the use of strategic long-range bombers, neutralisation of anti-aircraft defence, command posts and airbases, gaining of air superiority, enforcing of a maritime blockade and control of maritime territory.<sup>22</sup>

However, terrorist movements typically do not have conventional land, sea or air forces, nor do they deploy their military power in a symmetric way. Therefore, these exercise objectives had little to do with warfare against terrorism, but were actually nothing other than the practise of conventional warfare, employing all services except for nuclear forces. The most likely real main objective of the manoeuvres was that they were meant as a sophisticated Russian-Chinese conventional ‘show-of-force’, demonstrating to the (Western) world that these two great powers consider themselves to be in control of the Asian-Pacific region and that others are denied interfering in their sphere of influence.<sup>23</sup>

### **SCO manoeuvres 2006-2007**

In early March 2006 Uzbekistan hosted a multilateral exercise, ‘East-Antiterror 2006’, in which special services and law-enforcement agencies simulated exercises defending critical infrastructure. The exercises were attended by officials from China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. In May 2007 Special Forces of the six SCO member-states participated in the counterterrorism exercise ‘Issyk-Kul Antiterror 2007’ in northeastern Kyrgyzstan. The exercise monitored by representatives of the four SCO-observers and of the CSTO, involved intelligence services, Special Forces and law-enforcement bodies.<sup>24</sup>

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21 A. Ventslovski and N. Litkovets, “‘Mirnoy missii’ dan start’, *Krasnaya Zvezda*, 19 August 2005.

22 A. Ventslovski, “‘Mirnaya missii’ speshit na pomoshch’, *Krasnaya Zvezda*, 24 August 2005.

23 For a more detailed description of these exercises and the ‘show-of-force’ approach in particular, see M. de Haas, *Russian-Chinese military exercises and their wider perspective: Power play in Central Asia*, Russian Series 05/51, Swindon: Conflict Studies Research Centre, UK Defence Academy, October 2005.

24 ‘Uzbekistan hosts SCO drill’, *RFE/RL Newslines*, Vol. 10, No. 45, Part I, 10 March 2006; ‘Kyrgyzstan to host SCO counterterror exercises’, *RFE/RL Newslines*, Vol. 11, No. 92, Part I, 21 May 2007; ‘SCO counterterror drill ends in Kyrgyzstan’, *RFE/RL Newslines*, Vol. 11, No. 99, Part I, 31 May 2007.

## Peace Mission 2007

In August 2007 the SCO conducted military exercises in China and Russia, under the title 'Peace Mission 2007'.<sup>25</sup> These joint SCO military exercises were initially scheduled for July 18-25, to be conducted in Russia. At first, 'Peace Mission 2007' was supposed to involve only battalions from Russia and China (400-450 troops each), companies from Kazakhstan, Uzbekistan and Tajikistan (100 troops each), and a Kyrgyz platoon. Beijing, however, asked to increase the number of the troops involved to 2,000, and Moscow agreed.<sup>26</sup>

Further negotiations in spring 2007 changed a number of details of the exercises. The amount of troops was further enlarged; the total personnel strength of troops involved was raised to 4,000 military. Apparently, later consultations further raised the number of troops to some 7,000, which was the actual number during the manoeuvres. Furthermore, in the fourth round of consultations between SCO members, in May 2007, it was decided to broaden the scope of the exercises, geographically and in its international significance. Now, the war games were to be conducted not only in Russia – in the vicinity of the town of Chebarkul, in the Chelyabinsk region of the Ural Mountains – but to start (the first two days) in China, in the northwest city of Urumqi, capital of China's Xinjiang Uighur Autonomous Region. Moreover, the manoeuvres were rescheduled to 9-17 August.

Another interesting phenomenon – related to the postponement of the exercises from July to August – was the combination with the annual political summit of the SCO, this time in Bishkek, Kyrgyzstan, on 16 August. After the Bishkek Summit, The Heads of State of the SCO, Russian President Vladimir Putin, Tajik President Emomali Rakhmonov, Kyrgyz President Kurmanbek Bakiyev, Chinese President Hu Jintao, Kazakh President Nursultan Nazarbayev and Uzbek President Islam, Karimov as well as their guests, flew to Russia to attend the final stage and day of the exercises.<sup>27</sup>

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25 For a broad assessment of these drills see: M. de Haas, *The 'Peace Mission 2007' exercises: The Shanghai Cooperation Organisation advances*, Central Asian Series 07 / 28, Shrivenham: Advanced Research and Assessment Group, UK Defence Academy, September 2007.

26 V. Litovkin, 'Poka ne srastayutsya...', *Nezavisimoye Voyennoye Obozreniye*, 13 April 2007, p. 2; Plater-Zyberk, *Who's Afraid of the SCO?*, p. 4; 'Kontseptsiya dlya Shankhayskoy "Shestyorki"', *Nezavisimoye Voyennoye Obozreniye*, 9 February 2007, p. 1; 'Na nosu – mirnaya missiya', *Nezavisimoye Voyennoye Obozreniye*, 27 October 2006, p. 1.

27 V. Litovkin, 'Kitayskaya intriga "Mirnoy missii-2007"', *Nezavisimoye Voyennoye Obozreniye*, 1 June 2007, p.2; Z. Ping, "'Peace Mission 2007' tackles terror threats', *China Daily*, 3 July 2007; 'Russian general: Exercises are a success', *Regnum*, 17 August 2007; V. Markushin, 'Mirnaya missiya-2007', *Krasnaya Zvezda*, 17 May 2007.

The formal goals of the war games were reinforcing the anti-terror capabilities of the SCO member states, intensifying partnership and cooperation among them in defence affairs and ensuring security and stability in the region.<sup>28</sup> These formal objectives corresponded with those of 'Peace Mission 2005'. With the exclusion of heavy weapons – which did participate in 'Peace Mission 2005' – 'Peace Mission 2007' was much more than its predecessor of 2005 a genuine anti-terrorist exercise. Consequently, these war games did not cause any concerns with other countries. Nevertheless, with the presence of some 80 defence-attachés and 400 journalists, as well as all six Heads of State of the SCO, the large scale exercise 'Peace Mission 2007', just as the drills of 2005, was clearly also meant to display the military power of the SCO. Thus, as was mentioned in the final declaration of the Bishkek Summit, the war games were also likely to emphasize that these countries would manage the security of their region themselves, without outside (Western) interference.<sup>29</sup>

In addition to objectives of external security policy, the exercises also comprised a SCO message of internal security policy. The scenario of 'Peace Mission 2007', of terrorists supported by domestic political opposition and ethnic groups, intending to create a popular revolt with which they would takeover control of a SCO member state, had similarities with real or possible scenarios such as the Andijan uprising in Uzbekistan (May 2005), the incursions by Chechen terrorists to take over rule in Dagestan (August/September 1999) and also with terrorist problems the Chinese face from Muslim separatists in Xinjiang province. Considering the latter, the choice of the location of the start of the war games, in Urumqi, capital of China's Xinjiang Uighur Autonomous Region, was probably meant as a warning to the separatist movement in that province and consequently also towards terrorist/separatist movements in any SCO state.

### **Assessment of military exercises**

Since the start of the war games under the auspices of the SCO in 2002, they have become increasingly ambitious, developing from a bilateral or multilateral level to a joint all-SCO level. Gradually the size of the drills was also increased. Furthermore, the emphasis of the exercises on counterterrorism has been expanded with external security policy and international power play aspects (See Annex B: 'SCO military exercises 2002-2007'). 2005 appeared to mark the breaking point, when Russia and China conducted large-scale manoeuvres under the patronage of the SCO. Although these exercises were formally described as peace-keeping and

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28 L. Tian, 'Joint drill enters the final phase', *China Daily*, 17 August 2007; 'SCO leaders observe joint anti-terror drill', *Xinhua*, 17 August 2007; 'SCO conducts final stage of joint anti-terror drill', *Xinhua*, 17 August 2007.

29 'Regional security exercise cost Russia \$80 million', *RIA Novosti*, 17 August 2007.

counterterrorism operations, the massive use of ground, air and naval arms and equipment clearly demonstrated their capabilities in conducting modern conventional warfare and thus exhibited the SCO's military power.

'Peace Mission 2007' was a step further in that direction, by combining the war games with the SCO Summit in Bishkek. Furthermore, 'Peace Mission 2007' was the first large scale conventional warfare drill in which all SCO members participated. The presence of CSTO observers at the 'Issyk-Kul Antiterror 2007' as well as at the 'Peace Mission 2007' exercises further displayed the growing importance of the military dimension as part of the SCO security framework in the international arena. Thus, military exercises have become a structural part of the activities of SCO, and as such an instrument not only for its internal but also for its external security policy.

### *Counterterrorism*

Terrorism became increasingly a concern for individual SCO members. Because of its transnational nature it was decided that this problem should be solved at the SCO-level rather than individually. At a SCO summit in June 2002 the Russian Foreign Minister, Igor Ivanov, announced the founding of a regional antiterrorism agency as part of the SCO.<sup>30</sup> This intention became reality with the establishment of the Regional Anti-Terrorist Structure (RATS) in Tashkent, Uzbekistan. The RATS, operational since June 2004, analyses regional terrorist movements, exchanges information about terrorist threats and advises on counter-terrorist policies. Concrete activities of the RATS are providing the coordination of SCO exercises of combined security forces and efforts to disrupt terrorist financing.<sup>31</sup>

At the SCO exercises 'Cooperation 2003' of August 2003 the focus was in particular on the Chinese Xinjiang Uighur region, bordering on Russia, Kyrgyzstan, Kazakhstan and Tajikistan and comprising some 15-20 million Muslim Uighurs. Taking into account that the objective of the manoeuvres reflected growing concerns about Islamic extremism in this region and the fears expressed by Chinese and Kyrgyz authorities that Uighur separatists might join other similar minded groups, such as the Islamic Movement of Uzbekistan (IMU), the choice of the location of the exercise did not seem coincidental. Moreover, the IMU allegedly would fight alongside Taliban and Al-Qaeda troops in Afghanistan, and Moscow has accused ethnic Uighur separatists of fighting with the Chechens.<sup>32</sup> Thus 'Cooperation 2003' clearly testified that the SCO put the '2001 SCO Convention against terrorism, separatism and extremism' into practice, as was also demonstrated by the

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30 Carlson, 'Central Asia: Shanghai Cooperation Organization Makes Military Debut'.

31 Weitz, 'Shanghai summit fails to yield NATO-style defence agreement', p. 40.

32 Carlson, 'Central Asia: Shanghai Cooperation Organization Makes Military Debut'.

more recent similar exercises 'East-Antiterror 2006' and 'Issyk-Kul Antiterror 2007'.

### ***Arms trade***

Armament deals – with Russia as supplier – are another activity within the SCO. In this field a secondary objective of the Russian-Chinese exercises of August 2005 – not suggested by official sources but by Russian and Western independent reports – might have been arms export. This assumption was strengthened by the fact that right after the closure of the exercises, China announced that it was interested in acquiring 30 Il-76 transport aircraft.<sup>33</sup> Currently, some 45% of Russia's arms export belongs to China. Since 2000, Russia has delivered weapon systems to China – including fighter aircraft, submarines and destroyers – amounting to an average of \$2 billion annually.

As China clearly did not have to be convinced of the effectiveness of Russian military equipment, perhaps the demonstration of weapon systems was meant to impress some of the SCO-observers. India, for instance, amounts to some 40% of Russia's arms export and Iran is considered to be an interesting growth market for Russian arms.<sup>34</sup> Although arms trade is primarily a Russian-led bilateral issue, the SCO serves as a convenient platform to conclude such contracts. Considering that energy deals initially were arranged in a similar way but developed into the 'SCO Energy Club', it is not unlikely that in due course arms export will also acquire a more 'joint' SCO nature.

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33 V. Bogdanov, 'Russia risks playing someone else's game', *Rossiyskaya Gazeta*, 19 August 2005; 'Sino-Russian war exercise starting to pay off?', *RFE/RL Newsline*, Vol. 9, No. 162, Part I, 26 August 2005.

