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# HIMALAYAN AND CENTRAL ASIAN STUDIES

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## HIMALAYAN AND CENTRAL ASIAN STUDIES

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**HIMALAYAN AND CENTRAL ASIAN STUDIES** is a quarterly Journal published by the Himalayan Research and Cultural Foundation, which is a non-governmental, non-profit research, cultural and development facilitative organisation. The Journal is devoted to the study of various issues pertaining to the Himalayan and trans-Himalayan region in South and Central Asia or parts thereof, connected with its environment, resources, history, art and culture, language and literature, demography, social structures, communication, tourism, regional development, governance, human rights, geopolitics etc.

While the principal concern of the Journal is on its focal area, i.e., from Afghanistan to Myanmar including the Central Asian states of Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, China, Mongolia, Nepal, Bhutan and the Indian Himalayan States of Jammu and Kashmir, Himachal Pradesh, Sikkim, Uttarakhand and North East states; papers with a broad sweep addressing environmental, social, cultural, economic, geopolitical and human rights issues are also welcomed.

The objective is to make a scientific appraisal of the issues confronting the Himalayan and adjoining region in South and Central Asia or parts thereof, and to make specific policy oriented studies and need based recommendations as the means to promote the human, educational and economic advancement of the peoples of the region besides preserving and enriching their ethno-cultural, literary and historical heritage. Promotion of human rights, social justice, peace, harmony and national integration are the other key areas in which the Himalayan Research and Cultural Foundation has been active.

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### *Editor's Page*

Regional organisations have been established to foster dialogue, economic and political cooperation among neighbouring states within a defined geographical region generally having common borders, shared history etc. After the disintegration of former USSR and the subsequent emergence of independent Central Asian Republics, this region emerged as a distinct geopolitical entity stimulating global attention and interest. Neighbouring countries like Russia, China, Iran, Turkey, Pakistan and India have been pursuing competing strategic, economic and cultural interests in the region. They have been in the forefront of building new linkages with the independent Central Asian Republics (CARs). On their part the CARs have moved into a multilateral network of international relations, by becoming members of UN, CIS, ECO, OIC, OSCE, CSTO, CICA, EEU, SCO etc. These Republics, keen to be self-reliant and independent perceive the involvement of such international institutions in Central Asia as guarantee for their independence. The political regimes in Central Asia have played their cards well balancing their security interests by establishing bilateral and multilateral relations with Russia, China, USA, European Union, SCO, EEU, OSCE, OIC etc.

Geographical proximity, shared history, common religion, close ethnic and language affinities and the existence of Soviet era rail and road infrastructure provide sufficient scope for cooperation among the CARs. However, there has been limited trade and economic cooperation between the CARs themselves, though their trade with other countries particularly China and Russia have grown manifold. Besides, the problems of border security and water sharing among the CARs have not been overcome. In spite of the low level of cooperation between the CARs, Central Asia has a number of regional organisations and initiatives. These include Shanghai Cooperation Organization (SCO), Eurasian Economic Union (EEU), Conference on Interaction and Confidence Building Measures in Asia (CICA), Central Asia Regional Economic Cooperation (CAREC) and others.

SCO is the prominent regional organisation in Central Asia, with China being a key player. Russia on its part has institutionalized its

presence in Central Asia through EEU in order to secure its economic and political interests. SCO also brings together Russia, China and the CARs to fight the threats of religious extremism, separatism and terrorism. Both Russia and China maintain and pursue active economic and political interests in Central Asia and seek to counter any extra-regional interference and pressure in the region. On their part the CARs view these regional organisations as useful tool for promoting their economic development and also to act as a balance between the competing interests of Russia and China in Central Asia. The CARs are also keen to promote their national sovereignty and to insulate their regimes from any intrusive attempts by the USA and western countries in the name of promoting democratic governance, human rights and market reforms.

With their active involvement in CAREC Program, the CARs have been developing alternative routes for trade and transport in order to minimize their dependence on the existent supply lines oriented towards Russia. Kazakhstan's initiative to establish CICA has not only enhanced its Eurasian image, but also served as a tool for Kazakhstan to engage with the CARs (excepting Turkmenistan), Russia, China, Turkey, India, Pakistan and many other countries. While the CARs have been harnessing these regional organisations for their economic and political benefits and to promote their national sovereignty, at the same time the CARs have been pursuing their bilateral relations with USA, Russia, China, Turkey, Korea, European countries, India and others.

This special issue of *Himalayan and Central Asian Studies* is devoted to the regional organisations in Central Asia, with prominent specialists providing their insights on SCO, EEU, CICA and CAREC.

**K. Warikoo**

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# THE SHANGHAI COOPERATION ORGANISATION A NETWORKING ORGANISATION IN A NETWORKING AGE\*

SHIRIN AKINER

## ‘THE SHANGHAI SPIRIT’

The stated aims of the Shanghai Cooperation Organisation (SCO) – the strengthening of regional peace, security and stability – are conventional, verging on the platitudinous. Yet the way in which the SCO pursues these aims is far from conventional. Firstly, the conceptual basis eschews any reference to political ideology. Instead, it invokes a ‘civilisational’ approach, popularly dubbed the ‘Shanghai Spirit’, which is defined by modes of behaviour, ways of conducting relationships. The genealogy of this concept stretches back to the early years of decolonisation, as reflected in the Indian *Panchsheel* (Sanskrit ‘Five Virtues’) and the Asian-African Bandung Conference.<sup>1</sup> It is exemplified by the emphasis placed on such qualities as harmony, respect for cultural diversity, good neighbourliness and mutual trust as essential components of a ‘new architecture of global security’. A second feature of the Shanghai Cooperation Organisation is that it espouses a holistic view of stability, setting ‘soft’ spheres of interaction such as culture and education on a par with security and defence. A third feature is that although it has some of the attributes of a formal Organisation, in essence the SCO is a loosely meshed network which embraces and encourages diverse linkages and clusters. This

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\* An earlier, shorter version of this paper was entitled: *Shanghai Cooperation Organisation: A Networking Organisation for a Networking World*, Global Strategy Forum, London, June 2010.

openness and flexibility sparks synergies by facilitating and multiplying ties between partners with common interests and complementarities. The voluntary, fluid nature of such associations creates a dense and ever-widening web of connectivity, rooted in pragmatic calculations of mutual benefit.

These ideas do not fit into standard theories of international relations, nor do they coincide with the proactive, action-oriented agenda of many international organisations. An indication of quite how unusual the SCO is may be found in the bemused reactions of Western (or Western-influenced) commentators. These have ranged from disdainful indifference ('it is bound to fail') – through paranoid hostility ('it must be anti-Western') – to bewilderment ('what is it for, if not to challenge the West') – and eventually to exasperation ('why does it not play a more active role in resolving regional security threats?'). Such assessments are frequently based on inaccurate references to SCO documents, suggesting that the authors preferred to rely on 'gut prejudice' rather than to check original sources.<sup>2</sup> It is certainly true that official statements do not necessarily correspond to observable reality. Yet unless there is an accurate representation of the Organisation's statements it is impossible to make a sound judgment regarding its intentions.

Looking back with the hindsight of over fifteen-odd years, fears that the SCO might be harbouring malign intentions towards the West have not been substantiated by actual actions or policies. Instead, the Organisation has established itself as a valued regional body: not only is there a growing list of states who seek affiliation in one form or another, but those who are already members are more, rather than less, active than in the early years. It would take a book-length study to examine in detail the evolution of SCO its complex internal relationships and its evolving role in the regional and the global affairs. The scope of the present paper is more limited: it looks at structural developments within the SCO, then at some of the key priorities. Finally, it considers whether or not SCO has the potential for further development.

#### BACKGROUND

For most of the twentieth century, relations between China and neighbours on its western flank were characterised by mutual antagonism, suspicion and fear. The heavily guarded Sino-Soviet border was pock-marked with tracts of disputed territory and imprecise boundaries, the legacy of a history

of conflicts and 'unfair treaties'. It was against this unpromising background that, in the early 1990s, China embarked on a mission of diplomatic alchemy to change the negative baggage of the past into a positive asset for the future. It was a watershed period in the history of the region. The Soviet Union was formally disbanded in December 1991 and in its wake the Commonwealth of Independent States (CIS) was formed.<sup>3</sup> Russia and the independent successor states in Central Asia were soon engulfed by catastrophic economic and social turmoil; in Tajikistan, this erupted into a vicious civil war.<sup>4</sup> In 1997-1998 there were major financial crises, first in East Asia, then in Russia. It was not until the end of the 1990s that some degree of stability was restored. In China, meanwhile, Jiang Zemin (General Secretary of the Communist Party of China since 1989, President since 1993) was carrying forward the economic reforms introduced by Deng Xiaoping a decade earlier; as a result, in the 1990s the country experienced an impressive period of growth. It also saw the beginning of a gradual opening up to the outside world.

In the midst of this flux and uncertainty, in April 1996 the presidents of China, the Russian Federation (hereafter 'Russia'), Kazakhstan, Kyrgyzstan and Tajikistan met in Shanghai to sign a ground-breaking *Treaty on Deepening Military Trust in Border Regions*. A year later, they concluded the *Treaty on the Reduction of Military Forces in Border Regions*. These and other confidence-building documents paved the way for negotiations leading to definitive bilateral agreements on the delimitation of China's western border. Concurrently, annual summit meetings were initiated between the presidents – popularly known as the 'Shanghai Five' – likewise regular ministerial meetings and other forms of contact. By 2001, interaction and cooperation had reached a level at which formal institutionalisation was the logical outcome. In June that year, the five presidents re-assembled in Shanghai to sign the *Declaration on the Establishment of the Shanghai Cooperation Organisation*, also a separate *Shanghai Convention on Combating Terrorism, Separatism and Extremism*.<sup>5</sup> The Uzbek President, who had been a guest at the preparatory meeting in 2000, was a signatory to both these documents and thus became the sixth Member of the group. This was a landmark development, since, unlike the other members, Uzbekistan did not share a border with China. The accession of Uzbekistan signalled a broader Eurasian orientation, not confined to the Chinese perimeter. The only Central Asian state which did not accede to SCO was Turkmenistan, on the grounds that this would violate its official status of neutrality.<sup>6</sup>

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**AIMS, PRINCIPLES AND WORKING ENVIRONMENT**

The Shanghai Cooperation Organisation was not conceived as a bloc, pact, or alliance, but as a regional 'partnership of the willing'. The principle point of reference and guidance was the Charter of the United Nations, as well as 'other universally recognized principles and norms of the international law related to the maintenance of international peace, security and development of good neighbourly and friendly relations'.<sup>7</sup> It gradually expanded its geographic reach by the accession of new entities Observers, Dialogue Partners and eventually new Member-states. By 2017, the SCO 'family' stretched from the Pacific Ocean to the Black Sea, from the Arctic Circle to the Indian Ocean. The population accounted for almost half the global total.<sup>8</sup> Culturally, this region is home to many of the world's great faiths and philosophical traditions (Buddhism, Christianity, Confucianism, Hinduism, and Islam) and three major language groups (Chinese, Indo-European, Turkic), written in a variety of scripts. It encompasses enormous differences in historical experience, human and physical geography, economic and political development, also in military strength and doctrine. Two of the states are permanent members of the UN Security Council; several are members of the World Trade Organisation (WTO). All belong to other, overlapping, regional political, economic and security organisations. Some possess large reserves of valuable minerals, including huge deposits of hydrocarbons, while others have a relatively small resource base. That such a diverse group of countries should see benefit in cooperating within a single, albeit very flexible, structure is extraordinary enough. What makes this an even more challenging endeavour is the fact that each one of these states has its own set of relationships, grounded in past contacts (friendly or otherwise), with other SCO members, as well as with non-SCO states. These different, cross-cutting, relationships form overlapping sub-clusters.

It is a complex organism, with considerable scope for internal friction. Nevertheless, relations between Member-states have been remarkably cordial. This is largely because the ethos of the Organisation is not shaped by an ideological desire to homogenise or 'discipline' members in such a way as to create an orderly, cohesive structure. Instead, it stems from a pragmatic attempt to generate a virtuous momentum by widening the opportunities for voluntary cooperation. There are two corollaries to this. One is that 'variable geometry' – bilateral to hexagonal combinations – becomes an operational imperative rather than an occasional occurrence.



The other is that discord between member states is not allowed to impinge on the functioning of the Organisation as a whole: if and when disagreements arise, they are mediated calmly, behind closed doors. There is strict adherence to the principle of non-interference in the affairs of others. This does not signify indifference. Rather, it favours an oblique approach to resolving problems by concentrating on positive forms of collaboration so as to create a benign environment in which difficult issues can be addressed in a non-confrontational manner.

The guiding principles and objectives of the Shanghai Cooperation Organisation were elaborated in its foundational *Charter*, signed at the Summit in Saint Petersburg in 2002.<sup>9</sup> The basic principles are: 'mutual respect of sovereignty, independence, territorial integrity of States and inviolability of State borders, non-aggression, non-interference in internal affairs, non-use of force or threat of its use in international relations, seeking no unilateral military superiority in adjacent areas; equality of all member States, search of common positions on the basis of mutual understanding and respect for opinions of each of them'.

These principles provide the basis for a vision that is encyclopaedic in scope, covering such spheres as the international political and economic order, security, defence, law enforcement, environmental protection, culture, science and technology, education, energy, transport, credit and finance. If this package is understood as an action plan to be implemented point by point, concurrently and immediately, it is impossibly over-ambitious. Consequently, if it is judged according to conventional benchmarks for success in resolving specific problems it has indeed achieved very little by way of concrete results.<sup>10</sup> If, however, these different elements are seen as areas of cooperation in which, in small and large ways, steps can be taken that cumulatively contribute to the creation of a more peaceful, stable and prosperous environment then it assumes a very different aspect. The agenda that the SCO has adopted envisages a process of 'gradual implementation' (article 2 of the *Charter*) that will evolve at its own pace over an open-ended period. It is noteworthy that very few projects are implemented directly under the SCO leadership. This stems from the Organisation's strict adherence to the principle of non-interference in the affairs of sovereign states. This precludes intervention in other states; it also means that individual states retain ownership of the projects in which they participate. On the surface, the SCO appears to be inactive, absent even, from regional projects. Yet by creating an ideational space for encounter and discussion, it increases mutual understanding and

stimulates collaboration, thus plays a key role in regional affairs.

The official and the working languages of the SCO and its organs have, from the outset, been Russian and Chinese, but official English translations of most documents are readily available; as more members are added, it is possible that this might become an additional official language. In hierarchical terms, the Organisation is 'flat': in matters of protocol the core principles of equality and mutual trust, mutual advantage and inclusive consultation are meticulously observed and applied impartially throughout the Organisation. From an operational perspective, the SCO is a diffuse and variegated entity in which relationships and ideas are fostered a space for making connections, exchanging information, testing opinion, identifying partners and opportunities, brokering deals. Some of the most important meetings take place in the margins of the main events. This networking approach is a very modern business strategy, but it is also a deeply traditional way of forging working relationships. Shakespeare's Antonio in the *Merchant of Venice* would no doubt have recognised this environment as similar to his Rialto; and like the Rialto, the entrepreneurial vitality of SCO is given order and focus by discreet internal regulation as well as by an overarching ethic. The 'added value' of the Organisation is that it acts as a mobilising, enabling force and as such, facilitates the process of bringing ideas to fruition.

#### STRUCTURAL EVOLUTION: 'FORM FOLLOWS FUNCTION'

The structure of SCO embodies the modernist dictum 'form follows function'. The bureaucratic apparatus is kept to a minimum, with clearly defined responsibilities for each unit. The main debates, planning sessions and decision-making take place in an interlocking set of multilateral councils. There are plenary sessions, but also 'narrow format' sessions between designated representatives. The supreme decision-making body is the Council of the Heads of Member States; this body, which convenes at annual Summits, defines the direction and strategic priorities of the Organisation. The Council of Heads of Government is responsible for practical matters, with particular reference to economic issues and the modalities of interaction; these meetings, too, are held annually. The Council of Foreign Ministers is responsible for international relations and, when appropriate, issues statements on behalf of the Organisation. The Council of National Coordinators is the interface between national governments and the various SCO bodies. There are also regular meetings

between the national Heads of Ministries and/or Agencies (e.g. Education, Health, Culture and Defence). All decisions are passed strictly by consensus. Member states are free to opt out of resolutions and projects that do not coincide with their interests; equally, they are free to join at a later stage.

There are only two standing bodies, the Secretariat (located in Beijing) and the Regional Counter-Terrorist Structure (in Tashkent). The Secretariat, which was established in January 2004, is the executive body of the SCO. Its responsibilities include overseeing the implementation of collective decisions and decrees, the drafting of documents (e.g. declarations and collective statements), and the dissemination of information; it is also the document depository for the Organisation. Staff members are drawn, on a proportional basis, from member states. Likewise, the Secretariat is financed on a proportional basis, with the larger and richer Member states contributing considerably more than the small members. Its budget, in comparison with that of similar bodies in other regional organisations, is modest to the point of parsimony.<sup>11</sup> It is headed by a Secretary General, appointed in accordance with the SCO rotational principle, for a single three-year term.<sup>12</sup> The holder of this office is the international face of the SCO, representing the Organisation at meetings with foreign dignitaries and making public statements on matters of concern. In matters that impinge on national interests or jurisdiction, however, there has to be consultation with the National Coordinators, who in turn will refer back to their governments for guidance.

The second standing body is the Regional Anti-terrorism Structure (RATS). The founding document was the *Convention on Combating Terrorism, Separatism, and Extremism*, signed by the SCO member states in June 2001 (see above). This was confirmed and amplified by the *Agreement on Regional Anti-Terrorist Structure* concluded the following year by member states.<sup>13</sup> Initially, the proposed location was Bishkek (Kyrgyz Republic), but at the June 2004 Summit it was agreed that the RATS Executive Committee should be based in Tashkent.<sup>14</sup> This body is responsible for operational activities (primarily counter terrorism exercises) as well as research, analysis and the drafting of legal documents relating to its remit. It functions according to the same principles as other organs of the SCO.

Once the operational framework of the Organisation had been established, additional SCO non-governmental agencies were created with responsibilities for initiating and coordinating activities in particular spheres, in close coordination with the relevant national ministries. The

first priority was to strengthen economic cooperation.<sup>15</sup> In 2005-2006, two key entities were established. One was the Interbank Consortium. Its main purpose was to encourage business partnerships within the SCO and to create a mechanism for providing finance and banking services for investment projects of member states. The other was the Business Council, which focused primarily on the promotion of multilateral trade, energy, transportation and telecommunications within the geography of the Organisation. However, it also supported initiatives in such areas as science, new technologies, healthcare (especially disease prevention) and agriculture. Further specialised groups were established to promote cooperation and coordination in these areas. Some proposals took several years of discussion and preparation, as was the case, for example, with the SCO Energy Club (see below section on 'Energy Security')

The formation of the SCO was a political initiative, driven by governments and state bureaucracies. At the popular level, there was a deficit of mutual knowledge and understanding, especially between, on the one hand, members of the former Soviet bloc, and on the other, China. The result was a considerable degree of suspicion and distrust. In order to overcome these barriers a number of inter-cultural discussion groups and activities were developed. Among them was the SCO Forum, established in 2006 as a 'second track' group to encourage research and open discussion. After a modest start, it gradually developed its own momentum and became an important arena for intellectual and social exchange.<sup>16</sup> Another initiative that also gained in popularity was the Youth Forum, which evolved into the SCO Youth Council (established in 2009). Cooperation in the educational sphere (highlighted in the founding *Charter*) was boosted by the decision, taken in 2008 by the Ministers of Education of SCO member states, to establish a 'network' university. This was a joint programme which allowed students to move between their home institution (where they would spend approximately 70 per cent of their time) and an affiliated establishment in another SCO state; on graduation they would receive diplomas from their main institution, as well as the SCO University certificate.<sup>17</sup> Several other collaborative initiatives were developed, such as the SCO Arts and Culture Festivals, likewise exchange programmes for tourism and language learning. Projects such as these contributed significantly to strengthening 'people-to-people' bonds within the SCO.

## ENLARGEMENT

The SCO *Charter* (article 13) affirmed that ‘membership shall be open for other States in the region’ provided they respect its objectives and principles and comply with the international treaties and documents that it has adopted. It sets out framework procedures for accepting new members, likewise for suspending existing members; it also specifies the procedure for withdrawing from the Organisation. The document as a whole makes it clear that this is not a proselytising body with a message to spread, but a pragmatic undertaking aimed at improving conditions within a group of like-minded, geographically contiguous, nations. Yet although it did not actively seek to attract new members, it soon became apparent that there were internal as well as external pressures that favoured enlargement. Even so, there was a reluctance to expand the Organisation, as new members might introduce extraneous stresses, leading to possible destabilisation, and even schism. Thus, careful assessment of the criteria for admitting new applicants was required if the process was to proceed smoothly. In the interim, a subtle compromise was adopted: tiered forms of affiliation.

In 2004, the category of ‘Observer’ was formally instated.<sup>18</sup> Mongolia was the first to be granted this status, followed by Iran, India and Pakistan the next year. These four states bordered the SCO ‘core region’; they shared a millennia-long history of trade, diplomatic and cultural links but in modern times, with the partial exception of Mongolia, their political and economic trajectories had diverged. Under the umbrella of the SCO, they were gradually able to restore some of these contacts. This process was strengthened in 2008, when the rights of Observers were upgraded to permit greater participation in SCO affairs. Also that year, the category of ‘Dialogue Partner’ was established a looser form of association for countries that were geographically more distant, but nevertheless part of the wider trans-regional network of trade and cultural exchange.<sup>19</sup> In 2009, Belarus and Sri Lanka became the first recipients of this status;<sup>20</sup> Turkey joined at the same level in 2012, followed by Armenia, Azerbaijan, Cambodia and Nepal in 2015. The category of ‘Honoured Guest’ was an even more flexible format: it allowed heads of state or major regional bodies that had friendly relations with SCO to attend meetings on an *ad hoc* basis, with no commitments on either side. The presidents of Afghanistan and Turkmenistan, and the heads of the Commonwealth of Independent States (CIS) and Association of Southeast Asian Nations (ASEAN) were

among those who attended SCO Summits in this capacity.

Membership of these categories was not fixed immutably, but neither was there an automatic procedure for moving to a higher tier. However, as the international standing of the SCO grew, and its approach to key regional issues was acknowledged to be effective, so more states sought full membership. This was emphasised by the high-level representation of Observer states, which in 2009 included the Pakistan President Asif Ali Zardari and the Indian Prime Minister Manmohan Singh - the first time that India had evinced such interest in the Organisation.

In principle it was permissible to accept new full Members, but in practice there were no rules and procedures that would allow it to happen. Accordingly, Uzbekistan prioritised the drafting of such a document during its chairmanship in 2009-2010; it was approved at the Tashkent Summit in June 2010.<sup>21</sup> This move was welcomed by senior representatives of Observer states in their speeches to the plenary session.<sup>22</sup> The first applicants for full membership were India, Pakistan and Iran. Iran could not be considered for admission while it was still under international sanctions. India and Pakistan, however, were deemed eligible. Yet no immediate steps were taken to induct them into the Organisation. Commentators surmised that this was owing to disagreements within the Organisation, as Russia was a strong supporter of India and China of Pakistan. Such a split (if it existed) would certainly have derailed the application process, since such decisions required the consensus of all existing Members. Other, perhaps more plausible, reasons for the delay included uncertainty about the impact of new political, economic and cultural (including linguistic) elements. There were also concerns about possible renewed clashes between India and Pakistan, and between China and India; and fears that the inclusion of two more nuclear states would change the internal balance of power.<sup>23</sup> Meanwhile, in 2012 Afghanistan was accepted as an Observer, the first new addition to this category since 2005.

The 2015 Summit in Ufa (Bashkortostan, Russian Federation) marked a new stage in the evolution of the Organisation. A milestone event was the launch of the *Development Strategy of the Shanghai Cooperation Organisation until 2025*.<sup>24</sup> This document gave greater depth and detail to the principles set out in the *Charter* and moreover, added clauses that had direct relevance to new members, especially India and Pakistan: it stipulated that 'member states will settle disputes between them through political and diplomatic means on the basis of a constructive dialogue and norms of international law'; also that 'member states consistently advocate the

settlement of international and regional issues and conflicts solely by political and diplomatic means'. In other words, it was a clear warning that conflict between member states should not be imported into the SCO.

The Strategy also brought clarity to the legal process that should be followed in order to gain accession to the Organisation, including compliance with the model 'Memorandum of Commitments'. Following on from this, it was announced that, once all the procedures had been completed, full membership would be granted to India and Pakistan. Further, Belarus was upgraded to Observer status. The membership formalities for India and Pakistan (including the signature of some 30 documents) were completed in 2017 and at that year's Summit they were finally allowed to join (though pending the completion of yet more technical matters). There was considerable support within the SCO for granting Iran full membership, but this remained on hold owing to a lack of clarity in its international situation.<sup>25</sup> Meanwhile, dynamic impetus was maintained by widening the looser categories of affiliation. By this time, Dialogue Partners Armenia, Azerbaijan, Nepal, Sri Lanka and Turkey were considering applications for Observer status. Other states that were reportedly seeking some form of affiliation were Bangladesh, Egypt, Israel, Syria and the Maldives;<sup>26</sup> the application of Ukraine, first put forward in 2013, was also still open.<sup>27</sup> These relationships enabled the Organisation to extend its geographic reach into South-East Asia, the Middle East and Europe, thus redefining the concept of the 'SCO region'. Also, by looking beyond traditional partners, it emphasised a readiness to respond to emerging complementarities, to new avenues for cooperation.

#### INTERNAL DYNAMICS

The internal dynamics of the SCO were rather like a multi-dimensional game of noughts and crosses, with intricate linkages as well as tensions between the various members. Inevitably, the relationship that attracted most comment and speculation was between China and Russia. These are the two giants that, geographically and historically, straddle the Eurasian landmass, sharing a common border of over 4,200 km. For both countries, this has long been a vital, though frequently difficult, relationship. Formal ties date back to the 1689 Treaty of Nerchinsk, concluded between the Kangxi Emperor (Qing Dynasty) and Tsar Ivan V (Russian Empire) a document that marked the beginning of a long diplomatic duel.<sup>28</sup> Today, in the face of massive internal and external

changes, these states are confronted with added complexities, not only at the bilateral level, but at regional and global levels too. This increases, not lessens, the need for mutual understanding and cooperation. It is an extraordinarily difficult challenge. The relationship between the two countries is often described in terms of economic and political rivalry, fuelled by visceral distrust and resentment. This is too simplistic. Certainly there are elements of suspicion on both sides, particularly amongst the Russian military, some of whom regard China as an emerging threat. However, there are also sustained efforts to address these issues and to contain, if not eradicate, such concerns. It is noteworthy that in July 2001, scarcely a month after the launch of the SCO, China and Russia, signed a bilateral twenty-year agreement, the *Treaty of Good-Neighbourliness and Friendly Cooperation*.<sup>29</sup> This document underlines the importance that both sides attach to maintaining good relations, cemented by strategic cooperation in such areas as trade, energy supplies, technology transfer and defence. SCO does not supersede, or impede, such agreements. It merely provides an additional strand in the relationship.

The four SCO members from Central Asia – Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan – are sometimes indiscriminately lumped together as ‘the Stans’. Foreign commentators often assumed that, as the smaller, weaker and poorer members of the Organisation, they would band together to present a united front. This did not happen. The Central Asian states have much in common, but there are also marked differences between them, not least in terms of size of territory, population and economic resources. Moreover, since independence they have followed widely divergent political paths. Relations between them are brittle, with scope for major disagreements over such issues as border security and water management. They all have strong, but ambivalent ties to Russia, which is sometimes regarded as a friend and ally, sometimes as a duplicitous manipulator. China, too, arouses contradictory responses, welcomed for the benefits it offers, but feared as a potentially expansionist power.

Kazakhstan is in an especially exposed position. A huge, sparsely populated country, richly endowed with natural resources, it stretches from the shores of the Caspian Sea in the west to the Chinese frontier in the east; in the north it is bounded by a border of almost 7,000 km with Russia. For centuries it has walked a tightrope in its relations with these two great powers. During the eighteenth century, most of the traditional territory of the Kazakhs came under Russian rule. The remainder was



incorporated into the Chinese empire; some one million Kazakhs still live in China. Today, Kazakhstan's policy towards its two large neighbours is skilfully calibrated to ensure maximum security, cooperation and benefit from both sides. For Kazakhstan, as for the other Central Asian states, the SCO creates a useful space within which to pursue their own interests, as well as to manage complex regional interactions.

Among the Observers, the case of Mongolia is revealing. Like Kazakhstan, it has a large territory, small population and rich resource base – but unlike Kazakhstan, it is entirely enclosed by Russia and China, with no outlet except through these countries. It might have seemed an obvious candidate for full membership. Instead, Mongolia held aloof from the Organisation until 2004, when it applied for, and received Observer status. Even then, it maintained a relatively passive stance. This reluctance to become actively engaged was a reflection of a long and troubled relationship with its large neighbours, but there was an additional factor: Mongolia's dependence on Japan. Since the early 1990s, Japan had been the country's largest aid donor. Japan also played a key role in helping to integrate Mongolia into the East Asian economy.<sup>30</sup> This was not a relationship that Mongolia could afford to jeopardise. Hence, its involvement in SCO was in no small measure determined by Tokyo's attitude to the Organisation. Not surprisingly, this was cool, since Japan was a close ally of the US and had long uneasy relations with China and Russia. However, the election of Prime Minister Hatoyama (2009) indicated a possible shift in Japan's foreign policy thinking, with greater emphasis on the Asian dimension. Coincidentally, Mongolia began to take a livelier interest in the activities of the SCO. In January 2010, Ulaanbaatar hosted a Board Meeting of the SCO Business Council, the first time such an event was held in a non-Member state. As Prime Minister Batbold commented, 'Mongolia wants to be present in the SCO's biggest projects in infrastructure, communication, united energy system, health, art and cultural sector'.<sup>31</sup> In 2012, Mongolia began discussing infrastructural projects with Russia and China with the aim of increasing regional connectivity. By 2017, it had been integrated into the emerging Russia-Mongolia-China economic corridor.<sup>32</sup>

India, which became an Observer state in 2005, was also initially reluctant to become closely involved with the SCO. This was a period when India's foreign policy was evolving in new directions. Formerly one of the Soviet Union's closest allies, it now sought to broaden its range of diplomatic, economic and military ties. The most significant development

was the growing closeness between India and the US. In July 2005, this resulted in a landmark, and controversial, agreement on nuclear cooperation between the two countries (India was not a signatory to the Nuclear Non-Proliferation Treaty); in October 2008, there was a further Indo-US agreement on civilian nuclear energy, a vital contribution to India's energy needs.<sup>33</sup> To have pursued links with the SCO at this time might well have been counter-productive, risking US displeasure and gaining little of value in return. Yet the situation was already changing. India's relations with Russia, somewhat downgraded after the collapse of the Soviet Union, were again flourishing and included nuclear cooperation. Relations with China were also improving (though still fragile, as demonstrated by the flare-up of the Doklam border dispute in June 2017). The Central Asian states, too, were moving up India's agenda, particularly with regard to regional security and energy supplies. Additionally, there was a perception that India, traditionally one of Asia's leading powers, was being overshadowed by China.<sup>34</sup> All these factors contributed to Delhi's more positive attitude towards the SCO.

Pakistan and Iran, unlike the other Observers were, from the outset, enthusiastic supporters of the SCO. One reason was that it facilitated access to the Central Asian states and opened the way to participation in regional infrastructural projects. Another advantage was that the Organisation was a useful vehicle through which to mediate relations with Russia and China. In the early post-Soviet period Russia's relationships with Pakistan and Iran had often been strained, and it was not until new leaders came to the fore that matters improved.<sup>35</sup> Relations with China were easier. Pakistan had always had a good (described as 'all weather') friendship with Beijing;<sup>36</sup> Iran, though less closely aligned with China, had strong trade links (notably Iranian oil exports to China) and good military cooperation. The SCO helped to calibrate these various relationships by adding new dimensions. Iran's application for full membership, as mentioned above, was temporarily deferred, but remained on the agenda.

#### INSTITUTIONAL OUTREACH

In tandem with its internal evolution, the SCO was consolidating its international standing. It acquired Observer status in the United Nations General Assembly in December 2004, and some months later, during the UN's 60th anniversary World Summit, the SCO Secretary-General

addressed a UN audience – an acknowledgment of the growing prestige of SCO. This was emphasized in April 2010 with the signing of the Joint Declaration on Cooperation between the UN and SCO Secretariats.<sup>37</sup> Agreements on cooperation and partnership with regional groupings proliferated. They included Memoranda of Understanding with, in 2005, the Commonwealth of Independent States (CIS) and the Association of Southeast Asian Nations (ASEAN); in 2007, the Collective Security Treaty Organisation (CSTO) and the Economic Cooperation Organisation (ECO);<sup>38</sup> in 2011, the UN Office on Drugs and Crime; in 2014, the Collective Security the Conference on Interaction and Confidence-Building Measures in Asia (CICA);<sup>39</sup> in 2015, the UN Economic and Social Commission for Asia and the Pacific (ESCAP); and in 2017, the International Committee of the Red Cross (ICRC).<sup>40</sup>

These partnerships helped the SCO to establish an institutional foothold within the existing system of international relations. However, they were also based on a long-term vision of a comprehensive regional strategy. Year by year, this began to take shape through increased cooperation with selected partners. This was demonstrated by the SCO's engagement with the Eurasian Economic Community (EAEC) and its successor, the Eurasian Economic Union (EEU).<sup>41</sup> These organisations, along with the Commonwealth of Independent States, were often regarded as vehicles for spreading Russian influence in Central Asia and concomitantly, as a means to contain Chinese regional influence. The potential for aggressive projection of Russian power was enhanced by the CSTO, a CIS-based body whose membership included several Central Asian states.<sup>42</sup> This did not, however, result in any perceptible tension or rivalry with the SCO.

Despite some superficial similarities, the CIS entities were very different from the SCO. The CSTO and the EAEC/EEU were tight-knit systems with centralised bureaucracies and a fairly narrow remit, while the SCO was a loose, network-type organisation with a broad-brush approach to achieving its aims. These differences made cooperation easier. Furthermore, on a political level the co-existence of these organisations allowed the smaller states to manage their relationship with the two giants, China and Russia, on a practical, day-to-day basis. Every meeting, every decision, created an opportunity for re-calibrating the balance, for bargaining and manoeuvring so as to gain maximum profit (material or symbolic) from the larger states. Russia and China also benefited from the situation, because it provided an additional set of tools with which to

engage with each other—to counterpoise national ambitions with constructive cooperation.

The SCO was also developing links with the BRIC group (Brazil, Russia, India and China).<sup>43</sup> The first BRIC Summit meeting was held in Yekaterinburg (Russia) in 2009, coinciding with that year's SCO Summit; both events were chaired by Russian President Medvedev. There was a natural affinity between the SCO and the BRIC, since they had similar principles and objectives, also members in common (Russia, China and India). In 2015, this partnership extended to include the newly formed EEU, highlighted by the triple Summit meetings held in Ufa (Bashkortostan, Russian Federation) in July 2015. There were no formal joint sessions between the BRICS, EEU and SCO on that occasion, but high-level meetings took place in the margins. Moreover, several collaborative activities were initiated such as the SCO-BRICS Financial Forum, SCO-BRICS Youth Forum, and in October, the first SCO-BRICS Forum of Small and Medium Enterprises. These projects signalled closer alignment and, possibly, a degree of integration, between the SCO and the BRICS in the future. Closer trade ties between the SCO and EEU were also under discussion, with advocates such as Kazakh President Nazarbayev.<sup>44</sup> The following year, work began on a preliminary proposal to create an 'economic continental partnership' between the EEU and SCO.<sup>45</sup> By 2017, this concept had developed into a 'Broad Eurasian Partnership' that would reach across the entire Eurasian landmass and would eventually encompass all the major regional organisations.<sup>46</sup>

The SCO was also developing ties with other Asian organisations, facilitated by overlapping sets of members, common interests and common principles. Apart from the agreements with ASEAN and ECO, these links included the Asia-Pacific Economic Community (Russia and China were both members); the Thai-led Asia Cooperation Dialogue (an integrative regional organisation, founded in 2002 all the current SCO family except Belarus were members); the BOAO Forum for Asia (Asian equivalent of the Davos World Economic Forum); and the South Asian Association for Regional Cooperation. There were also regional platforms such as the Central Asia plus Japan Dialogue, launched in 2004, which provided a channel for substantial flows of Japanese economic assistance.<sup>47</sup> Similarly, the Korea-Central Asia Forum (established in 2007) sought to enhance economic and trade cooperation between the Republic of Korea and the Central Asian states.<sup>48</sup>

Some members of the SCO family (ex-Soviet Central Asian states,

Russia, Belarus, Azerbaijan and Armenia) joined regional organisations oriented towards Western Europe. One of these bodies was the NATO Partnership for Peace (PfP) Programme; established in 1994, it aimed to enhance bilateral military-to-military cooperation in such areas as policy planning, training (leading to interoperability) and disaster response, also in science and environmental issues. The original geographic remit of the PfP encompassed Europe but it soon expanded eastwards. The ex-Soviet states were among the first to sign up, with the exception of Tajikistan which joined in 2002, after the civil war had ended. Similarly, all these states joined the Euro-Atlantic Partnership Council, a multilateral forum (created in 1997) dedicated to improving relations between NATO and non-NATO countries in Europe and its Asian periphery. Taking advantage of this provision, Mongolia became a NATO 'global partner' in 2012 (the same year that it strengthened its partnership with Russia and China see above).

The other Western -oriented organisation was the Organization for Security and Co-operation in Europe (OSCE).<sup>49</sup> Its primary geographic focus was Central Europe, but as with NATO, it accepted the Central Asian states, then continued to reach out eastwards reach through the category of 'Partners for Cooperation'. Its mandate included such issues such as the promotion of human rights, freedom of the press and fair elections, as well as conflict prevention, crisis management and post-conflict rehabilitation. All the ex-Soviet states mentioned above joined this body in 1992.<sup>50</sup> There were some moves to establish cooperation between the SCO and NATO, and the SCO and the OSCE. Kazakhstan, which chaired the OSCE in 2010-2011, was especially eager to promote these ties. However, despite having some common objectives, the Western organisations were reluctant to acknowledge the SCO as an equal partner and without such parity the SCO was not prepared to collaborate.<sup>51</sup>

#### TRADE AND TRANSPORT

Economic development, based on regional trade and transport cooperation, was always a priority for the SCO. In 2003, a comprehensive *Programme of Multilateral Trade and Economic Cooperation* was adopted, followed by the creation of working groups on issues such as the harmonisation of customs regulations and unification of standards. The enormous asymmetries and imbalances between the Member states made this a technically complex issue. Moreover, it was politically highly sensitive.

China first proposed a free trade zone within the SCO in 2011. The wider context was that Beijing was concluding such deals with countries around the globe, regarding it as a vital mechanism for improving the domestic trading environment, likewise for enhancing multilateral trade. To encourage SCO members to agree to such an arrangement, Beijing provided substantial preferential credits and loans, linked to the purchase of Chinese goods and services.<sup>52</sup> In Russia and the Central Asian states this raised fears that a free trade zone would increase the influx of cheap Chinese goods and labour, to the detriment of their own production capacity. Consequently, the proposal received little support until 2017, when it was endorsed by Kazakh President Nazarbayev.<sup>53</sup> This did not mean that the SCO free trade zone was imminent, but it did suggest a change of outlook in the Organisation. This was largely the result of two factors. One was the accession of India and Pakistan, which, as discussed above, broadened the geography, as well as the political and economic scope of the SCO. The second was the progress that was being made in the development of trans-regional transport and communications infrastructure.

In the 1990s, the unified trade and transport system that had been developed during the Soviet period disintegrated into national sectors. Border crossings, previously scarcely noticed, suddenly became major obstacles to freedom of movement; agreements on technical maintenance and other practical responsibilities were similarly fragmented. As a result, the physical links between these new states were severely disrupted. At the same time, there was a growing divergence in political and economic policies. Far from an open sea in any direction, with few points of access to neighbouring states, this land-locked region now became more isolated than at almost any time in its long history. Thus, it was imperative that rational transport policies were put in place as quickly as possible. Yet the construction of transport infrastructure is, by its very nature, a long-term commitment, requiring massive and sustained funding. Furthermore, transport policy cannot be developed without reference to national economic strategies and to the requirements of a whole range of other domestic and foreign policy sectors all of which were in disarray following the sudden collapse of the Soviet Union.

It was not until the 2000s that the situation had stabilised sufficiently for these states to formulate comprehensive national transport policies.<sup>54</sup> Meanwhile, UN programmes and special agencies began implementing projects for the rehabilitation and modernisation of existing transport systems, addressing the 'hard' elements of cross-border connectivity (i.e.

the physical infrastructure) as well as the 'soft' elements (e.g. harmonisation of regulatory frameworks, training of police and customs officials). The Central Asian states, situated at the point of overlap between the UN Regional Economic Commissions for Asia and the Pacific (UN ESCAP), and the UN Economic Commission for Europe (UNECE), joined both bodies.<sup>55</sup> The idea of integrating transport systems across this geographic divide was proposed at the first International Euro-Asian Conference on Transport, held in St. Petersburg in 1998. This coincided with the launch of the UN Special Program for the Economies of Central Asia (SPECA) to strengthen sub-regional cooperation in Central Asia and its integration into the world economy.<sup>56</sup> The result was the 'Common UNECE-UNESCAP Strategic Vision for Euro-Asian Transport Links' (EATL), launched in 2000.<sup>57</sup>

Financial assistance and technical support was provided by a wide range of multilateral institutions, representing different (and sometimes rival) geopolitical constituencies, including the Eurasian Development Bank (Russo-Kazakh joint initiative), European Bank for Reconstruction and Development, European Union, Islamic Development Bank, Japan International Cooperation Agency, United States Agency for International Development, and the World Bank. The lead institution was the Asian Development Bank, which operated largely through the vehicle of the Central Asia Regional Economic Cooperation (CAREC) Programme, launched in 1997; in consultation with national governments, six key routes were selected for development.<sup>58</sup>

### THE NEW 'SILK ROADS'

The ancient Silk Roads served as an inspiration for modern trans-regional transport schemes. However, the goals were not only economic, but often charged with an ideological agenda. First came the Transport Corridor Europe-Caucasus-Asia (TRACECA) programme. Inaugurated by the European Union and partner states in Central Asia and the Caucasus in May 1993, it aimed to create a transport network that stretched from Europe to the borders of China but isolated Russia (and initially, Iran).<sup>59</sup> Despite the inclusive title, it was the European sector that was prioritised; there was little activity in Central Asia other than the refurbishment of Kazakh and Turkmen Caspian ports (Aktau and Turkmenbashi respectively). Similarly, the EU-backed Interstate Oil and Gas Transport to Europe (INOGATE) initiative was largely directed towards the Caucasus

and Black Sea regions.<sup>60</sup> The United States was also developing its own vision of the 'New Silk Road'.<sup>61</sup> Descriptions of this project were liberally spiced with rhetorical references to ancient history, but the underlying rationale was that of contemporary geopolitics: to yoke Central and South Asia together in a pro-Western trade and transport alliance, and to exclude and isolate Iran and Russia. The scheme might have made sense on a flat map, but it took no account of local conditions. Some useful road construction was carried out in Afghanistan but overall, the project was unrealistic and failed to make significant progress.

