The Shanghai Cooperation Organization: Should the U.S. be Concerned?

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The Shanghai Cooperation Organization (SCO) is a multi-national, cooperative regional institution in post-Soviet Central Asia. A leading institution in a region that encompasses over 60 percent of the world’s land mass, more than one-third the world’s population, nearly 45 percent of the world’s energy reserves, and a combined economy that nearly equals the United States (U.S.) gross domestic product, the SCO has significant influence over the world’s economy and security. Moreover, the SCO is an organization exclusive of America, which may potentially threaten U.S. security and interests. Yet for a number of reasons, this potential threat may never become reality. The most critical reasons are the SCO members’ varied interests, which are often diametrically opposed. Regime survival underpins the cooperation between the primary SCO members; but it is not a sustainable foundation for this organization. Thus, as long as the SCO members maintain their opposing self-interests, the U.S. need not worry about the SCO. Yet, given the SCO strategic significance, U.S. leaders should monitor and engage this important institution to ensure American influence and interests in Central Asia remain secure well into the future.
The Shanghai Cooperation Organization:
Should the U.S. be Concerned?

With most of the world's nuclear powers and some half of humanity, Asia will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress.¹

—President Barack Obama

Since the end of the Cold War, the traditional concepts of national security have changed somewhat due to the continued expansion of political pluralism and globalization of the world economy, as well as the ever-dwindling cache of natural resources and fossil fuels. From this perspective, the strategic features of Central Asia represent one of the most important geopolitical and geo-economic centers in the world. Russia and China, which both pursue regional supremacy in Central Asia, have exerted significant efforts to secure energy resources and build security boundaries within the region. The vehicle for their competition is the Shanghai Cooperation Organization (SCO).²

The SCO is an evolutionary organization that originated from the “Shanghai Forum”, a dialogue mechanism initiated in 1991 by China to address border disputes and regional security for itself and its neighbor states in lieu of the instability and unrest that occurred after the Soviet Union imploded. Today, permanent SCO members include the People’s Republic of China (PRC), Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In addition, since its official establishment in 2001, the SCO has added several “observer states” in India, Iran, Mongolia, Pakistan, and Afghanistan, as well as a number of “dialogue states” in Belarus, Sri Lanka, and Turkey to its membership. However, the SCO remains primarily focused upon its six permanent members and their specific interests for this forum.³
Since its inception, the SCO has taken slow, deliberate steps to become a formal legitimate international institution for its diverse group of members. Though many scholars have tried to characterize the SCO, the organization has largely remained an enigma. SCO characterizations have ranged from a simple security group to a regional economic forum, and even an antiterrorism coalition. Others assess that it is a Sino-Russian-led alliance created to counter U.S. hegemony. As such, the SCO has often been labeled as another “Warsaw Pact” or “NATO of the East”. Indeed, SCO membership suggests that it could be a threat to American hegemony in the international system, and/or the beginning of some “Great New Game”. However, the SCO is not truly an alliance and, by many accounts, its threat is heavily dependent upon the dynamic relationships and varied interests of its members (China, Russia, and the Central Asian states), which are in many ways diametrically opposed.

The SCO promotes cooperative and collaborative security as the foundation for its existence and success. Yet, it is primarily a mechanism for balancing power between its members to assure the sovereignty and survival of their independent authorization regimes. As a result, the smaller states often look to the West for bilateral support to balance their fellow SCO members’ power. Their bilateral and multilateral engagement with western states and institutions, including: North Atlantic Treaty Organization (NATO); Organization of Security and Cooperation in Europe (OSCE); and, the Association of South East Asian Nations (ASEAN), help moderate and balance Sino-Russian influence over Central Asia. Further, the U.S. maintains relatively good bilateral relations with most, if not all, SCO member states. Thus, the SCO poses no current threat to the U.S. as a bloc, new Warsaw Pact, or Great New
Game, as some scholars and policy-makers fear. However, the U.S. must not overlook the SCO strategic significance and implications.

Currently, the SCO members’ collective economic potential nearly equals the total U.S. Gross Domestic Product (GDP), and Central Asia harbors more than forty-five percent of the world’s untapped oil and natural gas reserves. Expanding SCO influence beyond Central Asia, its “observer states” collectively put the SCO realm of influence over nearly half the world’s population, including four nuclear power capable nations. Yet, ironically perhaps, the U.S. has largely ignored the SCO. However, given the SCO still-growing strategic significance, the U.S. can no longer overlook this important institution. Instead, the U.S. should seek opportunities to engage the SCO to secure its long-term interests and influence in Central Asia. As recommended herein, “Selective Partnership” presents the most effective way with the least inherent risks for U.S. engagement with the SCO.

The primary research question of this monograph is, “Should the U.S. be concerned by the SCO?” The simple answer is “no”, at least not right now. However, to provide a solid basis for this and other assertions mentioned above, this monograph provides a review of the history and evolution of the SCO, an analysis of its members’ interests, and identifies the SCO strategic significance and implications regarding the world economy and security. In addition, it examines past and current U.S.-SCO relations, and offers a set of recommendations for U.S. engagement with the SCO to ensure the long-term security of U.S. interests and influence in Central Asia.
History and Evolution of the SCO

In the wake of the Soviet collapse in 1989, the newly independent Central Asian states had an immediate need and priority to resolve long-term territorial disputes. Their efforts necessarily involved negotiation of boundaries with China as well as with each other. In 1991, China initiated the “Shanghai Forum” to facilitate the settlement of its borders with the three Central Asian states (Kazakhstan, Kyrgyzstan, and Tajikistan) to its immediate west, as well as the “new” Russia as the previous long-term influence in the region. From this limited forum of cooperation, grew the “Shanghai Five” dialogue mechanism, which also introduced a broader agenda of security and economic relations and agreements. In 1996, the five states signed an “Agreement on Confidence-Building in the Military Field in the Border Area” in Shanghai, which was followed one year later by an “Agreement on Mutual Reduction of Armed Forces in the Border Area” signed unanimously in Moscow. Once most of the border security issues were resolved, and dialogue and confidence-building measures established, the “Shanghai Five” began to look to other immediate concerns that would require a collective resolution among the member states.¹⁰

In 1998, the “Shanghai Five” met in Almaty, Kazakhstan, to discuss the growing threats of ethnic separatism, religious extremism, and terrorism occurring within the border regions. In 1999, highly concerned by the seemingly increasing domestic disruption and insecurity caused by these three threats, the five member states endorsed establishment of an anti-terrorism center, and began to open and solidify lines of communication among prime ministers and other government officials responsible for foreign policy, defense, public security, border guards, and law enforcement.¹¹
In 2001, Uzbekistan joined the “Shanghai Five”, and on 15 June 2001, the six “Heads of State” signed a declaration that formally established the Shanghai Cooperation Organization (SCO). As its basis for cooperation and consensus, the SCO established several collective objectives:

- Good neighborly relations between all member states;
- Promotion of cooperation in politics, economics and trade, science and technology, culture, education, energy, transportation, ecology, and other fields;
- Safeguarding and preserving regional peace, security and stability; and,
- Striving toward a new political and economic international order that is just, and rational.

Additionally, the “new” SCO produced a series of policy agreements such as a communiqué on arms control in support of the 1972 ABM Treaty, opposing the U.S. Missile Defense Program, as well as declaring Central Asia a Nuclear-Free Trade Zone. All attendees pledged support for the UN Charter as well as noninterference in each other’s internal affairs. Further, the members affirmed their desire to expand regional cooperation to include dialogue with the Association of South East Asian Nations (ASEAN). The final output from this first SCO assembly was its Convention on Fighting Terrorism, Separatism, and Extremism, known as the “three evils” considered most threatening to all SCO members. Accordingly, this document set the framework and tone for all future SCO activities.