34 V. Strugovets, 'Potensial voyennogo eksporta pochti ischerpan', *Nezavisimoye Voyennoye Obozreniye*, No. 24 (433), 1 July 2005, p. 6; A. Blua, 'Joint exercises underscore growing ties between Moscow and Beijing', *RFE/RL Russian Political Weekly*, Vol 5, No 28, 9 August 2005; 'Defense minister says Russia, China, India may hold joint military exercises', *RFE/RL Newsline*, Vol. 9, No. 195, Part I, 17 October 2005; 'Russia to increase military-technical cooperation with China', *RIA Novosti*, 31 August 2005; 'Putin steps in to revitalize arms sales to China', *RIA Novosti*, 8 September 2005.



## 4 Energy policy

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SCO oil reserves, including SCO observer Iran, are some 20% of the world's total. As these countries are not members of the OPEC, western oil companies view the oil reserves in the region, especially in Central Asia, as very attractive, which leads to a lot of investment and cooperation. The situation with gas is even more important. Aggregate gas reserves of Russia, Central Asia – including Turkmenistan, which is not (yet) aligned to the SCO – and Iran exceed 50% of the world's known reserves, according to a Russian formal source.<sup>35</sup> The fact that the SCO contains major energy exporters – Russia, Kazakhstan, Uzbekistan and Iran – as well as significant energy importers – China and India – consequently makes energy also one of the topics of cooperation of this organisation.

Energy deals are usually made on a bilateral or multilateral but not on a common base. But the SCO serves as a convenient platform for concluding energy deals, also on a bilateral level. For example, China concluded a deal with Uzbekistan on oil and gas exploration on the eve of the 2006 summit.<sup>36</sup> The entries on energy in the declarations of the 2006 and 2007 SCO Summits as well as the founding of a so-called 'Energy Club' within in the

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35 'Energy outcome of SCO meeting in Dushanbe', *RIA Novosti*, 20 September 2006.

36 A. Bezlova, 'Politics-China: Ahmadinejad Invited to Shanghai Meeting', 14 June 2006, <http://www.ipsnews.net/print.asp?idnews=33605>; 'China makes further economic inroads into Central Asia', *RFE/RL Newswire*, Vol. 10, No. 114, Part I, 22 June 2006.

SCO give evidence to the fact that SCO members and observers are increasingly engaged in energy cooperation and joint energy security policies.<sup>37</sup> However, energy cooperation goes together with disputes, when contrasting national (energy) interests are at stake. This is especially the case with the relationship between Russia and other energy producing or consuming states in the SCO.

### ***Russian-led energy cooperation***

Russia is very active in concluding energy contracts with SCO partners. For instance, in August 2005 during a visit to Beijing, President Putin stressed bilateral economic ties, especially the work of Russian energy companies in China, bilateral projects that would distribute those supplies to third countries, as well as the delivery of Russian oil and gas to China.<sup>38</sup> Furthermore, in November 2005 Russia and China agreed to double oil exports to China and to consider constructing an oil pipeline from Russia to China and a gas-transmission project from eastern Siberia to China's Far East.<sup>39</sup> China – the world's second largest oil importer – receives thirteen percent of its oil imports from SCO-observer Iran, which it intends to increase.

At the Shanghai Summit of 15 June 2006 Iran stated that it wanted to set gas prices jointly with Russia, as the world's largest two gas producers. Such a statement was likely for propaganda purposes, because gas prices are agreed upon by companies and gas contracts are long-term contracts. In spite of the 'PR value' of the Iranian announcement and the fact that Russia has not (yet) agreed with this proposal, this statement caused concern in the West as a possible threat to its energy security, since it would create a near monopoly on gas prices. At the same occasion Putin announced that Russia's Gazprom was prepared to help build a gas pipeline linking three SCO-observers: from Iran via Pakistan to India. Moreover, Russia is taking effective steps to develop power generation in Central Asia. It has signed an agreement to complete the construction of the Sangtudinskaya hydropower plant, is preparing a similar one on the Rogunskaya hydropower plant, both in Tajikistan, and another

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37 *Energy security* entails an assurance for the producing side that gas and oil are produced, transported, delivered and paid for without hindrance. To the consuming side, energy security entails undisturbed receipt of resources at reasonable prices, which ensure that their states continue to stably function. Source: M. de Haas, A. Tibold and V. Cillessen, *Geo-strategy in the South Caucasus: Power play and energy security of states and organisation*, The Hague: Clingendael Institute, November 2006, p. 11.

38 'Putin stresses importance of Sino-Russian economic, military cooperation', *RFE/RL Newslines*, 10 August 2005.

39 'Russia agrees to nearly double oil exports to China', *RFE/RL Newslines*, Vol. 9, No. 209, Part I, 7 November 2005.

one on the construction of the Kambaratinskaya hydropower plant in Kyrgyzstan. Another important issue is the creation of a power grid to transfer excessive electricity produced by Tajik and Kyrgyz power plants to Central and South Asia.<sup>40</sup>

### ***Energy cooperation apart from or against Russia's interests***

China and other SCO countries do not want to be fully dependent on energy ties with Russia and subsequently also focus on other partners in their need for energy. For instance, China concluded an energy deal with Uzbekistan on oil and gas exploration on the eve of the 2006 Shanghai Summit. Furthermore, China and Kazakhstan cooperate in energy. In December 2005 the Atasu-Alashankou oil pipeline between the two countries was opened. In due course this Sino-Kazakh pipeline will be enlarged from 1,000 to 3,000 kilometres and will eventually provide China with some 15 percent of its crude oil needs.<sup>41</sup>

After the 2007 SCO Summit in Bishkek Chinese President Hu Jintao made a state visit to Kazakhstan at which an agreement was signed for the second phase of the Kazakh-Chinese oil pipeline, extending to westward, thus linking China with the Caspian Sea. Moreover, both countries announced the construction of a gas pipeline, transporting Turkmen gas to China via Kazakhstan, which should be completed by 2009. Kazakhstan, however, keeps all doors opened by its energy cooperation not only with Russia and China, but also with the West.<sup>42</sup>

The Baku-Tbilisi-Ceyhan (BTC) oil pipeline has become an interesting option after many Kazakh producers decided to join this project in an attempt to avoid Russian dependency. The Kazakh government, which formally joined the BTC-project on 16 June 2006, stated that in 10 years it would like to supply the BTC with three-quarters of its total capacity.<sup>43</sup> These

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40 'Joint Communiqué of 2006 SCO summit', [http://english.scosummit2006.org/en\\_zxbb/2006-06/15/content\\_756.htm](http://english.scosummit2006.org/en_zxbb/2006-06/15/content_756.htm); 'Iranian president wants to set gas prices jointly with Russia', *RFE/RL Security Newslines*, 10, 109, 15 juni 2006.; A. Bezlova, 'Politics-China: Ahmadinejad Invited to Shanghai Meeting', 14 June 2006, <http://www.ipsnews.net/print.asp?idnews=33605>; 'Putin says Gazprom could help finance planned Iranian pipeline', *RFE/RL Newslines*, Vol. 10, No. 110, Part I, 16 June 2006; 'Energy outcome of SCO meeting in Dushanbe', *RIA Novosti*, 20 September 2006.

41 'China makes further economic inroads into Central Asia', *RFE/RL Newslines*, Vol. 10, No. 114, Part I, 22 June 2006; 'Kazakh-China pipeline begins operations', *RFE/RL Newslines*, Vol. 9, No. 234, Part I, 16 December 2005; 'Circumventing the bear', *Stratfor*, 16 December 2005.

42 'SCO energy ties', *Energy Daily*, 22 August 2007.

43 'Circumventing the Bear', *Strategic Forecasting Inc.*, 16 December 2005.

expectations were formulated a month before the formal opening of the pipeline, which took place on 13 July 2006 in the Turkish Mediterranean port of Ceyhan.

Similar to the BTC is the Baku-Tbilisi-Erzurum (BTE) gas pipeline, linking Baku to the eastern Turkish Anatolian city of Erzurum, through Tbilisi. It runs alongside the BTC and will be linked to the Turkish gas-distribution network. The BTE-pipeline went into operation at the end of 2006.<sup>44</sup> The USA is trying to actively involve Kazakhstan into this project, as it is lobbying for a gas and oil pipeline connecting Kazakhstan, along the Caspian seabed, to the BTC and BTE. Since no legal settlement has yet been reached on the Caspian Sea and its seabed, these efforts are not likely to be successful in the near future.<sup>45</sup>

### ***Joint SCO energy policy***

At the Shanghai Summit of 15 June 2006 for the first time energy was publicly put on the agenda as a major issue. At this summit Russia's President Putin announced the intention of the founding within the SCO of an 'Energy Club', in order to develop a joint SCO course of action in the field of energy. At a meeting of the Heads of Government Council of the SCO in Dushanbe, Tajikistan, on 15 September 2006, a common energy policy was further discussed. First of all, priority areas of cooperation concerning energy, transportation and telecommunications, were set out. The creation and launch of special working groups in fuel and energy sector, modern information and telecommunications technology received special importance. Furthermore, decisions were made on implementing the initiative voiced by Vladimir Putin at the Shanghai Summit, where he proposed to set up an 'SCO Energy Club'.

The heads of government tasked a special working group on fuel and energy with studying in the shortest time the possibility of forming an 'SCO Energy Club'. The Kazakh and Russian parties would present to the SCO Secretariat their proposals for all parties to be discussed in 2007 at a meeting of the heads of fuel and energy departments of the SCO member states. On 3 July 2007 this 'Energy Club' was established in Moscow. The regulations of the 'Energy

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44 'BP Azerbaijan', *BP Azerbaijan Interests (presentation)*, May 2006; 'Fact box: Caspian Sea Hydrocarbons', *RFE/RL*, 25 October 2005; 'Eurasia: Kazakhstan Squeezes In On BTC Pipeline Project', *RFE/RL*, 16 July 2006; 'GUAM – a regional grouping comes of age', *RFE/RL*, 2 June 2006.

45 S.J. Main, *The Bear, The Peacock, The Eagle, The Sturgeon and the Black, Black Oil: Contemporary Regional Power Politics in the Caspian Sea*, Caucasus Series 05/67, Swindon: Conflict Studies Research Center, UK Defence Academy, December 2005, p. 16-17; 'Cheney Runs Finger along the Caspian Seabed', *Kommersant*, 7 May 2006.

Club' – in which the SCO observers also take part in this capacity – explain that it unites energy producers, consumers and transit countries in coordination of energy strategies with the aim of increasing energy security. At the 2007 Bishkek Summit of 16 August 2007, the Russian Foreign Affairs minister Lavrov confirmed an active role for the SCO observers in the 'Energy Club', for instance with participation open to their companies.<sup>46</sup> Although so far energy deals are made bilaterally, the foundation of the 'SCO Energy Club' is a step towards a common energy policy, even though it is still unclear what the intentions are.

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46 'Joint Communiqué of 2006 SCO summit', [http://english.scosummit2006.org/en\\_zxbb/2006-06/15/content\\_756.htm](http://english.scosummit2006.org/en_zxbb/2006-06/15/content_756.htm); 'Energy outcome of SCO meeting in Dushanbe', 20 September 2006; 'Meeting of the Council of Heads of Government /Prime Ministers of SCO', Dushanbe, 15 September 2006, <http://www.sectSCO.org/html/00030.html>; Poyavitsya Energoklub ShOS', 3 July 2007, <http://www.scosummit2007.org/news/press/62/>; 'Polozheniye ob energeticheskoy klube', 3 July 2007, [http://www.scosummit2007.org/files/material/polozhenie\\_energ\\_kluba.doc](http://www.scosummit2007.org/files/material/polozhenie_energ_kluba.doc); 'Moratorium on admission to Shanghai Six to hold - FM Lavrov', *RIA Novosti*, 16 August 2007.



## 5 Economic, environmental, social and other policies

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The framework of the SCO is much broader than security and energy activities. As a regional answer to the challenges of economic globalisation, the SCO envisages a free trade. Economic cooperation is also regarded from the security dimension: fighting poverty will also remove the grounds of the 'three evils', i.e. terrorism, separatism and extremism. Improving economic cooperation is the responsibility of the prime ministers of the SCO, which have been working on this agenda item as of 2001. At their meeting of 2003 they launched a programme which mentioned as the major fields of cooperation: energy, information, telecommunications, environmental protection and the comprehensive utilization of natural resources. In addition to these, trade and investment facilitation are also matters of concern, with an emphasis on building infrastructure such as roads and railways and harmonizing customs and tariffs.

