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**SHANGHAI COOPERATION ORGANIZATION AND THE DYNAMICS OF  
ECONOMIC INTEGRATION IN THE FAR EAST**

**THESIS**

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**Nozimahon SAYFIDDINOVA**





## **FOREWORD**

This thesis is written in completion of Master's Program in Political Science and International Relations, at Istanbul Aydin University. The research is focused on "Shanghai Cooperation Organization and Dynamics of Economic Integration in the Far East". It tries to analyze the various elements shaping Shanghai Cooperation organization, and also the dynamics use on Economic Cooperation in the Far East. Relations within members of Shanghai Cooperation are far more rampant in economic terms. To this note, this thesis therefore shows the various ways applied in fostering economic cooperation in the Far East.

If I stumbled several times without falling, it was because I leaned on a handful of individuals and groups to whom I am deeply indebted. My profound appreciation goes to my supervisor Prof. Dr. Celal Nazim IREM whose ideas, criticisms, guidance, encouragement and devotion spurred me, and gave the shape and form of this study. Despite his very charged commitments, he created appropriate time to guide me, read carefully through my manuscript, made necessary corrections and observations, making sure I was on the right tract. I will rather say he was more of a care taker than just a supervisor.

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## **ABBREVIATIONS**

<b>IOs</b>	: International Organizations
<b>IGOs</b>	: Inter-governmental Organization
<b>INGOs</b>	: International Non-governmental Organizations
<b>SCO</b>	: Shanghai Cooperation Organization
<b>NAFO</b>	: Northeast Atlantic Fisheries Organization
<b>NATO</b>	: North Atlantic Treaty Organization
<b>SAARC</b>	: South Asian Association for Regional Cooperation
<b>EU</b>	: European Union
<b>RATS</b>	: Regional Anti-Terrorist Structure
<b>HSC</b>	: Heads of State Council
<b>HGC</b>	: Heads of Government Council
<b>CNC</b>	: Council of National Coordinators
<b>UN</b>	: United Nations
<b>NGO</b>	: Non-Governmental Organization
<b>ASEAN</b>	: Association of South East Asian Nations
<b>RATS</b>	: Regional Anti-terrorist Structure
<b>OSCE</b>	: Organization for Security and Cooperation in Europe
<b>CSTO</b>	: Collective Security Treaty Organization
<b>CMFA</b>	: Council of Ministers of Foreign Affairs
<b>ASEAN</b>	: Association of Southeast Asian Nations
<b>EuAsEC</b>	: The Euro Asian Economic Community
<b>IEA</b>	: International Energy Agency
<b>ECT</b>	: Energy Charter Treaty
<b>EEU</b>	: Eurasian Economic Union



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# ŞANGHAY İŞBİRLİĞİ ÖRGÜTÜ VE UZAKDOĞU'DA EKONOMİK İŞBİRLİĞİ DİNAMİKLERİ

## ÖZET

Bu tez, "Şanghay İşbirliği Örgütü ve Uzakdoğuda Ekonomik İşbirliği Dinamikleri" üzerine genel bir bakış üzerine odaklanmıştır. Uzak Doğu'daki Şanghay İşbirliği ve ekonomik dinamikleri şekillendiren ana özü ve unsurları tasvir eder ve inceler. Şanghay İşbirliği Teşkilatı (SCO) çoğunlukla, bölgede etkin bir yönetim sağlamak için terörizm, ayrılıkçılık ve aşırıcılık gibi temel unsurlara odaklanmıştır. Tez, beş fasıldan oluşur ve birinci bölüm tezin kısa bir tanıtımını sağlar. İkinci bölümde kavramsal çerçeve ele alınmakta ve böylelikle; Şanghay İşbirliği, Dinamikler, Ekonomik İşbirliği, Fars Doğu ve İşbirliği konularında teorik bir çerçeve oluşturmaktadır. Üçüncü bölüm tarihi çerçeveye odaklanmıştır. Bu bölümde SCO'nun gelişimi ve işlevlerin dönüşümü, arzulanan üyeler, Çin'in SCO'ya olan rolü ve ilgisi, petrol ve doğal gaz politikası ve Şanghay İşbirliği Örgütü açıklanmaktadır. Dördüncü bölüm SCO'yu ve Uzak Doğu'daki ticaret dinamiklerini özetlemektedir. Bu bölüm bu tezin temellerini kapsar ve bunlar; İç istikrarın ve toprak bütünlüğünün korunması, SCO'ya karşı diğer ulusların tutumu, Şanghay beşinin Şanghay İşbirliği Örgütü'ne dönüştürülmesi, ekonomik işbirliği alanları, rekabet ve ekonomik kurumlar, ticaret konseyi, SCO bankalararası işbirliği, SCO'nun etkisi Ekonomik kalkınmada ve ticaret dinamiklerinde, SCO içindeki ekonomik işbirliği, SCO, ekonomik işbirliği için bir şemsiye olarak, enerji alanlarında işbirliği ve ticaret ve yatırım için önemli bir çekirdek olan Çin. Örgüt tarafından karşılaşılan bazı zorluklar vardır. Bu, SCO üyeleri arasında farklı menfaatlerin var olması da dahildir. Ulusal çıkarlar, üye ülkeler arasında, ekonomik işbirliğini ve kalkınmayı yönlendiren güçlü bir itici güç olan bölgesel bir çıkardan daha derindir. Organizasyon, bölgesel entegrasyon çabalarını, Rusya ve Çin arasında çekirdek ve çevre ülkesi olan başlıca rekabet güçlerini artırma imkânı bulsa da, örgüt bir platform olarak kullanmak suretiyle güvenlik çıkarını istemektedir ve ikincisi ekonomik çıkar talep etmektedir. SCO'yu malları için yeni bir ihracat pazarı olarak kullandı. Ancak herkes tarafından paylaşılan önemli bir alan güvenlidir. Bir bakıma, güvenlik, ortak bir çıkar olarak kabul edilir, ancak tüm üyeler tarafından değil. Bazıları konuyla ilgili ulusal çıkarlarını tercih ediyor. Örneğin Hindistan ve Pakistan arasındaki derin çatlaklar ve İran'ın bazı sert hat gruplarına desteği. Son bölüm, bu tezin genel bir görünümünü ve muhtemel önerileri içeren sonucudur.

**Anahtar Kelimeler:** *SCO, Kurumlar, entegrasyon, ekonomi, ticaret, Uzakdoğu, güvenlik, yumuşak güç, dinamikler, terörizm, ayrılıkçılık, aşırıcılık*



# SHANGHAI COOPERATION ORGANIZATION AND THE DYNAMICS OF ECONOMIC INTEGRATION IN THE FAR EAST

## ABSTRACT

This thesis is focused on an overview “Shanghai Cooperation Organization and Dynamics of Economic Integration in the Far-East”. It portrays and examines the main essence and elements shaping Shanghai Cooperation and economic dynamics in the Far East. Shanghai Cooperation Organization (SCO) is mostly centered on key aspect like such as terrorism, separatism, and extremism so as to effectively administer its region. The thesis is divided into five chapters, with the first chapter providing a short introduction of the thesis. The second chapter deals with the conceptual framework, thus defining important key terms like; Shanghai Cooperation, Dynamics, Economic Cooperation, Fars East, and Cooperation, and also gives a theoretical framework. Chapter three is centered on the historical framework. This chapter explains the evolutions of SCO and its transformation of functions, aspiring members, China's role and interest in SCO, the oil and gas politics, and the Shanghai Cooperation Organization. Chapter four outlines the SCO and its dynamics of trade in the Far East. This chapter covers most of the hard core of this thesis, and focused on topics such as; the maintenance of domestic stability and territorial integrity, attitude of other nations toward SCO, the transformation of Shanghai five to Shanghai Cooperation Organization, areas of economic cooperation, competition, and economic institution, business council, SCO inter-bank association, the influence of SCO in economic development and trade dynamics, economic cooperation inside SCO, SCO as an umbrella for economic cooperation, Cooperation in energy areas, and China as a major core for trade and investment. There are some challenges faced by the organization. This includes the fact that there are diverging interests among the SCO members. National interests are deeper among the member states than common a regional interest that provides strong impetus driving economic cooperation and development. While the organization has been able to found institutions to boost regional integration efforts, major power rivalry –the issue of core and periphery—among Russia and China, with the former seeking security interest by using the organization as a platform, the latter seeking economic interest by using the SCO as a new export market for its goods. One major area which is share by all however is security. In one way or the other, security is considered a common interest though not by all members. Some still prefer their national interest when it comes to the issue. For instance, deep rifts between India and Pakistan, and Iran’s support of some hard line groups. The last chapter is the conclusion, which provides an overview of this thesis and possible recommendations.

**Keywords:** *SCO, Institutions, integration, economy, trade, Far-East, security, soft power, dynamics, terrorism, separatism, extremism*



## **1 INTRODUCTION**

Many scholars have made a lot of studies on Shanghai Cooperation Organization (SCO) describing its functions, structure and its economic relations. Although some of the countries within the SCO are from the Far East, they have equally play a great role in strengthening economic cooperation in the Far East. Shanghai Cooperation Organization (SCO) might not have started with member countries, but the idea of its cooperation remains general in most academic works and studies. This thesis is centered on Shanghai Cooperation Organization and its dynamics of economic cooperation in the Far East. The SCO is an international event that attracted leaders and diplomats from Russia and other countries in Central Asia. Although these countries are geographically close to China, they are very much unfamiliar to ordinary Chinese people and their Culture due to longstanding political separation. However, it is a privilege for China to have an international organization named after a Chinese city (Shanghai). It is important to note that the SCO is the first inter-governmental organization initiated to a greater extends by China. The most significant aspect of China's historical connections Central Asian Countries is the "Silk Road", whereby people living far apart were able to exchange ideas, goods and culture to an extern where the Silk Road became obsolete in the Cold War era.

The dynamics of economic cooperation within the Far East region is an interesting phenomenon in current world politics. Economic relation plays an instrumental role in every states success, and it is one of the essential tools for the development of a country's or organization's economy. Most Organizations are created with the aim of sustaining economic, political, religious and social tides with its member states. Major Organizations like NATO, African Union, European Union, United Nations, just to name a few have been creating strong relations with its member states especially in the areas of political, social, religious and economic aspect, so as to strengthen and widen its cooperation. Shanghai Cooperation Organization is not an exception in strengthening and

widening its cooperation with its member states. The main objective of this thesis is to portray an out view of SCO and the dynamics of how economic cooperation flow in the Far East region, its developments and key aspects. This thesis is an attempt to contribute into the academic efforts purposely for understanding how SCO operates, and the dynamics of economic cooperation within the Far East region. It equally explains the scenes before the establishment of such an Organization.

This thesis is divided into five main chapters. Chapter one is the introduction, and chapter two deals with the conceptual framework, thus defining important key terms like; Shanghai Cooperation, Dynamics, Economic Cooperation, Fars East, and Cooperation, and also gives a theoretical framework. Chapter three is centered on the historical framework. This chapter explains the evolutions of SCO and its transformation of functions, aspiring members, China's role and interest in SCO, the oil and gas politics, and the Shanghai Cooperation Organization. Chapter four outlines the SCO and its dynamics of trade in the Far East. This chapter covers most of the hard core of this thesis, and focused on topics such as; the maintenance of domestic stability and territorial integrity, attitude of other nations toward SCO, the transformation of the Shanghai Five to what is known today as Shanghai Cooperation Organization, areas of economic cooperation, competition, and economic institution, SCO inter-bank association, business council, the influence of SCO in economic development and trade dynamics, economic cooperation inside SCO, SCO as an umbrella for economic cooperation, Cooperation in energy areas, and China as a major core for trade and investment. There are also analyses of some challenges faced by the organization. The last chapter is five, which is the conclusion. In this chapter, Shanghai Cooperation Organization is based more on free-market economy system where appropriate roles are put in place. Regarding the dynamics of Economic Cooperation

The method used in this thesis is qualitative method. The researcher focused her attention on content analysis. Secondary data analysis is equally used in this thesis, and it is focused on descriptive analysis. Empirical methods, institutional inquiries and statistical analyses are applied as major tools in this thesis. In order to have a concrete view this thesis, a series of tables, maps and figures are

used for illustration. Official documents from Shanghai website, articles, reports, newspapers/official sources, news, and thesis are used.







## **2 CONCEPTUAL FRAMEWORK: CONSTRUCTIVISM AND SOFT POWER**

### **2.1 Definitions**

#### **2.1.1 International Organization**

International relations are traditionally focused on states. From a political view, states have both military and economic power that other institutions or individuals do not have. According to Selznick (1957:8), international organization is an institution often referred to a formal system of objectives. This formal system can either be a rationalized administrative instrument with formal material or a technical organization. In line with this, Anne Burnett in an article title "international Organization" defines it as an association of state that was established based upon a treaty which pursue common aims and which has its own special organs to fulfill an example of an international (IGOs) as given, is the United Nations (UN). He goes further to argue that most IGOs have a legislative body, which is main to create legal acts like the resolutions and directives that binds IGO under international law. A good example is the United Nations General Assembly, which serve as the major deliberation body of the United Nations. Many IGOs are made up of an executive body, often referred to as Secretariat. This body helps to facilitate the operations of the organization, and carries out the day-to-day operations as well. A good example of this is the UN, EU, African Union (AU), SCO and so on.

According to Margaret P. Karns, Karem A. Mingst, and kendall W.Sites, an international Organization or Intergovernmental Organization are organizations that include at least two or more states as members, with the duty of carrying on activities in many states, created under one formal Intergovernmental agreement such as Charter, Statute or Treaty. Their argument continues with the fact that organizations have executive heads, headquarters, budget and bureaucracies. In line to this, another scholar by name Sterian Maria Gabriela reviews that an international organization is plays important role within the framework of

international politics, having concrete powers in mediation, peace keeping, dispute resolution, applying sanctions and so on. She also defines international organization as "an institutional agreement between members of an international system in order to achieve objectives according to systemic conditions reflecting attributes, aspirations and concerns of its members". (Harieder, 1966).

From the aforementioned, all the definitions are geared toward one aspect which is an agreement for a common goal. International Organizations can either be Inter-governmental or Non-governmental. Inter-governmental Organizations (IGO) as earlier mentioned by Anne Burnett, is a state association which is define and based on a treaty, striving for common aims, has its own special organs to fulfill specific tasks within the organization. On the other hand, a non-governmental (NGO) is a national or international organization which consists of non-governmental representatives and individuals, with peculiar characteristics which makes a distinction from intergovernmental organizations and made up of governmental representatives either primarily or wholly. In this context, NGOs have no international legal status, thus does not enter into international agreements or treaties. They can promote international agreements.

### **2.1.2 Foreign Policy**

The cooperation existing among the member states of SCO are a way of strengthening their foreign policy and maintaining mutual relations. It is the plight for every country to scramble to make its foreign policy strong and able to create impacts. Many scholars have come up with tentative definitions of foreign policy. However, these definitions are all centered on the behavior of a state towards another state. In line to this, M. Fatih Tayful (1994, pp 113-141) defines a foreign policy as a plan of action adopted by a country to strengthen its diplomatic transactions with other countries. He goes further to explain that a foreign policy is established as a method to deal with issues that may occur in other countries. Amer Rizwan (2009, p.1), also looks at the definition of foreign policy as a method of inducing other states using political influence so as to exercise law-making powers.

George Modelski (2015, p. 96) made his own remarks on foreign policy by arguing that a foreign policy is a system of activities that encompasses nations

or states with the purpose of changing the behavior of other nations, and for the proper adjustment of their own activities to the level at which countries try to change the behavior of other countries. In a nutshell, a foreign policy embodies a set of self-interest and opportunities to achieve goals within the framework of its international milieu. The main approach here is for states interaction with other states, and to try to minimize the adversely effects and maximize the favorable effects of actions of other states.

### **2.1.3 Economic Cooperation**

The concept of economic cooperation comes from economics which is more related to the management of income, money, wealth and expenses. It is the various policies put in place by a state to stabilize and distribute the wealth of the state. Economic cooperation has its core being that of the distribution, production and consumption of wealth between states, individuals, or a group of people. The distribution of goods within the member states of SCO is a good example. The dynamics of economic cooperation within the Far East Region is more centered on economic terms, and deals with the development, trade, production and management of material wealth, commodities, business enterprise or distribution. In line to this, views economics as a social science that drills on the distribution, consumption and production of goods and services. Economics as per the name itself is given from an Ancient Greek meaning, which is "management of household, and administration" Harper (2001, p.39).

Economic Cooperation is a concept often regarded as being consistently used as a simile for entrepreneurial, financial industrial or productive cooperation. Harper (2001) believes that every donor state has the duty to assign different meanings to the concept of Economic Cooperation in their respective policy documents. According to Enrique scholars like; O’Farrill, Fierro, Vallejos, and Perez in an article title "Economic Cooperation, the definition can be seen in the following perspectives;

- ✓ Economic cooperation is a set of measures with an aim to institutionalize and modernize frameworks that will enhance democracy, make justice

more timely and equitable, bring decision-making closer to people, and finally improve public management.

- ✓ It can also be considered as a program that involves the modernization of the productive economic structure to ensure sustainability of economic competitiveness and growth.
- ✓ Its purpose is also to alleviate poverty, improve on equality and concrete economic and social integration of people.
- ✓ Another perspective is to improve on educational reforms and create good opportunities to empower citizens, most especially the young generation, and to also improve on their economic, cultural, and their employability prospects.
- ✓ Living standards of people is another perspective. With this perspective, the situation of the underprivileged can be looked into, and the improvement of health, safety and family conditions.








#### **2.1.4 Far East**

It is very difficult to have a tentative definition of Far East. However, according to Wordreference online language dictionary, Far East is simple a region with countries located around the “E Asia”, countries which include; North and South Korea, China, Indonesia, Japan, and the Philippines, and also externs to include the territories of East of Afghanistan. The region call Far East was a term that was coined in the 12<sup>th</sup> century solely to identify countries that were furthest from the Near East and Middle East. The Near East described the Ottoman Empire. Far East is also used as a cultural term. For instance, New Zealand and Australia are not included in the list of Far East States, even though these two countries geographically lie beyond East Asia. The main reason that there is not part of Far East States is because the people living in Far East states do not considered a politically correct term.

**Table 2.1:** Territories and Regions conventionally in the Far East

Name of region and territory, with flag	Area (km <sup>2</sup> )	Population (2008 est)	Population density (per km <sup>2</sup> )	Capital
 China <sup>[8]</sup>	9,598,094 <sup>[9]</sup>	1,370,536,875 <sup>[10]</sup>	161.0	Beijing
 Hong Kong	1,104	6,985,200	6,352.0	Hong Kong
 Macau <sup>[14]</sup>	28.6	520,400	17,310.0	Macau
 Japan	377,873	127,433,494	337.0	Tokyo
 Mongolia	1,564,116	2,951,786	1.7	Ulaanbaatar
 North Korea	120,540	23,301,725	190.0	Pyongyang
 South Korea	100,032	49,044,790	493.0	Seoul
 Taiwan <sup>[16]</sup>	36,188	22,911,292	633.12	Taipei
 Brunei	5,765	381,371	66.0	Bandar Seri Begawan
 Cambodia	181,035	14,241,640	78.0	Phnom Penh
 East Timor <sup>[17]</sup>	15,410	1,115,000	64.0	Dili
 Indonesia <sup>[18]</sup>	1,919,588	237,512,355	123.8	Jakarta
 Laos	236,800	6,521,998	25.0	Vientiane

**Table 3.1:** (Continuation) Territories and Regions conventionally in the Far East

 Malaysia	329,847	27,730,000	83.0	Kuala Lumpur
 Myanmar (Burma)	676,578	55,390,000	75.0	Naypyidaw
 Philippines	300,000	90,500,000	295.0	Manila
 Singapore	707.1	4,588,600	6,489.0	Singapore
 Thailand	513,115	63,038,247	122.0	Bangkok
 Vietnam	331,690	86,116,559	253.0	Hanoi
 Russian Far East(Russia) <sup>[19]</sup>	6,215,900 <sup>[20]</sup>	6,692,865 <sup>[20]</sup>	3.0	Moscow

**Source:** Territories and regions conventionally included under the Far East Region,

[https://en.wikipedia.org/wiki/Far\\_East](https://en.wikipedia.org/wiki/Far_East)

Table 2.1 above shows the various territories and regions found in the Far East, with a well define area surface, population of each country, the density of the countries, and the capital city of all the countries. It shows that there are about 20 countries located in the Far East and China has an outstanding population range, being the most populated compare to other countries. China alone has a population of about 1,370,536,875.