After the terrorist attacks of September 11, 2001, the SCO began to evolve more rapidly. Operation Enduring Freedom brought U.S. forces to Central Asia, and while
Chinese and Russian leaders recognized America’s right to respond to the terrorist attacks, the establishment of U.S. military bases in Uzbekistan and Kyrgyzstan raised concerns in Beijing and Moscow. As a result, between June 2002 and November 2004, the SCO developed a more formal framework, as well as its organizational structure (see Figure 1). Its first functional staff sections included the Secretariat in Beijing, and the Regional Anti-Terrorist Structure (RATS), a regional anti-terrorism center located in Tashkent. A significant next step in SCO evolution, RATS established the framework for the SCO regional response to the “three evils”, as well as the mechanism for a joint military response.\textsuperscript{15}

\text{Figure 1}\textsuperscript{16}

Shortly after the May 2003 Summit, SCO leaders codified further institutionalization of the SCO, establishing a budget, staffing, and administrative processes, and solidified multilateral economic and trade cooperation agreements. With these and its other institutional mechanisms in place, the SCO began to coordinate its activities with the Asian-Pacific region.\textsuperscript{17}
In June 2004, the SCO annexed Mongolia as an “observer”, and began to look more closely at Afghanistan. In addition to concerns for security and stability in that region, regarding Islamic extremism, Russia initiated a SCO-Afghan contact group to revive the Afghan economy. All SCO members signed a cooperative agreement to fight illicit drug trading, and Russian President Putin emphasized the importance of SCO participation anti-drug trafficking and recommending an “anti-drug belt of protection” around Afghanistan. SCO leaders also established a regional development fund, and agreed upon a plan to hold a regional economic forum. 

In 2005, the SCO experienced some setbacks in its development as domestic events in Kyrgyzstan and Uzbekistan spiraled out of control, causing new fears among the SCO member states as well as world criticisms of these two nations. In March 2005, a Kyrgyz street gang brought down long-ruling President Akayev, prompting parallels with earlier “color revolutions” in Georgia and Ukraine. Two months later, Uzbek police and military units used deadly “force to put down an uprising in Andijon, outraging public opinion in the West, even as SCO leaders offered words of support for Uzbek President Islam Karimov. Despite this turmoil, SCO membership grew as India, Iran, and Pakistan were all granted “observer” status, expanding the SCO area of influence.

In 2006, SCO members gathered in Shanghai for the SCO 5th Anniversary. President Hu Jintao praised the forum summarizing the organization’s major achievements including, the legal framework; security and economic cooperation; exchanges in cultural/human rights issues; and, its cooperation with other international and regional organizations. In addition, SCO member states established the SCO
Business Council, the Interbank Consortium, and a special Development Fund to respond to the growing economic cooperation. Finally, all SCO members ratified a joint communiqué emphasizing member states’ sovereignty in response to the 2005 Uzbek and Kyrgyz incidents.

At the 2007 Bishkek Summit, the SCO agenda took a more international tone when members reaffirmed their pledge against the U.S. Missile Defense Program, as well as calling for an international treaty to ban weapons in outer space. Russia and China also endorsed the Central Asian Nuclear Weapons Free Zone (CANWFZ), and in August 2007, all SCO members participated in the NATO-backed Partnership for Peace (PfP) Mission for the third year in a row, clearly signaling that the SCO is not necessarily an anti-Western bloc.

At the 2008 Summit held in Dushanbe, Tajikistan, saw the SCO membership begin a dialogue about SCO expansion, and in this context, the development of “dialogue partner” bylaws. SCO members amended to the original SCO framework Convention document to include the “Regulations on the Status of Dialogue Partners of the Shanghai Cooperation Organization” which detailed the administrative process and rules and norms for nations seeking SCO “dialogue” status.

On 15 June 2009, the ninth SCO Summit occurred in Yekaterinburg, Russia. At this meeting, Afghanistan and the continued resurgence of the Taliban were at the forefront of all SCO discussions. However, domestic economic security remained important as well when all members ratified “The SCO Joint Initiative on Increasing Multilateral Economic Cooperation in Tackling the Consequences of Global Financial Crisis”. Similarly, SCO members discussed a convention to protect their capital
investments, as well as implementing an accounting system that would not use a supranational currency, rather a credit system for trade payments between SCO member states.\textsuperscript{28} Finally, the SCO welcomed new dialogue members, Sri Lanka and Belarus into the fold, and all members participated in Peace Mission 2009.\textsuperscript{29}

In June 10-11, 2010, SCO members held their annual Summit in Tashkent, Uzbekistan. In light of several crises in the region, the SCO agenda focused on Afghan drug trafficking and restoring order in the troubled state of Kyrgyzstan following the overthrow of President Bakiyev’s regime in April resulting from secular ethnic struggles. Underpinned by its desires to thwart the three evils, terrorism, separatism, and extremism, the SCO members expressed a need to develop a better mechanism to respond regional crises. In addition, the agenda of the summit included procedures on adopting new permanent members. At this particular meeting, Iran’s application for permanent membership was vetoed by Russia and other members as SCO rules preclude states who have difficulty with their legal status cannot be a member of the SCO. However, Iran, which has been under official UN sanctions for some time, maintained its “observer” status.\textsuperscript{30}

In 2011, the SCO met in Astana, Kazakhstan, to celebrate the SCO 10\textsuperscript{th} Anniversary. While the general agenda was one of celebratory activity, the Council of SCO Heads did approve the SCO “Anti-drug Strategy” and associated Action Plan for 2011-2016, as well as a “Memorandum of Obligations” for countries seeking full member-state status in the SCO. Further, the SCO and UN Office of Drugs and Crime signed a Memorandum of Agreement concerning the SCO plan for counter-narcotics
and trafficking. Finally, the RATS Council leader provided an overview of the annual SCO anti-terrorism military exercises “Peace Mission 2010” and “Taishan-2-2011”.31

SCO Members and Their Interests

In the post-Soviet era, the SCO member states have faced many common problems and shared challenges including, domestic unrest, extreme poverty, and ethnic separatism throughout the Central Asian region. Thus, the Shanghai-Five mechanism, and subsequent SCO forum, provided China, Russia, and the Central Asian states a common venue to work out their issues peacefully. While there have been other westernized organizations initiated in this region, i.e. Organization for Cooperation in Europe (OSCE), most have failed as they are diametrically opposed to the SCO principal of “non-interference” in issues of states’ sovereignty. In essence, the promotion of western culture, values, and ideals vis-à-vis human rights and democratic political reform do not appeal to authoritarian regimes. Above all else, regime survival of its permanent member states underpins the primary mission and rationale for the SCO’ institutional success.32 However, there is also much diversity among the SCO members’ values and interests as discussed in the following analysis.