The Summit in Tashkent of June 2004 established working groups on e-commerce, customs, quality inspection, invest promotion and transportation and on the creation of a SCO Development Fund and Business Forum. Until 2003 the share of each Central Asian republic with the other SCO member states constantly ranges between 40 and 60%.<sup>47</sup> In 2005 and 2006 several institutions were established to enhance economic ties. Obstacles which

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<sup>47</sup> Wacker, *The Shanghai Cooperation Organisation – Regional Security and Economic Advancement*.

hinder economic integration of the SCO are security instability and domestic problems, differences in national banking systems and hard currency management, and in laws and bilateral conflicting interests concerning territory and natural resources. Moreover, activities were developed against drugs trafficking and organised crime.

In 2005 mutual assistance was reached on the consequences of natural disasters and other emergencies. Allegedly, plans have also been made against pandemics. The cultural cooperation is demonstrated by arts and folk dance festivals and exhibitions.<sup>48</sup> As in other fields of cooperation, joint economic, environmental, social and other policies depend on the political will of the SCO members to replace bilateral cooperation by multilateral action at the SCO level.

Although all six member states of the SCO are formally equal, it is clear that Russia and China – due to their size, economic capacity and military power outweigh the others by far. For this reason their visions on cooperation in and activities of the SCO, as well as the relationship between these two key players of the SCO, should be reviewed. The next chapters will describe the views of China and Russia on the SCO, as well as the conflicting stances between them.

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48 Weitz, 'Shanghai summit fails to yield NATO-style defence agreement', p. 41; 'Results of cooperation in various fields', <http://www.scosummit2007.org/en/results/>.

## 6 China's interests and the possibility of a security role for the SCO outside Central Asia

**Frans-Paul van der Putten**

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What are China's interests in the SCO, and does the pursuit of these interests contribute to an external security role for the SCO? China plays a leading and active role within the SCO. It has been a driving force behind the organisation's institutionalisation.<sup>49</sup> It is also the main financial contributor to the SCO.<sup>50</sup> Whether or not China's influence exceeds Russia's is difficult to measure. On the whole, China and Russia can be said to jointly dominate the SCO.<sup>51</sup>

### *China's interests in Central Asia*

Following the approach by Russell Ong, Chinese foreign policy can be seen as shaped by political, economic, and military interests (as perceived by the country's leadership).<sup>52</sup> The core national interest is political: survival of the current regime. The main precondition to regime survival is maintaining

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49 B. Yu, 'China and Russia: Normalizing Their Strategic Partnership' in: D. Shambaugh (Ed), *Power Shift: China and Asia's New Dynamics*, Berkely: University of California Press, 2005, p. 236.

50 Pan, G., 'A Chinese Perspective on the Shanghai Cooperation Organisation' in: A.J.K. Bailes, P. Dunay, G. Pan and M. Troitskiy, *The Shanghai Cooperation Organisation*, SIPRI Policy Paper 17, Stockholm: Stockholm International Peace Research Organisation, May 2007, p. 49.

51 Bailes, Dunay, Pan and M. Troitskiy, *The Shanghai Cooperation Organisation*, p. 28.

52 R. Ong, *China's Security Interests in the 21<sup>st</sup> Century*, Oxon: Routledge, 2007.

domestic political legitimacy. The government intends to achieve this through fostering economic development, hence a stable rate of economic growth is China's main economic interest. In addition, to maintain its political legitimacy the government must also continue to show its ability to perform a number of basic tasks, among which protecting China's territorial integrity and national sovereignty are the most important.

Keeping economic development, territorial integrity, and national sovereignty safe from foreign military threats constitutes the country's military interest. China's grand strategy combines these various interests, as it aims at achieving international prominence and gaining international support through various kinds of partnerships with other countries, while avoiding direct confrontations with any great power.<sup>53</sup> This strategy maximises access to the global economy, while minimising the risk of foreign military threats, and thus provides the best guarantee for the Communist regime's political survival. With specific regard to Central Asia, China's interests can likewise be seen as consisting of three elements.

### **Political interest of China in Central Asia**

The main political interest of the Chinese government in Central Asia is maintaining control over the Xinjiang Uyghur Autonomous Region.<sup>54</sup> The legitimacy of the Chinese government is challenged by separatism in Xinjiang. Uyghurs are the largest non-Han ethnic group in the Autonomous Region's population, where Han Chinese make up some 38% of the population.<sup>55</sup> Not only do Uyghur separatists reject Beijing's rule, but separatism within Xinjiang might encourage separatist tendencies in places like Tibet or Inner Mongolia.

Any perceived weakness by the central government to control very large but peripheral regions such as Xinjiang, Tibet, and Inner Mongolia would amount to the inability to safeguard the nation's territorial integrity, and thus diminish the government's legitimacy. In addition, a loss of control over Xinjiang (or parts thereof) could obstruct Chinese access to energy supplies from Central Asia, or access to Pakistan's Indian Ocean ports. It could also limit Chinese nuclear weapons capabilities, as the site of China's nuclear testing facility (the world's largest) is in Xinjiang.<sup>56</sup> Finally, a political interest

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53 A. Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, Stanford: Stanford University Press, 2005., pp. 29-30.

54 Ong, *China's Security Interests in the 21<sup>st</sup> Century*, pp. 103-106.

55 <http://www.unescap.org/esid/psis/population/database/chinadata/xinjiang.htm>.

56 <http://www.nti.org/db/China/lopnur.htm>. The most recent test was conducted in 1996, since when China adheres to the voluntary international moratorium on testing.

of Beijing in the region is preventing that any country establishes diplomatic relations with Taiwan.

China largely neutralised this risk shortly after the independence of the Central Asian states from the Soviet Union when the Chinese government itself established diplomatic relations with them.<sup>57</sup> Chances of any of these countries shifting its diplomatic ties from Beijing to Taipei currently seem minimal, yet the potentiality of this can never entirely be ignored by the Chinese government. The SCO serves the purpose of bolstering the hold of Beijing over Xinjiang since the organisation aims to uphold regional stability. Instability across the Chinese-Central Asian border would have negative repercussions on government control in Xinjiang.

China regards local separatist movements in the Central Asian countries – regardless whether they are related to those in Xinjiang – as a serious threat to regional stability.<sup>58</sup> Moreover, cooperation with Central Asian governments contributes to Beijing's efforts to isolate separatist movements among the Uyghurs.<sup>59</sup> Illegal cross-border movements of persons and arms are thus easier dealt with.<sup>60</sup> Indeed, maintaining regional security and countering separatism have been the main purpose of the SCO since its inception in 2001.<sup>61</sup>

### **Economic interest of China in Central Asia**

The predominant economic interest of China in Central Asia is twofold.<sup>62</sup> On the one hand securing and increasing access to energy supplies is of vital national importance. Oil from the region is a welcome addition to supplies that reach China either by sea or overland from Russia. China's long-term economic development depends on large-scale imports of oil. International sea lanes from oil producing countries in the Persian Gulf region and Africa to China are controlled by the United States Navy and potentially affected by the navies of various Asian countries, and are, as such, not considered secure by Beijing. While overland energy supply routes from Russia do not have this drawback, the Chinese government favours keeping its dependence on Moscow within certain limits.

The Central Asian state most relevant to China's energy policy is Kazakhstan, which has considerable oil reserves. In 1997 China and Kazakhstan agreed to build a pipeline to link the West Kazakh oil fields with China. In 2003 this

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57 G. Pan, 'China and Central Asia: Charting a New Course for Regional Cooperation', Shanghai: COSCOS, 2007.

58 Yu, 'China and Russia: Normalizing Their Strategic Partnership', p. 71.

59 Pan, 'A Chinese Perspective on the Shanghai Cooperation Organisation', p. 46.

60 Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 14.

61 Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 24.

62 Ong, *China's Security Interests in the 21<sup>st</sup> Century*, pp. 106-108.

agreement was renewed. Construction of the Atasu-Alashankou pipeline finally began in September 2004 and, as already mentioned, the pipeline became operational in December 2005.<sup>63</sup> The costs of building the pipeline have been very large and stimulate the Chinese oil companies involved towards utilising its full capacity. At the same time Chinese access to Kazakh oil fields is limited.

On the other hand, the other major economic interest of China in Central Asia is that the region is the key to the economic development of Xinjiang. Beijing's rule over the Uyghurs is less contested by the local population if it manages to bring economic benefits to the Xinjiang Uyghur Autonomous Region – preferably benefits that an independent Uyghur-dominated state could never achieve. Sustained economic development in Xinjiang depends on trade between Central Asia and China proper (i.e., eastern China). Infrastructure links between China and Central Asia have greatly improved since 1990. As the same time, they are still less developed than those connecting Central Asia with Russia and the Caucasus or the Mediterranean.<sup>64</sup>

The SCO is a vehicle for China to advance its economic aims in Central Asia.<sup>65</sup> Regional cooperation facilitates the construction of international pipelines. Most importantly, it is again the prevention of regional instability through the functioning of the SCO that greatly enhances the viability of joint energy projects. In addition, the SCO helps China to increase its economic activities in the region in a way that avoids conflicts with its neighbours.<sup>66</sup> In 2002 China hosted an SCO forum on investment and development.<sup>67</sup> China also wishes to use the SCO to create a regional free trade area, which would enlarge the transit role of Xinjiang. Russia and the Central Asian states resist this out of fear of being flooded with Chinese goods.<sup>68</sup> Even so, there is increasing cooperation between member states in facilitating trade within the

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63 [http://www.chinadaily.com.cn/english/doc/2005-12/15/content\\_503709.htm](http://www.chinadaily.com.cn/english/doc/2005-12/15/content_503709.htm).

64 J.W. Garver, 'China's Influence in Central and South Asia: Is It Increasing?' in: David Shambaugh (Ed), *Power Shift: China and Asia's New Dynamics*, Berkely: University of California Press, 2005. pp. 206-209.

65 Pan, 'A Chinese Perspective on the Shanghai Cooperation Organisation', p. 46.

66 Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 13.

67 Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 25.

68 O. Antonenko, 'The EU Should Not Ignore the Shanghai Co-operation Organisation', London: Centre for European Reform, May 2007, p. 5; Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 13.

SCO area.<sup>69</sup> China is giving substantial loans to the Central Asian states, which indicates the country's resolve to promote economic cooperation.<sup>70</sup>

### **Military interest of China in Central Asia**

The main military interest of China in Central Asia is to limit the risk of armed attacks on its border.<sup>71</sup> The emergence of military threats in Central Asia is a long-standing worry for China's rulers. In the most recent instance, from the 1960s until the early 1990s, the Chinese military was forced to station large numbers of military personnel in Xinjiang in order to deter an attack from the Soviet Union. The predecessor to the SCO, the Shanghai Five, originated from Sino-Soviet talks on troop reductions in Xinjiang and Central Asia. After the collapse of the Soviet Union, these reductions were effected. These greatly improved China's security.

In this context the removal of nuclear arms from former Soviet bases in Kazakhstan in the mid-1990s should also be noted.<sup>72</sup> In September 2006, with support from Russia and China, the five Central Asian states signed a treaty to create a Central Asian Nuclear Weapon Free Zone (CANWFZ).<sup>73</sup> The current absence of a direct military threat enables China to invest its resources in economic development. At the same time the originally numerous but poorly equipped forces are being transformed to a much smaller organisation with capabilities to project force outside the country – mainly aimed at operations in the East Asian region.<sup>74</sup>

Currently there is no military threat coming from Central Asia, and China has a great interest in keeping this situation unaltered. In particular a future deployment of Russian troops, or of American or American-led forces, would be most unwelcome for the Chinese government. In this regard, the SCO again serves the primary purpose of maintaining regional stability. Instability in one or more countries in Central Asia could invite armed intervention by Russia or the US – or NATO, which is seen by China as a tool of American foreign influence.

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69 Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 25.

70 C.H. Huang, 'China and the Shanghai Cooperation Organisation: Post-Summit Analysis and Implications for the United States', *China and Eurasia Forum Quarterly* 4/3, 2006, p. 17.