### **2.1.5 Cooperation**

According to Andy Gardner, Ashleigh S. Griffin and Stuarck A. West (December, 15, 2009, P. 1), they define cooperation as an increased adaptation of reproductive success of special partners in the parties involved. In line to this, a reveal from a theory on inclusive fitness shows that cooperation can be favorable by either altruistic cooperation or mutual beneficial cooperation. According to the Merriam-Webster Dictionary Cooperation is "the act or work with another person, group, or states for mutual benefits". Sebastian Paolo in "International Cooperation and Development" argues cooperation is when the parties involve adjust themselves to the anticipated preferences of other parties. On the other hand, International cooperation is purposely to gain common objectives when those involves have preferences that are neither in harmony nor conflict.

Puja Mondal says in his article titled "meaning of cooperation and Cooperation Societies" that Cooperation is "to work together". He sees that cooperation is an act whereby, poor persons voluntarily unite themselves for utilizing reciprocally their own resources, forces, mutual management, for a common or profit. Herrick brings out some few elements essential to any cooperative society. There are; (1) it is an organization of poor, (2) it is voluntary, and (3) it is sharing of common resources. He also thinks that cooperation is another way in which people willfully associate together on the terms of respecting equality, so as to promote common interest. Another good definition of cooperation is from the former professor of Agricultural Economics and chairman, University Center for Cooperatives, University of Wisconsin. To him, Cooperation is defined as "the association of a number of persons for their common benefit, collective action in the pursuit of common well being, especially in some industrial or business process."

### **2.1.6 Soft Power**

Soft power is viewed as an emerging behavior by many scholars in the 21<sup>st</sup> century. Judit Trunkos (2013, p.4), stands in support of Joseph S. Nye's argument that, soft power deals with national resources that can result to a country's ability to affect another country though a way of eliciting positive

attractions which can help in obtaining outcomes, and also as a way of persuading framing agenda. Jani Juhani Mustonen (2009, p.2) strongly supports the definition of Robert Dahl's which count on the fact that power is either categorized under hard power or soft power. The main difference between the two is behavior-changing ability of the former relies mostly on what is considered as coercion, while the later relies more on attraction and persuasion.

Joseph S. Nye JR (2006, p. 153) put forth his own argument that soft power is cultural power. He argues that power is the ability to alter other people's way of thinking to get what is required. There are three approaches cited by him to back up his argument; payment (carrots), coercion (sticks), and attraction (soft power). Niall Ferguson (a British historian) contributed in line to this by looking at soft power as a non-traditional force of commercial and cultural "good sand". There are three resources that a country can gain its soft power and there include; culture, soft power, political and foreign policies.

Another definition of soft power is from Matteo Pallaver (2011, p. 89) argues that soft power is based on influence. He goes further to argue that it is not just about influence because influence is not affiliated to legitimacy. Soft power according to Pallaver is an autonomous form of power which operates with rules, features, characteristics, and needs the understanding of power to efficiently employ it.

### **2.1.7 International Relations**

International relations is a study that welcomes all kinds of relations across other states boundaries, irrespective of their political, cultural, private, economic, official, legal, and all human behavior between a state affecting the human behavior of another state. The relation existing between the member states of SCO ties to Merriam Webster's definition which is based on the way in which different groups, states, and people talk to each other, behave with each other, and deal with each other. The word international relations has tremendous horizon that embodies different varieties of relations. It can be political relations, economic relations, legal relations, and business relations between states to states, or between citizens.



According to Theodore A. Coulomb and James H. Wolf (2016, p.3) in an article title "Introduction Relations: Power and Justice (1990)", they view international relations as a study that encompasses; resolutions, international theory, comparative politics, international organizations, and strategic studies with disarmaments and arms-control inclusive. In addition to this, another scholar by name Joseph Frankel explains that international relations is concerned with the web of international politics and not just on states interactions. Professor J. Dunn (2016, p. 3), also came up with his own argument looking at international relations as being the "actual relations" that operates "across national boundaries". Trygve Mathisen (1959, p. 160) perspective of international relations ties to that of the aforementioned scholars. He thinks that international relations is "it all embraces all kinds of relations, traversing state boundaries, no matter whether they are an economic, political, legal, or any other character whether there are private or official, and all human behaviors originating on one side of the state boundary and affecting human behaviors on the other side of the boundary". In a nutshell, it is more focused on creating mutual relations between state to state, purposely for a common objective. Relations between member states of SCO are just in accordance to the aforementioned.

## **2.2 Theoretical Framework: Constructivism and Functionalism**

Realist has a perspective of looking at a foreign policy. This can be linked to the existing relations among the SCO member states and Far East states, and it is based on the framework of the concept of power and projects that a destructive competition always exist among countries in order to achieve national interest. According to realist, instead for a state to duel on domestic concept of their states, they turn to go beyond that, bearing the fact that its instruments and objectives are gained earlier, and the decision makers acting as a rational actors turn to define foreign policy acting as unitary actor. Realist also believes that decision makers are full of psychological capabilities, and material to materialize every expected utility to its maximum level.

Unlike the realist, other scholars do have their own views contrary to the realist. Scholars like Graham Allison and Herber Simon (1969, 1971, p. 103)

challenged the normative rational concept of realism. Ertan Efeğil (2012, p. 11) stand on the same view in his article on "An introduction to political psychology for international relations scholars" by supporting Herbert Simon that, decision makers don't have the full cognitive capacity to fully evaluate all information. He believes that decision makers take decisions by analyzing information that are not sufficient in order to come up with an optimal option, rather than the best. In regards to the case of Graham Allison on "Graham Allison's Models" (2011, pp. 1-7), he enumerated different models as suggestions to see the various ways in which a foreign policy actually works. More emphases were geared toward organization and bureaucratic models, contrary to the rational actor model. Looking at the perspective of people like; Margaret G. Hermann, Christopher Hill, and Charles W. Kegley, they argue that the deterministically explanation of a foreign policy of a state does not mean that the foreign policies analysis. All the various operations of a foreign policy process are necessary to be looked at, and well analyze when looking at a foreign policy analysis. However, these scholars think that decisions can be taken under a series of factors which can be; crisis situation, decision makers' personalities, and interaction and relations among the actors involved. Creating cooperation with other states is undoubtedly centered on the agreement and decisions decided by policy makers.

The creation of cooperation or relations with other states is an ongoing process and views of many theorists. Among the prominent theory regarding this subject is constructivism theory. More emphasis on this theory is centered on the importance of social construction, and the evaluation of international relations. Based on this theory, state(s) or individual(s) involved in creating more interaction with its environment and other actors is as a result of societal norms. It is likely obvious to realize that these norms affect government behavior, and a foreign policy and governmental benefits are shaped around the framework of these common norms, institutions and rules. In line to this approach, SCO has preferred to implement norms that will obviously affect government behavior base on economic and democratic development in SCO member states and states within the Far East region. The use of this approach has also simultaneously use

conventional diplomacy methods in maintaining strong cooperation and relation with economically strong nations.

The use of constructivist theory can enable us to understand the changes evolving within the member states of SCO and countries in the Far East. National states foreign policies are surely affected due to societal norms that rebuild the international system and direct the process of change. In view of SCO and its relations with constructivism, it can be noted that the rate of diplomatic visits of officials within the SCO is high, thus giving a significant process in constructivist perspective. Examples of some of the significant processes according to social constructivist are; increasing the scope of bilateral agreements, increasing the rate and number of agreements, increasing the rate of more diplomatic missions, being a member of regional and international institutions within SCO and actively taking full part in them, and increasing a forum of sustainable amount of trade, and developing training activities to boost cooperation.

Adding to these theories is another important theory which portrays a good view of state cooperation and relations in a variety of ways. This theory is Functionalism. According to a functionalist called Makamla Mnugu (2008, p. 11) in an article titled "Development Studies/International relations", he put forth an argument that functionalism is more centered on common interest shared by states. He equally believes that functionalism is based on the functions of a system rather than on an actor(s). Cooperation between member states of SCO is focused on states interest, and not necessarily that of individuals, though individuals play a vital role. The states endorse the final decision for any of its activity to be effective in that state by another state. A clear view of the functionalist theory can be briefly seen below:

❖ **Functionalist view of education:**

Within the context of education, bilateral and unilateral relations between states play a vital role in enhancing unity and socialization. Education being one of the main objectives of SCO to maintain mutual inter-regional relations is a key aspect attached to the functionalist view of education, and also a good

contribution in promoting cultural ties and socialization. A summary of this is outline below;

- Transmission of culture via socialization (this is classified under socialization)
- Preparation of adults for adulthood (this is classified in the class of social integration)
- Provision of pathways into the structure of society (classified under social placement).
- Increase of the number of education of educated people in the society (this is classified under cultural innovation).

❖ **Functionalist view of stratification:**

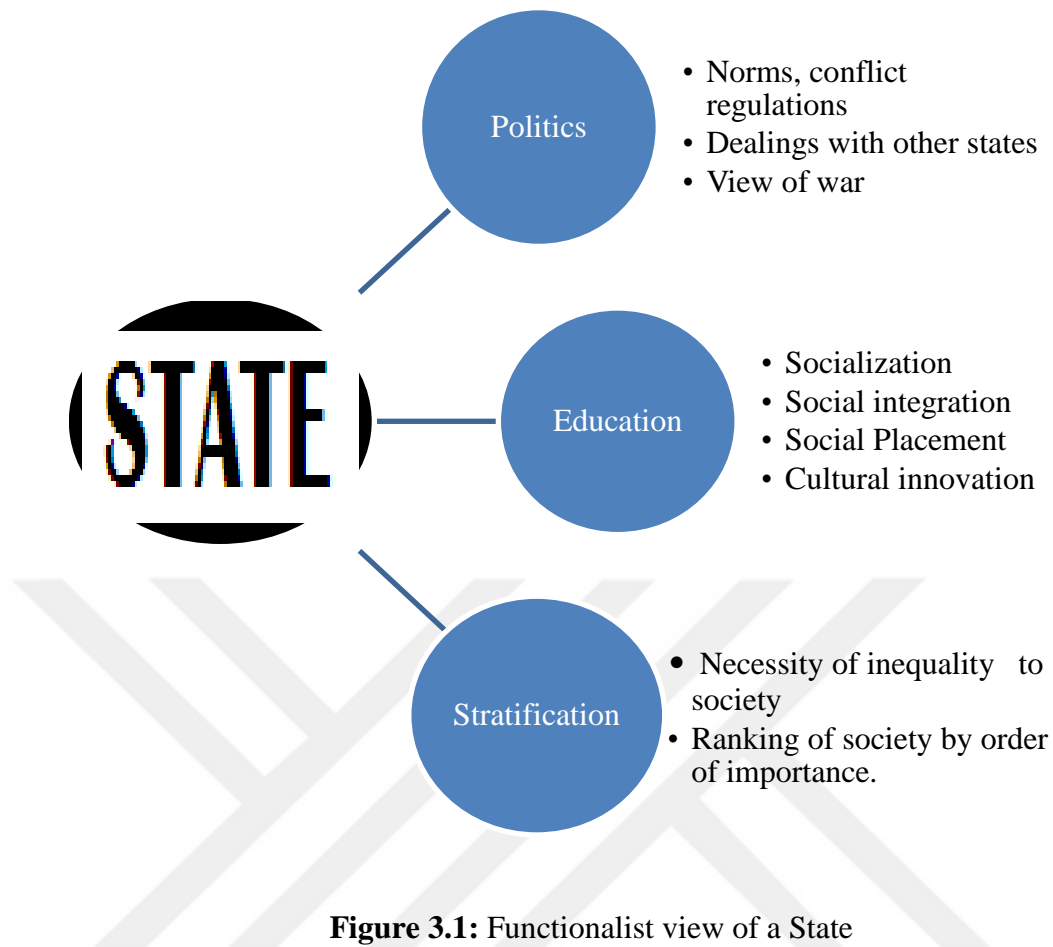
Stratification according to the functionalist is the manner in which every government operates. Every state has its own processes of managing affairs, maintaining and securing its territory/borders. SCO has the same objectives of appropriately securing its borders and maintain peace and stability within its member states. A summary of the aforementioned is given below as;

- The practice of inequality is inevitable and obviously necessary for a state or society.
- Functionalists believe that every society is ranked by a scale of preference.

❖ **Functionalist view of politics:**

Functionalist view of politics is quite remarkable. This theory is of the fact that politics controls almost all states, and politicians are the main decision makers of those states. For any state or organization to stand firm, the heads or leaders of that state or organization must enforce a series of norms and rules to regulate its functions and activities. This can be summarized below as follow;

- Government enforces norms, and regulates state conflicts
- Government plans and coordinate state activities
- Government has its own views on war
- Government conducts all state deals with other societies.



**Figure 3.1:** Functionalist view of a State

**Source: Mnungu, M. (2008),** Development Studies and International Relations, <http://aiu.edu/publications/student/english/DEVELOPMENT%20STUDIES%20%20INTERNATIONAL%20RELATIONS.html>

Figure 3.1 above shows a clear view of the functionalist perspective of the society. Functionalist believes that there are three main aspects within a state. These aspects include; education, politics, and stratification, and are classified categorically. For instance, education is categorized with; socialization, social integration, social placement and cultural innovation. Politics is categorized with; norms, conflict regulations, and view of war. The last aspect is stratification, and it is summarized as; necessity of inequality to society, and ranking of society by order of importance.

Unlike constructivism and functionalism, Neo-liberalists also contribute a lot in showing their views on international Organizations. According to neo-liberalists, international organizations play an important role in bolstering both cooperation and coordination among states. Neo-liberal institutionalist reviews

that states often go in for "absolute gains" in developing cooperation with other states. Contrary to this, realist believes that states instead concentrate on "relative gains" in its pursuing for developing cooperation. Neo-liberalist does not agree with the realist, and thinks that realist ideas of potential for conflict is somehow exaggerated and thus put forth that it is the forces of interactions and cooperation that enables states in a condition of moving toward similar goals. Neo-liberalist stands on the fact that cheating and anarchy are two treats to cooperation, and are a weakness for an organization to enforce rules. In line to the aforementioned, the various theories give contributing views regarding the objectives of an Organization. SCO is not exempted from witnessing one or two aspects or view points of the theories. Organizations are set up the whole aim of maintaining cooperation.

### 3 HISTORICAL FRAMEWORK: DEVELOPMENTS IN SHANGHAI COOPERATION ORGANIZATION

#### 3.1 From Border Talks to Formal Organization

According to Stephen Aris (December 2013, p.1), in the 1990's, there were some unresolved border demarcation issues between China and the Soviet Union, and the Soviet Union disintegration. The leaders of the newly independent states of Kyrgyzstan, Tajikistan and Kazakhstan saw themselves in the position of maintaining territorial disputes and border delimitations with China. In the course of doing this, the measures of confidence-building and negotiations process were established. This was already the beginning of the formation of an Organization, and since both Central Asian leaders and China were aware of continual influence and practical role of Russia in the region, Moscow was invited to be part of the negotiations.



**Figure 3.2:** Shanghai Cooperation Organization

**Source:** Shanghai Cooperation Organization

The negotiation aspect was also an option for Beijing to demystify and effuse the negative image it had in Central Asia, and to fulfill the main aim of being established as an economic player in the region. In the course of forcing territorial concessions central Asian republics, China was in consensus with the mutually-beneficial agreements that could be presented by the Central Asian Leaderships which was an important consideration for them as they sought to consolidate their nation's states that were still new. Russia's involvement was an indication Moscow still much significant role to play in the region. Looking at China, it was to seek on advancing its position as a top state in the region at the expense of Russia, but rather along with it.

In addition to the aforementioned, the success of open multilateral border negotiations was affirmed during the signing of the "Treaty of Deepening Military Trust in Border Regions" in the year 1996 and also the official bilateral settlements of border demarcation was agreed to take place in the subsequent years. The outcome of all the border negotiations gave birth to the establishment of the Shanghai Five after cooperate regularizations of their efforts. The purpose of all these was on developing more confidence in building concrete measures and investigating other areas of mutual interest properly, with greater emphasis base on traditional security challenges in especially the issue of terrorism. It is certain and advantageous that in 2001, Uzbekistan joined the Shanghai Five thus giving more firmness of the Cooperation and its extension.

The main objective of SCO is designed to facilitate intergovernmental Cooperation. Today, this Organization has different organs, and each of these organs has specific areas of activity to operate on. An increasing aspect about SCO is that it does not seek sovereign control over its region, or have full supper authority to implement its final decisions and recommendations. There no formal procedures for the SCO to make its decisions and operate on informal discussion. This however means that the organization can meet at any time when need be to discuss on important issues concerning the organization. A consensual approach is required in the organization for any decision to be adopted. The Shanghai Cooperation organization's main model of multilateral cooperation framework is characterized as being closer to that of other organizations such as "Association of South East Asian Nations (ASEAN), than



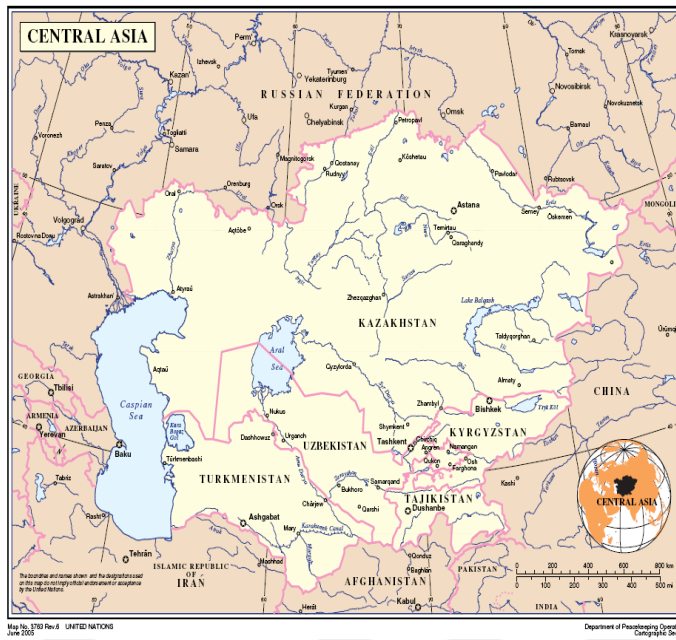
the one of the European Union (EU). A common similarity exists between SCO and ASEAN which is a code of interaction. This however emphasizes an approach of informal international and consensus building which is geared towards generating goodwill and trust among its member states without a “highly institutionalized legal framework”.

