

**NEW REGIONALISM AND POST-COLD WAR REGIONAL  
ORGANIZATIONS:  
A CASE STUDY OF THE SHANGHAI COOPERATION  
ORGANIZATION**

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**KANIKA GUPTA**



**International Organization  
Centre for International Politics, Organization and Disarmament  
School of International Studies  
JAWAHARLAL NEHRU UNIVERSITY  
New Delhi-110067  
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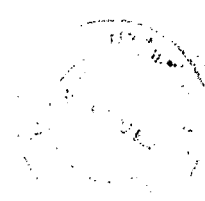


Date: 25.7.2011

DECLARATION

I declare that the dissertation entitled "New Regionalism and Post Cold War Regional Organisations: A Case Study of the Shanghai Cooperation Organization" submitted by me for the award of the degree of Master of Philosophy of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

KANIKA GUPTA



CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.

25.7.11

PROF. SWARAN SINGH  
(Chairperson, CIPOD)

Dr ARCHANA NEGI  
(Supervisor)

Centre for International Politics,  
Organization & Disarmament  
School of International Studies  
J.N.U., New Delhi

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A handwritten signature in black ink that reads "Kanika Gupta." The signature is written in a cursive style with a horizontal line underneath the name.

KANIKA GUPTA

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## ABBREVIATIONS

|         |                                                                      |
|---------|----------------------------------------------------------------------|
| ADB     | : Asian Development Bank                                             |
| APEC    | : Asia Pacific Economic Cooperation                                  |
| ASEAN   | : Association of South East Asian States                             |
| ASEM    | : Asian-Europe Meeting                                               |
| AU      | : African Union                                                      |
| CACO    | : Central Asian Cooperation Organization                             |
| CICA    | : Conference on Interaction and Confidence building measures in Asia |
| CIS     | : Commonwealth of Independent States                                 |
| CSTO    | : Collective Security Treaty Organization                            |
| DCA     | : Dialogue of Cooperation in Asia                                    |
| EAC     | : East African Community                                             |
| EC      | : European Community                                                 |
| ECO     | : Economic Cooperation Organization                                  |
| ECSC    | : European Coal and Steel Community                                  |
| EEC     | : European Economic Community                                        |
| EU      | : European Union                                                     |
| EurAsEC | : Eurasian Economic Community                                        |
| FMPRC   | : Ministry of Foreign Affairs of the People's Republic of China      |
| GATT    | : General Agreement on Tariffs and Trade                             |
| GNP     | : Gross National Product                                             |
| GUAM    | : Georgia, Ukraine, Azerbaijan and Moldova                           |
| ICT     | : Information and Communication Technologies                         |
| IFIs    | : International Financial Institutions                               |
| IMF     | : International Monetary Fund                                        |
| IMU     | : Islamic Movement of Uzbekistan                                     |



|           |                                                                                 |
|-----------|---------------------------------------------------------------------------------|
| LAFTA     | : Latin American Free Trade Association                                         |
| MOU       | : Memoranda Of mutual Understanding                                             |
| NAFTA     | : North American Free Trade Area                                                |
| NATO      | : North Atlantic Treaty Organization                                            |
| NGOs      | : Non-Governmental Organizations                                                |
| NRA       | : New Regionalist Approach                                                      |
| OSCE      | : Organisation for Security and Cooperation in Europe                           |
| RATS      | : Regional Anti-Terrorist Structure                                             |
| REMAP     | : Regional Energy Market Assistance Programme                                   |
| SAARC     | : South Asian Association for Regional Cooperation                              |
| SADC      | : Southern African Development Community                                        |
| SCO       | : Shanghai Cooperation Organization                                             |
| SIPRI     | : Stockholm International Peace Research Institute                              |
| TRACECA   | : Transport Corridor Europe Caucasus Asia                                       |
| UK        | : United Kingdom                                                                |
| UN        | : United Nations                                                                |
| UNESCAP   | : United Nations Economic and Social Commission for Asia and the Pacific        |
| UNDP      | : United Nations Development Programme                                          |
| UNODC     | : United Nations Office on Drugs and Crime                                      |
| UNSG      | : United Nations Secretary General                                              |
| UNU/WIDER | : United Nations University/ World Institute for Development Economics Research |
| US        | : United States                                                                 |
| USSR      | : Union of Soviet Socialist Republics                                           |
| WDR       | : World Drug Report                                                             |
| WHO       | : World Health Organization                                                     |
| WMD       | : Weapons of Mass Destruction                                                   |

***CHAPTER 1***  
***INTRODUCTION***

## CHAPTER 1

### INTRODUCTION

Regionalism, as an idea of collaboration between a group of states, has existed since many centuries. There have been regional integration processes of different shapes and features such as, “*staatenbunde, bundesstaaten, eidgenossenschaften*, leagues, commonwealths, unions, associations, pacts, confederacies, councils and their like”, that were present throughout history (Mattli 1999: 1). These are different types of groups of nation states that come together keeping a common criterion in mind (like economic, political or social benefits) for their unity and cooperation, on the one hand and for segregation from others, on the other hand. This study focuses on the formation of ‘regions’ and their consequent groupings along with the shifts in the systemic conditions of the world order that affect these regional integration processes.<sup>1</sup> The terms ‘regionalism’ and ‘regionalization’ have a common prefix, that is the word ‘region’. So the first thing to explore before the research takes off is, “*What is a region?*”

The word ‘region’ originates from the Latin word ‘*regio*’ meaning ‘direction’ or is derived from the Latin verb ‘*regere*’ meaning ‘to rule or to command’ (Söderbaum 2003: 6). Therefore, in layman’s language, the term ‘region’ generally denotes a piece of land or a specific territory, but actually it can be understood in different ways. Louise Fawcett tries to define the term, stating, region “like states, are of varying compositions, capabilities and aspirations. They may also be fluid and changing in their make-up” (Fawcett 2004: 434). Therefore, it is not easy to properly define or delimit a region. Similar to Benedict Anderson’s classification of nation state as an ‘imagined

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<sup>1</sup> Two of the important shifts in the world systemic conditions of the 20<sup>th</sup> century that will be constantly in focus in this research are, firstly, the Cold War bi-polar world order which came after the end of the Second World War, that is, roughly the period between 1945 till the end of 1980s. After this came another shift leading to formation of a Post Cold War, globalized and multipolar world order which is still continuing in contemporary times.

community', the region has also been termed as the 'new imagined community', which means a socially constructed concept by Marie-Claude Smouts (1998).

In the words of Hettne and Söderbaum, "There are no 'natural' or 'given' regions, but these are created and recreated in the process of global transformation" (Hettne and Söderbaum 2002: 39). The boundaries of a region are shifting and according to the constructivist approach, "regions come to life as we talk and think about them" (Söderbaum 2003: 7). They can occur in different forms, with varying characteristics and can be formed at different levels of analysis (local, national and global levels).

Fredrik Söderbaum in his work *'Introduction: Theories of New regionalism'* has classified region into three types (Söderbaum 2003: 6). This classification has also been used by James H. Mittelman in his recent work *'Contesting Global Order: Development, Global Governance and Globalization'* (2011). According to them, the types of regions are:

- *Micro-regions*: Those lie within a particular state between the national and the local level. Within a state, regions can be different from one another on the basis of economic development, culture and administrative structure. For example the French speaking and culturally distinct region of Quebec that lies within the territory of Canada is a micro region within a state (Keating and Loughlin 2004: 3-5).
  
- *Macro-regions*: are larger territorial units or sub-systems that lie between the state and the global systemic level. They refer to regions like South East Asia, Africa, Middle East, South Asia, Europe, etc. These regions are then represented by their specific regional organizations like the Association of South East Asian States (ASEAN), the African Union (AU), the Arab League, the South Asian Association for Regional Cooperation (SAARC), and the European Union (EU), respectively.

- *Meso-regions*: its a category between the first two types that involves mid range state or non-state arrangements and processes. For example if African Union is a macro region then South Africa is a meso-region because it is one of the continent's five major regions. But the space of these sub-regions or meso-regions can only be recognized in relation to macro-regions otherwise they are frequently referred as macro-regions themselves (Grant and Söderbaum 2003: 6).

Söderbaum then points out that, out of the three categories, macro region is the evident level of analysis in the study of international relations (Söderbaum 2003: 6), which will be the case in this research as well. However, usually an enquiry considers a region as pre-given (in the form of regional organization or an inter-state framework) that involves, according to Rick Fawn, “the role and interpretations of geography, identity, culture, institutionalization, and the role of actors, including a hegemon, major regional powers, and other actors from within a region, both state and societal.” (Fawn 2009: 5). These aspects are essential to study for understanding a regional formation because every regional setting may have its own features. For instance, the Shanghai Cooperation Organization (SCO) is very different from European Union (EU) in many ways. Geographically, the SCO has its base in the Central Asian region (along with China and Russia), whereas, the epicenter of EU is Western Europe. The culture and identities of these organizations is also region specific. Apparently, till now the level of institutionalization of SCO is primarily limited to cooperation in areas of security and trade, whereas, EU has gone way ahead to create a semi-political, cultural, trade and monetary union. So, the study of a regional organization can be more inclusive and complete by contextualizing it within its region

Along with regional linkages is attached the process of '*regionalization*'. Andrew Hurrell explains the concept as, “Regionalization refers to the growth of societal integration within a region and to the often undirected processes of social and economic interaction” (Hurrell 1995: 39). He further stresses on two major features of the regionalization process. First, the process is not always state led, nor does it have a definite and obvious impact on the relations between the states of the region. Secondly,

adjoining borders is not a necessary criterion for occurrence of a regionalization process. Social networks, business networks and migration are some of the many factors that can create new cross border regions (Hurrell 1995: 40). So, regionalization is a continuous process, carried out knowingly or unknowingly by different actors.

Now with the movement of people across borders, there is also movement of ideas, ideologies and identities. The term '*regionalism*' identifies this non-material dimension of regionalization, i.e., ideas and identities which promote regional integration processes (Marchand et al. 1999: 902). Many are of the view that regionalism has a political tinge attached to it. But, Boas, Marchand, and Shaw argue that, "At least, it is beginning to be acknowledged that regional interactions and organizations focus not only on states but also on continuing linkages among a heterogeneous set of actors and realms, including states, economies/companies and societies." (Boas et al. 2003: 197). The history of international relations shows different kinds of regionalism, the first visible incident of which was the nineteenth century 'Concert of Europe'. However, scholars started theorizing over regionalism mainly after the Second World War and the two major approaches that contributed to the initial development of regionalism were 'functionalism' and 'neo-functionalism'.

Both of these approaches come under the broad category of old regionalism, and were context specific to the times of Cold War, bipolar world order. Writings of David Mitrany contributed to the emergence of the functionalist approach. This approach enumerates that developing forms (institutional setups) and levels of functioning (like national, regional and international) is a rational way of governance in order to meet changing human welfare needs (Mitrany 1948). Whereas, neo-functionalists like Ernst B. Haas, saw functional 'spillovers' (instead of just "form following function" of Mitrany) leading to economic and finally to political integration driven by a rational actor, not necessarily state, but even supranational institutions (Haas 1964).

These theories of regionalism were mainly focusing on the regional integration process in the European continent in the 1950s and 1960s, which was expected to be then replicated

in the rest of the world. Since this did not occur, the study of regional integration again plunged into the dominant 'neorealist – neoliberal debate' from the mid 1970s to the mid 1980s. To describe it briefly, both the neorealists and neoliberals believe that international cooperation (including for regional organizations) is possible, yet they differ in their viewpoint. David A. Baldwin has restated the views of Joseph M. Grieco that, "neorealist view international cooperation as harder to achieve, more difficult to maintain and more dependent on state power than do the neoliberals" (Baldwin 1993: 5).

The primary focus of this dissertation is a very recent phase of regionalism that begins in the Post Cold War scenario and is known as '*New Regionalism*'. The approach is nascent and is still under construction yet is very useful in understanding the regional integration processes of the Post Cold War world which are quite different from those that existed during the Cold War phase. A natural surge in regionalism that started in the late 1980s all over the world was carried forward to the post Cold War era. This trend of new regionalism was captured in the writings of many scholars associated with a variety of disciplines, institutions, schools and debates. The concept of 'new regionalism' is an advancement over old regionalism and accommodates in its study new dimensions like common culture and ecology along with traditional ones like security and politics. The approach also tries to adjust itself to one of the important structural advancements of the late twentieth century, - 'globalization'. The changes after the Cold War provide an equivalent thrust to the processes of globaliation and regionalization, which are considered to be intertwined in their rebirth in the 1990s, allowing them to be studied jointly under the new regionalist approach.

In the latter half of the 1990s, Björn Hettne made important contributions to elaborating the 'newness' in the concept of new regionalism by marking out the differences between the old and new regionalism. According to him, old regionalism was born in the bipolar Cold-War context and was created mainly 'from above' i.e., by the will and the efforts of external powers and not by the cooperative urge of the states within a region. Under old regionalism, regional arrangements were formed for a specific and single objective like security or economic cooperation. On the other hand, new regionalism is embedded with

the spirit of multipolarity and globalization which together form a part of the global structural transformation after the end of the Cold War. The regional structures in the post Cold War period, whether aged or nascent, have tried to make their activities more comprehensive and multidimensional. The states, by this time, were themselves demanding regionalization from within (Hettne 2003a: 23-24). One remarkable work to understand the new regionalist theory is the edited volume by Fredrik Söderbaum and Timothy M. Shaw (2003), *Theories of New Regionalism*, a reader, which includes contributions from almost all the legendary thinkers on this burgeoning stream of thought of new regionalism, providing a multi-dimensional and plural understanding of this theory.

This study aspires to analyze the potential of the approach of new regionalism in defining and explaining the processes of regionalism in the Post Cold War world which is then tried and tested against a specific regional integration project of Central Asia, the Shanghai Cooperation Organization (SCO). The SCO was set up in 1996 as the 'Shanghai Five' forum for cooperation between China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan, mainly for the purpose of resolving border disputes after the disintegration of the Soviet Union. So, although SCO's inception as a regional grouping of Central Asia started in a post Cold War, multipolar and globalized world, yet the organization was not multidimensional in its scope in the beginning, thereby showing traits of old regionalism. The forum got formally institutionalized in 2001 with the inclusion of Uzbekistan and was named as the Shanghai Cooperation Organization (SCO).

The key questions that the research tries to deal with are, *What are the theoretical shifts in the nature of 'regionalism' from the Cold War to the Post Cold War era? What are the main assertions of the theory of New Regionalism and how is it different from old regionalism? And, how far does the SCO fit into the theoretical design of 'New Regionalism'?*

There are many reasons that make the organization an interesting case study such as its distinct membership involving Russia and China, the world's two largest countries, the



former geographically and the latter demographically; along with the other Central Asian states which are known for their abundant natural resources (the Caspian Sea region which is rich in natural gas and oil). The internal political dynamics and the political developments within the states of the Central Asian region are also important factors to be considered while tracing the regional integration process under SCO. This is mainly because the region is itself conditioned with frequent political unrest, and other security threats like terrorism, separatism and extremism. There is a clear asymmetry between economic and military capabilities among the SCO member states, because the newly independent states of Central Asia which came into being only after the disintegration of the former Soviet Union in the early 1990s, have yet to establish themselves politically, economically and militarily. Since the organization is multilateral and decisions are based on consensus, there is a fair chance for the members to move further in their cooperative endeavours.

The geographical dimensions of the Central Asian region itself are so dynamic that Zbigniew Brzezinski (1997), in his work *'The Grand Chessboard: American Primacy and its Geostrategic Imperatives'* referred to the SCO with a metaphor – the “Great Game on a Grand Chessboard”. This shows the importance of the area i.e., the large Central Asian region which occupies nearly 60% of the Eurasian landmass, nearly a quarter of the planet’s population and plenty of natural resources to attract the attention of the major players of the world.

Many assert that SCO provides the platform for balancing the power politics of the two regional hegemon Russia and China, and acts as a counterweight to the power politics of the global hegemon – United States. The political importance of the region was doubled after the 9/11 incident, with US considering Afghanistan (in the vicinity of Central Asia) as the foremost suspect for breeding terrorism, and the rest of the world following suit. The SCO was also supportive of US actions in Central Asia against terrorism because a vital goal of the organization is to fight the three evils of ‘Terrorism, Separatism and Extremism’ within the region. There are other important countries such as Pakistan, Iran and India that enjoy observer status within the SCO and also aspire for the membership

of the organization. The future prospects of the organization regarding increase in its membership have captured the interest of various scholars in recent times. However the focus of this research will be more inclusive, considering even the stakes of the smaller Central Asian states in the region.