Russia

Russian interests in the SCO encompass at least four different categories: Central Asia, Chinese–Russian relations, relations with the West (primarily the U.S.), and general world politics. For Russia, the SCO regulates the uneasy mix of cooperation, competition and balancing power against China. Yet, Russia’s vision for the SCO extends beyond the issue of local competition to that of coping with the apparently relentless expansion of Western security institutions. Further, Russia seeks
to return to its former status as a great power and influence in the Central Asian region. The SCO provides the means (e.g. security and economics) to this end.\textsuperscript{33}

\textbf{China}

The evidence indicates that China's domestic and economic interests have driven its motivations and initiatives within the SCO framework. China created the SCO to clarify and secure its borders with its new Central Asian neighbors, and to reestablish an orderly co-existence with a weakened post-Cold War Russia. More recently, China's priorities have shifted somewhat as the SCO provided access to new markets and technologies, as well as energy and other vital resources that China desperately needs. Moreover, China still sees the SCO as an important mechanism to address those regional, multi-national issues of terrorism, separatism, religious extremism, drugs, environmental pollution, and other issues that clearly affect its domestic security and stability.\textsuperscript{34}

\textbf{The Central Asian States}

In general, the Central Asian states look to the SCO as a way to protect and legitimize their authoritarian regimes; improve and maintain domestic security and stability; and, bolster and broaden their economies through greater access to capital markets and foreign trade and investments, particularly, in energy collection and transport infrastructure. The SCO also offers a forum of unity whereby these smaller states may collectively hedge the political balance with the two larger powers, China and Russia. Similarly, these states view the SCO as a potential restraint mechanism for Uzbekistan's ambitions of hegemony in the region, as well as a forum to develop regional cooperation on competitive issues such as water distribution. However, these
smaller states are most interested in the SCO’s practical prospects for regional security and economic development.35

**The Observer States**

All four SCO “observer” states have a common interest in increasing their economic growth and access to free markets and trade across Central Asia. However, each nation also has specific designs and motivations, such as Iran’s intense desire for energy cooperation and acquisition of nuclear technology. India and Pakistan hope to gain a route into wider Asian geopolitics and a forum to address their own problems, to include resolution of their border disputes. Mongolia is trying to multi-lateralize its own highly asymmetric and sensitive strategic relations with China and Russia. Finally, Afghanistan is interested in the SCO assistance with its economy and internal security, as well as its issues with the three evils, and its extensive illegal drug trade.36

**SCO Limitations - The “Gaps” in Member Interests**

Upon closer review of SCO members’ interests, one can see several “gaps” between the SCO members that are significant limiting factors to the SCO future success and expansion beyond a regional institution. The analysis looks at these gaps from three perspectives: 1) General SCO capability gaps; 2) Gaps in Sino-Russian relations with the Central Asian States; and, most importantly, 3) Gaps in Sino-Russian relations.

In general, the geopolitical situation in Eurasia seems to be a quagmire for which the SCO mechanism seems ill equipped to manage. Two key examples include:

1) Unlike the United Nations, the SCO has no collective authority or desire to “usurp” its member states’ sovereignty. As a result, the SCO limited response to
political upheavals and conflict in Uzbekistan (2005) and Kyrgyzstan (2005 and 2010), and now in the struggle between the Uzbeks and the Tajiks (2012) seem to validate this problem. Uzbekistan’s desire to dominate its immediate neighbors has been clear since these states gained independence. As a result, the Uzbeks and Tajiks are currently on the brink of civil war, which gives credence to the fragility of the SCO.

2) Disputes among the Central Asian states over food, water, and natural resources, and it has not eliminated their extreme domestic poverty and cultural unrest. Though China’s explosive economic growth has benefited all its SCO partners, the Central Asian states remain destitute in many areas of the region.

Similarly, gaps in Chinese and Russian relations with the Central Asian states can create significant stress within the SCO as the larger states interests frequently infringes upon the smaller states’ interests for autonomy and control. Some more specific examples include:

1) The Central Asian states’ desires to seek bilateral relations with the U.S. greatly perturb Russian and Chinese ambitions to keep the U.S. influence and presence out of Central Asia. For example, Uzbek and Kyrgyz regime approvals for U.S. military basing at the onset of the “Global War on Terror” greatly irritated both Russia and China. Although Russia and China were later able to convince (coerce?) the Central Asian states to evict U.S. forces from Karshi-Khanabad Air Base, the U.S. has remained securely situated at Manas Air Base since 2003, which continues to frustrate Sino-Russian designs.

2) Russia’s desire to dominate its former provinces, in some cases through force, continues to foment distrust and discord among the SCO members. Specifically,
Russia’s insertion of forces in Kyrgyzstan to quell the perceived advent of a Kyrgyz civil war in 2008, and the Russia-Georgia “color war” which bogged down Kazakh energy interests there have left lasting negative impressions and fear among the smaller member states.  

3) Relations between China and its smaller neighbors vacillate between economic need and underlying distrust of Sino intentions. In 2003, China committed a $900 million subsidized commodity loan and invested over $1.6 billion in infrastructure projects to bolster the economy of its neighbors across Eurasia. However, the loan came with the stipulation that the money was specifically for purchasing Chinese products. Though the Central Asian states eagerly desire Chinese trade and investments, they also fear becoming modern day vassals in return for Chinese “handouts”.  

Finally, marked by a long history of competition and distrust, Sino-Russian relations create the most prominent “gaps” of discord within the SCO. Further, there is little that the SCO can do to moderate the divergence of competition and interests between these two great powers. A few of the most prominent Sino-Russian divergent interests include:  

1) China and Russia have diametrically opposed perspectives (desires) on the specific mission of the SCO. Beijing sees the SCO as a vehicle to expand its economic influence in Central Asia, but Moscow sees the SCO as a mechanism for regaining its status as the dominant Eurasian power. While Russia seeks to regain dominance over the Central Asian states and their vast natural resources, China invests heavily in energy infrastructure and transport systems, and seeks bilateral agreements, to obtain
independent rights and ownership of those resources to slake its ever-growing thirst for energy. As a result, China constantly undermines Russia’s efforts to maintain control over the Central States’ and the energy market.

2) Trade deals between Russia and China have not always gone well. In 2008, China purchased 200 Su-27 fighter aircraft from Russia, only to cancel the contract after just a few deliveries. Shortly thereafter, China decided to build and export its own version of the Su-27, a clear indication that Russian aircraft designs had become Chinese manufacturing templates.

3) Russia and China have vast differences of opinion regarding the expansion of SCO core membership to include current “observer states” India and Pakistan (PAK). On the one hand, Russian has a long history of friendship with India, who is a long-time Chinese rival. Similarly, as Pakistan and China have become closer in recent years, Russo-PAK relations have been less so. Further, Indian and PAK relations with the U.S. also create tension in Sino-Russo relations.

As previously mentioned, the SCO members’ interests present several potential friction points that are significant limiting factors in the future success and expansion of this institution. Moreover, the competition and divergent of interests among the SCO states are underpinned by the deeply ingrained distrust of each other. As a result, the collective powers of the SCO are seemingly incapable of resolving these issues. Regardless, the strategic security and economic implications that inherently exist in Eurasia are issues the U.S. can no longer ignore.
Despite numerous systemic weaknesses, the SCO has become an important institution in the international system. Beyond its relative significance for regional security and economic viability of its members, the SCO poses much wider implications via security and energy economics. Collectively, SCO member states account for 60 percent of the land mass across Eurasia (roughly 30 million square kilometers), and its population is roughly one third of the world’s total (see Figure 2 and Table 1). Additionally, harboring over 45 percent of the world untapped energy resources, Central Asia has gained the immediate attention of the world markets as many U.S. and European Union (EU) corporations seek advantage and opportunity in the region.

