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# Shanghai Cooperation Organization: Looking for a New Role

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## *The SCO today: achievements and challenges*

Established in 2001, the Shanghai Cooperation Organization has come a long way, and now elicits considerable interest in the world. This interest is, in a way, greater than the organization's real achievements.

What is the reason for this growing interest? The SCO is essentially a regional cooperative association, and as such it is often perceived as a potential center of the burgeoning multipolar world, capable of providing an alternative – or a counterbalance – to the US and its allies. In this sense, the SCO has occupied the niche (or at least some part of it) left vacant by the collapse of the USSR.

The breakup of the Soviet Union in the early 1990s radically altered the balance of power in international relations that was previously based on the confrontation between the world's two main power centers. Although some researchers picked up on the trend towards multipolarity way back in the Soviet period and the growing influence of regional leaders, the disappearance of that major power from the map created a vacuum.

Far from everyone, even in the non-Western world, were sympathetic towards the USSR. But with the USSR gone, a number of countries, particularly big ones, grew apprehensive about the external threats posed primarily by general international instability (the bipolar system used to guarantee some degree of order). And they feared that, devoid of any checks and balances, the only remaining world power center would impinge on their interests.

Thus, while the US was celebrating its victory in the Cold War and Francis Fukuyama was announcing the “end of history,” China, India, Brazil and many other states in Asia, Africa and Latin America were eyeing the situation with concern. Had the US shown more restraint, developments would have likely taken a different turn. But Bill Clinton and especially George W. Bush chose to consolidate American successes and seek total US dominance in the world. Europe was unable or unwilling to navigate an independent course and followed in Washington's wake.

The united West increasingly took on the role of world's policeman, substituting its ad hoc decisions for international law. This was displayed in its disregard for the UN Security Council when the latter refused to do its bidding and its assertion of the right of NATO or its individual members to intervene in international conflicts without UN sanction. The conflicts in Iraq, Yugoslavia (particularly the forcible separation of Kosovo from Serbia), Libya, where the West clearly exceeded its mandate under the relevant UN Security Council resolution, and later in Syria, where the West decided to dispense with any pretense of international legitimacy and seek the overthrow of the legitimate government, destabilizing the entire region in the process – all of that could not but cause extreme concern in the non-Western world.

Displeased with this state of affairs, countries began building bridges to one another. Initially, their coordinated efforts were not directed against the West, because all participants in the process were part of the Western system and valued it. But they sought to coordinate their responses to aspects of the new incarnation of the system that didn't suit them. This led to the emergence or consolidation of organizations and groups without Western involvement: ASEAN and its different cooperation formats, SCO, CELAC, and certainly BRICS.

In general terms, the SCO's activities can be divided into three areas of cooperation: regional security, economy, and culture.

The greatest progress was made in the first of these areas. The member states have signed a number of important international treaties and regularly hold joint military exercises. Of particular importance is their coordinated effort against international terrorism, because all SCO member states have come under attack from international terrorists. Following the withdrawal of the International Security Assistance Force (ISAF) from Afghanistan, this threat may only grow. The SCO security agenda also includes the fight against drug trafficking, information security, and illegal migration.

The SCO has encountered the most obstacles in economic cooperation. In fact, the organization has failed to achieve any meaningful success on this front. Experts and politicians from the member states have for years advocated the creation of a SCO development bank to finance multilateral economic projects. So far, however, only the legal framework has been put in place. There has been no implementation of any projects, nor has a project funding system been devised.

Cooperation in education and culture is of particular importance today, when the Eurasian world is looking for its own unique cultural identity and value system as the basis of regional integration. But precious little is being done here too. The establishment of the online SCO University is possibly the only major achievement to date, but it could be doing so much more.

SCO expansion is another important subject. There are plans to grant India and Pakistan, currently observer states, full membership. Naturally, the accession of such major countries will radically change the SCO. How to make sure these changes are constructive and strengthen rather than weaken the SCO is the crucial issue with the potential to shape the organization's entire future.