**Table 3.1: Membership and Association**

<b>MEMBERSHIP AND ASSOCIATION OF THE SCO</b>	
2001	There was the formal establishment of the Shanghai Cooperation Organization (SCO), with its members being China, Russia, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan.
2004	Mongolia became an observer state status
2005	Iran, Pakistan and India were granted an observer-state status
2009	Sri Lanka and Belarus were granted as dialogue-partner status
2012	Afghanistan was given the observer-state status
2013	Turkey was given a dialogue-partner status
<p>N.B: The observer and dialogue status were not clearly defined by the SCO. Indeed, It is not clear how the engagement of an observer or dialogue partner is in mutual cooperation within the Organization. It is but normal that the head of state or any other high-level personnel from the observer and dialogue partners attends the annual SCO heads of State summit.</p>	

**Source:** Stephen A. (2013), "Shanghai Cooperation Organization", Mapping Multilateralism in Transition No.2,

[https://www.ipinst.org/wp-content/uploads/publications/ipi\\_e\\_pub\\_shanghai\\_cooperation.pdf](https://www.ipinst.org/wp-content/uploads/publications/ipi_e_pub_shanghai_cooperation.pdf)



**Figure 3.3: Central Asia**

**Source:** The United Nations Cartographic Section, New York, USA



**Figure 3.4: Member and Observer States of the Shanghai Cooperation Organization**

**Source:** A.J.K. Bailes, P. Dunay, P. Guang and M. Troitskiy, The Shanghai Cooperation Organization, SIPRI Policy no. 1 (Stockholm International Peace Research Institute, May 2007), available at <http://books.sipri.org>















### **3.2 The Shanghai Cooperation Organization:**

According to Haas and Putten (November 2007, p.5), the Shanghai Cooperation Organization is defined as a regional institution made up of countries in Central Asia, Europe, the South East and Near East Asia. This Organization embodies countries such as Russia, China, Uzbekistan, Kazakhstan, Tajikistan and Kyrgyzstan acting as member states. Other countries like Iran, Pakistan, India and Mongolia all have a role in the organization as observers. Haas and Frans argue that the SCO regulates cooperation in many important fields such as; economic, political, military, cultural, and energy. This Organization has a total population about 1.5 billion inhabitants, thus portraying about a quarter of the entire population of the world and also having a total area surface of 3/5 of the territory of Eurasia.

Historically according to Marina Sorkina (2009-2010), she points out that one of the main network connecting Asia with the Mediterranean World, Africa and likewise Europe was the "great silk road", having huge networks of trade routes as early as the antiquity. This route plays an instrumental role in connecting most of the states within the region, thus enabling easy procedures of economic activities and trade, and increase mutual bilateral relations. Luxurious goods such as Satin, fabrics and Silk, rhubarb, medicines, musk, jewels, perfumes, slaves, spices and glassware were transported by merchants. This route was named in the 19<sup>th</sup> century by a German geographer as "Seidenstraße", after the numerous exportation of silk, which was considered to be an important area of trade connection. However, there were equally a series of overseas and overland routes connecting most of the states within the region. It is historically viewed that the northern overland route originated in the Eastern Chinese provinces, which connected Almaty, Persia, Xinjiang, Iraq, Fergana valley and Kokand leading to the Roman Empire. On the other hand, the southern overland route connected southern China through Afghanistan to Pakistan, Turkestan, and ending in Anatolia where the journey continued leading to Petra, Rome and Alexandria.

In the present century, the southern route is called the Karakorum Highway, and serves as an international paved road connecting China and Pakistan. Turkic

people expanded its regions, and this expansion of Turkic people who came from areas such as Kazaks, Uyghurs, Uzbeks, Central Asia and Kyrgyz is more often referred to as Turkistan. Even though the soviet definition of Central Asia is limited to countries like Turkmenistan, Uzbekistan, Kyrgyzstan, and Tajikistan, the UNESCO definition is the broadest, with additional countries such as Northern Pakistan, Mongolia, Afghanistan, North-West India, North-Eastern Iran, Western part of China made up of Gansu, Tibet, Xinjiang, Qinghai, Inner Mongolia and the Southern part of Siberia. China and Russia continues to be key instrumental players in this region, especially in terms of energy and oil. However, countries like Turkey, Pakistan and Iran keep developing strong mutual economic relations with all the member states of the organization.

Acceding States	Observer States	Dialogue Partners	Guest Attendances
<ul style="list-style-type: none"> <li>•  <a href="#">India</a> (Membership approved July 2015)</li> <li>•  <a href="#">Pakistan</a> (Membership approved July 2015)</li> </ul>	<ul style="list-style-type: none"> <li>•  <a href="#">Afghanistan</a></li> <li>•  <a href="#">Belarus</a></li> <li>•  <a href="#">Iran</a></li> <li>•  <a href="#">Mongolia</a></li> </ul>	<ul style="list-style-type: none"> <li>•  <a href="#">Armenia</a></li> <li>•  <a href="#">Azerbaijan</a></li> <li>•  <a href="#">Cambodia</a></li> <li>•  <a href="#">Nepal</a></li> <li>•  <a href="#">Sri Lanka</a></li> <li>•  <a href="#">Turkey</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ASEAN</a></li> <li>•  <a href="#">CIS</a></li> <li>•  <a href="#">Turkmenistan</a></li> </ul>

According to the Russian Presidency website concerning the Shanghai Cooperation Organization within the year 2014 to 2015, in an introduction to the SCO, it states clearly that the Shanghai Cooperation Organization is a permanent inter-governmental organization that was founded on the 15<sup>th</sup> of June, 2001 in China, and Shanghai to be precise. It was proclaimed and officially inaugurated on this same date by Russian Federation, China, Kyrgyzstan, Kazakhstan, Uzbekistan and Tajikistan. All the aforementioned countries were members of the previous Shanghai Five mechanism except Uzbekistan. This Organization was more regarded as a political association

based on Agreement of enhancing trust in the Military Area on the Border (Shanghai, 1996). Another agreement was on Mutual Reduction of Armed forces around the border areas. The two agreements mentioned above created some sort of mutual trust within the military framework, especially around the border regions. It equally played a positive role in establishing a pure and genuine partnership. The joining of the Organization by Uzbekistan in 2001, changed it from Shanghai Five into six, and later named the SCO. Today, there are five countries (India, Iran, Afghanistan, Pakistan and Mongolia) recognized as observer states and three other countries (Turkey, Belarus, Sri Lanka) recognized with the status as dialogue partners.

The initial goal of the SCO was more centered on mutual inter-regional activities and also based combating terrorism, separatism and extremism in Central Asia. The most important document of the SCO is the Charter of the organization, which was officially signed on June 2002, and became effective as from the 19<sup>th</sup> September 2003. The charter is a document that states the main goals and principles of the Organization, the structure and major activities of the organization.

**Table 3.2:** Member States of the SCO

Flag	Country	Capital	Area (km <sup>2</sup> )	Population (2016)	Density (km <sup>2</sup> )	Accession
	<b>China</b> People's Republic of China	Beijing	9,640,011	1,374,820,000	139.6	1996-04-26

**Table 3.2:** (Continuation) Member States of the SCO

	<b>Kazakhstan</b> Republic of Kazakhstan	Astana	2,724,900	17,670,900	5.94	1996-04-26
	<b>Kyrgyzstan</b> Kyrgyz Republic	Bishkek	199,900	6,008,600	27.4	1996-04-26
	<b>Russia</b> Russian Federation	Moscow	17,075,400	146,519,759	8.3	1996-04-26
	<b>Tajikistan</b> Republic of Tajikistan	Dushanbe	143,100	8,352,000	48.6	1996-04-26
	<b>Uzbekistan</b> Republic of Uzbekistan	Tashkent	447,400	31,022,500	61.4	2001-06-15


**Source:** Member States of the SCO,

[https://en.wikipedia.org/wiki/Member\\_states\\_of\\_the\\_Shanghai\\_Cooperation\\_Organisation](https://en.wikipedia.org/wiki/Member_states_of_the_Shanghai_Cooperation_Organisation)

**Table 3.3: Observer States of the SCO**

Flag	Country	Capital	Area (km <sup>2</sup> )	Population (2016)	Density (km <sup>2</sup> )	Status gained
	<b>Afghanistan</b> Islamic Republic of Afghanistan	Kabul	652,230	27,101,365	43.5	2012-06-07
	<b>Belarus</b> Republic of Belarus	Minsk	207,595	9,498,700	45.8	2010-04-28
	<b>India</b> <sup>[Note 1]</sup> Republic of India	New Delhi	3,287,240	1,284,480,000	364.4	2005-06-23
	<b>Iran</b> Islamic Republic of Iran	Terhan	1,648,195	79,011,700	48.0	2005-06-23
	<b>Mongolia</b>	Ulaanbaatar	1,564,115	3,067,550	1.75	2004-06-17




**Table 3.3:** (Continuation)Observer States of the SCO

	<b>Pakistan</b> <sup>[Note 1]</sup> Islamic Republic of Pakistan	<b>Islamabad</b>	796,095	192,779,818	214.3	
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**Source:** Member States of the SCO,

[https://en.wikipedia.org/wiki/Member\\_states\\_of\\_the\\_Shanghai\\_Cooperation\\_Organisation](https://en.wikipedia.org/wiki/Member_states_of_the_Shanghai_Cooperation_Organisation)

**Table 3.4: Dialogue Partners of the SCO**

Flag	Country	Capital	Area (km <sup>2</sup> )	Population (2016)	Density (km <sup>2</sup> )	Status gained
	<b>Armenia</b> Republic of Armenia	<b>Yerevan</b>	29,743	2,998,600	102.0	2015-07-10
	<b>Azerbaijan</b> Republic of Azerbaijan	<b>Baku</b>	86,600	9,696,800	109.0	2015-07-10
	<b>Cambodia</b> Kingdom of Cambodia	<b>Phnom Penh</b>	181,035	15,626,444	84.0	2015-07-10



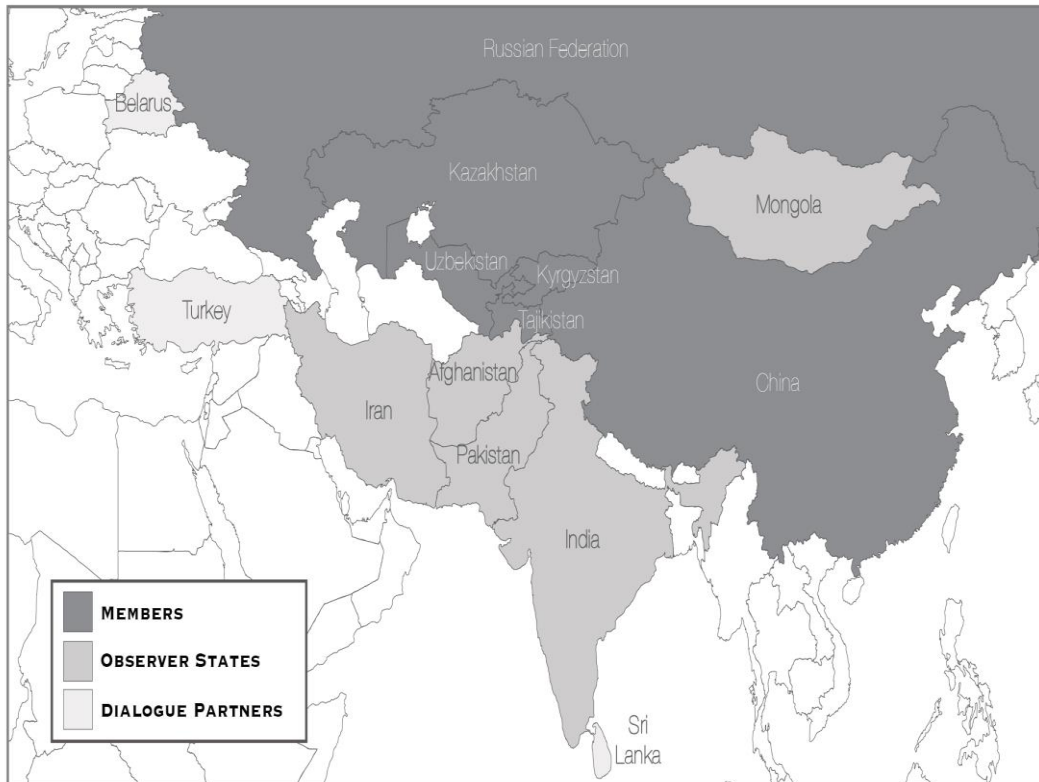
**Table 3.4:** (Continuation) Dialogue Partners of the SCO

	<b>Nepal</b> Federal Democratic Republic of Nepal	<b>Kathmandu</b>	147,181	28,431,500	180.0	2015-07-10
	<b>Sri Lanka</b> Democratic Socialist Republic of Sri Lanka	Sri Jayawardenepura Kotte (Administrative) <b>Colombo</b> (Commercial )	65,610	20,966,000	309.0	2009-06-16
	<b>Turkey</b> Republic of Turkey	<b>Ankara</b>	783,562	78,741,053	102.0	2012-06-07

**Source:** Member States of the SCO,

[https://en.wikipedia.org/wiki/Member\\_states\\_of\\_the\\_Shanghai\\_Cooperation\\_Organisation](https://en.wikipedia.org/wiki/Member_states_of_the_Shanghai_Cooperation_Organisation)

According to Zhao Xiaodong (p.5, August 2012), the Shanghai Cooperation Organization, with its main priority being that of organization is a permanent intergovernmental Organization, and its main priority is combating terrorism. SCO is explained in a more elaborative way as seen below.



**Figure 3.5:** Map of SCO area with Observer States and Dialogue Partners

**Source:** Stephen A. (2013), "Shanghai Cooperation Organization", mapping Multilateralism in Transition No.2,

[https://www.ipinst.org/wp-content/uploads/publications/ipi\\_e\\_pub\\_shanghai\\_cooperation.pdf](https://www.ipinst.org/wp-content/uploads/publications/ipi_e_pub_shanghai_cooperation.pdf)

### 3.2.1 Building up the Shanghai Cooperation Organization

According to Marina Sorkina (2009-2010, p.9), the fall and separation of the Soviet Union in the year 1991 gave birth to the creation of new sovereign State thus creating new borders and divided territories. SCO started as the "Shanghai Five", with countries such as; Russian Federation, China, Kyrgyzstan, Kazakhstan and Tajikistan. In the year 1996, the First Head of States Summit was organized, in order to begin talks on peaceful resolution of border dispute. The relation between China and the Soviet Union were very tense during the Cold War period, and a lot of multiple military conflicts and the border line were rampant, which continued for more than 7000 km in length. All the independent states that were newly created shared borders with China, thus there was a need of resolving borders disputes. All the countries within the

region had an agreement to consult and respect each country's borders by abstaining from any military activity within the border region and to inform each other of any military exercises in the area. In the summit, bilateral agreements of border dispute resolutions as well as good neighborliness between China and other states were signed, with a promise to have good cooperation on mutually important goals.

In addition, the state came into consensus of exchanging information on armed border patrols, in order to fully diminish military presence around the region. The results of these actions were a virtual military disarmament in the border regions. Following a press release which was issued after the 3<sup>rd</sup>, 1998 Summit, the new common goals were agreed by members of the Shanghai Five. The main focus of the summit was geared toward promoting peace and stability within in the region and to enhance economic cooperation among the Five member states of the SCO, as well as among enforce mutual respect for the national sovereignty and territorial integrity, equality, mutual benefit, and non-intervention in any member state's internal affairs. Another agreement that was signed in this same event was on the fight against different forms of national separation and religious extremism, weapons smuggling, drug trafficking and terrorist operations. Sorkina goes further with her agreement that the newly gained multilateral character and broadened field of cooperation is a milestone in Shanghai Six developments. The Shanghai Five re-affirmed their willingness to cooperate. There was a promised to defend UN Charter principles, to adhere to the principles of respect of human rights. More emphases were laid on the necessity to observe the 1972 ABM Treaty and support for the Non-proliferation Treaty.

Bates argues that "the Shanghai Five is indicative of efforts elsewhere in the world which seeking security-related mechanisms without the participation of the United States. [...] This will mark a new stage in the efforts of countries such as Russia and China to find ways to assert themselves more effectively in a world they see as dominated by the United States. It is trend worth watching". The Shanghai Five established regular meetings of the representatives, which however let to the institutionalization. An example is the council of national coordinators, established in 2000.

Today, the SCO is a full inter-governmental entity in the international law. The SCO has decision-making organs that are active on daily basis. The various Head of States Council (HCS) and the Heads of Government Council (HGC) meet annually. After the establishment of the SCO, reorganizational measures about the policies and structures became indispensable. The Charter of Shanghai Cooperation Organization was signed at an SCO meeting in St. Petersburg in 2002. According to Article 1 of the SCO Charter, it states that "To promote human rights and fundamental freedom in accordance with the international obligations of the member states and their national legislation; to maintain and develop relations with other states and international organizations". Article 2 (two) of this same Charter contains a principle stating that "SCO (is) not directed against other states and international organizations".

Sorkina clearly argues that US was denied the status of being an observer in 2005 after haven't applied to get involved with the SCO. Another addition to the statutes outside the Charter, in respect to SCO's relationship to other countries is the 2008 regulations on the status of "Dialogue Partner of the Shanghai Cooperation Organization".

According to Akhiro (2012), he argues that the formation process of SCO can be seen in three different phases. The first phase started from 1991 to 1996. In this stage, it all started with preliminary meetings on specific border issues and military build-up along the borders of Russia, China, and other Central Asian States. The second phase started with solid cooperation within the framework of the Shanghai Five, as it was called. This period lasted from 1996 to 2001. The last phase began with the formation of the current organization called SCO. This organization was formally established in 2001 and it still operates till date.



### **3.2.2 The Structure of SCO**

SCO is an international organization which embodies many institutional branches and decision making departments. The various structures of the Shanghai Cooperation Organization is made up of a charter that was designed in St. Petersburg Summit in 2002. According to Zeki Furkan Kucuk (Sept. 2009), he argues that, the SCO Charter was to have the following bodies to keep the Organization functional; the Council of Head of States; the Council of Heads of Government (Prime Ministers); the Council of Ministers of Foreign Affairs; Meetings of Ministers and Agencies; the Council of National Coordinators; the Regional An-terrorist Structure (RATS) and Secretariat. Among these various bodies, the Head of States Council is the most respectable and highest decision making body within the framework of the organization. It is a normal duty for this body to summon a Summit at least one time in a year to make concrete decision of the organization, plan activities and other priorities for the growth of the organization. This body equally makes decisions in areas that concern the attitude and integration of the organization toward other states and organizations, and the discussion of international issues. In line to this, an argument from the Russian Alphabetic Order of members shows that the Summits of the Head of States Council are held on annual bases and in different states. These Summits are held alternatively in different member states so as to maintain a balance in their official affairs. These Summits are often chaired by the leader of the host member country.

Practically, the Council of Heads of Government has their own responsibilities which are to determine the Organization budget, and take decisions in particular areas such as economic, topics. This body always holds their summits once a year, in different states. The prime minister of the host Country usually chairs the Summits.