Some Asian countries also used the concept of the revitalised 'Silk Roads' as a peg for the development of trade and transport links with Eurasia and as a means to bolster political ties with the region. The first such project was that of Japanese Prime Minister Hashimoto, who in 1997 launched his 'Silk Road Diplomacy', closely linked to his 'Eurasian Diplomacy' initiative. Characterised as 'Open-minded Asianism', this was regarded as Tokyo's bid to counteract the influence of other states, especially China, in Central Asia. South Korean relations with Central Asia were conducted on a bilateral basis until 2009, when President Lee Myung-bak inaugurated the 'New Asia Initiative', and within that framework, his 'New Silk Road Diplomacy', with a focus on Central Asia.<sup>62</sup> This was subsequently superseded by President Park Geun-Hye's 'Eurasia Initiative' (2013), which proclaimed its agenda with the slogan 'one continent, creative continent, and peaceful continent'.<sup>63</sup> India's 'Connect Central Asia' policy, introduced in 2012, was more low key, envisaging cooperation in a wide range of cultural, economic and security sectors. These various Asian initiatives were policy proposals rather than concrete infrastructural projects but they did illustrate the growing interest in regional connectivity.

It was against this background of lively international involvement in the Euro-Asian sphere that the SCO launched its own vision for enhanced regional connectivity. It was genuinely inclusive, not designed to exclude any country or region. It also did not seek to duplicate the efforts of others, or to compete with national and international agencies, but instead to identify complementarities and to incorporate existing schemes (such as TRACECA) within a wider trans-continental trade and transport network.<sup>64</sup> It was not a new undertaking. One of the key vectors was the railway link with Kazakhstan. First mooted in 1954, it was abandoned when Sino-Soviet relations deteriorated; some thirty years later, it was revived and the line was officially opened in September 1992. On the Chinese side, it linked into the transport artery that connected with the



port of Lianyungang, while on the Kazakh side it gave access to CIS transport infrastructure (including the Trans-Siberian Railway).<sup>65</sup> In December 2012, another China-Kazakhstan rail link was inaugurated. At the same time, the 'Western Europe-Western China' highway was being extended to run from the Lianyungang on the Pacific seaboard to Rotterdam and Antwerp on the Atlantic coast. Thus, the 'NEW (North East West) Eurasian Land Bridge' was steadily moving from the drawing board and taking shape on the ground.<sup>66</sup>

Meanwhile, vertical north-south corridors were also being developed. One of these, as mentioned above, was the Mongolia-China-Russia Economic Corridor.<sup>67</sup> A larger and more complex multi-modal network was being constructed on the flanks of the Caspian Sea, linking Russia to Iran; there were two branches, one through Azerbaijan, the other through Kazakhstan and Turkmenistan.<sup>68</sup> Both routes connected to Iranian ports on the Gulf and from there gave access to India and, at a further stage, to Africa. This north-south corridor also linked into national and regional networks and helped create new trade and transport opportunities for the Caucasus and the Middle East; when conditions permitted, it would eventually encompass Afghanistan.

These transport projects were funded by various combinations of national governments, bilateral donors and international agencies. However, the huge north-south transport corridor that was being constructed from Kashgar (Xinjiang, western China) through Baluchistan (Pakistan) to the strategically critical deep-water port of Gwadar was almost entirely Chinese funded. The idea was originally conceived in the 1950s; however, it languished until the late 1990s, when China's 'economic miracle' gave new impetus to such schemes. In 2002, a programme was launched to develop an entire complex of inter-connecting road, rail and aviation networks. Gwadar was the centrepiece of this project: located close to the Strait of Hormuz, passageway for much of the world's oil supplies, it was envisaged as the port of entry for crucial supplies of energy and other raw materials for China. When completed, it would mean that China was no longer solely reliant on the hazardous sea route via the Strait of Malacca, which was liable to disruption by piracy and worse still, to the danger that it might be blockaded by enemy action.<sup>69</sup> It also had significance from a security and defence perspective, as it would provide an additional base for the Pakistan navy and (eventually) for Chinese naval vessels. This entire complex became the 'China-Pakistan Economic Corridor'.<sup>70</sup>

These and several other China-led projects were brought together under the umbrella of the 'One Belt One Road' Initiative' which envisaged the complementary development of the trans-regional Silk Road Economic Belt and the sea-based Maritime Silk Road.<sup>71</sup> This mega-project (later renamed the 'Belt Road Initiative') was one of the first major initiatives of President Xi Jinping (in office since March 2013) and it marked a new assertiveness in Chinese foreign policy.<sup>72</sup> It envisaged a vast inter-locking communications network of highways, railways, pipelines and fibre optic cables; power generation plants; airports and aviation routes; and a chain of sea ports.<sup>73</sup>

It was sometimes described as a modern version of the ancient 'Silk Roads', but in truth it had more in common with engineering feats such as the Suez and Panama canals which, in their day, changed regional geography. When fully functional, this complex of transport corridors would be of global significance, but it would also have a profound impact on local economies, societies and perhaps even political systems. Better connectivity would create new complementarities, new communities of interests, enhancing productivity and stimulating the diversification of chains of supply and demand. Lower transport costs would encourage the export of middle range goods, to fill the gap between high value items and cheap, low quality manufactures.

It was a vision of astounding ambition (not to mention cost), that aimed to connect Europe, Asia and Africa, driving flows of trade, services and capital, and ultimately contributing to greater prosperity.<sup>74</sup> President Xi presented the Belt Road Initiative (BRI) during his tour of Central Asia in September 2013, which culminated in his participation in the Bishkek SCO Summit. The geographic scope of the BRI was far wider than that of the Shanghai Cooperation Organisation, but some of the practical goals were similar, such as investment in transport infrastructure, provision of construction materials, and development of power supplies. By launching this project at the Bishkek Summit, President Xi highlighted the synergy between the activities of the SCO and the BRI. The implication was that the two bodies would work closely together, with the SCO providing a mechanism for socio-cultural interaction; within the SCO area, RATS could provide security.

#### ENERGY SUPPLIES

Cooperation in the energy sector was one of the priorities singled out for

attention in the *SCO Charter*. There were already long-standing energy links between individual members. After the establishment of the People's Republic of China in 1949, Sino-Russian energy cooperation had been influenced by the fluctuating nature of the bilateral diplomatic relationship. In the post-Soviet period, especially after Vladimir Putin became president, relations assumed a strategic character. There were still disagreements in various spheres, and the numerous energy projects did not always run smoothly; however, the overall trend was positive.<sup>75</sup> The most ambitious deal was the Eastern Siberia-Pacific Ocean (ESPO) oil pipeline system, destined to export Russian crude oil to the Asia-Pacific markets (Japan, China and Korea). Construction of the first stage was completed in 2009; of the second stage in 2012. Further developments were projected for the following eras.<sup>76</sup>

Turkmenistan (not an SCO member) and Kazakhstan had world-class reserves of hydrocarbons. In the Soviet period the Central Asian energy sector, as in so many other areas, had been locked into the all-Union system; consequently, all the major oil and gas pipelines ran northwards to Russia. After independence, one of the first problems for these young states was to identify new markets and to construct the necessary export facilities. Western oil majors were attracted by Kazakhstan's large reserves of hydrocarbons and the construction of new pipelines was largely determined by their desire to deliver Kazakh oil to international markets. Kazakhstan still had strong energy ties with Russia, but it was also developing other partnerships. In 1997 Kazakhstan began transporting crude petroleum by rail to China. By this time, China's economy was growing at a spectacular pace and its energy needs were rising exponentially. An oil pipeline from the Caspian port of Atyrau to a refinery in western China was undertaken in stages and became fully operational in July 2009. In parallel, a gas pipeline was projected. This eventually became part of the multi-branched Trans-Asian Gas Pipeline Network, which carried supplies from Turkmenistan, as well as Uzbekistan and Kazakhstan, to China.

It was in the context of the rapid growth of inter-connected regional energy projects that in 2006, Russian President Putin proposed the formation of the SCO Energy Club. In concept, it was similar to the Gas Exporting Countries Forum, but there were differences: the SCO project, which brought together producers, consumers and transit countries, was specifically aimed at deepening energy cooperation, enhancing energy security and coordinating energy strategies among members of the SCO

family.<sup>77</sup> The idea was welcomed by some SCO members, but others were not convinced that it was necessary.<sup>78</sup> After prolonged debate, the Club was finally inaugurated in 2014, under the chairmanship of Kazakhstan.<sup>79</sup> By this time, the global crude oil price was plummeting and the solidarity provided by the Club was generally regarded as beneficial. In 2017, Turkey was elected to chair the Club.<sup>80</sup> It was a significant development since it not only recognised Turkey's pivotal role in energy transportation, but it was a gauge of Ankara's growing involvement in the SCO.

### SECURITY AND DEFENCE

The SCO was often described as a 'security organisation'. That was not surprising, since one of its key tenets was that regional security was essential for peaceful and sustainable development. However, the SCO understanding of what constituted a threat to security was not entirely conventional: the perceived danger emanated not from other states but from amorphous groups of non-state actors. By this definition, the chief threats to security, as identified in numerous official documents, were terrorism, separatism, and extremism, also related crimes such as illicit trafficking in arms and narcotic drugs and illegal migration. These were not (at least not openly) state-sponsored activities and consequently the perpetrators were regarded as non-state ('stateless', in effect) agents, to be pursued by all possible means. The mandate of the SCO prohibited interference in the internal affairs of other states, so operations against such groups could only be undertaken jointly, in conjunction with other members within the SCO area. By extension, this meant that the SCO could not intervene in clashes between warring factions within a state, even in a dispute resolution capacity. It was not an easy policy to maintain, especially when political and criminal elements were intertwined and by their actions, threatened to destabilise the entire region. Yet in the longer term, the wisdom of this approach became apparent (see further 'Regional Conflicts' below).

To understand the role of the SCO's security policy in the Central Asian context it is important to look at the background. Before independence, all forms of security, including border control, had come under the central Soviet authorities. In the early 1990s, when the national defence and security capabilities of the new Central Asian states were still meagre, they sought assistance and training from the CSTO and the NATO PfP programme (as discussed above). At the same time, they

engaged in dialogue with the 'Shanghai Five' to agree practical measures to combat trans-frontier criminal activities, especially the 'three evils' of terrorism, separatism and extremism which threatened their national integrity. The CSTO and NATO PfP addressed some of these issues, but their primary focus was on military cooperation. The Shanghai group, by contrast, was avowedly opposed to the militarisation of its actions. Moreover, its members were regional states and acutely aware of the common threat posed by terrorism and other forms of organised crime. Thus, there was a higher degree of trust and mutual understanding and this facilitated the close interaction that was required for such operations.

Over the years, the list of threats that the SCO sought to address was broadened to include such issues as the proliferation of weapons of mass destruction, environmental disasters and cyber warfare. In these and other vulnerable areas, the SCO cooperated with international organisations, whilst also developing its own capabilities. The growth in cyber terrorism soon became a major concern. The Organisation began to address this issue in 2006, and in September 2013 formally established a cyber-expert group. In January 2015, the SCO submitted its proposal for an *International Code of Conduct for Information Security* to the UN General Assembly.<sup>81</sup> It was the first international document to address this issue; the Western reaction was mixed, with the acknowledgement of its important contribution to the security debate tempered by fears that it might be used to infringe human rights.<sup>82</sup> On a practical level, the SCO members continued their joint efforts to improve cyber security; the first counter-terrorism exercise to combat the online activities of terrorism, separatism and extremism was hosted by China in October 2015.<sup>83</sup>

SCO Members were adamant that their actions were not directed against any other states. The first official meeting of SCO defence ministers did not take place until April 2006; as of 2017 no attempt had been made to establish a joint military command. However, as part of the SCO anti-terrorist campaign, several joint operations were conducted. Initially, they focused on cross-border security exercises (China-Kyrgyzstan in 2002, China-Kazakhstan in 2003). In 2005, the Chinese-Russian 'Peace Mission' (held mainly in China) was conducted on a much larger scale, involving some 10,000 troops in ground, air and naval manoeuvres. The rationale was a scenario involving 'terrorism, separatism and extremism'. To some Western analysts, the tactics and advanced weaponry that were deployed seemed ill-suited to anti-insurgency operations. This aroused fears that there was a hidden agenda, especially as similar manoeuvres, though more

limited, were conducted two years later (mainly in Russia) under the rubric 'Peace Mission-2007'. Thereafter, exercises were relatively small-scale. Instead, issues such as urban terrorism moved up the agenda. It was noteworthy that RATS helped to provide security at the 2010 World Expo in Shanghai and the Winter Asian Games in Kazakhstan in 2011.

#### REGIONAL CONFLICTS: THE CASE OF AFGHANISTAN

There were conflict-prone 'hot spots' across Eurasian, in the Indian sub-continent, the Caucasus, Central Asia and western China. However, the conflict with the greatest potential for destabilising the region was undoubtedly the war in Afghanistan. It was a key test of the SCO's policy towards regional conflicts and in many respects set the pattern for the Organisation's response to other such episodes.

The war in Afghanistan pre-dated the formation of the SCO by some two decades. It began, with covert Western support, as an anti-Soviet mujahideen insurgency in the late 1970s. After the Soviet troop withdrawal (1989), it mutated into a brutal power struggle, involving rival Afghan factions as well as foreign fighters, funded by the flourishing drugs trade. In 1996, the dominant force was the Taliban (mostly Pashtun), in uneasy alliance with al-Qaeda, a trans-regional (mostly Arab) extremist network headed by Saudi-born Osama bin Laden. Afghanistan had now become a base for international terrorism. The on-going instability in Afghanistan was a major threat to neighbourhood security, but above all to the newly independent Central Asian states. Uzbekistan and Turkmenistan initiated some peace-building activities during this period; however, the situation worsened in 1998 when, following al-Qaeda attacks on American embassies in Kenya and Tanzania, the United States fired cruise missiles at their bases in Afghanistan. This did not solve the problem: rather, it emboldened al-Qaeda to undertake yet more daring missions.<sup>84</sup>

On 11 September 2001, barely three months after the official establishment of the SCO, al-Qaeda launched attacks against New York and other targets in the United States; on 7 October, the US, with British assistance, retaliated with devastating air and ground assaults on the bases of al-Qaeda and its Taliban allies in Afghanistan. Pakistan was the main regional ally in this campaign, but the Central Asian states (all members of NATO PfP) played an important role by providing transit facilities; additionally, SCO Members Uzbekistan and Kyrgyzstan granted basing rights to the allied forces, at Karshi-Khanabad ('K-2') and Manas

respectively.<sup>85</sup> By the end of November most of the enemy combatants had been routed. In December the UN Security Council unanimously passed a resolution establishing the International Security Assistance Force (ISAF) with the aim of assisting the Interim Administration, headed by US-backed Hamid Karzai, to re-establish governmental institutions. In June 2002, at its annual Summit, the SCO formally welcomed 'the creation of a new, stable Afghanistan, free of terror, war, drugs and poverty ...and are ready to facilitate the process of forming broadly representative government in the interests of the entire Afghan people'.<sup>86</sup> Similarly supportive statements for the peaceful reconstruction of the country, under the coordinating role of the UN, were made in 2003 and 2004. Presidential elections were held in Afghanistan in October 2004, and Hamid Karzai won a convincing victory; parliamentary elections were held the following year. These developments signalled a return to civilian rule.

Now that there was a legitimate state interlocutor, the Shanghai Cooperation Organisation could start to engage with Afghanistan. Hamid Karzai attended the SCO Summit in Tashkent in 2004 as a Guest of Honour. The SCO-Afghanistan Contact Group was established in November that year. President Karzai was evidently impressed by the SCO and hoped to enhance Afghanistan's ties with the Organisation.<sup>87</sup> In March 2009, the SCO held a major conference on Afghanistan in Moscow. Participants included the UN Secretary-General, the US Deputy Assistant Secretary for South and Central Asian Affairs, and representatives from the EU and other international bodies. This high level of involvement amounted to a validation of the SCO's role in Afghanistan. Nevertheless, Afghanistan's relations with the Organisation remained sporadic (no doubt a reflection of Western antipathy to this body); the Contact Group achieved very little and was soon in abeyance. Meanwhile, individual SCO Member states did provide economic and humanitarian assistance to Afghanistan on a bilateral basis. The main donors were China and Russia, but there was considerable input from the Central Asian states in such areas as training of government personnel, as well as assistance with mine clearance and other security-related activities. In addition to publicly-funded initiatives, private sector commercial ties were developed, mostly supported by cross-border trade. There was also investment in the development of Afghanistan's natural resources, especially by the Chinese.

The SCO was scrupulous in limiting its dealings to contacts with the legitimately constituted government. Matters such as support for NATO-ISAF operations, or dialogue with other Afghan players (e.g. the Taliban),

were left to individual states. It did, however, facilitate Afghanistan's integration into the pan-continental infrastructural projects – roads, railways and pipelines – that were beginning to take shape. This was critical to the country's long-term development. By the end of 2010, the international troops were preparing to reduce their presence in Afghanistan. In 2011, President Karzai made a highly successful visit to Moscow, the first bilateral meeting between the two countries in two decades. The following year, Afghanistan was accepted as an Observer in the SCO and this opened the way for greater involvement with the Organisation (possibly to lead to full Membership eventually). In 2017, the relationship was further strengthened as the SCO-Afghanistan Contact Group was revived.<sup>88</sup> It offered an additional channel for Afghanistan's engagement with the regional powers (China, Russia, Iran, Pakistan and India), and it also provided a space in which these states could balance their competing interests. India in particular saw this as a way to increase its presence in Afghanistan, thus better to compete with Pakistan.<sup>89</sup>

No two situations are the same. However, the SCO's approach to the conflict in Afghanistan gave an indication of its general policy towards regional conflicts. This was evident in the SCO reaction to the clashes in Kyrgyzstan in 2010. These were on a very much smaller scale than the Afghan conflict but they were, nevertheless, serious and had implications for regional stability and security. As in Afghanistan, the SCO did not intervene directly while the conflict was unfolding, though Member states provided important humanitarian assistance and helped with mediation efforts. Kyrgyzstan, as a full member of the Organisation, continued to participate in SCO meetings through the normal channels during this period. However, it was not until there was a legally recognised government in place that the SCO fully re-engaged in Kyrgyzstan; in September 2013, Bishkek hosted the annual SCO Summit.<sup>90</sup> As these case studies (Afghanistan and Kyrgyzstan) suggest, should future regional conflicts arise it is probable that the SCO would follow a similar policy path.

#### 'NATO'S EVIL TWIN': WESTERN REACTIONS TO THE SCO

Western commentaries on SCO abound with lurid epithets such as 'Beast of the East', 'OPEC with bombs', and 'NATO's Evil Twin'. The invective, remarkable more for its imaginative quality than insight, reveals outrage as well as insecurity on the part of the writers. The mere existence of a body that was neither Western-led nor inspired by Western models was



regarded as an affront. By this reasoning, the only 'explanation' for the establishment of SCO was that it must be inimical to Western interests. The febrile antagonism to the SCO erupted in 2005, triggered by complacency on the part of the Western alliance, and disillusionment among the Central Asians. It is worth reviewing the events of that year, as they illustrate the lack of understanding and trust between the two groups.

As discussed above, SCO Members initially supported the US-led intervention in Afghanistan and were optimistic about the outcome. They were soon disenchanted: the security situation, far from improving, deteriorated. Trafficking in weapons, drugs, precursors and other illegal substances increased rapidly. An additional source of grievance in Kyrgyzstan and Uzbekistan was the low rent that was paid, especially by the Americans, for the use of military and transport facilities. By the end of 2004, local anger was mounting. Yet although the stated goals of the original ISAF mission had been fulfilled, there was no sign of the US military presence coming to an end: rather, there were hints that it might be prolonged indefinitely.<sup>91</sup> There was no consultation with the regional states on this issue: their acquiescence was (arrogantly) taken for granted. By this time, the Uzbek government was openly critical of US policies which seemed to be exacerbating, not resolving, security problems. The Uzbek government sent six official notes to Washington, requesting clarification of the terms and conditions for the presence of US troops on Uzbek territory: they were ignored.<sup>92</sup> In the absence of a satisfactory response, Tashkent had little option but to consider terminating the US lease of the K-2 base. However, on 13 May 2005, before a final decision had been taken, violence flared up in the Uzbek town of Andijan. Accounts as to what happened were confused and contradictory.

The predominant Western view was that government troops had massacred innocent civilians (estimates ranged from some two hundred to several thousand). These accusations were firmly refuted by the Uzbek government, who insisted that there had been an armed insurgency and produced documentary evidence to support this claim. The EU imposed sanctions on Uzbekistan (which had little effect and were lifted in 2009). The response from the United States was equivocal, as censure was balanced against the need to maintain a useful regional ally, particularly in view of the worsening situation in Afghanistan.<sup>93</sup> In retrospect, it was clear that the Western reaction had been not only over-hasty but the situation was not as simple as some reports had suggested.<sup>94</sup> Within Central

Asia, meanwhile, there was a widespread belief (not confined to Uzbekistan) that there had been covert Western involvement in the incident, aimed at toppling the recalcitrant Uzbek president and replacing him with a friendlier leader. This view gained credence from the fact that in Kyrgyzstan the president had recently been ousted from office in a coup that was popularly believed to have been encouraged by some Western-supported organisations in an attempt to instigate a 'Colour Revolution', as in Georgia and Ukraine.<sup>95</sup>

In July that year, the annual SCO Summit was held in Astana; at its conclusion, the customary Heads of State Declaration was issued. Several important decisions were taken at this meeting, including the granting of Observer status to India, Iran and Pakistan. (The United States reportedly also applied for Observer status at this time, but was rejected.)<sup>96</sup> The final section included two short paragraphs:

We support the efforts of the international coalition engaged in the antiterrorist operation in Afghanistan and we will continue doing so. Today, we note the positive trend of internal political stabilization in Afghanistan. A number of the SCO member states have provided their ground infrastructure for temporary deployment of military contingents of the coalition participating states, as well as their territory and air space for military transit in the interest of the antiterrorist operation.

Given the completion of the active military stage of antiterrorist operation in Afghanistan, the member states of the Shanghai Cooperation Organization deem it necessary for the relevant participating states of the antiterrorist coalition to set a deadline for the temporary use of said infrastructure and presence of their military contingents in the territory of the SCO member states.<sup>97</sup>

This relatively mild statement stirred up a storm of protest in the West. It was widely reported that the SCO was 'demanding' instant US/Western withdrawal from the region. It did not. Rather, this reaction was an indication of the sense of hegemonic ownership that permeated Western thinking on Central Asia.

Meanwhile, Uzbekistan proceeded with its decision to close the US base the logical outcome of the failure of negotiations between Tashkent and Washington. Accordingly, on 29 July the US Embassy in Tashkent was formally notified that the K-2 base must be vacated within six months.<sup>98</sup> Some commentators saw this as 'proof' of the SCO's determination to drive foreign troops out of the region, while others eagerly seized on it as the start of a 'Russian-led counter-revolution' in Central Asia. Curiously, they failed to notice that the other Western bases in Central

Asia were not affected: the Germans were allowed to retain the use of their base in Uzbekistan, US troops were also allowed to remain in Kyrgyzstan and the French continued to maintain a small presence in Tajikistan. The SCO played no direct role in these developments; neither did it seek to hinder later agreements between Member states and Western military forces. In 2008, Russia gave permission for NATO-ISAF to transport non-lethal cargoes across its territory to Afghanistan; in 2010, this was augmented to include military supplies to and from Afghanistan.<sup>99</sup> Similar agreements were concluded with the Central Asian states. Developments such as these scarcely substantiated the accusation that SCO was pursuing an anti-Western agenda. Nevertheless, although there was a growing awareness of the need for cooperation, Western opinion continued to be dominated by suspicion and hostility towards the SCO.

#### WILL THE SCO SURVIVE?

Predictions about the future are rarely accurate. They do, however, help to identify trends. Thus, when considering whether or not the SCO has the potential to survive, it is important to examine not only the internal factors that have shaped the Organisation, but to consider how the international environment is changing, and to assess how relevant the SCO might be in this context.

The chronology is important: the Shanghai Cooperation Organisation was created on the cusp of a new century and of a new millennium. Symbolically, the calendar change marked a watershed between the attitudes and assumptions that had prevailed in the second half of the twentieth century, following the Second World War, and the new ideas and preoccupations that were spreading across the world fifty years later. The regional organisations that were formed in the latter half of the twentieth century (the European Union, for example) were integrationist in approach and had a strong, idealistic belief in the power of 'shared values'. The post-millennial age, by contrast, was formed at a time when old certainties and old habits were called into question by an unprecedented rate of economic, social and technological change. Globalisation was bringing interdependence and connectivity, but also new and incalculable risks. The balance of political, economic and military power was shifting, becoming more diffuse. Advances in technology opened new horizons, but came with built-in obsolescence, as older models were discarded in favour of better, more efficient versions, leaving behind a trail of useless,

often toxic, detritus. Business corporations as well as public and private sector organisations faced similar challenges: unless they were flexible enough to adapt to the demands of a rapidly changing world they became an irrelevance, even a hindrance, to further development.

The Shanghai Cooperation Organisation was the product of this age of flux, when categories such as the 'Third World' and the 'First World' were becoming a clumsy irrelevance, as 'developing countries' turned into 'newly industrialising countries' and then into the increasingly self-confident 'emerging powers'. This sense of self-reliance (and concomitant rejection of the paternalistic neo-colonial protectionism) was evident in the growing importance of regional security organisations such as the Conference on Interaction and Confidence Building Measures in Asia (see above section 'Institutional Outreach' above). This was made explicit by President Xi in his keynote address to the CICA Summit in 2014, when he called for 'common, comprehensive, cooperative and sustainable security in Asia' and stated that security problems in Asia should eventually be solved by Asians themselves.<sup>100</sup> Such sentiments, deliberately or not, echoed the mood at the Asian-African Bandung Conference.

The concept of the 'Global South' Asia, Africa and Latin America gained currency as groupings such as the BRICS established a presence in the international arena. Such groupings were held together by shared interests, pursued through pragmatic cooperation: this meant that instead of the tight bonds of integration, the individual members remained free to make their own decisions and follow their own policies. The Shanghai Cooperation Organisation was one of the first regional bodies to incorporate this principle into its founding *Charter*. Initially, the Organisation encompassed a small, compact group of countries and such a relaxed approach was relatively simple to maintain. However, there was soon institutional development as well as conceptual evolution and it seemed that the nature of the Organisation might change. Yet despite some strengthening of its functional organs (i.e. the Secretariat, RATS) there was still considerable operational flexibility, and individual states, or groups of states, continued to develop their own priorities. Fifteen years after its inauguration, the SCO family had increased from six founder members to a multi-layered association with eighteen members, covering most of the Eurasian landmass and a growing queue of states that sought some form of affiliation. This suggested that the SCO model, with its emphasis on mutual understanding and consensus, respect for diversity, and the readiness to accommodate individual priorities, chimed with the

mood of the 'emerging world'.

It was not easy to assess the achievements of SCO, since its primary objective was to set aspirational rather than concrete goals. However, looking back over the period 2001 to 2017, there were three areas in which it made a distinct difference. The first was the perceptible improvement in regional relations. This was not the result of intervention but rather of creating an enabling environment in which the advantages of cross-border cooperation became more attractive than autarkic national development. The second achievement was the massive boost to economic development. It could be argued that this would have happened anyway. Yet although the various projects were implemented by sub-sets of members rather than by collective group action, the SCO provided a common umbrella and this meant that the cumulative effect was multiplied. The third area was the political benefit of being 'in communion' with a rising super power. This was particularly important for the smaller Central Asian states since through the SCO they had a voice in shaping a broader agenda. This gave them greater weight and influence than they would have had as individual actors.

Not everyone within the SCO ambit was satisfied with the rate of progress. One criticism was that many agreements were signed, but there was sometimes a lack of focus, and dilatory implementation of decisions. A more general complaint was that 'people-to-people' programmes (cultural exchanges, language learning etc.) did not reach a wide enough audience to make a significant impact. This reinforced the impression that the SCO promised much, but delivered very little. This shortfall between expectations and delivery was an indication of the difficulties of trying to implement such a broad-based, holistic programme, to serve the needs of very diverse societies. Inevitably, progress, especially in the early years, was a matter of trial and error – some projects ran smoothly, others required reworking. Gradually, though, the list of successful programmes did increase.

In considering whether or not the SCO would survive, it was important to recognise the role of China as the instigator and driving force behind the project. It responded to the needs of the region as a whole, creating important security and economic structures. However, it also reflected a model of multilateral engagement that was characteristic of Beijing's post-2000 foreign policy, as evidenced by two other bodies that were formed at almost the same time: the 'Forum on China-Africa Cooperation' (initiated in 2000) and the 'China-Arab States Cooperation

Forum' (2004). Each of these organisations had its own peculiarities but they all served as funnels for Chinese trade and foreign investment, also for the dissemination of Chinese soft power through cultural programmes. Thus, the future of these organisations would, to a considerable extent, depend on the contribution they were able to make to China's foreign policy.

There were, however, additional factors that would have an impact on the development of the SCO. Firstly, the 'core region' was contiguous to China, thus there were common security threats as well as all the challenges and advantages of a shared border; the SCO provided an institutional mechanism for coping with these issues. Secondly, the SCO created a space within which to mediate complex political and economic relations (and rivalries) between Member states; the most delicate relationship was between China and Russia, but there were also sensitive issues in other inter-state relations. Thirdly, the SCO straddled the Eurasian heartland, thereby giving China land access to Europe, the Middle East and to South Asia. As mentioned above, the Belt Road Initiative was launched at an SCO Summit and although the projected scope of this prodigious network extended far beyond the physical limits of the SCO area, the two concepts were nevertheless closely interwoven. The SCO family its members, institutions, programmes and action plans provided, at least at this early stage of its development, a useful multilateral base for the BRI.

The SCO was also gaining significance through its institutional outreach (underpinned by formal Memoranda of Understanding) with international and regional partners. A potentially significant development was the growing trilateral cooperation between the BRICS, EEU and SCO. At the time of writing it was too soon to speculate on the likelihood of a merger between these bodies, but they shared such priorities as world trade regulations, climate change, environmental protection and security of supplies in sectors ranging from energy to food. If a common platform were to emerge, it would provide the members with a strong, mutually supportive grouping in international forums. Some Western commentators speculated that China might be seeking to establish itself as a normative power (i.e. by promoting its own value system) in the international arena.<sup>101</sup> If so, the SCO (possibly as part of a larger trans-regional grouping) would be one for the channels through which this might be achieved. The Organisation had already established itself as an important regional player and this seemed likely to remain the situation for the near future. In the

longer term, however, it would only survive if it continued to be resilient enough to embrace change. There were signs that such a process was underway as it began to metamorphose from a regional organisation, with a purely Eurasian focus, into an international body. This would present the current SCO membership with challenges, but also with opportunities for expanding existing networks of friends, partners and allies – in other words, to become more tightly wired into the networking world.

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2. The most egregious example of this is the oft-repeated accusation that the 2005 Astana Declaration of the SCO 'demanded' the immediate withdrawal of US troops from Central Asia. As discussed below, there is no such statement in the document.
3. The CIS was originally founded by the Slav republics of Belarus, Ukraine and Russia on 8 December 1991, as the Soviet Union was crumbling; it was enlarged, in accordance with the Alma-Ata Protocol, signed on 21 December 1991, in response to a Kazakh-led initiative to open the organisation to other ex-Soviet states. All the Central Asian states joined, though Turkmenistan did not sign the CIS Charter and became an Associate Member in 2005.
4. S. Akiner, *Tajikistan: Disintegration or Reconciliation?* Royal Institute of International Affairs, London, 2001, gives a detailed account of the civil war and subsequent peace-making initiatives.
5. For full texts of both documents, see < <http://eng.sectsco.org/documents/> >, year 2001.
6. Turkmenistan's *Declaration of Neutrality* was unanimously supported by the United Nations General Assembly and formally recognised on 12 December 1995; see UN Resolution A/50/80(A) (<http://www.un.org/documents/ga/res/50/a50r080.htm>).
7. Preamble of the SCO *Charter* (<http://eng.sectsco.org/documents/>), year 2002.
8. In 2017, the total population of the SCO family was estimated at something over 3.4 billion.
9. For full text, see < <http://eng.sectsco.org/documents/> >, year 2002. This document entered into force on 19 September 2003.
10. See, for example, *China's Central Asia Problem*. International Crisis Group, Asia Report no. 244, 27 February 2013, esp. pp. 23-24.
11. Very little information is available on the financing of the Secretariat. In 2008, China and Russia were each contributing 24 per cent, Kazakhstan 21 per cent,

- Uzbekistan 15 per cent, Kyrgyzstan 10 per cent and Tajikistan 6 per cent. The overall budget at this time was considered to be too small for the Secretariat to carry out more than the most basic functions (*Proceedings of the Third Meeting of the SCO Forum, Beijing 19-21 May 2008*. Moscow-MGIMO, 2008, pp. 6-9, 83-84). In September 2014, the total annual budget for the 60-strong staff of the Secretariat and RATS was estimated at US\$5 mln (D. Suter, 'China Forging International Law: The SCO Experience'. *The Diplomat*, 7 September 2014). In June 2017, China provided an additional 10 mln yuan (US\$1.47 mln) to support the Secretariat ([http://news.xinhuanet.com/english/2017-06/09/c\\_136353417.htm](http://news.xinhuanet.com/english/2017-06/09/c_136353417.htm)).
12. The first holder of this office was Zhang Deguang, a Russian-speaking Chinese diplomat (and former ambassador to Russia) who held this office from 2004 until 2007, when he was succeeded by the senior Kazakh diplomat Bolat K. Nurgaliyev. Since then, Secretary Generals have been appointed on the standard rotational principle.
  13. See < <http://eng.sectsco.org/documents/> >, year 2002.
  14. See < <http://eng.sectsco.org/structure/> >; also *Tashkent Declaration by Heads of Member States of the SCO*, June 2004 < <http://eng.sectsco.org/documents/> >.
  15. See 'Joint Communiqué Meeting of the Council of Heads of Government (Prime Ministers) of the SCO Member States', October 2005 < <http://eng.sectsco.org/documents/> >.
  16. See < <http://eng.sectsco.org/news/20170512/268857.html> >. The Twelfth Meeting, held in Tashkent in May 2017, was attended by over 100 delegates and experts from across the 'SCO family'. Participants included members of civil society as well as delegations from over 20 national research centres in SCO member-states
  17. The programme covers language training and subject areas such as Regional Studies, Ecology, Energy, and IT-Technology.). See further 'University of Shanghai Cooperation Organization' (<http://asu.edu.ru/en/mejdunarodnaya-deyatelnost/3666.html>).
  18. *Status of Observer to the Shanghai Cooperation Organisation* (<http://eng.sectsco.org/documents/>), year 2004.
  19. See < <http://eng.sectsco.org/documents/> >, year 2008.
  20. It might be assumed that Moscow supported the candidacy of Belarus; however, Russian diplomats claim that Belarus used Chinese support to outflank Russia (private discussions with Russian diplomats on the margins of various international conferences in 2011-2012).
  21. See *Regulation for the Admission of New Members to the SCO* (<http://eng.sectsco.org/documents/>), year 2010.
  22. See, for example, speech by Indian External Affairs Minister S M Krishna (<http://mea.gov.in/Speeches-Statements.htm?dtl/659>).
  23. Uzbek President Karimov in particular was firmly opposed to the militarisation of the SCO; see 10 July 2015 (<https://defence.pk/pdf/threads/india-pakistan-accession-to-sco-may-change-balance-of-power-on-world-arena.385285/>); also 'Central Asians Concerned About India, Pakistan Joining SCO', 15 July 2015 (<http://www.eurasianet.org/node/74226>).
  24. See <<http://eng.sectsco.org/documents/>>, year 2015.
  25. Reported 29 December 2015 (<https://armenpress.am/eng/news/831195/>); see also 'Iran's accession to SCO still on agenda', 9 October 2017 (<https://www.azernews.az/region/120204.html>).



26. Relations between China and the Maldives were strengthened by growing cooperation in the Silk Roads Maritime Route, hence the interest in these contacts; see <<https://www.globalsecurity.org/military/world/indian-ocean/mv-forrel-prc.htm> >.
27. See <<https://sputniknews.com/europe/201507101024443367/> >.
28. The authoritative official version of the *Treaty of Nerchinsk* was in Latin, drafted by Jesuits at the Chinese court; loose (and somewhat inaccurate) translations were made into Russian and Manchu. The Russian delegation was at a disadvantage not only from the legal and linguistic point of view, but also because the Chinese side was more familiar with local conditions (for Latin text, see <[https://la.wikisource.org/wiki/Treaty\\_of\\_Nerchinsk](https://la.wikisource.org/wiki/Treaty_of_Nerchinsk) >).
29. For the English language text, see <[http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zjzg\\_663340/dozys\\_664276/gjlb\\_664280/3220\\_664352/3221\\_664354/t16730.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/dozys_664276/gjlb_664280/3220_664352/3221_664354/t16730.shtml) >.
30. Currently, Japanese economic cooperation and aid accounts for approximately one-third of Mongolia's total aid from foreign countries and international organizations. See website of Japan's MFA, rubric: *Japan-Mongolia Relations*; also 'The great Japan-Mongolia love affair', Hisane Masaki. *Asia Times Online*, 28 February 2007 ([www.atimes.com](http://www.atimes.com) ).
31. 'Mongolia and SCO Boost Cooperation', MONTSAME Mongolian News Agency report, 24 January 2010.
32. B. Otgonsuren, *Mongolia-China-Russia Economic Corridor Infrastructure Cooperation*. Center for China and East Asian Studies, Institute for Strategic Studies of Mongolia, December 2015 ([https://www.erina.or.jp/wp-content/uploads/2015/02/se12710\\_tssc.pdf](https://www.erina.or.jp/wp-content/uploads/2015/02/se12710_tssc.pdf) ); also (<https://www.silkroadbriefing.com/news/2017/09/08/russia-mongolia-china-road-corridor-ready-2018/> )
33. See 'The U.S.-India Nuclear Deal', *Washington Post*, 4 September 2008 (<http://www.washingtonpost.com/wp-dyn/content/article/2008/09/04/AR2008090401614.html> ). For background, see Jayshree Bajoria and Esther Pan, 'The U.S.-India Nuclear Deal', Council on Foreign Relations. 5 November 2010 (<https://www.cfr.org/backgrounder/us-india-nuclear-deal>).
34. An incisive analysis of this relationship is provided by David M. Malone and Rohan Mukherjee, 'India and China: Conflict and Cooperation'. *Survival*, vol. 52/1, February-March 2010, pp. 137-58; specifically on India and the SCO, see Meena Singh Roy, *The Shanghai Cooperation Organisation: India Seeking New Role in the Eurasian Regional Mechanism*. Institute for Defence Studies and Analyses, New Delhi, Monograph Series, 34, February 2014.
35. Pakistan's President Pervez Musharraf (in office 2002-2008) instigated closer ties with Moscow (Muhammad Hanif, 'Pakistan-Russia Relations: Progress, Prospects and Constraints'. *IPRI Journal* XIII, no. 2, Summer 2013, pp. 63-86, Islamabad Policy Research Institute, Islamabad); the Iranian-Russian relationship was dramatically transformed after President Putin's re-election in 2012 (Nikolay Kozhanov, *Understanding the Revitalization of Russian-Iranian Relations*. Carnegie Endowment for International Peace, Moscow, 2015).
36. Reported 22 May 2016 (<https://pakobserver.net/65-years-of-pak-china-friendship/> ).
37. The document, signed by the Secretary Generals of UN and SCO in Tashkent, during Uzbekistan's chairmanship of SCO, provides a legal basis for cooperation between the Secretariats of UN and SCO on issues relating to international peace and security, under Chapter VIII of the UN Charter.

38. Originally founded in 1985 by Iran, Pakistan and Turkey as a pro-Western grouping, it underwent a radical change of orientation in the early 1990s owing to global and regional developments (e.g. the Iranian Revolution, collapse of the Soviet Union etc.). All the ex-Soviet Central Asian republics became members, as did Azerbaijan and Afghanistan. Its primary objective was to promote intra-regional trade and economic development.
39. Proposed by Kazakhstan in October 1992, at the 47th Session of the UN General Assembly, it was conceived as an Asian counterpart to the Organisation for Security and Cooperation in Europe (OSCE). The first CICA Summit was held in Almaty, the then Kazakh capital, in June 2002. The new Organisation was warmly welcomed in Asia; by 2017, it had 26 member states, encompassing most of the Eurasian continent. Observers included the United States and Japan, also organisations such as the OSCE, CIS and Arab League.
40. See < <http://eng.sectsco.org/cooperation/> >, section on 'external communication'.
41. The Eurasian Economic Community (EAEC), in origin a Kazakh initiative, aimed at creating an integrated economic core within the CIS. In October 2000 the founding Treaty was signed by Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan; Uzbekistan was a member from 2005 to 2008. The EAEC developed into the Eurasian Customs Union (2010), which in 2015 became the Eurasian Economic Union (EEU).
42. The CSTO developed out of an inter-governmental military pact, signed on 15 May 1992, by post-Soviet states Russia, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan; Azerbaijan, Belarus, and Georgia joined in 1993. In 1999, all but Azerbaijan, Georgia and Uzbekistan agreed to renew the Treaty for five more years: in 2002 the remaining six members established the Collective Security Treaty Organization. Uzbekistan re-joined the CSTO in 2006 but withdrew in 2012.
43. The acronym BRIC was coined in 2001 by Jim O'Neill, the then head of global economic research at Goldman Sachs, who saw that these four newly advancing economies had common characteristics. In 2010, the BRIC group was institutionalised and that same year South Africa became a member.
44. Reported 22 December 2015 (<https://24.kg/archive/en/evraziasoyuz/178580-news24.html/> ).
45. Reported 3 March 2016 (<http://russianconstruction.com/news-1/top-stories/23106-the-eaeu-and-sco-states-are-preparing-an-agreement-on-the-free-trade-zone-creation.html> ).
46. Reported 2 June 2017 ( <http://www.eurasiancommission.org/en/nae/news/Pages/2-06-2017.aspx> ).
47. The 'Central Asia plus Japan Dialogue' (CAJD) was established in August 2004, in Astana; for a chronology of subsequent meetings see < <http://www.mofa.go.jp/region/europe/dialogue/press0408.html> >. The CAJD Action Plan was launched in Tokyo, June 2006 ( <http://www.mofa.go.jp/region/europe/dialogue/action0606.html> ). In the scope of its agenda it resembled the *SCO Charter*.
48. The inaugural meeting of the 'Korea-Central Asia Cooperation Forum' was held on 15 November 2007 in Seoul. Thereafter it became an annual event; the Secretariat was established in Seoul on 10 July 2017 ([https://en.kf.or.kr/?menu=3767&type=view&evnt\\_no=2523&pageIndex=1&search](https://en.kf.or.kr/?menu=3767&type=view&evnt_no=2523&pageIndex=1&search) ).
49. It developed out of the Conference on Security and Co-operation in Europe, a

- Cold War East-West forum, convened in Helsinki in 1975.
50. For a summary of these issues, see Marlene Laruelle and Sebastien Peyrouse, *Regional Organisations in Central Asia: Patterns of Interaction, Dilemmas of Efficiency*. Working Paper no. 10, Institute of Public Policy and Administration, Bishkek, 2012.
  51. Personal discussions with Western and Central Asian diplomats (mostly in NATO Defense College, Rome, in 2010-2012). For a comparative study of these organisations, see D. Pisoiu, *The OSCE and the SCO – Perspectives for Cooperation*. Policy Paper 8, November 2015, Austrian Institute for International Affairs (OIIP), Vienna.
  52. Azhar Serikkaliyeva, 'The SCO Free Trade Area Project: Problems and Prospects'. *Weekly Analysis*, Eurasian Research Institute, Ahmet Yassawi University, 28 February-6 March 2017, no. 105 ( [http://eurasian-research.org/sites/default/files/Weekly\\_e-bulletin\\_28.02.2017-06.03.2017\\_No%20105.pdf](http://eurasian-research.org/sites/default/files/Weekly_e-bulletin_28.02.2017-06.03.2017_No%20105.pdf) ).
  53. Compare the bland Chinese statement on 21 October 2016 ([http://www.chinadaily.com.cn/business/2016-10/21/content\\_27129598.htm](http://www.chinadaily.com.cn/business/2016-10/21/content_27129598.htm)), with the more positive Kazakh position by 9 June 2017 (<http://www.kazpravda.kz/en/news/economics/kazakh-president-suggested-creating-free-trade-zone-in-sco/> ).
  54. For a detailed discussion of these issues, see S. Akiner, 'Central Asia and the New Trans-Eurasian Connectivity: The Silk Roads' Reborn'. In *Interregional Cooperation in Eurasia: Transport and Logistics Projects as an Accelerator of Integration*. SAM Review, vol. 9-10, September 2013, Baku, 2013, pp. 11-50.
  55. They began developing large-scale transport networks in the mid-20th century. UN ESCAP oversaw the launch of the integrated Asian Land Transport Infrastructure Development Project in the 1990s. The various modal branches of the UNECE network were combined in 1996.
  56. SPECA members are: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.
  57. The first phase of the EATL project was implemented in 2002-2007, the second phase in 2008-2012.
  58. As of 2017, the members of the CAREC Programme were: Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. See further *CAREC Transport and Trade Facilitation Strategy: Partnership for Prosperity*. ADB, Manila, 2009.
  59. Iran was admitted to TRACECA in 2009; however, owing to the imposition of sanctions by the UN Security Council and the EU, technical assistance was not provided to Iran from 2010.
  60. See *European Union and Central Asia: Strategy for a New Partnership*, esp. pp. 17-20; also < [http://ec.europa.eu/europeaid/what/energy/policies/eastern\\_neighbourhood/inogate\\_en.htm](http://ec.europa.eu/europeaid/what/energy/policies/eastern_neighbourhood/inogate_en.htm) >.
  61. The idea originated in the US Silk Road Strategy Act (1999). For Under Secretary of State Hillary Clinton this became *A Vision for the 21st Century* ( <http://www.state.gov/secretary/rm/2011/07/168840.htm>); it was developed further at the New Silk Road Ministerial Meeting, 22 September 2011, New York. (<http://www.state.gov/secretary/rm/2011/09/173807.htm>).
  62. A good survey of the political and economic environment is given by A. Evans, 'South Korea's "New Silk Road" to Central Asia: Diplomacy and Business in the Context of Energy Security'. In *SAIS US-Korea Year Book 2012*, Johns Hopkins University, U.S.-Korea Institute, 2013, pp. 67-81.