Björn Hettne tries to make the theory of new regionalism more inclusive through his another seminal work "*The New Regionalism Revisited*" in the edited book 'Theories of New Regionalism' by Söderbaum and Shaw (2003). Hettne, in this chapter, revisits the differences between the old and the new regionalism and proposes some modification in the original stream of thought. He acknowledges the fact that new regionalism has pushed forward the 'spill over' aspect of new functionalism to social and cultural issues. But the theory still remains parsimonious and therefore less comprehensive by over emphasizing the role of external dimension (mainly globalization and the structural changes after the Cold War) and by neglecting the endogenous approach (accounting for the role of different actors within the region) to regional integration. This modified approach of Hettne, amalgamating both the endogenous and exogenous factors will be used in this research in figuring out the regional integration process in Central Asia under SCO. Here the political developments within the member states is essential to be studied to have a comprehensive understanding of the inward push for regional intergartion. Since, the SCO from the very beginning has been regarded as a security oriented organization for a turbulent region, there is a need to study the organization from a different perspective. The theory of new regionalism will provide more comprehensive a view of the organization, considering an 'urge to merge' in order to tackle greater regional and global problems.

Over the past decade, one can even witness the accelerated process of regional integration in the organization which transformed from a mere grouping of states for security purpose, to a more organized and institutionalized regional grouping of states to have economic, military, political, as well as cultural exchanges among the countries of the Eurasian continent. SCO's initial establishment of a Permanent Secretariat in Beijing in 2004 has been reinforced by the development of more specialized bodies, such as the

Regional Anti-Terrorist Structure (RATS) in Tashkent and the SCO Business Council (SCO Official Website, URL: <http://www.sectSCO.org>). In this research the growth of the organization within the last fifteen years has been assessed through the lens of new regionalism. Shirin Akiner (2010) in her paper, *'The Shanghai Cooperation Organization: A Networking Organization for a Networking World'*, mentions, that "one of the most important features of SCO charter is the combination of precision and elasticity: detailed regulations of concrete issues are set alongside sketchy, generic guidelines for matters that might arise in the future" (Akiner 2010: 7). Akiner's work also brings out the notion of spillover in the organization from one field to the other (here termed as networking) as well as admires the continuous evolution and expansion of the organization.

SCO is a promising organization which is moving at a fast pace to catch up with the process of globalization, but it is still grounded in the internal dynamics of the Central Asian region. The proponents of new regionalism argue that in the post Cold War era, regional cooperation moves further from mere economic goals and security concerns to newer areas of democracy, human rights, environmental and labour concerns and the like. But SCO is yet to hatch out of its security organization shell and achieve such kind of comprehensive and inclusive policy framework. Nonetheless, efforts are going on in this direction; the SCO Business Council, the Interbank Consortium, the Forum (research and discussion group), have been founded in the last decade. Currently, a blueprint is under consideration for SCO university network and for an 'Energy Club' of SCO (SCO Official Website, URL: <http://www.sectSCO.org>).

There is hardly any literature available that directly studies SCO from a new regionalist perspective. Many sources view SCO from a realist perspective referring more to the security dimension of the organization. This is mainly because the organization is slowly and steadily growing from one issue area to the other. With just one case of weakening power of the US in Central Asian region and rising cooperation and understanding between the members of the SCO mentioned in a newspaper article of 'The Hindu' of Wednesday, 14<sup>th</sup> July 2004, the author, M. K. Bhadarkumar, has named this article as

*“New Regionalism in Central Asia”*. There is a greater possibility that after reading the concept of new regionalism through various influential works mentioned above, one can explore a larger and decisive presence of this approach in Central Asia, particularly in the functioning of SCO.

Last but not the least, in this globalized era, an organization like SCO has to transform itself according to the designs and requirements of new regionalism, firstly, for its sustainability (only one goal of security will not help in its survival) and secondly, to enhance its efficiency to provide solutions to the complexity prevalent in the domestic politics of the member states that affects the region at large. So while analysing the functioning of the organization on the lines of new regionalism, the political developments (an important push and pull factor in regional integration) within the member states cannot be ignored. In a nutshell, the research will examine that whether or not the study of SCO – which is frequently regarded as merely a security organization and therefore, generally, interpreted with the help of the dominant realist tradition of international relations – can be observed through a different paradigm, bringing out different aspects in the nature of the organization.

Based on the above discussion about the theory of new regionalism and the regional integration process in the Central Asian region under the SCO, two hypotheses are formulated which are then tried and tested in this research:

1. New regionalism offers a relevant theoretical frame for analyzing a security organization like the Shanghai Cooperation Organization created in the post Cold War, multipolar world order.
2. Shanghai Cooperation Organization displays characteristics of both old and new regionalism, as the process of integration is slowly but steadily enhancing from the specific field of security to other areas.

The research is relevant because the two key variables are ‘new regionalism’ and ‘the SCO’ both of which are nascent in their respective fields and thus call for research to

understand their nature and their significance. In earlier times, theories of regionalism were mainly focusing on the regional integration process in the European continent, which was expected to be then replicated in the rest of the world. Since that was not the case, the new regionalism is expected to explain the regional integration phenomenon in every quarter of the world after the end of Cold War. Apart from this, the theoretical world of international relations is dominated by the leading paradigm of realism which has its own toll. The consequence is that most of the existing literature has focused much on the formation and working of SCO from the viewpoint of the dominant realist paradigm of International Relations. There is a need to identify the widening and deepening of the integration process in SCO rather than merely viewing it as a security organization.

The research methodology to be adopted will be interpretative and critical in nature considering the social reality of the formation of Eurasian region as not given, but either constructed through consciousness or historically constituted and being produced and reproduced by the people from time to time. The research uses a case study technique along with deductive methodology so as to apply the general premises of new regionalism to a specific case of SCO. All these tasks have been carried out systematically in the different chapters of this dissertation.

*Chapter Two* explicitly sketches out the contours of the approach of new regionalism, a theory to explain the upsurge in regional organizations in the Post Cold War era. The chapter starts with a chronological account of the process of regional integration from the period after the Second World War till the end of the Cold War and then elaborately discusses the features of this new phase of regionalism taking examples from every part of the world. It also explains the impact of the changing world order specially in the context of the globalization of the late twentieth century on regional integration processes. The highlight of the chapter is the distinction between the old and the new regionalism that consequently make sense of the changes and continuities in the theories of regionalism. This is important in order to understand the working of the SCO in the phase of new regionalism.

*Chapter Three* is descriptive and deals with the second variable of the research i.e., the Shanghai Cooperation Organization (SCO). It describes the origin, aims, functions and structure of SCO from 1996-2010, highlighting the *sui generis* role and relevance of SCO in the Central Asian region. The research has also involved a study of the various dimensions of the Central Asian region (be it geographical or political), which add to the significance of the organization. The chapter has also marked out the successes and failures of the organization, along with the analysis of the current level of regional integration and the new policy trends in the organization. However the endogenous and exogenous political factors in Central Asia are vast and therefore have been exclusively attended in the next chapter.

*Chapter Four* is analytical as it deals with the policy reactions of the states that are attached to SCO like the members, observers and the United States which is omnipresent. The organization is surrounded with a lot of controversies and politics. The Chapter starts with the political aspirations of the five native states of Central Asia, Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan and even Turkmenistan (although it is not a member state in SCO and keeps itself neutral, still the country has attended many summits of SCO as a guest) and the role of SCO in bringing out greater cooperation among them. The description of the position of dominance shared by both Russia and China is also analyzed along with their act of balancing and cooperation within SCO. The chapter concludes with a description of the interests of other players of the world in the Central Asian region which starts with US having a suspicious attitude towards Central Asia largely due to the 9/11 incident and the consequent war on terror in Afghanistan. Still, knowing about the economic benefits in terms of abundant natural resources of the Central Asian region, it would be hard for US (as a global hegemon) to completely isolate itself from the region. Other players are the observer states of SCO such as Mongolia, Pakistan, Iran and India and the two dialogue partners, Belarus and Sri Lanka, which have been discussed briefly along with their interests and aspirations attached to the SCO.

*Chapter Five*, is the final chapter that draws inferences from the research conducted in other chapters, so as to bring together the two variables to test one against the other. It also contains the analysis, observations and conclusion of the research and tests the two main hypotheses.

The research has utilized descriptive inference using qualitative data from secondary sources as well as primary sources like the official documents, histories, records and economic and trade statistics of the countries concerned, so as to deal with research questions proficiently and to authenticate the hypotheses. This qualitative research will also help to understand the SCO and the social and cultural context within which it functions.

To be concise, the main aim of the research is applying and then testing the theory of new regionalism in the context of regional integration in Central Asia under the SCO. And in doing so, there is hope to provide a further framework of discussion of different regional integration processes in different parts of the world through the lens of new regionalist theory.

***CHAPTER 2***

***NEW REGIONALISM: A POST COLD  
WAR THEORETICAL PERSPECTIVE***



## CHAPTER 2

### NEW REGIONALISM: A POST COLD WAR THEORETICAL PERSPECTIVE

The first few questions that arise in the mind after hearing the term 'new regionalism' is, *What is the newness in the concept? How is it different from its antecedent? Is it an improvement to survive the changing scenario?* These questions are not new but are repeatedly emerging with every study of the post Cold War regional integration processes.

In the introductory chapter of this research, certain elementary concepts for this research like region, regionalization and regionalism were defined. The particular task of this chapter is to provide a clear conception of the notion of 'new regionalism' its origin, meaning and its usage in the analytical study of regional integration processes which are part of macro-regionalism, that is the regional processes that lies between the national and the global level. The chapter also provides a comparative analysis of the era of old regionalism (regionalism that existed before the end of Cold War) and that of new regionalism, as well as the interrelation of new regionalism with the globalised economy and world politics of the post Cold War era.

There is no consensus on the notion and idea of regionalism. Nor is there any agreement on how the regional integration processes should evolve in the coming years. However the one view that many scholars are seconding, is that, indeed a new phase has emerged in the regional dimension, specially after the end of the Cold War (De Melo and Panagariya 1993; Fawcett and Hurrell 1995; Mansfield and Milner 1997; Coleman and Underhill 1998; Gruel and Hout 1999; Hook and Kearns 1999; Hettne et.al. 1999, 2000a, 2000b, 2000c; Breslin and Higgott 2000; Söderbaum and Shaw 2003). The number of regional arrangements grew significantly in the mid 1980s, and regional organizations

became more diverse and dynamic in scope after the end of the Cold War.<sup>1</sup> This new phase has been termed by many as the 'New Regionalism'.

The prevailing international relations theory is more or less dominated by Realism and its variants which are centered on the role of sovereign 'nation-states' characterized by their national interest. Similarly, the new regionalism just like the other theories on regional integration, consider 'regions' (here only referred as macro-region that lies between the global and the national level, as explained in the first chapter) as its fundamental concept and as one of the outstanding players in the international arena (Mistry 2003). Almost all the new regionalist thinkers expressed in this research are relatively linked with the theoretical camp of constructivist, critical theorist and post-structuralist. Therefore they agree that the boundaries of a nation state as well as a region is permeable because both the concepts are socially constructed and "since a region can be constructed it can also be deconstructed, ideationally as well as materially" (Hettne and Söderbaum 2002: 38). They try to include the normative elements (like society, culture, ideas, and identities) that are present in regional integration processes but have not been given importance in theorising under the tradition of old regionalism. The coming up of the study of new regionalism is therefore marked with transformations in the world order as well as advancement in scholarly thinking.

## **2.1 Chronology of Theories on Regional Integration after the Second World War:**

Earlier, studies on international relations, were not directly related to the formation of regions or regionalization processes, but were more concerned with the future of the nation-state system and its functioning in the international arena. A new theory therefore, was needed that could cover the growing cognition about the regionalization process in

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<sup>1</sup> For empirical evidence on relatively greater involvement of governments (of Europe, Asia, North and South America) in regional organizations rather than in global ones from the period 1981 to 1990, see Taylor, P (1993), *International Organization in the Modern World: The Regional and Global Process* London: Printer, pp. 24-28.

the period immediately after the Second World War.<sup>2</sup> During this time the process of ‘decolonization’ was rapidly gaining strength and there was a greater need for cooperation among conflicting nations (specially after the two World Wars) in various areas so as to maintain peace and order in the world. Some examples of the regional endeavours after the Second World War that caught scholarly attention are, the European Coal and Steel Community (ECSC) that was created in 1952 (regarded as a precursor to regional groupings in other parts of the world), the Latin American Free Trade Association (LAFTA) formed in 1962, the Andean Pact came into existence in 1969, the Association of South-East Asian Nations (ASEAN) formed in 1967, the Central American Common Market launched in 1960 and the East African Community (EAC) established in 1967 (Mattli 1999: 2). These new developments demanded theoretical understanding.

Therefore, at the commencement of the study of regional integration processes lies the theory of ‘Old Regionalism’, also known as the ‘First Wave’ of regionalism. It emerged in the post Second World War scenario in the late 1940s (Söderbaum 2003: 3-4). Its first variant is ‘Functionalism’ which was more or less dominated by the regional integration model of Europe. In 1943, David Mitrany (although not a theorist of regionalism) contributed to the theories of regional integration by publishing his famous work on the theory of functionalism – *A Working Peace System: An Argument for the Functional Development of International Organization*. This theory asserts that developing functions (technical ones, which are not part of politics) in various areas and the corresponding forms (institutional setups) that channelize the fulfillment of these functions is a rational way of governance in order to meet the changing human welfare needs, i.e., “form follows function”. (Mitrany 1948). This helped explain the formation of the European Coal and Steel Community (ECSC) in the early 1950s. According to this approach, nation-states kept their sovereignty intact, but came closer, by merely pooling up

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<sup>2</sup> The scope of this research takes into account the regional integration theories that existed after the Second World War. However, regionalist trends were prevalent before Second World War also. Many scholars regard the protectionist trends of 1930s as the first wave of regionalism (Mittelman 1999: 27)

resources as may be needed for the joint performance of a particular task.<sup>3</sup> Patrick M. Morgan states that “Mitrany’s goal was not regional integration but the creation of a world political community of states” (Morgan 1994: 224).

According to Paul Taylor, functionalism is not an appropriate theory to explain the formation of European Economic Community (EEC) in 1957 (in contrast to ECSC) because Mitrany opposes the formation of EEC as leading to just another larger nation – rather than a cooperative world political community of states – which would then remain fragmented (Taylor 1993: 7-8).

To explain the events after the formation of the EEC in the regional arena of Europe, another theoretical perspective, under the framework of old regionalism was offered in the writings of Ernst B. Haas, in the form of ‘Neo-Functionalism’. Unlike Mitrany, Haas was of the view that it would be difficult to separate the technical from the political issues.<sup>4</sup> Therefore, he tried to avoid the pitfalls of functionalism by dedicating importance to the political dimension along with others through the concept of ‘spill-over’. Spillover basically means that the process of integration in one sector (like economics) may spread integration in other fields and ultimately lead to submerging of the governments, by a larger community, as more and more decision making is transferred to the supranational institutions (Haas 1964). Thus, Haas tries to describe the formation of EEC as a “...new centre, whose institutions possess or demand jurisdiction over the pre-existing national states” (Haas 1958: 16).

By the mid 1970s neo-functionalism was not able to fully explain the regional cooperation process in Europe because the nation states still remained the key actors in regional integration processes. Secondly, the political integration that was expected by the neo-functionalists made the member states more and more interested in only reaching

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<sup>3</sup> There is no explicit mentioning of functionalist perspective in any of the works of Mitrany. However the components of Functionalist approach are to be found scattered in his book, articles and speeches. See Haas, E.B. (1964), *Beyond the Nation-State: Functionalism and International Organization*, USA: Stanford University Press, pp. 7-8.

<sup>4</sup> There are other neo functionalists also like Leon N. Lindberg and Stuart A. Scheingold who supported this view. For further information on neo functionalism see, Lindberg, L.N. and S.A. Scheingold (eds.) (1970), *Regional Integration: Theory and Research*, Cambridge: Harvard University Press.

their quota of European civil servants. So, there was no sign of supranational loyalties for an institution like the European Commission (Taylor 1993: 180).

Shaun Breslin and Richard Higgott (2000) in their brilliant work '*Studying Regions: Learning from the Old, Constructing the New*' have pointed out a few omissions in the theory of neo functionalism. The role of the 'ideational factors' such as ideas, identities, cultures, and other social factors like interaction among people, and that of 'exogenous factors' (the systemic conditions or the world order prevalent during that time) have not been given enough importance, in the neo functionalist theory of old regionalism.<sup>5</sup> The theory has been critiqued by many as a bit premature also, because the keynotes were, salience of collective decision making capabilities and the importance of technical cum bureaucratic competence at regional level, which now seems to be more realistic in the theory and practice of regionalism under the conditions of globalization in the post Cold War era, rather than during the late 1950s and 60s (Breslin and Higgott 2000: 333-352).

Haas diverted the discussion over regionalism by his work, '*The Obsolescence of Regional Integration Theory*' (Haas 1976). In 1970s, he opted for another approach similar to the 'theories of interdependence', formulated around that time only, by Keohane and Nye amongst others.<sup>6</sup> According to this new approach, "the institutions like European Commission and European Union should be analyzed against the background of the growth in international interdependence, rather than as regional political organizations" (Jensen 2007: 94). So, all the attempts to build a general theory of regionalism deflated for a decade from around mid 1970s to mid 1980s. During this period, theories of regionalism as discussed till now were more or less absorbed in the broader debates of larger theoretical paradigms of international relations like realism, neo-realism and liberalism.<sup>7</sup>

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<sup>5</sup> Both have been now explicitly and conveniently added to the concept of new regionalism, discussed a few pages below.