Another body of the SCO is the council of the Ministers of foreign affairs. Their responsibility is to make proper arrangements of the Head of States Council Summit, make consultations on international issues, conduct daily activities of the organization and stand out as the organization's main representative in its external contacts. It is habitual that this council meets about one month before the final date of Head of States summit in the country of the state to host the

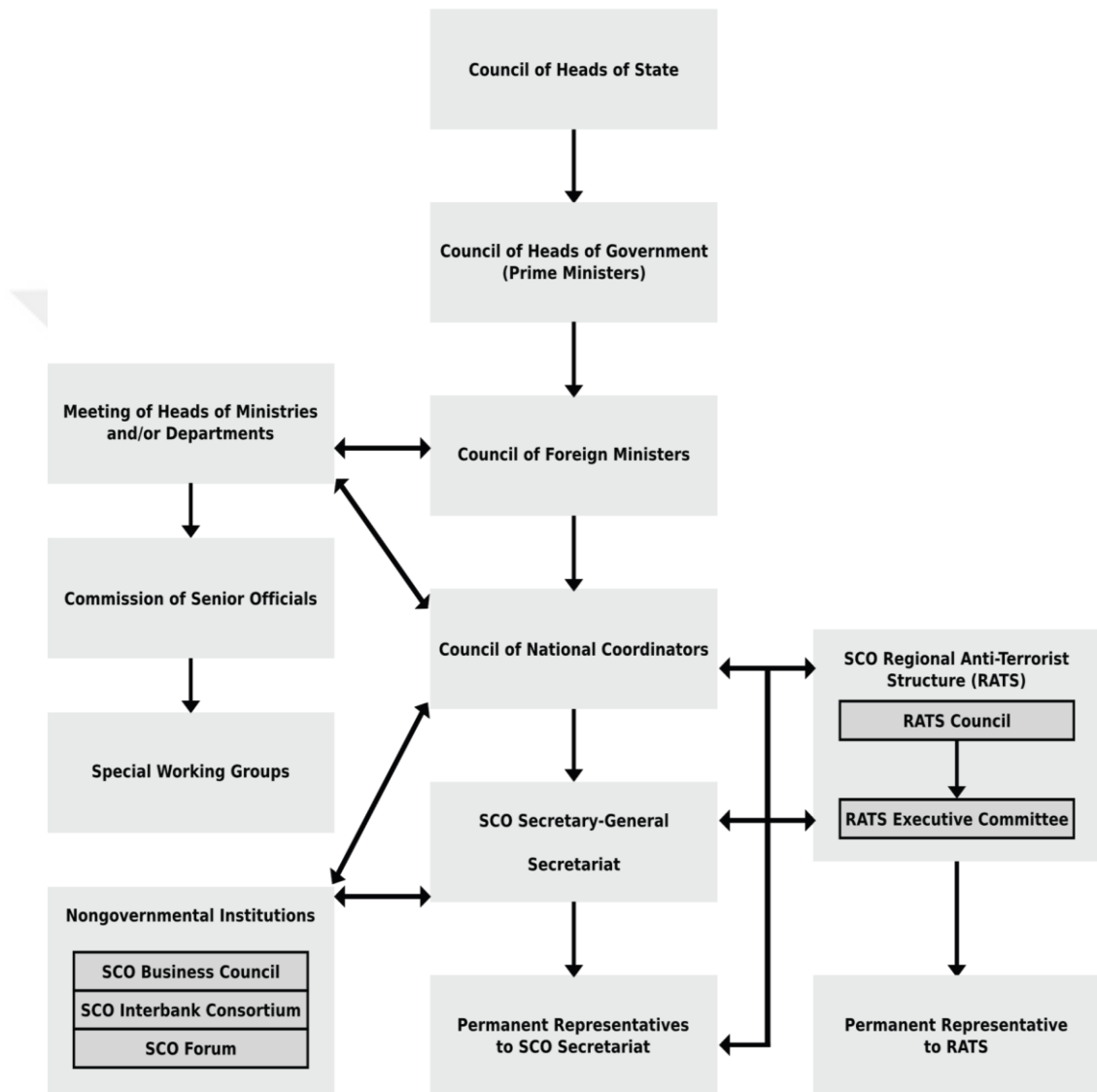
summit of the Head of State. It can also organize extra-ordinary meetings, but only if at least two member states initiate it and other members accepted by mutual agreement.

The Council of National Coordinators is also a branch of the organization which coordinates the functions of the organization and always meets three times in a year. This council is in charge of making any necessary arrangements for the summits of Head of State, Government and Ministers of Foreign Affairs. The coordinator of the State hosting the summit of the Head of States is often the one who heads the meetings of this council. According to Furkan, the two stable and permanent bodies of the SCO are RATS and the Secretariat. RATS began its operation in 2004 and are located in Tashkent, Uzbekistan. The main duty of the RATS is to collect and share intelligence on any suspected terrorist group filtering in the organizations' member states. The council of Heads of states appoints the director of RATS for a three years term of office. Just within the period of 2006, RATS demonstrated a huge momentum in executing its functions. RATS prevented over 250 terrorist attacks since its establishment, and specified about the fourteen terrorist organizations that were threatening the security and stability of the Central Asian Region, for instance Hizduk Tahrir, Tahban and the Islamic Party of Turkestan.

Another permanent body is the Secretariat. This body is situated in Beijing, China and its responsibility is for making all draft documents, bring up budgets proposals and have the authentic powers to implement decisions of the Head of States Council. This council of Head of States appoints the Secretary General of the organization, on the nomination of the council of Ministers of Foreign Affairs for a period of three years. The appointment of the Secretary General comes from the citizens of the member states. The Secretary Generals are appointed once and for all, and there is no second term for them. All sittings Secretary Generals have three deputies who are responsible of; economic and humanitarian affairs, political-security and administrative issues, legal and budget affairs. The organization also has an Assistant Secretary General who is in charge of all external and media relations. According to Furkan, a total of \$4 million annual budget is given to both RATS, Secretariat. 60% of the money goes to the Secretariat and 40% for RATS. The total 100% sum is provided by

all the member countries of the SCO in the following ways; Russia and China each provide 24%, Kazakhstan provides 21%, Uzbekistan gives 15%, Kyrgyzstan has a provision of 10% and Tajikistan provides 6% of the total budget.

### The Structure of the Shanghai Cooperation Organisation



**Figure 3.6:** The structure of the Shanghai Cooperation Organization

**Source:** Stephen A. (2013), "Shanghai Cooperation Organization", mapping Multilateralism in Transition No.2,

[https://www.ipinst.org/wp-content/uploads/publications/ipi\\_e\\_pub\\_shanghai\\_cooperation.pdf](https://www.ipinst.org/wp-content/uploads/publications/ipi_e_pub_shanghai_cooperation.pdf)

### 3.2.3 Intergovernmental Forums and meetings

According to Stephen Aris (December 2013, P.2), intergovernmental forums and meetings can be well understood under the following;

- i) **The Council of Head of States:** this council of Head of States is made up of all the state leaders of the member states and the main decision-making structure of the SCO. Normally, the council only meets at the annual summit of the organization and defines organization directions for the subsequent years.
- ii) **Other Intergovernmental Councils:** This sector composes of the Council of heads of Government, Council of Ministers of Foreign Affairs etc who are considered as national government department and agencies, and they always have regular and routine meetings. Meetings in this sector are integral to the growth of commonly agreed programs which is purposely for cooperation and the arrangement of the implementations put forth to coordinate policies and approaches in all areas of the member states. In addition to this, the Council of national coordinators acts as an administrative organ "that coordinate and directs day-to-day activities of the organization" (Art. 9, Charter of Shanghai Cooperation Organization).
- iii) **SCO Forum:** Within the scope of SCO, there is discussion forum made up of non-governmental experts, policy analyst, and academics from the member states, and designated research centers. They have the target to research and analyze main/key issues and questions which are very important for the growth of the SCO

### 3.2.4 Permanent Organ:

i) **The Secretariat:** The Secretariat of SCO is situated in Beijing and it the main organ responsible for the provision of the organization's technical and information assistances of activities supported within the framework of the SCO (Art. 11, Charter of Shanghai Cooperation Organization). This organ is made up of top officials from all the member states permanently assigned to the secretariat with their task focused on a nonpartisan basis. The contributions to



the SCO budget determine the number from each member state into the Secretariat.

**ii) Regional Anti-Terrorist Structure (RATS):** This is another Organ of SCO which was created in 2004, having its main headquarters in Tashkent. The purpose of RATS is to counter what is considered in the SCO as the three evil forces and there are; Terrorism, extremism and Separatism. RATS is made up of two main bodies. The first one is the Council composed of ministers responsible for counter terrorism within respective member states. The second is a permanently functioning executive committee based at the headquarters and responsible for the implementation of the agenda set by the council.

**iii) Interbank Association:** This organ was created in 2005 with its forum focused on the coordination and engagement between major national banks from the various member states. The main aim of this organ is to evaluate, provide credit and funding for a joint-investment projects.

**iv) Business Council:** It was established in 2006, with its main headquarters in Moscow. This Organ is a non-governmental mechanism which has a purpose of supporting the implementation of the SCO projects; facilitate collaboration and interaction between financial institutions and business communities of its member states. Another aim for this Organ is to come up with independent advice on improving the effectiveness of these projects and enable all investors to be able to find enough funding for their projects.

### **3.2.5 Main areas of cooperation within the SCO**

#### **3.2.5.1 Security**

According to Aris (2013), SCO's main area of cooperation is to mutual cooperation in the area of security, culture and economics. The Secretariat runs the budget of the organization, otherwise, most of the organization's funds come from member states, and consortiums arranged accordingly within the interbank or Business Council Association, to improve on projects on an ad hoc basis. Looking at the area of security in respect to the aforementioned, the security agenda of SCO's is centered on the trans-national issues, which are not necessarily addressed by one member's struggle alone. SCO security arms at tackling terrorism, supports the primary concerns of its members' political

leaderships, thus maintains their regions and stability of states as well. The SCO security also kicks against the “three evil forces” which are; terrorism, separatism and extremism. It is also because of the backdrop of instability in Central Asia in 1990s that the agenda of having a strong security was developed. An example is the war that erupted in Tajikistan within 1992 and 1997, armed incursions by anti-regime groups and the internal insecurity in both Russia and China.

Aris goes further with his argument that in 2004, SCO established a Regional Anti-Terrorist Structure (RATS), and served as a hub for harmonizing legislation, share intelligence, and approaches to counter terrorism among its member states. The RATS has always been the main force in fighting against transnational terrorism by its member's leadership. However, RATS was critically criticized by human rights advocates on two main fronts. The first front is the insufficient and vagueness of its definition of terrorism, extremism and separatism. The second front is the opaque and secrecy of the Organizations activities in developing database and blacklist, the practice of extradition on individuals wanted as separatist, extremist or terrorist suspects by other member states.

The SCO developed programs purposely to address organized crimes, illegal narcotics trade, social and economic deprivation, developing structures for the collective response to natural disaster and monitoring of elections. It should be of interest to know that the SCO have also adopted an anti-narcotics strategy for the period of 2011-2016, to work in coordinating its internal affairs. A protocol of cooperation was signed between the RATS and UNODC (Central Asian Regional information and coordination Centre) for both bodies to collaborate and try to solve illegal narcotic trade as a means of funding terrorist organizations in the region. According to the official web page of the SCO, it clearly state that "information space" must be securitized, so as to prevent the infiltration of "politically destabilizing voices from outside the region".

According to Alica Kizekova, "the SCO advocates restraining dissemination of information which provokes the "three evils" (extremism, terrorism, separatism) and preventing other nations from using their core technologies to destabilize economic, social, and political stability and security". In the 2007 SCO annual

summit which took place in Bishkek, the "action Plan on Ensuring International Information Security" was approved by all the member states. In addition to this, in 2011, the International Code of Conduct for Information Security for consideration was submitted by the SCO to the United Nations.

### **3.2.5.2 Economics**

According to Aris (2013), the SCO economic cooperation emerged as a twin-priority since mid 2000s. The SCO published a program in 2003 on executing economic cooperation and multilateral trade. In order to make this program effective, SCO created an Interbank Association. Economic Cooperation is seen today to be more focused on macro-economic projects, with the objective of developing state infrastructure like transportation routes. The SCO works in collaboration other institutions like the Asian Development Bank, and the UN Economic and Social Commission for Asian and the Pacific (UNESCAP) to effectively carry on its works on transportation and other infrastructures. During the rise of global financial crises in 2008/2009, the SCO provided a sum of \$10 billion to its member states, so as to boost up their economic crisis. Unlike macroeconomic projects, microeconomic projects are not so serious. Aris argues that microeconomic projects are somehow negligible because other member states of the organization feel that their economies cannot compete with the strength of Chinese economy.

According to Marce de has (2007, p. 251) in an article titled on the SCO and the OSCE: Two of a Kind?" he argues that the promotion national economic international order and New Fair is purposely to encourage efficient regional cooperation in areas of economic, environmental protection, trade, energy, transport, credit and finance. It is also to ease comprehensive and a balanced economic growth, so as to enhance the approaches of integration into the global economy. Economic growth is more realized when there is a favorable environment for investment and trade, with the aim of gaining the free flow of goods, services, capital, and technologies. In addition to this, the effective use of communication infrastructure and transportation, development of energy system and improvement of transit capabilities is another important strategy of realizing economic growth.

According to Alexander Lukin (September 2007, p. 143) in an article titled "The Shanghai Cooperation Organization: What next?" he argues that SCO officials have much confidence on the prospects of economic cooperation within its framework. A good example of this can be seen during the SCO Business Council that took place on the 14<sup>th</sup> of June, 2006, where Russian president Vladimir Putin made it clear in his speech that "I am convinced that partnerships between business communities will become one more factor that will strengthen the Shanghai Cooperation Organization". In line to this, on the 25 November, the SCO Secretariat, together with the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and the Chinese National Bank of Development organized the first ever Eurasian Economic Forum, that took place in China. The Chairman of the Chinese National People's Congress Standing Committee, Wu Banguo, made it clear in his speech during the forum that Eurasian countries had the advantage of economic and geography proximity complementarities. He encouraged mutual respect, equality, mutual benefit and openness for a dynamic and stable growth of regional economies.

A good number of documents have been set up to better up economic development in the SCO. According to Lukin, some of the documents are the memorandum of 2001, which was focused on the main goals and areas of regional economic cooperation, the 2003 document based on programs to maintain multilateral trade and economic cooperation which is set to continue till the year 2020, the plan of Action put in place in 2004 for the implementation of this program and finally the 2005 document focused on the mechanism to implement the Plan of Actions. All member states hold economic forums and harmonized their legislation, the SCO Council of the Head of States, economic Ministers and other top officials every year to talk on Economic Cooperation Plans. This shows how important economic activities are important within the scope of the SCO. Russian Trade and Economic Development Ministry officials set up some prospectus that all economic cooperation in the spheres of the SCO will be limited, as perceived that it is dominated by China.

### **3.2.5.3 Culture**

The areas of cooperation in the SCO are more on economic and security. Other areas like the culture were adopted by the organization. Culturally, there are programs aimed at creating strong education standard which is recognized across the member states of the SCO, as well as setting up a joint SCO university to improve its cultural affiliations.

According to Lukin (2007, p.148), he argues that historically, countries like China, Russia, and central Asian countries have ancient and unique civilization. He believes that these countries are faced with problems of preserving their national traditions in an inflow of low culture from other foreign countries. In a nutshell, he argues that this sector has not witness much. Little has been done in the domain of Culture to tighten the cooperation in the SCO.

Yuri Norozov (2009, p. 140) argues that an expert group was created for issues and cooperation related to cultural cooperation between SCO member states for 2005-2006. In April 2007, the agreement on cultural cooperation was signed at the summit in Bishkek. Another cooperation plan for 2009-2011 was adopted by the ministers of culture in 2008, and was approved by the expert group, thus enhancing this sphere of activity to be more streamlined.

## **3.3 Main elements shaping Shanghai Cooperation in the Far East**

### **3.3.1 Economic Cooperation**

For the past 30 years of reforms a lot of changes has taken place Far East region. An instance is the rapid growth of Far East region economy, especially that of China, and the growing ties with the rest of the world. According to Gao Fei (July 2010), he argues that the creation of SCO was purposely for Security Cooperation, but this idea moved to explore the possibilities of engaging into economic cooperation. The economic interest by SCO is seen when on the 14<sup>th</sup> of September 2001, six SCO member states head of states met in Almaty to have a talk on regional economic cooperation. They even went further to sign a memorandum on goals regarding the Regional Economic Cooperation and the creation of favorable conditions within its framework of sustaining mutual trade and investment was launched.

Far East, with China as an example has always had a great view of economic cooperation within the SCO in a good coordination with all states involved. Within the Far East Region, there are benefits in "preferential access to the Russian and Central Asian" markets and natural resources but win-win cooperation is their priority. The selling of natural resources to the Far East States is a great step in boosting their economic strength. In addition to this, the rapid increase of some of the Far East countries like China's GDP provides a lot of opportunities for SCO countries to indulge in foreign investment, market expansion, and technology exchange. The development experience of some of the Far East states is an example that provides a lesson for some of the SCO countries. Some of the financial assistance provided by the Far East States has so much contributed to enhance mutual benefits. For instance, in June 2004, China decided to provide 900 million US dollars worth of preferential buyer's credits to some SCO member states. It is worth noticing that many companies in the Far East have invested in the SCO member states. These companies develop trade strategies; tap it into natural resources through cooperation, then expand the business scope of project, so as to boost economic development in Central Asia (SCO member states). These programs have widely improved economic cooperation between Far East States and SCO member states. The table below can clearly show the drastically increased of trade volume between Far East and other SCO member states.

**Table 3.5:** Bilateral Trade between Far East and SCO members (100 million \$)

States	1996	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008
Russia	68.5	54.8	80.03	106.7	119.3	157.6	212.3	291	333.9	481.7	568.31
Kazakhstan	4.5	6.36	15.17	12.85	19.5	32.9	45	68.1	83.58	138.76	175.53
Kyrgyzstan	1.05	1.98	1.78	1.18	2.01	3.14	6.02	7.01	22.26	37.79	93.33
Tajikistan	0.12	0.19	0.17	0.11	0.12	0.39	0.69	1.58	3.24	5.24	14.99
Uzbekistan	1.87	0.90	0.51	0.57	1.3	3.47	5.75	6.89	11.2	11.29	16.07

Source: Minister of Foreign Affairs website <http://www.mfa.gov.cn> and General Administration of Customs' website. <http://www.customs.gov.cn>

Table 3.5 above shows the bilateral trade relations that has exist between Far East (China for example) and SCO member states from the year 1996 till 2008. It shows that Russia has incurred the highest amount of money as compare with the other SCO states. For instance, in 1996, Russia's trade volume with Far East was 68.5 hundred million US dollars, where as that of Kazakhstan was 4.59, Kyrgyzstan had 1.05, Tajikistan was 0.12, and Uzbekistan had 1.87 hundred million US dollars. These figures drastically increased as years were passing by. Looking at the table, one can notice that trade volume by 2008 was significantly high. Russia's trade volume in 2008 was 568.31, Kazakhstan 175.53, Kyrgyzstan had 93.33, Tajikistan had 14.99, and Uzbekistan had 16.07 hundred million US dollars.

As a Far East state, China has always been working with some SCO member states to cope with new economic challenges. Energy is also a major contributor

of economic cooperation between the Far East states and SCO. Russian President Vladimir Putin once thought of establishing an “energy club” for member states of the SCO. All member states took effective mutual cooperation in oil extraction, processing, exploration, and transportation with the framework of the Organization of the SCO. A good example to back up this is China’s Sinopec and China national Petrol Corporation (CNDC), where they have long-term cooperative agreements with Russian Gasoline companies. Another example is the investment of USD 300 million by China in the exploration and drilling of oil in Kyrgyzstan. Multilateral energy cooperation is so much increasing within the SCO. On the 14<sup>th</sup> of December 2009, the China-Central Asia gas pipeline, which is considered the largest in the world, came into cooperation.

Trade between the SCO member states continues to grow intensively. According to S.G Luzyanin and V.A Matveev (2015, p. 14), they argue that trade between Far East states and Central Asian Countries is traditionally structured for relations between the countries. In Central Asia, the main exports are; raw materials and fuel, while imports are consumer goods. Trade relations with countries like Tajikistan and Kyrgyzstan are not balance and stable. A reason for this is due to high level of debt these countries have to PRC. Over the previous years, China as a state in Far East has overtaken Russia in both the acquisition of raw material and goods often exported to Russia, and in Russian enterprises sales market.



**Table 3.6:** Trade between China and Central Asian members of the SCO (\$ Million)

States	2010	2011	2012	2013	2014
Kazakhstan	20,449	24,961	25,681	28,595	17,182
Kyrgyzstan	4,200	4,976	5,162	5,137	1,233
Uzbekistan	2,483	2,167	2,875	4,551	4,272
Tajikistan	1,433	2,069	1,857	1,965	2,516
<b>Total</b>	<b>28,564</b>	<b>34,173</b>	<b>35,576</b>	<b>40,250</b>	<b>25,203</b>

**Source:** Sources: indicators for 2009-2012 are based on the data of the National Bureau of Statistics of China, 13 indicators for 2014 (but Kyrgyzstan) are based on the data of International trade Centre (Trade Map service), 14 indicators for Kyrgyzstan in 2014 are based on the data of the Ministry of Economics of Kyrgyzstan. 15

Table 3.6 above shows that, there was a turnover of commodity between PRC and the SCO in 2006 and it worth a sum of USA 11 billion, the table also shows that in 2010 it was 29 billion, in 2012 it was 36 billion, and in 2013 it went up to 40 billion. By ending 2014, the turnover shrank to 25 billion US dollars, this however let to the rapid loss of the competitive edge o goods produce on the Chinese market in Central Asia.