63. President Park was impeached on charges of corruption in 2017; it was not clear at that stage whether her successor, Moon Jae-in, would continue to implement this policy.
64. An example of this cooperation was the 'Silk Wind' high speed rail project for block train container transport, which was being developed in conjunction with TRACECA, to run from China via the Caspian states to Turkey and Europe (<http://www.railwaypro.com/wp/silk-wind-getting-china-closer-to-europe/>), 23 April 2014.
65. Shigeru Otsuka, 'Central Asia's Rail Network and the Eurasian Land Bridge'. *Japan Railway & Transport Review* 28 September 2001, pp. 42-49.
66. The SCO Agreement on International Road Transportation Facilitation, signed in Dushanbe in September 2014, came into force on 20 January 2017; for the background to this document, see interview with the SCO General Secretary R. Alimov, 'SCO gives green light to China-Europe road transport', 20 January 2017 (<http://eng.sectsco.org/news/20170120/196820.html>).
67. Due to be opened in 2018 (<https://www.silkroadbriefing.com/news/2017/09/08/russia-mongolia-china-road-corridor-ready-2018/>).
68. These two projects (the 'International North-South Transport Corridor' and the 'North-South Transnational Corridor') were developed separately, with separate sources of funding; but by 2015 efforts were being made to combine them, so that instead of competing they would complement each other. The Turkmen branch was expected to become operational in 2018.
69. See further Ian Storey, 'China's Malacca Dilemma'. *China Brief*, vol. 6/8, 12 April 2006 (<https://jamestown.org/program/chinas-malacca-dilemma/>).
70. Assessments of the viability of this project varied considerably. Western analysts were mostly dismissive, regarding it as structurally over-ambitious, economically redundant and likely to be a magnet for terrorist attacks. Regional experts, however, welcomed CPEC, convinced that it was essential for economic and social development. For an overview of these arguments, with maps) see: < <https://www2.deloitte.com/content/dam/Deloitte/pk/Documents/risk/pak-china-eco-corridor-deloittepk-noexp.pdf> >.
71. For a discussion of the problems that could hinder this project see: *Central Asia's Silk Road Rivalries*. International Crisis Group, Report no. 245, 27 July 2017 (<https://www.crisisgroup.org/europe-central-asia/central-asia/245-central-asias-silk-road-rivalries>).
72. There were of course other dimensions to this policy, including domestic concerns. See further P. Ferdinand, 'Westward ho—the China dream and “one belt, one road”: Chinese foreign policy under Xi Jinping'. *International Affairs*, vol. 92/4, 2016, pp. 941–957 (esp. 948-51).
73. See HSBC report 15 Nov 2017 (<http://www.business.hsbc.com/china-growth/chinas-recent-port-acquisitions-begin-to-link-up-to-overland-bri-projects>).
74. It was estimated that infrastructural expenditure would amount to US\$1.7 trillion annually up to 2030. No single source of funding could cover such costs, thus a diversified financing system was envisaged. Much of the core funding, however, would come from Chinese banks; see HSBC report 31 May 2017 (<http://www.business.hsbc.com/belt-and-road/finance/financing-chinas-belt-road-initiative>).
75. This is a huge topic and it is impossible to do justice to it in a few lines. See analysis by James Henderson and Tatiana Mitrova, *Energy Relations between Russia and China: Playing Chess with the Dragon*. Oxford Institute for Energy

- Studies, August 2016.
76. See *Energy Relations between Russia and China*, esp. pp. 28-31.
  77. The GECF, which brings together most of the world's leading gas producers, was created in Tehran in 2001; it became an international Organisation in 2008 and acquired a permanent base in Doha. Russia was a founder member, Kazakhstan an observer; see further report of 3 October 2017 (<http://tass.com/economy/968693>).
  78. The obstacles and objections to the formation of the SCO Energy Club were succinctly set out by E. Z. Granet, 'Why Is There *Still* No Established SCO Energy Club?', 30 June 2015 (<https://www.academia.edu/23527787/>). The pessimistic conclusion was belied shortly afterwards an indication of how difficult it was to predict the internal dynamics of the SCO.
  79. Reported 1 February 2014 ([http://www.inform.kz/en/kazakhstan-to-hold-meeting-of-sco-energy-club\\_a2626802](http://www.inform.kz/en/kazakhstan-to-hold-meeting-of-sco-energy-club_a2626802)).
  80. Turkey's chairmanship was an unexpected development (< <https://www.dailysabah.com/energy/2016/11/23/turkey-to-chair-2017-energy-club-of-shanghai-cooperation-organization> >), *Daily Sabah*, 23 November 2016.
  81. It developed out of an earlier version, presented at the Yekaterinburg Summit in June 2009 (<https://ccdcoe.org/sites/default/files/documents/UN-150113-CodeOfConduct.pdf>).
  82. S. McKune, *An Analysis of the International Code of Conduct for Information Security*, 28 September 2015 (<https://citizenlab.ca/2015/09/international-code-of-conduct/>).
  83. 'SCO hosts first joint online, counter-terrorism exercise in China', October 14, 2015 ([http://eng.mod.gov.cn/Database/MOOW/2015-10/15/content\\_4624404.htm](http://eng.mod.gov.cn/Database/MOOW/2015-10/15/content_4624404.htm)).
  84. The international ramifications of the war in Afghanistan, with its political as well as criminal linkages, was cogently analysed by J. Cooley, *Unholy Wars: Afghanistan, America and International Terrorism*. London, 1999.
  85. Uzbekistan had had bilateral military ties with the United States since 1995; in addition to the K-2 US base, it granted basing rights to Germany. Tajikistan also accepted a small French contingent. See further S. Akiner, 'Regional Security Organizations and the Fight against International Terrorism in Afghanistan'. In *Afghanistan and Central Asia: NATO's Role in Regional Security since 9/11* (ed. O. F. Tanrisever). IOS Press and NATO Emerging Security Challenges Division, Amsterdam/Washington DC, 2013. pp. 173-189.
  86. See <http://eng.sectsc.org/documents/>, year 2002, section IV of Declaration of Heads of State.
  87. See report of 13 June 2006 ([http://www.gov.cn/misc/2006-06/13/content\\_308939.htm](http://www.gov.cn/misc/2006-06/13/content_308939.htm)). When President Karzai returned to Kabul after the meeting, he commented that the SCO was 'not anti-west' and wanted closer links with it (*Xinhua*, 22 June 2006).
  88. *Kabul Times*, 15 October 2017 (<http://thekabultimes.gov.af/index.php/opinions/politics/15149-sco%E2%80%99s-afghanistan-contact-group-meeting-held-in-moscow.html>).
  89. *The Economic Times*, 10 October 2017 (<https://economictimes.indiatimes.com/news/defence/india-invited-to-join-sco-contact-group-meeting-on-afghanistan/articleshow/61023705.cms>).
  90. For a full-length study of this issue, see S. Akiner, *Kyrgyzstan 2010: Conflict and Context*. Central Asia-Caucasus Institute & Silk Road Studies Program,

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- Washington DC/Stockholm, 2016.
91. H. Kazem, 'Karzai Hints at Permanent U.S. Military Basing'. *Los Angeles Times*, 14 April 2005.
  92. Personal communications from senior Uzbek diplomats in 2005 and later. For an authoritative account of relations between Tashkent and Washington DC during this period, see J. Daly, K. Meppen, V. Socor and F. Starr, *Anatomy of a Crisis: U.S.-Uzbekistan Relations, 2001-2005*. Central Asia-Caucasus Institute & Silk Road Studies Program, Washington DC/Stockholm, 2006 (esp. pp. 50-53).
  93. Daan van der Schriek, 'Afghan riots bode ill for US long-term plans', 13 May 2005 (<http://archive.li/djy9r> ).
  94. For a more nuanced assessment, see J. Daly, *Rush to Judgment: Western Media and the 2005 Andijan Violence*. Central Asia-Caucasus Institute & Silk Road Studies Program, Washington DC/Stockholm, May 2016.
  95. See S. Akiner, *Kyrgyzstan 2010: Conflict and Context*, p. 14.
  96. Frederick W. Stakelbeck Jr. ('A new bloc emerges?' *American Thinker*, 5 August 2005) stated that there was an 'abrupt rejection of U.S. requests for observer status' in the SCO; this claim was repeated by other authors. Yet according to SCO sources, no formal application was ever received by the Secretariat. Furthermore, the US did not fit the criteria set out in the *Charter*, so was not eligible for this status.
  97. See the English translation of the *Astana Declaration by the Heads of Member States of the SCO* (<http://eng.sectesco.org/documents/> ), year 2005. The Russian and Chinese versions, which are the authentic official versions, are also available on this website.
  98. 'Uzbekistan Serves United States with Air Base Eviction Notice', 31 July 2005 (<http://www.eurasianet.org/departments/insight/articles/eav080105.shtml>).
  99. NATO-Russia Council, 18 July 2012 (<https://www.nato.int/nrc-website/en/articles/2012-07-18-nrc-transit-agreement-qa/index.html> ).
  100. Reported on 22 May 2014 (<http://www.globaltimes.cn/content/861573.shtml>).
  101. J. Gaskarth (ed.), *China, India and the Future of International Society*. London/New York, 2015; especially relevant is the paper by D. Kerr, 'China's Search for Normative Power and the Possibility of the Asian Century', pp.105-126. See also Suter, 'China Forging International Law: The SCO Experience'; and McKune, *An Analysis of the International Code of Conduct for Information Security*.

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## INDIAN EXPERIENCE IN SCO: FROM OBSERVER STATUS TO FULL MEMBERSHIP

TATIANA SHAUMYAN

The first decade of the third millennium is characterized by a substantial increase in the mutual dependency between nation states regarding realization of economic, social-political, technological and other goals. The strategic alliances were replaced by global, regional and sub-regional economic and commercial blocs. The formation of new associations, increase in the number of regional organizations, the intensification of their activities, the possibility and ability of adaptation to globalization processes are determined by their economic interests, by the necessity, first of all, for neighboring states, to develop mutual contacts and cooperation.

Being a world power at every stage of its independent development, India has always taken part in the activities of international and regional organizations. India for more than 70 years now, has been taking active part in UN activities, including peacekeeping efforts in different parts of the world. Under the conditions of cold war India headed by Prime Minister Jawaharlal Nehru was one of the originators of the concept of non-alignment and the Non-Aligned Movement, playing the role of its formal and informal leader. In 1985, the South Asian Association for Regional Cooperation (SAARC) was created, and India continues to take an active part in its activities. Formed in 1997, the Bay of Bengal Community Initiative for Multisectoral, Technical and Economic Cooperation (BIMSTEC) is likely to become a major foreign policy preoccupation of India and other member states. In 2005 India together with Pakistan and Iran got the status of an Observer in Shanghai Cooperation Organization, which includes the biggest states of Eurasia as full members. In certain international documents and in the world press an informal group is being

mentioned repeatedly including Russia, India and China, which elaborates a mutual approach to the most important challenges of our times, such as anti-terrorist efforts, war on drug trafficking, disarmament and prevention of international armed conflicts, establishing a multi-polar world, energy safety and security, development of science, culture and humanitarian cooperation (first of all in the field of modern information technologies), and issues like global warming, etc. The abbreviation BRIC – Brazil, Russia, India, China (and later – BRICS, including South Africa) – is also mentioned repeatedly as the group of countries, which, according to the estimates of the well known North American investment bank Goldman & Sachs, will become world economic powers within the next forty years. India and China, they predict, will become the biggest world suppliers of goods and services, while Brazil and Russia will be the main sources of raw materials, including energy resources.<sup>1</sup> The total population of the BRICS countries by the year 2050 will rise to 40% of the world population, and GDP will rise to 14.95 trillion US dollars.<sup>2</sup>

After twelve years of stay in the status of Observers, the issue of the completion of the process of India and Pakistan gaining full membership of the SCO was discussed on 21 April 2017 at the meeting of Foreign Ministers of member countries of this organization. It will be the second time after SAARC that both India and Pakistan become members of any international regional organization. Russian Foreign Minister Sergei Lavrov said that this important event “will make history” and would increase the organization’s global influence. He added that “the SCO will include as many as 43% of world’s population while its member states will account for 24% of global gross domestic product”. The SCO will also include four nuclear powers – Russia, China, India and Pakistan.

The participation in SCO will provide India an opportunity to strengthen its relationship with the member states; to develop the economic cooperation with them including the project of major International North-South Transport corridor linking India with Eurasia through Iran. In his address at the SCO Summit in June 2016 Prime Minister of India, Narendra Modi said that India would significantly benefit from the grouping’s strengths in energy and natural resources and in turn India’s strong economy and vast market could drive economic growth in the SCO region. He added: “India’s ties with the bloc will help protect the region from threats of radicalization and violence asserting that it would adopt “zero tolerance” to terrorism”.<sup>3</sup>

Finally, on 9 June 2017 at the summit in Astana, India and Pakistan



became full members of SCO. Some columnists have entitled their publication with this news "India's membership was strongly pushed by Russia, while Pakistan's entry into the grouping was backed by China".<sup>4</sup>

This was preceded by a twelve-year period of Observer status and special training, during which the two countries have met in less than two years all the necessary conditions for joining the organization. May be their experience will be useful to other countries that will feel the need to join the SCO.

### SCO: MEMBERS, OBSERVERS AND PARTNERS

India along with Pakistan and Iran in 2005 received the status of Observers in the Shanghai Cooperation Organization (SCO) which showed not only quantitative but also qualitative changes in the structure and perspectives of the SCO activities. India, Iran and Pakistan are sufficiently influential in the international arena and would hardly have taken up the task of receiving the status of the SCO Observers or full members had this Organization only been the "paper tiger". The entry into SCO even with Observer status of such countries as India, Iran and Pakistan, raised it to the largest geo-political structure of security and economic cooperation bringing together the most populous states of the world and combining the basic Eurasian geo-political regions – the zone of Eastern Europe, South, Central and North East Asia with a population of nearly three billion people. India shares the SCO approaches to such problems as the struggle against terrorism, disagreement with the concept of "unipolar world" and "coloured revolutions", actively supports the desire to strengthen economic linkages between the SCO States.

The important issue for the SCO has been to define a clear role for Observer states. The Regulations on Observer Status at the Shanghai Cooperation Organization adopted on 17 June 2004 in Tashkent in accordance with Article 14 of the SCO Charter signed on 7 June 2002, determine the order of granting Observer status at the SCO to an interested state or an intergovernmental international organization (forum). A state or an organization with Observer status has the following rights:

- to attend open meetings of the MFA Council and Conferences of Heads of Ministries and/or Departments of SCO Member States;
- to participate in discussions over issues lying within the competence of the SCO institutions without the right to vote and with advance consent of the chairperson, to circulate through the SCO Secretary-

General statements, written in the working languages of the SCO, on issues of their concern lying within the competence of the SCO;

- to gain access to documents and decisions of the SCO institutions, mentioned in Article 4 of the Charter, if the relevant institutions of the SCO do not impose restrictions on their dissemination.

Observer status does not give the right to participate in preparation and signing of documents of the Organization. Observers do not participate in formulating decisions of the SCO institutions and do not bear responsibility for such decisions as well. A state or an organization with Observer status informs the SCO Secretariat of its intention to participate, deliver a speech and/or circulate written statements at meetings of the SCO institutions not later than 10 working days before the start of the meeting. The level of representation of Observers must correspond to the level of representation of SCO member states. Observers bear all expenses with regard to their participation in the meetings of the SCO institutions.

The Observer states would be engaged at multiple-levels to cooperate within the SCO framework. In fact, the SCO had maintained a moratorium on new members for two years. It also made clear that there are no plans to bring in any new states, though it is open to cooperation with Observer states and other interested countries. On the issue of cooperation with Observer states, SCO Foreign Ministers agreed to deepen pragmatic cooperation with them in areas like economy, energy and banking.

SCO members have agreed on the **Regulations on Partnership Dialogue** within the SCO framework. Once these regulations are approved, they will allow the states interested in interacting with the SCO to cooperate with a country or an international organization to acquire the status of dialogue partner in the SCO.

A state or an organization which wishes to obtain the status of Partner forwards a letter addressed to the SCO Secretary-General which contains a request to be granted such status and is signed by the minister of foreign affairs or the head of the executive body of an organization.

The SCO Secretary-General notifies the Council of National Coordinators (CNC) of the SCO member states of receiving such letter. The CNC submits the issue with relative proposals to the Council of ministers of foreign affairs of the SCO member states for consideration. A decision to grant the status of Partner is taken by the Council of heads of member states of the SCO on the recommendation of the CMFA. Granting of the status of Partner is finalized in the form of a Memorandum between the SCO and a state or an organization on conferring the status of Partner

on a state or an organization. The Memorandum outlines areas in which a state or an organization will interact with the SCO.

The Partner is entitled to participate in:

- Meetings of heads of ministries and/or departments of the SCO member states responsible for areas of cooperation outlined in the Memorandum;
- Meetings of working groups, commissions of senior officials and other structures set up by the SCO member states with the aim of conducting cooperation in areas being the subject of partnership;
- Scientific and expert meetings (forums, conferences, and workshops), days of culture, festivals, exhibitions, contests, sports competitions and other activities related to areas being the subject of partnership.

During the activities, the Partner is entitled to make presentations on issues being the subject of partnership, to receive documents and materials circulated among participants of the activities (provided these documents and materials are not for limited circulation), to circulate their materials and documents with the consent of the SCO member states. At the Partner's request and with the consent of the member states of the Organization, the text of a statement of its official representative or documents can be posted on the relevant websites of the SCO together with other materials of this event.

There has been difference of opinion among member states on the issue of expansion. While accepting that expansion is an important issue, members feel that maintaining efficiency would remain the key factor while considering bids for full membership. While member states want greater cooperation both among themselves and with Observer states, they were not ready to open full membership to other states. Li Yongquan, Executive Member of the Council of China Centre for SCO Studies, articulated the view that enlargement is unlikely because SCO is a regional organization and there are some problems among member states which need to be resolved before taking up the issue of full membership for Observer states. However, there is a huge potential for economic cooperation with Observer states.

A careful analysis of developments within the SCO indicates that over the years its focus has shifted from settling border issues to security and now to economic cooperation, to cooperation in social, cultural, and educational areas.

### INDIA AND SHANGHAI COOPERATION ORGANIZATION (SCO)

India has an interest in the development of science-technology and trade-economic cooperation with the countries of Central Asia, especially considering its need for energy resources. SCO includes some of the world's biggest energy producers, such as Russia and Kazakhstan, as well as some of the biggest consumers, such as India and China. There are projects related to building gas pipelines to India from Iran through Pakistan and from Turkmenistan through Afghanistan and Pakistan. Special attention is given to the creation of "North-South" transportation corridor, providing for a short and efficient trade route to Russia and Central Asia.

Realization of joint economic projects within the framework of SCO, such as oil and gas pipelines from Iran, Uzbekistan, Turkmenistan through the territories of India and Pakistan could be one of the factors of normalizing relations and developing cooperation between India and Pakistan.

India's interest in SCO activities, was also reflected in the level of Delhi's representation at the SCO Summits (the last Summit in 2009 was an exception). Instead of Prime Minister Man Mohan Singh, Oil and Gas Minister Murli Deora participated in the meetings<sup>5</sup> (may be it determines the spheres of SCO activities which are of priority for India). One may also presume that the level of India's representation was related to its status of Observer. It is not improbable that Delhi took into consideration the negative attitude of the USA towards the SCO, as an organization which strives to limit Washington's level of involvement in regional issues.

The leaders of the countries that belong to the SCO, prominent politicians and diplomats, keep declaring that this organization will not be transformed into any military alliance, and that its activities are not directed against the interests of "third countries": it only pursues the aims of economic development, improvement of infrastructure, extension of trade relations, regional stability and security, and efforts against terrorism and extremism. At the same time some analysts evaluate this regional organization as a counterbalance to the efforts of the USA and NATO to extend their influence into the region. Those who hold this opinion consider as confirmation of their point of view the big joint SCO military exercises which took place on 17 August 2007 in the Urals territory of the Russian Federation.

Obviously, the military component enhances SCO activities. India prefers to keep its distance from participation in any discussions on military,

strategic and political problems within SCO, paying attention instead to cooperation in the field of trade, economic and political cooperation. The above-mentioned participation of the Indian Oil and Gas Minister in SCO Summits can be evaluated as a demonstration of Delhi's interest in development of cooperation in the field of energy<sup>6</sup>. At the same time the latest Summit in Bishkek and the military maneuvers were aimed to display to the Observer countries that full cooperation with the SCO is possible only on the condition that they would be ready to cooperate in the fields of economy and security.

In this very context it seems reasonable to look back at the changes occurring in SAARC, a regional association, where India is not only a full member, but where it can directly influence the process of decision-making and may cooperate with influential countries and associations located beyond the bounds of the region, such as China, the USA, the EU, Japan and South Korea.

#### INDIA'S ENTRY INTO THE SCO AS A FULL MEMBER: PARTIES' INTERESTS AND POSSIBLE OUTCOME

India keeps up regular business relations with all the SCO member states, and this fact can be regarded as an important factor, which is instrumental in India's integration with this regional organization. However, in terms of India's national interests and solving the problems of national security, the level, the nature and importance of this relationship are different.

First of all, in general, India shares and supports basic principles and goals of the SCO activities, such as providing security and stability in the region, constraining terrorism and extremism, boosting trade and evolving economic cooperation, in the first place in the energy sphere.

India's participation as full member in the SCO will bring a new dimension to its bilateral relations with the members and observers of this international organization. The SCO may become an additional arena for India's interaction with China, "a new site for strengthening bilateral cooperation", as Chairman of China Hu Jintao put it in the course of his talks with former Foreign Minister of India, Natwar Singh during the summit in Astana.<sup>7</sup> Owing to India's entry into the SCO the trilateral cooperation in the SCO frameworks would be put on the international legal basis. It is the SCO framework, in which cooperation between the three countries including conducting joint military maneuvers, which was already mentioned in one way or another by the three countries' Defense

Ministers after conducting Russian-Chinese and Russian-Indian military exercises, is possible. Besides, Prime Minister of Pakistan did not exclude the possibility of requesting for letting Pakistani soldiers participate in the anti-terror joint military maneuvers, similar to those, which Russia, India and China held on bilateral basis in summer and autumn 2005, and which in prospect might be conducted on the trilateral basis.<sup>8</sup>

India is interested in constraining religious fundamentalism and is keen to be actively involved in counteracting international terrorism and drug trafficking. India has gained experience of combating terrorism inside the country, and it has sustained cooperation with Russia in this field (for instance, a joint working group on fighting terror in Afghanistan has been set up and is operating). Ways of cooperation with China have also been mapped out. India shares views or adheres to similar positions on several issues with the rest of the SCO member countries.

China was not ready to allow the SCO to accept India alone: it insisted that the same status should be also given to Pakistan. In any case the entry of India and Pakistan into the SCO will enhance the SCO role in the regional and global politics, promote fight against terror, extremism and separatism, and introducing confidence measures using China's, Russia's and India's expertise.

Russia has been interested in India's participation in the SCO. India has been its long-standing friend and strategic partner. India's Central Asian neighbors, who for centuries have been maintaining contacts with India as trade, economic, cultural and civilization partners, sharing with the majority of Indian population views on religious values and principles of secularism, positively view India's entry into the SCO. As regards Pakistan's entry into this organization, Pakistan is an Islamic state, with which the Central Asian countries have much in common in the cultural and civilization aspect. Pakistan is China's ally. As for Indo-Pakistani relations, India and Pakistan are still feeling the burden of the past and keeping important bilateral and regional problems unsolved. From the very beginning Pakistan has been showing interest in maintaining cooperation with the SCO and being involved in its activities, realizing that the ways of solving this issue will be considered in connection with India's position and the prospects of its participation in the SCO. As for India, expansion of the SCO by admitting the two South Asian countries, could automatically draw the SCO attention to the Kashmir problem and therefore, the partners of this organization may face certain difficulties. The SCO is unlikely to agree on including the Kashmir issue into the zone

of its responsibility. India does not expect bilateral problems to be discussed in the SCO framework, and bilateral issues of the Indo-Pakistani relationship including the Kashmir issue, will be solved in the dialogue process between them. At the summit in Moscow, Prime Minister of Pakistan also underlined that the matter of the SCO participation in settling the Kashmir issue was not under discussion so far.<sup>9</sup>

India and Pakistan, developing their relations with the SCO independently, were allowed to enter this organization only together. One of the reasons is that in case only one of the new nuclear states was accepted, its influence would be increased. It would have led to breaking a very flimsy balance of forces. It would also impose obligations on them not to put their conflict in the center of international observers at least in the SCO framework.

This organization was set up on purpose to search for compromises while settling or solving conflicts between the SCO member countries. This is why the SCO may become “an additional platform for dialogue, in which the states of the region participate, and two of them are the UN Security Council permanent members.”

As for China, its attitude towards India’s entry into the SCO may also be defined by a combination of various bilateral and regional factors. As “pro” factor the attitude towards India as an important strategic partner in Asia and the leading South Asian power can be mentioned. China realizes that further normalization of their relations is needed.

However, there are some limitations in India’s and China’s readiness to cooperate in the framework of Central Asia and the SCO. China took the perspective of India’s entry into the SCO with caution, mostly because these countries may see each other as rivals in Central Asia, at least regarding everything related to using the region as market of selling their industrial goods, namely products of pharmaceutical industry, information technologies, consumer goods etc. Being interested in preventing Islamic extremism from being spread in their countries and in the Central Asian states, India and China adhere to different views on ways and methods of opposing processes both on the state and the regional levels. In its policy, India continues to keep a syndrome of no-confidence towards China and fears that Beijing’s strategic partnership with its South and Central Asian neighbors may cause damage to India’s defense, political and strategic interests. China supported Pakistan’s efforts to join the SCO and it maintains relations of strategic partnership with Pakistan. There are some fears that in this case the Kashmir issue may become a vexed problem, as

India is likely to take it negatively if the Central Asian states put this matter under discussion.

According to Russian experts, India's and China's common interest in combating terrorism will be instrumental in achieving understanding and cooperation between the two countries. Besides, like Russia, China is unlikely to be interested in developing strategic partnership between India and the United States, and India's participation in this Central Asian regional organization in some degree can, as Russia and China take it, counterbalance possible negative outcome of the American-Indian cooperation.<sup>10</sup>

India's entry into the SCO will work towards forming a new balance of forces in this organization and will strengthen relationship in the framework of cooperation between Russia, India and China, which are trying to play the role, which is independent of the United States. It means that a new large "pole of power", which would have common goals of fighting terrorism and separatism and boosting economic ties, may be set up.

A number of Russian experts express concern that "without reorganization, without radical changes in the composition, ideology, activities and the structure, the SCO is not viable." This is why "to settle inner conflicts and put the organization in the qualitatively new condition, the third force should be introduced into the SCO." Such force will appear with the induction of India and Iran, which relate to the most ancient Indo-European civilization, possess an enormous material and spiritual potential and share borders with the SCO. India's and Iran's entry into the SCO would turn this organization into the largest integration world alliance, in which almost all types of the state-built civilizations and world belief would be represented, namely Christianity, Hinduism, Buddhism, Confucianism, Taoism, Islam.<sup>11</sup>

After the accession of India into SCO as an observer and now as full member, the trilateral cooperation between Russia, India and China gains an international legal base. Meetings of Foreign Affairs Ministers of Russia, India and China during the UN General Assembly in New York in 2003-2004 laid the foundation for the trilateral negotiation process at the official level. In October 2004 the Ministers met in the city of Almaty, in the framework of the meeting of Foreign Affairs Ministers of the countries participating in the Conference on Cooperation and Confidence Building Measures in Asia (CICA). On 2 June 2005, in the city of Vladivostok, the fourth in the chain of unofficial meetings and the first meeting at the level



of the Heads of Foreign Affairs Ministries of the three countries was held beyond the bounds of any other international forum. A regular meeting of the Ministers was held on 14 February 2007 in New Delhi and on 24 October 2007 in Harbin.<sup>12</sup> On 27-29 March 2008, at the initiative of India, a trilateral seminar took place related to the issues of geopolitical and strategic trends in partnership with “state executive offices and scientists”. Within the framework of the trilateral process, a conference of business representatives of the three countries was held on 15 December 2007 in Delhi.

In the documents of the trilateral meetings, a similarity of approaches was reconfirmed regarding the crucial issues of world development in the 21<sup>st</sup> century, chiefly the necessity of “democratization of international relations for creation of fair international order based on adherence to the norms of international law, equality and mutual respect, cooperation and strives to multi – polarity”. The ministers expressed the wish of Russia, India and China to cooperate in the struggle against drug trafficking and other manifestations of international crime. The prospects for trilateral economic cooperation were discussed, including such fields as transportation, agriculture, energy and high technologies, information technologies and biotechnology as well. It was repeatedly confirmed that trilateral cooperation is not aimed against the interests of any country, but is directed “to promote international harmony and mutual understanding in developing a mutual approach in consideration of different interests”. The question was posed on the necessity to create “mechanism of trilateral consultations between Foreign Affairs Ministries at the level of heads of departments or divisions in order to facilitate coordination and cooperation of the three countries on regional and international issues and realization of the agreements made during the meetings of Foreign Affairs Ministers”, which gives evidence of a realization of the necessity of institutionalization of cooperation between Russia, India and China.

On 17 July 2006 in Saint Petersburg within the chain of events related to G8 Summit, the first trilateral meeting of Russian President Putin, Indian Prime Minister Manmohan Singh and the Chairman of People’ Republic of China Hu Jintao was held, having been prepared by the prior meetings of heads of Foreign Affairs Ministries, prominent politicians and economists of the three countries.

The tradition of trilateral meetings of Ministers of Foreign Affairs of Russia, India and China was followed in mid– May 2008 in Ekaterinburg,

where the Parties reconfirmed the mutual concept of peaceful political settlement of such problems as Kosovo, the civil war in Lebanon, the nuclear crises over Iran and the DPRK. On Kosovo, India for the first time joined Russia and China in stating that “the unilateral declaration of independence of Kosovo is contrary to the UN Security Council Resolution 1244” and called for settling the issue “through negotiations” between Belgrade and Pristina. The possibility of creating a “security belt” around Afghanistan to counteract drug trafficking from the country was discussed.

In May 2008 in Ekaterinburg one more event occurred: the first separate meeting of Foreign Affairs Ministers of the countries of BRIC – Brazil, Russia, India and China. These countries in 2003 were named by the experts of Investment Bank Goldman Sachs in special report “Dreaming with BRICs: The Path to 2050” as the most promising ones from the point of view of economic growth. They occupy 25 % of world territory and represent 40 % of the world population. It is presumed, that by the middle of 21<sup>st</sup> century they, in the aggregate, will be in advance of the group of the richest countries of the world: USA, France, Germany, Great Britain, Japan, Italy. With this China and India will become the biggest suppliers in the world of commodities and services, while Russia and Brazil will become the biggest suppliers of raw materials. In 2006 and 2007 Ministers of Foreign Affairs of BRIC met in New York during UN General Assembly meetings. They discussed issues of cooperation in political and economic fields, such as energy security, efforts against terrorism, global climate changes, nuclear non-proliferation, development of world trade, etc.

In June 2009, after a series of meetings among the BRICS foreign ministers, the first summit of the BRICS leaders was held in Yekaterinburg. The BRICS summit coincided with the Shanghai Cooperation Organization (SCO) summit, attended by both SCO members and observers, the fact that prompted Indian Prime Minister Manmohan Singh to participate in both the summit meetings (earlier, India was represented at the SCO conference by the Minister for Petroleum and Natural Gas, Mr. Deora).

The BRICS leaders spoke in favor of reforming the UN and upheld Indian and Brazilian efforts to play a more efficacious role in the UN Security Council. They advocated the establishment of a more democratic and equitable world order, founded on the rule of international law, equality, mutual respect and cooperation. Issues relating to food and energy security were also discussed, and an agreement envisaging closer collaboration at the level of Finance Ministries and Central Banks was reached. A Joint Statement issued on 16 June 2009 contained 16 political

sections and also a plea to redesign the world financial architecture. The decision to press ahead with the requirement of obtaining more voting rights with the international financial institutions was reaffirmed, the commitment to work on a diversified currency system was reiterated and the necessity of providing aid to the developing countries, which have been most severely affected by the financial debacle, was underlined. The document carried no anti-dollar provisions, as a substantial part of foreign exchange and gold reserves, with a total worth of US\$ 2.8 trillion, has been invested in the US Treasury bonds. According to the opinion of some analysts, the resolutions of the Yekaterinburg summit testified to the formation of a new bloc. However, the BRICS countries do not represent a political alliance or an official trade association. In future they might form an influential economic bloc, while BRICS meetings can become an important feature of international diplomatic activities.

India is emerging as a potential global power. It enjoys a lot of goodwill in the Central Asian region. India's integration in the SCO will contribute immensely to the stability of the region. It is time New Delhi defined its own geopolitical goal in Central Asia. Speaking on 9 June 2017 in Astana, Russian President Vladimir Putin in particular said: "The expansion of the Shanghai cooperation organization, undoubtedly, will help to ensure that it will become more powerful and influential in the political, economic and humanitarian spheres".

One is inclined to agree with the point of view of Indian analysts who state that at present stage Indian foreign policy is characterized by a transition from an active role in big associations of global level to the policy of creation of alliances and associations of a few countries, located particularly but not exclusively, beyond the bounds of the South Asian geopolitical zone and adjacent to India, countries that are traditionally within the sphere of its vital interests. At the same time, the development of cooperation between India, Brazil and South Africa, activation of relations between India and USA, including undersigning of 123 India – USA agreements, and participation in BRICS and BIMSTEC, could be evaluated as confirmation of the efforts of India to move beyond the framework of the region and attain recognition as a great world power.

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## SHANGHAI COOPERATION ORGANIZATION (SCO) IN THE FOREIGN POLICY OF KAZAKHSTAN

ALIYA AKATAYEVA

The development of cooperation with the Shanghai Cooperation Organization (SCO) is a priority of the foreign policy of the Republic of Kazakhstan. This is evidenced by statements by the President of Kazakhstan N.A. Nazarbayev and former Foreign Minister of Kazakhstan K.K. Tokayev. In the words of President Nursultan Nazarbayev, Kazakhstan attaches great importance to the Shanghai Cooperation Organization. He also pointed out that the establishment of the SCO as an authoritative international organization is a strategic priority of the foreign policy of Kazakhstan. Tokayev also said that cooperation within the SCO framework is a priority in Kazakhstan's foreign policy. "Our country intends to continue to contribute to the organization's potential and its international position," he said.<sup>1</sup>

Kazakhstan believes that the major achievement of the SCO has been to gain its influential status in modern international relations. The high level of regional integration within the SCO framework on security and stability, economic and humanitarian cooperation demonstrates the ability of the Organization to resist the challenges to current and strategic issues based on the interests of member countries together.<sup>2</sup> At a Summit of Heads of SCO Member States in Tashkent, the President of Kazakhstan Nursultan Nazarbayev in his speech noted that Kazakhstan's efforts as chairman of this influential regional organization would focus on all-round strengthening and realizing the potential of the SCO.

Kazakhstan has been an active participant in the "Shanghai process" and is fully committed to the goals and objectives of the Organization to improve its efficiency and strengthen the role and importance of the SCO in the modern world. The practical steps taken by Kazakhstan during its Chairmanship of the SCO were aimed at deepening multilateral

cooperation within the Organization. Particular attention was paid to the involvement of observer states and dialogue partners to the activities of the SCO, as well as to enhance its international contacts aimed at positioning the SCO as an authoritative actor in global geopolitics.<sup>3</sup>

### HISTORY OF THE SCO

On 26 April 1996, Shanghai five countries - Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan signed the Agreement to strengthen confidence-building measures in military sphere in the border area. This agreement entered into force on 7 May 1998. Earlier on 24 April 1997 leaders of five countries had met in Moscow and signed The Moscow agreement between Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan on Mutual Reduction of Military Forces in Border Regions. It entered into force on 6 August 1999. These two documents were the first such military-political documents, by which the concerned parties unanimously decided to continue the process of interaction, extending it to both the economic cooperation and on joint efforts to counter organized crime, international terrorism, drug trafficking and other forms of extremism. On 24-25 August 1999 Heads of the State of five countries meet in Bishkek, where they signed the Bishkek Declaration.<sup>4</sup>

From 13 to 17 March 2000 at the initiative of Kazakhstan, Almaty hosted the first meeting of military experts of the Joint Parties (Kazakhstan, Kyrgyzstan, Russia and Tajikistan), which resulted in: (i) The plan for the Joint Inspection in the year 2000 was finally coordinated; (ii) The Sheet urgent reports and formats for notifications were finally coordinated. The analysis was exchanged with China Joint Military Information on 1 January 2000. On 29 March 2000 in Astana, Kazakhstan initiated a meeting of defense ministers of the five states, during which the heads of military agencies discussed the nature of the performance of Shanghai and Moscow agreements, as well as the situation in the region. It was decided to develop a plan of joint actions aimed at strengthening cooperation and joint counteraction against international terrorism, arms smuggling and drug trafficking.<sup>5</sup>

On 5 July 2000, the regular Summit of the States Parties of the "Shanghai Five" was held in Dushanbe. This meeting witnessed the signing of the Dushanbe Declaration. On 10-12 January 2001, a regular meeting of the Council of National Coordinators of the "Shanghai Five" was held in Beijing, which reached preliminary agreement on holding a

series of meetings in 2001, including: Summit of Heads of State (June 15, 2001, Shanghai), the Meeting of Heads of Government (Fall 2001, Almaty), Meeting of Foreign Ministers (28 April 2001, Moscow). They also examined issues concerning the future status, name and extension of the “Shanghai Five”.<sup>6</sup>

Moscow hosted the Shanghai Five’s member-states’ Foreign Ministers meeting on 28 April 2001. The Foreign Ministers stressed the importance of transforming the “Shanghai Five” into an international organization with the provisional name “The Shanghai Cooperation Organization”, and approved the draft Declaration on the establishment of the “Shanghai Cooperation Organization”, for signatures by the Heads of State Summit in Shanghai 15 June 2001.<sup>7</sup> Among the issues considered by ministers, were issues of strengthening cooperation between the countries in fighting against terrorism, separatism and extremism. They approved the programme of Shanghai Convention on Combating Terrorism, Separatism and Extremism, and stressed the importance of an early start to the regional anti-terrorist structure with headquarters in Bishkek.<sup>8</sup> Shanghai hosted the Summit of Heads of State of Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan and Uzbekistan on 14-15 June 2001. Heads of the five countries agreed on accession of Uzbekistan to the “Shanghai Five”, and signed the Joint Statement of Heads of State of the Republic of Kazakhstan, China, Kyrgyzstan, Russian Federation, Tajikistan and Uzbekistan. At this summit Declaration on the establishment of the Shanghai Cooperation Organization was signed.<sup>9</sup>

Important topics of discussion at the meeting of Heads of States, were the issues of terrorism, extremism and separatism that threaten regional and global peace, territorial integrity and independence of States. They stressed the necessity of joint struggle against international terrorism, radical and separatist tendencies. The States showed their determination to cooperate closely in the framework of the Shanghai Cooperation Organization (SCO) against these threats and challenges, and on this basis, signed the Shanghai Convention on Combating Terrorism, Separatism and Extremism (which enters into force after ratification by the legislatures of the signatories).

The priority focus of the new SCO is economic cooperation. In accordance with the Dushanbe Declaration, Kazakhstan developed a program of multilateral trade and economic cooperation between Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan for the years 2001-2010. The Chinese side also suggested the draft work plan for the

development of regional trade and economic cooperation of SCO. In this case, China seeks to expand and deepen economic and trade cooperation within the framework created by the organization.

A meeting of the Council of National Coordinators of SCO was held on 13 September 2001. It adopted the final agenda of the First Meeting of Heads of Governments of SCO member states, signed the Memorandum between the governments of SCO member states, examined the report on the outcome of the First Meeting of Heads of Governments of SCO member states and issued the Statement of the Heads of Government of the SCO in the tragic events of 11 September 2001.<sup>10</sup> On 14 September 2001, Almaty hosted the first meeting of Heads of Governments of SCO member states, China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. At the meeting which was chaired by the Prime Minister of Kazakhstan K. Tokayev, the summit participants discussed the development of the SCO trade and economic cooperation among the six countries, besides having in-depth exchange of views on a wide range of issues of mutual interest. After the meeting, a Memorandum between the Governments of the Shanghai Cooperation Organization on the basic goals and directions of regional economic cooperation and for creating an enabling environment for trade and investment was signed.<sup>11</sup> Such meetings of heads of government of the member states precede SCO summit.