<sup>6</sup> For further information on 'theories of interdependence', see the early writings of Keohane, R.O. and Joseph Nye (1971), "Transnational Relations and the world Politics: An Introduction", *International Organization*, 25 (3): 329-349. And, Robert O. Keohane and Joseph Nye (1977), *Power and Interdependence: World Politics in Transition*, Little, Brown, Boston.

<sup>7</sup> The realist, neo realist and liberals then viewed the concept of regionalism in the context of the main components of their theory, that is, the absolute and the relative gain criterion. For further information on

Empirically also the sudden spurt in the emergence of regionalist thinking in 1950s came down, like a pack of cards, in the 1970s, when there was an abrupt drop in the functioning of regional organizations, as well as, a halt to the formation of new ones. For instance, even though the dissolution in the mid 1970s of the East African Community formed by Kenya, Uganda, and Tanzania, was due to some contentions over petty issues among the members, but it so happened that the time frame of its formation (1967, at the peak of new functionalism), demise (around 1977, when there was a theoretical gap in regionalist thinking) and re-emergence (around 1993, when the theory of new regionalism showed up) matches with the upward and downward swings in the theories of regional integration. (EAC 2011).

However, one cannot deny the contributions of the theory of old regionalism, relevant to the study of regional integration as well as international cooperation. A very appropriate analogy to describe the situation of theory building in the field of international integration has been provided by D. J. Puchala (1971). He says that "part of the problem stems from the fact that different researchers have been looking at different parts, dimensions or manifestations of the phenomenon", just like blind men feel the elephant from different parts and then describe it differently (Puchala 1971: 267). This statement reflects the need for a comprehensive and multidimensional theory, which was missing in the study of regional integration processes discussed till now.

Till now, the theories discussed were produced, more or less, in the same international scenario of the Cold War. The importance of the type of world order that prevails shall be discussed a little later, but the point has been raised here because, the above mentioned theories of regional integration, which have been discussed in a temporal format, have now reached a time in which theories have to be readjusted to a new world order. The decade of 1990s was the phase of post Cold War era and marks the beginning of a new world order accompanied by incidents of robust globalization and multilateralism instead of bipolarity.

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The perspective of realism and liberal intergovernmentalism on regionalism see, 'Handbook of International Relations' by Walter Carlsnaes, Thomas Risse and Beth A. Simon (2002), Sage Publication Ltd. pp. 485-490.



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The above discussion about old regionalism is significant because, the past always has some value to the future. We now come to the discussion of a phase where drastic transformations took place in the concept of regional integration both in theory and in practice.

## **2.2 The Phase of New Regionalism:**

There was a sudden gush in the process of regionalization which mainly started in the mid 1980s, but gained prominence in the 1990s with the end of the Cold War. This came to be then known as 'New Regionalism'. Theoretically, it can also be regarded as a "new fashion" in the traditional designs of regionalism. If one studies the progression of regionalism as a theory, as well as observes the process of regionalization through the decades after the Second World War, one would realize that there are both changes (in content as well as context) and continuities, from the past to the present (Hettne, 2009). Söderbaum states that, "There are both continuities and similarities between old and new regionalism, so that when studying contemporary regionalism one can easily get a feeling of *déjà vu*" (Söderbaum and Shaw 2003: 4).

According to James H. Mittelman (1999), "The 'new regionalism' approach (NRA) is an important advance over the different versions of integration theory (trade or market integration, functionalism and neo-functionalism, institutionalism and neo-institutionalism, and so on)". He claims that the earlier variants of regionalism are lacking somewhere or the other because they understate power relations and fail to offer an explanation of structural transformation (Mittelman 1999: 25-26).

In practice, there was rapid resurgence of the old regional arrangements along with the creation of new ones in various parts of the world, in the era of new regionalism. These are like the coming up of the European Community (EC) in Europe to secure a single integrated market in 1987 which by 1992 was transformed into a monetary and political union with the adoption of Maastricht Treaty; creation of the North American Free Trade Area (NAFTA) in 1994; making of Mercosur in South America in 1991; re-emergence of

Association of South East Asian Nations (ASEAN) with a thrust establishing the ASEAN Free Trade Area in 1992; the birth of Asia Pacific Economic Cooperation (APEC) in 1989; and in Africa some cooperation was reached with the help of Southern African Development Community (SADC) that was created in 1992 (Breslin and Higgott 2000: 333). The emergence of these regional groupings in various quarters of the world jolted the scholarly thinking on regionalism and demanded a new intervention in the existing study of regional integration processes. Even if the European case was the most fitting field of research for the advocates of old regionalism to generalize their theory, there is now under new regionalism, a strong consensus over the need to analyze the specific conditions for various kinds of regionalism mentioned above. Rick Fawn also says that, "... no reason suggests that regionalism would take similar forms, such as in Europe, Americas and Asia. This new complexity means that the actors behind regionalism are 'spread' across various spatial scales" (Fawn 2009: 127). The research is therefore trying to study both the endogenous and the exogenous factors for analyzing the processes of regional integration with the help of new regionalism.

So, new regionalism tries to provide a general explanation both for the qualitative as well as quantitative changes that are visible after the Cold War in the theory and practice of regionalism. A pertinent question raised by Hettne in '*Globalization and New Regionalism*' is "why it is that regionalism is again attracting the curiosity and interest of the social science community?" (Hettne 1999: 7). To answer this question, we should first focus on the structural transformations that occurred at the world system level, as a consequence of the end of the Cold War.

Percy S. Mistry (2003) enumerates some of the most vital changes, which emerged in the post 1990 era, and that have by and large affected the whole territory of international relations. This newness in the concept of new regionalism has also been well elucidated by Hettne and Söderbaum in their influential work "*Theorising the Rise of Regionness*" (2002: 33):



- The End of Bipolarity: which led to a new division of power and new centers emerged in the regional context which made the world structure either tri-polar (with three centers of power, namely, US, Europe and Japan) or multi-polar. The regional security study analysts like Barry Buzan and Ole Woever have asserted that, with the end of the Cold War the Super power rivalry will be less intrusive in regions for gathering support thereby, leaving them to be more autonomous in formation and their working in international relations (Buzan and Woever 2003: 3).
- Accelerated Speed of Globalization: globalization of 1990s gained its speed due to revolution in 'Information and Communication Technologies' (ICT) that became prominent in 1980s.<sup>8</sup> This was acknowledged along with the growth of economic interdependence which made national economies vulnerable to external developments and simultaneous erosion of Westphalian nation-state system due to diminishing political autonomy of states which is now tied to economic strings (Maswood 2008: 1-11).
- Convergence Towards a Market Democracy Model: many developing countries as well as post-communist countries now see liberal capitalist development model based on democracy (open economy model, with greater liberalization) as the best alternative which is compatible with the trend of globalization and liberalization of 1990s [the view has also been shared by Mansfield and Milner (1997)].<sup>9</sup>

Another change that Hettne and Söderbaum (2002) emphasize is the decline of US hegemony by the 1970s. This was combined with a more approving attitude of US towards regionalism in the 1980s and 1990s. Earlier US was firmly committed to the multilateral approach and hardly endorsed regionalism, except for the European

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<sup>8</sup> The developments in ICT that started around mid 1975 brought inventions like micro processor, computers and then later on the invention of satellite, wireless networking, internet, advancement in transportation system and many more, that boosted the process of globalization. This growing economic interdependence and political changes has been well studied under the discipline of 'International Political Economy' for further knowledge on the impact of ICT and globalization on politics of nation states, see Lipsey, R. G. (1997), "Globalization and National Government Policies", in John H. Dunning (ed.) *Governments, Globalization and International Business*, New York: Oxford University Press.

<sup>9</sup> The view has been shared by some other exponents of new regionalism also, like, De Melo and A. Panagariya (1993); E. D. Mansfield and H. V. Milner (1997).

Community which was facilitating US in the formation of the General Agreement on Tariffs and Trade (GATT). However, the disappointment with the GATT mechanism led US to conclude regional arrangements such as the Canada-United States Free Trade Agreement in 1988 and the North American Free Trade Agreement in 1994 (De Melo and Panagariya 1993: 5-6). With these measures US also tried to counter balance the budding dominance of regional blocs in Europe and Asia in international economy and politics (Mistry 1999: 124).

This was not just the case with the US, but throughout the world, the regional integration of Europe demonstrated the power of 'united we stand and divided we fall'. Seeing the benefits of regional integration and setting Europe as an example, there were now efforts at formation of regional groupings, especially in Latin America, Asia, and Africa (Mistry 1999: 124-125)

Supporting this there are other changes also mainly in the economic realm during early 1990s that had an impact on the international environment as well. These have been mentioned by Wilfred J. Ethier in his article "*The New Regionalism*" (Ethier 1998: 1149-1150) as:

1. Developed nations had reached a greater level of multilateral trade liberalization.
2. A number of developing countries or economically less advanced countries had abandoned their protectionist or basically-autarkic, anti-market policies which they followed during the days of the old regionalism (during Cold War). They were now more willing to join the multilateral trading system.
3. Direct investment was much more prominent now than in the days of the old regionalism, and it has been surging since the advent of the new regionalism.

There are two other factors that became visible a bit later but proved to be very effective in pushing regionalism. These are, firstly, the 'international financial institutions' (IFIs),

mainly the World Bank and the International Monetary Fund (IMF), and their policies of structural adjustment which was largely viewed by the developing countries as perspectives of the western world on how other states should be organized. The financial assistance of these IFIs also made large number of developing countries debt stricken, for which they found cure in regional arrangements. Breslin and Higgott illustrate the example of the financial crisis in East Asia in the 1990s and the incapability of the IFIs to deal with the situation which led to the "...emergence of a desire on the part of the regional policy elites to take a greater control of financial affairs at a regional level than previously" (Breslin and Higgott 2000: 337).

Second related factor was the tarnished image of multilateral institutions which were not able to sustain the confidence of developing countries that they are neutral and have changed with the rapidly changing world order. The adjectives used by Percy S. Mistry to describe the multilateral institutions (mainly, the United Nations and the Bretton Woods Institutions) were, "...increasingly uncertain; cost-inefficient and; judged by results, ineffective" (Mistry 1999:126). So, the gap created by the unproductiveness of these multilateral institutions led to greater dependence on regional ones, which now seemed to be more comprehensive, reachable, cost-efficient and multi-dimensional under the philosophy of new regionalism. In other words, the role of these global and multilateral institutions was now taken over by regional level institutions.

This section mainly deals with the systemic level changes or the changes in the world order which brings a constituent change in the regionalization processes. Globalization was also revived in this phase, the impact of which was large on new regionalism, as discussed below.

### **2.3 New Regionalism and Globalization:**

Although the process of globalization has been referred already in the discussion above, yet there is a need to understand the complex relationship between the two processes – regionalization and globalization. If a mere economic tie between states is to be considered globalization, then the process has existed for as long as there has been

existence of international trade. But what describes the globalization of the late twentieth century, is the current extent of global interaction that has never been reached before. Andrew Jones has given a broad and encompassing definition of the term 'globalization' as "the growing interconnectedness and interrelatedness of all aspects of society." (Jones: 2010: 4). The end of the Cold War along with the collapse of communism and the resultant triumph of market oriented liberalized economy spreading throughout the world, has led to the formation of a worldwide globalised economy. The process of globalization is now described as 'the process of social and technological transformation (specially due to the ITC revolution of mid 1970s) in which national economies are much less significant as autonomous units' (Watson 2004: 60) because the world market is increasingly penetrating it. Under the impact of globalization many scholars observe that the world is shrinking and coming closer not just in trade and economy but also in political, social and cultural aspects.

As discussed earlier, in the late 20<sup>th</sup> century, the sudden and new developments in the concept of regionalism and globalism were intertwined and were bolstered by the end of the Cold War. According to Söderbaum, the important feature which marks the theory of new regionalism as new, is that it "highlight the close relationship between regionalism and the extra-regional environment, particularly globalization" (Söderbaum and Shaw 2003: 4). Throughout the works of Hettne, one observation is explicit that there is a strong dialectical relationship between the two phenomenon of globalization and new regionalization, so strong that sometimes one without the other seems incomplete. However, to describe the terminology, Hettne states that "Analogous with regionalization and regionalism, globalization signifies process, and globalism signifies ideology and political project" (Hettne 2003: 30).

The constant interaction between these two concepts – globalization and regionalization – brings out persistent changes in both the processes. This interaction has brought newness in the concept of regionalism as we have already discussed and has also remarkably influence the nature and functioning of globalization, which will be discussed shortly. The research has briefly referred to both the discipline of 'international relations' and

‘international political economy’ so as to bring out a deeper understanding of the two processes. The question that arises relating to globalization and regionalization is ‘whether the two processes are mutually compatible or contradictory to each other’ the famous, “stepping-stone, stumbling-block” argument. This debate emerges because both the processes describe expansion in interactions at two different levels, one at the global level and other at the regional level. The question is, whether regionalism is an obstacle to the process of globalization because it creates boundaries of region (apart from the boundaries of nation states) deterring global exchanges in economics, politics, and culture. Or is it a step by step approach towards multilateralism which ultimately boosts globalization? Even Hettne seems to be confused when he states that new regionalism ‘cannot simply be a “stepping stone” in a linear process, but this does not necessarily means that it constitutes a “stumbling block” either’ (Hettne 1999: xx).

There are scholars, who regard that regional integration processes may act as potential threat to the larger process of globalization. Ravenhill summarizes the arguments of critics of regional arrangements as: First, it can hamper the very goal of globalization that is multilateral trading with greater liberalization by raising trade barriers to non-member states. Second, regional arrangements may provide the exporters with lucrative markets which will then hamper their incentive in greater liberalization at the global level or for further opening up of their market. And finally, citing Jagdish Bhagwati’s analogy of “Spaghetti Bowl”, Ravenhill says that, due to greater proliferation of the regional trading arrangements there are risk emerging out of overlapping membership and other complexities (in multiplicity of tariff rates, and in rules of origin) that can cause operational difficulties and administrative burden on the functioning of contemporary regional integration arrangements.<sup>10</sup> All this will be followed by intense focus on regional arrangements (with more time and resources spent on the regional level) and consequent negligence of multilateral trading arrangements that are more close to globalization (Ravenhill 2008: 200-206; Das 2004: 5-7).

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<sup>10</sup> For further information on problems with preferential trading agreements see, Bhagwati, J. N. (1995), ‘US Trade Policy: The Infatuation with FTAs’, *Columbia University, Discussion Paper Series 726*. New York: Columbia University. Available on, URL <http://globalcitizen.net/Data/Pages/1457/papers/20090222131937814.pdf>

However, a contrasting thought can also be offered (the stepping stone argument) specially by reviewing the features of both globalization and new regionalization of the 21<sup>st</sup> century which makes one thing explicit, that both demand 'openness'. Both are seeking greater liberalization and multipolarity. Even historically, as said by Mario Telo, "Regionalism and globalization are two components of the same historical process of strengthening interdependence and weakening the state's barriers to free trade, even if there can also be conflicting tendencies" (Telo 2007: 1). This also proves that new regionalism is comprehensive and quite an improved version of old regionalism as it mingles well with its global counterpart. Supposedly, if the greater interactions at the regional level expand so much so as to continue itself at the global level then the former may act as a stepping stone for the latter. For instance, the regional organizations of contemporary world are not only limited to their own regions they are further opening up to develop relations with other regional organizations (belonging to other regions), international regimes and organizations, and also with other individual countries in the world (Söderbaum and Langenhove 2005: 257). This comes under the concept of 'inter-regionalism' which is gaining strength lately, although it was present during Cold War times as well, like in the dialogue partnership of EC (European Community) and ASEAN of 1972. But during that time the relationship was skewed towards EC because it was the most advanced regional organization that was acting like a hub for other regional organizations which lack interactions among themselves. Whereas now, a "new forms of inter-regional relations (of Post Cold War times) has appeared as a corollary of 'new regionalism'" (Hanggi 2003: 197-198).

The new form has been termed by Fredrik Söderbaum and Luk van Langenhove as the 'third generation' of regionalism (where first generation is old regionalism and second generation is new regionalism) in which "regions become more proactive, engaging in interregional arrangements and agreements that can have effects on relations at the global level" (Söderbaum and Langenhove 2005: 257). Nearly all the contemporary regional organisations like EU, ASEAN, Mercosur, SADC, APEC, and others, have now started to develop external regional linkages in some or the other form. Scholars like Julie Gilson regard inter-regionalism as a separate approach which is to be dealt exclusively and

should not be taken casually under the larger trend of regionalism (Gilson 2002: xii). She then uses the concept of inter-regionalism to assess the Asia-Europe Meeting (ASEM, a dialogue forum between Europeans and Asians since 1996) in her work '*Europe Meets Asia: Inter-Regionalism and the Asia-Europe Meeting*'. This also gives impetus for further research in this latest and burgeoning trend of inter-regionalism by taking examples from other parts of the world. However, since inter-regionalism is still evolving, the time is not ripe to observe its pros and cons *vis-à-vis* globalization, and is therefore, studied under new regionalism in this research.