In the direction of capital investment in the economy of Central Asia, China is seen to be a big investor in the region. An example of this analysis is when China a lone invested 20 fold (over \$ 22 billion) compares to other countries. Looking at China's investment in Kazakhstan for instance, between ending 2013 to early 014, Chinese investment amounted to a sum of \$ 18.9 billion, with 15 billion in energy area inclusive. China's investment in Uzbek economy was \$ 4 billion in 2012. Most of China's funds go in energy sector and fuel, to develop the Republic's natural resources. In 2013, 15 billion US dollars were the total sum signed in contracts.

On the other hand, there have been good trade transactions between Central Asian States and Russia. The table below shows the trade detail between Central Asian countries with Russia from the year 2008 to 2014.

**Table 3.7:** Foreign Trade of the Central Asia Countries with Russia (2008-2014, USD Million)

Country	2009	2010	2011	2012	2013	2014
<b>Kazakhstan</b>	12,844	15,139	19,765	2,428	23,519	21,051
<b>Kyrgyzstan</b>	1,282	1,384	1,453	1,830	2,140	1,817
<b>Tajikistan</b>	786	887	810	745	762	928
<b>Uzbekistan</b>	2,541	3,447	3,967	3,715	4,100	n/a
<b>Entire region</b>	17,453	20,857	25,995	28,718	30,521	23,796

**Source:** indicators for 2009-2012 are based on the data of the Ministry of Economic Development of Russian Federation; indicators for 2013-2014 are based on the data of the Federal State Statistics Service.

Table 3.7 above shows that in from the year 2008 to 2012, foreign trade balance of Central Asian States with Russia was relatively negative, while imports from Russia exceeded exports to Russia. The foreign trade turnover of Russia with Central Asian States increased five (5) fold from the year 2000-2013 with a sum of \$31 billion. From the year 2010 to 2013, the high growth rates of commodity turnover between Central Asia States and Russia let to the rapid growth of Russia-Kazakhstan trade in the Customs Union (CU). The table above shows that by 2013, the commodity turnover increased to about 10.6%, as compare to the trade with China which is about 13%. It is of interest to note that for the past five years, China has supper past Russia in both the acquisition of goods and raw materials shipped to Russia and in competition of sales market with Russian enterprises.

### 3.3.2 The Economic importance of China's Role in the SCO

According to Bernardo Mariani (October 2013), he argues that over 10% of China's oil and gas imports come from the SCO states. Trade relations between these states have so much speed up and have brought many benefits to SCO states. China's foreign currency has risen, government's financial budget equally become more secured and a rise in investment and development has been realized.

**Table 3.8:** China trade data with the SCO in the year 2012

Country	Trade Value (US \$ 1,000)	Export Value (China as the export) (US \$ 1,000)	Import Value (China as the import) (US \$ 1,000)	Trade Value	Export Value	Import value
Kazakhstan	25,676,790	11,001,670	14,675,120	2.9	15.0	-4.7
Kyrgyzstan	5,162,470	5,073,510	88,960	3.7	4.0	-9.4
Tajikistan	1, 856,700	1,747,870	10,883	-10.3	-12.5	50.7
Turkmenistan	10,372,710	1,699,330	8,673,380	89.4	116.7	84.8
Uzbekistan	2,874,680	1,783,050	1,091,630	32.7	32.7	35.2

**Source:** Bernardo Mariani (October 2013), "China's role and interest in Central Asia", <file:///C:/Users/SOFIA%202/Downloads/chinas-role-and-interests-in-central-asia.pdf>

### **3.3.3 Socio-political cooperation**

According to Haas (2007), the political interest of Central Asia is to maintain control over most of the regions in that area, for instance the Xinjiang Uyghur Autonomous Region. Haas argues that Chinese government's legitimacy for example, is challenged by Separatism in Xinjiang.

### **3.3.4 Security Cooperation:**

Despite the constant differences of the SCO member states on tackling security and poor military cooperation, five developments were discerned to help the SCO to become a full grown security organization. These developments are as follows;

#### **i) Combination of Military and Political events:**

According to Haas (November 2007), he argues that the features of political and military activities within the SCO member states were combined. The political summit (Bishkek 2007) was the first of its kind to be amalgamated with war games ('peace mission 2007'). It was generally acceptable by the SCO member states that defense ministers would be the top ranking officials to watch over the SCO military exercises. The presence of Head of States during the period of war games was a remarkable and first of its kind in the SCO. This was probably because they wanted to demonstrate the growing significance of the military in the organization and to prove that it had full command of the security in the region.

#### **ii) Military assistance concept:**

Another concept argued by Haas is that of "military assistance". Haas thinks that the important aspect of the SCO security policy like case of peace mission of 2007 was perhaps a scenario whereby a great role was played by military assistance. A good and mature security organization is that which has a military assistance as one of its instruments. This also applies to the CSTO.

#### **iii) Cooperation between SCO and CSTO:**

There has always been an intensify relation between Russia-led military alliance Collective Security Treaty Organization (CSTO) and the SCO. In order to maintain the peace mission of 2007, a Memorandum of Understanding (MoU)

between the SCO and CSTO was a called for concern to create military cooperation opportunities between both organizations. Has believe that this cooperation was actually to allowed CSTO observers at the SCO exercises and CSTO will reinforce the military components of the SCO.

**iv) : Maturing joint Manoeuvres:**

Since 2002, the SCO military exercises became increasingly ambitious, with development from a bilateral level to a joint “all-SCO” level. This has also been with the inclusion of both counterterrorism and external security policy connotations. In respect to the 2007 Bishkek Summit, the Shanghai Cooperation Organization’s Minister of Defense in Bishkek on the 27 of June 2007 had a mutual agreement on how to have joint exercises.

**v) Security response mechanisms:**

The last development is focused on security response mechanisms. There was an affirmation during the 2006 Shanghai Summit that if there is any threat to the regional peace, security and stability, the member states of SCO will be consulted immediately to effectively respond to the emergency. Haas argued that the projected drafting of security mechanisms was repeated at the 2007 Bishkek Summit.



**Figure 3.7: Security Cooperation**

**Source: Marcel de Haas (2007), "The Shanghai Cooperation Organization", towards a full-grown Security alliance?**

About two weeks before the due date of the SCO summit in Tashkent (2016), an unprecedented security measure was implemented. According to Andy Baklitskiy, a program director of the PRI-Center think tank, he did say the Iranian membership into the SCO is advantageous in the sense that it will boost the efficiency in fighting against the “three evils”. Iran blocked the Western border of Afghanistan and the outcome of this could be an outpost of the organization in the borders, with military groupings of the Greater Syria (ISIS) and the Islamic state of Iraq. According to Daniyar Kosnazarov, who serves as the deputy director of the Synopsis Center for the study of Central Asia and China, he argues that the most successful way of fighting terrorism is not just by

strengthening security measures, but also for nations to focus on economic issues within the SCO. He goes further to say "the attack on the Kazakh city of Aktobe in June was the first warning sign for the authorities in the region. It is important to improve the socio-economic situation in the country, and the region as a whole, including through multilateral formats".

### **3.3.5 Military Cooperation**

The main military interest of a country like China with those of Central Asian states is to reduce any risk of armed attacks around the borders. China as state in the Far East and also part of the SCO has always been worried with the emergence of rampant military threats in Central Asia. An instance is the 1960s to early 1990s station of Chinese large military officials in Xinjiang, so as prevent any attack from the Soviet Union. According to Haas, he argues that the whole notion of SCO and Shanghai Five all originate from the Sino-Soviet talks on troops limitations in China and Xinjiang. China's security greatly improved the Soviet Union collapse. It should be noted that there was disarmament of the formal Soviet in Kazakhstan in the mid-1990s.

In September 2006, China Russia and the other five Central Asian States signed a treaty to establish a Central Asian Nuclear Weapon Free Zone (CANWFZ). The SCO is generally to serve the primary purpose of maintaining regional peace and stability. It is obvious that instability in Central Asian countries could evoke armed intervention by other states like Russia, or NATO, or China, or even US. Far East States with Chinese observers as an example believe that United States was doing all it could maintain its dominance in central Asia. The US attacks of 11 September 2001 gave an increase of the American influence in the region and this serves as a warning.

### **3.4 SCO Summit with Heads of State**

Over the past years, SCO has turn to be a strategic pillar to improve on security safety and promote the development of economy and to yield positive results. A good number of summits has been held by the organization to discuss on the strategies on how to strengthen the roots of the organization. A brief summary of the various summits are listed below.

According to Yanting (2014) in a journal on "Background: A brief history of the SCO Summits" he accounts that between 14 to 15 June, 2001, all Shanghai Five Heads of States (Russia, China, Kyrgyzstan, Tajikistan and Kazakhstan) met for their very first summit Shanghai. In the summit, Uzbekistan's accession into the organization was announced. The first SCO summit was held by the six heads of states on the 15<sup>th</sup> of June 2001, in Shanghai, where all Heads of States signed a Declaration of the Shanghai Cooperation Organization and also officially inaugurated the Organization.

The Second Summit took place in St. Petersburg, which is the biggest city in Russia on the 7<sup>th</sup> June, 2002. The leaders of the six member states were all present and they signed the Charter of the Organization. This Charter was geared towards defining the developmental goals of the organization and institutionalized cooperation among the member states.

The third Summit was held in Moscow-Russia, on the 29<sup>th</sup> of May 2003. All the leaders of the member states took effective part in this summit and their main target was to deliberate on the possible procedures tackling challenges and strengthening cooperation. In the summit, heads of state all agreed on the institutionalization of the SCO and other important international aspects. In this summit, the Chinese Ambassador to Russia, Zhang Deguang was approved as the SCO'S first Secretary General.

In addition to the summits is the fourth. It was held in Uzbekistan's capital city. During the summit, the various head of states launched the Regional Anti-terrorist Structure of the SCO. There was also a pledge to have a joint declaration to cooperate in fighting against terrorism and to overcome security threats and strengthen economic and trade relations. It was in this same summit that Mongolia had observer status in the organization.

In July 5<sup>th</sup>, 2005, all the leaders had their fifth summit in Astana, the capital city of Kazakhstan. The aim of this summit was to deliberate on measures that could be used to strengthen unity and further security, economic and humanistic affairs. It was unanimously agreed by the leaders to grant India, Pakistan and Iran an observer status, Pakistan and Iran. Towards the end of the Summit, the heads of state issued a declaration on strengthening cooperation with the SCO.



The sixth Summit took place in June 15, 2006, in China. The summit continued, a proposal was made by the six presidents of the member states to have a long-term plan for the development of the SCO. There was also a joint declaration on the fifth anniversary of the organization, identifying the task in maintaining the growth of the organization.

Adding to the list of summits is the Seventh SCO Summit that took place in Kyrgyz capital of Bishkek in August 16, 2007 after issuing a joint communiqué. The leaders had a general agreement to add their speed in all-round cooperation within the SCO and to look deeply into the current regional and international issues as analyzed in the communiqué.

The eight annual Summit was in August 28, 2008, at Dushanbe. The main focus of this summit was centered economic, security, and cultural cooperation in the region. Many documents were signed, not leaving out one on a joint anti-terror drills. Other signed documents were; on ammunition and explosive, crackdown on smuggling of arms and a memorandum on bank cooperation.

The ninth SCO Summit: this summit took place in June 16, 2008, at Yekaterinburg a Russian city, with the aim of having constructive dialogue on how to enhance cooperation in tackling domestic and international affairs. The leaders of the six member states paid more attention on important issues such as regional security and the global financial crisis. It was first of its kind for heads of states from countries with observer status in the SCO such as India, Mongolia, Iran and Pakistan to be part of a highly restricted meeting of the SCO Heads of State Council.

The 10<sup>th</sup> SCO Summit: this Summit was in June 11, 2010, at Tashkent. This meeting was aim at reinforcing the activities of the organization and constructs an effective and open multilateral organization to tackle regional peace, prosperity and stability. There was a call by the member states to restore peace and stability in turmoil-hit in Kyrgyzstan through dialogue. The United Nations actions of playing a leading role on Afghanistan as an international mediator were reiterated by the SCO.

The 11<sup>th</sup> SCO Summit: in this summit, the SCO celebrated its tenth anniversary in Astana, with a communiqué pledging to take absolute control on regional

security and economic and cultural cooperation. This summit took place on the 5<sup>th</sup> of June, 2011. The leaders viewed that the 10 years of the SCO's major regional and international changes was an opportunity for the organization to deepen good-neighborly partnership among member states. In the course of the summit, the 2011 to 2016 drug control strategy that had been going underground by member states was openly approved. This could however conductively enhance the capability of member states to have a joint deal on threads like that of drugs as started in the organizations communique.

The 12<sup>th</sup> SCO Summit: this summit took place in Beijing on the 7<sup>th</sup> of June, 2012. It was focus on the historic task of mapping out a new blueprint for the rampant increased of global players as 2012 marked the beginning of another decade development of the SCO. Another important aspect in the summit was to identify the direction of the SCO's development and adoption of a plan for Medium-Term Development of the Organization. A call for the establishment of Nuclear Weapon Free Zone in Central Asia was an agenda in the declaration released in the summit.

The 13<sup>th</sup> SCO Summit: this summit was held in Bishkek with the presence of all the Head of states council members on September 13, 2013. The Chinese president Xi Jinping in his speech during the Summit expounded on China's policies with the organization. After a series of exchanged views, the SCO leaders came to an agreement on good neighborly relations.

The 14<sup>th</sup> SCO Summit: this summit took place in Dushanbe-Tajikistan on the 11-12 September 2014. The difficulties still faced by the organization was outlined, especially a growing crisis in the global economy. The heads of states agreed to develop a joint effort for further cooperation in all areas where the organization could face problems, especially in economy and security cooperation. As a means to keep the growth of the organization, the Dushanbe Declaration was signed during the summit, to approve a series of documents on how to expand the SCO.

The 15<sup>th</sup> Shanghai Cooperation Summit: it was held in Ufa, Russia, from the 9<sup>th</sup> to 10<sup>th</sup> July, 2015. This meeting was aimed at further strengthening its cooperation in all dimensions and to bolster the potential and prestige of the

organization. The leaders examined the current work priorities of the organization, set up directions on how to foster cooperation. The leaders round-up the summit by signing the Ufa Declaration and the SCO Development Strategy of 2015.

The 16<sup>th</sup> SCO Summit of 23-24 June, 2016: this summit took place in Uzbekistan's city of Tashkent and it involved all the leaders of actors like the member states, observer states and guest states to the Shanghai Cooperation Organization. This summit was to look into the issues that were plaguing the region such as Security and Terrorism. Several documents were signed during the summit. An example of such document is the antidrug strategy for 2017-2022 and its action program. This summit was the first of its kind, in which Belarus took part in the observer capacity.

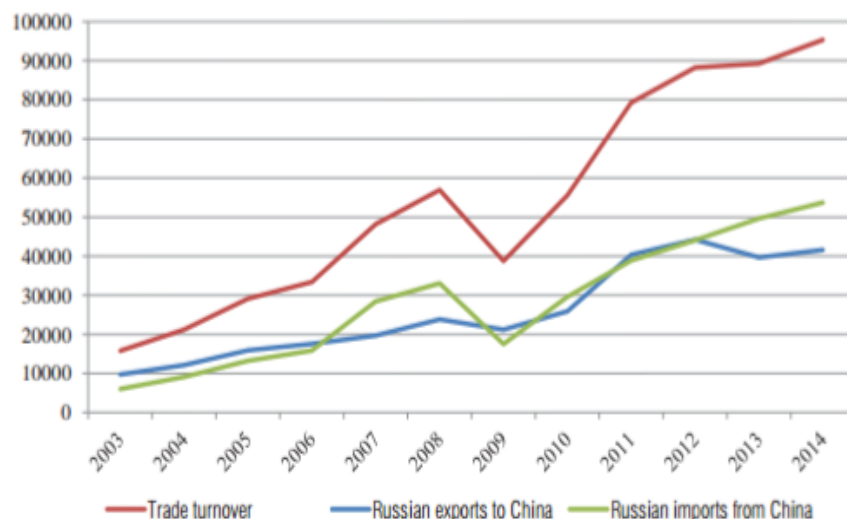
One can clearly see from the aforementioned the SCO is an active international organization with the aim of protecting its environs and maintaining peace and stability. The interest of other countries as observers shows the active activities of the organization. The next summit was planned to be in Kazakhstan, on the 7-8 of June, 2017.

### **3.5 Dynamics of Economic Cooperation in the Far East**

Trade and economic cooperation has been developing quite successfully within the past years in the Far East. This is because of the positive results of bilateral trade that has been growing massively in this part of the region. A good example of this is the \$ 95 billion of bilateral trade achieved in 2014, and the total Chinese investments in Russia were almost \$5 billion by the end of 2013. On the other hand, Russian investment in China went up to \$ 860 million (I.S.Ivanov 2015). China and Russian Far East have always acted as key players in bilateral trade within the Far East Region, trade between these two regions have dominated the other Far East states. Using China and Russia as examples of Far East states with strong bilateral trade activity, an outline is given below to show how trade has been between China and Russia in the Far East.

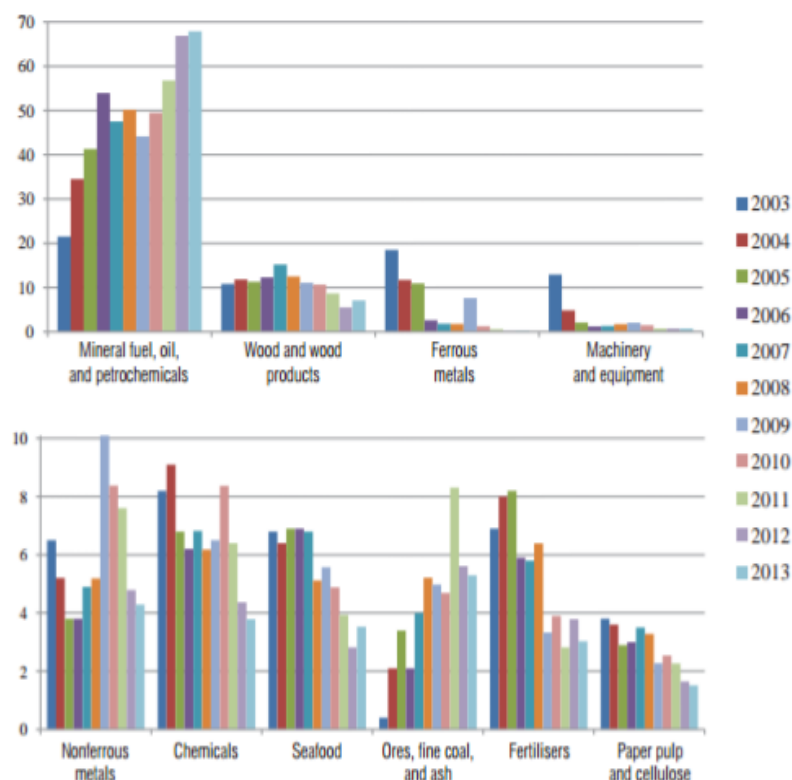
### **3.5.1 Russian-Chinese Trade: Results, Challenges and Prospects:**

According to a journal by I.S. Ivanov, he argued that modern Russian and Chinese trade goes back to decades. He views that bilateral trade has always been an integral part of the overall complex of relations existing between the two states. China's leading trade partners in 2014 were; the United States, with a total of \$5577.30 billion, Hong Kong came next with a total sum of \$376.10 billion, Japan had \$312.64 billion, South Korea (\$ 290.63 billion), Taiwan (\$ 198.53 billion), Germany (\$ 177.75 billion), Australia (\$ 137.13 billion) and Malaysia (\$ 102.06 billion). The ninth position was Russia, with a sum of \$95.31 billion, Brazil came after with the sum of \$ 86.83 billion, Vietnam with \$83.54 billion and United Kingdom was with the sum of \$80.90 billion. China's and Russia's partnership became so strong since 2010. It is estimated that in the 1990's, Russian-Chinese trade was about \$5-7 billion annually. This amount soared in 2000 topping \$95 billion in 2014. Russian exports to China in 2014 was about \$ 41.6 billion, while on the other way round, Chinese imports were at 53.7 billion. Imports were higher than exports thus giving Russian negative trade balance of \$ 12 billion. 2003-2014 witnessed a fivefold increase in trade turnover between China and Russia. Russia's share of China's foreign trade however increased from 1.85% to 2.21%. The turnover of Russian trade from China's contribution grew from 8.25 per cent in 2003 to 10.57 per cent in 2013. Ivanov views that China was diversifying its trade, while Russia was growing increasingly dependent on the Chinese market. By the year 2013, China's export to Russia was dominated by valuable products such as; machinery (38 per cent), chemical (8 per cent) and light industry (textile and knitwear equals to 13 per cent and footwear-6 per cent). Russian exports on the other hand in the same year were centered on mineral products which amounted to 68 per cent and wood products amounted to 7 per cent.