As the former regional hegemony in Eurasia, Russia controlled most energy export capabilities and pipelines in the region. Yet, China, the EU, and the U.S. continue to invest bilaterally in energy infrastructures, undermining Russian influence. This increasing energy competition might suggest that a “New Great Game” in power politics is taking place in this region. However, the U.S. is relatively self-sufficient in its own oil production, importing the remainder of its energy (oil) reserves from Canada, Mexico, and Venezuela. Thus, the energy competition in Eurasia really suggests regional power politics.
Unfortunately, security in Central Asia is a serious problem. Possessing extensive, porous borders, and widespread lawlessness and corruption, Central Asia is particularly vulnerable to terrorist and crime organizations. Additionally, the SCO “observer states” inherently expand these security issues far beyond the Central Asian region, encompassing more than 60 percent of the world’s land mass, nearly half the world’s total population, and four of the world’s largest nuclear weapons capable nations (China, Russia, India, and Pakistan). Accordingly, the security issues and vast energy resources in Central Asia have gained worldwide influence and interest, and the SCO has become a strategically significant institution. Necessarily, then, an analysis of the SCO impact on world security and economics follows.

Security – A Strength or Weakness in the SCO?

Located in the center of Eurasia at the intersection of critical trade routes to Europe, Africa, and the Middle East, the four SCO Central Asian member states serve as a strategic “bridge” between East and West. As discussed earlier, the SCO has made some important strides to clarify borders and broker peace among its principle
member states since its inception just 11 years ago. However, plagued by extensive, porous borders, lawlessness, and corruption among officials, police, and border guards, Central Asia is particularly vulnerable to terrorist and crime organizations, a problem that the SCO has not yet been able to solve.\(^5\)

Central Asia has a vast, sparsely populated interior, as well as the remains of the former Soviet military complex, which provide terrorist and extremist networks, such as Al Qaida, the Islamic Militants of Uzbekistan (IMU), Hizbut-Tahrir al-Islami (the Islamic Liberation Party, also known as HuT), and the Taliban, safe havens and access to arms.\(^6\) In the late 1990s, a number of Islamic radical organizations appeared in the remote provinces of this region seeking to establish an Islamic state. These groups remain especially active in the region’s Fergana Valley, an area already mired in political violence and border disputes among Kyrgyzstan, Tajikistan and Uzbekistan. Heavy unemployment and poverty rates among the young adults in the Fergana Valley make them highly vulnerable to recruitment into these extremist organizations. As a result, terror attacks in the region have continued to rise over the years.\(^7\)

Terrorist attacks in the region are attributable, primarily, to the IMU or one of its sects, which seeks to overthrow the Uzbek regime and replace it with an Islamic state.\(^8\) The IMU is responsible for a significant number of attacks over the years. In February 1999, Uzbekistan experienced its first strike from the IMU. This attack was followed by subsequent attacks from Kyrgyzstan and Tajikistan (2000); suicide bombings in Tashkent and Bukhara (2004); and, on attacks on Uzbek government buildings in May 2005 which instigated an uprising in the provincial town of Andijan.\(^9\) HuT shares similar goals with the IMU, seeking to create a Muslim state that
encompasses Central Asia. While the group states that it plans to achieve these goals peacefully, the level of violence in the past indicates otherwise.  

Similarly, Central Asia’s location, combined with loose border control, has also made it a particularly attractive location for organized crime, including drugs, arms, and human trafficking. The U.N. Office on Drugs and Crime estimates 19-25 percent of the drugs produced in Afghanistan are trafficked through Central Asia, primarily through Tajikistan. Given that this type of activity often links to terrorist groups, or criminal organizations supporting terrorists, the SCO made combating this threat a priority. In 2004, SCO members signed a convention on “Fighting the Illegal Trafficking of Narcotics, Psychotropic Substances, and their Precursors”, to step up its participation in international efforts to reduce drug trafficking in Central Asia. However, the drug trafficking problem transcends the SCO, as cartels from as far away as Latin America have smuggled drugs through the region destined for Europe.

Chinese leaders feel most threatened by nearly eight million Turkic-speaking Uyghur separatists residing in Xinjiang, a remote region in northwestern China that shares a 2060-mile border with SCO members Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. Allegedly, these Uyghur separatists were responsible for several hundred terrorist incidents since 1990, resulting in more than 160 and injuring hundreds more. This threat continues to cause instability in the region, which China hopes to stabilize via the SCO framework. In addition, two of the more notorious separatist groups in China are the Xinjiang Hamas, which operate along Xingjian’s Tajik and Kazakh borders; and, the East Turkestan Islamic Movement (ETIM). China and the SCO
labeled these groups as terrorists, but it has primarily used the U.S. War on Terror to suppress this domestic opposition.⁶⁶

Despite the varying levels of power among the SCO members, the threats of transnational terrorism, ethnic and religious separatism, and organized crime provide a common ground for development of a cooperative security strategy.⁶⁷ Further, the SCO’s primary mission of eliminating the three evils, terrorism, separatism, and extremism, is very relevant considering the issues prevalent in Central Asia. However, as previously eluded, the basic SCO premise of “non-interference” into its member states’ sovereignty presents a policy at odds with its principle purpose as a regional security construct. Thus, despite several multinational military exercises, organized via the SCO Regional Anti-Terrorism Structure (RATS) (ex. Peace Mission 2005, 2007, and 2010), the actual security gains achieved by the SCO, so far, have been limited.⁶⁸ As a result, the U.S. has engaged most SCO states bilaterally to ensure U.S. interests in Central Asian remain secure.⁶⁹ However, as regional security remains the primary mission of the SCO, the U.S. should engage this influential regional institution whenever and however possible.

Energy – Pure Economics or Power Politics?

In addition to its strategic implications for security, the SCO has an equal or, perhaps, greater potential to affect the world economy, primarily through its vast energy resources. Central Asia is one of the most energy-rich regions in the world. By most estimates, the nations that border the Caspian Sea--Azerbaijan, Iran, Kazakhstan, Turkmenistan, and Russia--plus Uzbekistan hold more than 21 percent of the world’s proven oil reserves, and over 45 percent of all known natural gas reserves.⁷⁰
Table 1 presents additional relevant energy data that provide a snapshot of the extent and wealth of energy resources that reside among the SCO nations. Upon close review, these statistics show that the combined accumulation of oil and natural gas reserves totals more than 110 billion barrels and nearly 55 trillion cubic meters, respectively. More importantly, at $13 trillion, the combined GDP of the SCO states is nearly equivalent to the U.S. GDP of $15 trillion. This fact alone is a testament to the significant economic impact the SCO could have on the international economy. However, the SCO’s potential to become a world leader in the future energy market could completely unhinge the balance of power in the international system of states.

The Central Asian states possess tremendous energy reserves. Kazakhstan has the richest exploitable oil fields among the Central Asian states with four major oil fields that produce over 1.6 billion barrels per day, and nearly 100 trillion cubic feet of natural gas associated with this oil production. Kyrgyzstan and Tajikistan’s tremendous reserves of fresh water produce significant amounts of cheap hydroelectric power that they export to their energy-needy neighbors. Specifically, the Kyrgyz hydroelectric system includes 18 power plants with a total production capacity of approximately 3,700 Mega Watts (MW) that generated over 14.9 billion kilowatt-hours (kWh) in 2011.