71 Ong, *China's Security Interests in the 21st Century*, pp. 101-103.

72 Ong, *China's Security Interests in the 21st Century*, p. 102.

73 [http://www.nti.org/e\\_research/official\\_docs/inventory/pdfs/canwz.pdf](http://www.nti.org/e_research/official_docs/inventory/pdfs/canwz.pdf);  
[http://www.iaea.org/NewsCenter/News/2006/central\\_asia.html](http://www.iaea.org/NewsCenter/News/2006/central_asia.html).

74 Pan, 'A Chinese Perspective on the Shanghai Cooperation Organisation', p. 45.

Chinese observers believe that the United States is striving to establish its dominance in Central Asia.<sup>75</sup> The rapid rise of American influence in the region following the terrorist attacks in the US of 11 September 2001 serves as a warning in this respect. Currently, Kazakhstan and Tajikistan in particular are regarded by some in China as 'important supporting countries to the US Greater Central Asia Scheme' (i.e., the perceived American strategy of establishing dominance in the region).<sup>76</sup> Regional security cooperation via the SCO, in which China plays a leading role, gives Beijing at least some leverage to limit direct military influence of Russia and the US in the region.

In sum, China has several interests in the SCO that spring from its interests in Central Asia. Among these, the dominant interest is to use the organisation as a tool for regional stability, since this serves China's political, economic, as well as military interests. Additional important interests are manifest in containing separatist tendencies in Xinjiang, facilitating access to energy supplies, fostering economic development in Xinjiang, and keeping the military influence of Russia and the US at bay.

### ***The SCO and Chinese interests outside the region***

To what extent does the SCO also serve Chinese interests that are not directly related to Central Asia? These should be seen mainly in the sphere of China's great power relations.<sup>77</sup> Since 1949 China has seen its security relation with Russia in close connection to its security relation with the US, and vice versa. Any serious external threat would come from either Moscow or Washington, or both. A recurrent element in China's strategy is that the country seeks cooperation with whichever great power poses the lesser threat. Since the collapse of the Soviet Union, the US is seen as the main threat. Chinese cooperation with Russia is aimed not only at restraining American power, but also at precluding close cooperation towards China between Moscow and Washington.

In this context of great power relations, the SCO performs three roles. In the first place, the organisation takes up an increasingly prominent place in overall relations between Beijing and Moscow.<sup>78</sup> Major areas in which China and Russia cooperate are in Russian sales of energy and weapons to China.

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75 H. Shang and X. Jiang, 'The U.S. Internal Affairs and Foreign Relations in 2006', *International Strategic Studies* 1 (83), Beijing: CISS, 2007, p. 44.

76 Y. Gu, 'The Current Situation in Central Asia', *International Strategic Studies* 2 (84), Beijing: CISS, 2007, p. 69.

77 Ong, *China's Security Interests in the 21st Century*, pp. 108-110.

78 Antonenko, 'The EU Should Not Ignore the Shanghai Co-operation Organisation', p. 2; Bailes, Dunay, Pan and Troitskiy, *The Shanghai Cooperation Organisation*, p. 13; Yu, 'China and Russia: Normalizing Their Strategic Partnership', p. 236.

The mutual interest in Central Asian security and the membership of the SCO create an extra dimension to this trade relationship. Sino-Russian cooperation in the SCO thus enhances good overall relations between Beijing and Moscow.<sup>79</sup>

In the second place, the SCO serves as a symbol of a form of international security cooperation in which the United States does not play a leading role. While there is no need for the organisation to explicitly criticise the hegemonic role of the US, its mere existence shows the world that alternatives to American domination of security issues do exist. This is particularly emphasised by the highly publicised joint Sino-Russian military exercises. China benefits from this situation, since it limits American prestige on the global scene and brings Russia and China closer together, while at the same time China avoids any serious friction in its bilateral relations with the United States.

In the third place, there are also benefits for China as a great power that go beyond the triangular relationship between the US, Russia, and China. China's increased stature as a major power that can stand up to the US increases its prestige in parts of the world where China has significant diplomatic and economic interests, such as the Middle East, Africa, and Latin America. China's involvement in the SCO – like in the Six Party Talks related to North Korea's nuclear arms program – also demonstrates the increasing capacity of the Chinese government to take responsibility for international security and play a leading role in multilateral forums.<sup>80</sup> These developments strengthen the Chinese position in global politics, and ultimately also serve as a way to be able to keep possible threats from the other great powers within limits.

Apart from a role in great power relations, the SCO could, in theory, also play a role in two other regards. In the first place, there is the question of whether the SCO at some time in the future will act as a stabilising force outside its own region. The scope for this is limited by the fact that there is a fundamental uneasiness among the SCO member states about each other's military capabilities – not in the least place between the two dominant members Russia and China. Moreover, China might favour other ways of addressing instability in places like Afghanistan rather than through the SCO in order to prevent the growth of Russian influence there.

Until now China has been very reluctant to deploy Chinese troops even within the Central Asian SCO members states. In 2005 a request by

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79 Antonenko, 'The EU Should Not Ignore the Shanghai Co-operation Organisation', p. 2.

80 Pan, 'A Chinese Perspective on the Shanghai Cooperation Organisation', p. 48.

Kyrgystan to station Chinese troops in the country was turned down by Beijing.<sup>81</sup> In the second place, the SCO could be a means for China to influence its relations with non-member countries (other than the United States). This applies mainly to the countries that now have observer status within the SCO: India, Mongolia, Pakistan, and Iran. Since for China, the SCO is in the first place aimed at the situation within Central Asia, it would not be in Beijing's interest to grant membership to other countries. Especially letting India in would merely dilute Chinese influence in Central Asia without enhancing regional stability. The current system of having a number of observer countries increases the international standing of the SCO, and by extension of China, without negatively affecting the main function of the organisation. Consequently, China appears not to favour the entry of new members in the short term.<sup>82</sup>

### **Conclusion**

Shifts in relations between Moscow and Washington, Moscow and Beijing, or Washington and Beijing would probably affect the position of the SCO in China's overall foreign policy.<sup>83</sup> For instance, this position would gain importance if military tensions between China and the US would grow. For the time being, there are distinct benefits for Beijing in letting the SCO play a symbolical role in counterbalancing American prestige in international relations. This role is likely to increase, but its development is ultimately restricted by two factors. First, for China the primary use of the SCO is inside Central Asia rather than outside. Preventing regional instability and securing Chinese control over Xinjiang, achieving regional economic aims, and keeping great power interventions out, constitute major regional interests for Beijing,<sup>84</sup> and working through the SCO is the best way to protect these interests. Correspondingly, in its statements the Chinese government consistently emphasises the organisation's intra-regional aims.<sup>85</sup> Second, an expansion of the SCO's geographic range of activities would entail the expansion of not just Chinese but also Russian influence. Therefore, in

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81 Handke, *Securing and Fuelling China's Ascent to Power: The Geopolitics of the Chinese-Kazakh Oil Pipeline*, pp. 69-70.

82 Huang, 'China and the Shanghai Cooperation Organisation: Post-Summit Analysis and Implications for the Unites States', *China and Eurasia Forum Quarterly* 4/3, 2006, p. 19.

83 E.B. Rumer, 'Russian-Chinese Relations in the Brave New World' in: S.J. Flanagan and M.E. Marti (Eds), *The People's Liberation Army and China in Transition*, Washington DC: National Defense University Press, 2003.

84 Handke, *Securing and Fuelling China's Ascent to Power: The Geopolitics of the Chinese-Kazakh Oil Pipeline*, p. 7.

85 Huang, 'China and the Shanghai Cooperation Organisation: Post-Summit Analysis and Implications for the Unites States', *China and Eurasia Forum Quarterly* 4/3, 2006, p. 20.

principle, for China it is more attractive to address security issues outside Central Asia through other channels than via the SCO.



## 7 Russia's use of the SCO and conflicting issues with China

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### *The SCO as instrument of Russian security policy*

For Russia's foreign and security policy the SCO is a rapidly rising organisation. In this regard, it is interesting to note that in none of Russia's current highest security documents, the National Security Concept, the Military Doctrine and the Foreign Policy Concept – all formally approved by President Putin in 2000 – the SCO, at the time called 'Shanghai Five', was dealt with. It was only mentioned in the Foreign Policy Concept as one of the cooperating organisations in Asia.

In 'The priority tasks of the development of the Armed Forces of the Russian Federation', a security policy document published in October 2003, the SCO for the first time was brought up in detail. In this 'Defence White Paper' the SCO was described as an important organisation for regional stability in Central Asia and the Far East, especially in countering military threats.

For Russia the SCO apparently acts as a means to bring together different policy objectives. Not only China, but India and Iran as well have a special (economic) relationship with Russia. All three states are important actors in Russia's arms export. In addition to this, China and India are gaining a closer relationship with Russia in the field of joint, bilateral military exercises. Therefore, the fact that India and Iran recently have joined China in its cooperation with Russia within the SCO, could prove that the SCO serves as a platform for Russia's security policy.

Another example of the SCO being used towards this end is the fact that it was President Putin who instigated the foundation of an energy club within the SCO. (See chapter 'Energy policy'). This fits in Russia's policy of using energy as a power tool. It is likely that this development of the SCO will further continue in the coming years. Russia will use this organisation, for instance to reduce Western (US) influence in its backyard of Central Asia which was accomplished in the aftermath of '9/11'. In such a way, supported by China's rising power status, much more than the CIS, the SCO serves Russia as a vital instrument to achieve geopolitical objectives.

#### ***'Peace Mission 2007' and Russia's security agenda***

In a number of ways Russia has used 'Peace Mission 2007' as an instrument to advance its national security policy. For instance, at the military-political consultations in Urumqi, Chief of the Russian General Staff Army, General Yuri Baluyevsky, made public that Russia had sent a proposal on SCO military cooperation to the member states in April, but had not received a reply. Baluyevsky furthermore argued that the member states' economic development required stronger regional security, involving the members' respective military structures.<sup>86</sup>

President Vladimir Putin did likewise, when he proposed conducting counterterrorism exercises on a regular basis at the Bishkek SCO Summit of 16 August. Furthermore, on 17 August at the Chebarkul range Putin used the audience at 'Peace Mission 2007' of some 500 journalists and military observers to announce that Russia would resume long-distance patrol flights of strategic bombers, which were – according to the Russian president – suspended in 1992 after the collapse of the Soviet Union. The president said that although the country stopped strategic flights to remote regions in 1992, unfortunately, not everyone followed Russia's example. Putin asserted that other states' long-distance strategic patrol flights have created certain problems for Russia's national security.<sup>87</sup> Moreover, the USA was not allowed to send observers to the exercises, allegedly because the drills were internal SCO orientated and because the military testing ground was not large enough to accommodate many guests.<sup>88</sup>

With hundreds of military and media observers, also from the West, both grounds seemed invalid. The real reason for the decline is likely to be found

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86 Kononov, 'Sovmestnyye antiterroristicheskiye ucheniya stran ShOS "Mirnaya missiya-2007" ofitsialno otkryty', 9 August 2007; 'Russian military chief calls for common military policy', *RFE/RL Newslines*, vol. 11, no. 146, part I, 9 August 2007.

87 'Putin proposes regular Shanghai Six anti-terrorism drills', *RIA Novosti*, 16 August 2007; 'Russia restores Soviet-era strategic bomber patrols – Putin', *RIA Novosti*, 17 August 2007.

88 'Club of dictators' excludes U.S. observers from its war games', 17 August 2007.

in Russia's current anti-American policy, for instance related to the US' 'missile shield' initiative in Europe. Thus, the 2007 SCO war games were an excellent chance for Putin to have global media coverage for his continued anti-Western stance. Another long-standing Russian interest has been closer ties and cooperation between SCO and CSTO. Although China prevented 'Peace Mission 2007' from becoming a joint SCO-CSTO exercise, Russia was allowed to invite representatives of the CSTO, Belarus and Armenia, to observe the war games, which advanced this spear point of Russian security policy.