In terms of solving problems both at the national level and the global level, the regional organizations are more apt and approachable mechanisms. The approach of 'global problems, local solutions' looks more feasible with the growing number of regional arrangements providing a linkage between the two levels. The helping hand of regional institutions is required because the "... the international intergovernmental institutions that collectively underpin global governance are insufficient in number, inadequately resourced and sometimes incoherent in their separate policies and philosophies" (Thakur and Langenhove 2008: 17).

Another point that can be added to the debate of regionalism and globalism has been presented by Hettne and Söderbaum in their seminal work '*Theorising the Rise of Regionness*'. They observe that "Globalization and Regionalization processes are closely related and interact under different conditions, creating a variety of pathways of regionalization, and by implication also leading to different regionalisms" (Breslin 2002: 45). The statement can also be revisited and reversed to analyse that globalization and regionalization are so interdependent that 'regionalization can create a variety of pathways of globalization, and by implication can also lead to different globalism (in terms of its more open and diverse nature)'.

Last but not the least, there can be a mutual understanding between the two phenonenas of globalism and regionalism stated in the argument advanced by James H. Mittelman which will probably satisfy all debates between the two concept. He says, "... any

imputed conflict between regionalism and globalization is more theoretical than real, for political and economic units are fully capable of walking on two legs. If globalization is understood to mean the compression of the time and space aspect of social relations, then regionalism is but one component of globalization.” (Mittelman 1999: 25). He thus, provides the two concept their own niche.

Even Söderbaum tries to put an end to the debate of ‘stepping stone-stumbling bloc’, by subjugating it as a part of the old regionalist strand. He also claims that the eminent new regionalists scholars who have contributed to his brilliant co-edited volume ‘*Theories of New Regionalism: A Palgrave Reader*’ have “moved beyond such linearity and one-dimensional dilemmas, and often draw our attention to the multifaceted relationship between globalization and regionalization” (Söderbaum and Shaw 2003: 5).

These new interactions have its impact not only at global but also at the regional, transnational, national as well as the local level. One of the principal characteristics of this twenty-first century regionalism is that, it involves issues that are not just related to economics or trade but also, political, social and cultural ones. According to Hettne, conventionally regional integration was basically meant to be development of great coordination in those policy areas (mainly trade) that result in deeper economic integration. But now new regionalism refers to a more comprehensive process of homogenization with regard to a number of dimensions, the most important being culture, security, economic policies, and political regimes (Hettne 1999: xvi-xvii).<sup>11</sup> As said in the words of Hettne and Söderbaum, “Thus the renewed trend of regionalism is a complex process of change simultaneously involving states and non-state actors, and occurring as a result of global, regional, national and local level forces” (Hettne and Söderbaum, 2002: 33).

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<sup>11</sup> The newly added social and cultural dimension to the theories of regional integration acts as a strong bridge between regional level on the one hand and the national and the local level on the other hand. This will also helps in explaining the process of regionalization from ‘with in’, discussed a few pages below.



## **2.4 New Regionalism versus Old Regionalism:**

Till now the discussion has mainly explored the life and times – along with some of the features – of the theory of the old and the new regionalism and the impact of the changes in the world order upon regional integration processes. Certain similar points are now been discussed in a different manner by pointing out stark contrasts between the old and the new form of regionalism. While discussing these differences, the focus will also be on the distinct features of the two theories which will consequently help in gaining deeper understanding of the theory of new regionalism, the highlight of this chapter.

The one key difference that is explicitly reflected in the first two sections and has been emphasized by many exponents of new regionalism is the major transformation between the scenario in which the two theories emerged and functioned. The old regionalism emerged in the crucial times of the Cold War bipolar world order, whereas, the period of new regionalism is marked by the post Cold War, multipolar and globalized world. The regional arrangements during the Cold War times were distinctive with all the nation states joining camps for protection and sponsorship by one or the other superpower. The two major camps were the NATO (North Atlantic Treaty Organization headed by US) and the Warsaw Pact (headed by the former USSR). This system, however, got uprooted in the new regionalist era which faced a situation of changed systemic conditions accompanied by instability and uncertainty (due to abrupt withdrawal of patronage of the two camps), with the only feasible solution as regional integration for economic survival (Mistry 1999: 126). So, the features of new regionalism like its comprehensiveness and multi-dimensionality is made according to the requirements of the time, whereas the old regionalist theories, especially neo-functionalist “often tend to ignore the global environment, almost as if regions were insulated from the external world” (Söderbaum and Shaw 2003: 4).

The importance of the world order is also reflected in the relationship between the regional organizations and the fundamental cleavage of the system during the Cold War. The Cold War is characterized by a dualistic hegemony in which the socialist and the

capitalist blocs were busy in winning their own supporters. So, it was always regarded that at times of old regionalism, regions were formed due to influence from the dominant society and not because of efforts from within the region. This 'Hegemonic Regionalism' as termed by Hettne, lost its relevance in the post Cold War era.<sup>12</sup> However, the hegemonic intentions were now inherited at the regional level called 'Regional Hegemonism', which according to Hettne is a 'benign' form of neo-mercantilism. So, in the words of Hettne himself, "The great task in creating a post hegemonic future is thus to promote a 'benign' rather than 'malign' neo-mercantilism, and make various regional hegemonies compatible with a peaceful world order" (Hettne 1999: 20-21).

A more advanced equation of reality has been offered by Percy. S. Mistry. He points out the prevalence of a diffused multi-polarity in contemporary globalized world. This is because, the end of the Cold War and the consequent rise of liberalized and globalized multilateral trade policies, resulted not only in degeneration of the unipolar power of the United States (due to emergence of other important centers of trade, like Japan, Europe, and recently China) but also marginalized the regional hegemonic power for a number of major players of the region (Mistry, 1999: 117). Kishore C. dash has given an example of decline in regional hegemony in his work "*Regionalism in South Asia*" where he talks about the decline in power of India due to reasons like the demise of Soviet Union, a long standing ally of India; declining relevance of Non-align Movement; growing acceptance of China in world community; and the rise of other leaders in matters related to Third World like Malaysia, Indonesia, and South Africa. All these new developments of post Cold War era snatched the position of power from the hands of India, forcing this regional hegemon of South Asia, "...to take initiatives for the creation of regionalist arrangements and institutions to promote its interest and to generate international support and legitimacy for its policies and leadership position." (Dash 2008: 118). This means that multi-polarity not only at the global level but also at the regional level is the new norm under new regionalism.

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<sup>12</sup> Under hegemonic regionalism neo liberal ideology practiced by USA was spread with the help of regional institutions like, NAFTA, APEC and Atlanticism, which then serves the purpose of restoring hegemony (Hettne 1999:19-21). This practice is now out dated in the process of new regionalism.

Another vital difference was that the old regionalism focused largely on regional integration in Europe. This dominance of the European model was criticized by Breslin and Higgott in these words, “Ironically, the EU as an exercise in regional integration is one of the major obstacles to the development of analytical and theoretical comparative studies of regional integration” (Breslin and Higgott 2000: 343). Another argument states that the problem lies not in the dominance of Europe *per se*, but rather the tendency in the field of old regionalism itself to ignore the alternative theories and cases of regionalism (Mansfield and Milner 1997). The new regionalism is, on the other hand, more inclusive a theory, which embraces not only views of different authors but the study of different cases of regional integration, since more cases have emerged in the post Cold War era. In this regard Mittelman reiterates the view of De Melo and Panagariya, that “the most important characteristics of new regionalism are its truly worldwide reach, extending to more regions, with greater external linkages” (Mittleman 1999: 29). Scholars of new regionalism are also aware of the fact that, “compared to the old regionalism in the 1960s today’s regionalism is not only emerging more or less all over the world, but is also taking different shapes in different parts of the world” (Söderbaum and Shaw 2003: 4). All these theoretical assumptions were not part of the old regionalist theory.

Likewise, Hettne (Hettne 1999: 7, Söderbaum and Shaw 2003: 23-24) has mentioned four other prevalent differences, listed below:

- The old regionalism was created ‘from above’, making regionalism a state led phenomenon influenced more by the greater role of the superpower politics and other exogenous factors of the Cold War phase. Whereas, the new is more or less initiated from within or ‘from below’, and is more spontaneous, driven by the cooperative urge of the constituent states asking for greater regional integration.
- Old regionalism was regarded more as inward looking and protectionist, mainly because the key development strategy during the 1960s and 1970s was import substituting industrialization which was then extended and imposed from the

national level to the regional level.<sup>13</sup> The new regionalism is often described as 'open' (being compatible with the interdependent world economy), in the true sense, because the developing countries were also adopting liberalization (without the infant industries argument) and export and investment led growth (Mansfield and Milner 1999: 601).

- The regional organizations of old times had specific issue orientation like security or preferential trade arrangements and thus were narrow in their focus. In contrast, the new regionalism is a more comprehensive, multi-faceted and multidimensional process, including not only trade and economic integration, but also environment, social policy, identity, culture, security (resolving regional conflicts without external intervention), and democracy i.e.; including issue of accountability and legitimacy. Because of this there is also a cross fertilization of theories of various fields like, economics, politics, sociology, international relations, international political economy and development.
- The old regionalism was mainly concerned with the relationship between nation states. The new regionalism forms part of a global structural transformation in which non state actors are active and manifest themselves at several levels of the global system. In this formulation, the constituent states are given the importance of main actors but that does not demean the role and growth of regional civil society, including social and cultural networks like NGOs, social movements, media, etc. Thus, viewing the important role of indigenous factors in the formation of regional integration processes with greater depth.

The regional arrangements in the first wave of regionalism mostly took the form of preferential or free trade areas in few cases and this went on to the next level of monetary

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<sup>13</sup> In 1970s 'the import substitution model encouraged countries to build up their own domestic manufacturing capacity and substitute domestically produced goods for imports' (see, Arestis, P. et al. (eds.) (2003), *Globalization, Regionalism and Economic Activity*, UK: Edward Elgar Publishing Ltd, pp.175). In this attempt regionalism was thought to be helpful by various developing countries, like South Asia and Latin America, which were making serious efforts to industrialize through domestic and regional import substitution, see '*Regionalism in Global Trade*', by Dilip K. Das, (2004), Edward Elgar Publishing Ltd, UK, pp.10.

union in a limited number of cases (Mistry 2003). According to Mistry (2003) and De Melo *et al.*, (1992) these arrangements produced limited substantial profits which were then distributed unequally, resulting in erosion of popular and political support to these arrangements. Also these trade theories did not represent the non-economic dimensions of regional arrangement which now forms a significant part of new regionalism.

Observing these drawbacks of the first phase of regionalism, the new phase tried to learn from the mistakes of the past. Percy S. Mistry has pointed out some of the improvements in regional aspirations of the states during this phase as: 'Greater diversity among members; have an outward orientation with an openness toward trade, capital flows, technology, knowledge and high level manpower; goes beyond trade liberalization in goods to include liberalization in services, investment, technical and regulatory standards, etc; strive to attain global competitiveness of the region concerned as well as that of its individual members; involve arrangements among member countries that have already undertaken significant unilateral trade liberalization; increasingly involve North-South membership that goes beyond the North-North and South-South regional integration arrangements that characterized the past' (Mistry, 2003: 120-121).

Björn Hettne mentioned in his prologue (to the research conducted in regionalism, a project by UNU/WIDER) in '*Globalism and New Regionalism*', that "the degree of 'regionness' of particular areas can increase or decrease depending on regional dynamics, in which global as well as national level forces of course have an impact." (Hettne 1999: xix). Till now the research has mainly focused on the exogenous factors and the role of globalization is being emphasized more to project the differences between the old and the new form of regionalism. However, this study will be incomplete without focusing on the endogenous perspective, which involves the role of various actors and factors that lead to the formation of regionalization processes from within. Another reason for which this aspect is important is that, it represents a mark of continuity from the old theory of neo-

functionalism which stressed on analyses of political underpinnings (an endogenous factor) of regionalism which promoted deeper integration.<sup>14</sup>

Similarly, Percy S. Mistry claims that, “Increasingly, the new regionalism appears to be more a response on the part of national governments to manage, collectively, new political and economic risks and uncertainties which confront them in the post Cold War era” (Mistry 1999:117). This is more applicable to the less developed or developing countries (known as the underdeveloped ‘South’ in contrast to the developed ‘North’), as Jean Grugel and Wil Hout observes, “The form and content regionalism assumes in the South has undergone a radical transformation as economic and political elites, and in some cases sectors of civil society, respond to their changing position in the global order and to the weakening of state capacities in the South by seeking new partners outside the state” (Grugel and Hout 1999: 3). This inward thrust to regionalism is not always the work of the authoritative measures taken by national governments; rather its a joint effort with the help and support of the people at large by giving full voice to the regional civil society (including large business houses, media and NGOs.) .

The social and cultural dimension (an endogenous factor) was completely neglected in the traditional versions of economic integration theories. Under new regionalism, along with the economic and political networks, the social and cultural networks are also growing at an accelerated speed. Even the dimension of security has become more cohesive. James J. Hentz says that, “Security is no longer narrowly defined as ‘high politics’, but rather includes environmental issues (i.e., water rights), human security, and ethnic identity” (Hentz 2003: 13). For e.g. the Organization for Security and Cooperation in Europe (OSCE) sees security in a more comprehensive and cooperative manner encompassing politico-military, economic, environmental and human aspects. Its wider range of security issue involves, arms control, human rights, national minorities, democratization, policing strategies, counter-terrorism and economic and environmental

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<sup>14</sup>For further information on the role of domestic politics and institutions in the process of regionalism, see Edward D. Mansfield and Helen V. Milner (1999), “The New Wave of Regionalism”, *International Organization*, 53 (3): 202-208. The importance of endogenous factors was also realized by Hettne in his work “The New Regionalism Revisited” in F. Söderbaum and T. M. Shaw (eds.) (2003), *Theories of new Regionalism: A Palgrave Reader*, Basingstoke: Palgrave Macmillan Ltd.

security.<sup>15</sup> Basically, the underlying forces behind the process of regional integration are becoming diverse in contemporary times.

Hettne in his work “Globalization and the New Regionalism: The Second Great Transformation”, has tried to analyze different dimensions that are taken into account for regional integration and by reviewing those one may come to the conclusion that no single dimension is self-sufficient and it will always be like a mixed salad bowl. Increased homogeneity among members of a regional arrangement with regard to different dimensions (culture, security, economics and politics) is necessary for regional integration but cannot be regarded as a sufficient condition (Hettne 1999: 11-13). For instance, in the context of South Asian states, the relative historical and cultural homogeneity has not prevented the states from having differences in other dimensions like security and economic policies especially in SAARC. And on the other hand, the diversified cultural linkages of Central Asia – the Russians, the Chinese, the Turks, and the Muslims have not been a hindrance to start a regional integration process under SCO.

Thus, new regionalism has not only incorporated the dimensions that were relevant traditionally but has also increased the scope of the study of regional integration processes, by offering a multi-dimensional and an all-encompassing approach. It is a theory which can help in understanding the developments of regional organizations in all the parts of the world in the post Cold War globalised scenario, specially where the European integration model has not been imitated. Talking about the features of new regionalism Fedrick Söderbaum and Ian Taylor in their work “*Regionalism and Uneven Development in Southern Africa*”, mentions that “.... The new regionalism often emerges from in accordance with regional peculiarities and problems.” (Söderbaum and Taylor 2003: 10). The theory believes that different regions may have different form of regionalizations, but this different form of regionalization processes “...cannot be understood, in many cases, without understanding the dynamics of local and global interactions. Globalization is a multilayered process and the ‘new regionalism’ is a prism through which the local and global forces interact” (Hentz 2003: 12).

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<sup>15</sup> See the official website of OSCE, [Online: web] URL: <http://www.osce.org/who>.

Now the last concept to be discussed in the study of new regionalism is the notion of 'regionness', discussed by theorists of new regionalism as the degree of integration within an area with respect to the economic, political and social linkages, and then distinguishing it with interactions in other areas (Hettne and Söderbaum 2002). Defined in terms of regional cohesion, Hettne (the most important contributor to the theory of new regionalism) made this concept analogous to 'stateness' and 'nation-ness' and enumerates that "Regionness thus implies that a region can be a region 'more or less'. The level of regionness can both increase and decrease" (Hettne and Söderbaum 2002: 38). Hettne then tries to describe the various levels of regionness on the basis of their coherence as (Hettne and Söderbaum 2002: 37-46; Hettne 2011: 29-30):

- **Regional Space:** The region as 'geographical and ecological unit delimited by natural barriers. Like the Europe from the Atlantic to the Urals, or the Indian subcontinent.
- **Regional Complex:** the region as a social system implying a mix of 'translocal relations of a social, political, cultural and economic nature' which forms some kind of regional complex like the 'security complex' (Buzan and Waever 2003).
- **Regional Society:** the region as 'organized cooperation'. It implies a set of rules that makes the inter-state relations more enduring and predictable and more and more 'society like'. At this stage region is defined by the membership of the regional organization in question. And, many actors (apart from the state, like private business firms, NGOs, social movements) appear on different societal levels which may lead to transcendence of national space. For example, like the SAARC cooperation in South Asia
- **Regional Community:** the region as regional civil society emerging when frameworks promote 'social communication and convergence of values', within which culture and a 'shared civilizational tradition' are important (Hettne 2011: 29). In this phase the region turns into an active subject with a distinct identity, institutionalised actor capability, legitimacy and structure of decision making. Some examples are the Nordic group, ASEAN. This community spirit of the formal regional (defined by organizational



membership) formation should not be hampered by the real region (which has to be defined through less precise criteria) which include political motives of the states. if this happens then true regional community is a distant dream.