Similarly, the Tajik system has a capacity of 3,800 MW resulting in total electricity production in excess of 16 billion kWh this past year. Uzbekistan possesses nearly 600 million barrels of oil reserves, and over 66 trillion cubic meters of natural gas, and maintains some of the richest untapped energy resources in the world.
## Table 1: SCO Member States – Strategic Economic Implications

<table>
<thead>
<tr>
<th>Economic Attributes</th>
<th>China (NG)</th>
<th>Russia</th>
<th>Uzbekistan</th>
<th>Kazakhstan</th>
<th>Kyrgyzstan</th>
<th>Tajikistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Area</td>
<td>9.6 million sq km</td>
<td>17.1 million sq km</td>
<td>447.4K sq km</td>
<td>2.7 million sq km</td>
<td>199.9K sq km</td>
<td>143.1K sq km</td>
</tr>
<tr>
<td>Population</td>
<td>1.4 billion</td>
<td>142.5 million</td>
<td>28.4 million</td>
<td>17.5 million</td>
<td>5.5 million</td>
<td>7.8 million</td>
</tr>
<tr>
<td>Population Growth Rate</td>
<td>0.5%</td>
<td>(&gt;0.01%)</td>
<td>0.9%</td>
<td>1.2%</td>
<td>0.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Population below poverty</td>
<td>13.4%</td>
<td>13.1%</td>
<td>26%</td>
<td>8.2%</td>
<td>33.7%</td>
<td>46.7%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>795.5 million</td>
<td>75.3 million</td>
<td>16.1 million</td>
<td>8.8 million</td>
<td>2.3 million</td>
<td>2.1 million</td>
</tr>
<tr>
<td>Unemployment</td>
<td>6.5%</td>
<td>6.6%</td>
<td>1%</td>
<td>5.4%</td>
<td>8.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>GDP</td>
<td>$11.3 trillion</td>
<td>$2.4 trillion</td>
<td>$95.2 billion</td>
<td>$216.8 billion</td>
<td>$13.1 billion</td>
<td>$16.2 billion</td>
</tr>
<tr>
<td>GDP Real Growth Rate</td>
<td>9.2%</td>
<td>4.3%</td>
<td>8.3%</td>
<td>7.5%</td>
<td>5.7%</td>
<td>7.4%</td>
</tr>
<tr>
<td>GDP by Sector</td>
<td>Agriculture = 10% Industry = 46.6% Services = 43.3%</td>
<td>Agriculture = 4.5% Industry = 36.9% Services = 58.6%</td>
<td>Agriculture = 21.9% Industry = 37.7% Services = 40.3%</td>
<td>Agriculture = 5.2% Industry = 37.9% Services = 56.9%</td>
<td>Agriculture = 20.1% Industry = 28.8% Services = 51.1%</td>
<td>Agriculture = 19.9% Industry = 20.1% Services = 60%</td>
</tr>
<tr>
<td>Electricity Production</td>
<td>4.6 trillion kWh</td>
<td>983.2 billion kWh</td>
<td>47.4 billion kWh</td>
<td>86.2 billion kWh</td>
<td>14.9 billion kWh</td>
<td>16 billion kWh</td>
</tr>
<tr>
<td>Electricity Consumption</td>
<td>4.7 trillion kWh</td>
<td>808 billion kWh</td>
<td>42.9 billion kWh</td>
<td>88.1 billion kWh</td>
<td>7.3 billion kWh</td>
<td>13.3 billion kWh</td>
</tr>
<tr>
<td>Electricity Exports</td>
<td>19.1 billion kWh</td>
<td>19 billion kWh</td>
<td>11.7 billion kWh</td>
<td>1.8 billion kWh</td>
<td>2.6 billion kWh</td>
<td>4.2 billion kWh</td>
</tr>
<tr>
<td>Electricity Imports</td>
<td>55.5 billion kWh</td>
<td>1.6 billion kWh</td>
<td>11.6 billion kWh</td>
<td>3.7 billion kWh</td>
<td>535 million kWh</td>
<td>338.5 million kWh</td>
</tr>
<tr>
<td>Oil Production</td>
<td>4.1 million bbl/day</td>
<td>10.2 million bbl/day</td>
<td>104.4K bbl/day</td>
<td>1.6 million bbl/day</td>
<td>1K bbl/day</td>
<td>215 bbl/day</td>
</tr>
<tr>
<td>Oil Exports</td>
<td>102K bbl/day</td>
<td>5.4 million bbl/day</td>
<td>0 bbl/day</td>
<td>1.1 million bbl/day</td>
<td>0 bbl/day</td>
<td>80 bbl/day</td>
</tr>
<tr>
<td>Oil Imports</td>
<td>4.1 million bbl/day</td>
<td>42K bbl/day</td>
<td>0 bbl/day</td>
<td>122.6K bbl/day</td>
<td>2.4K bbl/day</td>
<td>0 bbl/day</td>
</tr>
<tr>
<td>Oil Reserves</td>
<td>20.4 billion bbl</td>
<td>60 billion bbl</td>
<td>594 million bbl</td>
<td>30 billion bbl</td>
<td>40 million bbl</td>
<td>12 million bbl</td>
</tr>
<tr>
<td>Natural Gas (NG) Production</td>
<td>102.7 billion cu m</td>
<td>669.6 billion cu m</td>
<td>60.1 billion cu m</td>
<td>20.2 billion cu m</td>
<td>12.5 million cu m</td>
<td>41 million cu m</td>
</tr>
<tr>
<td>NG Consumption</td>
<td>130.9 billion cu m</td>
<td>506.7 billion cu m</td>
<td>45.7 billion cu m</td>
<td>10.2 billion cu m</td>
<td>462.5 million cu m</td>
<td>226 million cu m</td>
</tr>
<tr>
<td>NG Exports</td>
<td>3.2 billion cu m</td>
<td>203.9 billion cu m</td>
<td>14.4 billion cu m</td>
<td>8.1 billion cu m</td>
<td>0 cu m</td>
<td>0 cu m</td>
</tr>
<tr>
<td>NG Imports</td>
<td>31.4 billion cu m</td>
<td>41 billion cu m</td>
<td>0 cu m</td>
<td>3.7 billion cu m</td>
<td>450 million cu m</td>
<td>185 million cu m</td>
</tr>
<tr>
<td>NG Reserves</td>
<td>3.0 trillion cu m</td>
<td>47.6 trillion cu m</td>
<td>1.8 trillion cu m</td>
<td>2.4 trillion cu m</td>
<td>5.7 billion cu m</td>
<td>5.7 billion cu m</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$1.9 trillion</td>
<td>$520.3 billion</td>
<td>$12.6 billion</td>
<td>$88.5 billion</td>
<td>$2.3 billion</td>
<td>$1.7 billion</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$1.7 trillion</td>
<td>$322.3 billion</td>
<td>$8.5 billion</td>
<td>$41.2 billion</td>
<td>$4 billion</td>
<td>$3.5 billion</td>
</tr>
</tbody>
</table>

### Exports Partners

<table>
<thead>
<tr>
<th></th>
<th>US = 17.1%</th>
<th>Hong Kong = 14.1%</th>
<th>Japan = 7.8%</th>
<th>South Korea = 4.4%</th>
<th>Germany = 4%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Netherlands = 12.2%</td>
<td>China = 6.4%</td>
<td>Germany = 4.6%</td>
<td>Poland = 4.2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Russia = 21.4%</td>
<td>Turkey = 17.1%</td>
<td>China = 14.7%</td>
<td>Kazakhstan = 10.3%</td>
<td>Russia = 8.3%</td>
</tr>
<tr>
<td></td>
<td>France = 9.4%</td>
<td>Germany = 7.4%</td>
<td>Bangladesh = 8.7%</td>
<td>China = 5.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>China = 21.7%</td>
<td>Russia = 22.1%</td>
<td>Kazakhstan = 20.1%</td>
<td>China = 7.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uzbekistan = 25.3%</td>
<td>Russia = 16.4%</td>
<td>China = 6.7%</td>
<td>South Korea = 6.7%</td>
<td></td>
</tr>
</tbody>
</table>

