

THE SHANGHAI COOPERATION ORGANIZATION AND REGIONAL SECURITY PROBLEMS

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Today Central Asia is one of the most unique regions of the world, since it has several institutional formations in which essentially all of its countries participate. This phenomenon appears to be spurred on not only by the dynamics of the processes occurring in these states and throughout the region as a whole, but also in the area around it.

One of the largest regional structures in Central Asia is the Shanghai Cooperation Organization (SCO). The sum territory of its member states covers more than 30 million sq. km of the Eurasian continent, thus ensuring them geostrategic access to Europe in the West and the Asia Pacific Region in the East. In so doing, the total number of residents of the SCO countries is close to 1.455 billion (approximately 25% of the planet's entire population).¹ The status of Russia and China as permanent members of the U.N. Security Council has significantly raised the political potential of this organization in resolving the key problems of international and regional security.

¹ See: V. Abaturov, "K Tashkentskomu sammitu Shangkhaikoi organizatsii sotrudnichestva," *Ekonomicheskoe obozrenie*, May 2004, p. 4.

An important stage in the development of the Shanghai Cooperation Organization was the Tashkent summit held on 16-17 June, 2004. It marked the end of the institutional formation of the SCO: in 2002, its Charter was adopted, in 2003, a permanent secretariat was instituted in Beijing, and in 2004, the Regional Antiterrorist Structure (RATS) was formed, the general headquarters of which is in Tashkent.

The Central Asian countries view the SCO as an effective forum for mutual dialog. The opening of RATS in Tashkent is also in keeping with the U.S.'s interests, since Washington supports any form of opposition to terrorism, and the fact that RATS is located in Tashkent indicates Uzbekistan's active participation in this sphere.²

Matthew Oresman, a research assistant at the Center for Strategic and International Studies (the U.S.), believes that "the Shanghai Cooperation Organization is on track to becoming a formal international organization, moving beyond its days as

² See: "Vremia prakticheskikh deistvii," *Narodnoe slovo*, No. 130 (3483), 24 June, 2004.

a talk shop. Still, many obstacles remain, not least of which is internal rivalry and a constant need to justify its existence in light of a U.S. presence in the region. If real resources are brought to bear and political commitments to decrease tension and increase cooperation are followed through, the SCO will survive.”³

Keeping in mind the growing interest in the SCO's prospects among expert analytical circles, it is worth taking a look at certain aspects in the con-

³ M. Oresman, *The SCO: A New Hope or to the Graveyard of Acronyms?* *PacNet Newsletter*, No. 21, 22 May, 2003 [<http://www.csis.org/pacfor/pac0321.htm>].

text of the key problems in forming a regional security system in Central Asia, which we believe will have an influence on this organization's future. In particular, the Afghan question is still of vital significance from the perspective of regional stability.

When analyzing the activity of the SCO, it is also important to keep in mind the PRC's interests, including in the energy sphere. China, which is a key member state in this institutional structure along with Russia, is expected to play an increasingly prominent role in Central Asian policy, which, in turn, will have an influence on the future activity of the SCO as a prestigious international organization.

Some Aspects of the PRC's Energy Security in Central Asia

It is no exaggeration to say that the SCO is an important achievement of Chinese diplomacy. Beijing links the prospect of achieving its own long-term geostrategic aspirations in Central Asia with the implementation of the so-called Shanghai project. The goal of Beijing's foreign policy in the region is to form a security belt around the PRC as the main factor and condition for continuing the country's socio-economic transformations. From this viewpoint, Central Asia and Afghanistan (particularly after 11 September, 2001) acquired strategic significance in China's foreign policy. And in terms of ensuring its own energy security, in particular satisfying the intensively growing requirements for raw hydrocarbons, the region will most likely become a zone of the PRC's vitally important interests.

But it appears that Beijing did not attach much importance to this until recently. For example, Zhao Huasheng, a well-known expert and director of the Department of Russia and Central Asia of the Shanghai Institute of International Studies, noted as early as 2003 that “the volumes of oil import into China from Central Asia have not reached strategic significance. In 2002, China imported only around 1 million tonnes of oil from Kazakhstan (by rail).”⁴ He most likely underestimated the impact of the Iraqi conflict on China's energy security, in particular, the unprecedented increase in world oil prices. Taking into account that the PRC was in second place in the world in terms of “black gold” import, it can be maintained that the current situation on this market showed just how vulnerable China's energy security was. The Iraqi crisis will long be a headache for Beijing, since the Middle East countries account for more than 60% of oil exports to the PRC.