## *The effect of growing Russian-Chinese cooperation on the SCO*

The Joint Statement of the Russian Federation and the People's Republic of China on cooperation in construction of conjugation of the Eurasian Economic Union and the Silk Road Economic Belt, which President Vladimir Putin and his Chinese counterpart, Xi Jinping, signed in the Kremlin on May 8, 2015, has presented the SCO with a number of major challenges that could change the nature of the organization.

Beijing announced the Silk Road Economic Belt in 2013 in response to its disappointment with the economic component of the SCO, which China hoped would be instrumental in promoting multilateral economic cooperation. Beijing needed new nearby markets for its goods, surplus labor, and money. It proposed several projects, from a free trade area to an SCO development bank, but they were stymied by the other member states, including Russia. Moscow, fearing China's economic domination, opted for traditional post-Soviet forms of cooperation.

Refusing to take no for an answer, Beijing proposed several bilateral investment programs as part of the SCO agenda, seeing as the organization was not implementing any other economic projects. But Beijing was not satisfied with the scale of cooperation, and so it turned to the idea of the Silk Road Economic Belt.

Russia viewed the SCO as a political rather than economic organization and planned to strengthen military and political cooperation through the Collective Security Treaty Organization (CSTO). The SCO was intended as an ideological symbol of a multipolar world. It adopted declarations expressing a non-Western, multipolar view of the world and non-Western values, but did not undertake any serious organizational work.

The Silk Road Economic Belt project has cast a deep shadow on the SCO's economic component. If China's cooperation with the Central Asian member states (two of which, Kazakhstan and Kyrgyzstan, have joined the Eurasian Economic Union, with others possibly following suit) and its main infrastructure projects are based on the coordination concept, where would this leave the SCO? What would the SCO become if it fails to strengthen the economic component? Would it focus on security?

SCO activity in the field of security is limited to making statements. Under its charter, the SCO is not a military alliance and does not plan to create rapid response forces. A serious security threat, should it appear in Central Asia, would be likely addressed by the CSTO.

## *SCO expansion and reformatting*

The only thing the SCO can do to keep from becoming yet another discussion club is to admit new members. The issue has long been on its agenda, and besides, the SCO has no formal reasons for rejecting applicants.

Under its charter, SCO membership shall be open for other States. The foot-dragging on admitting new members was chalked up to technical reasons, namely the lack of an application mechanism, which only came ten years after its founding. The SCO Heads of State Council approved the Regulations on the Admission of New Members at a meeting in Tashkent, Uzbekistan, in June 2010.

According to the admission criteria they set, a country wishing to join the SCO must belong to the Eurasian region and have diplomatic ties with all SCO member states as well as observer or dialogue partner status in the SCO. It must support active trade, economic and cultural relations with the SCO member states, and must not be under UN sanctions.

The latter provision precluded membership for one of the more eager applicants, Iran.

In terms of security, the prospective member must comply with the international treaties and other documents signed by the SCO. In addition, it must not be in a state of armed conflict with another country or countries.

The SCO heads of state adopted a memorandum of obligations for states seeking full SCO membership at their summit in Astana, Kazakhstan, in June 2011. There were no longer any formal reasons to reject applicants for supposedly lacking the necessary documents.

Pakistan, which has observer status in the SCO, was the first country to apply for membership in 2006. Iran, which also had observer status, filed its application the following year. India, another observer country, did so in 2010.

A new status – dialogue partner – was approved at the SCO summit in Yekaterinburg, Russia, in 2009, and granted to Sri Lanka and Belarus. In June 2012 it was granted to Turkey at the summit in Astana, while Afghanistan later became the fifth observer country. However, the organization has not admitted a single new member to this day.

After Iran was denied membership due to UN sanctions, Russia took up the idea of SCO expansion. It proposed creating a special expert group to consider the issues related to SCO expansion at the summit in Dushanbe, Tajikistan, in 2008. That special group drafted accession documents.