### SCO SUMMITS

As mentioned earlier, it was on 4-15 June 2001, at the meeting of Heads of member states of the "Shanghai Five" held in Shanghai, that Uzbekistan was accepted into the organization as full and equal member. On 15 June 2001, the first meeting of Heads of State of six countries which signed the Declaration on the establishment of the SCO, the creation of the organization was officially proclaimed.<sup>12</sup>

The second meeting of Heads of SCO member states took place on 7 June 2002 in St. Petersburg, where the SCO Charter was signed which provided a legal framework for development of organization in the future. The document clearly identifies the key objectives and principles, organizational structure, form, functioning, areas of cooperation and the principles of external relations, from the standpoint of international law.<sup>13</sup>

The third Summit of Heads of SCO member states was held in Moscow on 29 May 2003, which discussed such issues as the use of emerging opportunities in the new environment, the challenges, better coordination,



cooperation, peace and development in the region.<sup>14</sup> This meeting arrived at a consensus on a wide range of problems discussed and the Declaration of Heads of SCO Member States was signed. The then Ambassador of China in Russia, Zhang Deguang was appointed as Secretary General of the SCO.

The next summit of the SCO was held in Tashkent on 17 June 2004. This summit meant the final completion of the initial period of formation of the SCO, and Mongolia was granted observer status of SCO.<sup>15</sup> The fifth meeting of heads of SCO member countries was held in Astana on 5 July 2005, during which the Declaration of the Heads of State of the SCO member states and other important documents were signed, and it was also decided to grant observer status to Pakistan, Iran and India.<sup>16</sup> The next SCO summit was held in Shanghai on 15 June 2006 timed to coincide with the fifth anniversary of the Shanghai Cooperation Organization and the tenth anniversary of the establishment of a mechanism of meetings of heads of “Shanghai Five”. This summit issued a joint communique on the meeting of the Council of Heads of States of the Shanghai Cooperation Organization.<sup>17</sup>

A regular summit of the Shanghai Cooperation Organization was held in Bishkek on 16 August 2007. Here, SCO’s agreement on long-term good-neighbourly relations, friendship and cooperation was signed. A week before this meeting, the armed forces of all SCO member states joined to have anti-terrorist exercises.<sup>18</sup> The 2008 summit in Dushanbe discussed the implementation of the Agreement between the SCO member states on cooperation in combating illicit trafficking, in narcotic drugs, psychotropic substances and their precursors. Emphasis was placed on a comprehensive solution of the problem to detect and prevent illegal drug trafficking channels across borders of the SCO member countries. At the meeting of Heads of State, Tajikistan’s President Rahmonov proposed to open an anti-drug Centre of the SCO. The need for revitalization of the SCO-Afghanistan dialogue was also stressed. Uzbek President Islam Karimov stressed the growing threat to security in the region due to the continuing escalation of tension in Afghanistan and the growing radicalism. The main event of the summit was the adoption of the Dushanbe Declaration. It stressed the importance of the SCO member states to have “responsible monetary and fiscal policies, control over capital movements, and food and energy security.” It also reiterated their determination to resist attempts to spread terrorist ideology.<sup>19</sup>

The next meeting of heads of state of SCO member states took place

on 15 June 2009 in Yekaterinburg, which adopted the Declaration of Yekaterinburg. The main topic on the agenda of this summit was the problem of the global financial crisis. The declaration stated that the prevailing trends in the global economy and financial situation demonstrate the need for enhanced cooperation of the international community in monitoring and management of international finance, joint efforts to prevent growth and spread of financial crisis risks, maintaining economic stability”.

The stabilization of situation in Kyrgyzstan and the restoration of peace in Afghanistan were discussed at the summit in Tashkent. They also spoke about the progress of joint projects in such areas as energy, transport, telecommunications and high technology, and also had an exchange of views on humanitarian issues. The summit leaders approved the regulations on the admission of new members to the SCO. SCO heads of state also adopted a political declaration, which reflects the collaborative approach to further development of cooperation within the organization, and endorsed a number of procedural documents and reports on the results of operations for the year 2009. In addition, the summit signed inter-governmental agreements on cooperation in agriculture and in fighting against crime.

Anniversary of the SCO summit was held in Astana on 14-15 June 2011. Issues like enactment of anti-drug measures, admission of new members, granting some countries the status of observers, were discussed at this meeting. The President of Kazakhstan Nursultan Nazarbayev also held a number of bilateral meetings with his counterparts at the Summit. An important outcome of this summit was the adoption of the Astana Declaration of the SCO.

### SCO AND REGIONAL COOPERATION

According to the SCO Charter, the main directions of cooperation within the SCO framework are:

- maintaining peace and strengthening confidence and security in the region;
- seek common positions on foreign policy issues of common interest, including in international organizations and at international forums;
- Develop and implement measures to jointly combat terrorism, separatism and extremism, drug trafficking and weapons, and other

forms of transnational crime and illegal migration;

- coordination of efforts on disarmament and arms control;
- Support and promote regional economic cooperation in various forms, fostering favorable environment for trade and investment in order to gradually achieving free movement of goods, capital, services and technologies;
- efficient use of existing infrastructure in transport and communications, improvement of transit capabilities of member States and development of energy systems;
- ensuring environmental sustainability, including the use of water resources in the region, implementation of joint environmental programs and projects;
- mutual assistance in preventing natural and man-made disasters and their remedy;
- exchange of legal information for the development of cooperation within the SCO;
- Enhancing collaboration in science and technology, education, health, culture, sports and tourism.

There are a number of documents in the sphere of security within the SCO framework. The 2001 summit held in Shanghai adopted the Shanghai Convention on Combating Terrorism, Separatism and Extremism, which was the first internationally consolidated definition of separatism and extremism, which pose threats particularly to Central Asia in the 21st century. It was on 23 May 2002, at a meeting of heads of law enforcement agencies and intelligence services of Member States held in Astana that the “Resolution on the draft Agreement between the Member States of Shanghai Cooperation Organization Regional Anti-Terrorist Structure” was signed. The participants adopted an agreement and recommended to speed up the development on the basis of other relevant documents to use the anti-terrorist structure. On 7 June 2002 at the meeting of the Heads of States of the Shanghai Cooperation Organization held in St. Petersburg, the Agreement on Regional Anti-Terrorist Structure (RATS) was adopted. The main tasks and functions of the Executive Committee of the RATS were identified as:

- coordination and operational direction (co-ordination and collaboration of the competent authorities of the countries - participants in the fight against terrorism, extremism, anti-terrorist exercises, etc.);

- International legal area (involved in the preparation of international instruments on combating terrorism, including the UN, the promotion of the UN Security Council, etc.);
- information-analytical direction (formation and maintenance of a data bank of the RATS, collection and analysis of information on anti-terrorism, etc.).

This is perhaps one of the most important documents of cooperation in regional security. The long-term good-neighborly friendship and cooperation agreements adopted at the Bishkek summit, aim at strengthening good-neighborly relations between countries - participants. Since its inception the participating countries of SCO have held several joint military exercises. The first of these exercises was held in August 2003 in Kazakhstan, the second in China. China did not participate in the first phase of the exercises, which was due to China's reluctance to engage in military actions, and also due to having little experience and participation in international exercises. On a larger scale, but outside the basic structure of the SCO the first joint training of military forces of China and Russia, called "Peace Mission - 2005", began in August 2005.

Economic cooperation is gaining momentum within the SCO. A few months after the start of the SCO, at its first meeting in Alma-Ata, the Prime Ministers of the SCO member states, discussed regional economic and trade cooperation, development and other issues. They signed a Memorandum of Understanding between the Governments of SCO member states on the basic goals and directions of regional economic cooperation and launched a process to create an enabling environment for trade and investment. Following the meeting, a joint statement following the first meeting of ministers responsible for foreign economic and trade activities was issued. Confirming this statement in September 2003, the SCO Heads of Government signed the program of multilateral trade and economic cooperation in energy, transport, agriculture, telecommunications, environmental protection, etc. for 20 years. Its long-term objectives include the creation of a free trade zone in the SCO, and short term goals - the increased flow of goods in the region. Cooperation should include Action Plan for Development Cooperation was signed a year later, in September 2004.

In international organizations whose membership includes countries with different cultures, one of the priorities is to cooperate in the cultural field. For the first time the ministers of culture of the participating countries

met in Beijing on April 12, 2002. The governments actively supported the holding of the Days of Culture, the participation of artistic groups and artists. Since that time, humanitarian cooperation gradually intensified and joint programmes to mark significant historical events exchange of students and faculty members were organized by the countries of the SCO. In 2008, the SCO formed a university education area network, conducting research in areas of regional studies, IT, nanotechnology, energy, environment etc. Like other areas of cooperation, cultural cooperation within the SCO framework has broad prospects for development, as the participating countries have rich cultural heritage.

### EXPANSION OF THE SCO

With regard to the admission of new members, the SCO is open for membership of other regional states, which undertake to abide by the purposes and principles of the Charter and the provisions of other international treaties and instruments adopted within the framework of SCO. Membership of an SCO member state, which violates the provisions of this Charter and / or systematically fails to meet its obligations under international treaties and documents signed within the framework of SCO, may be suspended through a decision of the Council of Foreign Ministers of the Council of Heads of State. If this state continues to violate its obligations, the Council of Heads of State may decide to expel it from the SCO from the date fixed by the Council itself. Any Member State has the right to withdraw from SCO, by notifying the Depositary of its withdrawal from this Charter no later than twelve months before the date of withdrawal.

The Heads of State - Members of the Shanghai Cooperation Organization (SCO) approved the Regulations on the admission of new members at the last Tashkent summit of Heads of states of SCO. The SCO comprises Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Four more states - Iran, Pakistan, India and Mongolia got observer status in the SCO, while Belarus and Sri Lanka got the status of the dialogue partners in late April 2011.

In 2006, the SCO meeting held in Kazakhstan put a temporary moratorium on accepting new members and observers. Meanwhile, in the same year Pakistan requested for full membership in the SCO. Ukraine, Egypt, Serbia, Azerbaijan, Turkey, Qatar and other countries also showed interest in establishing contacts with the SCO. In 2008, at a summit in

Dushanbe on the initiative of the Russian Federation, it was decided to establish an ad hoc group of experts of the SCO member states on its expansion. According to the above Regulations a state wishing to become a member of the SCO should not be under UN sanctions and be in a state of armed conflict with other states. These criteria are contained in the draft regulations for the admission of new members to the SCO.

Also, the state wishing to join the SCO, should belong to the Euro-Asian region, have diplomatic relations with all countries of the SCO member states, have observer status at the SCO and be the dialogue partner, maintain an active trade and economic and humanitarian ties with the SCO member states, not be under UN sanctions and should not be in conflict with another state or states. Official request for membership in the SCO is to be submitted to the President of the Council of Heads of SCO member states through the chairman of the Council of Foreign Ministers of the Organization. According to these requirements, it is clear that the expansion of the SCO would be limited, since all state-applicants do not meet these regulations on the admission of new members.

According to the Foreign Minister of Kazakhstan Kanat Saudabayev, Kazakhstan insists on a moratorium on new membership of the SCO. "We believe it is necessary to develop a unified position on the possibility of considering such requests only after approval of a memorandum of commitment of the applicant State in order to obtain the status of a member of the SCO, which is under development, as well as adhere to a moratorium on accepting new members" - said Kanat Saudabayev, speaking at a meeting of foreign ministers of the SCO in Tashkent. However, moratorium on acceptance of applicants in the SCO expired in 2011. In this regard, one of the important themes in the period of Kazakhstan's chairmanship was the problem of SCO's enlargement through the admission of observer countries. The expert community of the SCO believed it as inappropriate to expand the organization at this time. It was felt that any extension, particularly given the motivation of each of the candidate countries, will bring new challenges for the organization.

It is noteworthy that, by supporting the need for expanded organization, each of the SCO member states has its own vision of the issue. For example, Russia from time to time showed its interest in India for admission in the SCO. In particular, at the Tashkent summit, Medvedev said that the expansion of the SCO by major powers would enhance the credibility of this organization. Similarly, China was keen to have Pakistan

as full member of SCO. And at the Astana summit of SCO held in June 2027 both India and Pakistan became its full members.

It may be noted that the requirements, admission criteria and membership in the organization referred to in the adopted "Regulations on the procedure for admission of new members" get automatically removed if Iran becomes a full member of SCO, since UN has imposed sanctions on Iran. This requirement is one of eight conditions imposed on potential members of the SCO. After the expiry of the moratorium on expansion accepting new members into the organization, this issue was one of the main topics for discussion at the SCO summit in Astana. The Council of Heads of State decided to have more in-depth study of the issue of new members of the SCO.

#### PROSPECTS FOR DEVELOPMENT

The presence in the organization of the two giants of world geopolitics of Russia and China, and their entry into the strategically important region of Central Asia makes the functioning of the SCO so significant. During years of its existence, the SCO has established itself successfully serving the coalition, which is one of the largest in the world, with a population of nearly 1.5 billion people, and which produces 15 percent of global GDP. The economies of the member states of SCO have been gradually restored after the crisis.

It is clear that at this stage the SCO has been able to give the Central Asian countries opportunities for building the most appropriate model of interaction with each other and with key non-regional power centers to ensure the security and development. SCO is a regional actor and the most preferred mechanism is attractive due to the fact that it creates the conditions for maintaining stable political regimes in Central Asia, and for creating a positive and constructive economic climate, and military and political security.

To conclude, the Shanghai Cooperation Organization is one of the world's key institutions in the Central Asian space. During the past sixteen years, the SCO have witnessed high level of cooperation in key areas identified in the charter of the organization.

At present the role of the SCO as effective mechanism for ensuring security in Eurasia is increasingly visible. Virtually all areas of human life have become objects of close attention to the organization. Following the principles of the so-called "Shanghai Spirit" of mutual trust, equality,

respect for cultural diversity and the pursuit of mutually beneficial common development, SCO can contribute to the stability of the region. The range of tasks that an organization sets itself includes meeting the unconventional threats and security challenges, such as international terrorism, extremism, organized crime, drug trafficking, illegal immigration, energy and environmental issues.

The SCO was confronted by the April and July 2010 events in Kyrgyzstan as well as the crisis in the socio-economic and political life of this republic, which could have devastating consequences for the Central Asian countries. Thus, the priority of the SCO in the short term, of course, has been to coordinate the efforts of Member States in order to neutralize the radical and violent actions of destructive forces to foment ethnic and sectarian strife. It is safe to say that the SCO has become a significant factor of regional security throughout the Eurasian region.

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# THE SHANGHAI COOPERATION ORGANIZATION AND AFGHANISTAN: A DILEMMA BETWEEN BILATERALISM AND MULTILATERALISM

SHARIF HOZOORI

## ABSTRACT

*This article looks at the role of SCO in Afghanistan. The article is divided into three sections. In the first section the SCO history, organization and mandate are discussed. Further it examines the effectiveness of SCO as a regional security mechanism and an opportunity for regional economic cooperation. In the second section the article examines the national interests of individual members of the SCO concerning Afghanistan. In the third section the article looks at different sessions of SCO as to how Afghanistan was discussed and later highlighted in the final declarations. In the fourth section by pointing to Afghanistan's destabilizing factors namely terrorism, drug trafficking and economic disinvestment, this article examines the role of SCO in tackling these issues.*

## INTRODUCTION

Afghanistan situation is getting complicated day by day and the trends started when Obama administration announced the timeline for withdrawal of coalition forces in 2014. The instability in Afghanistan not only affects its own citizens but has certain implications for the regional countries particularly the neighbours. Historically Pakistan has had strategic interest in the country and for that reason it supported the Taliban regime and is still cooperating with insurgencies in Afghanistan. Iran is afraid of terrorism, influx of immigrants and the increasing narcotic cultivations and drug trafficking. China's policy towards Afghanistan is more economic with certain concern of terrorism. It has eyes on Afghanistan's minerals, gas and a corridor of transit through Afghanistan. Certainly Russia does not have land border with Afghanistan but under

the Collective Security Treaty Organization (CSTO), it considers Central Asia as line of defence. Therefore, the threats emanating from Afghanistan such as extremism and drug trafficking and their expansion to Central Asia is the prime concern for Russia. India has always remained as friend with Afghanistan and works for Afghanistan's political and economic stability. Moreover India looks to Afghanistan as an opportunity to get access to the market and energy of Central Asia. The Central Asian countries including Tajikistan, Uzbekistan and Turkmenistan which have physical borders with Afghanistan, worry about the spill over of the conflict, terrorism and extremism from Afghanistan to their own territories. Since all the countries mentioned above are part of the Shanghai Cooperation Organization (SCO) as permanent or observer members, SCO can be a good and decisive forum for these countries to express their concern on Afghanistan and work for the common platform to overcome their differences on the matter.

#### SCO: HISTORY, STRUCTURE AND OBJECTIVES

Officially the SCO was established in 2001 by China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan but the predecessor of the SCO was Shanghai Five formed in 1996 at the behest of China to solve the border disputes among the member countries. The experience of Shanghai Five was positive and the members were successful in peaceful settlement of the border disputes and to reduce security forces along the border zone<sup>1</sup>. In June 2002, the SCO members passed the charter of the organization's goal, principles, structure and the area of its operation. Article one and two of the charter broadly explain the principles and goals of the SCO. It invites the members to respect the independence of others, observe the sovereignty and territorial integrity of others; not to interfere in other's internal affairs; prohibits the use or threat of use of force; respect equality among all member states; commits to settle all disputes through consultations; encourages the members in developing effective means for cooperation in political affairs, economy and trade, science and technology, culture, education, energy, transportation and other fields and finally asks the members to promote the creation of a new international political and economic order featuring democracy, justice rationality<sup>2</sup>.

To implement these objectives and aims, SCO has devised a structure. The heads of state council is the highest body of the organization

that defines the major objectives and decides upon the fundamental issues. They meet once a year under the chairmanship of the country that organizes/hosts the meeting. The heads of the government council is the next body of the SCO that approves the budget and decides upon the economic cooperation among the members. Like the heads of state council, the heads of government council meets once a year. The third layer of the SCO body is the council of ministers of foreign affairs. It takes care of day to day activities of the organization and makes preparations for the meeting of the heads of state council. Generally it holds the meeting once a year, one month prior to the heads of state council meeting, but in extraordinary times it was allowed to hold meeting on the demand of at least two states and with the agreement of all member states<sup>3</sup>.

Besides these three important bodies, SCO has two permanent bodies. They are the Regional Anti-Terrorist Structure (RATS) and the SCO secretariat. The RATS was established in 2001 and its headquarters is located in Bishkek, the capital city of Kyrgyzstan<sup>4</sup>. The objectives of the RATS are to maintain working relations with the concerned institutions of the member states to tackle extremism, terrorism and separatism. Further it acts as data bank of the gathered and analysed information received from the member states. The secretariat of the SCO is the executive body headed by the Secretary General. The duties of the secretariat were defined to provide informational, analytical, legal and technical support to the SCO. Moreover it looks after the coordination of the SCO's cooperation with the observer states and the dialogue partners<sup>5</sup>.

The history of SCO can be divided into four phases: in the first phase (2001-2004), the SCO witnessed institutional and agenda development. In the case of institution building the SCO charter was signed, the permanent secretariat was established in Beijing, the Executive Committee of the Regional Anti-Terrorist Structure was launched in Tashkent, Uzbekistan. In terms of agenda setting, SCO evolved as organization to tackle the issues of terrorism, extremism and separatism in its initial year of establishment and the members signed Shanghai Convention on Terrorism, Separatism and Extremism on June 15, 2001<sup>6</sup>.

In the second phase (2005-2007) the SCO experienced its increasing profile in security affairs of the region. It was in this period that the Orange and Rose revolutions in Ukraine and Georgia reached Central Asia under the name of "Tulip Revolution" in Kyrgyzstan with serious unrest in Uzbekistan to shake the regimes. The US which already had military bases in both these Central Asian countries, was accused of being behind the

scene<sup>7</sup>. The unrests caused fear among the Kyrgyz and Uzbek leaders and also among the ruling elites of the entire region. After the dramatic events in these two SCO member countries, the regional security architecture changed significantly. It was on 5 July 2005 that both Uzbekistan and Kyrgyzstan asked the US to set deadline for withdrawal of military bases in the region<sup>8</sup>, for which they were receiving \$150 million and \$ 60 million respectively in terms of military aid and the fees from United States annually<sup>9</sup>. Soon after the SCO declaration, Islam Karimov of Uzbekistan and Kurmanbek Bakiyev of Kyrgyzstan demanded the closure of Karshi-Khanabad and the Manas air bases in their respected countries.

In the third Phase (2007-2011), SCO members boosted their military and security cooperation but at the same time they were faced with serious disagreement over Russian military ambitions. In 2007 the first SCO military exercise under the name of "Peace Mission -2007" was conducted. The Russian invasion of Georgia in 2008 divided the members of SCO and aroused suspicion against the Russian expansionist ambition. China did not want to internationalize the issue, but the Central Asian republics were afraid of Russian intervention in their own affairs in case of disagreement. Since the Russian action in Georgia undermined SCO's principles of non-intervention and non-interference and respect for the sovereignty and integrity of the country, it led the small states to diversify their foreign relations away from Russia to the West and China<sup>10</sup>.

In the fourth phase (2011- 17), SCO enlarged its sphere of influence and focused on building the Silk Road Economic Belt as well. It was the time that West Asia and North Africa were experiencing the so called "Arab Spring" or the political turmoil. The SCO declarations from 2012 to 2017 express deep concern over the developments in Middle East and North Africa and lay emphasis upon the integrity and sovereignty of the countries in the region, outlining the importance of UN in settling the issues there. It was for the first time that SCO was interested in the security of regions other than Central Asia. To enhance its role in international arena the SCO accepted the accession of India and Pakistan in 2016 and officially offered the full membership to both countries in June 2017<sup>11</sup>.

Recently the SCO held its 26<sup>th</sup> meeting of the heads of the government council in Sochi, Russia from 30<sup>th</sup> November till 1<sup>st</sup> December 2017. For the first time the heads of delegations from India and Pakistan participated as permanent members post-accession at the Astana summit on 6 June 2017. Foreign Minister of India Mrs. Sushma Swaraj and the Pakistan

Prime Minister Mr. Shahid Khaqan Abbasi attended the meeting on behalf of their respective governments. The communique of the meeting emphasized just international order and transformation of international relations based on international law, mutual respect and mutual cooperation. Considering the regional security and stability in the region, the heads of delegations welcomed the outcome of the meeting of SCO-Afghanistan Contact Group (SACG) that was held in Moscow on 11 October 2017. To have prosperity, peace and stability in Afghanistan they stressed on political dialogue and consultation. Moreover the heads of delegations expressed their support for the next round of SACG meeting planned to be held in China in early 2018<sup>12</sup>. At the side lines of the meeting, chief executive of Afghanistan Mr. Abdullah Abdullah met with SCO Secretary General Mr. Rashid Alimov. conveying his thanks to the SCO leadership for its close attention on Afghanistan situation. Abdullah expressed the hope for the increasing role of SCO in Afghanistan affairs. On the other side, while extending his support to the government of Afghanistan, Mr. Alimov stressed the importance of peace and stability in Afghanistan and its implication for the entire region<sup>13</sup>.

**FOREIGN POLICY OF SCO MEMBERS TOWARDS  
AFGHANISTAN: A MATTER OF BILATERALISM**

Afghanistan is important for major powers not only because of its land mass but due to its geostrategic location. Through the Wakhan strip in the north east the country connects to China. On the south and south east it has borders with Pakistan, on the west it enjoys long border with Iran and on the north Afghanistan shares borders with three Central Asian countries of Turkmenistan, Uzbekistan and Tajikistan. Pakistan- India rivalry invites India to maintain certain political interest in Afghanistan and the US presence in Afghanistan makes the Russians to view Afghanistan as insulation zone at its back yard of Central Asian republics<sup>14</sup>. The security problems in Afghanistan have certain implications for the immediate neighbours –China, Pakistan, Iran, the Central Asian countries and to the far neighbouring states such as Russia and India. However, these countries have chosen the bilateral path to deal with Afghanistan. Pakistan has always seen Afghanistan as its strategic depth against India. Iran often looked to Afghanistan thorough the strategic eyes, the Central Asian republics are afraid of the spill over of Afghan conflict to their own society and China has economic interests in Afghanistan. Noticing the

importance of Afghanistan for the neighbours and the regional countries it is essential to examine the policy and interests of each country towards Afghanistan separately.

### China

Afghanistan recognised the communist regime of China in January 1950 and in less than five years the two countries established diplomatic relations in 1955 when the Chinese prime minister Zhou Enlai visited Afghanistan<sup>15</sup>. Both countries signed the peaceful coexistence agreement in 1955 and through the decades of 1950s and 1960s, they observed the agreed principles of mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and cooperation for mutual benefit and peaceful co-existence. Although Afghanistan-China relations go back to early years of the communist China, Afghanistan remained a low diplomatic priority for China through these years<sup>16</sup>. It is worthy to note that initially Mao's ideology did find some followers in Afghanistan but it was very soon suppressed and crushed. In 1968 the weekly *Shole Jawid* (eternal flame) with Dr Rahim Mahmoodi as the chief editor was published in Kabul. The weekly was defending Mao's philosophy and *Sazamane Jawanane Motaraqi* (Organization of enlightened Youth) was behind the scene. After publishing 11 volumes, it was banned and the leaders were put behind the bars. In the communist period, *Shole Jawid* faced difficulties and many of its leaders including Sulaiman Yari were arrested and executed. However, *Shole Jawid* continued its presence in the Afghan society till late 1990<sup>17</sup> but without any real political success.

During the resistance against the Soviet invasion and the communist regime in Kabul, China preferred to work with Pakistan and United States rather than engaging directly with Afghanistan affairs. In this period China took the advantage to sell large amount of arms and ammunition including assault rifles, rocket launchers and even tanks to the *Mujahideen* through Pakistan and with the CIA and Gulf money and finance<sup>18</sup>. According to Ahamad Bilal Khalil who quotes from *Kabul Times* and the *New York Times*, the price of Chinese arms sale to *Mujahideen* was between \$100 to \$350 million<sup>19</sup>. In the post-Cold War period, Chinese concerns were drug trafficking, terrorism, separatism and the potential of Afghanistan to be the safe haven for the East Turkistan Islamic Movement. However, Afghanistan was kept out of Chinese diplomacy radar in the years of *Mujahideen* and the Taliban regime from 1992-2001.

The War on Terror and the establishment of the new administration in Kabul changed the situation and bilateral relations between two countries recovered. Hamid Karzai as the head of interim government visited China in 2002, which was followed by his few more state visits in the subsequent years. In Karzai administration, China provided \$197 million only as development assistance that ranked China as 23<sup>rd</sup> in the list of donor countries. The commentators attach NATO's long term intention to remain in Afghanistan as reason for China's lack of interest in working closely with Afghanistan<sup>20</sup>. It might not be true because the bilateral relations of China and Afghanistan boosted enormously in National Unity Government (NUG). The number of visits by officials of both countries between Beijing and Kabul increased and several sensitive issues including security and defence were agreed upon. During Ashraf Ghani's visit to China in 2014 both countries reached "new important consensus" over the *East Turkistan Movement* and Afghanistan kept its promise by handing over 15 Uyghurs to China in February 2015. In May 2015 China and Afghanistan signed Memorandum of Understanding (MOU) regarding security cooperation and training of Afghan police. The defence cooperation further boosted when General Fang Fenghui, member of China's Central Military Commission (CMC) visited Kabul on February 29, 2016. In his meeting with Ashraf Ghani and security officials, he agreed to allocate \$73 million to Afghan security forces. Further during the last visit of Dr. Abdullah Abdullah, Chief Executive of Afghanistan to Beijing in May 2016, he stressed the importance of further empowerment of the Afghan security forces linking it to peace in Afghanistan and Xi Jing Ping agreed to assist with unspecified supplies and equipment<sup>21</sup>.

China not only enhanced its bilateral relations with Afghanistan but also engaged in multilateral and regional efforts to look at the Afghan problem and to find the way for political stability in the country. China has been active in Heart of Asia Process that was initiated in 2011 in Turkey. China plays a leading role in the SCO, in which Afghanistan received the observer status in 2012. China is also working for Afghan peace process with global and regional powers in Quadrilateral Coordination Group composed of US, Afghanistan, Pakistan and China<sup>22</sup>.

## **India**

The strategic location of Afghanistan connects Central and West Asia to the East and India occupies an important place in South Asia. The relations between India and Afghanistan date back to over 2000 years<sup>23</sup>. During



the British rule in India, Afghanistan was considered as the gateway to India and, therefore, it was considered as a buffer state and the main concern of Great Game between the two super powers of the time- Russia and British India. After the Indian independence in 1947, both countries signed the historic Friendship Treaty on January 4, 1950 and both states emphasized upon strengthening their historical and traditional ties and to assist each other in industrial and agricultural progress<sup>24</sup>. Having influenced by the Indo-Soviet Treaty of Friendship of 1971, India was the only South Asian country that recognized the communist regime in Kabul and provided technical and humanitarian assistance to the Soviet backed regime<sup>25</sup>. The Indian friendly relations boosted further during the last communist leader Najibullah, whose family got political asylum in India and they are still living in the country under Indian protection.

Due to certain strategic reasons including rivalry with Pakistan and fear of proliferation of Afghan militants to Kashmir, India stood with Northern Alliance and refused to recognize the Taliban regime. The 1999 Indian Airlines hijacking that later landed in Qandahar proved the involvement of the Taliban regime and its allies with the terrorist organizations in the region. This factor led India to assist the only Taliban groups further. However, 9/11 and the operation "enduring freedom" changed the Indian government policy towards Afghanistan and it actively participated in the rebuilding and reconstruction process.

Providing more than \$3 billion as developmental funds makes India the fifth largest donor to Afghanistan. The construction of 218 km Zaranj-Delaram road in south west, the parliament building in Kabul, Salma Dam in Herat province and 202 km Pule Khumri-Kabul power transmission line are among the major beneficial projects undertaken by India in Afghanistan<sup>26</sup>. Moreover providing 1,000 scholarships annually for the education and professional training of Afghan youth is a major help by India in terms of capacity building and humanitarian assistance.

In terms of security cooperation, both India and Afghanistan signed Agreement on Strategic Partnership on October 4, 2011. In the articles 3 to 5 of the section for political and security cooperation, both sides agreed to establish the strategic dialogue as framework for national security cooperation. They agreed to cooperate on major issues including terrorism, organized crimes, drug trafficking and money laundering. The most important aspect of this agreement was India's agreement for training, equipping and capacity building of the Afghan National Security Forces<sup>27</sup>.

India assisted Afghanistan in multilateral forums and supported it

to become the member of regional organizations. India stood behind Afghanistan firmly in 2007 to get the permanent membership of South Asian Association for Regional Cooperation (SAARC) and actively participated in regional and international efforts for peace and stability in Afghanistan. India is now the permanent member of SCO and a part of SACG. It is also involved in the Heart of Asia Process and recently hosted its latest round at Amritsar on December 4, 2016.

Independent Afghanistan free from foreign interference particularly Pakistan, ensuring that it will not become again the safe haven for terrorist organizations, and assisting the country to improve its governance are the major political objectives of India towards Afghanistan. In terms of national security objectives, India continues its assistance in training and equipping the national security forces of the country and to ensure that Indian assets and infrastructure built in Afghanistan would be safe and sustained. India's economic objectives are to get access to the market and energy resources of Central Asia, to increase its investment in Afghanistan, to help the country to extract its natural resources and to assist the country to replace the narcotics cultivation with regular agriculture. For trade and access to central Asia and Afghanistan, India already committed to invest \$500 million in Chabahar port as transit and transport corridor. Phase-I of the port has become operational and 15,000 tons of wheat were shipped to Afghanistan from the same port in October 2017<sup>28</sup>.

### **Pakistan**

The politics and security of Afghanistan is inert-related with South Asia. Afghanistan and Pakistan share 2,430 kms long border and have many religious, cultural and historical commonalities. Yet the two neighbours could hardly harvest these common factors. Terrorism, drug trafficking, difficulties in trade, refugees and relations with regional and global powers cast their shadows on the relations of two countries for so long<sup>29</sup>. For the same reason their bilateral relations have seen many ups and downs.

Afghanistan's political relations can be divided into two periods: pre independence and post-independence Pakistan. The agreements that were signed between Afghanistan and British India not only determined the relations of both parties but have had implications for Afghanistan-Pakistan relations. Among three agreements including Lahore 1831, Gandumak 1879 and Durand 1893 the last one still draws the political and security policy of both countries against each other.

After Pakistan's independence, Afghanistan first opposed its

membership in United Nations<sup>30</sup> but later recognized it as sovereign nation and King Zahir despatched his uncle Shah Wali Khan to Karachi as Afghan ambassador in the same year<sup>31</sup>. Through the subsequent years, the Durand line and the Pashtunistan issues strained the relation of two countries. First, the territorial claims of Afghanistan and the subsequent border clashes interrupted the diplomatic relations, which led to the closure of the border between the two countries in 1949. Secondly, the Pashtunistan issue and assistance to the Pashtun secessionists inside Pakistan by Prime Minister Mohammad Dawood severed the diplomatic relations and forced Pakistanis to close the border from 1961 to 1963. During the communist period Pakistan followed two strategies in relation to Afghanistan: unconditional exit of Soviet Union and the refusal to talk with communist leadership. Pakistan became ally of the US and supported *Mujahideen* to overthrow the Soviet backed communist regime<sup>32</sup>. Moreover General Ziaul Haq declared in 1986 Afghanistan as strategic depth of Pakistan and thereafter Afghanistan has remained the same in the eyes of political and military establishment of Pakistan. After the collapse of Najibullah government, out of seven Sunni groups present in Pakistan, ISI invested in radical *Hizb-i-Islami* headed by Gulbuddin Hekmatyar to take power in Kabul<sup>33</sup>. When the situation on the ground did not turn as desired by Islamabad, then the country switched to the band of Taliban as religious students to assume this role. These students were born in refugee camps in Pakistan, educated in Pakistani *madrassas* and trained by Afghan *Mujahideen* in Pakistan under cover of the Pakistan government<sup>34</sup>. Through the Taliban, Pakistan wanted to have the pro-Pakistan Pashtun regime in Kabul in order to provide them the safe transit corridor to Central Asia<sup>35</sup>.

In 2001, General Pervez Musharraf allied with the US in War against Terror and new democratic regime was established in Afghanistan under Karzai. There was expectation that countering terrorism for the stability of both countries would be the common platform for cooperation between two countries. However, soon after in 2003 it became clear that Pakistan was playing dual strategies. On the one side it pretended to be friend with the US and Afghan governments and on the other side it helped the extremists and the Taliban covertly<sup>36</sup>. Pakistan sought to counter the influence of India and Russia in Afghanistan and retained its strong influence in the south and south east Pashtun belt. Therefore, it was pretending to be the friend of Karzai but actually it was undermining him and the international effort to erase terrorism in Afghanistan<sup>37</sup>.

The foreign policy objectives of Pakistan toward Afghanistan are

focused to have a suppliant Afghan government which would be too weak militarily to resist the interference of Pakistan in its domestic affairs and to have the commanding role in guiding Afghanistan in its foreign policy. However, it is better for Pakistan to have friendly relations with Afghanistan treating it as transit hub for energy from Central Asia to South Asia. Already the TAPI and CASA 1000 agreements have been signed among beneficial countries to import gas and electricity from Central Asian Republics to South Asia and Pakistan.

### **Russia**

The relations between Afghanistan and Russia also centuries old. The first embassy of Tsarist Russia was opened in Afghanistan in the time of Dost Mohammad Khan (1863-1873). Through diplomatic relations with Afghanistan, Russia wanted to counter the British influence on their Southern borders and to retain the balance in the Great Game<sup>38</sup>. The relations further strengthened when Lenin accepted Amanullah Khan's letter in April 1919 requesting for exchange of diplomatic missions<sup>39</sup>. In less than six years, another agreement was inked in 1926 between the two countries which emphasized neutrality and non-intervention in domestic affairs of each country. After the Cold War, communist Russia became one of the poles in the bipolar world and therefore wanted to get access to the ocean through its southern borders and Afghanistan. With the help of Russians, the white revolution of 1973 and the bloody revolution of 1978 happened in Afghanistan. To unite and support the communist regime in Afghanistan, Russian army invaded Afghanistan on December 24, 1979. After 10 years Russian forces left Afghanistan with major humanitarian and material loses and without any success in their mission. In these turbulent years, Russia helped Afghanistan in its major infrastructural projects. Highway of Kabul-Pule Khumri and Salang tunnels, Qandahar-Herat concrete road, major dams including Naghlo in Kabul and Darunta in Jalalabad, the air bases and airports such as Bagram, Shindand, Mazar-e-Sharif, Qunduz, universities and hospitals including Kabul Polytechnic university and 400 beds army hospital in Kabul are among the many projects that Russians helped build in Afghanistan<sup>40</sup>.

Taliban have been considered as extremists and threat to new independent states of Central Asia. Therefore, during the Taliban rule in Afghanistan, Russia helped the Northern Alliance in cooperation with Iran and India. During the American invasion in 2001 and the War on Terror, Russia helped the US in allowing to transit the military equipment

through its territory and to establish air bases in Central Asian republics. There are three schools of thought as regards Russia in Afghanistan namely Islamic, Communist and Western Technocrat schools. First, the Islamic School and its followers view Russia as enemy that bombed houses, killed the innocents and injured thousands in the past. Second, the Communist School looks to Russia as Disney land and a brand that Afghanistan must copy and follow. Third, the Western Technocrat School views Russia as authoritarian and enemy of democracy which wants to balance against the US and to turn Afghanistan a battle ground for its proxies. These three schools particularly the Islamic and Western Technocrat shaped the relations of Russia and Afghanistan in the post-2001 and particularly during Karzai administration.

The former foreign minister and national security advisor of Afghanistan in Karzai administration, Rangin Dadfar Spanta believes that even the Islamists are looking to the past Afghan-Russian relations as nostalgia and only the Western Technocrats are against strengthening of the Russian-Afghan relations. Spanta argues that by inviting Russia to cooperate with Afghanistan, Karzai wanted to have an alternative against US and the West. He continues to say that till the end of Karzai administration no improvement was witnessed in relations of Russia and Afghanistan and for that he blames the Western Technocrats in the Afghan cabinet and their destructive role in the matter. Mentioning his several visits to Russia, Spanta argues that from 2006 till 2013 certain positive changes emerged in Russian policy towards Afghanistan. According to him in a meeting in 2006 in Almaty, Vladimir Putin told Karzai that "Russians are worried about the diminishing role of Russian friends in government". Further in 2011, Medvedev "signalled his concern about the US bases in Afghanistan to his Afghan counterparts". But on 13 September 2013 at the side lines of SCO summit, Karzai asked Putin again that "in the meeting in Beijing you already had positive view regarding the US presence in Afghanistan, still you have the same view?" Putin responded that "contrary to the Soviet policy, Russia is not looking to the international issues ideologically. We want secure and peaceful Afghanistan so that terrorists do not find sanctuaries and pose threat to our security". Concerning the Afghan-US Bilateral Security Agreement, Putin continued that "Afghanistan is sovereign country and has a right to have bilateral relations with any country. Afghanistan cannot have security without having security agreement. We believe Afghanistan would not allow their territory to be used against others"<sup>41</sup>.

The prime concern of Russia in Afghanistan is the security and stability in the country. It is a concern for Russia that terrorists and Islamic fundamentalists of Central Asia including Chechen fighters and *Islamic Movement of Uzbekistan* should not take refuge in Afghanistan. Russia has been concerned about poppy cultivation and drug trafficking and on organized crimes and influx of refugees. Therefore, the security deterioration in Afghanistan poses indirect and direct threats to the Russian national security. To tackle these issues, Russia should work with the friends in the region including India, Iran and Central Asian republics and the SCO can be the best platform for such cooperation<sup>42</sup>.

### **Central Asian Republics**

In this section the bilateral relations of Afghanistan with five Central Asian republics - Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan are examined in brief. Among the mentioned states, only the first three have land borders with Afghanistan and all nations except Turkmenistan are the SCO members. All these countries became independent after the disintegration of Soviet Union in 1991. The relations of Afghanistan with these countries are old.

#### ***Turkmenistan***

Turkmenistan adopted neutrality in its foreign policy and has followed 'positive neutrality' towards Afghanistan since 1995. The instability and conflicts in Afghanistan in 1990s affected its relations with foreign nations including Turkmenistan, but Turkmens did not intervene in the Afghan internal affairs like other neighbours. They have chosen not to take sides with major stake holders in the country. Turkmenistan was recognized first by Dr. Najibullah regime in December 22, 1991 and in the time of *Mujahideen* its general consulate was opened in Herat. Though the Turkmen authority did not recognize the Taliban regime officially but they allowed the Taliban to have political office in Ashkabad. In that turbulent period the Turkmen capital witnessed several many political dialogues and negotiations between different parties to Afghan conflict<sup>43</sup>.

However, after 2001 the relations of both countries improved and both appointed their ambassadors to the capital of each other. Hamid Karzai visited Turkmenistan several times and many bilateral agreements were signed by the two countries. These include the trilateral agreement of Afghanistan, Pakistan and Turkmenistan, agreement on importing electricity from Turkmenistan, on health and education. By announcing

Five Rings in its foreign policy, the National Unity Government (NUG) of Afghanistan gave special priority to its close neighbours and for this reason Ashraf Ghani visited Turkmenistan few times. The relations of both countries are focused on energy sector and Turkmenistan looks to Afghanistan as a corridor to export its surplus energies to the South Asian region. Further Turkmenistan has concerns about drug trafficking, terrorism and organized crimes originating from Afghanistan.

### *Uzbekistan*

Afghanistan has cultural, religious, linguistic and historical linkages with Central Asian countries and particularly Uzbekistan. Both countries have common concerns on radicalism, terrorism, organized crimes and drug trafficking. Afghanistan recognized Uzbekistan as independent state in 1991 and thereafter both countries opened their embassies. Concerns over radical groups and the spillover of the conflict in Afghanistan to Uzbekistan forced the Uzbeks to take sides in the conflict. Rashid Dustum was supported by Tashkent to secure the 145 km border and to diminish the threat of Islamic radicalism and organized crimes. However, Uzbekistan conditioned its relations with the Taliban to include other ethnic groups in power and particularly the Uzbeks<sup>44</sup>. Uzbekistan helped the US on War on Terror and gave the Karshi-Khanabad airbase to the US for military purposes. In 2001 the new administration in Kabul announced the "Open door" foreign policy and accordingly signed the "Goodwill Neighbourhood Declaration" with its close neighbours including Uzbekistan in 2002. Since both countries are members of regional organisations and initiatives including Economic Cooperation Organization, SCO and Heart of Asia, both can work together bilaterally and multilaterally to strengthen their relations and tackle the common threats.

Tajikistan, Kyrgyzstan and Kazakhstan are members of SCO and have diplomatic relations with Afghanistan. Like other countries in the region, they have the same concerns toward Afghanistan. Terrorism, Drug trafficking, spill over of the conflicts are seen as major threats to their national security. Both Tajikistan and Kyrgyzstan can be the source of energy for Afghanistan and South Asia. Already the CASA 1000 has been signed and is waiting to be operationalised to transmit electricity from these two countries to Afghanistan and Pakistan. Kazakhstan has already committed \$50 million for 1,000 scholarships for the Afghan youth. In the infrastructural sector Kazakhstan constructed Taleqan- Qonduz- Sher Khan Bandar highway and constructed a school in Samangan and 30

bed hospital in Bamiyan province. Kazakhstan supports the candidacy of Afghanistan in SCO and it hosted the Heart of Asia process summit on April 26, 2013<sup>45</sup>.