Against the background of the ongoing instability in the Middle East, security in the macroregion of Central Asia and the Caspian Basin is becoming one of the most important vectors of Chinese foreign policy. This is shown by several publications by Chinese experts, in which they express their serious concern about the consequences of the Iraqi campaign and sharply criticize the U.S.'s biased policy in the Middle East, particularly in Iraq.⁵

In this way, as the price of oil increases, the problem of ensuring the PRC's energy security is acquiring particular pertinence. Several foreign experts claim that this trend is stimulating Chinese diplo-

⁴ Zhao Huasheng, “China's Interests and Posture in Central Asia,” in: *Documents of the Fourth International Conference on the Situation in Central Asia and the SCO*, Shanghai Institute of International Studies, Shanghai, 2004, p. 155.

⁵ See: An Huihou, “The Grave Aftermath of the Iraq War and its Revelation; Some Thoughts on Ethnic and Religious Issues in the Post-Iraq War Middle East,” *International Studies*, Vol. 5, 5 September, 2004 (Journal of China Institute of International Studies), pp. 15-44; Liu Baolai, “Trend of Middle East Situation in 2004,” *Foreign Affairs Journal*, No. 71, March 2004, pp. 49-57 (Journal of the Chinese People's Institute of Foreign Affairs); Li Lifan, Ding Shiwu, «Geopolitical Interests of Russia, the U.S. and China in Central Asia,» *Central Asia and the Caucasus*, No. 3 (27), 2004, p. 142.

macy to look for alternative sources of hydrocarbons. If prices remain high, this could create serious economic challenges for China, particularly in the industrial sector, where there is a significant shortage of hydrocarbons. What is more, according to foreign experts, more than 65% of the country's enterprises are considered economically unprofitable due to their outmoded equipment, which consumes much more energy than in developed states.

Under these conditions, the hydrocarbon supplies of the Caspian Region have become a target of competition between the major centers of power. As experts of the U.S. Congress Energy and Trade Committee stress, the U.S. sees Central Asia as an alternative source of energy resources.⁶ This undoubtedly causes Washington's increasing insistence on accelerated development of the energy potential of certain countries in our region within the framework of the Baku-Tbilisi-Ceyhan (BTC) project. What is more, when Kazakhstan joins this project and the export potential of this route increases to 50 million tonnes of oil a year by 2010, the oil producing capacities of these countries could create serious competition for the OPEC states.⁷

So it goes without saying that Beijing has been putting extra energy lately into building an oil pipeline from West Kazakhstan to the PRC. These efforts began in September 2004 and construction is to be completed by the end of 2005. It should be noted that Beijing announced its interest in building this route as early as 1997. In order to implement the project as quickly as possible, a joint Kazakh-Chinese company was created in July 2004. Seven hundred million dollars will be spent on building the Atasu-Alashankou oil pipeline of 970 km in length and with an initial throughput capacity of 10 million tonnes.

What is more, the Chinese, at least the expert analytical circles, are paying keen attention to Central Asia's other energy resources, in particular to the gas fields of Uzbekistan and Turkmenistan. It is likely that the PRC will try and take specific political and diplomatic steps in the near future to carry out its intentions in this area. In this context, it should be emphasized that there is no point in the PRC resolving its energy problems (or any other important issues in Central Asia) until a certain level of security has been reached in Afghanistan. If Beijing ignores this problem, it will contradict not only the imperatives of ensuring China's energy security, but also the very essence of its foreign policy in the so-called western vector as a whole.