### Imports Partners

<table>
<thead>
<tr>
<th></th>
<th>Japan = 11.2%</th>
<th>South Korea = 9.3%</th>
<th>US = 6.8%</th>
<th>Germany = 5.3%</th>
<th>Australia = 4.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>China = 15.5%</td>
<td>South Korea = 19.1%</td>
<td>China = 15.1%</td>
<td>India = 6.6%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Russia = 21.4%</td>
<td>China = 15.1%</td>
<td>Germany = 7.4%</td>
<td>Kazakhstan = 5.6%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>China = 30.1%</td>
<td>Russia = 20%</td>
<td>Germany = 7.4%</td>
<td>Ukraine = 5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>China = 59.7%</td>
<td>Russia = 13.9%</td>
<td>Kazakhstan = 5.2%</td>
<td>US = 4.1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>China = 45.9%</td>
<td>Russia = 16.4%</td>
<td>Kazakhstan = 6.8%</td>
<td>US = 4.1%</td>
<td></td>
</tr>
</tbody>
</table>
Despite the vast energy present in Central Asia, much of these resources remain untapped. Complicated natural, geologic, and political conditions have forced unreachable costs for hydrocarbon infrastructure development, and disputes over water allocation remain a serious contention among several SCO states. Thus, the Central Asian states require significant investments and assistance from outside sources to help collect and distribute their untapped energy resources. However, these investments will not come, unless those states open their markets and allow privatization to occur.  

While Kazakhstan has made strides in economic reform, the rest of the Central Asian states have been slow to make progress due to primarily due to the hostile environment established by their authoritarian regimes. Citing unfair trade practices, high import tariffs, and high taxes, as well as corruption and lawlessness, foreign investment companies have kept away from Central Asia. Thus, in 2007, SCO member states began to seek greater energy cooperation when former Russian President Vladimir Putin called for the creation of an “energy club” at the Bishkek Summit. During that meeting, member states agreed to establish a unified energy program, and to promote regional development through preferential energy agreements. Yet the SCO agreement has not yet produced a substantive regional energy body as envisioned.  

Today, bilateral agreements form the basis of energy cooperation between SCO member states and outside entities. In 2008, Russia secured agreements with several of its neighbors to build two gas pipelines through Kazakhstan. China’s energy policy has also followed a similar course. In 2006, China and Kazakhstan cooperated to construct an oil pipeline from the Caspian Sea to western China through Kazakhstan,
adding a second pipeline near an older one that was already sending oil between the two countries. However, at this same time, nearly 27 percent of all Kazakh foreign investments (about $12.6 million) were coming directly from the U.S., an indicator that the SCO is not truly a bloc against western interests.

Indeed, the continued competition between Russia and China to control energy resources in the region clearly indicate that both countries view these resources as a means to support strategic ends, i.e. power politics. As such, this continued competition will remain a significant obstacle to any extensive SCO energy cooperation. Yet, all SCO members see energy as the vehicle that ensures their economies and regimes will survive, (i.e. pure economics). Regardless their regional objectives, the vast energy resources in this region inherently make the SCO an important institution in the world energy economy, a fact America should not easily dismiss.

Assessment of Strategic Implications

The SCO and its interests and actions thus far in its short existence have not proven a direct threat to U.S. security and interests in Eurasia. Yet, the SCO has shown potential to serve as a bloc against U.S. influence in security and energy, as well as the promotion of democracy, and cultural and humanitarian collaboration. However, according to some experts, previous SCO opposition is insufficient evidence of general anti-American sentiment in the organization, and the potential still exists for U.S. constructive bilateral relations with individual SCO member states. Though U.S. military bases in the region have been a flashpoint, most Central Asian states welcome a U.S. presence, seeking balance among the great powers of the region. The smaller states fear control by Russia, and indenture to China. Thus, if the U.S. wants to build
stronger relations in Central Asia, it should adopt a more engaging and active diplomatic strategy. Appropriately then, an analysis of US-SCO relations follows.

**U.S.–SCO Relations – A History of Non-Engagement**

The U.S. has made a few minor overtures toward the SCO since its inception, but consistent engagement has not occurred. Although the U.S. and SCO share common concerns about instability and extremism in Central Asia, there is not a common approach to tackle these issues. Moreover, China and Russia have been clearly uninterested in U.S. assistance, which has led to some U.S. uncertainty and suspicion of SCO objectives. However, the following analysis will explore U.S. efforts to engage the SCO since its inception, and the rationale and inherent risks for U.S. engagement with the SCO. Finally, some options for continued U.S.-SCO engagement are considered.

**U.S. Engagement Efforts**

As previously mentioned, the SCO officially established itself just a few months before 9/11. As a result, U.S. efforts to pursue the 9/11 perpetrators led the U.S. to expand its activities in the region surrounding Afghanistan, including the SCO member states. In February 2002, Russian officials had briefed U.S. officials on SCO activities, after which the U.S. expressed a strong desire to coordinate with the SCO to ensure a complementary approach toward the Afghan situation. At that time, the Bush Administration even offered to become an “observer state” to work with the SCO to ensure regional security cooperation, especially against terrorism.

However, despite the U.S. apparent interest to cooperate with the SCO, its lingering military presence in the region exacerbated SCO leaders’ (Chinese and
Russian) fears of U.S.-sponsored regime change, especially after the so-called “color revolutions” that upended governments in Georgia (Rose Revolution, 2003), Ukraine (Orange Revolution, 2004), and Kyrgyzstan (Tulip Revolution, March 2005). Thus, autocratic leaders in the SCO became worried which of their regimes would be next in line.96

As a result, in July 2005, the SCO called for a withdrawal timeline for U.S. military forces. Shortly thereafter, Kyrgyzstan demanded higher U.S. compensation for the use of Manas Air Base, increasing the annual contract cost from $2 million to $17 million per year.97 At these declarations, the Bush Administration allegedly became sour on relations with the SCO, yet, the need for cooperation on security issues in the region remained. Thus, the U.S. requested membership in the SCO, but the SCO rejected this request. While the Bush Administration openly denied the attempt to join the SCO, secretly, U.S. suspicion and uncertainty about the SCO objectives appeared to undermine the potential for any further cooperation.98

In late 2008, the Obama Administration adopted a policy of “engagement and cooperation” with U.S. partners worldwide.99 Accordingly, in March 2009, the U.S. Deputy Assistant Secretary of State for South and Central Asian Affairs attended a special SCO Conference on Afghanistan, which resulted in a SCO-Afghanistan Action Plan calling for joint operations against terrorism, drug trafficking, organized crime, and security collaboration with Afghanistan.100 Presidents Obama and Medvedev (Russia) welcomed U.S. participation at the conference in a joint statement in July 2009. However, similar to earlier U.S.-SCO engagement attempts, follow-on interaction between the two was very limited after the conference.101
Undiscouraged, Secretary of State Clinton reinforced U.S. desires to coordinate with the SCO (among other Asian regional institutions) at a January 2010 conference in Hawaii.\textsuperscript{102} Though the SCO initially rebuffed Secretary Clinton’s request, U.S. State Department officials were eventually allowed to meet with SCO officials in March 2011 to discuss security, environmental, and humanitarian issues in Central Asia, and how the SCO is working to address these and other challenges in the region.\textsuperscript{103} Again, however, this overture did not amount to much follow-on U.S.-SCO cooperation. Yet, future U.S.-SCO engagement is clearly not a closed door. The question is... Should the U.S. continue to engage the SCO? If so, what are the risks?