### **Afghanistan in the SCO Forum: Convergence of interests and the path for Multilateralism**

SCO is an important organization and forum that brings the countries from different regions including East Asia, Central Asia, Eurasia, West Asia and Central Asia. China, Russia, Tajikistan, Uzbekistan, Kazakhstan, Kyrgyzstan are the founding members, Uzbekistan joined in 2001 and Pakistan and India were accepted as full members on June 9, 2017. It has four observers including Afghanistan (2012), Belarus (2008), Iran (2008) and Mongolia (2004). The SCO charter allows the countries to participate in SCO meeting as dialogue partners and currently Armenia, Azerbaijan, Cambodia and Nepal, Sri Lanka and Turkey are occupying the positions. The bilateral relations and interests of countries toward Afghanistan have been discussed above. This section looks at different SCO declarations and discussions related to Afghanistan. Secondly, certain power rivalries among the members of SCO are examined and lastly it highlights the success of SCO in solving the regional security issues. There is convergence of interest among members on Afghanistan and for taking the path of multilateralism.

#### *Afghanistan reflected in the SCO declarations*

The 2001 declaration focuses more on the aims and principles of the organization. It aims to strengthen the mutual trust, friendship and good neighbourliness between the members and it encourages the member states for cooperation in different spheres including, economy, politics, security, energy, transportation and etc. Moreover the principles of the SCO reflected in 2001 declaration of adhering to the UN purpose and principles of respecting independence, territorial integrity, and non-use of military force and renunciation of military superiority in the neighbouring countries. Although Afghanistan is not mentioned by name in the 2001 declaration, but there are certain points emphasized by the member states that indirectly touch Afghanistan. It includes the readiness of SCO to develop dialogue, contacts and cooperation with any countries and organisations in the region and at the international level. Moreover the SCO gave priority to regional security in the 2001 declaration and for that reason they adopted the Shanghai Convention on Combating Terrorism,



Separatism and Extremism. Further to implement the contents of this convention, SCO established the Regional Anti-Terrorist (RAT) structure with its headquarters in Bishkek, Kyrgyzstan<sup>46</sup>.

In the 2002 St. Petersburg declaration, the SCO members decided to intensify their cooperation in fighting against three evils of terrorism, extremism and separatism. They considered these issues not only the problems of any particular country or particular region but as a threat to the international community and international peace that needs to be discussed internationally. In this summit Afghanistan was considered as the epicentre for peace and security of Central Asia and all the member countries believed that the “the security of Central Asia is inextricably linked to the prospects of peace process in Afghanistan”. To guarantee the security of this region the SCO members agreed to intensify their cooperation for the post-war political and economic reconstruction of the country. The declaration welcomed the new establishment backed by Western countries and the US to create a stable Afghanistan free of terror, conflict, drugs and poverty. The SCO signalled its readiness to help the new administration and its allies to form broadly representative government in Kabul<sup>47</sup>.

Since all Central Asian countries and particularly Russia are suffering from the menace of drug trafficking emanating from Afghanistan, the SCO Moscow summit in 2003 discussed Afghanistan from this perspective. They underlined the rising threat of drug trafficking from Afghanistan and decided to intensify their efforts to tackle this problem. The member states agreed that “it is the timely measure that an international strategy for comprehensive neutralization of the Afghan drugs threat be drawn under the UN aegis”. The SCO committed to increase close cooperation with UN and its UN Drug Control Program. It was the time that Afghanistan was experiencing its transitional government under the leadership of Hamid Karzai and the SCO declaration extended its support to Afghanistan to stabilize the situation in the country. It urged upon the international community to focus and help Afghanistan to reconstruct its economy<sup>48</sup>.

The 2004 Tashkent summit was held at a time when Afghanistan was preparing for its first presidential election held in October 4, 2004. Concerned over the prospect of fraud in the upcoming election, the SCO expected the formation of broad based government and showed its interest in “revival of peaceful, united and prosperous Afghanistan that lives in harmony with its neighbours”. In this summit the members stressed the

positive role of the UN in implementation of international programs and to coordinate the efforts in fight against terrorism, extremism and drug trafficking<sup>49</sup>.

In the Astana summit held on July 5, 2005, the SCO members committed to fight drug trafficking that emanates from Afghanistan under the Agreement on Cooperation in Combating Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and their Precursors that passed by SCO in June 17, 2004. In this summit the SCO proposed the anti-drug belt around Afghanistan to detect any trans-border drug trafficking. Moreover the declaration extended its support to the international efforts in combating terrorism and for that reason Uzbekistan and Kyrgyzstan had already allowed the US military bases in their country. However, due to completion of the military operation against terrorism, the SCO asked the coalition forces particularly the US to set a deadline for stationing of their military contingents in Central Asian republics. Accordingly the Karshi-Khanabad base in Uzbekistan was vacated in 2005 and the military contingent was withdrawn from Manas in Kyrgyzstan in 2014<sup>50</sup>.

The West and the US were seen to be behind the “Coloured Revolutions” and unrests in Kyrgyzstan and Uzbekistan, the SCO cooperation with the coalition forces in Afghanistan was reduced. Already the SCO asked the US in 2005 to set the deadline for their military presence in Central Asia. But for emphasizing the need to fight against terrorism and work jointly to strengthen the security of its members, the 2006 SCO declaration did not discuss the Afghan issue; at least it was not included in the final declaration. In Bishkek declaration of 2007 the heads of member states once again expressed their great concern over the threat of drugs trafficking and its negative impact on the Central Asian countries. It was agreed in this meeting that the SCO-Afghanistan Contact Group (SACG) as platform for cooperation with Afghanistan needed to be revitalized<sup>51</sup>.

Afghanistan was discussed in detail at the Dushanbe summit in 2008. The heads of states extended their support to the International Security Assistance Forces (ISAF) deployed in Afghanistan under UN security resolution 1386. They committed to cooperate with interested countries, regional and international organisations to make a broader platform to combat terrorism and drug threat emanating from Afghanistan. Accepting the importance of Afghanistan, the SCO stated its readiness to work for the normalization of political situation in Afghanistan and to develop economic cooperation with it. The SCO called for revival of the SACG and to conduct special conference on Afghanistan under the SCO auspices

to “discuss issues of joint struggle against terrorism, drug trafficking and organized crimes<sup>52</sup>.”

The Special Conference on Afghanistan was held on March 23, 2009 in Moscow. The foreign ministers and officials of 36 countries including the members and observers participated in the conference. The most important aspect of the conference was the participation of delegates from NATO and the US to the conference that formally recognized the role of SCO in Afghanistan affairs<sup>53</sup>. Moreover the conference brought together major stake holders in Afghan affairs including EU, NATO, OIC and the US under the SCO framework to discuss the Afghan problem. The participants recognized the relevance of the challenges in Afghanistan to the region. They emphasized the need for sustained international support to assist and help the security institutions and military forces in Afghanistan. They stressed the importance of regional efforts and cooperation to counter terrorism, illicit narcotic trafficking and organized crimes. Finally they noted that SCO is an important forum for bringing together partners on Afghanistan related issues and provide for practical interaction between Afghanistan and its neighbours for cooperation and coordination in combating terrorism and organized crimes<sup>54</sup>.

In its 2009 declaration, the SCO expressed grave concern over the difficult situation in Afghanistan due to the revival of insurgencies particularly at a time when the country was nearing its second presidential election. Again three issues including, terrorism, drug trafficking and transnational organized crimes were highlighted, that needed to be fought commonly with the help of international community. In this matter the SCO proposed to work closely with “the observer states, concerned countries, regional and international organisations, UN and its specialized agencies”. Moreover the matter of building “the anti-drug belt” around Afghanistan was restated and emphasized by the member states<sup>55</sup>.

The paragraph 8 of the 2010 SCO declaration states that “the drug trafficking, terrorism, organized crimes and the escalation of confrontation in Afghanistan continue to remain the sources of insecurity for the region”. It was for the first time that the SCO members stated that “the situation of Afghanistan cannot be settled through military force” and expressed its support to “the negotiation process led by United Nations and attended by Afghans themselves”. The SCO supported the efforts of member states that participate in the economic projects helping Afghanistan to recover and normalize its economy<sup>56</sup>.

Afghanistan again figured in the Astana declaration of 2011 and the

member states expressed their support to “Afghanistan’s evolution to become neutral, peaceful and prosperous country”. The delegations further stressed the importance of peace and stability in Afghanistan for regional and international security and they promised to continue their assistance to the government of Afghanistan in its reconstruction efforts<sup>57</sup>. The interest of SCO in Afghan affairs further increased and Afghanistan was accepted as an observer of SCO during the Beijing summit in 2012. In all SCO declarations of 2012, 2013, 2014, 2015 and 2016, Afghanistan issue was addressed and the role of UN in Afghanistan was repeatedly emphasized. SCO wished Afghanistan to become independent, peaceful, neutral and prosperous state free from terrorism, extremism and drug related crimes. In the last Astana summit held on June 9, 2017 the member states supported the “continued efforts of the SACG to promote the restoration of peace in Afghanistan”<sup>58</sup>.

Based on the last summit recommendation and after seven years gap, the SCO-Afghanistan Contact Group (SACG) was held at the level of deputy foreign minister in Moscow on 11 October 2017. The Afghan delegation headed by Hikmat Khalil Karzai made five concrete proposals on SCO-Afghanistan cooperation. First, it asked the members to make Afghanistan as the co-chairman of the future SACG. Secondly, Afghanistan asked for full membership of SCO which received support of the members. Thirdly, terrorism was highlighted as common threat and SCO was asked to assist Afghanistan in the matter. Fourthly, the importance of peace and reconciliation in Afghanistan was emphasized and members were requested to use their influence over militant groups to bring them to the negotiation table. Finally Karzai noted the vitality of SCO in the economic recovery of Afghanistan and asked the SCO members to facilitate the integration of Afghan economy with that of the SCO members through trade, transit and investment<sup>59</sup>.

Looking at the SCO declarations gives us certain clues. The geographical proximity of Afghanistan to the SCO member countries and particularly to the Central Asian countries attracted the attention of SCO member states through these years. The spill over of the conflict in Afghanistan to the neighbouring states and beyond made the SCO to express concern about terrorism, extremism and drug trafficking that emanate from Afghanistan. Moreover the recent joining of two South Asian nations of Pakistan and India is of security concern to Afghanistan also. The SCO is important for Afghanistan because the neighbouring and regional countries have greater stakes rather than the countries beyond

the region. Due to historical, cultural, linguistic commonalities and linkages, the neighbours and regional countries have better understanding of the situation on the ground and can be more successful in finding the solution to the problems<sup>60</sup>.

In this matter the countries like Tajikistan, Uzbekistan, Pakistan, Iran and India can play great role under the SCO platform. The first three countries have ethnic linkages with Afghanistan and therefore have great influence in the country. Uzbekistan has close relations with the Uzbeks and their political leadership in Northern Afghanistan. Tajikistan can use its ethnic linkage with the Tajiks and leverage the same in Afghanistan. And Pakistan has deep influence in the Pashtun belt of south and south eastern Afghanistan. Iran can use linguistic and religious commonalities with Tajiks and Hazaras. It is clear that all the neighbouring countries have major stakes and influence in Afghanistan but to overcome the differences it is better to work together under the common platform like the SCO. Through this means the interests of the countries would converge and they would be able to fight against terrorism, separatism and extremism and work better for the security and stability in Afghanistan.

#### CONCLUSION AND THE WAY FORWARD

Path of bilateralism and pursuit of certain interests by the neighbouring countries have proved futile in the past and made Afghanistan as mini system of Regional Security Complex (RSC) "reflecting the political fragmentation at the sub-state level but nonetheless generating a conflict formation that possesses most of the qualities of a state level complex". In this mini system created in 1990s, four basic forces were playing great role. The Pashtun radical Sunni forces under the leadership of Gulbuddin Hekmatyar were supported by Pakistan, Saudi Arabia and indirectly by the US. The Hazara Shias were supported by Iran, Uzbeks were supported and financed by Russia and Uzbekistan. The Tajiks were assisted by Tajikistan, Iran and Russia under the military command of Ahmad Shah Masoud<sup>61</sup>. The outcome was war and destruction in Afghanistan. The concerned countries not only did not succeed in their plan and agendas but they suffered heavily because of refugee influx and continuing spill over of extremism, terrorism and organized crimes to their territories. Bilateralism proved that none of these countries would be able to establish their hegemony over Afghanistan. The first country was Soviet Russia that backed the communist regime in Kabul. Pakistan is the second that

supports the Taliban. Even the US would suffer if it wants to keep its hegemony over Afghanistan without welcoming the initiatives of regional countries and organization including SCO. The major reasons for the emergence of mini system were ethnic fragmentation among Afghans, foreign interference and lack of powerful central government in Kabul. Therefore, it is the ripe time for the countries in the region and beyond to consider Afghanistan as the crossroad of the region rather than an insulated zone. It is essential to assist the central government and its security forces to expand their authority and finally it is important for the regional countries to leave the path of bilateralism and pursue the path of multilateralism instead. Afghanistan is already member of South Asian Association for Regional Cooperation (SAARC) in South Asia, member of Economic Cooperation Organization (ECO), Observer member in SCO. It actively participates in the Heart of Asia Process and can bring all these regions together and play as a hub of trade and transportation. And SCO can play a great role in the matter.

SCO as a platform for multilateralism may have some limitation for its role in Afghan affairs but due to necessity and importance of Afghanistan factor, the SCO members need to play increasing role. The financial issues, internal contradiction of SCO members, the US policy against SCO and lack of trust among members can be counted as restraining factors that prevent SCO to indulge deeply with Afghanistan<sup>62</sup>. However there are certain factors that show increasing interest of the SCO in Afghanistan. Afghanistan was accepted as observer member in 2012. It was after several years of gap that the SCO-Afghanistan Contact Group met in October 2017 and agreed to hold its next meeting in Beijing in early 2018. Earlier, Afghanistan was not eager to participate actively in the SCO forum. But recently and in the last SACG meeting Afghanistan delegation asked for permanent membership<sup>63</sup> of SCO. The Afghan Chief Executive Abdullah Abdullah asked for active role of SCO in Afghan affairs at the SCO heads of the government meeting held on November 30, 2017 in Sochi, Russia<sup>64</sup>. US attendance at the 2008 SCO special conference on Afghanistan shows that the US welcomes the regional organisations to play their part in Afghanistan. Moreover the US knows that to succeed in Afghanistan and to tackle new threats including ISIS in Afghanistan, it needs the cooperation and intelligence sharing of regional countries and organisations including SCO and its member states. The US and SCO might have certain differences and conflict of interests with each other but concerning terrorism and extremism both have common interest of

not allowing these forces to destabilize the political regime in the region and particularly Afghanistan<sup>65</sup>.

SCO can be helpful to Afghanistan in certain broad areas: through economic cooperation the SCO can help Afghanistan to become a land bridge and to revive the ancient Silk Road connecting all four regions of South Asia, West Asia, Central Asia and East Asia. It will integrate Afghanistan in the regional economy. SCO can assist Afghanistan in building trans-regional developmental projects particularly in energy sector. Central Asian countries are rich in mineral resources and stable Afghanistan can be the land corridor for transportation and export of these resources to South Asia including Pakistan and India. There is no alternative regional forum except the SCO to bring all major stake holders together and to address the Afghanistan problem. To tackle the three evils of extremism, terrorism and organized crimes, the SCO can assist the Afghan forces by providing training and building facilities<sup>66</sup>.

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## KAZAKHSTAN'S EXPERIENCE OF CICA

SANIYA NURDAVLETOVA

Kazakhstan's foreign policy was formulated shortly after Kazakhstan gained its independence on December 16, 1991. The President of independent Kazakhstan, N.Nazarbayev, indicated that diplomacy's main objective was to create and maintain favorable conditions for steady development of Kazakhstan based on political and economic reforms. The nature of these reforms determines the nation's foreign policy priorities, impartiality, and a desire to be fully involved in both international and regional events.

The primary goals of Kazakhstan's foreign policy are as follows: protect national interests; provide favorable conditions for political and economic development; develop strategic cooperation with leading countries and regions of the world; improve cooperation with international organizations; strengthen democratic principles within the new world order; contribute to global and regional security and stability while opposing new threats such as terrorism, drug trafficking and organized crime; participate in the processes of regional and global economic integration; promote democracy as well as social and human development; protect the environment and sustain development.

The Government made key decisions and adopted policies regarding military, politics, economics, democratic reforms and a new state governing system. These decisions were essential in easing Kazakhstan's transition to the world community and helped create a foreign policy in harmony with the global political trend towards liberalization.

One of the most important decisions Kazakhstan made during the last 27 years was to become a non-nuclear state and pursue a policy of non-proliferation. Kazakhstan's diplomacy was successful in developing positive relations with more than 140 countries and helping it to become a member of 64 international political and economic organizations. In

March 1992, Kazakhstan was accepted into the United Nations Organization where it has played an active role. There have been no conflicts or confrontations between Kazakhstan and other countries to date, which underscores the effectiveness of the nation's diplomacy<sup>1</sup>.

When independence was declared after the USSR's collapse, Kazakhstan inherited more than 1,400 warheads, numerous delivery systems, and an extensive nuclear infrastructure that included the main Soviet nuclear test facility - the Semipalatinsk nuclear test site. The former Soviet republic was faced with the choice: whether to keep these weapons and claim nuclear power status or to give up those weapons and become a non-nuclear weapon state. As a result, by May 1995, Kazakhstan had disarmed and had signed the Nuclear Non-Proliferation Treaty as a non-nuclear weapon State. Kazakhstan's efforts in the sphere of disarmament and non-proliferation of nuclear weapons should be considered as one of the largest foreign policy initiatives undertaken by the State. Kazakhstan is the first country that voluntarily renounced nuclear weapons and confirmed its choice of a nuclear weapon free world, desisting from being part of the fourth largest nuclear-missile arsenal in the world. All those years Kazakhstan was devoted to the principles of non-proliferation and nowadays the country is a strong and effective leader in international non-proliferation community.

The idea of convening the CICA was first proposed by N. Nazarbayev, President of the Republic of Kazakhstan, on 5 October 1992, at the 47th Session of the United Nations General Assembly<sup>2</sup>. The moving spirit behind this initiative was the aspiration to set up an efficient and acceptable structure for ensuring peace and security in Asia. Unlike other regions in the world, Asia did not have such a structure at that time and earlier attempts to create a suitable structure had not been very successful.

The CICA's main purpose is to promote peace, security and stability in the region by means of mutual cooperation. As CICA includes states that experience deep political problems in their relations (Pakistan and India, Iran and Israel), the organization avoids discussing certain political issues. However, many international organizations that unite diverse states encounter the same challenge. Bearing in mind that Asia is a very diverse continent with significant religious, political and economic differences, relative modest progress of CICA is natural.

From the very beginning, the idea of convocation of CICA has found support of some Asian states defining a political climate on the continent, and the international organizations (the United Nations, OSCE, LAS).

Following the results of the given meetings, a Special Working Group was established to make preparation for the meeting of the ministers of foreign affairs of the states interested in convening the Conference.

#### PREPARATORY PROCESS

During the first phase of the evolution of CICA (1992-1994), Kazakhstan organized three meetings of the representatives of foreign ministries of Asian states interested in CICA. The first meeting with 12 participants was held in April 1993; the second meeting with 28 participants was held in August-September 1993; and the third meeting with 29 participants was held in October 1994. The main achievement of the first phase was an agreement that discords existing in region could not be an obstacle to finding common approaches to the problems concerning security and cooperation among the states<sup>3</sup>.

During the second phase (1995-1999), a Special Working Group (SWG) was established to make preparation for the meeting of the ministers of foreign affairs of the states interested in convening the Conference. The first meeting of the SWG took place in March 1995. Participating states were represented at the level of Ambassadors, and experts from the Ministries of Foreign Affairs. In various sessions of the SWG during 1995-1999 drafts of the basic CICA documents such as "The Rule of Procedures", "Declaration on the Principles", "CICA Structure and Institutes" were considered.

Deputy Ministers of Foreign Affairs of 23 Asian countries met in Almaty on February 7-8, 1996 to further elaborate on the basic principles and documents of CICA. The participants agreed that the development of CICA process needed long term joint efforts of all the interested states. On December 3, 1997 the second meeting of the Deputy Foreign Ministers of the interested states was held. Representatives from 27 countries and international organizations took part.

The international colloquium "Asian Security in the Context of Convening CICA", held in Almaty October 21-22, 1998, was an important moment in the development of CICA. The heads of leading scientific and research centers and institutions from 16 countries of Asia, Europe and the USA took part in the colloquium. The main goal of this event was to exchange opinions on all aspects of Asian security with an emphasis on pursuing the idea of creating a regional security system.

In January-February 1999, bilateral consultations were held in the

capitals of some of the interested Member States. During these consultations, agreements were reached on the rapprochement of positions of the participants concerning several disputed provisions of the Declaration on Principles.

#### FIRST MINISTERIAL MEETING

The First Meeting of CICA Ministers of Foreign Affairs was held in Almaty on September 14, 1999. The First Ministerial Meeting laid the foundation of CICA with the signing of the Declaration on Principles Guiding Relations between CICA Member States by the Ministers. The Ministers, while reaffirming commitment to the United Nations Charter, agreed that the Member States will respect each other's sovereign equality; refrain from the threat or use of force; respect the territorial integrity of each other; settle disputes in accordance with the Declaration, UN Charter and international law; refrain from any intervention in the internal affairs of each other; reaffirm their commitment to the goal of achieving general and complete disarmament under effective control; enhance the process of economic, social and cultural cooperation; and respect human rights and fundamental freedoms of all individuals.

#### FIRST SUMMIT

The First CICA Summit was held in Almaty on June 4, 2002 with the participation of the Heads of Government of Afghanistan, Azerbaijan, China, India, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Russia, Tajikistan, Turkey and Uzbekistan; and Special Envoys of the Heads of Government of Egypt, Iran, Israel and Palestine<sup>4</sup>. The Summit was also attended by the representatives of the Observer States and Organizations. At this meeting, the Almaty Act and CICA Declaration on Eliminating Terrorism and Promoting Dialogue among Civilizations were adopted. Within a short span of ten years after initiation of the idea, CICA became a full fledged functioning forum for dialogue and for seeking mutually acceptable measures for resolving problems and conflicts in the region.

The fledgling forum's main purpose of bringing peace to all, including bringing together seemingly irreconcilable countries and interests, - it unites India and Pakistan, Iran, Palestine and Israel, among others, - was immediately put to a real life test. The gathering, taking place amid heightened tensions in South Asia and elsewhere, provided a unique

occasion for leaders of India and Pakistan to sit in the same room and to hear each other speak directly for the first time in five months.

### SECOND MINISTERIAL MEETING

The Second Meeting of CICA Ministers of Foreign Affairs was held in Almaty on October 22, 2004. At this meeting, CICA Catalogue of Confidence Building Measures (CBMs), CICA Rules of Procedure and Declaration of CICA Ministerial Meeting were adopted. Thailand was admitted as the seventeenth member of CICA

CICA Catalogue of Confidence Building Measures became the most important document of the forum after Almaty Act. It was for the first time in the history of the Asian continent that there was such a comprehensive document envisaging multilateral cooperation among states on wide range of issues relating to stability and security. Within the framework of the Catalogue, the Confidence Building Measures were categorized into five basic dimensions, namely, economic; environmental; human; fight against new challenges and threats; and military-political. Under each category, specific measures for implementation were listed. The Member States agreed to implement the Confidence Building Measures on gradual and voluntary basis. It was also agreed that any Member State could select certain measures identified in the Catalogue for implementation, where feasible and appropriate.

CICA Rules of Procedure laid down ground rules for decision making, membership, observer status, chairmanship, types of meetings and procedure for conducting meetings. One of the most important aspects of the Rules of Procedure is that decisions and recommendations at all levels are taken by consensus. Consensus is reached in the absence of objection by any Member State at the stage of adoption of decisions and recommendations.

Declaration of the Second Ministerial Meeting included assessment of the situation at that time at the regional and global levels including Afghanistan, Iraq, Middle East, South Caucasus, and Korean peninsula. Member States once again condemned terrorism in all forms and manifestations and reiterated their commitment to fight this menace.

### SECOND SUMMIT

The Second CICA Summit was held in Almaty on June 17, 2006 with

participation of the Heads of Government of Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan, Thailand and Uzbekistan and Special Envoys of the Heads of Government of Egypt, India, Iran, Israel, Republic of Korea, Mongolia, Palestine and Turkey. Republic of Korea was admitted as the eighteenth member of CICA<sup>5</sup>.

The Second Summit adopted the Statute of CICA Secretariat and Declaration of the Second CICA Summit. With the adoption of the Statute, CICA Secretariat was established with its seat in the Republic of Kazakhstan. Functions of the Secretariat specified in the Statute include: providing support for CICA meetings; maintenance of archive of CICA documents; acting as clearing house for the documents and information provided by the Member States; disseminating information on CICA; disseminating information on the implementation of CBMs among Member States; and performance of other tasks and duties assigned by the decision making bodies of CICA.

The Declaration of the Second CICA Summit reflected the general view of the Member States on key problems of security and cooperation in Asia and in other parts of the world. The Declaration also reiterated the desire of the Member States to continue the efforts to move forward CICA process to achieve its shared objectives. It noted with satisfaction the establishment of CICA Secretariat in the territory of the Republic of Kazakhstan as an important milestone in the evolution of CICA process.

#### DEVELOPMENT OF THE CONFIDENCE BUILDING MEASURES

At the Senior Officials Committee meeting (SOC), held on 12-14 March 2007 in Bangkok, a document "Cooperative Approach for the implementation of the CICA CBMs" was adopted. Thus the early phase of practical implementation of the CICA Catalogue of Confidence Building Measures and various projects aimed at strengthening cooperation in a multilateral format and specifying the individual directions of the CICA Catalogue<sup>6</sup>.

First Specialized Expert Meeting (SEM) in the field of illicit drug trafficking was conducted in Tehran on 22-23 December 2007. In the period from 31 January to 1 February 2008 CICA Experts Meeting on the Implementation of Confidence Building Measures in the Area of New Challenges and Threats was held in Ankara. At these meetings the concept papers in the above-mentioned fields were elaborated. On 6-7 May 2008, a regular meeting of the CICA Special Working Group (SWG) was held in



Almaty. Participants of the meeting discussed such issues as the implementation of the CICA Catalogue of CBMs, establishment of the CICA Secretariat and preparations for the 3rd Meeting of CICA Foreign Ministers.

Most of these meetings were held in 2008. For example on June 11, 2008, a regular meeting of the CICA Senior Officials Committee (SOC) was held in Seoul. SEM for discussing the project of the Concept paper on the Cooperation among the CICA Member States in the field of tourism was held in Dushanbe on September 27-28, 2008.

The CICA seminar on advanced agriculture was held in Tel-Aviv on 26-29 October, 2008, in which experts exchanged views and national experiences on common challenges, innovative technologies and effective methods of agriculture.

Ministry of Culture and Information of Kazakhstan, as the coordinating body for the implementation of the CICA CBMs in human dimension, implemented the Concept paper and the Action Plan for 2008-2009, under which two international conferences were held in 2008 in Kazakhstan.

Other Member-States as the coordinators of individual CBMs in economic, environmental dimensions, as well as new challenges and threats, developed the concept papers in their respective areas: the Republic of Korea - in the field of energy security, Tajikistan - in the field of tourism, Iran - in Combating Illicit Drug Production and Trafficking and Precursors, Russia - in the area of development of small and medium enterprises, Turkey - Action Plan for the implementation of CBMs in the field of new challenges and threats.

### THIRD MINISTERIAL MEETING

The Third Meeting of CICA Ministers of Foreign Affairs was held in Almaty on August 25, 2008. It was attended by delegations of 19 Member States, 7 observer countries and 6 international and regional organizations. Just prior to the Ministerial Meeting Hashemite Kingdom of Jordan and United Arab Emirates were formally admitted to CICA taking its membership to twenty. The State of Qatar was conferred the status of observer. The Conclusions and Declaration of the Ministerial Meeting, titled CICA Progress in Implementation of CBMs were adopted at the Meeting. The Ministers also adopted the Protocol Amending the Statute of the Secretariat of the Conference on Interaction and Confidence Building Measures in

Asia which provides for shifting of CICA Secretariat from Almaty to Astana.

The President of the Republic of Kazakhstan as the current CICA Chairman, welcoming the beginning of the implementation of confidence measures in the human, economic and environmental dimensions as well as in combating new challenges and threats, suggested to begin practical work on developing and strengthening cooperation in the politico-military dimension, which in perspective should be one of the main directions of the CICA Catalogue of CBMs.

#### FURTHER DEVELOPMENT OF THE CONFIDENCE BUILDING MEASURES

Special working group (SWG) of the Conference on Interaction and Confidence Building Measures in Asia (CICA) held its regular meeting in New Delhi, India on 18-19 February 2009, followed by meeting of Senior Officials Committee (SOC) under the chairmanship of N.Yermekbayev, Deputy Minister of Foreign Affairs of Kazakhstan on 20 February 2009.

One of main issues on the agenda was consideration of implementation of Confidence Building Measures (CBMs). Kazakhstan and Turkey briefed the Member States about the proposed course of action for implementation of action plans in the areas of human dimension and new challenges and threats. Other coordinating countries informed about the course of action for adoption of concept papers and action plans for implementation of CBMs in the areas of development of secure and effective systems of transport corridors; illicit drug trafficking; information technology; energy security; and small and medium enterprise. Mongolia confirmed its intention to act as the coordinating country for CBMs in environmental dimension.

Kazakhstan's mandate of the CICA Chairman expired in 2010. In this regard, at the Third Meeting of CICA Ministers of Foreign Affairs on August 25, 2008 the President of Kazakhstan N.Nazarbayev proposed to elect for this post one of the most active participants of the CICA - Republic of Turkey. This initiative was launched in view of the high-level relations between the two fraternal countries and taking into account the vast experience of Turkey in various international and regional associations. In January 2009, following internal procedures, Ankara conveyed its agreement with the proposal of Kazakhstan, which was announced in a message of President of the Republic of Turkey A.Gül addressed to the

President of the Republic of Kazakhstan N.Nazarbayev, as the CICA Chairman.

In the economic dimension the Concept paper on Cooperation among CICA Member States in the area of Tourism, prepared by Tajikistan was approved. Kazakhstan as coordinator of the project for the implementation of CBMs in the human dimension distributed plan of activities for 2009 in the framework of the CICA Action Plan on CBMs in the humanitarian sphere.

Mongolia became the coordinator of the environmental dimension, and Turkey, as coordinating country in the field of new challenges and threats, announced its intention to hold in 2009 the meeting of police chiefs of the member countries.

The participants also discussed common issues of CICA activities. At the meeting the CICA Calendar of Events for 2009-2010 was adopted and analysis titled "The study of the CICA development" was approved.

On June 9, 2009 the SEM for the implementation of CICA Catalogue of CBMs in the field of promoting business opportunities and information exchange in Development of Small and Medium Enterprises, was held in Moscow. During the meeting, the draft Concept paper and Action plan for the 2009-2010 were discussed.

On June 23-24, 2009 the regular Meeting of the CICA Special Working Group (SWG) took place in Almaty. During the meeting, Member States considered the issues of realization of the CICA Catalogue of CBMs in the environmental, economic and military-political dimensions, the general issues related to CICA, as well as issues related to CICA Secretariat. In addition, the SWG accepted the request of the Kingdom of Saudi Arabia for observer status at CICA and submitted it for approval by SOC. The Kingdom of Thailand, in its capacity as the ARF Chairman, expressed its willingness to share its views and experiences on implementation of CBMs in military-political and economic dimensions with the CICA Chairman.

At SOC Meeting, held in New Delhi, Republic of Turkey announced its candidacy for Chairmanship of CICA in 2010-2012, which was agreed by all Member States. In accordance with the CICA Rules of Procedure, the next 3rd Summit of Heads of States and Governments of the CICA Member States was held in 2010 in Turkey.

Earlier in the CICA framework annually only 2 to 3 specialized activities were held. In the year 2010 several meetings, seminars and forums were held in Kazakhstan, Kyrgyzstan, Russia, Azerbaijan, Republic of Korea, Turkey, Iran and Israel. Thus, the year 2010 became the

“breakthrough” in the context of the further development of the Conference.

Kazakhstan was assigned to prepare the Chairman’s Draft Perception Paper on Confidence Building measures in Military-Political Dimension. Later on that basis was elaborated in the document titled “The Cooperative Approach”, which reflected common position of all the Member States.

Thus, the participants took practical steps for implementation of the decisions of the Second Summit (2006) and the Third Ministerial Meeting (2008), as well as to prepare for the Third Summit, which was held in 2010.

**The third CICA Summit** was held in Istanbul on June 8, 2010<sup>7</sup>. The summit welcomed new members Iraq and Vietnam, which became permanent member from earlier observer status.

The third CICA summit took place outside Kazakhstan, with the chairmanship baton being passed on to Turkey for the next two years. Such a development was logical as Ankara played an active role in establishing new security strategies on regional level and consistently supported Kazakhstan’s efforts in turning CICA on an effective platform.

Issues on Istanbul agenda included discussions over the meaning of Turkey’s “no” vote at the UN Security Council on new round of sanctions against Iran, the war in Afghanistan and instability in Iraq, reset policy with Russia and others. The gathering of the leaders from about 40 countries across Eurasia and the Middle East was overshadowed due to the Gaza flotilla crisis.

In general, Kazakhstan highly appreciated the third CICA Summit results. In the joint declaration issued at the end of the third CICA summit the member states committed themselves to disarmament, non-proliferation, efforts to establish Nuclear-Weapons-Free zones, combating and eradicating the illicit trade and trafficking of small arms and light weapons (SALW), tackling catastrophes caused by climate change, economic co-operation and cultural exchanges promotion.

The fact that CICA very much remains relevant today is evidenced by admission of Jordan, UAE, Iraq and Vietnam as full members and conferment of observer status on Qatar, Bangladesh and Cambodia. Member states of CICA cover nearly ninety percent of the area and population of Asia. During the short period since its inception, CICA has made big strides in its endeavor to find ways and means to eliminate the causes of mistrust, tension and hostility and create conditions for sustainable peace in Asia and economic growth of Asian states.

**The Fourth Meeting** of the CICA Ministers of Foreign Affairs was held in the Republic of Kazakhstan (Astana) on 12 September 2012. The Ministerial Meeting was preceded by a Commemorative Session of the dedicated to the 20<sup>th</sup> Anniversary of the CICA process. The President of Kazakhstan N.Nazarbayev inaugurated the commemorative session. In his inaugural address, he stressed the importance and effectiveness of the CICA.

Fourth Ministerial Meeting was jointly chaired by A.Davutoglu, Minister of Foreign Affairs of the Republic of Turkey, as representative of the Turkish CICA Chairmanship and Y.Kazykhanov, Minister of Foreign Affairs of the Republic of Kazakhstan, as representative of the host country. The meeting was attended by the Ministers of Foreign Affairs or their representatives from the Member States, Observer States and Guest States, as well as representatives of the Observer and Guest Organizations.

The Ministers exchanged views on regional and global issues and explored possibilities to further enhance cooperation, peace and security in Asia. The Ministers reaffirmed the importance of promoting CICA as a multilateral forum for close cooperation, continuous dialogue and interaction, comprehensive exchange of views, addressing new challenges and threats, facilitating prevention of conflicts, peaceful settlement of disputes as well as developing and implementing agreed Confidence Building Measures in the Asian continent. The Ministers also adopted a declaration covering wide range of issues of the global community, including recent political developments, and CICA's role in addressing these issues.

**The Fourth CICA Summit**, presided by Xi Jinping, President of the People's Republic of China, was held in Shanghai on 21 May 2014 with the participation of 26 member states, 11 observer states and international organizations, 2 partner international organizations, and 8 guest states and international organizations. The Republic of Turkey passed on the CICA Chairmanship to the People's Republic of China for the period 2014-2016. The People's Republic of China became the third Chairman of CICA after the Republic of Kazakhstan and the Republic of Turkey.

Salient feature of the Fourth Summit was the largest ever participation by the Heads of State and Government. Thirteen Heads of State and Government and the Secretary General of the United Nations participated in this Summit besides other high-level dignitaries including Vice Presidents, Deputy Prime Ministers and Ministers of Foreign Affairs. The People's Republic of Bangladesh and the State of Qatar were admitted as

new members of CICA.

At the Summit, participating leaders expressed their views on security situation in Asia and measures to promote CICA dialogue, trust and coordination. In his keynote address, President Xi Jinping presented a new regional security cooperation architecture respecting and ensuring the security of each and every country and jointly building a road for security of Asia that is shared by all in a win-win situation.

The Summit adopted a declaration espousing its theme “On Enhancing Dialogue, Trust and Coordination for a New Asia of Peace, Stability and Cooperation”. The declaration reflected CICA’s stand and views on important issues of security and cooperation in Asia including terrorism, disarmament, illicit drugs, organised transnational crime, food and energy security, human rights, information and communication technology, environment as well as situation in Afghanistan and Middle East. The declaration also reiterated commitment of the member states to carry forward the CICA process and reaffirmed the importance of implementing agreed confidence building measures in all dimensions. The Summit also welcomed adoption of the new CICA Rules of Procedure. A memorandum of understanding between the CICA Secretariat and the SCO Secretariat was signed on the sidelines of the CICA Shanghai Summit.

Under the theme “Enhancing Dialogue, Trust and Coordination for a New Asia of Peace, Stability and Cooperation”, the participants exchanged views, discussed the important subject of security cooperation, explored policies for long-term peace and stability, and jointly promoted development and prosperity, reaching broad consensus and yielding important achievements.

**The Fifth Meeting of the CICA** Ministers of Foreign Affairs was held in Beijing, People’s Republic of China on 27-28 April 2016 with participation of 26 member states, 11 observer states and international organizations and 6 guest organizations. The theme of the meeting was “promoting security through dialogue”.

Xi Jinping, President of the People’s Republic of China inaugurated the meeting and delivered inaugural address. President Xi stressed on jointly creating a better future of peace and prosperity for Asia through dialogue and consensus. He mentioned that for achieving this end, it is necessary to focus on four areas: keep the direction of building an Asian community of common future; cement the foundation for exchanges and mutual learning among different civilizations; uphold mutual understanding and mutual accommodation and peaceful settlement of

disputes through dialogue and consultation; and gradually explore the building of a security architecture that fits regional conditions.

The Ministers exchanged views on regional and global issues and explored possibilities to further enhance cooperation, peace and security in Asia. The Ministers reaffirmed the importance of promoting CICA as a multilateral forum for close cooperation, continuous dialogue and interaction, comprehensive exchange of views, addressing new challenges and threats, facilitating prevention of conflicts, peaceful settlement of disputes as well as developing and implementing agreed Confidence Building Measures in the Asian continent. The Ministers also adopted a declaration covering wide range of global issues, including recent political developments, and CICA's role in addressing these issues.

**Founding documents of CICA** are the Declaration on the Principles Guiding Relations among the CICA Member States (signed by the CICA Foreign Ministers in 1999), Almaty Act (signed by Heads of States and Governments of the CICA in 2002). **Basic documents** are the Catalogue of Confidence Building Measures, Rules of Procedure (adopted in 2004), Statute of the CICA Secretariat and its appendix – Financial rules (signed in 2006, ratified by Kazakhstan in February, 2007), Regulation on the CICA symbols, Cooperative approach for implementation of the CBMs, Guidelines for the CICA's External Relations (adopted in 2007), Host Country Agreement (signed in 2007, ratified by Kazakhstan in March, 2008), Protocol amending the Statute of the CICA Secretariat (signed in 2008), the Convention on the Privileges and Immunities of the Secretariat, its personnel and representatives of Members of the CICA (signed in 2010, ratified by Kazakhstan in November, 2011). **Political declarations** are the Declaration on Eliminating Terrorism and Promoting Dialogue among Civilizations (2002), Declaration of the Second Ministerial Meeting (2004), Declaration of the Second Summit of Heads of States and Governments (2006), Declaration of the Third Ministerial Meeting (2008), Declaration of the Third Summit of Heads of States and Governments (2010), Declaration of the Forth Ministerial Meeting (2012), Declaration of the Fourth CICA Summit (2014), Declaration of the Fifth Ministerial Meeting (2016).

On 27 August 2017, Astana, the capital of Kazakhstan, hosted the SCO and the CICA International Marathon. The large-scale sports event was one of the main cultural and entertainment events of the SCO Day celebrations at the EXPO 2017 Astana international specialized exhibition.

Kazakhstan's initiative on convening the Conference on Interaction

and Confidence-Building Measures in Asia was announced 25 years ago by the President of Kazakhstan N. Nazarbayev at the 47th session of the UN General Assembly on October 5, 1992. The meeting was the largest and most effective platform for discussing the problems of collective security in the Asian continent. Kazakhstan is a non-permanent member of the UN Security Council for 2017-2018. In this way, Kazakhstan is also making efforts to make the CICA stronger on this highest platform. The activities of the Conference are focused on such areas as military-political interaction, energy security, addressing new challenges and threats, cooperation in the environmental sphere, exchange of experience in the development of agriculture, tourism, and information technologies.

During the 25th anniversary of the CICA, Kazakhstan organized an exhibition in 2017. It was held in the building of the National Academic Library. The presented exposition included archival documents and photographic materials reflecting the stages of formation and development of the CICA, as well as library funds on international security and foreign policy initiatives of the Head of State. The organization of such an exhibition attracted the attention of numerous visitors of the National Academic Library to the activities of the CICA, particularly the young generation of Kazakhstanis and to clearly present the history of CICA formation and prospects for its further evolution.

Practical implementation of confidence building measures is the route for not only taking the CICA process forward but also for retaining the relevance of the process. Until recently, CICA approach towards CBMs had been mainly declaratory. However, declared intents need to be followed-up by real progress for them to remain meaningful. How and in which shape can this objective be realized depends on the collective will and mutual understanding of the member states.

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## EURASIAN ECONOMIC UNION: PROSPECTS AND CHALLENGES

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The Eurasian Economic Union (EEU) became operational on 1 January 2015. The inauguration of the EEU in 2015 marks a new chapter in the economic integration process in the Eurasian region, which if successful could bring a major transformation in the region. The economic integration process in the region started with the formation of the Eurasian Economic Community (EurAsEC) in 2000 that culminated to the EEU in 2015.

Post-Soviet disintegration, the countries in the Eurasian region are trying to promote economic integration to address their numerous economic challenges. During the Soviet period, the economies of the countries within the Soviet bloc were mutually dependent and complementary to each other. Most of the post-Soviet states have been trying to diversify their economies since their independence.

The paper discusses the various stages in the evolution process of the EEU: the EurAsEC, EurAsEC Customs Union, EurAsEC Common Economic Space (CES) and finally the EEU. The various stages leading to the creation of the EEU reflect the opportunities and challenges for regional economic integration and also facilitate the understanding of the trends, developments and geo-politics of the region.

In the Eurasia region, Russia with the biggest economy is an influential actor. Russia's economic engagement with the former Soviet countries remains substantial. Will the smaller countries in the EEU be overshadowed by Russia? Is Russia trying to counter European Union's eastward expansion and whether it is trying to restrict China's growing influence in the Central Asian region through the EEU? These are some of the pressing questions that need attention. The paper also analyses the benefits and challenges for India in joining the EEU. India's trade with the Central Asian region is abysmally low. Will joining the EEU help India

in developing robust economic ties with the region?

### STAGES IN THE EVOLUTION OF THE EURASIAN ECONOMIC UNION

The establishment of the EEU is a gradual process as reflected in the various stages of its formation. Regional economic cooperation is gradually gaining momentum in the Eurasian space, albeit several challenges. The section below discusses the various groups that gradually led to the creation of the EEU in 2015.