The PRC's consistent efforts to strengthen the SCO show that the leadership of the Celestial Kingdom is placing high priority on planning and modeling this organization's activity in Central Asia in the medium and long term. From this perspective, the SCO allows the PRC not only to be "an outside observer" of all the processes going on in the region, but also an active player capable of having a growing influence on the formation of the future regional security system in Central Asia. Beijing wants to be constantly "in the know," so that it can react promptly to any changes in the region which might prevent it from achieving its aspirations there. The PRC appears to be taking note of Russia's waning presence in Central Asia. According to Chinese experts, the Russian Federation will need a lot of time to rebuild its influence in Central Asia. For example, Li Lifan and Ding Shiwu believe that "...Russia has been unable to restore its former influence, while the road to its resurrection is a long one."⁸ In so doing, they noted that "Russia is growing weaker—it can no longer dispatch adequate forces to Central Asia."⁹

What is more, the ongoing threats to regional security from Afghanistan will have an effect on the PRC's approaches to resolving urgent problems in Central Asia, including within the SCO. Uzbek expert F. Khamraev notes, "Under the new conditions, the Chinese leaders are trying to readjust their policies in the region as a whole, and in individual countries in the short- and long-term perspective."¹⁰

⁶ See: Jo Barton (Chairman of the U.S. Congress Energy and Trade Committee), *Statement at a meeting with the Ambassador of the Republic of Kazakhstan K. Saudabaev*, Washington, 10 March, 2004.

⁷ See: R. Williamson, *Report on Wilton Park Conference 722. «The Caspian and Central Asia: Stability and Development»*, January 2004 [<http://www.wiltonpark.org.uk>].

⁸ Li Lifan, Ding Shiwu, *op. cit.*, p. 140.

⁹ *Ibidem*.

¹⁰ F. Khamraev, "NATO-SCO: Struggle against Terrorism and/or for Domination in Central Asia," *Central Asia and the Caucasus*, No. 2 (26), 2004, p. 68.

The Afghan Vector in the SCO's Activity

Immediately after the tragic events of 11 September, 2001, the Afghan problem became the center of attention of the entire world community. More than three years have passed since then, but the Islamic State of Afghanistan (ISA) is still the focus of studies by several foreign experts who are trying to evaluate the situation in the ISA and around it, and analyze the prospects for the country's post-conflict restoration. It should be noted that they have reached very similar conclusions regarding the most serious problems preventing more efficient reconstruction of this state and its society.

In particular, these include, first, the continuing clash between the forces of the international anti-terrorist coalition and the Afghan national army, on the one hand, and the Taliban's armed groups and militants of international terrorist and extremist organizations, on the other. This problem in turn is linked to the inefficacious formation of the Afghan national army, as well as power structures called on to ensure security and stability in the country.

Second, the insufficient financial and economic help rendered to Afghanistan by the international community, despite the decisions adopted at the Tokyo, Bonn, and Berlin conferences with the participation of sponsor states. At the last international conference held in Berlin in the summer of 2004, a decision was adopted to render aid in the amount of 8.2 billion dollars to the ISA, 4.2 million of which should be allotted this year.

Third, the growing dimensions of the drug industry in the country, whereby it is developing the reputation of the world's largest drug supplier. According to a report by the special U.N. Commission on Drug Control, Afghanistan has set a new record in the manufacture of opium, almost 90% of which and its derivatives are currently produced in Afghanistan. In 2003, revenue from the drug business exceeded 2.3 billion dollars, which amounted to more than half of the country's official GDP. In 2004, poppy plantations and the manufacture of drugs in the country increased by 64% compared with the previous year. At present, approximately two million Afghans are employed in the drug industry.¹¹

Other problems related to the formation of a stable and steady Afghan government, for example, are also still very urgent for the experts of Central Asian countries. Their geographical proximity to Afghanistan predetermines and most likely will continue to predetermine the interdependence of the processes in the ISA and the region's states. Based on this, I would like to analyze certain aspects of settlement of the Afghan question in the context of the main areas of the SCO's activity, particularly since the summit of the heads of its states held in Tashkent became a symbolic event. On Uzbekistan's initiative, the head of the interim Afghan government and current president of the country, Khamid Karzai, took part in the summit meeting for the first time. And not long before this, Chinese analyst Pan Guang maintained that after the tragic events of 9/11, it was impossible and unrealistic to hope that the Shanghai Cooperation Organization could play any role other than offer its sympathy and assistance. In his opinion, this was because the organization did not have the necessary institutional structures at that time, and also because "no SCO member state was then under any direct terrorist attack from Afghanistan."¹²

Evaluating the current situation in the ISA, I would first like to note that despite the pessimistic forecasts of several foreign experts,¹³ current reality in this country is headed toward the formation of an Afghan state and society.¹⁴ This without doubt is one of the key achievements in settlement of the Afghan question. Today it is important to recognize that a stable vertical of state power is a main factor in Afghanistan's stabilization and development.