### ***Contrasting views between Russia and China***

#### **Disputes regarding 'Peace Mission 2007'**

Russia and China had different opinions on some aspects of the exercises. Regarding the size of the force contributions, China more than once pressured Russia during the consultation rounds to accept a bigger Chinese contingent. Although Russia agreed with this, they did not agree with the Chinese request to participate with tanks and other heavy equipment, in order to keep the operation along the lines of the intended anti-terrorist scenario.<sup>89</sup>

Another conflicting aspect between Russia and China was the possible involvement of the Collective Security Treaty Organisation (CSTO), the Russian-led military alliance of seven states within the Commonwealth of Independent States (CIS). The Russian Chief of the General Staff, Army General Yuri Baluyevsky, intended to make these exercises a joint SCO-CSTO effort, but the Chinese counterparts turned this down. As a result of the Chinese rejection, the CSTO input in the manoeuvres remained limited to representatives of its secretariat, staff and member states as observers.<sup>90</sup>

Another diverting view was the difference in attitude between China and the other participating SCO forces in the drills, to the apparent solo military action by the former. For instance, all contributors to the war games – except for China – made use of ammunition, arms and equipment provided by Russia. China, however, had brought its own stocks of ammunition and material. Why the Chinese were unwilling to make use of Russian supplies has remained unclear. More striking was the high level of secrecy with which the Chinese troops surrounded themselves. Journalists were not allowed to take pictures in the Chinese quarters, nor were they allowed to take any interviews.

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89 Petrov, "Peace Mission 2007" to tackle terror threats', 24 July 2007; Petrov, 'Voyennyye gotovyatsya k "mirnoy missii-2007"', 23 July 2007; Litovkin, 'Brosok na Chebarkul', 3 August 2007; Litovkin, 'Kitayskaya intriga "Mirnoy missii-2007"', 1 June 2007; Plater-Zyberk, *Who's Afraid of the SCO?*, March 2007, p. 4.

90 Litovkin, 'Kitayskaya intriga "Mirnoy missii-2007"', 1 June 2007.

Furthermore, all Chinese arms and equipment when not in action were covered, whereas those of the other SCO forces were visible for spectators. Again, the reasons for the contrasting attitude in openness of the Chinese were not disclosed.<sup>91</sup>

China's exclusive use of its own equipment and ammunition seems to indicate that its contribution is aimed not primarily at close operational cooperation with the militaries of the other SCO states. Even though on the one hand the exercise has a positive effect on any future joint SCO anti-terrorist actions, on the other hand the fact that the PLA very much kept to itself suggests that for the Chinese the symbolic value of 'Peace Mission 2007' exceeds its practical use.

#### **Different views on the contents of military cooperation in the SCO**

The Chinese expressed ambiguity in their attitude towards the contents of the 'Peace Mission 2007' war games. On the one hand China attempted to increase the scope of the exercises, by pleading for larger contingents and more heavy equipment. On the other hand it refused participation of the Russian-led CSTO military alliance in 'Peace Mission 2007', which actually would have strengthened the global impact of the drills. It appears that China – in contrast to Russia – is interested in strengthening its military component, but without involvement of the CSTO. This is probably also the reason for the ongoing negotiations within the SCO on a MoU with the CSTO, propagated by Russia, but carefully and hesitantly considered by China. This is more evidence to the fact that the SCO – also in military affairs – has two lead nations, which publicly cooperate intensively, but behind the curtains often are involved in a struggle for power.<sup>92</sup>

#### **Other conflicting areas**

In the coming years Russia is likely to strengthen its ties with China. Not only in the field of security but also in areas such as military cooperation, energy, (arms) trade and foreign policy, these two states are seeking a closer relationship. Russia has more than once stated that closer relations with China is a geopolitical objective in order to strengthen Russia's global

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91 Litovkin, 'V usloviyakh, maksimalno priblizhennykh k tsivilizovannym...', 17 August 2007; A. Tikhonov and V. Denisov, 'Ravnyye vozmozhnosti dlya vseh, *Krasnaya Zvezda*, 17 August 2007.

92 Tikhonov and Denisov, 'Ravnyye vozmozhnosti dlya vseh, 17 August 2007; 'SCO and CSTO set to sign MoU', *SCO website*, 1 August 2007, <http://www.sectsc.org/html/01592.html>; M. de Haas, 'Russian-Chinese security cooperation', in *House of Commons Foreign Affairs Committee, East Asia, Seventh Report of Session 2005-06*, London: The Stationery Office Limited, 13 August 2006, Volume I Report, pp. 80-82, Volume II Evidence, pp. 237-242.

position.<sup>93</sup> Nonetheless, this close relationship with China could very well turn out to be for the shorter term. In its Far East, Russia is facing increasing illegal immigration from China. Furthermore, Russia possesses energy sources which China desperately needs. Russia is well aware that China's growing economic and military importance could develop into a threat. An indication of Russia's concern towards China is possibly apparent in that at present in the Far East – after the first one was set up in Russia's primary area of insecurity, the North Caucasus – Russia allegedly is creating a second joint military grouping of defence forces and internal and security troops.<sup>94</sup> Since – in contrast with the area of Chechnya and Dagestan – in Russia's Far East there is no threat of Islamic extremism, the formation of a joint military command could only be related to a potential threat from China.

#### **Outlook on the relationship**

Furthermore, China is 'using' Russia for its military technology and energy resources. When China will have reached its current strive for independence in military technology and will have created alternative ways of gaining energy – for instance through Kazakhstan – China may well 'dump' Russia. Moreover, China will continue to use its neighbours, such as Russia, the Central Asian states and other partners within the SCO, to strengthen its global position. If so required, China will not hesitate to use its power against one of its (former) partners, as is demonstrated by China's efforts to divert energy routes away from Russia.

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93 'Presidential envoy: rapprochement with China is Russian geopolitical goal', *RFE/RL Newsline*, Vol. 9, No. 133, Part I, 18 July 2005.

94 V. Mukhin, 'Dalniy vostok priravnyali k Chechne', *Nezavisimoye Voyennoye Obozreniye*, No. 28 (437), 29 July 2005, p. 2.



## 8 Cooperation with other organisations in the region

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With regard to the possible development of the SCO towards a full-grown security entity, it is worthwhile to make an assessment of other security organisations which are also based in and around Central Asia. First, the Organization for Security and Co-operation in Europe (OSCE), which is an organisation dominated by Western countries and especially focuses on the human dimension of security. Secondly, the Collective Security Treaty Organization (CSTO), a Russian-led military alliance of CIS member states, which has the military-politico dimension of security as its main concern.

### ***Organization for Security and Co-operation in Europe***

The OSCE comprises 56 participating states, which makes it the largest regional security organization in the world. It deals with three dimensions of security: the politico-military, the economic and environmental, and the human dimension. As such, the OSCE addresses a wide range of security-related concerns. The OSCE traces its origins to the détente phase of the early 1970s, when the Conference on Security and Co-operation in Europe (CSCE) was created to serve as a multilateral forum for dialogue and negotiation between East and West. The CSCE reached agreement on the Helsinki Final Act, signed on 1 August 1975, containing a number of key commitments on politico-military, economic and environmental and human rights issues that became central to the so-called 'Helsinki process'. It also

established ten fundamental principles (the 'Decalogue') governing the behaviour of states towards their citizens, as well as towards each other.<sup>95</sup>

### **Grounds for cooperation between OSCE and SCO**

SCO and OSCE demonstrate similarities in geographic areas, membership, objectives and activities. The two organisations, partly share the same geographical areas (continents), i.e. (parts of) Europe and Central Asia, whereas the SCO further includes (parts of) the Near East and South East Asia and the OSCE also covers North America. As to membership, five states – Russia and four Central Asian states – are members of both organisations. However, a comparison of the membership also demonstrates a large difference in quantity: the SCO has less than 10 members, whereas the OSCE has more than 50.

With regard to nuclear arms powers, both organisations comprise four (including SCO observers), of which they share one: Russia. Furthermore, and perhaps the most important reason to cooperate, is that both organisations are active players in international security and thus likely have a similar interest in advancing regional peace and stability. Comparing the tasks and activities of OSCE and SCO – as laid down in their formal policy documents – leads to the conclusion that to a large extent both organisations have an equal line when it comes to the military-political dimension of security, especially in aspects such as mutual trust, arms control, conflict prevention, combating terrorism and transnational crime. In addition to this, elements of the economic, ecologic and human areas of security – e.g. encouragement of democracy, of educational, economic and ecologic cooperation, as well as of human rights and freedoms – are also similar.<sup>96</sup>

### **Differences**

When it comes to the practice the human dimension of security, the two organisations move apart. The basic aspects of this field of security are also included in the list of the SCO: human rights and fundamental freedoms. Other, more far-reaching elements of this domain are missing in the list of the SCO: election assistance projects, media freedom, minority rights, rule of law, tolerance and non-discrimination. Moreover, apart from the listing of 'human rights' in its Charter, these principles are only rarely mentioned in the statements of the SCO and if so, are often connected to government authority. Furthermore, the SCO member states have a more autocratic rule that that of most OSCE member states, which affects the human rights

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95 <http://www.osce.org/about/19298.html>

96 'The three OSCE dimensions', <http://www.osce.org/about/18807.html>; 'Shanghai Cooperation Organisation Charter', [http://www.sectSCO.org/news\\_detail.asp?id=96&LanguageID=2](http://www.sectSCO.org/news_detail.asp?id=96&LanguageID=2).

conditions in these countries. The SCO governments put the mentioned aspects on a lower level of their agenda. Also, they are less inclined to be criticised on these matters, which they regard as purely internal affairs. This attitude of the SCO rulers is resembled in their track record in human rights conditions, which is demonstrated in all six member states deterioration in 2006.<sup>97</sup>

### **Development of relations**

Right from the start of the SCO there have been relations with the OSCE. The OSCE, in its 2001 Ministerial Council decision on combating terrorism, under the Bucharest Plan of Action for Combating Terrorism, called upon the participating States and the Secretariat to broaden dialogue with partners outside the OSCE area. The SCO was invited to various OSCE activities, for example to participate in an OSCE meeting with regional and sub regional organizations and initiatives on preventing and combating terrorism, held on 6 September 2002.<sup>98</sup> SCO representatives have further attended the Meeting of the OSCE partners for cooperation in Vienna in April 2003 and the OSCE Conference on Preventing and Combating Terrorism in Lisbon in September 2003.<sup>99</sup> On 15 January 2004 the OSCE Secretary General attended the inauguration of the Secretariat of the SCO in Beijing. The OSCE was also present at the opening ceremony of the Executive Committee of the SCO's Regional Anti-Terrorism Structure (RATS) in Tashkent in June 2004.

Furthermore, an SCO representative participated in the July 2004 roundtable on extremism in Kazakhstan, organized by the OSCE Centre in Almaty.<sup>100</sup> The UN, OSCE and RATS agreed to jointly provide legal advisory services and trainings in the area of counterterrorism, and of rule of law, upon request of the participating states.<sup>101</sup> However, in spite of the numerous mutual activities and meetings, the OSCE does criticise the SCO for not living up to its principles, especially in the field of the human domain of security. Speaking at a Capitol Hill meeting in late June 2006, OSCE Chairman and Belgian foreign minister Karel De Gucht expressed his concerns about the

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97 HRW World Report 2007, <http://hrw.org/wr2k7/index.htm>.

98 Workshop 'Applicability of OSCE CSBMs in Northeast Asia Revisited', 22-23 September 2003, Seoul, Korea, [http://www.osce.org/documents/ec/2003/09/21938\\_en.pdf](http://www.osce.org/documents/ec/2003/09/21938_en.pdf).

99 Ministry of Foreign Affairs of the People's Republic of China, Shanghai Cooperation Organisation, 2004/01/07. <http://www.fmprc.gov.cn/eng/topics/sco/t57970.htm>.

100 Annual report on OSCE activities 2004. [http://www.osce.org/publications/sg/2005/04/14066\\_270\\_en.pdf](http://www.osce.org/publications/sg/2005/04/14066_270_en.pdf); Report of the OSCE Secretary General, Ambassador Jan Kubis, 12th Meeting of the OSCE Ministerial Council, Sofia, 6-7 December 2004. [http://www.osce.org/documents/mcs/2004/12/3892\\_en.pdf](http://www.osce.org/documents/mcs/2004/12/3892_en.pdf).

101 OSCE Centre in Tashkent Newsletter, Issue 2, March-April, 2005, [http://www.osce.org/publications/cal/2005/06/14901\\_384\\_en.pdf](http://www.osce.org/publications/cal/2005/06/14901_384_en.pdf).