**Justification for Continued Engagement**

The SCO’s primary security objective to counter the three evils, terrorism, separatism, and extremism seems to align closely with U.S. security objectives for international stability. Moreover, the SCO potentially offers a forum through which the U.S. may gain transparency to better understand a few of its major Eurasian regional policy-strategy concerns, i.e. a rising China, the Russian “reset” and, unstable regional regimes.\textsuperscript{104}

**U.S.-Sino Transparency** – Clearly, U.S.-SCO engagement will elicit a direct benefit of increased U.S. awareness of Chinese perceptions and regional activity (transparency), which could help mitigate uncertainty and angst on both sides over a the “rise” of China. While some experts may interpret U.S. recognition of the SCO as a way to embolden an already strong Chinese worldwide influence, U.S. engagement does not need to be wholesale accommodation or appeasement to China. Clearly, engaging China as a “responsible stakeholder” can provide the U.S. access and transparency
and, perhaps, a modicum of influence in Chinese affairs.\textsuperscript{105} If that level of trust is unachievable, which is likely the case, continued U.S.-Sino engagement still provides the U.S. an opportunity to moderate Beijing’s behavior as part of a larger hedge strategy that emphasizes engagement, but cultivates relationships with China’s neighbors, in case China’s rise turns increasingly negative.\textsuperscript{106}

The Russian Reset – Coined in 2008, the Obama Administration’s “reset” strategy for Russia has had its challenges. Commentators and officials in both the U.S. and Russian camps have noted the countries’ common interests in stability, security, and economic progress in Central Asia. Yet, Russian and U.S. officials have had difficulty seeing eye-to-eye on much else.\textsuperscript{107} As the U.S. continues to seek good ground from which it can negotiate and engage Russia vis-à-vis the “reset” policy, the U.S. decision to work with the SCO may be a good way to appeal to Russian desires to be the preeminent power in Central Asia.\textsuperscript{108}

Unstable Regimes – The SCO membership contains several authoritarian regimes ripe for transition or reform. Afghanistan, of course, is the nation that the U.S. has focused upon for some time and, as discussed earlier, the U.S. has engaged the SCO and Russia on this issue with limited success. Similarly, the Kazakh, Tajik, and Uzbek regimes are all Soviet legacy autocracies that have suppressed competitors and democratic processes, resulting in uncertain future transitions and stability.\textsuperscript{109} Kyrgyzstan experienced riots in early 2010 that overthrew President Bakiev, resulting in a shaky provisional government similar to that of former President Askar Akaev, whom Bakiev deposed in 2005.\textsuperscript{110, 111}
Clearly, given the limited economic opportunity, and endemic lawlessness and corruption, and porous borders, the Central Asia states remain extremely vulnerable to terrorism, drug and people trafficking, and religious extremism. Most certainly, these governments face considerable challenges in coming years if they do not address these chronic political, religious, and economic issues for their people. Unfortunately, these issues affect the security environment well beyond Eurasia. Yet, SCO engagement may provide the U.S. early warning or indicators of changes in these states' behavior, which would allow the U.S. to avoid or counter the issues, depending upon the impact to U.S. interests in the region. Regardless, though China’s rise, the Russian reset, and unstable regimes of the Central Asian states make a compelling argument for U.S. engagement with the SCO, the U.S. must consider several important risks before making that policy decision.

**Risks of U.S.-SCO Engagement**

Overall, the greatest risk associated with overt U.S.-SCO engagement is the loss of U.S. political prestige and/or diplomatic power on the world stage. Specifically, as the world’s only superpower and leader in the international system, the U.S. must be wary of perceptions that it is supportive of oppressive regimes; of being subordinated by the SCO; or worse, being summarily and publically dismissed in an appeal to “join the club”. Accordingly, the following analysis expands on the inherent risk from each of these three perspectives.

Oppressive Regimes – In the past, U.S. affiliations with corrupt or oppressive regimes, i.e. South Vietnam, Egypt and Iraq, have drained precious U.S. power and prestige on the world stage. Yet, in the bipolar era of the Cold War, the loss of soft
power was less of a concern than the fear of communist expansion and dominance. Today, however, as a benevolent superpower that extensively promotes human rights, equality, and freedom, the U.S. must be wary that engaging the SCO may unwittingly endorse those oppressive and authoritarian regimes involved in the organization, possibly undermining U.S. prestige and soft power across the international system.\textsuperscript{116}

Subordination – Based upon current SCO regulations, full membership requires being a state within the Central Asian region. Thus, the U.S. can never achieve full member status. Hence, the question then becomes - Can the U.S. accept a marginal relationship with the SCO, or must it hold a leadership spot in the group to secure its interests and objectives for the region? If the answer is “no”, the U.S. will need to find an alternative way to achieve its goals in Central Asia.\textsuperscript{117}

Public Rejection - In March 2009, Russia invited the U.S. to participate in the SCO Special Conference on Afghanistan hosted in Moscow. As the leading team on the ground fighting the Taliban insurgency, the U.S.-led coalition plans for future military operations in Afghanistan were of great interest to Russia. However, now that U.S. withdrawal from Afghanistan rapidly approaches, U.S.-Russo relations have once again cooled.\textsuperscript{118} Even less interested in allowing U.S. influence to persist in Central Asia, Chinese interactions with the U.S. regarding the SCO have been minimal, and perhaps negative, in lieu of China’s previous denial to admit the U.S. into the SCO fold in 2005.\textsuperscript{119} Thus, should the U.S. attempt to engage the SCO now, it risks the significant likelihood of being ignored, or summarily and publically rejected. As the sole superpower, the U.S. simply cannot accept a loss of prestige due to embarrassment by a seemingly less powerful institution.\textsuperscript{120}
As Russian and Chinese negative perceptions of U.S. interests and intent in Central Asia continue to persist, the above risks present a serious hindrance to U.S. engagement with the SCO. Thus, U.S. officials need to decide how much engagement is truly necessary for the U.S. to secure its interests in the region. Further, what alternatives are available to the U.S. to overcome these inherent risks and still meet the desired ends? The final section of this paper offers a few simple strategies for the U.S. way forward in the region.

A Future U.S.-SCO Relationship?

After September 11, 2001, the U.S. solicited several SCO member states as prospective partners to help prosecute the War on Terror, quickly garnering support from both Kyrgyzstan and Uzbekistan. Although these relations were limited, the U.S. government proved that a democratic state could cooperate with an authoritarian regime. However, to engage the SCO, the U.S. may need to redefine its stance on human rights and environmental issues or, perhaps, identify a different way to promote democratic values without triggering fearful reactions by foreign leaders concerned about regime change in SCO nations. Three possible strategies to overcome this U.S.-SCO dilemma include indirect contact, bilateral relations, and/or selective partnership with the SCO.

Indirect Contact – The U.S. could use one or more legitimate institutions (i.e. NATO, UN, or Association of Southeast Asian Nations) as a vehicle to influence and shape SCO policy and behaviors on issues of economic and fiscal transparency, and democratic values and interests (i.e. NATO-led Partnership for Peace). This approach allows the U.S. to avoid the risks of direct engagement with the SCO, and incentivizes
the SCO to engage democratic institutions due to the legitimacy gained through transparency of the engagement with an international recognized institution.\textsuperscript{124} However, since its inception, SCO engagement with western-led democratic institutions has been extremely limited.\textsuperscript{125}

Similarly, some experts have suggested that U.S. allies (i.e. India, Mongolia or Turkey) who engage regularly with the SCO as “observer states” could aid the U.S. as an informal U.S.-SCO “conduit”.\textsuperscript{126} However, this secondary concept of “indirect contact” has a serious flaw in that only “member” states are likely to have access to pertinent SCO information that may interest the U.S. Further, this activity could be misinterpreted as spying or subversion by proxy, which could evoke a new, dangerous cold war-like competition between SCO leaders and the U.S.