- **Region-State:** which denotes that the region is a historical formation with a distinct identity and actor capability, as well as a certain level of legitimacy. Here the processes shaping the 'formal' and 'real' region are similar. And then like different nation states today, there will be different region-states. these region states can be compared to classical empires, "but in terms of political order constitutes a voluntary evolution of sovereign national political units into a supranational community to which certain functions are transferred".

Hettne has given this classification on the concept regionnes, so as to make a comparative analysis of the regional integration processes in various parts of the world through the lens of new regionalism. Deepening (involving various dimensions and levels of integration) of a regional integration process may lead to greater regionnes whereas, widening (involving more actors in terms of new members and newer linkages) may lead to decreasing regionness and loss of actorship of a region. Both the processes of widening and deepening are in a dynamic relationship within new regionalism. Hettne also says that, "Since regionalism is a political project, created by human actors, it may not only move in different directions but indeed also fail, just as a nation state project" (2011: 31).

With this point, the research will now move on to test the approach in case of the Central Asian region and the regional grouping of Shanghai cooperation Organization (SCO) focusing both on the endogenous and the exogenous factors active in this regional arrangement. The case study of SCO will be elaborately discussed in the next two chapter. But to see whether the epoch of new regionalism is visible in the Central Asian region, one can analyse the period of Post Soviet era (after 1990s), which is entwined with the coming of the wave of new regionalism and saw new regional arrangements emerging in the Central Asian region. The regional groups of Central Asia that originated during 1990s are the 'Commonwealth of Independent States' (CIS) formed in 1991; the 'Central Asian Union' (1994) which got later transformed into 'Central Asian

Cooperation Organization' (CACO) in 2001; the 'Collective Security Treaty' (1992) formed under the aegis of CIS and was later turned into 'Collective Security Treaty Organization' (CSTO) in 2002; the 'CIS Custom Union' of 1995 was refashioned into 'Eurasian Economic Community' in 2000; of course the 'Shanghai Five' of 1996, forming the 'Shanghai Cooperation Organization' (SCO) in 2001; and the 'GUAM' (Georgia, Ukraine, Azerbaijan, Moldova) of 1997. During 1990s there were also other initiatives involving the Central Asian states which were less noticeable than those mentioned above, such as the 'Conference on Interaction and Confidence Building Measures in Asia' (CICA) proposed in 1992, the proposal of 'Eurasian Union' (an initiative involving Turkey), the '6+2' Group on Afghanistan (functioned from 1999-2001 under the aegis of United Nations), the 'Economic Cooperation Organization' (ECO, although founded in 1985 by Iran, Pakistan and Turkey but was expanded to include other countries of Central Asia in 1992), and the 'Central Asian Nuclear Weapon Free Zone Treaty' signed in 2006 (Bohr 2004: 488-489).

These initiatives reflect the change in scenario in the Central Asia region due to the transformation to Post Cold War world order, the disintegration of the Soviet Union, the emergence of newly independent states in Central Asia, and the urge for regional integration processes. All this can be studied under the wide scope of new regionalism. The feature of new regionalism, that it can account different regional integration processes that emerge in different regional environments and which (unlike regional processes of old regionalism) are more adaptive to their region and its needs, is the major push factor for this research.

***CHAPTER 3***

***SHANGHAI COOPERATION***

***ORGANIZATION: ITS FORMAL***

***GROUPING AND FUNCTIONING***

## CHAPTER 3

### SHANGHAI COOPERATION ORGANIZATION: ITS FORMAL GROUPING AND FUNCTIONING

*“Today’s date will be celebrated in history”*

Jiang Zemin

These were the words of the then Chinese President Jiang Zemin at the investiture ceremony of the Shanghai Cooperation Organization (SCO) on 15 June 2001.<sup>1</sup>

The SCO, according to its official website, is a permanent intergovernmental organisation created by the Republic of Kazakhstan, the People’s Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan.<sup>2</sup> “The origins of the SCO date from the early 1990s when the aim was to set up a framework to facilitate the settlement of border issues between China and the Central Asian Republics with the involvement of Russia.” (Aris 2009: 457). This attempt was consolidated to form the “Shanghai Five” forum formed on 26 April 1996, a kind of meeting device mainly for the purpose of resolving border disputes after the disintegration of the Soviet Union.<sup>3</sup> Although Shanghai Five was commenced as a regional grouping in a post Cold War, multipolar and globalized world, yet the objectives was not multidimensional in its scope at the time of its inception. Gradually, from 1996-2001, the initial goal of deepening military trust in border regions grew into considerable reduction of military forces in border areas; and finally these sentiments grew to form the

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<sup>1</sup> Source: Wo-Lap Lam, Willy (2001), “*Combating American Hegemony*”, CNN.com/World, 20 June 2001, [Online: web] Accessed on 27 January 2011. URL:

<http://edition.cnn.com/2001/WORLD/asiapsf/east/06/19/china.russia.willy/>

<sup>2</sup> Declaration on the establishment of Shanghai Cooperation Organization, 15 June 2001, see URL: <http://www.rimun.net/resources/SCO%20Document%20Appendix.pdf>

<sup>3</sup> Shanghai Five involve the Head of the States of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. It was only in 2001 that Uzbekistan was added as a member state in SCO.

SCO.<sup>4</sup> Undoubtedly, the Shanghai Five guided the creation of its successor – The SCO – by maintaining peace, security and stability in the turbulent Central Asian region from 1996 to 2001. This has also been acknowledged in the introduction of the SCO Charter (see Appendix 1).

The unstructured dialogue pattern of Shanghai Five got ultimately institutionalized as one of the regional organizations of the 21<sup>st</sup> century. The organization now has six member states by admitting Uzbekistan in 2001, thus making room for representation of entire Central Asia with the only exception of Turkmenistan which is present as guest attendant and has declined the membership of SCO so far, by citing its desire to remain a neutral country.<sup>5</sup> Four observer states are also there with Mongolia joining the SCO in 2004 and India, Pakistan and Iran joining subsequently in 2005 (see the map on the next page).

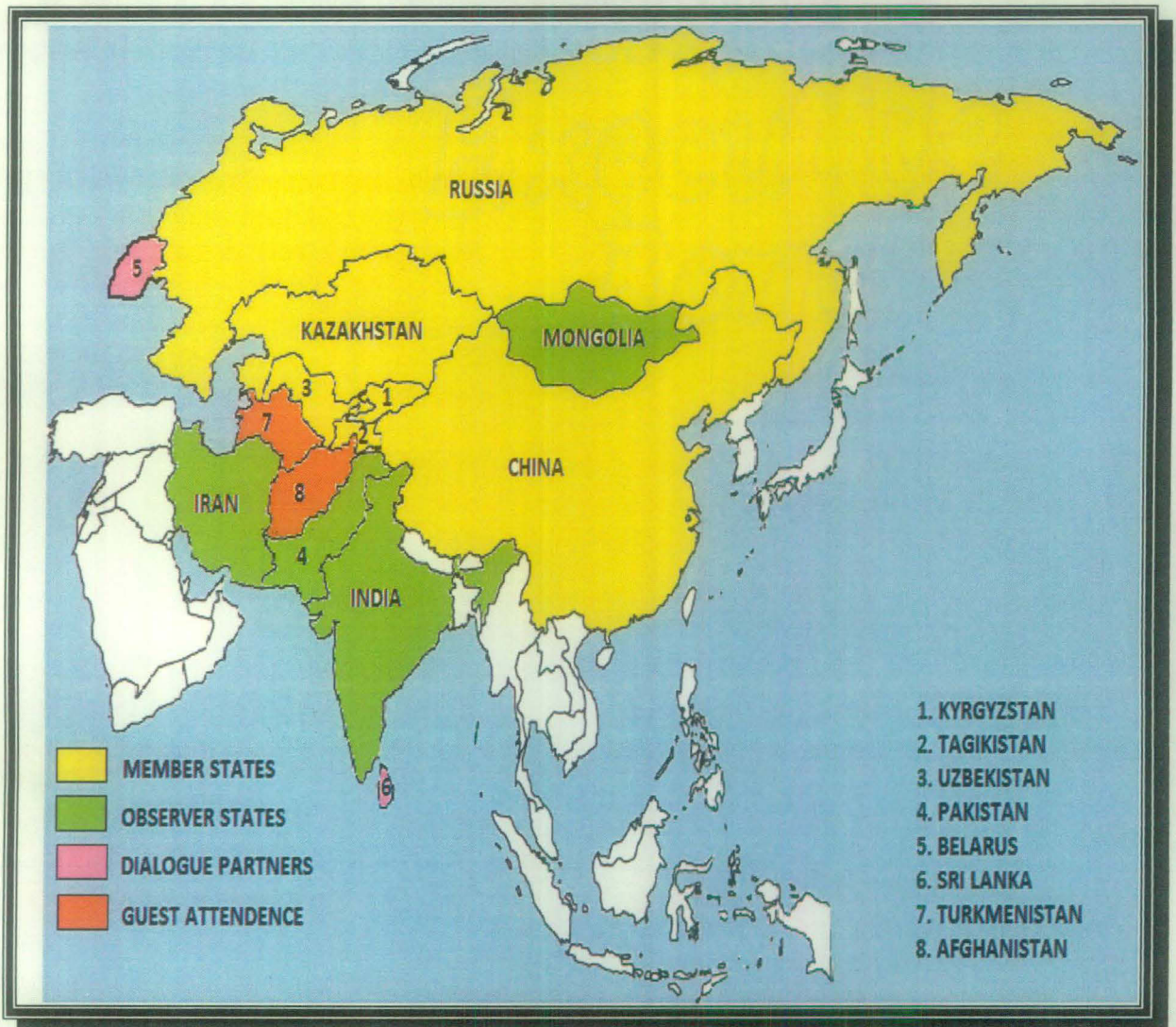
The observer states were welcomed in the organization under the '*Regulations for SCO Observers*' adopted on 24 April 2004 at the Tashkent Summit (SCO 2004). At the 2009 Summit meeting in Yekaterinburg two new members were added as dialogue partners, namely, Belarus and Sri Lanka under the '*Regulations on the Status of Dialogue Partner of the Shanghai Cooperation Organization*' signed on 28 August 2008 (SCO 2008a). There have also been guest attendances of Afghanistan and the member states of CIS (Commonwealth of Independent States) and ASEAN (Association of South-East Asian Nations) (Kapila 2010).

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<sup>4</sup> The Agreement on Deepening Military Trust in Border Region, signed by China, Kazakhstan, Kyrgyzstan, Tajikistan, and Russia on 26 April 1996, and the Agreement on Mutual Reduction of Military Forces in Border Regions, signed by these five states, on 24 April 1997, both mentined in the SCO Charter, see Appendix 1, pp.1.

<sup>5</sup> Turkmenistan usually follows, what Michael Ochs has mentioned as, "Positive neutrality" which apparently means 'endorsing bilateral relations, avoiding dispute among neighbours and to remaining distant from alliances with more powerful states (specially Russia) so as to maintain the maximum freedom of maneuverability in a changing and unpredictable regional and global environment'. On 12 December 1995, The United Nations General Assembly approved a resolution recognizing Turkmenistan's neutrality. See Ochs, Michaels (1997), "Turkmenistan: The Quest of Stability and Control", in Karen Dawisha and Bruce Parrott (eds.) *Conflict, cleavage, and change in Central Asia and the Caucasus*, Cambridge: Cambridge University Press, pp. 313-314.

**Map 3.1: Map of the Shanghai Cooperation Organization**



Created with the help of: WorldAtlas.com, [Online: web] Accessed on 24 June 2011, URL: <http://www.worldatlas.com/webimage/countrys/asia/asoutl.htm>

The first chapter outlined that the Shanghai Cooperation Organization (SCO) is a nascent organization, formed in the post Cold War era, fundamentally intended at contextualizing the regional cooperation process within the wider Central Asian region. The aim of this chapter is to lay down the origins, scope of functioning, role and achievements and the future perspectives, for which the organization is committed for.

### **3.1 Objectives of the SCO and the Principles of Shanghai Spirit:**

Unlike the Shanghai Five, the now well organized and established system is rooted in the following objectives and principles explicitly inscribed in the Article 1 and Article 2 of SCO Charter, that was adopted on 7 June 2002, in the second summit meeting of the organization at St. Petersburg (Russia).

Similar to any other regional organization of the world, the SCO's foremost objective is to strengthen mutual trust, friendship and good-neighborliness between the member States (Appendix 1). Without these aspects no regional organization can practically function. This thought is reflected in the July 2001, *Treaty of Good-Neighbourliness and Friendly Cooperation* between Russia and the People's Republic of China, the two key states of the SCO. Under the treaty the two states "Endeavor to enhance relations between the two countries to a completely new level, determined to develop the friendship between the people of the two countries from generation to generation." (FMPRC, 2001: 1).

The second major goal of the organization for which the SCO has been commonly branded as a 'security organization', is maintenance of peace, stability and security by taking efforts toward curbing the menaces of *terrorism, separatism and extremism*, and other criminal activities of drugs and arms trafficking and illegal migration (Appendix 1). The organization also shares the objective of establishment of global peace in accordance with the UN Charter by prevention and peaceful settlement of international conflicts and advancing cooperation in disarmament and arms control.<sup>6</sup>

The major reason for global terrorism being an important issue among the other concerns of the SCO is that, all the member countries are facing its growing danger in some form or the other specially in relation to their regional problems of separatism and extremism. There is Uyгур extremism in Xinjiang affecting China, Chechen terrorism in Russia,

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<sup>6</sup> The SCO Charter is in affirmation with the goals and principles of the Charter of the United Nations (UN) and is formally registered with the Secretariat of the United Nations in accordance with Article 102 of the UN Charter (Appendix 1).

security threats from movements like Islamic Movement of Uzbekistan (IMU) and pan-Islamic organizations Hizb-ut-Tahrir, and also the export of terror by Taliban from Afghanistan in the entire region of Central Asia (Ahmad 2008: 3). “Kazakhstan fears about a secessionism in northern Kazakhstan where much of the country’s Russian population is located; Uzbekistan’s fears about its Karakalpak as well as Tajik regions wanting to secede; Tajikistan’s fears about its Uzbeks; and Kyrgyzstan’s fears of the country dividing along north-south lines” (Katz 2008: 187). ‘*The Shanghai Convention on Combating Terrorism, Separatism and Extremism*’ recognizes that the phenomena of terrorism, separatism and extremism, “seriously threaten territorial integrity and security of the Parties as well as their political, economic and social stability” (SCO 2009b)

So, the fight against such an evil can only be achieved through the next goal of consolidated multidisciplinary cooperation among the member states in almost every aspect of life – politics, trade and economy, defence, law enforcement, environment protection, science and technology, education, energy, transport, credit and finance, as well as in social and cultural sectors – for the enhancement of living standards of the people of member states. Trade is a vital sector that shows the hard work of the organization towards cooperation building (Article 1, of SCO Charter, see Appendix 1).

There is however, a contrast between the situation on the ground and the objectives of the Charter in Article 1 which states that it is the goal of the SCO “to consolidate multidisciplinary cooperation in the maintenance and strengthening of peace, security and stability in the region and promotion of a new democratic, fair and rational political and economic international order” (Appendix 1). By analyzing the political setup of the member states one can say that, SCO seeks the promotion of this above mentioned goal by swimming in the opposite flow to the domestic politics of the member states. The phrase “swimming in the opposite flow” has been used here to reflect the non-democratic trends in the domestic politics of most of the member states of the SCO. Even Stephen Aris mentions that “The political systems of the SCO member states are undeniably different to Western liberal democratic ones, and are to varying extents authoritarian in nature”. But he also confirms that “...there is no logical path from this to assuming that



the SCO is necessarily externally focused and designed to oppose other groupings with different political systems.” (Aris 2009: 460). The member states with this democratic provision in the Charter do realize that for the sustainability of the organization democratic norms are essential. Article 1 of the SCO Charter states that one of the goals of the organization is, “to consolidate multidisciplinary cooperation in the maintenance and strengthening of peace, security and stability in the region and promotion of a new democratic, fair and rational political and economic international order” (Article 1 of SCO Charter, see Appendix 1)

Nonetheless, the most important aspect SCO Charter is the open ended approach of the organization towards problem solving for issues that will arise in the future. The last line of Article 1 explicitly states that it is one of the goals and tasks of the SCO member states “to jointly search for the solutions to the problems that would arise in the 21<sup>st</sup> century” (Appendix 1).