¹¹ See: R. Streshnev, *Narkougroza rastet. Afganskii mak iskorenit slozhnee, chem talibov* [www.redstar.ru], 27 November, 2004.

¹² Pan Guang, "Shanghai Cooperation Organization in the Context of International Antiterrorist Campaign," *Central Asia and the Caucasus*, No. 3 (21), 2003, p. 49.

¹³ See: D. Verkhoturov, *Demokratizatsiia Afganistana: amerikanskii voiska plus razoruzhenie vsei strany* [www.Afghanistan.ru], 16 November, 2004; R. Streshnev, op. cit.

¹⁴ See: Sh. Akmalov, "Problemy i perspektivy stanovleniia sovremennogo Afganistana," in: *Tsentral'naia Azia v XXI veke: sotrudnichestvo, partnerstvo i dialog. Materialy mezhdunarodnoi konferentsii*, 2004, pp. 198-199.

Of course, these goals cannot be achieved rapidly. But the presidential election in Afghanistan, held while armed clashes were still going on in the country, and the beginning of the formation of its government nevertheless give grounds for optimism. Of course, it is extremely naïve to expect rapid and major changes in the ISA, where a bloody internecine war has been going on for more than twenty years. What is more, essentially all the problems involved in settling the Afghan problem are interrelated and interdependent, which predetermines the need for a systemic analysis and comprehensive approach to their resolution by the international community.

The SCO is one of the newest interstate associations with the growing potential for resolving important problems of regional and international security, primarily the Afghan crisis. Created before the tragic events of 9/11, this structure was viewed as a joint mechanism for deterring the threats coming from the ISA. After the beginning of the antiterrorist campaign, many experts thought that the SCO would leave the “field of action,” and its resources would not be sufficient for carrying out the set tasks. In so doing, there were also diametrically contradictory evaluations of the SCO’s activity in Central Asia. For example, German expert Konstantin Erlich is convinced that the joint efforts of the organization’s member states could lead to practical and very tangible results. “And it is not even a matter of such world powers as China and Russia being its members. The main advantage of this organization lies in the fact that it is formed from like-minded people who are striving to resolve international problems together, primarily the fight against terrorism and religious extremism.”¹⁵

According to the provisions of the SCO Charter, the main areas of the organization’s activity lie in fighting the three evils in Central Asia: terrorism, extremism, and separatism. In so doing, special significance is given to cooperation in the trade and economic sphere and in the development of transportation communications. It should be noted that these areas of the SCO’s activity are also important for Afghanistan, which is trying to activate an international dialog to resolve its own problems.

In our opinion, the fact that the SCO member states and Afghanistan have similar interests makes it possible to theoretically plan and model mechanisms of interaction for resolving the indicated problems. What is more, taking into account the SCO’s potential, the Afghan vector should become one of the key spheres in its activity. In this respect, it must significantly step up its participation in the fight against the burgeoning drug industry. After all, it is no secret that one of the main sources for financing international terrorist and extremist organizations is illicit drug circulation.

As Uzbek expert R. Alimov noted in his report at an international conference in 2003, “the Afghan government is still not strong enough to fight the drug business. In the foreseeable future, Afghanistan will continue to be the largest supplier of opiates, which, if appropriate measures are not taken, will lead to an explosive increase in drug trafficking through Central Asia. Measures are being taken in the Central Asian countries with international support both to fight the drug business in the region, and to reduce the demand for drugs. But combating the drug business in the region will be fruitless without decisive steps to eliminate drug manufacture in Afghanistan...”¹⁶

The current situation in the ISA shows that as of today the drug business and terrorism have become the country’s intrinsic problems, and Afghanistan is the world’s drug-manufacturing factory. Drugs in turn have become a “convenient source of vital activity” for international terrorists and extremists. In this respect, the fight by the international community, including the SCO countries, against terrorism and extremism should be accompanied by effective steps to eradicate the growing drug business. It is highly likely that the continuing activity of the terrorist groups in Afghanistan is being supported precisely by the burgeoning manufacture of drugs in the country.