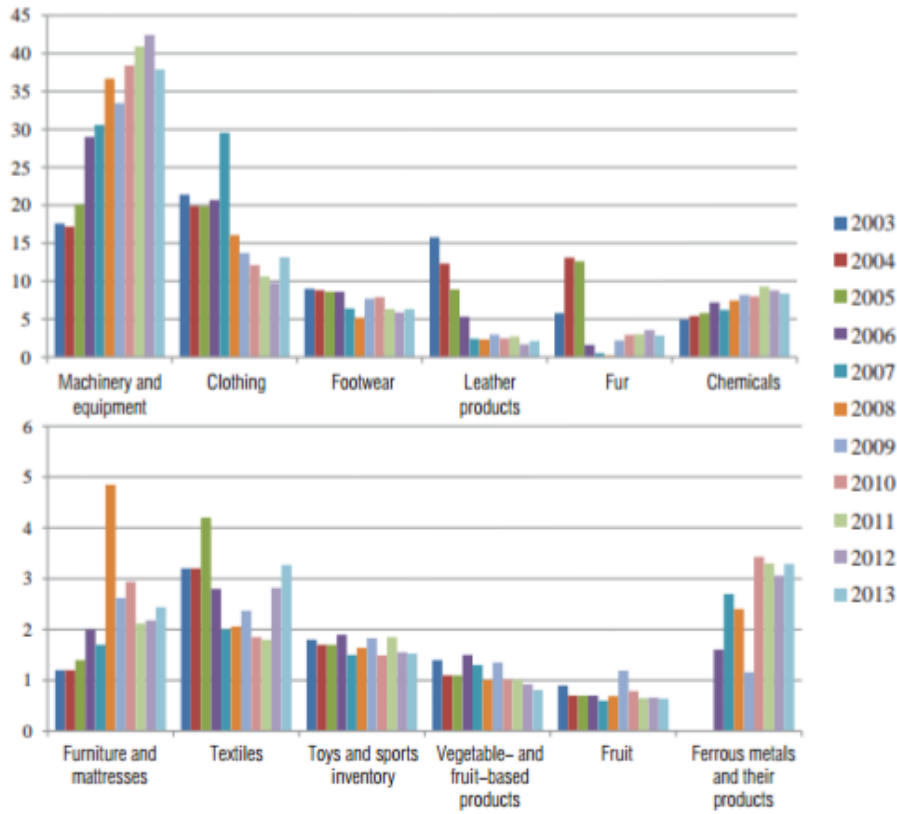
**Figure 3.8:** Russian-Chinese Trade Dynamic in 2003-2014 (USD million)

**Source:** Calculated based on the data from the Integrated Foreign Economic Information Portal, the Federal Customs Service of the Russia Federation, the National Bureau of Statistics of China and Customs Statistics of China



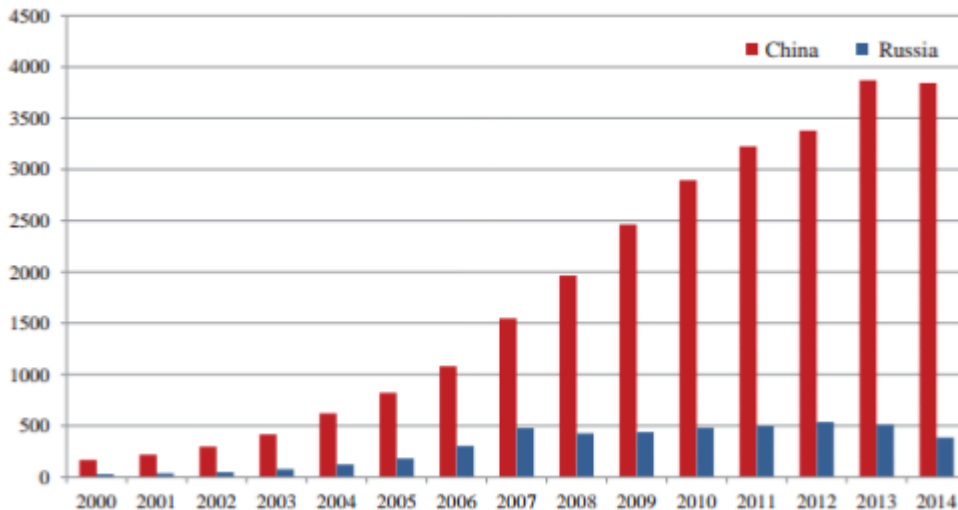
**Figure 3.9:** Shares of Major Product Groups in Russian Exports to China (%)

**Source:** Calculated based on the data from the Integrated Foreign Economic Information Portal and Federal Customs Service of the Russian Federation



**Figure 3.10:** Shares of Major Product Groups in Russian Imports to China (%)

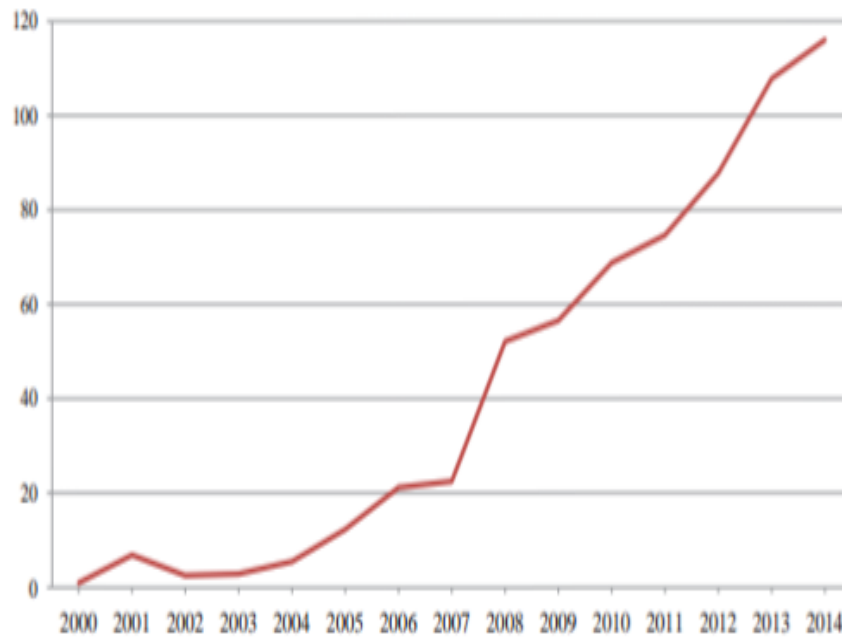
Source: Calculated based on the data from the Integrated Foreign Economic Information Portal and Federal Customs Service of the Russian Federation



**Figure 3.11:** Gold and Foreign Currency Research of China and Russia: 2000-2014 Dynamics (USD billion)

Source: UN Conference on Trade and Development (UNCTAD)

[http://unctad.org/en/publicationsLibrary/tdstat38\\_en.pdf](http://unctad.org/en/publicationsLibrary/tdstat38_en.pdf)



**Figure 3.12:** China's Foreign Direct Investment Dynamics in 2000-2014 (USD billion)

Source: UN conference on Trade and Development (UNCTAD).  
[http://unctad.org/en/publicationsLibrary/tdstat39\\_en.pdf](http://unctad.org/en/publicationsLibrary/tdstat39_en.pdf)

According to I.S. Ivanov (2015, p.14), the main features of Russia and China's trade is because of low growth rate of Russian economy, as well as the slow changes in its structure. Looking at the dynamics of the bilateral trade structure, Russian industrial products kept decreasing in its competition in comparison with the Chinese industrial product. The improvement of the Russian-Chinese Investment Cooperation Plan by the heads of the two states in June 2009 can be seen as prototype of the innovation and investment-based model of China-Russia economic and trade cooperation. Both countries had a vision of mutual expectations intended to;

- Facilitate investment projects aimed at producing and providing high valuable goods and services for sales in china, Russia and other third-party countries
- Establish more processing facilities in the Russian Federation, perceiving to increase the processing of Russian raw materials
- Promote more infrastructure investments to increase the socio-economic growth of both countries

- Eliminate any gap in the production chains of Chinese and Russian manufacturers and to facilitate further integration of transnational corporations with production chains
- Create new jobs for local communities and enhance growth of worker's professional qualifications.

Ivanov (2015, P.15) views that economic relations between Russia and China are stalled by the fact that Russia does not have adequate ideas about the level of research and development in Chinese companies and what they need. In order to close this gap of inadequate knowledge, it is necessary to:

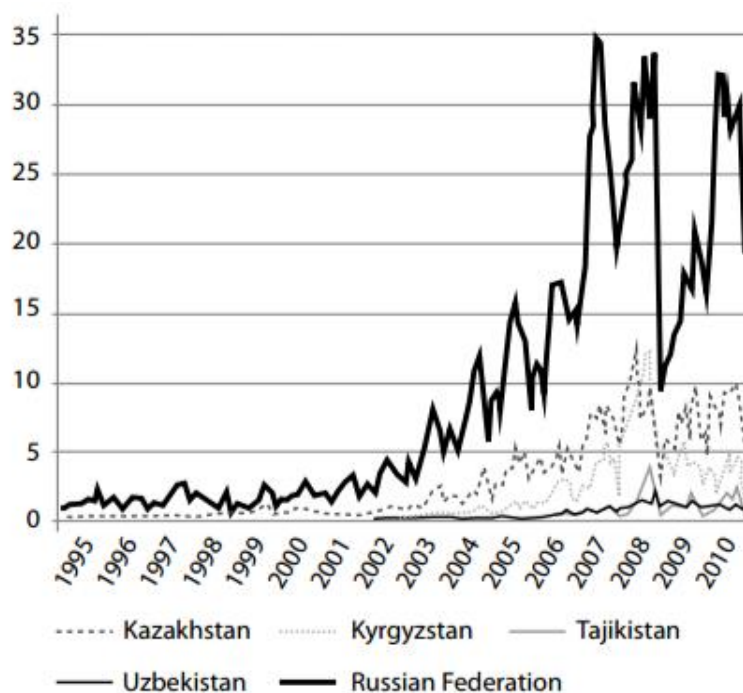
- Facilitate meetings between innovation companies on research and development (R & D) topics
- Create a database of Russian Innovation Companies in Chinese
- Hold a joint roundtable, seminars and other research activities in the framework of Russian Academy of Science
- Organize innovation expos in Russia, with Russian companies inclusive
- Promote the creation of a joint Chinese-Russian research centers in Russia
- Promote the establishment of Russian-Chinese venture funds

### **3.6 SCO Financial Cooperation:**

The 2008 global financial crisis highlighted the importance of international financial cooperation, as well as the possible solutions to solve the crisis. Many regional economic cooperation organizations in Europe, Asia and other parts of the world, with SCO inclusive, have actively seeks the development of its regional financial cooperation, with the aim of preventing crisis, work as a team to promote International Monetary System Reform, and to strengthen the sustainable development of its regional trade and economy. According to the work edited by Michael Fredholm on "The Schanghai Cooperation Organization and Eurasian Geopolitics", he argues that one of the main reasons why the SCO promote Regional Financial Cooperation and Development is by increasing the capital and agencies densities, meet up with the regional diversified financial needs. Economic development and financial cooperation works hand-in-hand.

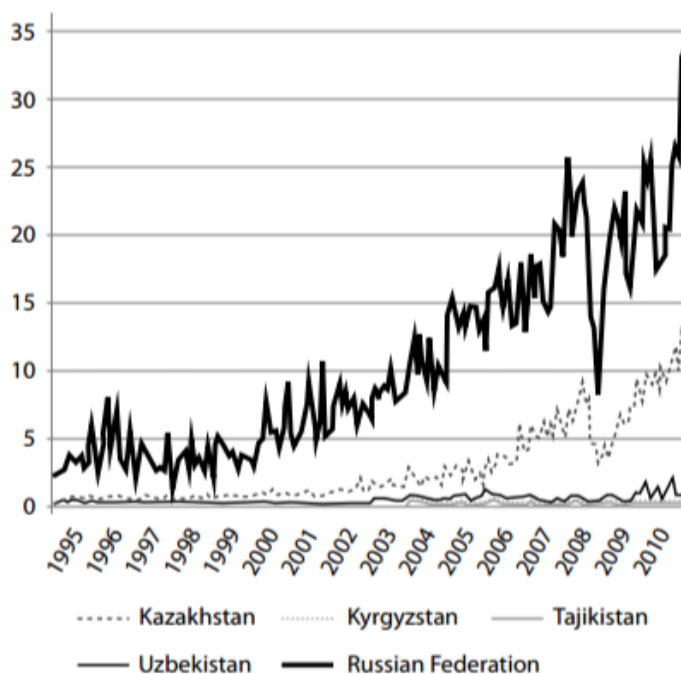


Economic activities in the SCO are mean for stability and growth, financial services like foreign exchange and loans.



**Figure 3.13:** Chinese exports to SCO member states (in USD millions)

Source: Adapted from [www.wind.com.cn](http://www.wind.com.cn).



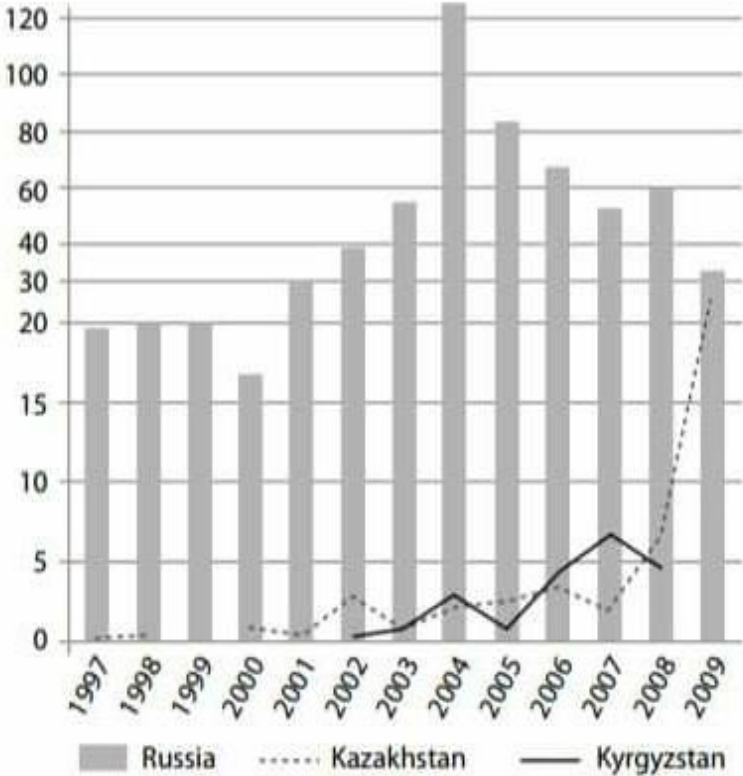
**Figure 3.14:** Chinese imports from SCO member states (in USD millions)

Source: Adapted from [www.wind.com.cn](http://www.wind.com.cn)

Figure 4.1 above shows that since the formation of the SCO, exports and import trade and investment China and other Central Asian states have correspondingly increased substantially.

It is foreseen that the SCO regional final cooperation is beneficial in the following ways;

- The first benefit will be a joint teamwork of member states on guard against financial risks. The SCO member states have the inevitable demand and choice to deepen regional and bilateral financial cooperation. It equally has a say when it concerns reforms of the international Monetary System reform, and the promotion of rationalization of the international financial system through regional financial cooperation.



**Figure 3.15:** Direct investment in China from SCO member states (in USD millions)

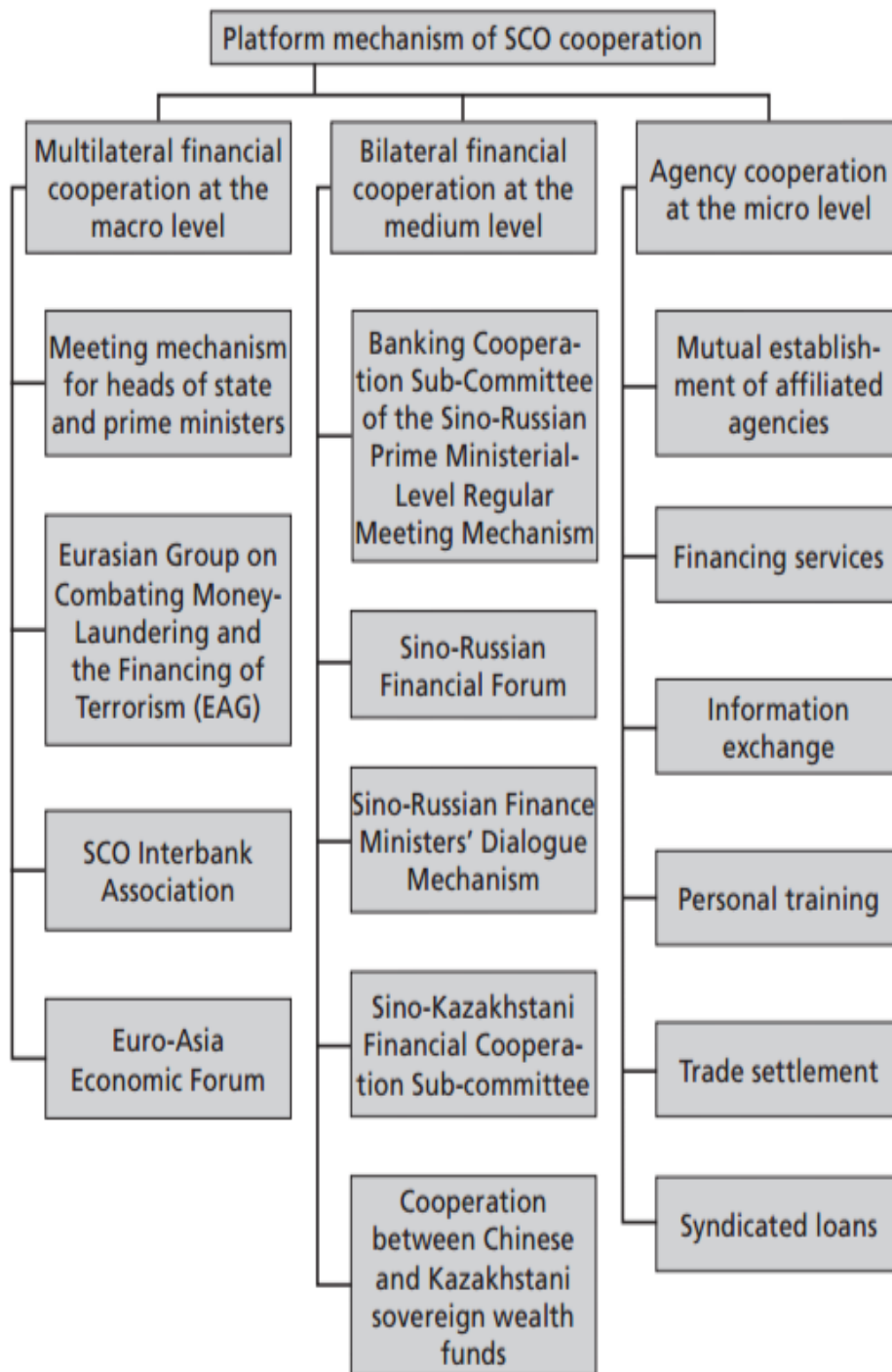
**Source:** Adapted from [www.wind.com.cn](http://www.wind.com.cn).