SCO. He stated that the SCO is developing a philosophy on stability, but that the role of common, democratic principles is lacking.<sup>102</sup>

### **Assessment and outlook**

The development of the relationship between SCO and OSCE has been one of a constructive attitude on both sides. The fight against terrorism and other politico-military security related issues have been the main topics of cooperation since the start of the relationship. However, as to the human domain, the continuous violations of human rights in the SCO member states demonstrate that this dimension of security is the least important one for this organisation, as it is subordinated to (the prolongation of) the often autocratic governments. Nonetheless, this does not have to mean that intensified cooperation would be undesirable or impossible. If the OSCE would choose to strengthen its ties with the SCO, the human dimension is likely to be made a central issue. Of course, the SCO member states are not eager to reply positively to such an emphasis. However, when favourable trade-offs can be made in the other security dimensions, which are of more importance to the SCO – the politico-military and economic/ecologic components – this might open the way for a mutual acceptable intensified cooperation in the shared tasks and activities, but also in the human rights domain. The Central Asian states who are members of both OSCE and SCO could possibly, because of this double membership, play a key role in such a direction of further cooperation with shared objectives.

### ***Collective Security Treaty Organisation***

In the framework of the Commonwealth of Independent States (CIS), the CIS Collective Security Treaty was signed in May 1992 in Tashkent. The treaty reaffirmed the desire of all participating states to abstain from the use or threat of force. Signatories would not be able to join other military alliances or other groups of states, while an aggression against one signatory would be perceived as an aggression against all. The CST was set to last for a five-year period unless extended.

In 1999 the Presidents of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, signed a protocol renewing the treaty for another five year period. However, Azerbaijan, Georgia and Uzbekistan refused to sign and withdrew from the treaty instead. In 2002 the six members of the CST signed a charter expanding it and renaming it as the Collective Security Treaty Organization (CSTO).

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102 K. Stuhldreher, 'New security group led by China and Russia causes concern', website World Peace Herald, July 10, 2006, <http://wpherald.com/articles/195/1/New-security-group-led-by-China-and-Russia-causes-concern/China-and-Russia-are-driving-forces-behind-SCO.html>.

According to Russian President Putin, the main responsibilities of the CSTO are cooperation in defence, the manufacturing of weapons, preparation of military personnel, and peacekeeping activities.<sup>103</sup> Other areas of cooperation are a common integrated air defence system, the fight against terrorism and against narcotics, which particularly concerns the CSTO in Central Asia.<sup>104</sup> In the near future the CSTO is planning to create a contingent of peacekeeping troops.<sup>105</sup> It is not unlikely that these peacekeeping forces could be used in regions of conflict such as Abkhazia, South-Ossetia or Nagorno-Karabakh. Recently the organization has expressed its intentions to develop relations with NATO, but has also criticized NATO and the US for causing instability in Central Asia.<sup>106</sup>

### **Central Asia as region of interest**

Russia is by far the most dominant member of the CSTO, which makes it a useful instrument for the pursuit of Russian policy. The CSTO consists of three military regions: the European, the Caucasian and the Central Asian region. Recent CSTO documents and statements by officials put the emphasis of the CSTO on Central Asia and to a lesser extent on Europe or on the Caucasus.<sup>107</sup>

In 2005 former then US ally Uzbekistan demanded the US forces to leave its territory in 2005. Subsequently, Uzbekistan sought closer ties with Russia. On 23 June 2006, Vladimir Putin announced that Uzbekistan was to become a full-member again of the CSTO.<sup>108</sup> Russian analysts think Uzbekistan's President Karimov's main argument for joining the CSTO was his need for Russian protection against a regime change like the ones that took place in Georgia, Ukraine, and Kyrgyzstan.<sup>109</sup>

The CSTO is planning to create a large military contingent comprising units and formations of several Central Asian states. The alliance has a Collective

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103 M. Kaczmarek, 'Russia creates a New System to Replace the C.I.S.', *Power and Interest News Report*, 21 December 2005.

104 'Moscow reinforces military cooperation with CIS allies', *RFE/RL*, Vol. 9, No. 120, Part I, 24 June 2005.

105 'Korotko: Mirotvortsy ot ODKB', *Nezavisimoye Voyennoye Obozreniye*, 26 May 2006.

106 'Russian defense minister says CSTO could expand', *RFE/RL*, Vol. 9, No. 223, Part I, 1 December 2005.

107 J.H. Saat, *The Collective Security Treaty Organization*, Central Asia Series 05/09, Swindon: Conflict Studies Research Center, UK Defence academy, February 2005, pp. 8, 10; I. Plugatarev, 'Varshavskiy dogovor vozrozhdayetsya', *Nezavisimoye Voyennoye Obozreniye*, No. 24 (433), 1 July 2005, p.2.

108 [http://www.jamestown.org/edm/article.php?article\\_id=2371223](http://www.jamestown.org/edm/article.php?article_id=2371223)

109 'Sozdayetsya Evraziyskaya Semerka', *Nezavisimoye Voyennoye Obozreniye*, 28 October 2005.

Rapid Reaction Force deployed in Central Asia, and is continuing to build up its military forces, according to CSTO Secretary General Nikolai Bordyuzha. Furthermore, the CSTO has proposed to the SCO the joining of efforts on post-conflict rehabilitation of Afghanistan. According to Bordyuzha, the CSTO, together with China and the SCO should assist in preventing the Taliban from coming to power.<sup>110</sup>

The enlargement of the CSTO military contingent could be viewed as a step to counter-balance NATO's further eastward expansion and to keep CIS countries under Russia's military protection. Bordyuzha has also warned about a large-scale work aimed at creating a well-developed Western/American military infrastructure around Russia, Belarus and other CSTO countries.<sup>111</sup>

#### **Sino-Russian dispute on SCO-CSTO cooperation**

As discussed elsewhere in this work, Russia and China do not always see eye-to-eye on a closer relationship between the CSTO and the SCO. For instance, Russia had the intention of conducting the 'Peace Mission 2007' exercises in conjunction with the CSTO. Although this attempt was in vain, due to Chinese resistance, it was interesting to notice that for the first time the CSTO – the Russian-led military alliance within the CIS – was connected to the SCO, even though only on an observer level of the manoeuvres.

The significance of this is not so much in bringing in Armenia and Belarus, the two CSTO states that are not a member of SCO; or likewise China which is the only SCO state not aligned to the CSTO. Russia is the leading actor of the CSTO, which includes all SCO member states, except for China. Therefore, the Kremlin is not in need of an additional military alliance in which it would have to share 'command and control' with China. Russia could use the CSTO for dedicated operations in Central Asia.

The basic problem seems to be with a twofold fear of China. First of all, further CSTO-SCO cooperation might strengthen Russia's position in the SCO by bringing in two of its 'satellites', Armenia and Belarus. Secondly, since the CSTO has a military assistance mechanism as well as rapid reaction forces, a closer relationship between CSTO and SCO might give the impression to the outside world that the SCO endeavours to become a 'NATO of the East'. Since China would like to keep all (trade) doors open, it

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110 CSTO proposes to SCO joint effort on post-conflict Afghanistan', *RIA Novosti*, 31 July 2007.

111 'CSTO plans to expand its military contingent', *RIA Novosti*, 14 May 2007, <http://en.rian.ru/world/20070514/65444995.html>.

regards such a development as counterproductive to its economic and political interests.



## 9 Assessment and outlook on the SCO

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### *A maturing security organisation*

#### **Closer military cooperation**

Considering the recent security activities above all 'Peace Mission 2007' and the Bishkek Summit, is the SCO developing into a "NATO of the East" as it was regularly described after the anti-Western flavour of the 2005 Astana Summit? In the last couple of years the SCO indisputably has made huge steps in intensified security cooperation, operational (military exercises), as well as political (policy concepts). A number of events and agreements in 2006 and 2007 indicate a cautious development of the SCO towards a full-grown security organisation: for the first time a combination of a political summit (Bishkek 2007) with war games ('Peace Mission 2007'); the de facto application of a 'military assistance' concept in 'Peace Mission 2007'; the intensifying relationship between the SCO and the CSTO; the signing of a structural arrangement for joint military exercises; and the development of a threat response and regional conflict prevention mechanisms (See chapter 'Defence and security policy').

#### **Energy security as the new dimension of security policy**

In addition to military-political issues, energy security, which increasingly is identified as a vital element of security policy, is gaining weight in the SCO. In July 2007 the SCO 'Energy Club' was established, with which the SCO may aim for a common energy approach, above all in strengthening energy security. Thus, as with the military manoeuvres, bilateral or multilateral

energy cooperation among SCO members is developing into a common SCO energy approach, although it is as yet unclear what this would entail.

Western assessments sometimes view the SCO as increasingly becoming a mechanism to oust the USA and its Western allies from Central Asia, and thus to threaten Western security interests. The SCO Energy Club could be likewise perceived as a threat to Western (energy) security. Iran's proposal to set gas prices and determine its major flows together with Russia only has reinforced this fear, even though this proposal is to a large extent propaganda.

However, SCO member countries that export oil and gas are not only partners, but also rivals on the promising markets in East and South Asia. China, for instance, is making efforts to get a foothold in the energy sectors of Turkmenistan, Kazakhstan and Uzbekistan. The latter are beginning to threaten Russia's position in Central Asia based on a monopoly on export gas pipelines to Europe. Thus, there is much diversity among SCO members and observers on energy cooperation – as well as Western cooperation – instead of a simple unification on or against such issues. Whether a common SCO energy policy will change this diversity remains to be seen.

Security organisations tend to become involved in energy security, in the sense that they realise that nowadays security not only entails military but also energy issues. This applies to NATO but also to the CSTO. The security of oil and gas pipelines against terrorist attacks has already become a task of the CSTO. Since 2004 the CSTO has been responsible for the protection of railway lines, which – just as energy – is also related to strategic economic interests.

As to the guarding of energy installations, the Anti-Terrorist Centre of the CIS has conducted an antiterrorist exercise at a nuclear energy station in Armenia in September 2006, in which units of the CSTO participated. Earlier, in August 2005, this CIS Anti-Terrorist Centre had held an exercise around the Kazakh city of Aktau, while on the Caspian coast armed forces were to counteract terrorists that had seized an oil tanker. Furthermore, during the CSTO's joint military exercises in June 2006 in Belarus, one of its objectives was the protection of gas and oil pipelines, which further confirmed the CSTO's conceptual development towards energy security tasking.<sup>112</sup>

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112 I. Plugatarev, 'Karaul u truboprobodov mozhnet prinyat ODKB', *Nezavisimoye Voennoye Obozreniye*, 9 June 2006, p. 2; S. Blank, 'The great game goes to sea: naval rivalries in the Caspian', *Central Asia – Caucasus Analyst*, 11 January 2006; I. Plugatarev, 'ODKB budet zashchishat' truboprovody', *Nezavisimaya Gazeta*, 16 June 2006.

So far the SCO does not have rapid reaction forces, and thus no specific joint military tasking. Nonetheless, in the light of the aforementioned steps of the SCO towards a mature security organisation, as well as the developing cooperation with the CSTO and the recently started 'SCO Energy Club', this situation might well change. Since the SCO states also have to cope with terror attacks, possibly also against their energy infrastructure, it is not unlikely that the SCO in the near future will create standing reaction forces with security of energy infrastructure and of transport routes as one of its tasks.

### **Outlook**

The developments in military security and energy security display the growing importance of the security dimension as part of the SCO framework in the international arena. Also, they can be regarded as at least a partial maturing of the SCO as a security organisation. The SCO has developed itself from (originally) a border arms control-oriented organisation, via a regional counterterrorism body, to a truly international entity.

Until recently the nature of the organisation was mainly political and economic. However the described developments indicate a closer cooperation in the field of security. The SCO still lacks a considerable number of essential elements which NATO, as a mature security organisation, has: an integrated military-political structure with permanent operational headquarters, a rapid reaction force, and continuous political deliberations. Moreover, SCO member states and observers cooperate in many areas but also illustrate large differences, such as contradictory political and economic interests.