To enhance the trust of the member states in the SCO, these above mentioned objectives have been rooted in principles mentioned in Article 2 of the SCO Charter, which is somewhat similar to the *Panchsheel* agreement of India and China. These principles are, mutual respect of sovereignty; independence; territorial integrity of States and inviolability of State borders; non-aggression; non-interference in internal affairs; peaceful settlement of disputes between the member states; non-use of force or threat of its use in international relations; seeking no unilateral military superiority in adjacent areas; equality of all member States, and prevention of any illegitimate acts directed against the SCO interests (Article 2 of SCO Charter, see Appendix 1 ). These principles are referred by many as the ‘*Shanghai Spirit*’ which abandons the Cold War mentality of alliance formation and gives rise to a new kind of regional cooperative arrangement. According to Alexander Lukin, this Spirit “enriches the theory and practice of contemporary international relations and embodies the shared aspiration of the international community for implementing democracy in international relations” (Lukin 2007: 141).

An essential principle of SCO Charter is that, it makes the organization a regional endeavour in the Central Asian region in harmony with the wider international community and is not directed against other states and international organizations. With this point the SCO tries to belie all the skeptical viewpoints of the critics that an anti-American bloc has emerged in Eurasia.

### **3.2 Structure of the SCO:**

Seeing the large range of activities of the SCO and the vast geographical area that is under its compass, one can imagine the burden on the structures that constitute the organization. The supreme decision making body of the SCO is the Council of Heads of State which involves Presidents of the respective member countries meeting annually to decide upon various issues of concern. Then there are meetings of the Heads of the government with the important job of budget formation for the organization. Other meetings are those of the Foreign Ministers to consider issues related to day to day activities and meetings of Heads of other Ministries as the time and task requires (Article 4, 5, 6, 7, 8, of SCO Charter, see Appendix 1 ).

The state of affairs in the SCO for coordination between ministries of different departments and at different levels for a single task like security has been mentioned by Alyson J. K. Bailes et al. that, "Security relevant areas are the most frequent subjects of working-level meetings, which now include experts on information security, secretaries of national security councils and heads of supreme courts" (Bailes et al 2007: 5). Last but not the least, the Council of National Coordinators then oversees all these above mentioned meetings to coordinate and direct smooth functioning of the organization on a regular basis (Article 9 of the SCO Charter, see Appendix 1 and Appendix 2).

In 2002, along with the Charter the proposal for the formation of two permanent bodies namely the Secretariat and the Regional Anti-Terrorist Structure (RATS) was also adopted. However, it was only in 2004 that the two came into operation.

The Secretariat, which is the permanent administrative structure located at Beijing for organization and technical support to the activities of SCO, commenced with a staff of 30 personnel and an annual budget of \$ 3.5 million (Oresman 2004). The Secretariat is headed by a Secretary General, appointed from among the nationals of member states by the Council of Heads of State on a rotational basis in the Russian alphabetic order of the member States names for a tenure of three years without a right to be reappointed for another period (Article 11 of SCO Charter, see Appendix 1). The Secretary General is aided by three deputy secretaries, one each for political, economic and administrative issues respectively (Oldberg 2007: 11). The current Secretary General is Muratbek Sansyzbayevich Imanaliev, a diplomat of Kyrgyz Republic, appointed on 1 January 2010.<sup>7</sup>

The RATS, with its base first located in Bishkek (Kyrgyzstan) and then in Tashkent (Uzbekistan), is a mechanism to combat the three evils of terrorism, separatism and extremism (Article 10 of SCO Charter, see Appendix 1). In June 2006, at the SCO's fifth anniversary summit, a number of agreements were signed fomenting the anti-terrorist enthusiasm of the organization such as the '*Agreement on the procedure of organizing and holding joint anti terrorism actions in the territories of SCO member republics*'; and '*the Agreement on identifying and severing infiltrating channels of people engaged in terrorism, separatism and extremism in the territories of SCO member republics*' (Ahmad 2008: 4). A number of anti-terrorist drills have also been carried out under the auspices of RATS. The RATS is a semi-independent structure having its own Council, an Executive Committee, and Permanent Representatives.<sup>8</sup>

RATS is also aiming to expand and establish contacts of its Executive Committee with the 'international organizations' such as OSCE (Organization for Security and Cooperation Europe) and also with interested 'departments of states' that are not members of the SCO. For example, in 2005 meetings took place between Executive

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<sup>7</sup>The First Secretary General of the SCO was a Chinese diplomat Zhang Deguang. For further information on the present Secretary General and Deputy Secretaries of the SCO, visit the official Website of SCO. URL: <http://www.sectSCO.org/EN/secretary.asp>

<sup>8</sup> There is an exclusive website entirely dedicated to Regional Anti-Terrorist Structure (RATS) of SCO. See URL: <http://www.ecrats.com/en/>

Committee of RATS first with Charge-de-Affairs of Slovakia (in February) and then with the Ambassador of the Federal Republic of Germany (in March) at the office of RATS in Uzbekistan for exchange of opinions on security and for development of bilateral and multilateral relations in the struggle against terrorism, separatism and extremism (RATS SCO, 2005).

In the era of globalization, we all know that there is a great need for cooperation not only in economic sector but myriad other sectors and the growth of all these sectors are interconnected like a chain reaction termed by Ernst B. Haas as '*spillover*'. Bolstered by its successful efforts in settling of border disputes in the Central Asian region and to meet the terms of the changing times, the SCO is now trying to extend its work further across sectors from security to economics. As early as September 2001, the SCO leaders signed a '*Memorandum of Regional Economic Cooperation*' which mainly emphasizes on 'development of communication corridors and reduction of tariffs' (Ahmad 2008: 5).

Some of the noticeable accomplishments in the economic sector include, the Inter-bank Consortium (2005) for economic cooperation and credit-granting for joint investment projects; and the SCO Business Council (2006) which is a non-governmental body with the most influential members of the business communities of the SCO states working together to strengthen the programme of trade and economic cooperation (SCO 2009c). To increase the working capability of both these organs an '*Agreement on interaction between the SCO Inter-bank Consortium and SCO Business Council*' was also signed on 16 August 2007 at Bishkek summit (SCO 2009d).

One area, where the SCO Charter is kept deliberately open-ended is the proliferation of specialized SCO bodies, such as SCO university network and exchange programmes for tourism and language learning; Initiative in cultural field like SCO Art Festivals (Akiner 2010: 8); another project is SCO WHO, a regional structure like the World Health Organization to improve the medical services in the SCO member states; and an 'Energy Club' of SCO for joint projects in prospecting, production, processing, transportation and transit of energy resources (SCO Official website, URL: <http://www.sectSCO.org>).

### **3.3 SUI GENERIS Role of the Organization:**

Within a short span of time, the SCO has gathered the interest of many scholars probably because of the world's experience of the Cold War in which the Central Asian Region was part of the then Soviet Union which headed the Warsaw pact. Today also the Central Asian states as part of the SCO involving Russia and China has a huge geographical strength and a political arena which include some of the most important states as members and as observers which enhances the worth of the organization as a case study for reserach. Thus, to analyze the Sui Generis role of the organization two inter-related and interdependent aspects associated with the SCO are discussed below.

#### **I Geographical :**

Geographically, the disintegration of former Soviet Union in 1991 into fifteen independent states changed the contours of the Central Asian region. The region is now encircled by the Caspian Sea in the West, Afghanistan, Iran, and Pakistan in the South, the Taklamakan desert, or China in the East, and Russian Siberian steppes to the North (OKSUZ 2009: 714). The SCO member states occupy a territory of around 30 million 189 thousand square kilometers, which makes up three fifths of the Eurasian continent, and have a population of 1.5 billion, which represents one quarter of the planet's population (Official Website of SCO, URL: <http://www.sectsco.org/EN/brief.asp>) (see also the data on the next page). The region of Central Asia i.e., the sphere of influence of the SCO, is also know as 'Middle Asia' or 'Inner Asia' (land-locked part of Asia) and lies within the scope of wider the Eurasian continent (the term Eurasia refers to both the continents of Europe and Asia, thereby making Eurasia largest continent of the world).

The demography of the region has also been commented upon by Kazakhstan's President Nursultan Nazarbayev, at the fifth Summit of SCO in Astana, in June 2005. He greeted the guests as the President of the host country with the words, "*The leaders of the States sitting at this negotiation table are representatives of half of humanity*" (Rozoff, 2009: 1).

Here he refers to the people represented by the member states as well as the observer states of the SCO.

Related to demography another unique feature of SCO has been pointed out by the former Joint Chief of staff of the Russian Armed Forces Leonid Ivashov, that, “contrary to Samuel Huntington’s concept of allegedly inevitable clash of civilization, the SCO speaks about harmonized interaction between different faiths and civilizations and stands for their mutual coexistence” (Rozoff, 2009: 2). It is very clear from its participants (including both members and the observer states) that SCO is the alliance of non-western civilizations including Russian, Chinese, Muslim, Hindu, and Buddhist.

**TABLE 3.2: Basic data of the member states of the Shanghai Cooperation Organization, 2005**

| State                                                       | Area<br>(km <sup>2</sup> ) | Population<br>(m.) | GDP<br>(US\$ b.) | GDP per<br>capita (US\$) | Military<br>expenditure<br>(US\$ m.) |
|-------------------------------------------------------------|----------------------------|--------------------|------------------|--------------------------|--------------------------------------|
| China                                                       | 9 572 900                  | 1 315.8            | 2 244            | 1 715                    | 44 300                               |
| Kazakhstan                                                  | 2 724 900                  | 14.8               | 57               | 3 786                    | 592                                  |
| Kyrgyzstan                                                  | 199 900                    | 5.3                | 2                | 477                      | 76                                   |
| Russia                                                      | 17 075 400                 | 143.5              | 764              | 5 323                    | 31 100                               |
| Tajikistan                                                  | 143 100                    | 6.5                | 2                | 364                      | ..                                   |
| Uzbekistan                                                  | 447 400                    | 26.6               | 14               | 521                      | ..                                   |
| (..) = figure not available; (GDP) = gross domestic product |                            |                    |                  |                          |                                      |

Data Compiled by: Bailes, A.J.K. et al. (2007), “*The Shanghai Cooperation Organization*”, SIPRI (Stockholm International Peace Research Institute) Policy Paper no.17. [Online: web] Accessed on 15 May 2011, URL: <http://books.sipri.org>

Michael Mandelbaum says that the Central Asian region “comprises most – but not all – of what was historically known as Turkestan, so named for the prevalence of Turkic

language and people” (Mandelbaum 1994: 2). Historically, the Central Asian region was part of the famous trade network “Silk Route” a crossroads for the movement of people, goods, and ideas between Europe, West Asia, South Asia, and East Asia. The importance of this Silk Route is well executed in the literary work of Susan Whitfield, ‘Life along the Silk Road’ with the words that, “the strategic importance of Central Asia was never doubted by those neighbouring civilizations (such as Arabs, Chinese, Turkic and Tibetan) who fought for its control” (Whitfield 1999: 1).

Today as well, the situation is not very much different. The region still contains some of the largest reserves of natural resources in the world. The six members and four observer states collectively possess 17.5% of the world’s proven oil reserves and approximately 47% of the world’s known natural gas reserves.<sup>9</sup> Zbigniew Brzezinski’s factual account states that Eurasia contains for about 60% of the World’s GNP and about three fourth of the world’s known energy resources. “*Eurasia is thus*”, Brzezinski says, “*the chessboard on which the struggle for global primacy continues to be played*” (Brzezinski 1997: 31). It is hard to remain aloof from such a strategically important location. For example, even after the disintegration of USSR, when the countries were politically unstable and weak, still the foreign investments were pouring in the region. Kazakhstan was among the first to receive foreign investment with a major agreement signed in 1992 with “a US petroleum company, Chevron Corporation which provided for the development of the huge Tengiz field on the Caspian’s North-Eastern littoral” (Akiner 2003: 11).

Within the Central Asian region, natural resources are scattered unevenly – like Kazakhstan and Uzbekistan have huge hydrocarbon reserves and Kyrgyzstan and Tajikistan has vast water resources. But being embryonic and land-locked these states are still dependent on their big neighbours and outside states for infrastructural development and trade routes to international markets (Azarkan 2010: 408)

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<sup>9</sup> For figures on oil and natural gas see US Department of Energy, Energy Information Administration, World Proved Crude Oil Reserves, 1 January 1980 – 1 January 2006 Estimates, [Online : web] Accessed on 27 October 2010, URL: <http://www.eia.doc.gov/pub/international/iealf/crudeoil/reserve.xls> ; and World Crude Oil and Natural Gas Reserves, 1 January 2005, [Online: web] Accessed on 27 October 2010, URL: <http://www.eia.doc.gov/pub/international/iea2004/tble81.xls>

It is the geographical distribution of natural resources in the Eurasian continent that made Russia, Iran, Kazakhstan, Azerbaijan, and Turkmenistan the potential suppliers of hydrocarbons, whereas, China, India, Pakistan, and other nations, neighbouring Caucasus are the potential buyers (OKSUZ 2009: 715). The Beijing meeting of Heads of the Government of the SCO member states, on 23 September 2003, for the first time approved the *Programme of Multilateral Trade and Economic Cooperation* among SCO member states.

For the enhancement of their trade relations they have to first and foremost concentrate on the settlement of their border disputes and settling of their ethnic conflicts. Although much has been achieved in this sphere under the auspices of SCO (and Shanghai five) yet, much more needs to be done. For instance, the Uzbek-Kyrgyz border which is the most contested one in the Central Asian region is now being worked upon. Many believed that paper pressure from the SCO member states that made the Uzbek government demine the Uzbek-Tajik border (Uzbekistan mined that border in 1999-2000 to prevent incursion of religious extremism from the other side) especially because the RATS headquarter is in Tashkent which demands Uzbek government to have good neighbourly relationship (Yegorov 2004). Thus, just the mere presence of SCO in such a strategically important location has made the organization an object to muse over by scholars specially those who studies about the Central Asian region and the development of its regional integration.

## **II Geopolitical:**

Referring to the geopolitics (geographical dimension of power distribution) of the region, Brzezinski has pointed out that, "*Eurasia is also the location of most of the world's politically assertive and dynamic states*" (Brzezinski 1997: 31). Politically the region is the home of two giants Russia (geographically) and China (demographically). So of course any link-ups between the two states can never be overlooked. In comparison to all the other regional organization of the Central Asian region, only SCO involves both



Russia and China as members. Even the observer states of SCO (such as India, Pakistan and Iran) are among the key players in today's global politics.

Politically, SCO believes in multi-polarization and contribute to the establishment of a fair and reasonable international order. There is a clear asymmetry between economic and military capabilities among the SCO member states, because the newly independent states of Central Asia have yet to establish themselves politically, economically and militarily. Therefore, they contribute to the financing of the organization according to their ability. Thus "Russia and China contribute around 24%, Kazakhstan 21%, Uzbekistan 15%, Kyrgyzstan 10% and Tajikistan 9% approximately" (Oldberg 2007:12).

According to Erlan Karin, the geopolitical processes in the region rapidly increased mainly after the 9/11 incident and the subsequent war in Afghanistan (Karin, 2004). Due to this the SCO again got attention because of its foremost objective of security and fight against the evils of terrorism, separatism and extremism, with the important nation-states such as Russia and China involved in the process. A related issue of significance is the security of military industries of former Soviet Union that are stationed in the heart of Central Asian countries and are vulnerable enough to be seized by anti-social elements (like terrorist outfits or other religious extremists and separatists) (Azarkan 2010:402). Drug trafficking is another major issue with Central Asia which is the key passage for opium trade from Afghanistan to Russia and Western Europe. This is an issue of grave concern because Afghan poppies account for nearly 90% of global illicit production of drugs like opium and heroin in recent years (WDR 2010).

Restating the distinction made by Björn Hettne between different types of regions Roy Allison states that "Central Asia is one of a number of regions lying in the peripheral zone in the world system.<sup>10</sup> Such zones are beset by political turbulence and economic

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<sup>10</sup> Hettne has provided different categorizations of the regions of the world on the basis of their relative political stability and relative degree of sustained economic dynamics. For further reference see: Björn Hettne, 'Regionalism, Security and Development: a Comparative Perspective', in Hettne B, (2001), "Regionalism, Security and Development: a Comparative Perspective", in Björn Hettne, Andras Inotai and Osvaldo Sunkel, (eds.) *Comparing Regionalisms: Implications for Global Development*, Basingstoke: Palgrave, pp. 3-9.

stagnation, and are caught in a vicious circle of conflict, domestic unrest and underdevelopment” (Allison 2004: 456). A strategically important region with such kind of features is a problem child for the world and cannot be ignored. However, this categorization of Central Asia is not permanent and is permeable under the dynamics of regionalization and globalization (Hettne 2001: 3).

The region is also significant because within the member and the observer states of SCO there are many states equipped with nuclear arsenals. Tim Murphy points out that “the SCO, includes two formal nuclear powers (China and Russia), two nuclear powers that are outside of nuclear Non Proliferation Treaty (India and Pakistan) and one aggressive nuclear technology pursuer (Iran)” (Murphy 2006: 2). Mostly the organization is referred as a security organization and then politically placed as a counter-part to NATO. However, the politics among the states associated with SCO and the role of the global hegemon US has been dealt separately in the next chapter.

There are supporters as well as critics to the working of the organization. Some like Hansen (2008) have posited a negative approach towards the organization, pointing to the mutual suspicion and zero-sum thinking that runs in the organization affecting the continued development of the organization. Hansen says, “The SCO is much more façade than real policy substance” (Hansen 2008: 5). Other scholars support the organization for working with good spirit and effort in a turbulent region like Central Asia. These views have been discussed below.