Bilateral Relations – Another option for U.S.-SCO engagement may be through formal, bilateral agreements with selected primary member states. In this instance, the U.S. could use bilateral ties with SCO countries sufficient to influence American interests in the region, which would negate the necessity of more direct engagement with the SCO. While this method does not achieve complete transparency of the SCO, it denies SCO the legitimacy that U.S. direct or official engagement imparts; it allows the U.S. to indirectly “keep tabs” on SCO activities in the region; and, may directly influence responsible state behaviors and democratic reforms.\textsuperscript{127} Further, this approach does avoid the potential risks of U.S.-SCO engagement identified in the previous section of this paper. However, this approach is likely weak because it compromises SCO members' relations with each other.
Selective Partnership – This strategy proposes the U.S. partner selectively with the SCO, developing cooperative teams to address issues of mutual concern such as counterterrorism and counter narcotics. As envisioned, this strategy could complement both the indirect approach vis-à-vis legitimate institutions such as NATO or ASEAN, and existing U.S. and SCO members’ bilateral relationships. In essence, selective partnership provides the U.S. a multiple avenues to cooperate with the SCO on critical regional and transnational issues of mutual interest while minimizing the risk of these engagements. As such, this approach may increase opportunities to improve U.S.-SCO transparency, and help avoid the potential dangers of “zero-sum” power politics between the SCO players and the U.S.\textsuperscript{128}

Interestingly enough, the U.S. has already assessed options similar to the above to determine which approach best serves U.S. policy and interests in Central Asia.\textsuperscript{129} In 2007, Secretary of Defense Robert Gates noted that the U.S. security relationship in Asia reflects the primacy of bilateral relationships, which are enduring and indispensable.\textsuperscript{130} However, Gates also judged that the security threats in the Asian region are unmanageable by one or two nations alone; but by several, cooperating and contributing their own special capabilities.\textsuperscript{131} In view of the current U.S. fiscal situation and Secretary Gates’ assertions, selective partnership seems to be the most beneficial and sensible approach to U.S.-SCO engagement among the three alternatives above.\textsuperscript{132}

Given U.S. and SCO suspicions of one another’s long-term intentions, the extent of U.S. desire and ability to engage the SCO has been limited in the past. However, the strategic significance of this institution warrants U.S. attention.\textsuperscript{133} The three alternatives offered for U.S. engagement are not mutually exclusive or guaranteed to work.
However, if the U.S. wishes to engage the SCO successfully, it must find a way to promote democracy without triggering fear of regime change among the authoritarian SCO leaders. As such, Selective Partnership seems to afford the U.S. the most flexible and risk-averse approach to U.S.-SCO engagement.

Conclusion

Since its inception in 2001, the SCO has slowly, but steadily, developed and expanded its charter, activities, and membership, rising as an important regional institution that has potential strategic implications for the U.S. and the international system. For some U.S. scholars and policy makers, the SCO is clearly an institution that directly opposes the U.S. by exclusion. However, the SCO does not necessarily pose a threat to U.S. interests in Central Asia.

Although it has potential to be an anti-western bloc, the SCO has never characterized itself as such, and the U.S. continues to maintain good bilateral relations with most, if not all, SCO states. In addition, each member’s individual interests and perspectives about what the SCO can or should do for their respective regimes foments discord and distrust between the members, severely hampering the SCO’s ability to become anything more than what it already is, a limited regional institution. Yet, despite its systemic weaknesses, the SCO’s strategic implications to the international system are evident.

Beyond its relative significance for regional security and economic viability of its members, the SCO poses much wider implications via transnational security issues and energy economics. Central Asia is a strategic “bridge” between East and West. Collectively, all SCO member states account for 60 percent of the world’s entire land
mass (roughly 30 million square kilometers), and its population is roughly one third of the world’s total.\textsuperscript{138} Though the SCO has made strides to broker peace among its principal member states, the region is plagued with a vast lawless interior and acute corruption among government officials, police, and border guards, making Central Asia particularly vulnerable to terrorist and crime organizations, a security problem that can and has impacted the world.\textsuperscript{139}

Similarly, Central Asia has potential to affect the world economy significantly through its vast natural resources. Energy-rich, Central Asia possesses more than 21 percent of the world's oil reserves, and over 45 percent of all known natural gas reserves.\textsuperscript{140} In addition, statistics show that the combined GDP of the SCO states, approximately $13 trillion in 2011 (see Table 1), is nearly equivalent to the U.S. GDP at $15 trillion.\textsuperscript{141} The significance and implications of these facts to the world economy cannot be underestimated. However, the SCO's potential to become a world leader in the future energy market could completely un hinge the balance of power in the international system of states.\textsuperscript{142}

Ironically, the level of U.S. interest in the SCO has been relatively limited, but the U.S. has intently focused upon security, energy, and regional stability in Central Asia since 9/11.\textsuperscript{143} Although these U.S. interests align well with the primary foci of the SCO, engagement with the SCO has been almost non-existent, most likely, due to U.S. demands for SCO states’ political reform and resource competition. Clearly, western culture, values, and ideals vis-à-vis human rights and democratic political reform do not appeal to authoritarian regimes. Above all other principles, regime survival is the key
factor that underpins the SCO. Yet, support for authoritarian regimes clearly goes against U.S. foreign policy.

Regardless, the strategic significance and potential impact of this institution on the greater international system from a security and an economic standpoint clearly warrant U.S. attention and engagement. Thus, if the U.S. wishes to engage the SCO successfully, it must find a way to promote democracy without triggering fear of regime change among the authoritarian SCO leaders. To that end, the analyses in this monograph suggest that a new U.S. strategy of “selective partnership” may be the engagement option that can overcome those risks and issues that currently strain U.S.-SCO relations. However, should U.S. leaders maintain “status quo” with the SCO (i.e. limited interaction), the U.S. must continue to monitor this institution closely to ensure U.S. interests in Central Asia remain secure well into the future.

Endnotes


7 Ibid.

8 Ibid., 1221.


11 Ibid., 861.


18 Ibid., 26-27.

19 Jing-Dong, “China’s Role in Establishing and Building the Shanghai Cooperation”, 863.


Jing-Dong, “China’s Role in Establishing and Building the Shanghai Cooperation”, 866.


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Katz, “Russia and The Shanghai Cooperation Organization”, 185.


Arias, Eurasian Regionalism, 1.


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58 Azarkan, “The Interests of the Central Asian States and the Shanghai Cooperation”, 402.


63 Ibid., 59.

64 Ibid., 58.


Ibid., 38.


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95 Boland, “Ten Years of the Shanghai Cooperation Organization”, 26.


98 Boland, “Ten Years of the Shanghai Cooperation Organization”, 27.


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104 Boland, “Ten Years of the Shanghai Cooperation Organization”, 32.


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Boland, “Ten Years of the Shanghai Cooperation Organization”, 36.

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Boland, “Ten Years of the Shanghai Cooperation Organization”, 40.
128 Ibid., 41.
129 Ibid., 42.
131 Ibid.
132 Boland, “Ten Years of the Shanghai Cooperation Organization”, 42.
134 Mulyono, Indonesia’s Relations with the Shanghai Cooperation Organization, 1.
137 Arias, Eurasian Regionalism, 1.
144 Lewis, “Who’s Socializing Whom?”, 1225.
145 Boland, “Ten Years of the Shanghai Cooperation Organization”, 36.