Moscow also supported India's aspiration to become a full member. This support was incorporated in the Russian-Indian declaration on strengthening their strategic partnership, which was signed during Prime Minister Manmohan Singh's official visit to Russia in December 2009.

China has opposed the admission of new members, though unofficially, arguing that conditions were not right. First, it said that the admission of a large country to the SCO, which is a relatively young integration institution, would create organizational havoc and further complicate the far from simple mechanism of decision-making in the organization. Russia, which initially shared this view, reversed course. The real reason behind China's objection is its difficult relationship with India and unwillingness to see its influence in the SCO diluted by the admission of a large regional power such as India.

## *A new role for the SCO*

The accession of India, Pakistan, and possibly Iran in the not-too-distant future will radically change the very nature of the SCO. The organization would then count all the leading non-Western powers of Eurasia among its members. An increasingly Eurosceptic Turkey has already become an SCO observer state. The same goes for Belarus, a European nation with a somewhat peculiar political system, and Sri Lanka, which has become disillusioned with the West for pointlessly defending Tamil separatists.

With these new members, the SCO could be regarded as an emerging cornerstone of the multipolar world in the making, a platform offering a Eurasian alternative to Western Europe. If the BRICS group is about to become an alternative to Western structures in terms of global governance (narrowly speaking, an alternative to the Group of Seven and the Group of Twenty), the SCO could assume the role of a second, non-Western center of gravity in Eurasia (since Western Europe is also part of Eurasia).

Having said that, BRICS, just like the G7 or the G20, is not a formal organization, while the SCO is a well-constituted structure. As the Eurasian Economic Union (EAEU) strives to come up with an economic alternative to the EU, the SCO could offer a political and ideological alternative. Moreover, the alternative offered by the BRICS and the SCO is not confrontational. In fact, Eurasia's second center of gravity is not interested in annihilating the first one. On the contrary, the purpose of the SCO is to promote constructive cooperation, provided that its special nature and equal rights are recognized.

So what is this alternative all about? The answer to this question can be articulated in several points:

- 1) Non-interference in the domestic affairs of other states (and the responsibility of states for their own stability, unlike the responsibility-to-protect concept that the West uses as a pretext for intervention);
- 2) Maintaining the central role of the United Nations and the Security Council;
- 3) Creating a more just system of global governance that takes into account the interests of the non-Western world, without scrapping the current system;
- 4) Respecting differences in values, refraining from imposing one's own values as universal ones.

In order to be up to its new role, the SCO must undergo substantial changes. From an organization focused on harmonizing relations between Russia and China in Central Asia, it should evolve into a much broader integration body. It should provide major non-Western countries to the east of Eurasia a platform for reconciling, on an equal footing, their interests which could differ from that of the West, and possibly shape a joint position regarding the West.

India and Pakistan are major countries facing multiple challenges and sharing a complex relationship. For this reason, their accession to the SCO could give rise to a number of questions, ranging from minor issues, such as translating all the existing documents into English, which would thus become the third official language along with Russian and Chinese, to bigger problems. Will the organization be able to preserve its identity? Could it become less efficient as the decision-making mechanism becomes more complicated? Why take decisions by consensus? All these questions are highly relevant. For instance, there are many who believe that EU became less efficient as it expanded to include new members.

That said, the advantages of accepting news members outweigh the drawbacks. India's and Pakistan's accession will make the SCO a much more powerful and influential international organization that will have to be taken into account, since it would represent a major portion of the non-Western world.

Furthermore, by becoming a member of the SCO, India as an emerging country could give a boost to the SCO's economic projects, especially in Central Asia, with which Delhi has historically enjoyed extensive ties. All in all, by accepting India and Pakistan into its ranks the SCO could substantially strengthen its global standing and give fresh impetus to its development. The accession of such major powers could substantially strengthen the organization's geopolitical reach and facilitate trade and economic cooperation among its members (so far it has been one of the organization's weaker spots). In addition, with the accession of a democratic India the SCO could be hardly portrayed as a "dictator's union." It will mark a new step towards the consolidation of the non-Western world in which players are drawn together despite existing disagreements largely because of their desire to avoid Western dominance.