#### *Eurasian Economic Community*

The genesis of the EEU dates back to the creation of the EurAsEC. The group originated in 1995 and the treaty for the EurAsEC was signed on 10 October 2000 in Astana by Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. After ratification by the member states, the treaty came into force on 30 May 2001. In January 2006, Uzbekistan joined the group but suspended its membership in October 2008 due to differences with other member countries. Ukraine, Moldova and Armenia were Observers in the organisation. The EurAsEC was established to promote economic cooperation and trade, facilitate the process of the formation of the Customs Union and Common Economic Space, and coordinate member states with the international trading system and world economy.

The main aims of the EurAsEC were: completing formalisation of the free trade regime, creating a unified customs tariff and a unified system of non-tariff regulation measures; ensuring free movement of capital; forming a common financial market; coordinating the principles and conditions for transition to a common currency within the framework of the EurAsEC; establishing common rules for trade in goods and services, and their access to internal markets; creating a common unified system for customs regulation; drawing up and implementing interstate targeted programmes; creating equal conditions for industrial and entrepreneurial activities; forming a common market for transportation services and a unified transport system; forming a common energy market; creating equal conditions to access foreign investments by the member states; ensuring free movement of citizens within the Community; coordinating social policy with the aim of forming a community of social states that allows for a common labour market, common educational space, coordinated approaches in resolving questions of healthcare and labour migration,

etc.; coordinating and harmonising national legislation; and ensuring coordination of the legal systems of the EurAsEC member states to create a common legal space within the Community.<sup>1</sup>

The EurAsEC covers a territory of 20.374 million sq km with about 180 million inhabitants (2.7 percent of the global population) and produces 3.5 percent of the world's GDP.<sup>2</sup> The EurAsEC countries are endowed with vast resources of minerals and raw materials. In 2010, the EurAsEC countries constituted 9 percent of the global oil resources, 25 percent of gas and 23 percent of coal; their share in the generation of electrical energy amounted to 5.5 percent globally; steel production was 5.4 percent and grain production 5.7 percent.<sup>3</sup> The EurAsEC also has vast reserves of uranium, raw diamonds, platinoids, gold, silver, zirconium, rare metals, rare-earth elements and many other minerals. The EurAsEC countries are major exporters of mineral resources and metals in the world, such as oil and gas, chrome and manganese resources, aluminium, nickel and copper, platinoids and raw diamonds.

Within the framework of the EurAsEC, there are four bodies: Interstate Council, Integration Committee, Inter-Parliamentary Assembly and Community Court. For addressing specific issues, the EurAsEC has different Integration Committee Councils and Commissions like Council of Heads of Tax Services, Council of Heads of Customs Services, Transport Policy Council, Energy Policy Council, Council on Border Issues, Financial and Economic Policy Council, Council of Ministers of Justice, etc. The EurAsEC Interstate Council is the supreme body of the Eurasian Economic Community, which is composed of Heads of state and Heads of government. The EurAsEC Integration Committee is a standing body of the Eurasian Economic Community accountable to the EurAsEC Interstate Council. The Integration Committee is composed of deputy Heads of government of member states.

In January 2008, Russia, Belarus and Kazakhstan signed nine trade agreements, which included customs duties, unified customs and tariff regulations, unified rules to determine the countries of origin of goods, unified measures of non-tariff regulation, anti-dumping and protective measures, determination of customs values, customs statistics, technical and sanitary controls, and taxation of imports and exports.<sup>4</sup> Kyrgyzstan, Tajikistan and Uzbekistan did not sign the above agreements.

Some of the major initiatives of the EurAsEC by the end of 2010 were: 120 international treaties adopted and implemented, including 55 within the framework of the Customs Union; 33 meetings of the Interstate

Council held (at the level of heads of state and heads of government); 22 Councils and Commissions formed; 31 memorandums of cooperation with international organisations and financial and economic organisations signed; 12 meetings of the Interstate Council (supreme body of the Customs Union) held; 55 meetings of the Integration Committee held; 21 meetings of the Customs Union Commission held; 68 meetings of the Permanent Representatives Commission held; 284 meetings of Councils and Commissions held.<sup>5</sup>

The EurAsEC Anti-Crisis Fund was established in 2008 to grant loans to participating countries to address the impact of the global financial crisis; allocate stabilization credits; and finance interstate investment projects. The Fund has helped many member countries during crisis situation. For example, it gave US\$ 70 million loan to Tajikistan in 2010 from the US\$ 10 billion anti-crisis fund created in 2009.<sup>6</sup>

### *EurAsEC Customs Union*

The next stage in the economic integration process was the creation of the Customs Union, thus facilitating the process for the EurAsEC Common Economic Space. Customs Union is a trade bloc consisting of a free trade area, where member countries share a common external tariff, external trade policy and competition policy. Customs Union attempts for free movement of goods produced in the territory of the Custom Union member countries but also of goods produced in countries outside the common zone after paying the customs duty at one entry point.

Geopolitics has also influenced the creation of the Customs Union, which gained priority among the EurAsEC member countries after the European Union (EU) announced its Eastern Partnership Programme (EPP) with six post-Soviet states – Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine in 2008. The EPP was initiated to improve political and economic relations between the EU and the above six states. The EPP policy was a source of irritant between EU and Russia, each accusing the other of trying to interfere and influence the above six countries. Other reasons of Russia's concern were the US plan to deploy NATO's missile defence system in Poland and Czech Republic, and China's growing economic presence in Central Asia. Kazakhstan-China oil pipeline and Central Asia-China gas pipeline have strengthened China's position in the Central Asian region. Further, China is also investing in building infrastructure in the region like road networks, etc. Economic integration in the region would strengthen Russia's position in the post-Soviet space,

an area too important for Russia to ignore. The West and China have been pursuing their own initiatives to revive the old Silk Route and make Central Asia the bridge for trade with Europe and China, respectively. Efforts by the West and China to develop economic engagement with the region is challenging Russia's stronghold in the region. The creation of the Customs Union and subsequently the EEU is seen as Russia's attempt to dissuade the CIS countries from moving close to the US, the EU and China.<sup>7</sup> Also, Russia receives a large number of migrants from the former Soviet countries, which in future could emerge as a contentious issue in Russia. Russia seeks to form "ethnic unity" of the Soviet people through a common economic space.<sup>8</sup>

The Resolution on establishment of the EurAsEC Customs Union was adopted by the six EurAsEC states at a EurAsEC Interstate Council meeting on 6 October 2007. It was decided that at the initial stage, Belarus, Kazakhstan and Russia would join as members of the Customs Union. Other EurAsEC members would join gradually as and when the economies and legislative systems of these countries are prepared. In 2009, Kazakhstan, Belarus and Russia agreed on a unified customs tariff and customs code.

The unified customs tariff and custom code came into effect from 1 January 2010 and 1 July 2010, respectively. Common measures to determine the country of origin of goods, non-tariff regulation with respect to third countries, special anti-doping and compensation measures for third countries was outlined by the Union. The customs control within the borders of the three member countries was abolished in July 2011. After the removal of the customs control, the total trade among the three countries increased by 35 percent in 2011-2012.<sup>9</sup> Eliminating customs formalities at borders saved time and was cost effective. More than 50 percent of the time taken for transportation was saved by removing customs formalities at borders and 15 percent of the cost of the products by eliminating customs duties and other formalities.<sup>10</sup>

The Customs Union Commission was the apex management body of the Union. The Commission had the power to determine rates of tariff and supervise customs administration of the Union. Russia had 57 percent, Belarus 21.5 percent and Kazakhstan 21.5 percent of votes in the Union.<sup>11</sup>

The Customs Union covered a population of 170 million in Eurasia, US\$ 2 trillion worth of GDP and US\$ 900 billion worth of trade turnover.<sup>12</sup>

Its place in the world oil and grain market was remarkable; total oil reserves was worth about 95 billion barrels and grain export contributed about 18 percent of the global market.<sup>13</sup> It was assumed that the Customs Union would gradually constitute about 15 percent of GDP growth of the member countries.<sup>14</sup> The major trading partners of the Customs Union countries in 2013 were the EU (52.86 percent), the APEC countries (26.5 percent), China (12.3 percent), Ukraine (5.38 percent), Japan (3.8 percent), the US (3.3 percent) and South Korea (2.9 percent).<sup>15</sup> The total trade volume of the Customs Union outside the member countries amounted to US\$ 681.2 billion in 2013, in which export and import were US\$ 429.5 billion US\$ 251.7 billion, respectively.<sup>16</sup>

Each of the countries had its own share of advantages and disadvantages of joining the Customs Union. For Russia, it gave Russian products easy access to wider markets. Russia gained from cheaper products and labour from Belarus and Kazakhstan. A number of Russian enterprises re-registered in Kazakhstan to benefit from the cheaper tax rates. Russia got the major share of the collected customs duty. The distribution was as follows: Russia got 87.97 percent of the collected duty, while Kazakhstan and Belarus received 7.33 percent and 4.70 percent, respectively.<sup>17</sup>

Russia as a member of the Customs Union faced a few problems at least in the short run. For instance, Russian farmers faced competition from subsidised agricultural products of Belarus and Russian steel industries from steel producers of Kazakhstan.<sup>18</sup>

Kazakhstan's agricultural, automobile and airline sectors benefited by the policies of the Union.<sup>19</sup> Kazakhstan products had access to the large Russian market. Kazakhstan used Russia and Belarus to transit goods without any customs duty. For example, Kazakhstan exported grain via Russia to other countries without paying duty to Russia, and Kazakhstan supplied electricity for its power deficit industries in western part through Russia.<sup>20</sup> By joining the Union, Kazakh industries had access to raw materials at concessional rates from Russia and by exporting their final products to Russia earned profits.<sup>21</sup> Another factor was the growing concern in Central Asia of China's economic presence. The Kazakh markets were abundant with low cost Chinese goods, which had earlier entered the country through Kyrgyzstan. From Kazakhstan, Chinese goods entered Russian markets without any customs duty. Unified rules under the Customs Union helped in addressing this concern.

However, the majority of Kazakh imports had lower duty, and hence Kazakhstan received minimum dividend on these goods.<sup>22</sup> Kazakhstan relied on Russia for 40 percent of its imports.<sup>23</sup> The consumers and the entrepreneurs engaged in consumer goods sector in Kazakhstan were worried over the unified customs tariff. The common customs tariffs made imported garments, agricultural products, medicines, cosmetics, construction materials, aviation techniques, automobiles, electrical goods, mobile phones and many other imported industrial products from outside the Union expensive in Kazakhstan.<sup>24</sup> The rise of speculative business practices due to abolition of inter-state customs barriers was another problem arising out of the formation of the Customs Union, causing public dissatisfaction. Russian entrepreneurs brought cheaper Kazakh products at lower domestic prices and sold those goods as Russian products in Kazakhstan at higher prices after minimum processing, like changing the packaging.<sup>25</sup> As a result of this practice, food market in Kazakhstan was affected. For instance, sugar price in Kazakhstan rose by 2 times, beef by 40 percent, mutton by 33 percent, etc in 2001.<sup>26</sup>

Belarus is a landlocked country and dependent on Russia for trade. It mainly imports raw materials from Russia and also uses Russian territory to export goods to other markets. Russia-Belarus relations have gone through difficult phases. Gas dispute had been a major irritant in the bilateral ties. Back in 2004, Russia stopped supply of gas for six months and later it was resumed after resolving the differences on price rates. There were other differences too. Russia in 2009 banned import of dairy products from Belarus, as it did not meet Russian packing standards. Belarus incurred a loss of about US\$ 1 billion and reacted by banning sale of Russian agricultural machinery in Belarus.<sup>27</sup> The real reason for this action, however, was different. Because of subsidies, the cost of milk production in Belarus was cheaper than in Russia, which hit hard Russian dairy producers.<sup>28</sup>

In 2012, both sides fixed the price of gas at US\$ 164 for thousand cubic metres which was near the Russian domestic gas price.<sup>29</sup> Russia also agreed to supply about 21 million tons of oil to Belarus without customs duty, which means about US\$ 4.3 billion subsidy to Belarus.<sup>30</sup> In return, Russia gained control over the Belarussian gas major 'Beltransgaz'. By joining the Union, Belarusian products had access to a large market and it exported products through Russia to other countries without paying duty to Russia. It gained because of discounts on hydrocarbon prices by Russia, which was agreed after mutual understanding and did not fall



under the provisions of the Customs Union. It reflected Russia's favourable gesture to member countries to promote the integration process.

It was expected that other CIS countries might also join the Customs Union and eventually the EAEU. Main attractions for these countries in joining the Custom Union were easy access to Russian technology, Russian resources, the large common market, a way to develop their manufacturing sector, infrastructure etc. and thereby reducing their dependence on natural resources.<sup>31</sup> However, there was another view that by giving economic concessions to smaller countries, Russia was trying to create a bloc of its own.<sup>32</sup>

The major obstacle that the Customs Union faced was the WTO membership of the members of the Customs Union. Initially, the three members of the Customs Union decided to join WTO simultaneously, but because of differences during the negotiation process opted to join WTO separately but on common terms and conditions.<sup>33</sup> Russia and Kazakhstan joined WTO in 2012 and 2015, respectively. Belarus is also negotiating with the WTO for membership. The common tariff adopted by the Customs Union was fixed at the prevailing rate in Russia that was higher as compared to the rates in Belarus and Kazakhstan.<sup>34</sup>

There were other issues the group had to address to make it effective like resolving issues of certification, quota, granting of licenses; resolve state subsidy and tax policy; identify the list of sensitive goods for each member country and giving them a transition period to adopt new conditions and establish temporary tariff.<sup>35</sup>

### *EurAsEC Common Economic Space*

In December 2009, at an informal summit in Almaty, Belarus, Kazakhstan and Russia approved the Plan of Action for 2010-2011, which laid the outline for the formation of the CES comprised of the three countries. The CES came into effect on 1 January 2012. Besides free movement of goods and services, it ensured free movement of labour and capital among the member countries, taking the integration process in the Eurasian region a step ahead. The extent of economic cooperation in the Customs Union was greater than it was in the EurAsEC, and the level of cooperation was more in the CES than in the Customs Union and EurAsEC. These bodies merged with the EAEU on 1 January 2015.

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**EURASIAN ECONOMIC UNION**

The creation of the EEU in 2015 marked the final stage of the economic integration process in the Eurasian region. In November 2011, Belarus, Kazakhstan and Russia signed an agreement to create the EEU. On 29 May 2014, Kazakhstan, Russia and Belarus signed the Treaty establishing the EEU in Astana, which was ratified by the Parliaments of the three countries by October 2014.

The EEU is a significant milestone for regional economic integration in the Eurasian region. The EEU is not a political body but purely an economic Union,<sup>36</sup> a critical determinant for its effective functioning. The EEU provides for free movement of goods, services, capital and labour among its member countries. The EEU facilitates for common policies in areas like macroeconomic, transport, industry and agriculture, energy, foreign trade and investment, customs, technical regulation, competition and antitrust regulation.

Its objective is to create a larger market, specialise on goods based on comparative advantage, raise the competitiveness and rebuild some of the Soviet manufacturing chains.<sup>37</sup> Further, the Union would also help in reducing food prices, increase employment in industries and increase production capacity. The Union aims at closer coordination of economic and monetary policies, enhancing regional economic integration, including introduction of a single currency and deepening Eurasia's relationships with Europe and Asia. However, so far, no decision has been taken on the formation of the Currency Union. Initially, the Union was to have a single market for energy, finance and other areas by 2015. However, members have deferred the formation of common electricity market by 2019, and single financial and hydrocarbon markets by 2025.<sup>38</sup> A unified market for medical products/ pharmaceutical was launched in May 2017.<sup>39</sup>

The Supreme Eurasian Economic Council consisting of the Heads of the member states is the apex authority of the Union. The next level is the Eurasian Intergovernmental Council consisting of the Heads of the Governments (the Prime Ministers) of the member states. Moscow hosts the Union's headquarter. The Chairman of the Union elects a member state to head the Union every year. Belarus, Kazakhstan and Kyrgyzstan presided in 2015, 2016 and 2017, respectively. Russia and Armenia will hold the chair in 2018 and 2019, respectively.

The Eurasian Economic Commission (EEC) is a permanent

supranational regulatory body of the Union, and its members are appointed by the Council of the Commission and the Board of the Commission. The Council of the EEC is composed of the Vice-Prime Ministers of the member states, and the Board of the EEC comprises of chairman and members representing different sectors of the Union. The EEC enforces rules and regulations and administers initiatives for further integration. The main functions of EEC are to implement coordinated macro-economic policy, create unified trade regimes with third countries, administer activities of natural monopolies and form unified approach to support industry and agriculture.<sup>40</sup> It was also the permanent regulatory agency of the EurAsEC, Customs Union and Common Economic Space.

The EEC was launched in July 2012 with Moscow as its headquarter, replacing the Customs Union Commission. Earlier, it was decided that the body would comprise of 350 members; 84 percent Russian, 10 percent from Kazakhstan and 6 percent from Belarus on the basis of the population of the three countries.<sup>41</sup> Foreign Minister of Kazakhstan, Yerlan Idrissov, however, in a speech after signing the Treaty in May 2014 stated that the different bodies of the Union would have equal representations from each member country.<sup>42</sup> This was a significant step in ensuring equality in the group.

The Court of the Eurasian Economic Union with its headquarter at Minsk is entrusted with the following tasks: uniform application of the EEU Treaty, dispute resolution and the interpretation of the legal order within the EEU.

The group has a common market of 182.7 million people (as on 1 January 2016) and its combined GDP was worth US\$ 1.6 trillion in 2015.<sup>43</sup> In terms of Purchasing Power Parity (PPP), the combined GDP was over US\$ 4 trillion in 2016.<sup>44</sup> The common space created by the formation of the Union is rich in hydrocarbon reserves, consisting of about one-fifth of the globe's natural gas reserves and 15 percent of oil reserves,<sup>45</sup> making it a very significant area. Of the total world production in 2015, the group held first place in oil production (614.9 million tons or 14.2 percent) and second place in gas production (679.3 billion cubic metres or 19.2 percent).<sup>46</sup> In 2016 also, the group held first place in oil production (625.3 million tons or 14.5 percent) and second place in gas production (687.6 billion cubic metres or 19.3 percent).<sup>47</sup> It also produced 5 percent of the world's electricity, 6.5 percent of the world's coal and 4.3 percent of mineral fertilizers, holding fourth, sixth and second position in the world, respectively in 2016.<sup>48</sup> The EEU is the largest producer of sugar beet and

sunflower, and second largest producer of oats, barley and rye.<sup>49</sup> The Union achieved third place in world production of potato (11.3 percent) and wheat (10.5 percent) in 2016.<sup>50</sup> It also ranks third in railway infrastructure (7.3 percent) in the world.<sup>51</sup>

#### EURASIAN ECONOMIC UNION AND THE MEMBER COUNTRIES

Russia's interest in the EEU is for various reasons. Russia would like to raise its international image, expand its market and maintain its influence in the former Soviet republics by dissuading them from engaging with the West and China. Russia is keenly watching China's growing economic presence in Central Asia and would not like to lose the economic influence it enjoys in Central Asia. This vision of Russia was indicated by President Putin in an essay published in *Izvestia* in December 2011: "We suggest a powerful supranational association capable of becoming one of the poles in the modern world and serving as an efficient bridge between Europe and the dynamic Asia-Pacific region".<sup>52</sup> However, Russia has always denied West's criticism that through the EEU, it is trying to rebuild Cold War style blocs. Critics of the EEU have pointed out the dominant position that Russia would enjoy in the group might sideline the interests of smaller nations. Russia's share of GDP in the EEU (including Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Armenia) would be more than 85 percent and Russia's population is more than 8 times of Kazakhstan, the next largest member of the group.<sup>53</sup>

Kazakhstan, a strong supporter of the EEU, has of late expressed some concerns. President Nazarbayev in a speech in 2013 at the Higher Eurasian Economic Council in Minsk, highlighted the difficulties faced by Kazakh entrepreneurs in exporting their products (particularly Kazakh meat), especially to Russia because of different technical and sanitation standards for imported products in the member countries: "Technical barriers on our exports still remain, including sanitation requirements, difficulties with licensing and certification".<sup>54</sup> Moreover, Kazakhstan is concerned over Russia's statement of protecting ethnic Russians living outside Russia, as Kazakhstan has a sizeable ethnic Russian population.<sup>55</sup>

Notwithstanding these concerns, Kazakhstan is actively engaged in the economic integration process in Eurasia, which is reflected in President Nazarbayev's statement at the Nuclear Security Summit in Hague on 24-25 March 2014. He reiterated Kazakhstan's interest in greater Eurasian

economic integration with Russia and Belarus, but at the same time stressed that it will not compromise on its political sovereignty.<sup>56</sup> A week before the signing of the EEU treaty on 29 May 2014, President Nazarbayev stated that the EEU should be a self-sufficient regional financial institution which can address global crisis.<sup>57</sup> After signing the treaty, President Nazarbayev expressed his optimism about Eurasian economic integration, in the following words: “the treaty is well-balanced and responds to all interests of the new union member states and the EEU is based on the principles of economic pragmatism, equality and respect for the sovereignty of member states”.<sup>58</sup> The decision making process at all levels of the EEU is based on consensus. Moreover, the EEU treaty is not inimical to member countries’ signing other international agreements.<sup>59</sup> President Nazarbayev also stated that integration will not cause de-industrialization in any of the member countries.<sup>60</sup>

With the integration processes in practice, Kazakhstan’s trade with Russia and Belarus has increased by 88 percent, reaching US\$ 24 billion; exports to Russia and Belarus have grown by 63 percent, increasing exports to US\$ 6 billion.<sup>61</sup> Trade within the Customs Union members grew almost 50 percent (by US\$ 23 billion) during 2011-13 and in 2013 it reached US\$ 66.2 billion.<sup>62</sup> Belarus and Kazakhstan together constitute Russia’s third largest trade partner following the European Union and China. Although Kazakhstan and Belarus are much smaller economies than the EU and China; their emergence as the third largest trade partner of Russia does reflect the progress in the economic integration process in the region.<sup>63</sup>

Addressing the concerns of the members about their sovereignty, President Putin had said: “It is important to note that providing certain authorities to supranational bodies brings absolutely no harm to the sovereignty of our countries.... We are creating the largest common market on the territory of the CIS with huge industrial, scientific and technological potential and colossal natural resources.”<sup>64</sup> He also said, “gradual harmonization of our countries’ monetary policies will improve stability of the financial systems of the member-states, make the national currency markets more predictable and better protected from exchange rate fluctuations. This will enhance our sovereignty.”<sup>65</sup>

Aleksandr Lukashenko, President of Belarus also pointed out the opportunities that would arise after formation of the Union: “We believe that the economic union will become a basis of our political, military and humanitarian unity in future”.<sup>66</sup> Prior to the signing of the Treaty,

Belarus received a US\$ 2 billion loan and energy concessions from Russia.<sup>67</sup> Trade in hydrocarbons with Russia constitutes 10 percent of its economy and once the concessions are included, it would rise to 15 percent of GDP.<sup>68</sup>

Belarus has its own concerns too. Energy is not included as an item in the common market yet, and hence Belarus will have to pay duties to Russia for its export of oil products produced from imported oil from Russia. However, Belarus receives large concessions from Russia on its oil purchases. Belarus purchases crude oil from Russia at domestic rate prevailing in Russia, which is about half the price that Russia receives for its oil in the international markets. Belarus's customs duties on oil imports from Russia is about US\$ 4 billion per year, but after negotiations with Russia for discounts, it was decided that US\$ 1.5 billion would be deducted from the total from 2015 onwards.<sup>69</sup>

Armenia and Kyrgyzstan signed the Accession Treaty to the EEU on 10 October 2014 and 23 December 2014, respectively. Armenia, which does not share border with any of the member countries, joined the EEU on 2 January 2015. Georgia agreed to provide a free transit corridor to Armenia for exporting its goods to the EEU.<sup>70</sup> Armenia has strong economic linkages with Russia. Russia is the largest trade partner of Armenia and is the prime foreign investor of the country. Also, Armenia is dependent on Russia for security in its conflict with Azerbaijan over the Nagorno-Karabakh issue. Earlier, President Serzh Sargsyan stated that "Armenia's membership in the Russian-led Collective Security Treaty Organization (CSTO) necessitates joining the economic structure that covers the same geographic space, under Russian leadership".<sup>71</sup> Moreover, there is a sizeable Armenian diaspora in Russia. Oil and gas politics have shaped Armenia's decision to join the EEU. Armenia earlier had shown willingness to join the EU. However, it shelved off the idea after Russia offered gas at the price Belarus pays – about US\$ 170 to US\$ 180 per 1,000 cubic meters in early 2014.<sup>72</sup>

Kyrgyzstan joined the Union on 12 August 2015. As the new economic organization is based on WTO principles, Kyrgyzstan's membership in the WTO did not pose a problem in its accession to the EEU. In May 2013, the First Deputy Prime Minister of Kyrgyzstan had stated that Kyrgyzstan was "taking steps to mitigate any negative effects of entering a customs union with Russia, Kazakhstan and Belarus, and was hoping to use the end of a United States military airbase as an opportunity to re-energize the civil aviation industry".<sup>73</sup>

There are pros and cons of Kyrgyzstan joining the Union. By joining the EEU, it has now access to cheaper oil, gas and other refined fuel products from the member countries. Kyrgyzstan is one of the two Central Asian countries not endowed with hydrocarbon reserves. The EEU also facilitates easier movement of labour force among the member countries, which is crucial for Kyrgyzstan as a large number of labourers migrate from Kyrgyzstan to Russia and Kazakhstan for work. Remittances from these migrant workers are vital for the Kyrgyz economy. However, a common tariff rate among the member countries increases the prices of several goods in Kyrgyzstan. Earlier, Kyrgyzstan had low import tariff, a position it lost after joining the EEU. Earlier, Kyrgyzstan imported cheaper goods from China and re-exported these products to other Central Asian and CIS countries. With Kyrgyzstan entering the EEU, this practice came to an end. Similarly, prices of medicines increased as Kyrgyzstan earlier received duty-free medicines. However, China, now, is negotiating with the EEU for trade and economic cooperation. Once it materialises, Kyrgyzstan can receive duty-free Chinese goods.

The Union is gradually making its presence in the region. The west is critical of the EEU. Critics have argued that without modernisation and real economic reforms, the Union will fail to achieve its objectives.<sup>74</sup> Depreciation of the Russian rouble, plummeting oil prices, and US-EU economic sanctions on Russia over the Ukraine crisis have adverse impact on the functioning of the Union. It is too early to measure the success and failure of the EEU, but its creation does raise hope for greater regional economic integration.

#### EURASIAN ECONOMIC UNION AND OTHER COUNTRIES

With the Eurasian economic integration making steady progress, a number of countries have shown interest in the Union. Ukraine, Moldova and Georgia had earlier expressed interest in joining the EEU. But after signing the Association Agreement with the EU on 27 June 2014, these countries decided not to join the EEU. A brief overview of the interested countries like, Tajikistan, Ukraine, Moldova, Georgia, Vietnam, China, Iran, etc has been discussed below to better understand the prospects and challenges the new group holds in future.

Tajikistan has expressed its interest in joining the EEU. Earlier, one of the major issues of Tajikistan joining the EEU was that it did not share

border with any of the EEU member countries. However, with Kyrgyzstan joining the EEU this problem has been resolved. Also, the border disputes between Kyrgyzstan and Tajikistan impeded Tajikistan's membership in the Union. The two countries, however, are negotiating to resolve the conflicts and improve border cooperation. A large number of migrant labourers from Tajikistan go to Russia and Kazakhstan for work. Joining the EEU would thus be beneficial to Tajikistan. About 40 percent of Tajikistan's GDP comes from Russia as remittances.<sup>75</sup> Like Kyrgyzstan, Tajikistan is also not blessed with hydrocarbon reserves and thus joining the EEU would give it access to cheaper oil, gas and other refined fuel products from within the member countries.

Ukraine's decision whether to join the EU or EEU has been a controversial issue. Ukraine is an important country in the Eurasian region and its inclusion in the EEU would have been a boost to the integration process. Hence, it is important to study what would have been the impact if Ukraine would have been part of the EEU. Historical ties and strong economic linkages with Russia was an important consideration for Ukraine to join the EEU. However, it has failed to do so. Tension in Russia-Ukraine relations has always been there. Politics over gas has often hampered the bilateral ties. The bulk of Russia's gas is transported to European markets through Ukraine. Ukraine-Russia-Turkmen gas pipeline is the main conduit. About 50 percent of Russia's gas export to EU passes through Ukraine.<sup>76</sup> Often, there have been disputes between the two countries with regard to natural gas sales. In 2009, Russia stopped supplying gas to Ukraine because of differences over gas price between the two. However, gas supplies were resumed after Ukraine agreed to pay about US\$ 400 per 1,000 cubic metres of gas to Russia.<sup>77</sup> Russia had a navy base in the Crimean peninsula and the lease for using the base was extended for 25 years in 2010 by the Kharkiv Agreement. The deal was made after Russia agreed to reduce the price of natural gas sold to Ukraine from the 2009 rate by US\$ 100.<sup>78</sup> Again, in February 2014, after the removal of President Viktor Yanukovich, known to be close to Moscow, Russia in a bid to pressurise Ukraine substantially increased the price of natural gas to be sold to Ukraine. As against Ukraine's demand of US\$ 268.5 per 1,000 cubic meters of gas, Russia charged US\$ 485 per 1,000 cubic meters.<sup>79</sup> Ukraine signed the EU Association Agreement at Brussels on 21 March 2014. Petro Poroshenko became the President of Ukraine on 25 May 2014 and immediately the new government signed the Association Agreement on 27 June 2014.



In order to reduce its dependence on Ukraine, Russia has been diversifying its gas supply routes to European market bypassing Ukraine. Three new gas pipelines serve this purpose. The Yamal-Europe Pipeline, runs for more than 4,000 kilometres carrying Russian gas from the Yamal Peninsula in Russia's Arctic region to Frankfurt-on-Oder on the Polish-German border.<sup>80</sup> In 2006, the Yamal-Europe gas pipeline reached its total capacity of 32.9 billion cubic meters.<sup>81</sup> Another pipeline, the Nord Stream pipeline carries Russian gas to northern Germany through the Baltic Sea, which was started in November 2011.<sup>82</sup> Russia through this pipeline is already transporting about 55 billion cubic meters (bcm) of gas to Germany.<sup>83</sup> The construction of the South Stream pipeline through the Black Sea in the Turkish part to Europe began in 2012 but was stopped in 2014. It would have transported about 63 bcm of Russian gas to Europe.<sup>84</sup> Another significant development is the signing of the 30-year agreement on natural gas supply between Russia and China on 21 May 2014. It was agreed that Russia would supply 38 bcm of gas annually at US\$ 350 per 1000 cubic metres to China from its eastern Siberian gas fields, which will begin in 2018.<sup>85</sup>

If Ukraine had joined the EEU, the country would have enjoyed a few benefits. It is dependent on Russia for its domestic natural gas needs. By joining the EEU, it would have received gas at a lower price and crude oil without export duties. It would have helped Ukraine save US\$ 5-6 billion annually and increase its exports to other countries to about US\$ 4-9 billion annually.<sup>86</sup> There are many in Ukraine who, however, believe that Ukraine would lose its economic sovereignty by joining the EEU, which would gradually erode its political sovereignty.<sup>87</sup> Russia had earlier shown interest in including Ukraine in the EEU. It had offered a number of concessions to Ukraine to join the EEU but it refused to offer a very low price for gas. In a survey conducted by the Democratic Initiatives Foundation and the Razumkov Centre in December 2012, only 40 percent of the population supported Ukraine's membership in the Customs Union.<sup>88</sup>

Ukraine did not sign the Association Agreement (AA) and Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU in Eastern Partnership Programme (EPP) meeting at Vilnius on 28 November 2013. Since then Ukraine has been witnessing a major political unrest. Here, it is important to take a deeper look into EU membership of Ukraine. It has several conditionalities, like introducing a number of legal and political reforms, adopting anti-corruption measures, bringing transparency and

reforms in the economy, particularly energy and trade sector, etc.<sup>89</sup> The signing of EU's DCFTA gives Ukraine a privileged access to the European single market; however, it needs to re-structure the economy to meet EU standards. The multilateral CIS Free Trade Zone Agreement of 2012 establishes a free trade area among Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia (now EEU members), as well as Ukraine, Uzbekistan and Moldova. The EU and Ukraine have provisionally applied their DCFTA since January 2016. Russia since then has suspended the CIS Free Trade Zone Agreement with Ukraine.

Some analysts see Ukraine opting out of the EEU as a major blow to the Eurasian integration process as Ukraine is the third largest economy among the former Soviet republics after Russia and Kazakhstan. Without Ukraine, the EEU would lose a huge market, but would not stall the economic integration process that has begun in Eurasia.

With the signing of the agreement with the EU, Moldova is also no longer a prospective member of the EEU. Moldova is dependent on Russia for its gas requirements and has a sizeable number of migrant workers going to Russia for work. Russia has been protecting Transnistria, the breakaway territory of Moldova, since 1991. It is also argued that Russia has put pressure on Moldova to join the EEU, like imposing ban on import of Moldovan agricultural products, Moldovan wine, etc. Earlier, ban on Moldovan wines hit the Moldovan economy. Wine is the prime export item of Moldova and Russia is its largest market. Despite having close economic linkage with Russia, Moldova signed the Agreement with the EU. However, Moldova was granted Observer Status in the Union in April 2017. Georgia along with Ukraine and Moldova signed the Association Agreement with the EU in June 2014. Earlier in September 2013, Georgia's Prime Minister Bidzina Ivanishvili had stated that Georgia was studying the possibility of joining the EEU but later clarified that Georgia's main objective, however, was to integrate with the European Union.<sup>90</sup>

The Union is negotiating on free trade with over 30 different countries outside the former Soviet Union. Vietnam in May 2015 became the first country outside the CIS to sign the FTA with the EEU. Vietnam does not share border with the present members of the EEU, but accesses Russia by sea without crossing any other country and from there to other members of the EEU. Vietnam-Russia trade has increased since FTA became effective in early 2016. Moreover, Russia has invested about US\$ 10 billion in the various projects in Vietnam.<sup>91</sup>

Another development in the growth of the EEU is the member

countries' readiness to cooperate with China. China is now a major trade partner of Russia and Kazakhstan. Apart from creating joint ventures, a large number of Chinese workers are working in Russia and Central Asian countries. About 50 percent of Kazakhstan companies cooperate with Chinese partners.<sup>92</sup> The rail connection called the 'Eurasian Land Bridge' transports goods from China and the EEU countries to Europe. The line has been expanded and is called the 'New Eurasian Land Bridge', which further improves connectivity between China and the Eurasian region. The EEU and China are negotiating for free trade and economic cooperation. The proposal to link the EEU and China's strategic 'Silk Road Economic Belt' (SREB) project is an important component of the free trade and economic cooperation; agreement for which was signed by Russia and China on 8 May 2015.<sup>93</sup> Besides Vietnam and China, the Union is trying to expand trade with other East and South-East Asian countries. There is effort to establish trade links between EEU and ASEAN.

For the EEU, Iran is a 'key partner in the Middle East'; Iran is also an important partner for all the EEU member states. With the US sanctions on Iran and Russia, the two countries have moved further closer, and are also looking for new partners. Russia and Iran signed a US\$ 20 billion energy deal in August 2014.<sup>94</sup> In May 2015, the process of signing a free trade agreement with Iran was initiated. In December 2015, the Temporary Agreement for Free Trade was signed between EEU and Iran. Turkey, Israel and Egypt are a few more countries negotiating with the EEU for signing the FTA.

#### INDIA AND EURASIAN ECONOMIC UNION

India has shown greater willingness to play a stronger role in the Eurasia region. India's 'Connect Central Asia Policy' in 2012 reflects India's interest in building stronger ties with the region. The policy aims at setting up IT centres, e-network for telemedicine, joint commercial ventures, universities, hospitals, developing banking and pharmaceutical industries, improving air connectivity to facilitate trade and tourism, joint scientific research and strategic partnership in defence and security affairs.

India has strategic partnership with Russia and Kazakhstan, two important members of the EEU. India and Russia have close ties in diverse areas like defence, science and technology, nuclear and space sectors. India has invested in Sakhalin I project in Russia and has acquired Imperial Energy. India and Kazakhstan relations have consistently grown since

1991. Both have signed various agreements to fight terrorism, cooperate in joint production of military hardware, space programme, pilot training, etc. Kazakhstan is India's largest trade partner in Central Asia. There is need for India to look at the Eurasian region as a whole, which is much beyond Central Asia: "Eurasian integration is picking up speed, India should be ready with infrastructure and transportation linkages as well as special multilateral arrangements to play a larger economic role in the Eurasia region".<sup>95</sup> Through the EEU, India would have access to the huge Eurasian market. Lack of direct access to the region has been India's major weakness in establishing strong economic linkages with the region. India could address the issue by speeding up the work on two routes: International North-South Transport Corridor (INSTC) through Iran, and from Chabahar port in Iran to Afghanistan and then to Central Asia. These two routes would reduce time and cost of transportation between India and the EEU countries. US sanctions on Iran had been a major hurdle in operationalizing these routes. However, the first shipment of Indian goods to Afghanistan through the Chabahar port took place in October 2017.

The former Soviet Union was a major trade partner of India. However, today, India's trade with the fifteen post-Soviet countries accounts for only about 1.95 percent.<sup>96</sup> Despite potential, India's trade with the region is low. India's total trade in 2014-15, 2015-16 and 2016-17 with the nine countries of the former Soviet Union (excluding Ukraine, Georgia, Moldova, Estonia, Latvia and Lithuania) was about US\$ 8.4 billion, US\$ 7.3 billion and US\$ 9.2 billion, respectively.<sup>97</sup>

India and the EEU signed the framework agreement for free trade zone at the St. Petersburg International Economic Forum in 2015. India set up a joint study group headed by a Joint Secretary in the Ministry of Commerce to study the benefits of joining the EEU, and how it can help in enhancing trade and investment with the EEU as also with the Central Asian countries. Since then, there has been gradual progress. In March 2017, India and Russia chalked out a road map for signing the free trade pact with the EEU, and on 26 August 2017, India signed the FTA.

Now, India can use any of the entry points of the common space to export its products to other countries of the EEU without paying additional tariffs. India will benefit as its imports from the EEU member countries are greater than its exports to them. It is expected that in future exports to these countries will also increase. The FTA gives India avenues for cooperation like Indian medicines getting access to a larger market in the

EEU countries, jewellery sector, joint ventures between Indian and the EEU countries' pharmaceutical companies to provide affordable medicines, etc.<sup>98</sup> India is keen to join the newly established Eurasian Diamond Exchange at Vladivostok.

Within the framework of the EEU, India and Russia are examining various options to broaden the range of products of their trade like mutual market access for agricultural and processed food products, including dairy products and bovine meat and to increase the bilateral trade to US\$ 30 billion by 2025.<sup>99</sup> Also, India and Kazakhstan are trying to tap the EEU to boost the bilateral trade and economic relations. Russia and Kazakhstan are major players in the EEU, and India has good ties with both. There is ample opportunity for India to establish joint ventures in pharmaceutical, engineering and IT sectors with partners in Russia, Kazakhstan and other EEU states.

#### CONCLUSION

The EEU reflects the increasing economic integration in the Eurasian space. The EEU, despite challenges gives hope for better prospects of economic integration in the region. Expanding cooperation and allaying fears among the member countries would go a long way in the success of the EEU, which if properly harnessed would be mutually beneficial. Time would determine the achievements or failures of the Eurasian economic integration initiatives. Willingness shown by the countries of the region indicates the transformation taking place in the region, which reflects the needs of the changing time. Coordination within the EEU and between EEU and other regional countries would facilitate in realizing the Eurasian economic integration in a more effective way.

The EEU is one of the largest common markets in the world having deep regional as well as international implications. Russia's economic engagement with the post-Soviet states remains strong, and hence closer economic cooperation through a common space is seen to be mutually beneficial. The smaller states would get a number of concessions from Russia, which is attractive for these states. Geopolitics behind the integration process cannot be ignored. EU's engagement with the six CIS countries and China's growing economic engagement in Central Asia have influenced Russia in pushing for the EEU, in the hope that the organization would give Russia a more bargaining power in the region. However, economic considerations need to take pre-eminence over politics to make

economic integration a success. Also addressing the fears of the smaller countries over Russian dominance and preserving their sovereignty would be crucial for the effective functioning of the group.

For India, the Eurasian region remains significant. India desires to promote greater economic links with the region. By joining the EEU, it will help India in developing robust economic ties with the region. It gives India access to the huge market of the region. During the Soviet period, the Odessa port in Ukraine was used to access the region. If Ukraine would have joined the group, India would have benefited from this route. However, the port today is in bad shape and requires renovation. Connectivity with the region through INSTC or Chabahar is a significant step. India is also keenly watching China's growing economic presence in Central Asia. China is also negotiating with the EEU to sign the FTA.

It is too early to assess the future of EEU and the integration process in the region. But India needs to tap the available opportunities to strengthen ties with the Eurasian region but also be prepared for the challenges.

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**REVISITING CAREC:  
A NEW APPROACH TO REGIONAL  
ECONOMIC INTEGRATION IN CENTRAL ASIA**

SHUBHA CHATTERJEE

**CONTEXTUALIZING CENTRAL ASIA**

Central Asia which lies in the broader context of the Eurasian region, extends from the Caspian Sea in the west to Central China in the east, and from southern Russia in the north to northern India in the south. The physical characteristics of Central Asia can be divided into the vast grassy steppes of Kazakhstan in the north and the Aral Sea drainage basin in the south. The region mainly consists of deserts, the important ones being the Karakum and the Kyzylkum lying in Turkmenistan and Uzbekistan respectively. Agriculture is limited along the margins of the two major river systems-Amu Darya and Syr Darya. These two rivers which supply most of the hydro-resources in the region drain into the Aral Sea. Availability of water in the region is inadequate making the distribution of population very uneven. The demography is, thus, very scattered with majority of the Central Asians residing along those areas which are near to the river, while the vast arid expanses of central and western Kazakhstan and western Uzbekistan and Turkmenistan are inhabited by scarce population. The roles played by ancient sedentary peoples like the Tajiks, Pashtuns, Pamiris and other Iranian groups in the history of Central Asia have been crucial. Later on, with the expansion of the Turkic people, Central Asia became the homeland of several Turkic groups like the Uzbeks, Kazakhs, Kyrgyz and Uyghurs<sup>1</sup>. This is the reason why Central Asia, at times, is also called as Turkistan. The influence of Islam in the region has been pervading with most of the followers belonging to the

Sunni branch. Large number of Russians and Ukrainians are also present in the region because of its historical ties with first Russia and then Soviet Union.

The region has once been at the crossroads of civilizations, historically, acting as a medium of connectivity for trade and ideas among the people of West Asia, Europe, East Asia and South Asia. Over the past several millennia, the great Silk Road has brought many traders to Central Asia facilitating the movement of goods, cultures and ideas. The Silk Route system provided a trans-continental bridge facilitating multilateral exchanges between Central Asia, China, West Asia and the Indian subcontinent. It was a unique example of intercontinental cooperation and collaboration of trade, commerce, ideas and culture. However, this economic activity languished with the decline of the caravan trade and the growing development and exploration of maritime transportation. The centrality of the location of the region has earned it the title of “Heart of Asia” thereby always making it geo-strategically important for the international powers. Thus, since time immemorial Central Asia has been a battleground of armies and a region of proliferating dynasties. The two important religions, Buddhism and Islam, too spread to East Asia from this region. During the medieval times, scientific development started spreading to West Asia and Europe from Central Asia<sup>2</sup>.