### **3.4 Achievements:**

Even though the SCO is nascent and still developing, nonetheless we can count some achievements that the organization was successful in achieving by its efforts in the last fifteen years (from 1996-2010). To start with, here is a cursory look at the Summits of the organization from 2001 to 2011:

**TABLE 3.3: SUMMITS OF THE SHANGHAI COOPERATION ORGANIZATION**

Created with the help of: SCO Official Website. [Online: web] URL <http://www.sectSCO.org/en/>; and Guangjin, C. (2011), "Hopeful Members Knocking on the SCO's Door", China Daily: Foreign and Military Affairs, [Online: web] Accessed 24 June 2011, URL: <http://www1.chinadaily.com.cn/china/2011-06/16/content-12707841.htm>

| YEAR | PLACE                   | HIGHLIGHTS OF THE SUMMIT                                                                                                                                                                                      |
|------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2001 | Shanghai (China)        | <ul style="list-style-type: none"> <li>▪ Signed the Founding Manifesto of SCO.</li> <li>▪ Convention on Combating Terrorism Separatism and Extremism.</li> </ul>                                              |
| 2002 | St. Petersburg (Russia) | <ul style="list-style-type: none"> <li>▪ Signed the Charter of SCO, elaborating the principles, organization and other related issues.</li> </ul>                                                             |
| 2003 | Moscow (Russia)         | <ul style="list-style-type: none"> <li>▪ Held their first Joint Anti-Terrorism Military Training.</li> </ul>                                                                                                  |
| 2004 | Tashkent (Uzbekistan)   | <ul style="list-style-type: none"> <li>▪ Regulations on Observer Status at the SCO.</li> <li>▪ Mongolia was involved as an observer state of SCO.</li> <li>▪ The launch of Secretariat in Beijing.</li> </ul> |
| 2005 | Astana (Kazakhstan)     | <ul style="list-style-type: none"> <li>▪ Confirmed the observer status of Pakistan, Iran and India.</li> <li>▪ Protocol on establishment of the 'SCO-Afghanistan Contact Group'.</li> </ul>                   |
| 2006 | Shanghai (China)        | <ul style="list-style-type: none"> <li>▪ Release of Five-year Manifesto on occasion of fifth anniversary of SCO.</li> </ul>                                                                                   |
| 2007 | Bishkek (Kyrgyzstan)    | <ul style="list-style-type: none"> <li>▪ Treaty on 'Long-Term Good-Neighborliness, Friendship and Cooperation' between member states.</li> </ul>                                                              |
| 2008 | Dushanbe (Tajikistan)   | <ul style="list-style-type: none"> <li>▪ Regulation on Status of Dialogue Partner.</li> </ul>                                                                                                                 |
| 2009 | Yekaterinburg (Russia)  | <ul style="list-style-type: none"> <li>▪ Signed Anti-Terrorism Pact.</li> </ul>                                                                                                                               |

|      |                       |                                                                                                                                                               |
|------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2010 | Tashkent (Uzbekistan) | <ul style="list-style-type: none"> <li>▪ Agreed on rules of accepting new members.</li> <li>▪ Joint Declaration on SCO/UN Secretariat Cooperation.</li> </ul> |
| 2011 | Astana (Kazakhstan)   | <ul style="list-style-type: none"> <li>▪ 10<sup>th</sup> anniversary of SCO's founding.</li> </ul>                                                            |

The summits mentioned above reflects the persistent working of the organization towards achieving its own niche among the regional integration processes currently active in contemporary international relations. Since the time of Shanghai Five, the organization has firstly, achieved a lot in terms of maintaining security in the chaotic region of Central Asia. All the 'Confidence Building Measures', under Shanghai Five as well as under SCO, were successful in resolving the age old border disputes in the region. Secondly, SCO has also created a stabilized institutional foundation that helped it to survive the drastic changes that followed three months after the creation of the organization in the form of 9/11 and its after effects. The organization during this time was successful in maintaining its respect by rigorously following the Shanghai Spirit in the process of regional cooperation and have conducted all the meetings and Summits uninterruptedly and successfully (Huasheng 2006: 105-107). There have also been instances of display of unity by the SCO, speaking in a single voice to the world despite inner contradictions, like the 2007 SCO Bishkek summit in which the US missile defenses were uniformly criticized and a unified call was made for an international treaty banning weapons in outer space (Yuan 2010: 866).

Referring to the worth of the organization in the Central Asian region, Ishtiaq Ahmad, has mentioned that the SCO has a unique comparative distinctiveness from the other organizations of the region – like ECO (Economic Cooperation Organization) and the CIS (Commonwealth of Independent States) – because 'it is serving in a limited way, ensuring the national needs and interests of the member states especially in the era of globalization and terrorism' (Ahmad 2008).

Economically also the organization is doing well with the intra regional trade growing from \$1.82 billion in 2000 to \$8.7 billion in a span of merely five years till 2005 (Ahmad 2008: 6). Due to the regional cooperation process under SCO the Central Asian states now have greater access to foreign markets and investment for exporting their extensive energy resources (Snyder 2008: 18). The regional cooperation is now broadening in other areas as well such as science, culture, education and public health (Lukin 2007: 147-148).

One can refer to the growing recognition and popularity of the organization, by the fact that more and more neighboring countries like Pakistan (requested membership in 2006), Iran (in 2007 and 2008) and India (in 2010) wants to join the SCO as full member states. A moratorium has been kept on the admission of new member states in the organization. But in June 2010 Summit of SCO in Tashkent a new advancement was made by approving the '*Regulation for the Admission of New Members*' to the organization (Lukin 2010). The international standing of the organization is also enhanced by the numerous studies that are now being conducted and published in the West to know more about the organization.

SCO has also shown some incidents of inter-regionalism with international organizations, and other regional organizations. One of the great achievements of SCO was its observer status at the United Nations (UN) General Assembly in December 2004. Also the SCO complies with the wisdom of UN and does not take any step that is derogatory in view of UN. For example, SCO denied membership to Iran because of the UN sanctions against that country. In recent years there has been a growing contact between the SCO and the international organization well expressed in the address of the UN Secretary General's message to the Council of Heads of States of the SCO in Tashkent (Uzbekistan) on 11 June 2010. In the message the Secretary General Ban Ki-Moon had referred to instances of cooperation between the two organizations (UN and SCO) stating that "The SCO has established working contacts with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Office on Drugs and Crime (UNODC) and United Nations Development Programme (UNDP). In Central Asia, the United Nations Regional Centre for Preventive Diplomacy is well placed to develop

initiatives with the SCO” (UNSG 2010). In June 2008 with the technical support of the ADB and UNESCAP, the SCO completed work on the draft Agreement among the governments of the SCO member states on ‘International Road Transportation Facilitation’ (SCO 2008b). The two organizations (SCO and UN) aim towards greater heights of cooperation in the future.

Similarly, the inter-regional friendship (another aspect of only new regionalism) of SCO with other regional organizations in the Eurasia region was accelerated specially in the time frame of 2005-2007 when many Memoranda of Mutual Understanding (MOU) were signed by the SCO Secretariat with other regional groupings like with the CIS (Commonwealth of Independent States) Executive Committee on 12 April 2005, the South Asian Association of Regional Cooperation (SAARC) also on 12 April 2005, ASEAN (Association of South East Asian Nations) Secretariats on 21 April 2005, the Eurasian Economic Cooperation (EurAsEC) on 8 May 2006, Collective Security Treaty Organization on 5 October 2007, the OSCE (Organization for Security and Cooperation in Europe), and the Economic Cooperation Organization (ECO) on 11 December 2007. Later the SCO also signed MOU with the CICA (Conference on Interaction and Confidence Building Measures in Asia) (SCO 2008b; OKSUZ 2009: 716).

In October 2007 the SCO Secretary-General took part in the summits of the CIS, CSTO and EurAsEC in Dushanbe at the invitation of the heads of the executive bodies of these organisations. With the CIS Executive Committee, the SCO has also “conducted dialogue over pressing international problems, interaction in economic, cultural, humanitarian and informational fields, counteraction against threats and challenges, joint involvement in economic projects” (SCO 2008b: 1). Between EurAsEc and SCO there is interaction among their business councils on ensuring a faster container service in accordance with the interstate programme "The Development of Transit Potential" (SCO 2008b).

SCO also maintain links with EU and OSCE on issue of Afghanistan and Central Asia. “Working contacts were kept with the embassies of EU countries in Beijing. In September 2008 the SCO Secretary-General participated in the EU-Central Asia Security

Forum hosted by France” as the then president of the EU (SCO 2008b: 1). Consultation has also held between SCO and World Customs Organisation, International Organisation for Migration, International Road Transport Union whose proposals concerning establishment of cooperation in various fields and projects were submitted to the SCO member states for consideration (SCO 2008b). SCO also has friendly relationship with the Dialogue of Cooperation in Asia (DCA) the Asia-Pacific Economic Cooperation (APEC) (OKSUZ 2009: 716)

This year (June 2011) the tenth Anniversary Summit of SCO has been celebrated in Astana (Kazakhstan), in which the past experiences and efforts of the organization have been summarized and new tasks have been taken up, such as the ‘Counter Narcotic Strategy of SCO Member States for the period 2011-2016. In this regard a Memoranda of Understanding has been signed between the SCO Secretariat and UNODC. A ‘*Memorandum of Obligations of a Candidate Country Applying for SCO Membership Status*’ has also been formulated on the basis of the ‘*Regulations on the Admission of New Members to the SCO*’ which is meant to further improve the legal base for the expansion of SCO (SCO 2011)

Thus, in the principles and aspirations of the Charter of the SCO, there is a clear reflection of the new regionalist perspective of an ‘open’ and interdependent world economy. Remarkable changes can be viewed in the organization’s objectives as well as working since the time of its inception. However, the organization is still very young, and is thus, going forward with an approach of case-by-case cooperation rather than desiring a formal political and functional integration like the European Union.

### **3.5 Challenges Ahead:**

SCO has also been the target of sceptics. As Zhao Huasheng has pointed out “*The establishment of the SCO attracted criticisms and mistrust, due to the ambiguity of its international status. Within the international community, the SCO tends to be perceived as a traditional organization governed by realpolitik*” (Huasheng 2006: 107).

The SCO's organizational effectiveness is also set to be hampered by internal frictions, tensions, and even competition between its member states over many challenging issues, such as ethnic minorities, border security, energy, pipelines, and water resources in the region. There is a lack of mutual trust among the members due to which there is no feeling of unilateral sacrifices to further their common interests. The activities of the organization are also hampered due to limited financial resources. With a staff of only around 30 personnel and an annual budget of approximately 2.5 million US dollars, the SCO secretariat can do very little in terms of much-needed monitoring, arbitration and enforcement of proper norms within the region (Hansen 2008). Seeing the wide scope of its activity one can only point out to the wide gap between the claims and practice of the organisation.

The sustainability of SCO is questioned frequently because of security situations in member countries. According to Richard Weitz, the "*SCO lacks the internal cohesion and capabilities found in strong multilateral security institutions such as NATO*" (Weitz: 2007: 4). Despite frequent attempts at SCO in showcasing military strength, the degree of commitment of the member states to act collectively or take open hostility against the West is low. Even the RATS was unable to act when the Hizb-ut-Tahrir and IMU stuck in Andijan in May 2005 and also there was no efficient signs of activism in countering the threats emanating from Afghanistan. Analysing this, Matveeva and Giustozzi have commented in their working paper that, "As far as the maintenance of regional peace and security is concerned, the SCO does not have a mandate for peace-keeping, nor does it offers a collective security guarantee to its members" (Matveeva and Giustozzi 2008: 4). SCO has yet to develop a genuine collective identity because of the presence of contrary interests; the Russians are more interested in taking the organization in the direction of a military block, whereas the Chinese priority lies in the economic realm.

Even in the area of trade much more is expected from SCO. The total intra-SCO trade was \$89 billion in 2007 or a mere 3.3 per cent of the total trade of the six member states (Hansen 2008). This shows that the intra-regional trade in SCO is low and whereas trade outside the region is high. The generation of trade was mainly through the simple



exchange of goods which shows that there is still lots to be achieved like greater liberalization, common market, common currency, to which European Union sets an example. But this will only be a dream come true in Central Asia, because before economic uniformity for the region, political connectedness and confidence among member states is important.

Till now the organization does not have any mechanism for settling disputes over the interpretation and application of the Charter. “Article 22 of the Charter stipulates no alternative for dispute settlement other than negotiations and consultations.” (Ahmad 2008: 11; also see Appendix 1). This can be a set back as there are many conflicting interest among the members, as will be shown in the next chapter.

Another challenge is related to the popular democratic basis of SCO which is regarded as weak. It is left to be developed on an exclusively state to state basis (depends on the political settings of the states of Central Asia which are mainly authoritarian) with minimal transparency (Oldberg 2007: 22). The desires of the political heads of the five Central Asian states seem to be the protection of their authoritarian regimes. As president Nursultan Nazarbayev of Kazakhstan made it clear in his 2005 state-of-the-nation address that “he seeks not only to ward off the specter of terrorism, but also to prevent the kind of insurgent democratic movement (Tulip Revolution 2005) that led to the downfall of Askar Akayev's regime in neighboring Kyrgyzstan” (Black 2005: 1).

Even the SCO website provides limited information in English as the two official languages are Russian and Chinese. This shows that structurally the organization has to improve itself. Many countries have requested for the membership of the organization in the past which have been kept on hold till now due to lack of proper mechanism for their inclusion. Although efforts are being made to device a mechanism for inclusion of new members, yet this big step will involve loads of work like introducing a third language English, as well as expansion of Secretariat and the and Regional Anti-Terrorist Structure (Lukin 2011). Along with this the membership of aspirant states like India and Pakistan is attached with apprehension, as pointed by Wu Hongwei of the Chinese Academy of

Social Sciences, that “if they (India and Pakistan) joined the SCO, they are likely to bring their unsolved dispute into the organization” (Escobar 2011). And if that happens then the burden on the structure of the Organisation will be enhanced.

The SCO has to deal with a diversity of topics that are now under its mandate which can lead to the problem of lack of proper focus. Till now many agreements that have been taken under its auspices mainly consist of bilateral deals. Many military exercises that have been carried out under SCO are also bilateral. There is lack of a coordinated group effort for which mutual trust building is essential. The recent 2011 Astana summit of SCO has been termed by a leading journalist Pepe Escobar as “More of a road map than a game changer”, because the summit mostly repeated the earlier promises of the organization like fight against terrorism, cyber-narco-criminality, and to solve the issues of water disputes between members (Escobar 2011).

However, it is very early to judge the organization, because constant attempts are still being carried out in accordance with the time and need, so as to make its working more efficient and to carve out a way for its future subsistence. In a recent article by Vladimir Radyuhin, ‘*SCO: Ten Years of Evolution and Impact*’, he provides some suggestions for reform in the organization. He begins by asking for “enhancing the role and independence of the Secretariat, whose officials today are more accountable to their respective foreign ministries than to the SCO Secretary General”. Secondly, “the consensus principle of decision taking also needs to be modified to allow joint programmes to go ahead even if a member is unwilling to take part”. He then states an example for this, that the experts are urging “Russia to drop its ‘short-sighted’ opposition to Chinese proposal for setting up SCO Bank that would create a much needed mechanism for financing multilateral projects and enable the SCO to make full use of economic potential of new members” (Radyuhin 2011).

The main concern of this chapter was the official setting and functions of the SCO. Much of the work of the organization till now is in the realm of its institutional setup and in the field of security (in the broad sense involving military security, economic security,

security from internal threats of separatism and extremism and from external threats terrorism, drug trafficking, etc.). This broad sense of security is one of the features of new regionalism. As Emanuel Adler and Michael Barnett has mentioned in their co-edited book '*Security Communities*', "whereas once security meant military security, now states are identifying 'new' security issues that revolve around economic, environmental, and social welfare concerns and have ceased to concern themselves from others within the community" (Adler and Barnett 1998: 4). Since, the organization is new it is gradually expanding its goals and aspirations of its Charter to other areas also. This is evident from the '*Astana Declaration of the 10<sup>th</sup> Anniversary of the Shanghai Cooperation Organization*' which states the achievements of the organization in the past ten years have increased not only in military security and economic sector, but also in cultural cooperation and people to people contact. "There is deepening interaction in the framework of meetings of ministers of culture, healthcare, science and technology, as well as the SCO Forum" (SCO 2011b: 1). This reflects the deepening (in various sectors) and widening (prospects of involvement of new members) processes at work in the mechanism of SCO, which are in consonant with new regionalist paradigm.