- Another benefit in this perspective is to promote Chinese RMB regionalization. RMB internationalization is accentuated in an effort to respond to global financial crisis, as an attempt to cope with restrictions from USD and wealth shrinkage.

- The implementation of China's strategy for diversifying energy. Energy and geopolitical considerations are major elements among the SCO member states. Looking at the improvement of its economic strength, China is able to promote a mutual beneficial and win-win cooperation with the Central Asian states. It can as well promote the deployment of energy in Central Asia and Russia.

The SCO regional financial cooperation operates in various areas of (a) promoting the role of financial agencies in preventing risks going sour, (b) maintaining regional financial security, (c) promoting the optimal allocation of resources, and (d) directing the financial sectors and business communities of member states to better promote mutually beneficial cooperation and win-win development.

In terms of mechanisms of regional financial cooperation, the Shanghai Cooperation Organization created a multi-layered cooperation framework with multilateral relations on macro level, a bilateral relation on medium level, and financial agencies relation on micro level.



**Figure 3.16:** The Multi-layered and 3D framework of regional financial cooperation among SCO member states (plan drawn by the authors)

**Source:** Michael Fredholm (2013), *The Shanghai Cooperation Organization and Eurasian Geopolitics, New Directions, Perspectives, and Challenges*, <https://www.diva-portal.org/smash/get/diva2:876570/FULLTEXT01.pdf>

### **3.7 Limitations to the SCOs Development**

According to Aris (2013, p.10), There are a series of difficulties that SCO's development has faced and several factors have however limited its role and effectiveness. The first challenge faced by the SCO is to whether its declared programs of cooperation can ever be effectively implemented. The SCO is sometimes characterized by some as "talking shop". Reasons for this are that the SCO lacks the conversion of political rhetoric and implementation of program announcement.

Another challenge is the strict interstate system of government; whereby very limited means is put forth to make sure all member states have a common agreement. There is always a mixed up of the SCO affairs and other bilateral affairs of member states. Aris explains that a good number of bilateral or trilateral agreements among the SCO members are labeled as the SCO projects, essentially bilateral or trilateral agreements between SCO member states are being labeled as SCO projects, even when the SCO have little role to play in the development.

Adding to the challenges, are the divergence of viewpoints and interest between member states on certain issues. Economic cooperation is one of the main areas with different viewpoints and this is due to the fact that economic interest of the SCO members is not immediately compatible in some sectors. Furthermore, security, which was one of the main objectives of the SCO, is another challenge. For instance, the SCO was widely criticized during the Osh riots of June, 2010, as a security provider. Despite the plea from Kyrgyzstan interim government for external help to bring order in the city and its environs regarding the violent situation, the SCO declined to intervene. The SCO's non-response was consistent with its non-intervention policy and the SCO's values and ration deters in this respect seem to collide.

### **3.8 Possible Solutions**

The SCO success depends on the determination of how its roles are defined within the political landscape of Eurasia. It is important to consider the following dimensions to fully establish a firm SCO:

- To know if the SCO is working toward the development of a free-trade zone among its membership
- To know if its role as a security actor include intervention on the ground during security crises
- To know its relationship to the CSTO and Eurasian Union, and how their respective agendas interact with those of the SCO
- To know if the SCO intend to expand its membership and focus so that it becomes a pan-Asian framework covering Northeast, Central and South Asia.

Another contribution of the SCO is to maintain degree of harmony among its members. This however demands that the origin of tension between china and Russia on how to direct the organization and the issue between Uzbekistan and Tajikistan over water resources are effectively manage.

### **3.9 The expansion question**

According to Galya Ibragimova (June, 2016), she argues that the SCO will always continue to deal with security and economic affairs, but its effectiveness is not certain when India and Pakistan join in 2017. The Organization celebrated its 15 years' anniversary last year June in 2016, which took place in Tashkent. The six member states of the organization had an evaluation on its successes in the previous years and to determine its future work. It was decided at the Tashkent Summit that Pakistan and India were eligible to become members of the Shanghai Cooperation Organization in 2007. It was also unanimously agreed during the final summit declaration during the 15<sup>th</sup> anniversary that all the participating countries should make sure they support each other in times of crisis and try to maintain their stand in fighting terrorism and extremism.

Looking at the expansion of SCO membership, Ibragimova argues that the Summit of 2017 will have an addition of two members, thus making eight member states. The two additional states were Pakistan and India. A memorandum of commitment was signed by India and Pakistan during the Tashkent Summit, which is the last document to become a full member. It is critical to observe that a year after the Ufa Summit, countries in Central Asia that were not in support of adding the India and Pakistan because of its constant

conflicts now turned to agree that they can join the organization. It is somehow ironical that President Islam Karimov of Uzbekistan, who totally criticized the expansion of the SCO during the last year Summit regarding India and Pakistan as two unofficial nuclear powers, seemed to be more restrained this year. During the Summit in his capital city of Tashkent, Karimov seemed to have endorse the fact that India and Pakistan which are always at loggerheads with each other, can now join the ranks of the SCO. Karimov warned both countries from engaging in future confrontations with each other and encouraged the maintenance of the non-aligned status of the organization. In line to this, Sanat Kushkumbayev, a deputy director of the Kazakhstan Institute for Strategic Studies made it clear in an interview with "Russia Direct" that Uzbekistan has a big doubt about the new SCO members, and he justified with this quotation "the nuclear powers India and Pakistan will change the balance of power within the SCO, where there already are two other nuclear powers Russia and China. Central Asian countries which had declared their region a nuclear-free zone will have a difficult time balancing inside such a composition. It is clear that the difficult time balancing inside such a composition. It is clear that the expansion of the SCO will now move regional problems into the background". This however shows that only Afghanistan, Iran and Mongolia will now enjoy the observer status of the SCO. Iran however stands in a better chance of joining the organization, since as its interest in the organization are actively under the promotion of Russia. Russian president Vladimir Putin made it clear during the Tashkent Summit that there is no obstacle for Iran to join the SCO when all sanctions has been remove against the country by the international community. Russia, Kazakhstan, China and Kyrgyzstan expressed their readiness to start dialogue for Iran to join the Organization. "We are prepared in accordance with all legal documents, together with others to carefully consider the applications of Iran and Afghanistan" said Chinese president Xi Jinping.

### **3.10 Implications of India and Pakistan accession to the SCO**

Ibragimova (2016) in a report on "Russia Direct" argues that during the Ufa Summit of 2015, accession for Pakistan and India was launched and the Ufa Declaration of 2025 development was adopted. Many scholars thinks that the

there is a lack of specific functions to deliver something tangible by this regional organization. The main reason for Pakistan and India to become part of the SCO is because of the fear of falling behind the powers of continental Eurasia already inside. Russia was in support of the entry of India into the Organization so as to have a balance against the weight of China, but many scholars foresee that it will have little or no effect in the long-term viability of the SCO. On the other hand, China accepted Pakistan and India's accession because the SCO is being transformed from a tool main for achieving only pragmatic goals like growth of cultural and economic influence in Central Asia with the approach of Russia, into a symbolic organization.

Additionally, from origin, the SCO was established for the purpose of maintaining border security between Russia, China other Central Asian States. But this onset aim of the organization has taken a different shift toward economic relations, in which China is the dominant actor. Ibragimova fears that the conflict between Pakistan and India could one day escalate to the SCO platform if they become members of the SCO. There is a big doubt and question on why the SCO needs quantitative expansion that has nothing to do with solving problems, but merely burdens its agenda?

On the other hand, Tajikistan sees Pakistan, Iran and Indian's accession into the SCO as a means of resolving the problem in Afghanistan. It is also believed that the accession of these countries into the SCO will be another opportunity to Afghan settlement by the three major countries on Afghanistan's border, thus surrounding Afghanistan by powerful regional association with values that are so common and approaches to resolve main threats.

### **3.11 Measures to strengthen the SCO**

In order to strengthen the SCO into a firmer organization, the following measures are proposed by Alexander Lukin in a journal titled "The Shanghai Cooperation Organization: What next?"

1. Make Pakistan, Turkey, India and Mongolia to be more interested in cooperation with the SCO. Lukin believes that India's accession into the Organization will be of Russia's interest and India's presence as a member



would make the SCO more influential as an international organization thus boost the economic cooperation and encourage the growth of New Delhi's interest in maintaining cooperation with the Northern and Eastern neighbors. This proposal for India to join the SCO is also for the geopolitical advantage of Beijing to easily solve most of its problems with New Delhi.

In addition to the aforementioned, Lukin argues that it is practically difficult to admit India without Pakistan. He thinks that admitting Pakistan as a member of the Organization will bring problems into the organization. Regarding the fact that the regime of Pakistan and its struggle against terrorism are religious extremism (the Islamabad's interest with the SCO's political goals), the move to consider Pakistan should not be feared. Admitting Mongolia into the organization will fill the territorial 'gap' in the organization and also stimulate economic cooperation. Having Turkey as an observer state is vital, in the sense that Turkey is a NATO member and its presence will have a demonstrative effect without major consequences for the organization. Lukin goes further with his argument that Afghanistan could be given observer status in the SCO. His point for this is that the SCO will take advantage to form its roles to combat drug-trafficking in that country and try to enforce stability.

2. To be very caution towards Iran's interest to increase cooperation with the SCO, thus downplaying some of its aspects like inviting top personnel to attend the SCO meetings of the Council of Head of State. Doing so will be a signal to the West on the Organization's transformation into an anti-western bloc, thus will promote the SCO's interaction with the West to combat international drug trafficking and international terrorism and economic cooperation. Secondly, the dignity of the SCO will be a firm organization seeking for real cooperation like Teheran, to place the organization as a source of suppressing the West to achieve its goals.
3. Set up economic cooperation within the SCO framework through fund allocated for multilateral projects. Lukin (2007, p. 156), proposed the creation of a SCO development program or fun just like that of UNDP or other programs from institutional organizations to get financial assistance from the SCO member state's national budget. This fund will be to tender based funding or loans to companies to carry out significant projects.

Implementing huge infrastructure projects by the SCO will prove to the entire world that the Organization is purposely for growth and not just as a discussion club.

4. Channel the economic activity of China in the SCO into a constructive vein; elaborate on a comprehensive approach to tackle economic issues which will be beneficial to the organization's member states.
5. Establish the SCO University to train specialist in many professions.
6. Establish an SCO international institute for SCO Forum, to learn prospects and problems of the SCO's economic and political development.



## 4 SCO AND DYNAMICS OF TRADE IN THE FAR EAST

### 4.1 Maintenance of domestic stability and territorial integrity

#### 4.1.1 Analysis of SCO

The Shanghai Cooperation Organization is well illustrated below with the use of tables and figures. This section demonstrates the following; Shanghai five and SCO summits as from 1996 to 2007,

**Table 4.1:** Shanghai Five and SCO Summits from 1996-2007 and SCO military exercises from 2002-2007

Dates	Location	Topics
26 April 1996	Shanghai, China	<ul style="list-style-type: none"> <li>❖ First Summit of the Shanghai Five</li> <li>❖ An agreement to strengthen Confidence in the Military Field around border areas.</li> </ul>
24 April 1997	Moscow, Russia	An agreement on Mutual Reductions of Armed Forces within the border Area
03 July 1998	Almaty, Kazakhstan	<ul style="list-style-type: none"> <li>❖ Maintain Peace and Stability in the region</li> <li>❖ This day marked the fight of national separatism and religious extremism, drug trafficking, terrorism and weapon smuggling</li> <li>❖ Cooperation of non-military issues within the region</li> </ul>
24-26 August 1999	Bishkek, Kyrgyzstan	<ul style="list-style-type: none"> <li>❖ The discussion of regional cooperation, regional security and international issues</li> <li>❖ The discussion of developing new mechanisms of cooperation and holding of regular meetings</li> </ul>

**Table 4.1:** (Continuation) Shanghai Five and SCO Summits from 1996-2007 and SCO military exercises from 2002-2007

05 July 2000	Dushanbe, Tajikistan	<ul style="list-style-type: none"> <li>❖ President Karimov of Uzbekistan too part as an observer</li> <li>❖ The desire to broaden and deepen security, military and other connections</li> <li>❖ There was the support for Russia's position on Chechnya; China's right to reunification with Taiwan; and the concern about all the situations in Afghanistan</li> <li>❖ Set decisions to transform the organization to address the challenges and threats them effectively</li> </ul>
14-15 June 2001	Shanghai, China	<ul style="list-style-type: none"> <li>❖ The foundation of the Shanghai Cooperation Organization</li> <li>❖ Uzbekistan got admitted as the 6<sup>th</sup> member State of the Organization</li> <li>❖ Signing of the organization's formal documents: <ul style="list-style-type: none"> <li>- Declaration on the Establishment of the SCO</li> <li>- Shanghai convention on fighting Extremism, separatism and terrorism</li> <li>- Joint statement on joining Uzbekistan to the "Shanghai five" mechanism</li> </ul> </li> </ul>
07 June 2002	St Petersburg, Russia	<p>The SO Member States signed the following documents:</p> <ul style="list-style-type: none"> <li>❖ Charter of the Shanghai Cooperation Organization</li> <li>❖ Agreement on a Regional Antiterrorist Structure (RATS)</li> </ul>

**Table 4.1:** (Continuation) Shanghai Five and SCO Summits from 1996-2007 and SCO military exercises from 2002-2007

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

**Table 4.1:** (Continuation) Shanghai Five and SCO Summits from 1996-2007 and SCO military exercises from 2002-2007

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

**Table 4.1:** (Continuation) Shanghai Five and SCO Summits from 1996-2007 and SCO military exercises from 2002-2007

16 August 2007	Bishkek, Kyrgyzstan	<ul style="list-style-type: none"> <li>❖ 3 July 2007: energy Club installed within the SCO</li> <li>❖ Work on threat response and conflict prevention response mechanisms to be continued</li> <li>❖ Security and stability in Central Asia should in the first place be guaranteed by the armed forces of the states within the region, which may be further guaranteed on the basis of the existing regional organizations</li> <li>❖ Good-neighborly relations, Friendship and Cooperation agreement signed between member states</li> <li>❖ Support for the development of ties between the SO and the CSTO with the aim of coordinating the efforts on strengthening the regional and international security</li> <li>❖ Concern about the destabilizing situation in Afghanistan</li> <li>❖ No enlargement with new member states/observer states</li> <li>❖ Turkmen President Berdymukhamedov and Afghan President Karzai attended as guest of honor</li> </ul>
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**Source:** Marcel de Haas (November 2007), "The Shanghai Organization- Towards a full-grown security alliance?"

[https://www.clingendael.nl/sites/default/files/20071100\\_cscp\\_security\\_paper\\_3.pdf](https://www.clingendael.nl/sites/default/files/20071100_cscp_security_paper_3.pdf)

Table 4.1 above shows that the Shanghai Five and SCO Summits from the year 1996-2007 and also the SCO military exercises from 2002-2007. The table explains every stage and event that took place within specific dates and years. For instance, in April 26, 1996, the very first Shanghai Summit took place in China. In this same year, there was the signing of an agreement to strengthen the confidence in the Military Field around the borders. A lot of activities and summit took place with the period of 1996 to 2007 as seen in the table above.

**Table 4.2: SCO Military exercises 2002-2007**

<b>Dates</b>	<b>Participants</b>	<b>Locations</b>	<b>Topics</b>
October 2002	China, Kyrgyzstan	Kyrgyzstan	Anti-terrorist exercise
August 2003	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan	Kazakh Almaty oblast and Chinese Xinjiang province	<ul style="list-style-type: none"> <li>❖ Cooperation 2003</li> <li>❖ Cross-border anti-terrorist exercises</li> <li>❖ 1,00 troops</li> </ul>
August 2005	Russia, China	Russia's city of Vladivostok; China's Shandong Peninsula and the adjacent Yellow Sea	<ul style="list-style-type: none"> <li>❖ 'Peace Mission 2005'</li> <li>❖ Formal objectives: <ul style="list-style-type: none"> <li>- Anti-terrorist exercise</li> <li>- Enhance combat readiness against new threats</li> </ul> </li> <li>❖ De-facto objectives: <ul style="list-style-type: none"> <li>- Practice of modern conventional warfare</li> </ul> </li> <li>❖ Show-of-force against the West</li> <li>❖ 10,000 troops</li> </ul>
March 2006	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan	Uzbekistan	<ul style="list-style-type: none"> <li>❖ 'East-Antiterrorism 2006'</li> <li>❖ Special services and law-enforcement agencies defending critical infrastructure</li> </ul>
May 2007	Russia, China, Kazakhstan, Tajikistan and Uzbekistan	North-eastern Kyrgyzstan	<ul style="list-style-type: none"> <li>❖ 'Issyk-Kul Antiterrorism 2007'</li> <li>❖ Monitored by representatives of the four SCO-observers and of the CSTO</li> <li>❖ Intelligence services, special forces and law-enforcement bodies</li> </ul>



**Table 4.2:** (Continuation) SCO Military exercises 2002-2007

August 2007	Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan	Urumqi in North-west China (two starting days) and six days in Chebarkul, Chelyaninsk region, Urals, Russia	<ul style="list-style-type: none"> <li>❖ 'Peace Mission 2007'</li> <li>❖ Anti-terrorist exercise</li> <li>❖ Some 7,000 troops, mainly Russia (4,700) and Chinese (1,700)</li> <li>❖ Mostly Special Forces but also Russian Internal, Border and justice Troops</li> <li>❖ Monitored by the SCO observers, the CSTO and some 80 defense-attaches</li> <li>❖ For the first time war games combined with the annual political summit</li> <li>❖ The scenario included a de-facto 'military assistance' concept</li> </ul>
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**Source:** Marcel de Haas (November 2007), The 'Peace Mission 2007' Exercises: The Shanghai Cooperation Organization Advances,

[http://www.clingendael.nl/sites/default/files/20070900\\_cscp\\_paper\\_haas.pdf](http://www.clingendael.nl/sites/default/files/20070900_cscp_paper_haas.pdf)

Table 4.2 above shows the SCO Military exercises that took place within the year 2002 to 2007. This is a practical example of how important security aspect is taken into consideration within the organization. These exercises took place in different localities and in different states, so as to improve regional balance. For instance, in October 2002, SCO Military exercise was in Kyrgyzstan, with the aim to train soldiers on how to tackle terrorism issues. The table above clearly outlines the dates, participants, locations and main purpose of the SCO military exercises within the time frame.

**Table 4.3:** List of Summits with Heads of States

<b>Heads of States</b>		
<b>Date</b>	<b>Country</b>	<b>Location</b>
14 June 2001	 China	Shanghai
7 June 2002	 Russia	Saint Petersburg
29 May 2003	 Russia	Moscow
17 June 2004	 Uzbekistan	Tashkent
5 July 2005	 Kazakhstan	Astana
15 June 2006	 China	Shanghai
16 August 2007	 Kyrgyzstan	Bishkek
28 August 2008	 Tajikistan	Dushanbe
13 September 2013	 Kyrgyzstan	Bishkek
15–16 June 2009	 Russia	Yekaterinburg
10–11 June 2010	 Uzbekistan	Tashkent <sup>[39]</sup>

**Table 4.3:** (Continuation) List of Summits with Heads of States

14–15 June 2011	 Kazakhstan	Astana <sup>[40]</sup>
6–7 June 2012	 China	Beijing
11–12 September 2014	 Tajikistan	Dushanbe
9–10 July 2015	 Russia	Ufa
23–24 June 2016	 Uzbekistan	<u>Tashkent</u> <sup>[41]</sup>
7–8 June 2017	 Kazakhstan	Astana







**Source:** Shanghai Cooperation Organization, List of Summits, [https://en.wikipedia.org/wiki/Shanghai\\_Cooperation\\_Organisation](https://en.wikipedia.org/wiki/Shanghai_Cooperation_Organisation)

Table 4.3 above presents the various summits held by Shanghai Cooperation organization head of states. It can be pictured from the table above that the Summit of the Council of head of states were all held on annual bases and at alternating venues. All the Head of State under the SCO started having their interactive summits since June 14<sup>th</sup>, 2001. In this regard, their first Summit under SCO was in the same year as stated above and it took place in Shanghai (China). These meetings have been alternated to all member states of the organization.