In the modern context, Central Asia mainly consists of the five Central Asian Republics (CARs) of Kazakhstan in the north, Kyrgyzstan in the north east, Tajikistan in the south east and Turkmenistan and Uzbekistan that lie in the middle reaches and the lower region of the river Amu Darya respectively. Other areas lying in the region include Afghanistan, Mongolia, north-east Iran, northern Pakistan, north-west India and the western part of People’s Republic of China such as Xinjiang<sup>3</sup>. All the five CARs are intrinsically interlinked with each other through land boundaries and are also connected with the countries lying in the wider Central Asian context like China (Xinjiang), Iran, Afghanistan and Russia. The economy of the region is mainly dependent on rich energy resources, mining, light and heavy industries in Kazakhstan and irrigated agriculture further down the south. During the Soviet rule most of the USSR’s cotton, coal and other minerals for industrial use came from Central Asia. As such growing irrigated cotton is still the prevalent occupation in the east and south east while there exists some dry farming of wheat in the far northern provinces of Kazakhstan, where Soviet Virgin and Idle Lands program of the 1950s brought much steppe lands under the cultivation for the first time<sup>4</sup>. The

region started experiencing environmental degradation in the late twentieth century because of the effects of Soviet nuclear weapons testing in some areas, excessive agriculture and overdependence on irrigation.

#### POST-INDEPENDENT CENTRAL ASIAN REPUBLICS: NEW CHALLENGES

Immediately after independence in 1991, the Central Asian Republics (CARs) started encountering several challenges that prompted them to make concerted efforts to come together. They are part of a common geographical whole sharing common concerns. In spite of the presence of similar cultures and social systems, the CARs after independence remained fragmented because of several problems like the presence of ethnic conflicts, emerging security concerns, blockades in developing administration and infrastructure, differing geo-political conceptions about the region and limited and varying degrees of participation of private sectors in the economies that undermined their political and economic efficacy<sup>5</sup>. The legacy of unnatural borders imposed in the Soviet era and the subsequent independence brought along with it artificially drawn cumbersome borders that created a number of enclaves and alienated the traditional transport routes connecting the remote parts of the Central Asian region. As a result, the rural population living in these areas and who had traditionally been the poorest were at the receiving end<sup>6</sup>. Tensions among the Central Asian countries and people arose in the social and economic orbit exacerbated by other factors like landlockedness, over population, poverty, inequality in the distribution of income, a chronic decline in living standards and economic crisis leading to the escalation of violent clashes involving many states of the region. The densely populated Ferghana Valley is, today, one example where the unstable situation poses the risks of becoming a fertile *terra ferma* for future social and unrest. Thus, Central Asia faces formidable challenges that are embedded in a regional context and required the participation of all the regional states to treat them.

##### ***1. Collapse of the Soviet Centralized Economic structure***

Central Asia during the Soviet era enjoyed a highly integrated and well-developed economic structure that connected the countries of the region. The Soviet planners created an industrial sector that was highly integrated and regionally specialized. Infrastructures concerning the railways and airways were highly developed cutting across vast geographic expanses and operated on high subsidies and without the consideration of cost. As

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a result, the volume of both internal and external trade was huge involving long over-land distances. The Soviets also built several regionally integrated power grids in Central Asia for supplying energy across vast distances.

This centralized system and the Soviet era infrastructure collapsed immediately after the fall of the USSR. Economy declined considerably with a negative impact on the lives of the people in the region. The integrated system of financial transfers collapsed with the end of ruble zone. The inter-enterprise links and the centrally operated day-to-day operations also suffered severely after the break up<sup>7</sup>. The worst consequences that the CARs faced were the removal of the subsidies that they had been enjoying in budgets and investment amounting up to thirty percent<sup>8</sup>. Following the collapse of ex-USSR, several customs and trade barriers were also introduced by the CARs. Increasing intra-regional conflicts, corruption and security issues prompted the CARs to adopt trade and transit barriers that hindered trade. Also, protection of domestic markets from external competition also hampered internal trade. Thus, internal transit barriers were seen at road check points especially in Kazakhstan and Uzbekistan. Worse was the psychological impact that affected the lives of the millions of the Central Asian people. The inability of the government to maintain internal security led to war and civil unrest especially in Tajikistan in the initial years after independence. It led to large scale destruction of lives and property leaving millions of refugees and internally displaced people.

## ***2. Islamist Extremism and Terrorism***

Religious extremism or radical Islam is one such challenge that requires effective regional engagement. During the Soviet period, the role of Islam in the Central Asian society was hardly visible as it was kept under strict control. Its emergence as an ideology is a relatively new phenomenon that came into picture only in the post USSR period. One reason can be attributed to the harsh anti-Islamic practices and environment adopted by the Soviet rulers. The dissidents whose voices were crushed during the Soviet period found an opportunity to express themselves both culturally and religiously in the aftermath of the Soviet dissolution. Islamic activism during this time had a nationalist bent as it was influenced by a desire for “cultural rejuvenation and national sovereignty”<sup>9</sup>. This was mainly facilitated by the independent religious leaders who served as unofficial Muslim clergies during the Soviet period. Immediately after the Soviet disintegration they started playing a central role in ensuring the dominance

of Islam in the cultural continuity of the Central Asians. All these factors led to the growth of numerous Islamic political groupings like *Islamic Renaissance Party (IRP)*, *Hizbut-Tahrir (HT)* and several organizations like *Islamic Movement of Uzbekistan (IMU)* which began to champion for the Islamization of the state along with implementation of the Islamic law.

### ***3. Illicit Drug Trafficking***

Central Asia also acts as an important corridor for smuggling illegal narcotics from Afghanistan to Europe via Russia. The immediate spillover effect of this rising challenge is felt mostly by Tajikistan that shares a long, porous border with Afghanistan. The “Northern Route”, through Turkmenistan, Uzbekistan and Tajikistan, acts as the main corridor through which majority of the drug trade is carried out. Kyrgyzstan too faces the brunt because of its geographical location and a weak state structure that facilitates the transport of drugs from Afghanistan to Russia and Europe. Detection of smugglers across the borders has become difficult because of lack of proper governance and coordination in border security. Drug abuse in the Central Asian states is subsequently on rise because of the growing presence of illegal narcotics particularly heroin. As a result, the rate of AIDS has also increased with contaminated needles being the major medium of infection. The route to channel drugs also serves as a passage for the extremists to traffic explosives and weapons across territories. As a result the borders of the CARs provide a perfect breeding ground for terrorism and other illegal activities.

### ***4. Ethnic Conflicts and Boundary Disputes***

The legacy of ethnic conflicts and boundary disputes in Central Asia dates back to the Soviet era when the administrative territorial delimitation of Central Asia during the 1920s created complexities in the political geography of the region. The delimitation ignored historical traditions and ethnic composition dividing the tribal communities along administrative lines. Till the mid- 1930s these borders were redrawn several times before the present day CARs came into existence<sup>10</sup>. These borders were drawn up rather arbitrarily following neither any natural geographic boundaries nor strict ethnic lines.

Independence of the CARs was accompanied with several tensions that segregated these groups along the lines of identity. The growth of ethno-centric nationalism and aspirations among the people generated conflicting territorial claims leading to violent inter-ethnic conflicts.



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Although, Central Asia has been witnessing these eruptions even before independence, it escalated all the more after 1990. The conflicts of 1986-1991 claimed the lives of hundreds in every state shaking the very foundation of the society. In 2010, Kyrgyzstan faced violent ethnic conflicts between the ethnic Uzbek and Kyrgyz in the cities of Osh and Jalalabad killing and displacing thousands of people. Conflicting territorial claims is a major issue in Central Asia creating animosities among different groups in the region. The problem of border disputes also increases because of other serious factors like cross-border terrorism that has created tensions across borders<sup>11</sup>.

### *5. Political Instability*

Political conditions in Central Asia following the dissolution of USSR were very volatile. It was assumed that because of such circumstances the post-Soviet states in the region might fall into the hands of non-democratic regimes. The political transition of these countries after independence was not quite smooth giving rise to precarious conditions. Uzbekistan in the later phase of the decade witnessed a slow degradation of the democratic tendencies prevalent in the region. Tajikistan, on the other hand, was plagued by the brutal civil war from 1992-1997. Turkmenistan after independence demonstrated the typical features of iron curtain regime. Kyrgyzstan's progress towards democracy in the initial years of its independence was stalled after a while due to its poor economic conditions<sup>12</sup>. Scarcity of economic resources facilitated the top elites of the former Communist regime to strengthen their position and establish governance that became criminalized and corrupt in nature.

### *6. Problems of Water Distribution*

Water is another major source of conflict existing in Central Asia since the dissolution of the former Soviet Union. Kyrgyzstan and Tajikistan are upstream countries with abundant flow of water running through them. Other 3 CARs- Uzbekistan, Kazakhstan and Turkmenistan are dependent on these 2 countries. Today, pressures on river waters are mounting on these countries especially in Kyrgyzstan, Tajikistan and Uzbekistan as population has increased manifold in the region coupled with the extensive depletion of arable lands due to agricultural overuse. Also, weaker economies and conflicts along border and regional lines are preventing them to come together in search for a mutually acceptable solution to the region's water needs.

### ***7. Geographical Constraints***

The CARs are essentially landlocked in nature and this geographical remoteness of the region acts as a significant barrier in developing vibrant regional trade. These small landlocked economies are ridden with obstacles like difficult geographical contours and lack of direct access to the sea that creates hindrances for proper facilitation of trade. Accessibility to most of the foreign markets is done through the international transport corridors which link the CARs with their neighboring countries. These predicaments exacerbate transportation costs as a number of international borders need to be crossed to reach major international sea ports. Also, the existing routes to transport oil and gas are oriented towards the European part of former USSR and development of alternative regional transport communications become imperative for the newly independent nations who consider it important to develop new communications with the east and south<sup>13</sup>. Thus, investment in and development of transport infrastructure in the region becomes important which has the potential for long term economic consequences for the region.

#### **REGIONAL COOPERATION IN CENTRAL ASIA IN THE POST-SOVIET PERIOD**

The disintegration of the Soviet Union and the subsequent independence of its 15 successor states in 1991 brought an end to the Cold War period while also changing the geo-political map of the world. The five Soviet Central Asian Republics of Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan also got their sudden independence. Sovereignty was practically thrust upon them at a time when they did not even possess the requisite state machineries to ensure their survival. Regional cooperation, thus, became imperative as they were left on their own to tackle with the problems that subsequently unfolded in the region. The newly independent countries started facing other challenges including nation building, unemployment, political instability, ethnic tensions, development of skilled human resources and other issues related to security concerns. The slow pace of recovery after the economic slowdown heightened concerns among the ruling elites. Thus, restructuring the economies of the different republics became imperative for the regional leaders as they tried to raise the living standards of the people and contain the political unrest that was gradually gaining prominence. Also, Russia's decision to push the newly formed

countries out of the Ruble zone in 1993 and Moscow's centralized political and economic structure caused havoc for them<sup>14</sup>. Majority of the personnel working in the region's administrative structure were Slavic and Central Asia in 1990s witnessed a significant decline in their numbers. Thus, in their absence the Central Asian states started witnessing a labor vacuum and often had to rely on the goodwill of the Russian embassies abroad to promote their interests. In order to bridge this lacuna, they started sending their potential diplomats to foreign institutes for specialist training<sup>15</sup>. Apart from these issues, the unique geographical location of the CARs created constraints for the newly independent states to generate economic opportunities in their respective territories. The CARs even after nearly two decades of independence are still struggling to systematize themselves to promote economic growth in the region. These countries share common characteristics like difficult terrain, lack of direct access to the sea, underdeveloped transport infrastructure and a large commodity oriented structure of exports<sup>16</sup>. As a result, economic prosperity becomes difficult to be achieved because of high transportation costs, reduced competition and lower investment. All these factors generated opportunities for regional cooperation as the CARs started to find out ways to address these challenges within a cooperative framework. Also, the growing realization that only an effective and a more meaningful regional cooperation could prevent the reassertion of Russian hegemony in the region prompted the Central Asian states to go ahead with the process. Thus, efforts were made to strengthen regional cooperation in Central Asia that led to the establishment of numerous regional organizations in the region.

### *1. Commonwealth of Independent States (CIS)*

The first instance of regional cooperation in Central Asia came into the picture when the leaders of the newly independent republics gathered in Ashkabad and decided to seek membership of the Commonwealth of Independent States (CIS). It was the first organization that came up in Central Asia during the post-Soviet period. It was aimed at creating a loose international alliance from the single state Soviet model that hitherto existed. Today, it includes the countries of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine. Although the organization contributed significantly in the field of security and economy, however, its efficacy as a successful regional organization is arguable. In spite of its existence, the common ruble zone collapsed in 1993 thereby failing to

preserve the economic unity of the Soviet era. Also, from the late nineties a variety of alternative reforms to redesign the structures and functions of the organization were suggested by the CIS member states which were only partially implemented making the organization moderate in nature. The CIS also failed in addressing the tensions that arose among Russia, Belarus, Georgia and Ukraine during the twenty-first century<sup>17</sup>. Also, the separation of Collective Security Treaty (CST) from CIS, improper implementation of Economic Union Treaty, failure of CIS Customs Union and the weak judicial structure of the CIS Economic Court made its impact limited on the ground<sup>18</sup>. Today, CIS stands as a loose alliance of the post-Soviet countries conducting more or less regular meetings of their leadership and united by few infrastructural projects and humanitarian cooperation<sup>19</sup>.

## ***2. Economic Cooperation Organization (ECO)***

ECO was established as a successor organization of the Regional Cooperation for Development in 1985 and later on expanded in 1992 to include the countries of Azerbaijan, Afghanistan and the five Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan<sup>20</sup>. It is an inter-governmental regional organization that was originally established as a trilateral one by Iran, Turkey and Pakistan to promote sustainable economic development, technical and cultural cooperation among member states. The expansion of the membership from three to ten members broadened the role of ECO. Today, the members of ECO are Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. The organization's emphasis on promoting transport connectivity can be exhibited from the initiatives that it has undertaken to achieve the same including the signing of ECO Trade Agreement (ECOTA), initiation of the Islamabad-Tehran-Istanbul container train, functioning of the ECO freight train running between Islamabad, Tehran and Istanbul and up gradation of the rail route around Van Lake and Quetta-Taftan zone<sup>21</sup>. Again in 2010, ECO with the help of its member countries and in collaboration with the International Road Transport Union (IRU) and the national Members Associations in the ECO region organized "The Silk Road Truck Caravan 2010" to enhance the connectivity of the road transport encompassing Afghanistan, Azerbaijan, Iran, Pakistan, Tajikistan, Turkey and Turkmenistan<sup>22</sup>.

However, the organization is also ridden with several disadvantages

that limit the success of ECO. The promotion of trade among the ECO members has been very slow and its success has also been limited in other areas of cooperation. The volume of intra-ECO trade is very low accounting for less than five percent of member states' total trade<sup>23</sup>. Also, most of the ECO projects fail either during implementation or during the ratification process. ECO has also not come up with established mechanisms to monitor and keep a record of the status of implementation. Moreover, relationships within ECO have always been characterized by geo-political rivalry between some of its member states particularly Turkey and Iran.

### *3. Central Asian Cooperation Organization (CACO) and its merger with Eurasian Economic Community (EurasEC)*

In 1994, Uzbekistan, Kazakhstan and Kyrgyzstan established the Central Asian Union (CAU) with Tajikistan joining later. The main purpose was to form a "common economic area" for the free circulation of goods, labor and capital and establishing common policies on prices, credit, taxes and hard currency. In 1998, the CAU was renamed as the Central Asian Economic Union (CAEU) and in 2001 it was rechristened once again as the Central Asian Cooperation Organization (CACO). However, the organization was unable to achieve much with significant failures in developing an effective structure to coordinate policies in regional trade and security. The failure of the organization prompted the regional leaders to step up cooperation by joining or forming other regional structures that mostly included external actors. Finally in November 2005 in St. Petersburg, the leaders of CACO decided to include CACO in the EurasEC<sup>24</sup>. The main reason for this decision was to increase effectiveness. Both the organizations have similar purposes to achieve same objectives. Thus, merging CACO with EurasEC seemed a viable option<sup>25</sup>.

The Eurasian Economic Community (EurasEC), a treaty based organization, came into existence in 2000 including the countries of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan and Uzbekistan. The EurasEC aimed to erase the failures of the CIS, to form a true common market, common labor, free inter-community trade, trade policy harmonization, face the challenges of globalization and to resume the cooperation processes within the CIS. EurasEC was established as a proper regional organization created by independent states and from the very beginning it clearly focused on the economic sphere. Military cooperation among the EurasEC countries is done through the Organization of the CST<sup>26</sup>. It had greater enforcement powers and the member states were

forced to abide by its rules failing which they could be excluded from the group. Thus, EurasEC was capable of solving one key problem hindering the integration of the former Soviet Republics, i.e. the extreme economic disparity faced by the member countries with the leadership of Russia. EurasEC was also formed at a time when the economies of the post-Soviet nations were experiencing economic growth at the turn of the twentieth century. The countries of the region began to interact at the micro level facilitating increased business and migration. Moreover, the establishment of Eurasian Development Bank (EDB) in 2006 under the aegis of EurasEC has made it one of the most successful regional initiatives in the post-Soviet space aimed at intensified regional economic integration<sup>27</sup>. Furthermore, the establishment of Eurasian Economic Union (EEU) on January 1<sup>st</sup>, 2015 has bolstered integration in the region promoting free trade among member countries without any barriers<sup>28</sup>.

However overtime, Euras EC weakened and its achievement in boosting regional trade and infrastructure was limited. Although it operated at the summit level and in principle had the right to enforce agreement, however, no enforcement mechanisms were applied so far. EurasEC had very little success in generating regional infrastructure or in addressing key regional issues like water sharing dispute<sup>29</sup>. EEU has also recently come under criticism for being a platform of Russia to further its geo-political interests, particularly after Russian intervention in Ukraine<sup>30</sup>.

#### ***4. Shanghai Cooperation Organization (SCO)***

The Shanghai Cooperation Organization (SCO) that has its genesis in the Shanghai 5 is probably a more successful regional organization that was formally established on 15th June, 2001. Today, it includes China, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan and Uzbekistan<sup>31</sup>. More recently in June 2017, India and Pakistan also became full members of SCO thereby broadening its ambit of influence<sup>32</sup>. The main aim of the organization, also enunciated in the “Shanghai Convention to Combat Terrorism, Separatism and Extremism” signed at the inception, is to combat militant Islamists, safeguard peace and security and maintain stability in Central Asia<sup>33</sup>. The member states are strictly required to follow the SCO Charter as well as the treaty for maintaining long term neighborly relations, friendship and cooperation among the member states. They participate in military cooperation, intelligence sharing and counter terrorism drills in order to combat the “three evil forces” of separatism, extremism and terrorism. Solid foundations have also been laid by them for the promotion

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of trade, economic growth, culture and developments in other fields. Till date, SCO has conducted more than ten joint military exercises aimed at combating major threats like terrorism, trans-national crime and drug smuggling in Central Asia. It has also made a foray into the regional economic sphere. The organization has helped to consolidate trade relations within the group and establish several new road, rail links and energy projects. Through SCO, both Russia and China have been investing in several infrastructural projects of Kazakhstan, Kyrgyzstan and Tajikistan where the western investors and donor agencies have shied away<sup>34</sup>.

The role of China in this organization cannot be overlooked as the chunk of administrative expenses as well as the majority of the contribution to the SCO Development Fund comes from Beijing<sup>35</sup>. It also hosts the headquarters. The organization has also been a platform for China to contain United States' presence in the region in the wake of US operations against the Taliban. During this period Beijing was seen energizing the organization by attracting new members to offset the growing influence of the United States in the region. Finally, in 2005 United States was given a timeline by SCO to remove her military bases from Central Asia<sup>36</sup>. Apart from security, the organization aims to cooperate in other areas like economy, cultural contacts and humanitarian concerns. Over the years, it has also emerged as a tool for promoting a Russia-China alliance in the region. Moreover, the recent inclusion of India and Pakistan in the grouping will enable it to cover the world's most populous countries.

However, SCO has not been able to achieve significant progress in the area of regional economic cooperation. There are several factors to explain this. Firstly, the leading two member countries, China and Russia, perceive the key regional economic development challenges in different ways. Secondly, the organization has not been able to resolve conflicts among its members like border closures or regional water management conflicts. Thirdly, most of the Chinese investment in the region takes place at bilateral levels. In spite of the formation of the Interbank Consortium in 2009, effective financial coordination mechanism has not developed to support the infrastructure investment in the region. Finally, the Secretariat of SCO, based in Beijing, has a limited mandate and technical capacity to develop, implement and monitor effective economic cooperation strategies for Central Asia<sup>37</sup>.

Another major challenge that exists is the dominance of China within the organization. Since majority of the projects of SCO are being funded

by China, the participation of other countries like Russia and Kazakhstan gets reduced. These countries also have a good potential for investment and could, thus, play a more active role in SCO<sup>38</sup>. SCO basically acts as a vehicle to extend Chinese influence beyond its western borders in Central Asia. SCO is important for China to address the security threats emanating from its restive province Xinjiang where separatist movement has become stronger<sup>39</sup>. It seeks to address the three threats of “terrorism, extremism and separatism” through SCO. China plans to open up its domestic economy through SCO by promoting trade and investment between Central Asia and western China.

### ***5. Extra-Regional Players and Other Forums***

Immediately after independence, Central Asia once again emerged as a zone of geo-strategic importance attracting external players like United States, Russia, China, EU, Japan, Saudi Arabia, Turkey, Iran, Israel, Pakistan and India. Gaining access over the flow of oil and gas reserves became imperative for them to further their respective interests. As such, control over these energy resources and export routes out of the Eurasian hinterland quickly became a central issue in the politics of the twenty-first century. Today, apart from establishing a political and economic presence, these countries have also become major sources of trade and investment in these countries. These engagements are mostly done through several organizations and forums dominated by these extra-regional countries to promote regional integration. These include *Collective Security Treaty Organization (CSTO)*, *The Organization for Democracy and Economic Development-GUAM*, *NATO Partnership for Peace (PfP) Programme*, *United Nations Development Program (UNDP)*, *European Union (EU)*, *Organization of Security and Cooperation in Europe (OSCE)*, *The Conference on Interaction and Confidence-Building Measures in Asia (CICA)*, *Organization of Islamic Cooperation (OIC)*, *The International Fund for Saving the Aral Sea (IFAS)*, *Central Asian Nuclear Weapon Free Zone (CANWFZ)*, *Special Program for the Economies of Central Asia (SPECA)*, *United Nations Office on Drugs and Crime (UNODC)*, *The European Bank for Reconstruction and Development (EBRD)*, *The Islamic Development Bank (IDB)* and *Dushanbe 4*. The Central Asian countries are also members of other international institutions like the *International Monetary Fund (IMF)*, *International Bank for Reconstruction and Development (IBRD)*, the *International Fund Corporation (IFC)*, the *Multilateral Investment Guarantee Agency (MIGA)*, the *International Centre for Settlement of Investment Disputes (ICSID)*, the *International Development Association*



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(IDA). Other agencies like the *Japanese Bank for International Cooperation (JBIC)*, the *United States Agency for International Development (USAID)* and *Islamic Development Bank (ISDB)* provide support in the transportation sector along with the *World Bank* which is also active mainly in facilitating trade and transport development in the region<sup>40</sup>.

Although these groupings have been successful in establishing economic, political and strategic alliances in the region, nevertheless, they remained an empty vessel failing in the operational level. For example, CSTO has been dealing efficiently with anti-terrorism, drug trafficking and conventional security threats existing in the Central Asian region. However, still the credibility of this multilateral treaty organization came under scrutiny when it failed to address the security crisis emerging in Kyrgyzstan in the wake of Osh riots in 2010<sup>41</sup>. This was primarily due to the lack of trust within the group that held back the states to share information related to intelligence<sup>42</sup>. A similar outcome has also been witnessed for GUUAM which although being successful in the initial period gradually failed in addressing the key issues pertaining to the region. GUUAM in the initial years focused on enhancing cooperation in the region at multifarious levels ranging from economic, security, elimination of threats and conflict resolution. However, it has never been able to establish itself as several initiatives discussed by the members never became a reality in GUUAM<sup>43</sup>. Also, high-expenditure initiatives like EU's Transport Corridor Europe-Caucasus-Asia (TRACECA) which is a transit corridor and pipelines for oil export routes from the Caspian Sea to Georgia, the Black Sea, Turkey and Ukraine could not be successful as it failed to generate trade flows between Central Asia and South Caucasus.

Thus, although, Central Asia witnessed a tumultuous growth of regional organizations and forums in the initial years of its independence, regional cooperation had not been quite successful generating a declining hope within the region. There are several factors that need to be analyzed to understand the hindrances that exist for an effective regional cooperation in Central Asia. The governments have been reluctant to achieve the same. Regional cooperation can be successful if the governments engage in coordinated efforts enabling them to provide the necessary public infrastructure that supports integration. This is done by formulating such kinds of national policies that remove the barriers to regional integration. However, it has rarely been seen that the governments come together to work and execute regional projects undertaken for the region. There is also distrust among the governments which is increased by security fears.

They are also reluctant in bringing about proper domestic reforms and introducing the forms and methods of international economic regulations in the absence of which creating economic interdependencies becomes difficult.

Presence of weak institutional framework of regional organizations is another obstacle in achieving regional cooperation. Most of the organizations have little funding and are characterized by inconsistent engagements by key countries and national leaders. Other predicaments like lack of ownership, lack of political commitment by leaders, lack of funding mechanisms, lack of transparency, lack of engagement by private sectors and civil society, corruption, weak governance and institutional structures and lack of clear agenda and monitoring process are other obstacles that affect the regional cooperation in Central Asia.

#### CENTRAL ASIAN REGIONAL ECONOMIC COOPERATION (CAREC) AND ITS ROLE

Central Asia has the presence of several other economic entities lying outside the conventional regional framework to promote economic development in the region. CAREC is one such program that has come up in recent years to boost economic growth in Central Asia. It is supported by the Asian Development Bank (ADB) to encourage economic cooperation in the region. The main focus of this program is to integrate the landlocked countries of Central Asia through trade and developing infrastructure particularly in the transport and energy sector. CAREC aims to help them to reach out to the global markets by promoting inter-continental trade. The program has so far focused its strategies on key issues which are also its priority sectors- transport, energy, trade facilitation and trade policy. Due emphasis has been given on both the hard and soft aspects of the mechanisms of regional cooperation like developing physical infrastructure and formulating policies respectively.

Founded in 1997, CAREC is a partnership of eight countries consisting of Afghanistan, Azerbaijan, People's Republic of China (PRC), Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan along with six multilateral institutions namely the ADB, EBRD, IMF, IDB, UNDP and World Bank. Recently, Pakistan and Turkmenistan joined CAREC in 2010 thereby expanding the geographical ambit of the program<sup>44</sup>. The participation of China in CAREC is done through Xinjiang Uyghur Autonomous Region and Inner Mongolia Autonomous Region.

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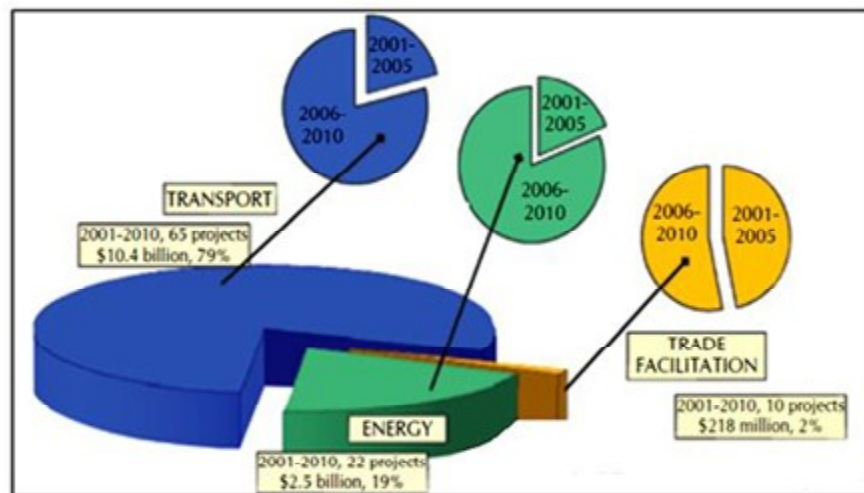
All these partners work together to promote economic development, trade and commerce throughout the Central Asian region.

CAREC is not a treaty based organization but an informal program or forum that operates at the ministerial level. It is essentially a project-based and an activity-driven program which is neither governed by any Charter nor any inter-governmental agreement<sup>45</sup>. Although it functions in an advisory capacity but the inclusion of several international financial institutions particularly the ADB makes it an effective one. It also operates in partnership with other regional cooperation organizations and institutions. These participants help in funding the initiatives of the program. In the initial years, the program focused on building confidence and credibility through a flexible and institutional framework. Gradually, it progressed to adopt a more result oriented approach by focusing on particular sectors. This steady shift took place, particularly, after the adoption of the Comprehensive Action Plan (CAP) in 2006<sup>46</sup>. The initial investment of CAREC was in transport sector but later it expanded its ambit to adopt diverse strategies for tackling trade, trade policies and energy challenges. Over, the years, CAREC has upgraded key regional links, modernized trade infrastructure and systems, and boosted energy supply and cooperation. It has delivered fruitful results under a strong leadership and support from relevant government agencies and multilateral institutions. The member countries have been provided with several personnel training sessions under the program. Each year a report on the Development Effectiveness Review of the program is formulated by the CAREC Secretariat which analyzes and assesses the overall progress achieved by the program within a period of twelve months. This shows that CAREC takes into cognizance the importance of monitoring and assessing progress and results achieved in particular projects. During the period of 2001-2010, the organization formulated more than hundred projects worth over \$ 15 billion in core areas of transportation, energy cooperation, trade facilitation and trade policy. The program's investment in developing regional infrastructure from 2001 to 2014 totaled around 24.6 billion \$ covering around 158 projects. It has also invested around 160 \$ million in its support for the technical assistance program and promotion of capacity building measures<sup>47</sup>.

Figure-1 below shows the total amount of investment made by CAREC in different sectors from 2001 to 2010. The area of transportation has received the largest share of investment allocation amounting up to \$ 10.4 billion which is around seventy nine percent of the total investment

whereas the energy and trade facilitation sectors received only \$2.5 billion and 218 million respectively which were only nineteen percent and two percent of the total amount. During this period majority of the projects undertaken by CAREC were related to the transportation sector. CAREC financed sixty five projects in the area of transportation alone while only twenty two projects and ten projects catered to the energy and trade facilitation sectors respectively. However, a close look at the diagram reveals that the amount of investment in every sector witnessed an upsurge only after 2006 when the CAP was approved by the CAREC ministers. Thus, with time CAREC has evolved into a comprehensive regional economic organization focusing on practical and result based regional projects that are significant to boost trade and sustainable development in the Central Asian region. It has been providing a platform for dialogue and coordination in the successful planning and implementation of projects. This has been largely possible with the help of the six multilateral institutions which has been brought under a common framework by CAREC.

FIGURE-1: CAREC INVESTMENT LOANS AND GRANTS BY SECTOR AND DATE (2001-2010)



The first annual ministerial conference of the program was convened in 2002 and in 2010 it celebrated its tenth anniversary of existence as a regional forum for Central Asia. Moving towards the fulfillment of its vision of *Good Neighbors, Good Partners and Good Prospects*, the CAREC has been significantly successful in achieving its goal of development through regional cooperation during the period of 2001-2010. The

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program, since its inception has been operating in different phases. While Phase I, i.e. from 1997-1998 mainly focused on the identification of infrastructural needs and policy issues hindering cross-border trade, Phase II that started from 1999 and continued till 2010 concentrated on assessing projects selected as priority in Phase I in the field of transport, trade, power and policy reforms<sup>48</sup>. The development of the CAP, a Regional Transport and Trade Facilitation Strategy, an active Electricity Regulators' Forum and the implementation of a number of cross border infrastructural projects showcase the objectives achieved by CAREC in a relatively short period of time. These projects have been mainly funded by the multilateral organizations participating in CAREC. The year 2017 marked the 16<sup>th</sup> Ministerial Conference of CAREC. Popularly known as the Dushanbe Declaration, the conference has been significant as it focused on economic development of the region with environmental conservation. Adoption of Sustainable Development Goals (SDGs) and adherence to the COP 21 Paris Agreement by all member countries has been taken as a priority in the coming years. The Conference also announced the adoption of CAREC 2030 a long term strategy to take the program to its third decade of operations<sup>49</sup>.

#### ROLE OF ASIAN DEVELOPMENT BANK (ADB) AND OTHER INSTITUTIONS IN CAREC

ADB is Asia's largest multilateral institution promoting regional development and is endowed with the unique characteristics and advantages of promoting regional economic cooperation<sup>50</sup>. The ADB which is in a good position to assist the regional infrastructural projects plays an important role in making CAREC a strong force to integrate Central Asia. It plays a leading role in the regional transport sector along with financing for rehabilitating infrastructure, providing assistance for institutional reforms, facilitating cross border agreement and promoting the private sector to aid and support in the transition from centrally planned to market economy. The ADB aims to achieve high quality regional services by developing the East West and North South transport corridors by using the existing infrastructure to link the state capitals, local production centers, markets and granaries, ports and regional and international markets. It also seeks to improve border controls that would reduce delays and transport costs caused by Customs, visa and other services.

Since 1997 ADB has been promoting CAREC's program objectives

of improving trade and cooperation with large markets, reducing transportation costs and improving supplies of energy. The benefits of these kinds of cross-border projects can only be enjoyed successfully if the countries involved in it achieve consensus on policy actions and financial contribution easily. The presence of ADB in these projects comes as an advantage as its long standing connections with countries like China and its wide geographical scope has enabled to bring the member countries together and implement the projects successfully<sup>51</sup>. In November 2008 the Implementation Action Plan was endorsed by ADB covering a ten year period of 2008-2017 under CAREC TTFS. Under this plan, identification of six CAREC corridors has been done and emphasis has been laid on its development with the aim to establish important connections with the rapidly growing markets of the world around the CAREC region<sup>52</sup>. These corridors are:

- Europe to East Asia or Corridor I
- Mediterranean to East Asia or Corridor II
- Russia to Middle East and South Asia or Corridor III
- Russia to East Asia or Corridor IV
- East Asia to Middle East and South Asia or Corridor V
- Europe to Middle East and South Asia or Corridor V

Apart from ADB there are also several other multilateral institutions participating in CAREC like the World Bank, EBRD, IMF, IDB and UNDP. Outside these participating institutions, there are a number of others like the JBIC, the USAID and EU that provides continuous support to CAREC for the development of infrastructural facilities like roads, railways, airlines and ports. In the transport sector, apart from ADB, the other main donors financing the development of transport infrastructure in the region are EBRD, IDB and JBIC. CAREC is also forming partnership with other main regional cooperation organizations of Central Asia including SCO in transport, CACO in water energy, EurasEC in trade and TRACECA in transit facilitation.

#### IMPORTANT DEVELOPMENTS IN CAREC

CAREC has several successful mechanisms in place that have acted as a catalyst in its endeavor to develop cooperation in the Central Asian region.

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### *1. Comprehensive Action Plan (CAP)*

The CARs are very much intricately interconnected by virtue of their boundaries that make problems pertaining to a particular country transnational in nature. This regional characteristic of Central Asia has been taken into cognizance by CAREC which believes that apart from being good neighbors, the CARs must aim to become good partners in their objective to gain good opportunities. CAP was, thus, established to strengthen this very principle of the CAREC Program through several initiatives like promoting partnership with other regional institutions like the SCO and EurasEC.

CAP is a strategic framework, accessed for a medium term period, listing out the outcomes that are to be achieved from regional cooperation in Central Asia. In CAP, emphasis has been given on the creation of knowledge that is being done with the help of the multilateral institutions which will promote research related to the region. Generation of human resource is another area of focus by CAP. This has been done by training the officers from the middle and senior level with the aim to form a cadre trained in the processes of regional cooperation. CAP also takes into account Central Asia's unique geographical location as a strategic link between Europe and Asia. Henceforth, focus has been given on adopting regional based programs complementing with the priorities of the countries through public-private partnerships (PPPs). These programs will be conducted in the areas of transport, trade and energy sectors. In the transportation sector CAP incorporates the objectives like building new networks along the east-west and north-south corridors and strengthening regional and international linkages and linkages between two neighboring countries and adopting cross-border transport agreements involving all CAREC members. Trade sector strategies include building infrastructural facilities at border crossing points and at border area free trade zones and encouraging the CAREC members to sign bilateral agreements while strategies in the energy sectors are creation of infrastructures for uninterrupted supply of energy, coming up with policy, regulatory and institutional measures for increasing energy efficiency<sup>53</sup>.

Earlier, although CAREC realized the importance of private participation in the regional programs, adequate steps were not taken to encourage and attract them. This problem that was ignored earlier has been addressed in the CAP. Steps have been taken to improve the business climate of Central Asia and also enabling the business institutions to have easy access to the markets<sup>54</sup>.

## ***2. Transport Sector Coordinating Committee (TSCC)***

TSCC is one of the several sector committees formed under the organizational framework of the CAREC Program. Since its establishment the TSCC has so far conducted about thirteen meetings periodically discussing about a gamut of issues. The last meeting was held in the capital city of Kyrgyzstan, Bishkek, from 14 to 15 May 2014 that was attended by the representatives from CAREC member countries. The 13th CAREC TSCC Meeting reviewed the progress of the CAREC Transport and Trade Facilitation Strategy (TTFS) 2020 and discussed other issues. Progress in the field of trade facilitation and cross border transport facilitation was also updated and action plans for implementing the CAREC TTFS 2020 were presented by the representatives of the CAREC member states and other partners<sup>55</sup>.

## ***3. CAREC Transport and Trade Facilitation Strategy (TTFS)***

The CAREC TTFS adopted in 2007 has also been very successful. The strategy aimed at establishing competitive transport corridors in order to facilitate efficient movement of people and goods across borders. The strategy focused on developing the transport and trade networks in a sustainable, safe and user-friendly manner. This will decrease the freight cost and increase the share of both intra and inter-regional trade. It identified six transport corridors traversing Central Asia east to west and north to south and connecting with Eurasian transport arteries<sup>56</sup>. It will link the different regions of the world lying on the opposite sides of Central Asia. These corridors encompassing Europe and Asia would benefit all the countries of the entire Eurasian continent to get access to the external markets for the import and export of goods. TTFS also recognized the key border crossing points at each corridor and noted the infrastructural bottlenecks, investment requirements and logistic arrangements that exist in them. The National Transport and Trade Facilitation Committee is responsible for managing the program and the corridors running through each country<sup>57</sup>.

In 2013, a mid-term review of the CAREC TTFS was conducted. It showed that the strategy has been partially completed. According to the 2012 data, 51% of the total sections of road have been completed, 44% are ongoing and the rest of the 5 % are in its planning stage. Construction of the railways is also being carried out impressively<sup>58</sup>. A dominant component of TTFS was the establishment of a Corridor Monitoring Programme that measured the time and cost of transit based on regular



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vehicle surveys. It helped CAREC to assess and have a clear picture of whether the investments and procedural improvements along the corridors are actually leading to any progress in bringing down the transport and transit barriers and where further actions were needed<sup>59</sup>.

#### ***4. Trade Policy Coordinating Committee (TPCC)***

The TPCC is also noteworthy as it serves as a center for gaining knowledge about trade issues. The committee has conducted study tours in Georgia and Kapchagai, Kazakhstan focusing on developing integrated trade facilitation measures and increasing solar energy respectively. Organizations like UNESCAP, United Nations Energy Commission and the United Nations Development Program participated in the program<sup>60</sup>. So far, transport, transit and trade facilitation have been the strongest areas of engagement of CAREC.

#### ***5. CAREC Performance Monitoring and Measurement Report (CPMM)***

In 2008 CAREC decided to come out with the CAREC CPMM Report to monitor and evaluate the implementation of the CAREC TTFS. CPMM Report has been crucial as it has successfully captured data on the time and cost of moving goods along the six CAREC corridors that link member countries to each other and to other global markets. It has helped CAREC to identify the bottlenecks especially at Border Crossing Points (BCPs) and have supported the institution in bringing about policy reforms particularly when they are aimed in providing concrete, actionable solutions to improve the operational efficiency of the corridors thereby facilitating trade flows in the region. Following the endorsement of CAREC 2020, renewed emphasis is given on improving the infrastructures in transportation especially in railways and logistics. The year 2013 marked the fifth anniversary of conducting CAREC CPMM Report. The results of the report were intriguing as it expanded its ambit to include new corridor extensions and alignments introduced afterwards. It also highlighted the current and ongoing challenges faced by the CAREC countries in the field of transportation<sup>61</sup>.

#### ***6. Wuhan Plan***

The Wuhan Action Plan was created in October 2012 with the aim of investing in the development of regional transport infrastructure. The plan identified 68 regional transport projects in order to increase the efficiency of the six trade corridors across the Central Asian region<sup>62</sup>. The Wuhan

Action Plan is an attachment of the CAREC Strategic Framework 2020 that has been documented in order to implement the vision and action of CAREC 2020 effectively. It is mainly a summary of priority actions that the CAREC countries will undertake to implement CAREC 2020 which is a 10-year strategic framework under the CAREC program.

The main objective of the plan is to guide CAREC in its next phase of operation. The member countries aim to review and update the action plan through its sector coordinating committees, the Senior Officials' Meeting and the Ministerial Conference. Role of CAREC Institute has been emphasized in the Wuhan Action Plan to achieve the strategic objectives of CAREC 2020. The need to establish a physical base of the CAREC Institute in the region by 2014 was also recognized. Kazakhstan, China and Azerbaijan offered to host the headquarters of the Institute. This is a notable development as moving the physical base of CAREC Institute to the region showcased the desire of the CAREC countries to play an important role in managing certain facets of the Program. Focus has also been given in the areas of transport facilitation covering the six CAREC corridors. This will be done with the help of the development partners who will participate in systematic capacity building and engaging in dialogues with the transport facilitation bodies of the neighboring countries. Apart from the member countries, participating multilateral institutions and the donor agencies also committed in supporting and implementing the Wuhan Action Plan<sup>63</sup>.

### *7. Establishment of the CAREC Institute*

In 2006, the program also established the CAREC Institute whose physical base was later launched at Urumqi, Xinjiang Uyghur Autonomous Region in 2014. It acts as a hub for communicating and sharing knowledge and experiences for furthering economic cooperation. The Institute provides strategic and technical advice to the CAREC partners to ensure that the investments achieve the best possible result. In the Wuhan Action Plan, too, the institute was placed as an important component of the program<sup>64</sup>.

Since its inception it has been providing with web based information and products and is supporting training sessions at different CAREC events. It undertakes research activities in multi-sectoral, regional and general issues concerning economic integration. Since 2006 CAREC Institute has been focusing on the areas of knowledge sharing and capacity building programs through regional learning programs, seminars, and workshops. Particular needs of the priority sectors of the program are

being addressed and the Institute is playing a key role in training senior officials, conducting foundational studies and issue oriented research and in the development of knowledge products. The Institute's position as being the knowledge hub for economic cooperation is strengthened with the Five Year Strategic Knowledge Framework that it has adopted to guide its operation.