As for another observer state, Iran, its accession to the SCO could also be desirable in the current international environment. First, Iran has an independent foreign policy and could be an important partner to Russia and China in their quest to preserve their own independence and resist the pressure of the West. Second, Iran is a major energy exporter and a key economic partner. Third, Iran is one of the main forces on the forefront of the fight against the terrorist threat posed by ISIS.

However, Iran cannot join the SCO as long as UN sanctions are in place.

That said, significant progress has been achieved at the Iranian nuclear talks lately. Being part of the E3+3, Russia is fully committed to lifting the sanctions as soon as possible. Speaking at a news conference in Lausanne on March 31, 2015, Russia's Foreign Minister Sergey Lavrov said that sanctions against Iran should be lifted "once the deal is reached," which means immediately and not gradually, as the US wants. If that is the case, Iran could join the SCO in 2016, if not 2015.

Russia used to oppose Iran joining the SCO. In fact, Moscow's policy towards Teheran was always part of Russia's broader foreign policy. As Russia's relations with the West have deteriorated, Iran's importance has become increasingly clear. Sometimes Russia's relations with Iran were used to counterbalance its ties with the West. For instance, the media reported that after the 2008 war with Georgia Moscow and Washington reached an informal agreement that the latter would turn a blind

eye to Russia's recognition of Abkhazia and South Ossetia in exchange for Russian support for sanctions against Iran in the UN Security Council.

Today, the situation has changed. Russia has become disillusioned with the West and has no reason to follow along anymore. Relations between China and the West (particularly the United States) are also becoming increasingly strained. Against this background the importance of working with countries with an independent foreign policy, including Iran, is becoming clear. Its accession to the SCO is fully in line with the interests of Russia and China.

What is particularly important is that a broader SCO would foster economic cooperation within the organization, taking it beyond projects implemented by China and the EAEU. By promoting multilateral projects the SCO could expand its reach and attract new participants with their own economic interests and plans. For example, India has established economic relations with China, Russia, as well as long-standing ties with Afghanistan (an SCO observer state) and Central Asia. Iran is a key energy partner for both Russia and China. Consequently, by expanding the SCO's economic cooperation agenda, the organization could move beyond facilitating Russia's relations with China in Central Asia.

In this respect, special attention should be given to specific structures and multilateral economic cooperation projects, such as

- making the SCO Energy Club fully operational providing it with a permanent structure for the coordination of imports and exports by SCO members and observers. A number of major exporters (Iran, Russia, Kazakhstan) and energy importers (China, India) are part of the SCO in various capacities. By efficiently coordinating their efforts, the SCO could become one of the leading international energy organizations. A natural gas version of OPEC could be created under the SCO;
- launching the SCO Development Bank as soon as possible so that multilateral economic projects can benefit from greater access to financing. The implementation of several major multilateral projects could substantially increase the organization's appeal;
- creating an agency for coordinating infrastructure projects implemented by Russia and other EAEU members (they will have to come to an agreement as part of an association process), as well as with other SCO members, observers and partners.

Cultural and academic cooperation will also get a boost. The expanded SCO will include five, not three, unique centers of the world's civilizations. Their commitment to maintaining peaceful and constructive relations without imposing values or approaches should serve as a model for the whole world.

All in all, the SCO should remain a regional organization and gradually develop its capacity to address regional security issues on its own. It has nothing to do with being in conflict with anyone today, though the confrontation is being imposed by the West. Ideally, the time will come when such problems as the Afghan issue will have been resolved by the SCO or other regional mechanisms



without outside interference. Multilateral economic projects should also be actively promoted, building on the potential of the biggest countries: Russia, China, India, and Iran. All these developments could be facilitated by the accession of new influential states, which would change the very nature of the SCO.

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