International terrorism is coalescing with the drug trafficking feeding it, which is acquiring the form of open aggression. The increasing manufacture of drugs and the most powerful channel of drug trafficking, which comes from Afghanistan, are arousing particular alarm. International drug trafficking with its wide resource network has almost the entire world in its grasp today, and the revenue of transnational crime from illicit drug trade exceeds 400 billion dollars (in the countries of the Golden Crescent alone, it

¹⁵ “Sammit v Tashkente: vstrecha edinomyshlennikov,” *Narodnoe slovo*, No. 128 (3481), 22 June, 2004.

¹⁶ R. Alimov, “Problemy formirovaniia novoi sredei bezopasnosti v Tsentral’noi Azii: vzgliad iz Uzbekistana,” in: *Tsentral’naia Azia v XXI veke: sotrudnichestvo, partnerstvo i dialog*, p. 34.

amounts to some 45 billion dollars). Whereas in Afghanistan, 1 kg of heroin costs \$1,000, in Bishkek it costs \$6-8,000, in Moscow the wholesale price reaches \$50,000 and retail \$100-170,000, while in Europe and the U.S., the price increases 200-fold.¹⁷

In this respect, the reasonable question arises of the SCO's role in this vector. Recently, most experts of the organization's member states, primarily the PRC, are inclined to focus their attention on fighting the three evils as a factor of security, as well as on resolving economic and transportation-communication problems. In this context, I would like to stress the need for an uncompromising fight against the drug business, which is posing a growing threat to security in Central Asia. In so doing, the SCO should, in our opinion, focus particular attention on practical measures to reduce and gradually wipe out the drug industry in Afghanistan itself. From this viewpoint, the ISA government can and should become a potential partner of the Shanghai Organization in fighting drug manufacture in order to eradicate this threat not only in Central Asia, but also on its own territory. In order to resolve these problems, more efficient use of the possibilities of RATS should be made, particularly in gathering and exchanging intelligence information on the activity of terrorist and extremist organizations, including those involved in drug trafficking.

As permanent members of the U.N. Security Council, Russia and China could make a significant contribution to the global struggle against the "plague of the 21st century." In our opinion, the membership of these states in the SCO realistically increases its potential, which is shown by the participation of representatives of this structure in several meetings of the largest international organizations. For example, they participated in the conference of the U.N. Security Council Antiterrorist Commission (New York, March 2003), the conference of dialogue partners of the OSCE (Vienna, April 2003), the fifth summit of the U.N. and Regional Organizations (New York, July 2003), and the OSCE conference on fighting terrorism and its prevention (Lisbon, September 2003).¹⁸

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On the whole, the SCO's prospects and the efficacy of its activity will depend on how specific the projects generated within the organization are, how they are implemented, and the extent to which they take into account the interests of each member state.

On the other hand, the question of closer cooperation of the SCO with other international structures involved in the regional processes in Central Asia is also acquiring special significance. It appears that recognizing its importance is extremely pertinent from the viewpoint of preventing a Cold War philosophy¹⁹ in the geopolitical processes in the region. In this context, the need to look for common interests must be kept in mind, and not only in the SCO itself. Potential areas of its cooperation with other international structures should also be sought, primarily in the fight against drug aggression.

But in order to achieve this, the SCO needs to develop its own strategy in the fight against illicit drug circulation. Practical realization of this vector (within the framework of RATS) will raise the efficiency of the fight of the organization's member states against terrorism and extremism in Central Asia. Forming a common stance, as well as approaches to combating the drug business, by all the states of the Shanghai Cooperation Organization could become a potential prerequisite for attracting the attention of the entire international community, primarily the U.N., to taking more effective measures to eliminate the escalating drug threat in the region.

¹⁷ See: "Sodeistvie stabil'nosti v Tsentral'noi Azii," in: *Trudy mezhdunarodnoi konferentsii 15-19 May, 2000*, Tashkent, 2000, p. 39.

¹⁸ See: V. Abaturov, op. cit., p. 7.

¹⁹ F. Tolipov, "On the Role of the Central Asian Cooperation Organization within the SCO," *Central Asia and the Caucasus*, No. 3 (27), 2004, p. 147.