An essential difference between the organisational development of the SCO and NATO remains the fact that NATO is aimed primarily at external security risks whereas the SCO concentrates strongly on security within the territory covered by its member states. Especially China seems committed for the time being to maintaining this situation. However, in spite of these shortcomings and inward-looking focus, the intensification of the SCO security policy is to such an extent that a cautious development towards a genuine security organisation can no longer be excluded. If this is the desire of the SCO member states, such a development will still take a considerable number of years before the SCO can truly be described as the 'NATO of the East'.

### ***Cooperation versus divergence***

#### **Increasing decision-taking outside the annual summits**

The sequence of annual summits shows a steady expansion of topics on cooperation, as is also displayed by the increase in deliberations of ministers and agencies. At the same time there seems to be tendency that more and

more vital decisions are not taken at the summits but in other forums. This was especially clear at the Bishkek Summit of 2007, of which the results were meagre. However, around this summit important results were reached: the agreement on joint exercises, by the ministers of defence, on 27 June in Bishkek, the founding of the 'Energy Club', by the ministers of energy, on 3 July in Moscow, and the deliberations on a MoU with the CSTO, which were made public by the Secretary-General of CSTO, on 1 August in Beijing. This development of decision-taking outside the summits can be considered as evidence of the growth of the SCO as an organisation with intensive cooperation, which nowadays encompasses more activities than the Heads of State can handle during their annual meetings.

#### **National interests and lack of common views**

In considering the future position of the SCO, it is important to note that the cooperation among its members and observers to a great extent lacks common targets. The organisation's wide-ranging agenda and diverse membership clearly weakens its potential capabilities. Within the SCO, member-states and observers have their own agenda, based upon national instead of common interests. For example, China is seeking markets for the products of its expanding economy and energy sources to keep its economy going, Russia is eager to regain its leadership status within the CIS as well as that of a superpower in the international arena, and the Central Asian regimes consider the SCO as its guarantee for survival. India and Pakistan by their observer status, are probably showing the West that they follow their own independent course, and Iran's objective might be found in anti-Americanism. This mixture of possibly divergent objectives demonstrates that they do not have too much in common.

#### **Conflicting stances**

Possible divergent objectives are not limited to the aforementioned Sino-Russian relationship but are also found elsewhere within the SCO. For instance, the relationship between Kazakhstan and China might also be disturbed since the former caused a conflicting issue during 'Peace Mission 2007'. Kazakhstan, though a member of the SCO and a participant in the exercises, failed – either because of reluctance or lack of time – to pass legislation allowing foreign troops to cross its territory. The most direct route for the Chinese troops from Xinjiang to Chelyabinsk in central Russia would have been through Kazakhstan. Because of the fact that Kazakhstan did not allow the Chinese to cross its territory, the PLA troops were forced to make a

detour which resulted in a total distance to the Russian training ground of more than 10,000 km.<sup>113</sup>

However, perhaps as an ‘appeasing’ move and to demonstrate that the matter of allowing foreign troops to go across its territory should be solved in the near future, Kazakhstan offered to host the next SCO war games in 2008 or later.<sup>114</sup> On the other hand China and Kazakhstan have an intensive and solid cooperation in energy. And both states maintain favourable trade relations with the West. Both issues are likely to go against Russia’s interests in these areas.

Another issue is that Kazakhstan and Uzbekistan are each others rivals for regional primacy. Furthermore, the relationship between observers India and Pakistan may deteriorate. For a long time relations between these countries have been antagonistic. As a result of opposing national interests, the current cooperation – as provided by the SCO – might again change into (armed) confrontation. What kind of consequences will that have for the unity within the SCO and its common stance? Moreover, Iran’s support of extreme Islamists might result in a threat to the national security of one or more Central Asian states if Iran would support Islamic-extremist movements within these countries.

As to Western military presence in the region, this is also a matter of dispute. Uzbekistan forced the US to leave its air base in November 2005, whereas Kyrgyzstan allows a US-air base as well as a Russian airbase on its territory. Hence, it is not inconceivable that eventually deviating objectives of SCO member states and observers will cause turmoil or even a split in this organisation, which could paralyze its activities.

### *Cooperation with other regional security organisations*

#### **OSCE**

Although the SCO and the OSCE hold conflicting views on the human dimension of security, further cooperation can be beneficial for both parties. Current policies by the Central Asian states, and Kazakhstan in particular, might bring the SCO closer to the West. In order to intensify mutual cooperation, Kazakhstan’s bid for the OSCE Chairmanship in 2009 could become a crucial factor. In December 2006 the OSCE decided, considering that Kazakhstan had committed to a programme of political action and

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113 Litovkin, ‘Brosok na Chebarkul’, 3 August 2007; Petrov, “Peace Mission 2007” to tackle terror threats’, 24 July 2007; Petrov, ‘Voyennyye gotovyatsya k “mirnoy missii-2007”’, 23 July 2007; Litovkin, ‘Kitayskaya intriga “Mirnoy missii-2007”’, 1 June 2007.

114 Tikhonov and Denisov, ‘Ravnyye vozmozhnosti dlya vsekh’, 17 August 2007.

reforms and to exercise leadership in upholding OSCE's commitments, norms and values that the OSCE would come back to the offer of Kazakhstan to assume OSCE Chairmanship at the latest at its meeting in Spain in 2007.<sup>115</sup>

The OSCE rightly addresses Kazakhstan towards its obligations as laid down in the principles of the organisation. Nevertheless, while encouraging Kazakhstan to take further steps in the direction of democratic development and guarantees of human rights, the possibility of a Kazakh OSCE Chairmanship offers considerable windows of opportunity. In deciding upon this chairmanship, the OSCE should take into consideration that, for reasons of gaining energy (sources and security), other international actors – for instance NATO and the EU – are also increasingly involved in Central Asia and the neighbouring South Caucasus. With a Kazakh chairmanship, the OSCE's influence on further developments in Central Asia alongside those of other Western actors would be increased.

## **CSTO**

Even though the fact that China seems to be reluctant in this field, a number of events demonstrate progress in a closer relationship between the CSTO and the SCO: a MoU between the SCO and the CSTO should be close to being signed; CSTO observers were present at the latest SCO exercises; and the CSTO has proposed joint action with the SCO towards Afghanistan. At the 2007 Bishkek Summit closer ties between the organisations were also stressed. In their Joint Communiqué the Heads of State of the SCO stated support for the development of ties between the SCO and the CSTO with the aim of coordinating the efforts on strengthening the regional and international security, counteracting new challenges and threats.<sup>116</sup>

Therefore, in the near future, joint SCO-CSTO action may be likely to develop. If the SCO will endeavour to proceed on a way towards a full-grown security organisation, then closer ties with the CSTO will be helpful. Essential elements of a professional security organisation, such as a rapid reaction forces and a military assistance article, are part of the framework of the CSTO. With the majority of the states sharing membership of both organisations, it will be easy for the SCO to adopt such instruments as well, if so desired.

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115 Brussels Ministerial Council Decision No. 20/06 on the future OSCE Chairmanship, 7 December 2006, [http://www.osce.org/documents/mcs/2006/12/22613\\_en.pdf](http://www.osce.org/documents/mcs/2006/12/22613_en.pdf).

116 'Joint Communiqué of meeting of Council of Heads of SCO Member States', *SCO website*, 16 August 2007, <http://www.sectsc.org/html/01651.html>.

### ***Relationship with the West***

The SCO is unlikely to turn into an anti-Western club. Russia wants to use the SCO for its anti-Western aims but the others – for instance China and Kazakhstan, who have strong economic cooperation with the West – will probably not allow it. Although the West at present does not have anything to fear from the SCO, its current endeavours in the security dimension might encourage the West at least to closely observe further activities of the SCO, if not possibly also seek cooperation with this organisation. In spite of the anti-Western stance as declared at the Astana Summit of 2005, the SCO has the potential to become a partner of NATO. The SCO's Secretary General at the time, Zhang Deguang, stated that the SCO is open to cooperation with NATO on issues of mutual interest.<sup>117</sup>

### **Partnership between SCO key player China and NATO**

NATO has cooperation with all SCO states except for China. Since the beginning of the 90s this alliance has had bilateral cooperation with the five Central Asian states within its *Partnership for Peace* framework, as well as a special relationship with Russia, which since 2002, is called the NATO-Russia Council. China frequently states its suspicion towards NATO's actions in the South East Asian region.<sup>118</sup>

The concept of forming 'global partnerships' with countries such as Japan, South Korea, Australia and New Zealand, that already cooperate with NATO, for instance in Afghanistan – although this still lacks consensus within NATO – especially annoys China. China disapproves of military action in the region which it considers to be its sphere of influence. Furthermore, NATO and China both seem to be hesitant to enter a dialogue with each other.

With a cautious development of the SCO towards becoming a mature security organisation and NATO operating in Afghanistan, and considering global tasking, it certainly seems time for action. In a way the current situation in South East Asia is comparable with Eastern Europe in the 90s. At that time the Warsaw Pact as well as the Soviet Union had collapsed and the newly independent states were seeking closer ties with NATO.

Likewise the regional power, Russia, was suspicious and critical of these developments. When it became clear that former Warsaw Pact states would be allowed to join NATO, the alliance realised that an appeasing effort towards Russia was necessary to maintain the dialogue with this power and to avoid disputes. Thus, a special partnership with Russia was established.

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117 Weitz, 'Shanghai summit fails to yield NATO-style defence agreement', p. 43.

118 F.P. van der Putten, 'De betekenis van China's opkomst voor de NAVO', *Internationale Spectator*, juli-augustus 2007, p 357.

Equally, with a comparable situation in South East Asia, NATO should take such a step towards China. A special partnership, similar to the NATO-Russia Council, should be created with China, in which views can be exchanged and military cooperation could be arranged. Such a move would build confidence and thus diminish suspicion on both sides.

### **Operational cooperation between NATO and SCO**

The same applies to NATO and the SCO. Until now NATO has been reluctant to cooperate with the CSTO. However, in the case of the SCO, the organisation is not Russian-led but also by China, which prevents it from being an instrument of Russian (anti-Western) security policy. Considering their geographical and military presence around Afghanistan and the threats which both organisations are confronted with – drugs trafficking and terrorism by Taliban and Al Qaida – joint activities are feasible.

The CSTO has proposed joint action with the SCO in preventing the Taliban from returning to power in Afghanistan. China, who is usually disinclined to have closer ties with the CSTO, but being aware of the threats in the region, might consider cooperation between SCO and NATO a better way to deal with these problems. In November 2005 the SCO established a contact group with Afghanistan. At the Bishkek Summit the SCO member states stated their concern about the destabilising situation in Afghanistan, which affects Central Asia.<sup>119</sup>

Since the SCO and NATO clearly share an interest in improving security and stability in Afghanistan, it would be wise to combine efforts and forces. Furthermore, it is doubtful if the Central Asian states – although stressing their self-determination in regional security – would be able to counter threats as those of the Taliban and Al Qaida by themselves. SCO states could join NATO with contingents in ISAF in Afghanistan. Thus, SCO armies would be incorporated in an experienced military-operational infrastructure to fight mutual threats.

Such an effort would be beneficial in two ways. First, it would strengthen the capabilities of ISAF in the war against the Taliban. Thus, this would promote stability in Afghanistan and subsequently also elsewhere in Central Asia, as desired by the SCO states. Secondly, operational cooperation between SCO and NATO would also improve the political relationship between both organisations. In addition to participating in a NATO-led operation, the SCO

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119 CSTO proposes to SCO joint effort on post-conflict Afghanistan', *RIA Novosti*, 31 July 2007; *SCO Bishkek Summit website*, <http://www.scosummit2007.org/en/results/>; 'Bishkekская Декларация', *SCO website*, 16 August 2007, <http://www.scosummit2007.org/news/press/148/>.

could also join NATO in exercises, which would also contribute to operational experience as well as political relations.

In cooperating in such ways, SCO and NATO can reduce their mutual suspicion and distrust but also work together to improve stability in the Central Asian region. This will not mean that diverging views will be maintained, in particular when it comes to human rights and promotion of democracy, but these issues can also be openly discussed in a cooperation platform. Such an approach is better than maintaining the current wait-and-see policy of NATO and SCO.