**Table 4.4:** List of Summits with Heads of Government

<b>Head of Governments</b>		
<b>Date</b>	<b>Country</b>	<b>Location</b>
September 2001	 <a href="#">Kazakhstan</a>	<a href="#">Almaty</a>
23 September 2003	 <a href="#">China</a>	<a href="#">Beijing</a>
23 September 2004	 <a href="#">Kyrgyzstan</a>	<a href="#">Bishkek</a>
26 October 2005	 <a href="#">Russia</a>	<a href="#">Moscow</a>
15 September 2006	 <a href="#">Tajikistan</a>	<a href="#">Dushanbe</a>
2 November 2007	 <a href="#">Uzbekistan</a>	<a href="#">Tashkent</a>
30 October 2008	 <a href="#">Kazakhstan</a>	<a href="#">Astana</a>
14 October 2009	 <a href="#">China</a>	<a href="#">Beijing</a> <sup>[42]</sup>
25 November 2010	 <a href="#">Tajikistan</a>	<a href="#">Dushanbe</a> <sup>[43]</sup>

**Table 4.4:** (Continuation) List of Summits with Heads of Government

7 November 2011	 <a href="#">Russia</a>	<a href="#">Saint Petersburg</a>
5 December 2012	 <a href="#">Kyrgyzstan</a>	<a href="#">Bishkek<sup>[44]</sup></a>
29 November 2013	 <a href="#">Uzbekistan</a>	<a href="#">Tashkent</a>
14–15 December 2014	 <a href="#">Kazakhstan</a>	<a href="#">Astana</a>
14–15 December 2015	 <a href="#">China</a>	<a href="#">Zhengzhou</a>
2-3 November 2016	 <a href="#">Kyrgyzstan</a>	<a href="#">Bishkek</a>

**Source:** Shanghai Cooperation Organization, List of Summits, [https://en.wikipedia.org/wiki/Shanghai\\_Cooperation\\_Organisation](https://en.wikipedia.org/wiki/Shanghai_Cooperation_Organisation)

Table 4.4 above shows the number of summits held by Heads of Government since 2001 within the SCO. Looking at the above table, it is obvious that the Heads of Government meets more often to discuss on issues concerning the well-being of the Organization and this happens in alternating venues. Heads of Government had their first SCO Summit in September 2001, in Almaty (Kazakhstan) and these meetings have been alternating to other countries as seen in the table. The years and date of these meetings are stated in the table and the location where it took place.

**Table 4.5:** China’s Share of World Commodity Consumption in 2014/2015

<b>Commodity</b>	<b>Share of World Consumption</b>
<b>Aluminum</b>	54%
<b>Nickel</b>	50%
<b>Copper</b>	48%
<b>Zinc, Tin</b>	46% of each
<b>Steel</b>	45%
<b>Lead</b>	40%
<b>Cotton</b>	31%
<b>Rice</b>	30%
<b>Gold</b>	23%
<b>Corn</b>	22%
<b>Wheat</b>	17%
<b>Oil</b>	12%

**Source:** Kimberly Amadeo (October 2016), How China Affects the U.S. Economy-China's Economic Facts and Influence, <https://www.thebalance.com/china-economy-facts-effect-on-us-economy-3306345>

Table 4.5 above presents the Chinese share of world commodity consumption within the period of 2014 and 2015. It can be easily noticed from the table that China had a list of commodities and its share of world consumption as follows; Aluminum was 54%, Nickel was at the rate of 50%, copper was 48% and Tin were 46% of each, Steel 45%, Lead was at the range of 40%, while cotton was at 31%, Rice at 30%, Gold ranged at 23%, Corn was at 22%, Wheat also was 17% and Oil was the last commodity with low percentage of 12%.

**Table 4.6:** Share of Chita's Region's trade with the countries of Northeast Asia (%)

	1995	1996	1997	1998	1999	2000	2002	2003
Trade Turnover	37.7	39.1	38.1	49.0	62.0	64.2	88.1	90.7
Exports	34.5	41.4	37.4	40.1	71.3	62.9	84.4	87.2
Imports	45.4	33.3	39.8	69.9	36.2	52.7	95.2	94.6

**Source:** Svetlana GRIBOVA (2016), Far Eastern Affairs-trans Baikal's economic ties with the states of Northeast Asia,

[http://www.eastviewpress.com/Files/FEA\\_FROM%20THE%20ARCHIVES\\_No.%203\\_2016.pdf](http://www.eastviewpress.com/Files/FEA_FROM%20THE%20ARCHIVES_No.%203_2016.pdf)

Table 4.6 above gives a record of trade transactions within states in the Far East and beyond. Customs statistics testify that there is continues and substantial rise in trade within the Northeast Asia counties. Between the years 1995 to 2003, the share of trade increased from 37.7% to 90.7% thus giving a double increased. Looking at the exports of 1995 which was 34.5% compared to the 87.2% in 2003, it will be noticed from the table that there is a constant increased of trade as years goes by. Same perspective applies with imports. In 1995, imports were 45.4%, but by the year 2003 it rose to 94.6%. The table clear gives an

understanding that as years goes by, trade within the region and beyond become more fruitful.

**Table 4.7:** Chita Region's trade ties with the countries of Northeast Asia (%)

	1995	1996	1997	1998	1999	2000	2002	2003
Total trade turnover	100	100	100	100	100	100	100	100
China	94.5	96.0	96.1	76.0	98.2	98.8	96.0	97.9
DPRK	1.6	0.1	-	-	-	-	-	-
Mongolia	1.9	2.9	2.2	1.2	1.1	0.8	3.5	2.1
ROK	1.4	0.3	1.6	0.5	0.1	-	-	-
Japan	0.6	0.7	0.1	22.3	0.7	0.4	0.5	-

**Source:** Svetlana GRIBOVA (2016), Far Eastern Affairs-Trans-Baikal's Economic Ties with the countries of Northeast Asia,

[http://www.eastviewpress.com/Files/FEA\\_FROM%20THE%20ARCHIVES\\_No.%203\\_2016.pdf](http://www.eastviewpress.com/Files/FEA_FROM%20THE%20ARCHIVES_No.%203_2016.pdf)



**Table 4.8:** Comparative indicators of economic development for Trans-Baikal and the Inner Mongolia Autonomous Region (per capita, with the Trans-Baikal levels taken as the basic units)

Indicator	1990	1995	2000
Population	16.35	17.58	18.87
Harvested grains	0.6	1.54	3.35
Head of cattle	0.47	0.79	1.85
Production of coal	0.27	0.33	0.29
Production of electrical energy	0.19	0.35	0.39
Production of steel	0.3	1.1	11.12
Production of timber	0.08	0.31	0.37
Foreign trade turnover	0.42	0.34	1.07
Exports	0.52	0.26	0.68
Imports	0.29	0.53	2.58

**Source:** China region in Figures: Statistical Yearbook for 2002 and 2001. Chita, 2001. The Inner Mongolia statistics for 1990 and 1995 are taken from Nemengwu banshi zhinan (Inner Mongolia Business Compass). Beijing, 1997. The figures for 2000 are taken from Hulunbeirmeng yaolan 2001 (Basic Figures

for Hulunbuyir Aimakk). Hailar, 2001. Quoted from A. Tarasov, Trans-Baikal and China: Results from Analyzing International Ties. Chita. Trans-Baikal State University Publishers, 2003, p. 130.

Table 4.8 above shows the Comparative indicators of economic development for Trans-Baikal and the Inner Mongolia Autonomous Region

**Table 4.9:** Ratio of processed and unprocessed forest materials in Chita Region's exports of wood products for the period 1995-2002

	1995	1996	1997	1998	1999	2000	2001	2002
Raw timber, wood products	100	100	100	100	100	100	100	100
Unprocessed forest materials	71.5	97.6	99.0	96.5	93.0	93.0	89.6	87.8
Processed forest materials	24.9	2.4	1.0	3.5	3.0	7.0	10.4	12.2

**Source:** Svetlana GRIBOVA (2016), Far Eastern Affairs-Trans-Baikal's Economic Ties with the countries of Northeast Asia,

[http://www.eastviewpress.com/Files/FEA\\_FROM%20THE%20ARCHIVES\\_No.%203\\_2016.pdf](http://www.eastviewpress.com/Files/FEA_FROM%20THE%20ARCHIVES_No.%203_2016.pdf)

**Table 4:10:** Chita Region's Exports to China in the Period 1995-2003

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Exports, millions of dollars	43.9	41.81	45.9	36.7	57.9	59.2	62.2	72.8	77.4
In % of the previous year's earning	100.0	95.2	110.0	79.9	158.0	102.2	105.0	117.1	106.3
Share of the region's overall volume of exports, %	33.4	40.0	37.1	39.6	70.5	74.0	73.7	83.2	86.7

**Source:** Svetlana GRIBOVA (2016), Far Eastern Affairs-Trans-Baikal's Economic Ties with the countries of Northeast Asia,

[http://www.eastviewpress.com/Files/FEA\\_FROM%20THE%20ARCHIVES\\_No.%203\\_2016.pdf](http://www.eastviewpress.com/Files/FEA_FROM%20THE%20ARCHIVES_No.%203_2016.pdf)

**Table 4.11:** Structure of the export ties of the Inner Mongolia Autonomous Region and some Chita Regions with its trading partners in 2003

<b>Nation trading with</b>	<b>Share of volume</b>	<b>Nation trading</b>	<b>Share of volume</b>
<b>Inner Mongolia AR</b>	<b>Of exports (%)</b>	<b>With East/Asian Region</b>	<b>Far Of exports (%)</b>
Russia		China	
Japan	27.41	France	86.7
Hong Kong	15.62	Uzbekistan	11.4
ROK	12.05	Mongolia	0.8
Mongolia	8.22	Kazakhstan	0.6
United States	4.48	Great Britain	0.2
Taiwan	4.32		0.2
Italy	4.10		
Great Britain	3.40		
France	3.0		
Others	1.63	Others	
	15.75		0.1
<p>Note: data for the year 1997.            According to data from the Siberian Customs Bureau. Statistical Report for Chita Region, 2003</p>			

**Source:** China region in Figures: Statistical Yearbook for 2002 and 2001. Chita, 2001. The Inner Mongolia statistics for 1990 and 1995 are taken from Nemengwu banshi zhinan (Inner Mongolia Business Compass). Beijing, 1997. The figures for 2000 are taken from Hulunbeirmeng yaolan 2001 (Basic Figures for Hulunbuyir Aimakk). Hailar, 2001. Quoted from A. Tarasov, Trans-Baikal

and China: Results from Analyzing International Ties. Chita. Trans-Baikal State University Publishers, 2003, p. 130.

**Table 4.12:** Far East, Russian-Japanese Relations

<b>Russian Link</b>	<b>Japanese Link</b>	<b>Form of Cross-Border Relations</b>
-	Hokkaido	Hokkaido Ambassador to Tokyo appointed to highlight the island's Far East interest to Tokyo
Siberia/Far East	Hokkaido	6 <sup>th</sup> Russian-Japanese meeting of Far East, Siberia and Hokkaido representatives (Sapporo, September 1994) concluded stable Far East-Japan relations established. No mention was made of Moscow
Siberia/Far East	Niigata	Siberia and Far East Fair held in 1994
Moscow	Niigata	Russian consulate opens in Niigata in 1994
Khabarovsk/Vladivostok	Toyoma/Aomori	Direct air services established in 1994
Sakhalin	Hokkaido	Japanese Industry-94 Fair in Yuzhno-Sakhalinsk sponsored by Sakhalin Entrepreneur Union and Hokkaido's Japan-Russia Trade association
Moscow and Far East	Tokyo	Japan-Russia New Era '95 Program places emphasis on far Eastern peoples in cultural exchanges
Far East	Tokyo	Japan provides special assistance to the far East, promoting administrative reforms
Far east	Iide	Farmers from Iide involved in teaching Far Eastern minorities vegetable processing techniques

Nakhodka/Zarubino	Tokyo	Japanese foreign investment initiated Nakhodka's Free economic Zone and Zarubino port
Khabarovsk/Vladivostok/Yuzhno-Sakhalinsk	Tokyo	Japan Centres and Consulates established in Khabarovsk, Vladivostok and Yuzhno-Sakhalinsk
Far East	Tokyo	Japan established a Regional Venture Fund prioritizing the Far East in her assistance to Russia
Magadan	Tokyo	Nisso-Boeki Company opened office in Magadan
Petropavlovsk-Kamchatski	Tokyo	Progress Corporation opened office in Petropavlovsk-Kamchatski
Sakhalin	Tokyo	C. Itoh and Company becomes member of Sakhalin Entrepreneur's Union
Far East	Tokyo	Export-Import Bank of Japan guaranteed loans and credit insurance to the Far East ahead of all regions
Far East	Tokyo	By 1996, 67% of Far Eastern joint ventures involved 12 Japanese companies (Mitsui, Sumitomo, Nissyo-Iwai, Itochu, Marubeni, Nichimen, Mitsubishi, Toyota Tsusyo, Tomen, Konematsu, Tokyo Boeki and Tyori)
Far East	Japan	Vladivostok develops sister city relations with Niigata, Akita and Hakodate
Yuzhno-Sakhalinsk	Aomori	In November 1996 Michinoku Bank opens offices in Yuzhno-Sakhalinsk

Source: Rahul N. Moodga, (July 2006), Russian-Japanese Relations: What Role for the Far East, <http://etheses.lse.ac.uk/2926/1/U615877.pdf>

## 5 CONCLUSION

The Shanghai Cooperation is still a young organization trying to maintain a strong and active partnership with its members. Looking back into the history of the organization, it is a little difficult to draw definite conclusions based on its achievements and the ongoing efforts to evolve, expand and enhance relations among member states and other states in the international system. There is however some areas where the organization played a major role while in other areas it lacked much success. All the SCO member states have a responsibility to play in the organization so as to widen its objectives, especially in the economic sector. It is important to know that each member state of SCO has a unique potential. For instance, member state like Russia, Kazakhstan and Uzbekistan presents a geo-economic combination of producing energy with energy consumer states like China, while Kyrgyzstan and Tajikistan are equally producers of hydro-electricity and energy markets. The coming in of India, Iran and Pakistan as observer countries helps in widening this concept.

The SCO was created in a period where a huge power vacuum existed in the Central Asian region, with a weakened relation between Russia and its ex-Soviet member states. Irrespective of the SCOs brief historical background and a slim record of its achievements till date, there are also interesting factors displayed among its members for participating in the organization and seeing more countries queuing to be part of the club. China and Russia are key players within the organization and they bring a lot of financial resources to the region, which reflects the economic success of both countries in regional and global affairs. The heavy investment of China and Russia in Central Asian natural resources gives them a long-term interest to put in place an ongoing large-scale infrastructure projects. Many people in the Central Asian region have benefited a lot from the companies and management to organize work brought in by Russia and China, which in other words creates a lot of jobs and other opportunities for local employment.

Anti-terrorism is another important aspect which is a sore concern to the SCO member states. The SCO does its best to foster security cooperation so as to fight against terror attacks within the border zones of the members. Afghanistan is seen as an open center of terrorism in the organization. It is however tangible to see that developmental and security assistance to Afghanistan and state capacity-building could be a great channel to further development of the SCO. Though, the initial reason for creating the SCO was to make sure all border issues were solved, to make sure the organization did not have far-reaching political aims apart from that of maintaining stability around its borders, to make sure political plight and starts playing a healthy role in enhancing the SCO progress successfully. The SCO members have a duty to make sure 'strong state' approach was applied in order to deal with domestic instability. They equally dispatch missions to observer states to have the opportunity to take part in parliamentary elections so as to make it free and fair enough. The SCO's main potentials is not only centered on military or security but it is also diplomatic.

A great deal of attention from political commentators is often one of the SCO inspirations, and three schools of thought can be seen from this perspective:

- i) Normative school: this school of thought lay more emphasis on the Western-style liberal values of looking at democracy and pour critics on the SCO with reasons being that the organization has no values compatible with the West, for instance, the respect for human right and self-determination of people. An example of this could be when SIPRI judges the SCO to be 'relatively effective, but not generally regarded by other institutions, outside powers and some elements in its own member states, as legitimate. (Bailes et al. 2007:3). The SCO is also proclaim to be an organization chosen to define its members multilateral interaction concepts that are not in compatibility to other instant regional institutions which are notably for the disregard of human rights.
- ii) Instrumental school: This school stipulates the SCO as a fact of life, and denotes that China as well as Russia has great interest in the region. This school of thought proceeds with a fact that 'the EU should stop



thinking about the SCO pure in geopolitical terms and recognize its contribution to regional stability and development. The EU should avoid the path of opposing the SCO in order to contain Chinese and Russian influence in Central Asia. It should recognize that all the Central Asian States views the SCO as a positive and important vehicle for their own long-term interest. (Antonenko 2007:11).

- iii) Geopolitical School: this school of thought presents the existence of the SCO as being that which is geared to threatening the USA and its allies' main interest in Central Asia. For instance, in a commentary published by the Silk Road Studies Program at John Hopkins University, 'a continues US presence in Central Asia is part and parcel of the glue that keeps the SCO together while the conflicting interest in the energy sector are what drive it apart' (Norling Swanstrom 2007).

From the aforementioned, it is seen in a nutshell that the SCO extra-regional implications is a vision of the existence of a powerful image of regional organization, with full potentials to develop as a strong player for global security. Theoretically, it is possible that the SCO turns into an anti-Western Organization. This can however happen if there is a great change in international relations, for instance, seeing a US military striking on Iran and Pakistan.

The Far East was historically an international actor since its incorporation into the Russian Empire. The region was a crossroad for North-East Asia, a gateway for Eurasia vis-à-vis North-East Asia and a buffer between North-East Asia and the Russian Empire. Having been the focus of intense energies, the Far East was left to fend for itself during the Post-Soviet International political economy. The region was a key to Russian-Japanese relations and a location of economic cooperation. The entire nature of Russian-Japanese relations has changed in the Far East.



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## RESUME

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- ❖ **Bachelor:** 2009, Uzbekistan State University of World Languages
- ❖ **Master:** 2017, Istanbul Aydin University, Social Sciences Institute, Department of Political Science and International Relations.

## Summary:

A courteous, polite and well-spoken hotel receptionist who is highly efficient and has excellent organisational skills. Possessing a good team spirit, deadline orientated and having a passion for providing the highest standards of hospitality and service to guests. Helpful and approachable but also commercially minded and having the ability to promote hotel facilities and maximise sales opportunities at all times. A quick learner who can absorb new ideas, communicate clearly and effectively and also find suitable solutions to meet the needs of guests. Keen to find a suitable position within an ambitious hotel where I will be able to continue to increase my work experience & develop my abilities.

## Areas of Expertise:

Communicating clearly	Building relationships
Giving product advice	Building relationships
Operating tills	Closing the sale
Encouraging buying	Promoting special offers
Customer satisfaction	Customer interaction
After sale service	Maximize sales

**Skills:**

- Business skills.
- Excellent customer service skills.
- The ability to manage staff.
- Good written and spoken communication skills.
- The ability to communicate with people at all levels.
- Tact and diplomacy.
- The ability to keep calm under pressure and solve problems quickly.
- Energy and enthusiasm.
- Good organizational skills.
- Advanced PC user: MS Office (Word, Excel, Outlook, and PP) and Internet.

**Languages:**

English  
Russian  
Turkish  
Uzbek