The session on "Regional Cooperation and Trade in Central Asia: Integrating in the Global Economy" held in 2013 at the Bali Trade and Development Symposium had been very important as it introduced CAREC to a wider audience. The symposium was in parallel with the 9th WTO Ministerial Conference. Capacity building and knowledge sharing activities were organized in the symposium in partnership with the ADB Institute, the CFCFA, Shanghai Customs College, the UNESCAP, the World Customs Organization the government ministries of the member states and the customs administration<sup>65</sup>.

The 2010 CAREC Institute Performance Assessment Review recommended that the CAREC Institutes should conduct capacity building and analytical work that are more directly relevant to priority sector requirements. This will be done by the sector coordinating committees to achieve the objectives of trade expansion. Unlike in trade policy where the expansion of trade will be principally driven by the national policies, in the energy sector the role of the CAREC framework itself can be considered important as it can provide the necessary analytical and advisory inputs and share knowledge and improve capacity-building through partnerships with the multilateral institutions and the CAREC Institute respectively.

#### **CAREC'S FUTURE COURSE OF ACTION: CAREC 2020 AND ITS FRAMEWORK**

CAREC Strategic Framework 2011-2020 was approved by the Program in November 2011. The framework recognizes the strategic objectives and priority areas of the program and accordingly made an ambitious blueprint for its future development in the coming decade. It will guide the members of CAREC in their continued endeavor to build and develop infrastructural facilities related to trade and other commercial activities along the CAREC corridors. It recognizes the progress made by CAREC in its early years to build confidence and credibility among the CAREC members. Simultaneously it also took stock of the existing challenges faced by the

program and promises to address them. CAREC 2020 takes note of the lessons learnt by the Program in its first decade of cooperation and plans to implement them as CAREC moves on to the next decade. CAREC 2020 recognizes the need for stronger institutional mechanisms and effective business processes at both national and regional levels<sup>66</sup>.

The financial expenditure is expected to exceed than what the CAREC governments and the multilateral institutions are able to provide now. As such, CAREC 2020 focuses on the mobilization of resources from other development partners including bilateral aid agencies. The strategy will also focus on the efforts to ensure timely implementation of projects. The need to promote public-private partnerships (PPPs) is recognized in CAREC 2020. PPP is essential to harness private capital into critical investment projects. However, promoting PPP would require the member countries of CAREC to first overcome national policy and institutional constraints in order to enable the private sector to make investment decisions based on clear perception of risks and benefits. The CAREC framework through a sub-regional project development facility aims to mitigate some of the institutional impediments that are hindering the growth of PPP.

Unlike the CAP, CAREC 2020 takes into cognizance the importance of the second-tier sectors besides laying continued emphasis on the upcoming issues affecting core area activities. These include equal distribution of regional public goods like communicable disease control, disaster risk management, agriculture, climate change adaptation, climate change proofing, mitigation, improving sector-driven capacity building and generating research products. Addressing these challenges would be seen in light of the social impacts of trade increase and improved competitiveness. CAREC Program plans to strengthen cooperation in these areas in the next decade. Addressing these challenges would require increased regional participation putting greater focus and synergy with the core areas as well. So far, knowledge building and information exchange have been the dominant mode of cooperation in addressing the issues related to the second-tier areas. However, in the coming decade CAREC 2020 plans to bring in the CAREC Institute in conducting analytical work to determine how special initiatives in the second-tier sectors would also enhance initiatives in the core areas. This in turn might help the CAREC members to initiate cooperative activities or special projects in a second-tier areas based on a set of mutually agreed principles and criteria. Considering the complex nature of the issues pertaining to

the second- tier areas, senior officials of the CAREC countries will be required to perform a more active role in promoting cross-sector linkages between the core and second-tier areas. As earlier, expansion of trade and competitiveness among the CAREC countries continue to remain even in CAREC 2020. CAREC 2020 seeks to expand trade through transport connectivity, facilitation of cross-border movement of goods and people, trade openness, and energy trade. Improvements in these core areas will accelerate market-driven economic cooperation which in turn will increase trade. CAREC framework for the next decade plans to increase energy trade through more extensive energy cooperation among the member countries that, in return, will ensure reliable, secure and stable energy supplies to the CAREC countries. CAREC 2020 plans to improve competitiveness through transport connectivity, development of economic corridors, and energy sector cooperation. Development of economic corridors will lead to the diversification of the region's industries and, therefore, make them competitive through technology, logistics and other business support services.

#### ACHIEVEMENTS OF CAREC

The coordination effort of CAREC to pool resources and expertise has strengthened over the years. Today, the ADB is taking the lead in transport and trade facilitation, the IMF in trade policy, the World Bank in water strategy and the EBRD in private sector initiatives. Also the participation of Russia and Afghanistan that was decided in the meeting of the Senior Officials of CAREC countries in 2005 has widened the geographical scope of the program. CAREC has formed partnership with other key regional cooperation organizations<sup>67</sup>. These organizations participate with CAREC in the development of the regional infrastructure. For example, SCO participates in transport, CACO in water energy, the EEU in trade and TRACECA in transit facilitation<sup>68</sup>. The efficiency of CAREC lies in its way of functioning. To boost the trans-Eurasian trade in the region, CAREC has focused on four key sectors and significant achievements have come along its way that have partially reduced the obstacles in facilitating regional cooperation.

##### *1. Transport*

At present, the majority of the regional traffic in Central Asia is carried out by rail<sup>69</sup>. The roads serve only twenty two percent of the transportation.

Because of the CAR's Soviet legacy, all the present railway networks of Central Asia are oriented towards north. Consequently, maximum of the freight movements from the CARs to Russia cross Kazakhstan<sup>70</sup>. Because of the geographical position, tariffs on the intra-regional routes are also higher. Although high priority has been assigned to the development of the transport sector, the inability of the countries to provide successful institutional solutions and adopt favorable policies to exploit the opportunities of transit traffic away from the routes of the bygone Soviet era pose difficulties in mobility. This is because developing transport infrastructure in Central Asia, ridden with difficult mountainous terrain, is a gigantic task that comes with huge human resources and infrastructural cost. Further, difficult physical terrain necessitates frequent rehabilitation or improvement which is also a costly affair. The land locked countries are, thus, plagued with high transit fees, high costs of freight shipping services, road tolls, restrictions of entry of transport vehicles into each other's territory particularly during border tensions. In case of transportation through railways, certain routes are important for intra-regional movements.

The road networks in Central Asia are also used to transport goods from Europe and other countries like China and United Arab Emirates (UAE) through the Iranian port of Bandar Abbas. The north-south road through eastern Kazakhstan via Almaty and Aktagay is a crucial corridor as it serves as an important link between Kyrgyzstan and eastern Siberia. The same north-south road that moves through Kyrgyzstan and Tajikistan connect them with Kazakhstan and Xinjiang to Afghanistan and ports in Iran and Pakistan<sup>71</sup>. However, the condition of the medium is very poor especially in Kazakhstan and Tajikistan requiring either rehabilitation or major repairs.

At present, there are several regional transport agreements that are currently in place. They involve the countries of Central Asia and can provide a strong framework for cooperation. Some of them include the Economic Cooperation Transit Framework Agreement (1998), the Agreement on TRACECA,, the agreements under the aegis of CIS, the United Nations Economic Commission for Europe's Agreements and Conventions relating International Road Transport<sup>72</sup>.

CAREC realizes the importance of developing the region's transport sector in order to link Central Asia more closely with its neighboring countries and achieve rapid growth. The program has, thus, primarily focused on regional infrastructural investments for the improvement of

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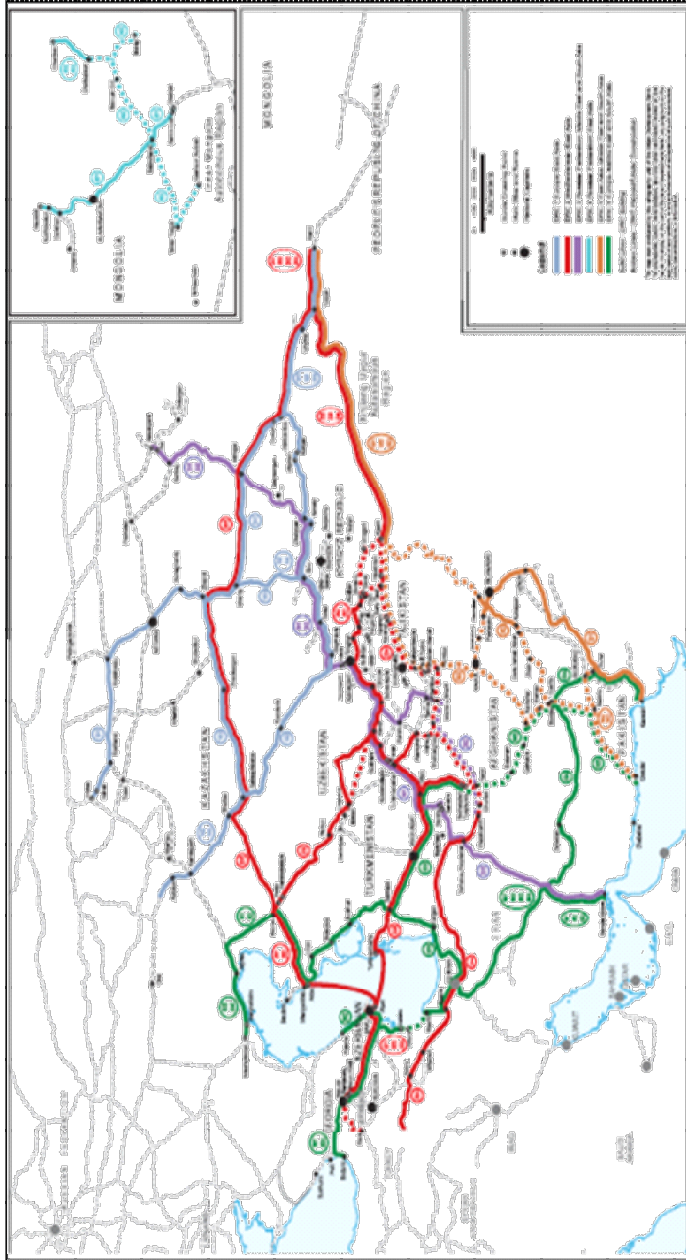
geographical connectivity. More than three quarters of the approved investments in CAREC cater to the transport sector. CAREC realizes that the most important area for economic cooperation lies in improving the transportation links connecting the neighboring countries of Central Asia. This is because strong regional transport connectivity would increase international trade to a great level. As such road, railways and border crossing points across the CAREC countries are being developed and maintained. Progress has been achieved in building and developing cross-border physical connectivity especially in the road and rail corridors. Priority has also been assigned to the rehabilitation and improvements of the existing transport networks.

### *1.1 Development of Railways*

The member countries have taken significant steps to develop the railways bypassing their territory. Between 2012 and 2013, it was seen that the border crossing time was shortened by almost an hour. Kazakhstan which is perhaps the only country among the CARs to have the opportunity to establish straight transit corridors, by virtue of being located at the center of Eurasia, linking Europe with Asia and Pacific has also participated actively. It has recently come up with its plan to construct the country's first high-speed line, a 1,100 km line linking Astana with Almaty, and has signed a contract with the French consulting engineering firm Systra to oversee the design and construction of the work. A 900 km railway line is also in progress that will connect Kazakhstan and Iran via Turkmenistan. Construction of another 400 km railway line is going on that will link Tajikistan and Turkmenistan to Afghanistan. The main purpose of this railway is to develop Afghanistan's accessibility to the Central Asian markets and will also directly connect Tajikistan and which are Turkmenistan separated by Uzbekistan's Surkhandarya region.

CAREC is also taking steps to connect Afghanistan with the international markets. As such, CAREC is building the first railway in Afghanistan which is a 75 km single line track between Hairatan and Mazar-e-Sharif<sup>3</sup>. It is a part of a broader rail network connecting the cities of Herat, Tajikistan and Pakistan enhancing Corridors 3 and 6. The project aims to provide transshipment facilities, railway station, thus, "connecting the ring road with the airport to Uzbekistan which leads to markets in Asia and Europe"<sup>4</sup>. It has been built to develop alternative trade routes connecting Afghanistan thereby bringing in opportunities for business, tourism and other socio-economic activities. It has been

**Map 1: Central Asia Regional Economic Cooperation Designated Rail Corridors**



Source: <https://www.adb.org/sites/default/files/institutional-document/227176/carec-railway-strategy-2017-2030.pdf>



awarded as the Exceptional International Development Project by the United States. The implementation of this project increased the job opportunities by 10 % and freight volume from 4,500 to 6,500 tons per day thereby decreasing the cost by 0.08 \$ per ton/km and reducing the transport time by half<sup>75</sup>.

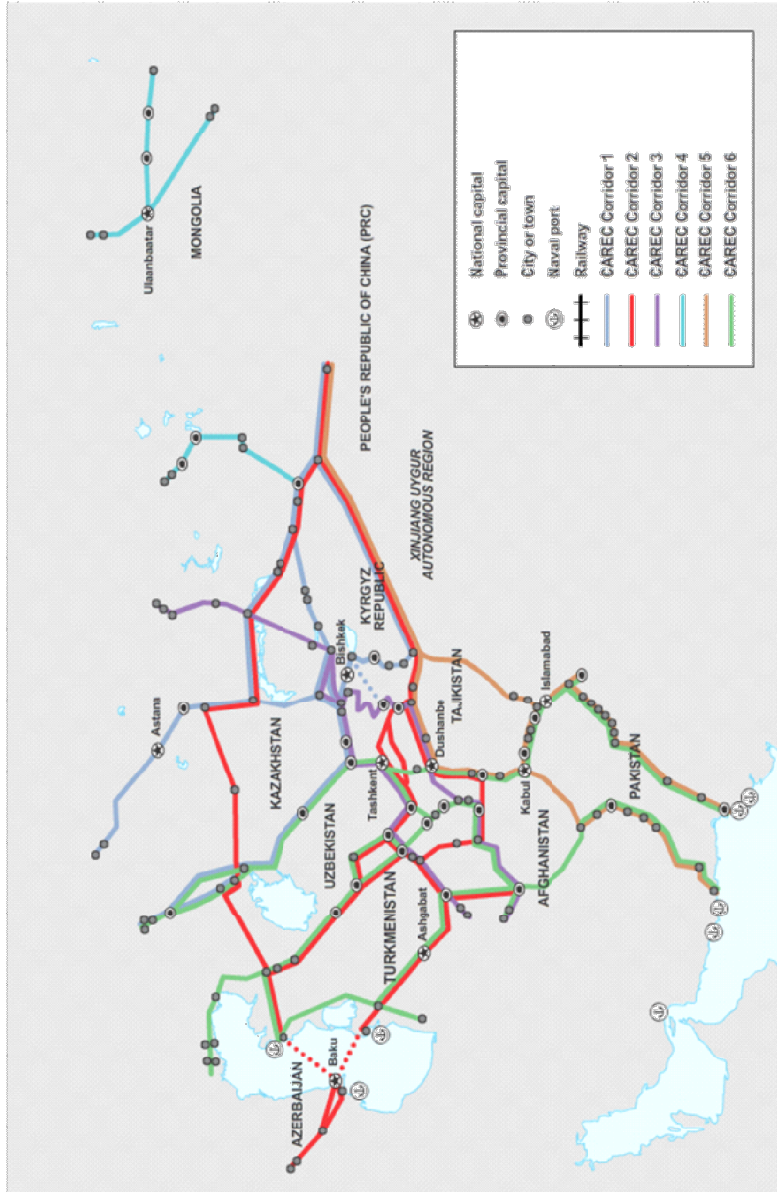
CAREC has also modernized Azerbaijan railway and rehabilitated the East-West main line that improved the railway transport services and increased its efficiency<sup>76</sup>. The North-South railway line has improved Turkmenistan's proximity with Kazakhstan, Persian Gulf countries, Russia and South Asia<sup>77</sup>. The Corridor 6 Markand-Karshi Railway electrification project (Uzbekistan) has electrified the 140 km railway section that has in turn improved the railway operations between Marakand and Karshi<sup>78</sup>. Other recently launched projects include CAREC Corridor 2 (Pap-Namangan-Andijan) Railway electrification project (Uzbekistan)<sup>79</sup>, Pap-Angren railway (Uzbekistan) etc to facilitate regional cooperation<sup>80</sup>.

### *1.2 Development of Roadways*

According to 2012 data, about 3,970 km of roads along the six corridors had been constructed. In the same year, the construction of the longest tunnel called the Shahrison Tunnel (52 km) in Tajikistan was completed by the China Road and Bridge Corporation. This tunnel aimed at reducing the transportation cost thereby increasing Dushanbe's trade with Uzbekistan, China, Iran and Pakistan<sup>81</sup>.

The main aim of rebuilding and upgrading roads is to improve the living standards of the people and CAREC has been successful in achieving that. The Third Road Rehabilitation project that connects Corridors 1, 2 and 3 reduced the distance between Bishkek and Osh resulting in the doubling of the number of households using it. CAREC has rebuilt and upgraded 94 km of road of the Azerbaijan Highway Project between Ganja and Gazakh which is a part of Corridor II. The Azerbaijan Highway Project is under the Road Network Development program initiated by CAREC. The project has improved the bypass road in Ganja "which is a part of the primary east-west highway from the capital Baku to the border of Georgia and a main route between the Caspian and the Black Sea"<sup>82</sup>. This program has reduced the traffic time and has helped the traffic volume to increase three times. It has also improved the International Roughness Index<sup>83</sup>. The transport cost has also come down to 25-30% as freight charges and fares have been decreased. Presence of several amenities like smooth public transport system made the rural areas more accessible thus helping the

Map 2: CAREC Corridors



Source: <https://www.pajhwok.com/en/2016/08/29/progress-continues-6-carec-corridors-says-ad>

local businesses around the areas to flourish by 30%. Around fourteen thousand people benefited from the improvement of local roads along the Shamkir-Gazakh section of this highway. Tajikistan's Road Rehabilitation Project connecting Corridors 3 and 5 has also increased the rate of travel and freight traffic by twenty-five to thirty percent. CAREC TTFS has identified several developments in the transport sector. The value of inter-regional trade has increased five times from the 2005 baseline of 7.9 billion dollars. Because of the good conditions of roads, the speed along the CAREC corridors has increased at a rate of 30% (30 km per hour). The time taken and the cost incurred to clear a Border Check Post have now come down to 35 % and 20 % respectively. The action plan of the TTFS progressed significantly in 2013. About 80 % of the Corridor roads targeted in the TTFS (2008-2017) were achieved by 2013. About 1,312 km of roads were built and upgraded in the same year crossing the 1,200 km target for the year<sup>84</sup>. The additional road length built in 2013 was the Bishkek-Torugart road section in the Kyrgyzstan Republic, the East-West Highway in Azerbaijan, the West Regional Road in Mongolia and the Aktau-Beyneu Road in Kazakhstan<sup>85</sup>. In the areas of railways, about 3,226 km which is about 85% of the targeted 3,800 km was completed. Another major roadway which is the Kyrgyz roadway running from Taraz to Talas to Suusamyr is being rehabilitated. The rehabilitation program is co-financed by the Islamic Development Bank and the Saudi Fund for Development each contributing USD 10 million for the reconstruction<sup>86</sup>. CAREC has also rehabilitated the main route between the northwest and southeast of Uzbekistan.

The North South Corridor Project that has also been initiated by CAREC has boosted development in Afghanistan. The project installed cross-border facilities in Spin Boldak and Hairatan and rehabilitated the roads connecting Mazar-e-Sharif, Dar-i-Suf and the Bamiyan- Yakawlang areas. It reduced the time of the travel and transport cost by 75% and 40% respectively. The volume of traffic has increased four times while the cost of operating vehicles dropped by 45%. Unlike in the past, the rural areas of Afghanistan, now, are linked with the markets even during the winters<sup>87</sup>.

Still, there is a plethora of ongoing projects under the flagship of CAREC whose completion is crucial for the full realization of regional integration in Central Asia. The Dushanbe-Kurgonteppa road (Tajikistan) lying at the confluence of CAREC corridors 2, 5 and 6,<sup>88</sup> the Salang corridor (Afghanistan) project lying between corridor 5 and 6,<sup>89</sup> the National

Motorway M-4 project connecting Gojra, Shorkot and Khanewal in Pakistan,<sup>90</sup> the construction of A 380 highway connecting Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, CAREC corridors 1 and 3 Connector Road project, (Kyrgyzstan),<sup>91</sup> the Third Highway project (Azerbaijan) among many others are still underway<sup>92</sup>. These projects aim to increase the mobility of goods and people across the region.

ADB takes the lead in coordinating transport sector activities in CAREC. The Sector Coordinating Committee of ADB focuses on improving the regional transport network and setting the framework for addressing the sector policy issues. The other countries and multilateral institutions have also made major investments in the transport sector.

### *1.3 Development of Airports*

Development of air transport is very crucial for Central Asia which faces the geographical constraints of being land locked and inaccessibility to warm seas. Air transport increases connectivity among places and people thereby promoting regional economic growth. Integration with the global market becomes easier with air transport as airports connect important regions and cities. It helps in moving goods as well as people in a more convenient and less time consuming manner.

In the aviation industry, CAREC's thrust is on equipping the airports with state of the art infrastructure. Construction of a new international airport began in 2013 in Ashgabat, the capital of Turkmenistan. Built with the help of the Turkish contractor Polimeks, this airport will have the capacity to accommodate 1,600 passengers per hour. Construction of another international airport complex in Turkmenabat was started in 2013 by Altkom, a Ukrainian firm. A new terminal in Dushanbe International Airport in Tajikistan is being built by the French company Vinci at an estimated cost of USD 51.1 million. The International Air Transport Association (IATA) has formed partnership with several CARs like Kazakhstan's Ministry of Transport in order to ensure that the CAR's rules vis-a-vis airways comply with ICAO requirements by 2020. As a result, Kazakhstan's Almaty International Airport has framed a 20 year master plan to accommodate future growth in terms of passengers, cargo and aircraft movements<sup>93</sup>.

### *1.4 Development of Ports*

The role of port in today's era has increased and expanded to become a

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major platform for logistics. It is often considered as a wheel of economy if it functions in an efficient way. The role of port becomes all the more important especially in case of foreign trade as it is the backbone of international trade of a country. A seaport is the mandatory transit point for allowing the export and import of goods. The demand of trade also increases with the help of ports which provides the provision of other services thereby adding value to the products being transported. CARs' proximity to the Caspian Sea has necessitated the member states of CAREC to develop the water-based transport of Central Asia. As such, the Caspian Sea port of Turkmenbashi in Turkmenistan is undergoing a makeover to accommodate the increasing traffic demands. The makeover includes renovation of an oil terminal, provision of dry cargo vessels, new docks etc. At present, the infrastructural facilities in the port are not sufficient enough to cope up with the increasing volume of cargo passing through it. The only international sea port of Kazakhstan, Aktau, is being expanded towards the north. The project is being carried out in four stages to increase the port's capacity to transship bulk oil and cargoes. The first and second stages have already been completed. The project is being financed by the Development Bank of Kazakhstan with an estimated cost of USD 283.6 million<sup>94</sup>. Also the Baku Port in Azerbaijan which lies in CAREC Corridor 2 is being developed to provide more facilities and liberalize the custom procedures in order to strengthen trade among the neighbors.

## *2. Energy*

Apart from its central location, Central Asia's rich endowment of fossil fuel and water resources also makes it a geo-strategic zone of importance. It is one of the world's most important energy hubs and unblocking these resources are very essential to ensure continuous distribution and overcome seasonal variation in supplies. Kazakhstan is the largest producer of oil in the Caspian region. Tengiz is currently the single largest oil producing field in Kazakhstan and is among the top ten producing oil fields in the world. Kazakhstan's export of crude oil is higher than exporting products as the former is more profitable than the latter. Kazakhstan has modernized its energy sector in order to connect it with the market more effectively<sup>95</sup>. Although Turkmenistan's oil sector underwent changes in 2000, foreign investment in the sector was stalled by the absence of proper laws. The country has also been involved in several disputes in the past resulting in a declining trend in its export of oil.

The CAREC energy projects include investment projects to rehabilitate

and expand energy infrastructure in the region. The program has so far been successful in mobilizing around 4.6 million \$ since 2001 for 36 projects mainly aimed at expanding bilateral electricity trade and improvement of the regional power network. The CAREC Energy Action Plan was approved in 2009 and helps in exploiting the energy potentials of the region by emphasizing the needs to expand the transmission infrastructure in order to meet power needs. In 2013, Uzbekistan supplied 1296 gigawatt of power to Kabul, Afghanistan thereby supplying continuous electricity to about 5 million people. Again in the summer of 2013, Tajikistan supplied 939 gigawatt of electricity to Afghanistan through the 220 kilovolt transmission line that was constructed under the Regional Power Transmission Interconnection Project by ADB. So far, CAREC has successfully constructed about 2,322 kms of transmission lines across Central Asia<sup>96</sup>. CAREC has also supported the development of Tajikistan's energy sector. Tajikistan's energy export is crucial for developing its industry and building foreign currency reserves. CAREC's energy projects in the country include the transformation of the outdated transmission facilities built during the Soviet era and building of new cross-border power transmission lines for the import of seasonal electricity surplus from the neighboring countries.

The North South Transmission Line Project in Kazakhstan will strengthen the exchange of power between the power systems of northern Kazakhstan, Russia and Central Asia. The project will also alleviate shortages of electricity during winter in Southern Kazakhstan. The project is being implemented in three phases. The first phase which has already been completed was funded by EBRD (\$ 89 million). The 220 KV Batkan (Kyrgyzstan)-Kanibodom (Tajikistan) transmission line was a CAREC project that was funded by Tajikistan (\$ 9 million). It was built to transmit electricity imports from Kyrgyzstan to north Tajikistan. Significant progress has been achieved in implementing the Energy Work Plan of 2013-2015. The ADB and the World Bank is funding two complementary projects along the Central Asia-South Asia Energy Corridor to boost energy trade and cooperation<sup>97</sup>.

Apart from this, the Talimarjan Power Plant which is being built by the state run power utility of Uzbekistan, Uzbekenergo, is also supported by CAREC. CAREC is funding this project which is being built 440 km south west of Tashkent and will be Central Asia's first 929 megawatt combined cycle gas turbine power plant. The Nurek Hydroelectric power plant that has been built in Tajikistan receives water from Tajikistan's

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largest reservoir. The output is distributed throughout Tajikistan and its neighboring countries to meet the energy needs. In Uzbekistan, the Talimarjan Power Plant is being built with CAREC's help which will be the first 800 mega watt combined cycle gas turbine power plant. Thus, cooperation in the field of energy has helped the Central Asian households to increase their productivity for income generation.

### *3. Trade Facilitation*

One of the main aims of CAREC in bringing about reforms in the area of trade facilitation is to promote competition among the Central Asian countries that would eventually reduce trade costs and save time. Adoption of proper border management measures constitutes another major component in trade facilitation reforms as the traders in the Central Asian countries have to meet numerous cumbersome regulatory requirements in doing business. They have to obtain permits every time they cross borders and fulfill several complicated formalities at the different border control agencies. Removing these obstacles both at and beyond the borders are a necessity to boost trade and CAREC aims to achieve this through their policies in the areas of trade facilitation.

CAREC's trade facilitation program has taken several initiatives like adopting information technology for automated customs services and data exchanges, joint customs control and single window practices, risk management and post clearance audit, regional transit development etc. To promote trade, the CAREC member countries are acceding to and aligning their custom codes with the Revised Kyoto Convention<sup>98</sup>. The new regional projects of CAREC that are aimed to provide technical assistance are now focusing on modernizing sanitary and phyto-sanitary measures, border infrastructure, custom reforms and customs transit. It is also providing assistance to the member countries which are acceding to WTO and complying with its commitments. Other measures like establishment of national single window system, introduction of automation and encouragement of private sector to participate in CAREC through organizations like the CAREC Federation of Carrier and Forwarder Associations (CFCFA) are being implemented to boost trade. Adoption of these trade facilitation measures has increased business and environment in the region. Border crossing has become easier as the time taken has been reduced to below 8 hours on an average from almost more than 9 hours in 2010. Average cost incurred for clearance at the border crossing has been reduced by almost 16 %.

Under the recently endorsed CAREC Transport and Trade Facilitation Strategy 2020, CAREC is trying to simplify border management by bringing in automated procedures to provide information on time. Custom Codes according to the World Customs Organization's Revised Kyoto Convention are being incorporated to promote good practice. Improving infrastructure at the border crossing points along with establishing effective risk management systems have received attention under this strategy. Under the Regional Improvement of Border Services (RIBS) project, CAREC has launched several projects at the border that has reduced time and cost as well as customs violation while moving goods. RIBS has been very successful for CAREC countries helping them to develop single window facilities and improve infrastructure at the border points. The EBRD provides advisory services on trade and finance to the small banks of Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. It also provides loan guarantees to these banks to facilitate trade.

#### ***4. Trade Policy***

CAREC countries are mostly land locked nations having abundant natural resources. Sustainable economic growth can only be achieved by them provided they interact efficiently with the world markets. However, the region is plagued with several constraints that limit the intra-regional trade performance. To start with, most of the Central Asian countries have commodity based economies that forces the governments to adopt protectionist policies to reduce dependencies on commodity trade with other countries. As a result, most of the policies that are in place in most of the CARs are trade restrictive in nature. Other barriers to trade are high transit fees, inflated costs of customs clearance due to corrupt border practices etc. Non tariff barriers like border transaction costs are so high that at times they reach 7-10 percent of the value of goods being transported. Recently, the borders have been further tightened to restrict the inflow of low quality consumption goods from China that reach the Central Asian territory through Kazakhstan and Kyrgyzstan<sup>99</sup>.

In this sphere, the Senior Officials Meeting (SOM) in April 2004 called for the creation of a TPCC that was strongly supported by IMF<sup>100</sup>. Henceforth, CAREC TPCC that was established in 2004 witnessed significant progress since 2013 with major achievements being in the field of capacity-building and knowledge-sharing programs. The realm of providing technical assistance is looked after by the TPCC. It helps in taking strategic decisions on all issues catering to this field along with



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coordinating different sectors and its activities. Some of its works are promoting capacity building activities, identifying pilot projects in trade policies that will promote development and sector-wide implications and coordination of activities of the different projects in the areas of trade policy. Coordination of the activities is ensured by reporting and recommending on a regular basis to the CAREC Senior Official's Meeting which consequently informs the CAREC Ministerial Conference. It comprises of senior government officials from the concerned ministries in all CAREC countries. It coordinates with the NFP, at the national level, and the CAREC Secretariat, at the international level to promote effective coordination among the different agencies.

CAREC through the IMF and ADB have also successfully roped in the WTO for its expertise in trade policy and trade liberalization reforms. As such the WTO Accession Knowledge Sharing Program was established and sponsored jointly by the ADB and IMF to support liberalization in trade. Overtime it has been strengthened and enhanced to make the WTO accession and the capacity development program of the TPCC smooth. WTO has even promised to assist the member countries both during accession as well as in the post-accession period especially in the preparation of documents and negotiations in times of market accession. This is because, reports on institutional environment shows that while domestic environment for trade among the CAREC countries has improved considerably, significant variations exist in their institutional quality. As a result, the Institute for Training and Technical Cooperation of WTO is collaborating with the ADB and IMF to enable the CAREC countries to gain all these capacity development products both as a group and as an individual country. The government officials of the member states are also being helped by CAREC to generate skills and remain informed about the internationally best practices in trade policies.

#### CAREC'S ROLE IN IMPROVING THE LIVES OF PEOPLE

The six land transport corridors which are the backbone of the CAREC Program have illuminated the lives of the people living in the region. It has increased mobility among goods and people. Its investment in trade and energy has provided monetary gains for the members thereby improving the living standards across the region. Accessibility to basic amenities has become easier for those living in the remote parts. For example, the Korla-Kuqa Expressway that lies in CAREC Corridor 5 has

played an important role in connecting the rural roads with schools, hospitals and markets. In Kyrgyzstan, the opening of the 77km road from Osh in 2009 has improved the accessibility to medical and health services for the people living along the southern Transport Corridor. In Mongolia where CAREC Corridor 4 traverses, accessibility to essential social services across vast distances has become easier due to a decrease in transport cost and faster travel times. CAREC has also taken steps to provide social protection and prevent communicable diseases in the region<sup>101</sup>. Today, accessibility to job opportunities, markets and social services have improved for the local communities.

In 2010 ADB approved a project related to the development of rural roads in Yunnan, province of China. It was incorporated in the Yunnan Integrated Road Network Development Project (YIRNDP) and had an expenditure of \$1.5 million. The project covered around 650 kms of rural roads. This project improved the lives of the people, especially women, in the area. They were made the legitimate stakeholders and were encouraged to participate in the maintenance program of the roads. The rural communities in the Yunnan province always faced day-to-day difficulties because of poor transportation and high costs of goods and services. Livelihood in the region has been severely impaired as purchase and sell of agricultural products are also very high. Conditions ameliorated after the inception of the projects as connectivity improved and the implementation of the project required labor force that was hired from the local areas. Particularly, women groups living along the roads are involved in maintaining the rural roads on a contractual basis. They basically perform the tasks of clearing the drainage system, landslides and cutting the vegetation, repairing road surface and avoiding further serious damage. The project has been successful as the conditions of the roads have improved along with benefiting the local communities. Women, mainly, have been able to improve their livelihoods with the income from the project. Maintenance workers and other community members are provided with training economic activities<sup>102</sup>.

## LATEST ACCOMPLISHMENTS OF CAREC

### 1) CAREC 2030

The year 2017 was marked by a significant development within CAREC. The 16<sup>th</sup> CAREC Ministerial Conference that was held in Dushanbe,

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Tajikistan on October 27<sup>th</sup> was a watershed as it was in this gathering that the CAREC countries unanimously endorsed CAREC 2030, a new long term strategy to take the programme to its third decade of cooperation. The Asian Development Bank (ADB) has announced more than \$5 billion to support Central Asia Regional Economic Cooperation (CAREC) 2030 strategy in the next 5 years. The strategy is primarily based on the objective of connecting people, policies and projects by promoting regional initiatives in the areas of agro-tourism, water resources, health and education. Adoption of CAREC 2030 is a noteworthy step as CAREC aims to realize these objectives through minimal destruction of environment. As such the strategy will also focus on the Sustainable Development Goals (SDGs) and climate change targets under the Paris Agreement that the countries need to adopt while aligning with their national development policies<sup>103</sup>.

## ***2) Inclusion of Georgia***

The far reaching impact of CAREC became evident in the 15<sup>th</sup> CAREC Ministerial Conference that was held in Islamabad, Pakistan on October 25<sup>th</sup> and 26<sup>th</sup>, 2016. In this symposium the CAREC members welcomed Georgia as the 11<sup>th</sup> country to join the program. CAREC will provide Georgia with the opportunity to take advantage of regional technical assistance and other international projects including the New Silk Road<sup>104</sup>.

## ***3) Development of Multi-Tranche Financing facility for the CAREC Transport Corridors***

The proposed Multi-Tranche Financing Facility for CAREC road corridor development is a unique strategy as it provides resettlement frameworks to ensure the preparation and implementation of appropriate compensation and relocation programs if land acquisition, physical relocation, and other impacts are identified during implementation of a project. In this regard, ADB has already approved \$800 million Multi-Tranche Financing Facility for CAREC road corridor development in Pakistan. According to a statement issued after the 16<sup>th</sup> CAREC ministerial conference held in Dushanbe, ADB will finance the first phase of the Turkmenistan-Afghanistan-Pakistan (TAP) transmission line project amounting to \$150 million<sup>105</sup>.

## ***4) Almaty-Bishkek Economic Corridor***

The Almaty-Bishkek Economic Corridor (ABEC), which emanated from the Almaty-Bishkek Corridor Initiative (ABCI) aims to transform the area

into a single space where exchange of ideas, movement of goods and meeting people is fast, easy, and free of barriers. Both Kazakhstan and Kyrgyzstan have already agreed to coordinate ABEC at the highest level through the Intergovernmental Council, which is chaired by the two Prime Ministers. With continuous support from the Asian Development Bank, sectoral working groups are being formed to implement pilot projects in agriculture and tourism sectors, while the institutional setup and projects in other sectors like health, education, and transport are in preparation<sup>106</sup>.

### CHALLENGES

However, lacuna still exists that prevents CAREC to achieve the fullest outcome in the sector concerning trade policy. The member countries need to work more closely and bond intricately to implement trade policies more successfully. This can only be achieved with their fullest participation in the field of sharing information necessary to assess progress in the implementation of the CAREC programs. Until then, policies formulated will be a mere rhetoric. Similarly, in the expansion of trade in services, it is important for the Central Asian economies to start stock-taking of the extent to which they are engaged in trade in services. In this regard, CAREC has displayed effective cooperation in key areas of trade, transport, trade facilitation, and energy. The developments of different sectoral strategies are really innovative initiatives adopted by CAREC that has shown good track record of investment.

However, like all other regional organizations existing in the region, CAREC is also subject to several constraints. One important challenge is the low level of partnership and cooperation among the Central Asian states at the regional level due to the lack of a unified communication space. The people of Central Asia possess multiple identities along ethnic, linguistic, religious and cultural lines and assertion of one political order in the entire region becomes difficult to be achieved because of the presence of these inter-related identities that has divided the people of Central Asia at various levels. Also, CAREC faces the constraints of equally distributing the gains of regional cooperation both within and between the countries. CAREC also needs heavy funding to maintain the transport and other trade facilitation infrastructure of the landlocked CAREC countries.

Although significant contribution has been made in terms of its impact on the lives of the people, CAREC still needs to achieve more in this direction. People of the CAREC countries still live on less than \$2 a day.

Participation of the labor force in the CAREC economy has improved but at a minimum rate. CAREC has been extremely successful in improving transport connectivity. However, much has to be done for the development of soft infrastructure like improving the custom systems, reducing bureaucratic redtapism, eliminating corruption at borders, establishing proper legal frameworks etc.

### CONCLUSION

The collapse of the former Soviet Union prompted the CARs to search for partners at both bilateral and multilateral level. Independence brought with it numerous challenges which these countries had to face. Their complex set of overlapping problems created the dangers of escalation of violent conflicts involving several states of the region. As a result these countries were seen joining several international and regional organizations along with establishing diplomatic relations with most of the countries of the world. Numerous regional organizations were also established in the region in an effort to strengthen regional integration in the post cold war period.

Historically, acting as a land bridge between Europe and Asia, Central Asia again started generating interest from outside the region. The huge energy reserves as well as several other factors attracted the international players vying for power, position and influence in the region.

However, for the five CARs, regional organizations and the presence of other actors have not necessarily acted as a bane, rather this pragmatic shift in the late 1990s generated opportunities for the Central Asian countries to interact with numerous players at both bilateral and multilateral level. Unlike in the past when the Central Asian countries only depended on the Soviets, post-Cold War period changed the scenario as the CARs, because of the presence of numerous actors, could interact and maneuver according to their interests. This became evident after the break-up of the former Soviet Union when the newly independent CARs were seen to be recovering from the economic recession during the transitional phase. Although, the immediate disintegration brought disastrous economic consequences for the CARs due to the rupture of the long established intensive economic links between them and the Soviets, the CARs sprang back at the turn of the twentieth century emerging as one of the dynamic economic regions of the world. This became possible because of the CARs' growing trade links with each other, with big powers

and with other institutions of the world. However, in spite of these positive phenomena, regional cooperation in Central Asia has rather been very limited in nature. CAREC is a unique regional organization, in this regard, initiated by ADB to generate affluence by increasing transport and trade communication among the countries of Central Asia. The members of the organization are working together to create a regionally cohesive and a globally linked Asia in order to advance economic growth and reduce poverty. Central Asia's strategic location as the land bridge between Asia and Europe has the immense possibilities to offer transport and trade connectivity to the economies of Russia, Caucasus, Europe, Middle East, East Asia and South East Asia. Thus, improving trade across borders at low cost and with minimum hassles would also create jobs and CAREC aims to realize this by developing the six transport corridors existing in the region and also expanding the energy sector crucial for the industrial development of the Central Asian economies.

The prospects for expansion of trade in the Central Asian region also depend heavily on the adoption of successful policies to promote trade and expand the market in the region. CAREC has successfully adopted several trade facilitating policies to link the Central Asian markets both within the region and beyond. These policies and other bilateral agreements are being adopted by the organization in ways that would fit effortlessly within regional cooperation framework. CAREC has, thus, with time, emerged as an effective medium to foster regional collaboration in Central Asia. A number of factors including the organization's structural framework along with the interplay of several other reasons have contributed to its development. CAREC is an association consisting of countries and several multilateral institutions which have come together to promote economic trade in the region. It is an action oriented organization emerged as a result of a pragmatic alliance with a clear long term focus and a vision of enhancing regional cooperation. Different organs like the technical committees and the senior officials meetings work together through mutual understanding and cooperation thereby generating fruitful discussions and agreements in the ministerial conferences. Unlike other organizations, the progress of CAREC is monitored and evaluated periodically. The regional initiatives of CAREC take into account those plans of the countries related to the development of national infrastructure. This requires coordination between the participant countries which is realized through their technical ministries within the CAREC. One of the most important strengths of CAREC is probably the capacity to mobilize

resources on a large scale. The presence of several multilateral institutions and the inflow of coordinated investment with their help have enabled to create a good action plan with clear results.

The creation of CAREC Institute has made the organization all the more strong as through this, CAREC, now, provides technical training and also disseminate knowledge. The organization has maintained its transparency by reporting its work via its official website where all the key documents of CAREC sponsored events are available. Today, it is perhaps the most effective regional organization successful in developing the infrastructural networks in Central Asia.

CAREC's geographical scope and main sources of funding from ADB and China makes it principally an Asian organization. CAREC has also been successful in bringing together a large number of countries and multilateral institutions which hitherto have been reluctant in cooperating with each other. CAREC has adopted a focused and result-driven approach in financing infrastructural development and expanding competitiveness in the areas of transport, trade policy, energy, economic corridor development and trade facilitation. It has been successful in effectively coordinating between multilateral institutions due to which it has been able to pool in resources extensively. Today, CAREC's role has been all the more enhanced with the revival of trade and transport connectivity across the region. Opening up of the western borders of China, changes in the patterns of the regional economy and the financial crisis of 2008 that hit the world globally has again led to the re-emergence of trade in the Central Asian region. The CAREC economies have continued to provide emphasis on connectivity which is an absolute imperative for them if they are to expand market, enhance the CAREC membership and promote linkages with their rapidly growing neighboring economies. Inter and intra-regional trade can only progress with infrastructural improvements supported by trade facilitation measures. CAREC has successfully addressed these issues by focusing on the border areas, economic corridors and policies that restrict trade. Thus, with time CAREC countries have shown positive results like export diversification, structural changes, industrial up gradation etc. Investment in infrastructure has also increased in the CAREC countries that has helped them to transform into land linked ones. The CAREC Program for the past ten years has also provided a platform for dialogue and financial and technical support on issues related to communicable diseases, ill effects of greater mobility of population and climate changes in the region.

Thus, CAREC's success has generated an inclusive growth in the region encircling economic, social and institutional amplitudes. CAREC has enabled the poor and low income households to benefit economically from this process of growth. Their opportunity in terms of accessing employment opportunities and a healthy livelihood has increased. CAREC has also made investment in the sectors of education, social protection, health and human resource and development. Its target in reducing the social evils prevalent in the CAREC region like gender inequality, poor status of women and social inequalities has brought most of the people into the growth process. Economic acceleration in the region has been possible by CAREC because of removing the constraints of economic growth and strengthening institutional capabilities to achieve the same.

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