## Annex A: Shanghai Five and SCO Summits 1996-2007

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<b>Dates</b>	<b>Location</b>	<i>Topics</i>
26 April 1996	Shanghai, China	<ul style="list-style-type: none"> <li>• First Summit of the Shanghai Five</li> <li>• Agreement on Strengthening Confidence in the Military Field in the Border Area</li> </ul>
24 April 1997	Moscow, Russia	Agreement on Mutual Reductions of Armed Forces in the Border Area
03 July 1998	Almaty, Kazakhstan	<ul style="list-style-type: none"> <li>• Peace and stability in the region</li> <li>• Fight national separatism and religious extremism, terrorism, weapons smuggling and drug trafficking</li> <li>• Cooperation on non-military issues</li> </ul>
24-26 August 1999	Bishkek, Kyrgyzstan	<ul style="list-style-type: none"> <li>• Discussions on regional security, regional cooperation and the international situation</li> <li>• Discussions on developing new mechanisms of cooperation and holding regular meetings</li> </ul>

Dates	Location	<i>Topics</i>
05 July 2000	Dushanbe, Tajikistan	<ul style="list-style-type: none"> <li>• President Karimov of Uzbekistan participated as an observer</li> <li>• Desire to broaden and deepen military, security and other links</li> <li>• Support for Russia's position on Chechnya; China's right to reunification with Taiwan; and concern about the situation in Afghanistan</li> <li>• Decision to transform the organisation to address the challenges and threats more effectively</li> </ul>
14-15 June 2001	Shanghai, China	<ul style="list-style-type: none"> <li>• Foundation of the Shanghai Cooperation Organisation</li> <li>• Uzbekistan admitted as 6th Member State of the SCO</li> <li>• Signing of formal documents: <ul style="list-style-type: none"> <li>○ Declaration on the Establishment of the SCO</li> <li>○ Shanghai convention on fighting terrorism, separatism and extremism</li> <li>○ Joint statement on joining Uzbekistan to the "Shanghai five" mechanism</li> </ul> </li> </ul>
07 June 2002	St Petersburg, Russia	<p>The SCO Member States signed the following documents:</p> <ul style="list-style-type: none"> <li>• Charter of the Shanghai Cooperation Organisation</li> <li>• Agreement on a Regional Antiterrorist Structure (RATS)</li> </ul>

Dates	Location	<i>Topics</i>
28-28 May 2003	Moscow, Russia	<p>The Heads-of-State approved and signed:</p> <ul style="list-style-type: none"> <li>• Agreement on the formation of the SCO budget, Regulations on the SCO Secretariat and on permanent representatives at the SCO Secretariat</li> <li>• Regulation of the Executive committee of the RATS</li> <li>• Ratification of the nominee of the Executive (General) Secretary (Ambassador Zhang Deguan) of the SCO</li> <li>• Ratification of the SCO symbols</li> </ul>
17 June 2004 <sup>120</sup>	Tashkent, Uzbekistan	<ul style="list-style-type: none"> <li>• Mongolia officially became the first SCO Observer</li> <li>• Intensify comprehensive practical cooperation in developing cooperation in matters of security, trade and economy, humanitarian and other spheres</li> <li>• Broaden exchanges and cooperation with other states and international organizations in promoting peace and development in the region and the world in general</li> <li>• Regulations on the Observer status of the SCO</li> <li>• Agreement on combating the trafficking of illegal narcotics and psychotropic substances</li> <li>• Formal establishment of the SCO Regional Antiterrorist Structure in Tashkent with representatives of the UN, EU, OSCE and others international institutions</li> <li>• Afghan President Karzai and Mongolian External Relations Minister Erdenechuluun attended the summit</li> </ul>

120 Plater-Zyberk, *Who's Afraid of the SCO?*, Conflict Studies Research Centre, March 2007; 'Chronology of Main events within the framework of "Shanghai five" and Shanghai Cooperation organization (SCO)', <http://www.sectSCO.org/html/00030.html>.

<b>Dates</b>	<b>Location</b>	<i>Topics</i>
5 July 2005 <sup>121</sup>	Astana, Kazakhstan	<ul style="list-style-type: none"> <li>• India, Iran and Pakistan admitted as Observers</li> <li>• Providing peace, security and stability in the whole region; play an active role in strengthening stability and economic development in Central Asia</li> <li>• Statement against monopoly and domination in international affairs</li> <li>• Call for the members of the antiterrorist coalition to set a final timeline for withdrawal of military contingents from Central Asia</li> </ul>
15 June 2006 <sup>122</sup>	Shanghai, China	<ul style="list-style-type: none"> <li>• In case of threats to regional peace, stability and security, SCO members will have immediate consultation on effectively responding to the emergency</li> <li>• Formulating a mechanism for measures in response to threats to regional peace, stability and security</li> <li>• Study on establishing a regional conflict prevention mechanism within the SCO framework</li> <li>• Give priority to cooperation in the fields of energy, information technology and transportation</li> <li>• Differences in political and social systems, values and model of development should not be taken as pretexts to interfere in other countries' internal affairs</li> <li>• Model of social development should not be 'exported'</li> <li>• Afghan President Karzai, Chairman of the Executive Committee of the CIS Rushailo and Deputy Secretary-General of the ASEAN Villacorta attended the summit</li> </ul>

121 'Declaration of Heads of Member States of the SCO', Astana, July 05, 2005, <http://www.sectSCO.org/html/00500.html>,

122 Joint Communiqué Meeting of the Council of Heads of States of the SCO, 15 June 2006, <http://www.sectSCO.org/html/00030.html>; Declaration on the Fifth Anniversary of the SCO, 15 June 2006, <http://www.sectSCO.org/html/01470.html>.

Dates	Location	<i>Topics</i>
16 August 2007 <sup>123</sup>	Bishkek, Kyrgyzstan	<ul style="list-style-type: none"> <li>• 3 July 2007: Energy Club installed within the SCO</li> <li>• Work on threat response and conflict prevention response mechanisms to be continued</li> <li>• Security and stability in Central Asia should in the first place be guaranteed by the armed forces of the states within the region, which may be further guaranteed on the basis of the existing regional organizations</li> <li>• Good-neighbourly relations, Friendship and Cooperation Agreement signed between member states</li> <li>• Support for the development of ties between the SCO and the CSTO with the aim of coordinating the efforts on strengthening the regional and international security</li> <li>• Concern about the destabilising situation in Afghanistan</li> <li>• No enlargement with new member states/observer states</li> <li>• Turkmen President Berdymukhamedov and Afghan President Karzai attended as guests of honour</li> </ul>

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123 'SCO leaders sign declaration on security, stability', *China Daily*, 17 August 2007; 'SCO holds summit on security, stability, cooperation', *Xinhua*, 16 August 2007; 'Joint Communique of meeting of Council of Heads of SCO Member States', *SCO website*, 16 August 2007, <http://www.sectsc.org/html/01651.html>; 'Bishkekская Deklaratsiya', *SCO website*, 16 August 2007, <http://www.scosummit2007.org/news/press/148/>.



## Annex B: SCO military exercises 2002-2007

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<b>Dates</b>	<b>Participants</b>	<b>Locations</b>	<b>Topics</b>
October 2002	China, Kyrgyzstan	Kyrgyzstan	Anti-terrorist exercise
August 2003 <sup>124</sup>	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan	Kazakh Almaty oblast and Chinese Xinjiang province	<ul style="list-style-type: none"> <li>• ‘Cooperation 2003’</li> <li>• Cross-border anti-terrorist exercises</li> <li>• 1,000 troops</li> </ul>

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124 C. Carlson, ‘Central Asia: Shanghai Cooperation Organization Makes Military Debut’, *Radio Free Europe / Radio Liberty (RFE/RL)*, 5 August 2003; R. Weitz, ‘Shanghai summit fails to yield NATO-style defence agreement’, *Jane’s Intelligence Review*, August 2006, p. 42; G. Wacker, *The Shanghai Cooperation Organisation – Regional Security and Economic Advancement*, Konrad Adenauer Stiftung, 20 August 2004.

<b>Dates</b>	<b>Participants</b>	<b>Locations</b>	<b>Topics</b>
August 2005 <sup>125</sup>	Russia, China	Russia's city of Vladivostok; China's Shandong Peninsula and the adjacent Yellow Sea	<ul style="list-style-type: none"> <li>• 'Peace Mission 2005'</li> <li>• Formal objectives: <ul style="list-style-type: none"> <li>○ Anti-terrorist exercise</li> <li>○ Enhance combat readiness against new threats</li> </ul> </li> <li>• De-facto objectives: <ul style="list-style-type: none"> <li>○ Practise of modern conventional warfare</li> <li>○ Show-of-force against the West</li> <li>○ 10,000 troops</li> </ul> </li> </ul>
March 2006 <sup>126</sup>	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan	Uzbekistan	<ul style="list-style-type: none"> <li>• 'East-Antiterror 2006'</li> <li>• Special services and law-enforcement agencies defending critical infrastructure</li> </ul>
May 2007 <sup>127</sup>	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan	North-eastern Kyrgyzstan	<ul style="list-style-type: none"> <li>• 'Issyk-Kul Antiterror 2007'</li> <li>• Monitored by representatives of the four SCO-observers and of the CSTO</li> <li>• Intelligence services, special forces and law-enforcement bodies</li> </ul>

125 M. de Haas, *Russian-Chinese military exercises and their wider perspective: Power play in Central Asia*, Russian Series 05/51, Swindon: Conflict Studies Research Centre, UK Defence Academy, October 2005; A. Ventslovski, "'Plokhiye" parni vybity s Beybeya', *Krasnaya Zvezda*, 26 August 2005; 'Russian-Chinese games continue', *RFE/RL Newslime*, Vol. 9, No. 160, Part I, 24 August 2005; 'Russian and Chinese defence ministers praise joint military exercises', *RFE/RL Newslime*, Vol. 9, No. 161, Part I, 25 August 2005; I. Plugatarev, 'Kto platit, tot i zakazyvayet ucheniya', *Nezavisimoye Voyennoye Obozreniye*, No. 31 (440), 19 August 2005, p. 3; A. Ventslovski, "'Mirnaya missii" v zalive Lunvan', *Krasnaya Zvezda*, 25 August 2005; A. Ventslovski and N. Litkovets, "'Mirnoy missii" dan start', *Krasnaya Zvezda*, 19 August 2005; A. Ventslovski, "'Mirnaya missii" speshit na pomoshch', *Krasnaya Zvezda*, 24 August 2005.

126 'Uzbekistan hosts SCO drill', 10 March 2006.

127 'Kyrgyzstan to host SCO counterterror exercises', 21 May 2007; 'SCO counterterror drill ends in Kyrgyzstan', 31 May 2007.

<b>Dates</b>	<b>Participants</b>	<b>Locations</b>	<b>Topics</b>
August 2007 <sup>128</sup>	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan	Urumqi in North-west China (two starting days) and six days in Chebarkul, Chelyabinsk region, Urals, Russia.	<ul style="list-style-type: none"> <li>• ‘Peace Mission 2007’</li> <li>• Anti-terrorist exercise</li> <li>• Some 7,000 troops, mainly Russian (4,700) and Chinese (1,700)</li> <li>• Mostly Special Forces but also Russian Internal, Border and Justice Troops</li> <li>• Monitored by the SCO observers, the CSTO and some 80 defence-attachés</li> <li>• For the first time war games combined with the annual political summit</li> <li>• The scenario included a de-facto ‘military assistance’ concept</li> </ul>

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128 M. de Haas, *The ‘Peace Mission 2007’ exercises: The Shanghai Cooperation Organisation advances*, Central Asian Series 07 / 28, Shrivenham: Advanced Research and Assessment Group, UK Defence Academy, September 2007; Ping, “‘Peace Mission 2007’ tackles terror threats”, *China Daily*, 3 July 2007; ‘Russian general: Exercises are a success’, 17 August 2007; Tian, ‘Joint drill enters the final phase’, 17 August 2007; Karniol, ‘China, Russia expand “Peace Mission 2007”’, 25 July, 2007; ‘SCO leaders observe joint anti-terror drill’, 17 August 2007; ‘SCO conducts final stage of joint anti-terror drill’, *Xinhua*, 17 August 2007; Petrov, “‘Peace Mission 2007’ to tackle terror threats”, *RIA Novosti*, 24 July 2007.



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