Every organization has some official norms and settings on the one hand (the formal region), and some internal political behaviour and internal dynamics which are part of the constituent member states of that organization (the real region), on the other hand. Hettne put both these aspects as part of the study of regionalism, specially for knowing the level of regionness within the region. Even James H. Mittelman focuses on the "power relations" among the regional setting as a component of new regionalist theory (Mittleman 1999: 25). In order to understand the situation of SCO and its security specific working it is necessary to view the scenario behind the scenes to get a holistic view of the situation. There are of course incidents of high diplomacy and politics between the member states and also between the member states and the states outside of SCO. This is mainly with the reference to US and its relationship and stakes with the countries of SCO. The recently emerged body of research both in the SCO states and in the Western world is focusing more on a comprehensive understanding (a new regionalist view) of the working of the organization, taking view of all dimension (Political,

economic, social and cultural) and all levels (domestic, regional and global). The politics and the domestic settings of the member states without which the study and analysis of SCO is incomplete will be studied intensively in the next chapter.

***CHAPTER 4***  
***LINCHPIN OF CENTRAL ASIAN***  
***POLITICS: SHANGHAI COOPERATION***  
***ORGANIZATION AND THE MAJOR***  
***PLAYERS***

## CHAPTER 4

### LINCHPIN OF CENTRAL ASIAN POLITICS: SHANGHAI COOPERATION ORGANIZATION AND THE MAJOR PLAYERS

#### **4.1 Introduction:**

The Shanghai Cooperation Organization (SCO) is surrounded with a lot of controversies and politics among this group of a few but powerful states of the world. This chapter is important for the complete study of the organization as it focuses the real region of Central Asia along with the power politics surrounding the organization, as well as the policies and approach of the member countries and other countries of the world towards the organization.

Like the process of foreign policy making of a nation is vulnerable to influences emanating from changes at the global and at the national level. Similarly, the regional level which is also constituted of nation-states may get affected by the same changes. As stated by Mario Telo, in order “*to focus on the political and strategic dimension of regionalism....*” one has to explain “*....the flourishing of regional organizations through endogenous and exogenous factors, along with studying their current and potential impact on global governance*” (Telo 2001: 1). As mentioned in Chapter one, Hettne also believes that “*the degree of ‘Regionness’ of particular areas can increase or decrease depending on regional dynamics, in which global as well as national/local forces of course have an impact*” (Hettne 1999: xix). Therefore, the understanding about the creation and working of the SCO as a regional organization for Central Asia, will involve the study about the dynamic political aspects within and among the member states along with an overview about the other significant global players.

The first thing that strikes with the name Central Asia is the Five Central Asian states commonly known as ‘Stans’ – Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan and Turkmenistan (Akiner 2010: 10), their internal political settings and their outside relations.

### The Five Central Asian States:

The condition of Central Asian republics have been well expressed in the words of Beddoes,

*“They are flanked to the east by a rising great power (China); to the north by their former hegemon (Russia); to the south by a country collapsed in violent chaos (Afghanistan), a fundamentalist Islamic republic (Iran), and a fragile secular state in search of a greater regional role (Turkey). Along with these neighbours, a distant superpower seeks influence if not dominance (America)”.* (Beddoes 1998) (See the map on below)

**Map 4.1: Map of the Five Central Asian States**



Source: Goodrich, Lauren (2010), “Kyrgyzstan and Russian Resurgence”, Stratfor: Global Intelligence, [Online: web] Accessed on 24 June 2010, URL: [http://www.stratfor.com/weekly/20100412\\_kyrgyzstan\\_and\\_russian\\_resurgence?utm\\_source=GWeekly&utm\\_medium=email&utm\\_campaign=100413&utm\\_content=readmore&elq=3d34aa3fa62b471abc259aeb1376f0e0](http://www.stratfor.com/weekly/20100412_kyrgyzstan_and_russian_resurgence?utm_source=GWeekly&utm_medium=email&utm_campaign=100413&utm_content=readmore&elq=3d34aa3fa62b471abc259aeb1376f0e0)

The Central Asian states have always been under the influence of many invasions and have been reined by Huns, Arabs, Turks, Mongols, Persians, and ultimately by Russians. The five Central Asian states are land locked and were traditionally under the territory of former Soviet Union since nineteenth century till the last decade of twentieth century. Russia made the first contact with the region in the sixteenth century mainly for trade (like the British started trading relations with India before its colonialism) (Amineh 1999: 43-54). However, the conquest of Central Asia by Russia (from around 1865-1920) took many years. This colonialism that lasted for nearly hundred and fifty years was more like expansionism, as it was in continuation to the Russian landmass (Roy 2005: 25). Some of the reasons for this Russian conquest have been mentioned by Mehdi Pervizi Amineh (1999: 53) as:

- Establishing political rule to secure trade relations and to secure the movements of Russian caravans: the Russian caravans that cross the steppes for the markets of Bukhara and beyond were plundered by the clans and tribal divisions in Kazakhs steppes.
- Anglo-Russian rivalry in the region: The Russian made their conquest of Central Asia more intense after their defeat in the Crimean War (1854-1856).<sup>1</sup>
- The rapid development of Russian industry in the need of markets to sell their products.

After the October Revolution of 1917 (the end of Tsarist empire in Russia), Russia consolidated its territory which now includes Central Asia and Caucasus and was known as Union of Soviet Socialist Republics (Soviet Union, the first communist state). Under the Soviet policy there was "...disintegration of the Central Asian society not only by political-military mean but also by economic, social and educational policies, thereby forming small territorial units out of Central Asia, for to secure its own authority and economic advantages" (Amineh 1999: 59). The former Soviet Union was characterized

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<sup>1</sup> The crises of the empires of West Asia in the eighteenth and nineteenth century led to Anglo- Russia expansion in the Ottoman and Persian empires. This expansionist zeal created conflict between the two colonial powers – Britain (having an alliance with France) and Russia leading to Crimean War. For more information on Russian conquest in Central Asia, see Jonson, L. (2006), *Vladimir Putin and Central Asia: The Shaping of Russian Foreign Policy*, New York: I. B. Tauris & Co Ltd. pp. 23-42.



by a centralized political system embedded in the rules of command economy with little autonomy enjoyed by these small territorial units.

But with the end of the Cold War (early 1990s) and the simultaneous disintegration of the Soviet Union, these five Central Asian states were granted independence and none had undergone any popular agitation for secession (Mandelbaum 1994: 2). The territorial units of former Soviet Union have to now start the process of formation of their independent nation-states in contemporary times which has been compared with the formation of states in early modern Europe (around fifteenth to eighteenth century) by Brian D. Taylor, who notes that, “Of the many differences, one crucial one is that state formation has gone global, not only in the powerful influence of external coercion, but also in the attention paid to the process by a variety of watchdogs in the media, NGOs like the Amnesty International, and international organizations like the United Nations.” (Taylor 2011:308; Taylor and Botea 2008: 31).

Being left to their own fate after independence these Central Asian states were more concerned with nation-building by tackling the problems of interethnic clashes like the one in 1989 between Uzbeks and Meskhetian Turks in the Uzbek part of Ferghana Valley (See the location of Ferghana Valley in the map above), and also between Uzbeks and Kyrgyz in the Osh and Uzgen region of Kyrgyzstan in 1990 (Matveena and Giustozzi 2008: 2).<sup>2</sup> Soon their participation as sovereign states in the United Nations, the International Monetary Fund and the World Bank provided them the much required exposure to the world at large.

A major reason for their being less developed is that before independence the former Soviet Union lacked in its efforts in developing the tremendous energy pool that is concentrated in this region. As a result these Central Asian states, after independence, were abandoned to sustain themselves mainly over the export of their staple goods.

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<sup>2</sup> The Ferghana Valley is a disputed region between Central Asian states of Uzbekistan, Tajikistan and Kyrgyzstan. The region was artificially divided between these three states in the 1920s. However the division is not based on ethnic communities and clans that made the situation worse specially when the states got independent borders after the disintegration of Soviet Union. Mentioned in, Dikshit, S. (2011b), “India Poised to Join Shanghai Grouping”, *The Hindu*, 16 June 2011.

Uzbekistan exported cotton; Turkmenistan, its natural gas; Tajikistan, aluminium and gold; Kyrgyzstan, its gold; and Kazakhstan, its oil leases (Spechler 2002: 46). They were also dependent upon imported energy and minerals, an irony for the republics which themselves if taken together contain about seven billion barrels of proven oil reserves and at least 236.6 trillion cubic feet of natural gas reserves (Dorian et.al. 1997).

Because of dependence of all the Central Asian states on export of raw materials, they were more interested in multilateral trade, termed by Spechler as “export globalism” rather than regional cooperation (Spechler 2002: 46). Seeing the trends of globalization, the World Bank has also recommended in its ‘Report of Poverty Reduction and Economic Management Unit Europe and Central Asian Region’ (2010), that the Central Asian nations have a pressing need to diversify their exports (World Bank 2010).<sup>3</sup> The report also says that, “As of 2008 bulk of export still was around a narrow range of products like – mineral fuel, metal products, cotton, and aluminium products” (World Bank 2010).

The Soviet era transportation system was also an impediment in making the Central Asian states self reliant in trade. Martin C. Spechler, has mentioned about the ‘*hub and spoke*’ system of former USSR, in which “the republics had more land, rail, and air connections with Moscow than with their immediate neighbours.” (Spechler 2002: 43). Here the discussion about trade of the Central Asian region is important because, this is one area where interactions take place very rapidly, thereby increasing the chances of spillover to other areas as well. Since the infrastructure development among the five Central Asian states was generally weak after independence, consequently the economic interactions within and outside the Central Asian region remained feeble. To remove this weakness a number of options are being considered to improve their trade and economic capacity. One of the suggestions prominent in World Bank Report, “*Central Asia*

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<sup>3</sup> The World Bank (2010), Report No: 53556 – ECA, explains the process of ‘export diversification’ as “a long term process of development because diversifying products and exports exposes firms to domestic and international competition, which enhances productivity. Such diversification drives a country’s structural transformation from agriculture to industry to service, accompanied by a spatial transformation as leading cities and their hinterland plays a stronger role in production and trade.” (World Bank 2010: i) Although the report was only on the three republics of Kazakhstan, Kyrgyzstan, and Tajikistan, but this was seem to be the general trend in the entire Central Asian region.

*Expanding Trade by Connecting with Markets: Kazakhstan, Kyrgyz Republic, Tajikistan*” is that, the Central Asian nations should participate in existing regional institutions for greater economic development in future (World Bank 2010).

However, times and situations are changing, and the republics seeing the importance of their natural resources (see the geographical importance of Central Asian region mentioned in the last chapter) in this power hungry world can play an important role in global politics. Also the high oil prices are keeping these states on good negotiating terms with other powerful states. Apart from abundant resources, the Central Asian states with a combined gross domestic product of \$ 207 billion and a population of 66 million, offer a sizeable latent market to be explored (Aazim 2011).

On the one hand, there are similarities of history and geography among these Central Asian states, because of which they have to deal with some of the common development problems like, ‘slow transition towards democracy, concern over Islamic radicalization, the proliferation of weapons of mass destruction, narcotic trafficking, delayed market oriented economic reforms, poor business and investment climate, widening income disparity and pervasive poverty’ (Azarkan 2010: 402). These states since their independence have low per capita incomes, low rates of labour productivity and a large part of their population is engaged in agriculture (Mandelbaum 1994: 2). The World Bank report says that there are “two daunting challenges faced by these Central Asian states: they are landlocked and their product base is skewed towards natural resources” (World Bank 2010: 9). All these common problems also hamper the flow of direct foreign trade and investments in the region.

On the other hand, despite having these common problems, the Central Asian states do not always represent a very coherent picture to the outside world. There are differences in their varied strategic interests such as, “their contrasting opinions regarding solutions to security threats, primarily influenced by the degree of openness tolerated by their regimes” (Azarkan 2010: 397). These Central Asian nations are suspicious among themselves also, with notions like the dominance of Uzbekistan, (specially with the

signing of *US-Uzbek Declaration of Strategic Partnership* in March 2002) over other Central Asian states of Kazakhstan, Tajikistan and Kyrgyzstan. The latter states try to subdue this imbalance of power by "...revitalizing their regional alliances with Russia as well as by strengthening their own bilateral relations with the US." (Bohr 2004: 485). Another incident of mistrust is the 1999 coup in Tajikistan led by secessionist aspirations of Tajikistan's Uzbek population who were thought to be supported by Tashkent (Peimani 2009: 4). This feeling of mistrust also leaves them dependent on mechanisms of regional cooperation such as SCO which provides a perfect counter-balance to any hegemonic aspirations in the region (due to presence of both Russia and China) and which works for the common development of the region as well.

"Hybrid Regimes" is an appropriate term used by Grigorii Golosov to describe the political settings in the Central Asian republics mainly because its a mixture of democracy and autarchy (Golosov 2011).<sup>4</sup> Boris Rumer says that, "...the regimes of Central Asia are nothing other than dictatorship veiled in parliamentary clothing – whether the dictatorship be of a milder form, as in Kazakhstan, or of a harsher variety, as in Uzbekistan" (Rumer 2005: 4). However, the tag of being even a pseudo-democratic region is essential for these states because other countries may not like to further economic or trade cooperation with dictators per se. Whereas an imperfect democracy is still acceptable and can be dealt with.

Nonetheless, the authoritarian rulers of these states are never free from the fear of a revolution leading to ascendancy of proper democratic norms in these states. The main reason behind this fear is the continuation of more or less the same 'Head of State' in these states, who were once part of the rank and files of the Communist party of former Soviet Union and have ruled these states for many years after their independence ((Rumer 2005). For example, Kazakhstan's President Nursultan Nazarbayev has ruled since 1991 and is till continuing, Emomalii Rahmon the acting President of Tajikistan

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<sup>4</sup>Henry E. Hale has also described the post Soviet regimes in Central Asia as 'patronal presidentialism' because the transplant to democracy is not yet complete and the president exerts more power both within and outside the political setup. For further information see, "*Regime Cycles: Democracy, Autocracy and Revolution in Post-Soviet Eurasia*", by Henry E. Hale, published in *World Politics*, no. 58 (October 2005), pp.133-65.

had assumed office in 1992, Islam Karimov is the current President of Uzbekistan since 1990. The situation is not very dissimilar for Kyrgyzstan with its first President ruling the country for nearly fifteen years from 1990 to 2005 and was dethroned only through a protest. Even in Turkmenistan the first President, Saparmurat Atayevich Niyazov ruled from 1990 till he died in 2006. With these examples it is perceptible that, the rule of these 'head of the states' could have a personal impact also on the regional aspirations of these Central Asian states, but that can also be analysed under the broad framework of the new regionalist theory. As Jean Grugel and Wil Hout says, "States are the main actors in new regionalist blocs, sometimes responding to demands generated within society, sometimes in response to external pressures, and sometimes as a result of a particular regionalist vision of relatively autonomous state elites" (Grugel and Hout 1999: 3-4). These authoritarian states made the process of regional integration in Central Asia under the SCO as mainly state led. There is no involvement of non-state actors in the regionalization process of the SCO. But there is a very thin veil that is covering the influence of these non-state actors, which can be uncovered easily and which are disturbed now and then.

For example, the manifestation of authoritarian government is not a feasible practice for these states specially at times of frequent revolutions that occurred in the early 21<sup>st</sup> century in the Eurasian continent. The 'colour or the flower revolution' is the common name given to the four revolutions that have occurred in Serbia (Bulldozer Revolution 2000), Georgia (Rose Revolution 2003), Ukraine (Orange Revolution 2004), and Kyrgyzstan (Tulip Revolution 2005). There were speculations about a domino effect of these revolutions in the entire Central Asian region (Hale 2005).

As a repercussion, countries like Kazakhstan, Tajikistan and Uzbekistan took measures to safeguard their political regimes. The very first was to subdue the growing influence of US and Western NGOs (non-governmental organizations) such as Soros Foundation (the largest US private donor in Central Asia) and Freedom House. In Uzbekistan, United Nations refugee agency was expelled because of fear of uprising (Azarkan 2010: 407). These NGOs were accused of being harbingers of democratic trends by creating active

civil society in Central Asian republics. Sreeram Chaulia has tried to decipher the role of these international non-governmental organizations from the perspective of realist international relations theory and has argued that “*rhetorical homage to democratic ideals and values mask their utilitarian handiness in the superpower’s (US) quest to install friendly regimes in high priority areas of the world*” (Chaulia 2005).

In these circumstances of lowered trust on the world hegemon, the main question that arises is ‘What is the importance of SCO for these small Central Asian states?’ The answer lies in the fact that, at times when the West is reluctant to support these Central Asian states on the pretext of absence of democracy and human rights in the region, then there is greater approval of the working of SCO by these Central Asian republics. For instance Uzbekistan came closer to SCO after the Andijan incident in 2005 (A province located in the troublesome Ferghana Valley) in the country of which the western world (especially US) was highly critical (Saidazimova 2006). Maintaining mutual non-interference in each others internal affairs (a vital aspect of SCO’s working) helped the organization in gaining the trust of these relatively small Central Asian states. It seems that, after these revolutions the organization has displayed greater cohesion and greater spirit for regional cooperation.

The organization in its capacity took some positive steps against these revolutions during its 2006 Summit, where the SCO “issued a Joint Communiqué that emphasized member states’ pledge not to participate in, nor allow their territories to be used for activities detrimental to the interests of other member states, and to seek immediate consultations when and if developments took place that threatened regional peace, stability and security so as to protect their common interest” (Yuan 2010: 866). Since continuation of economic cooperation is an important cog for the working of SCO, the members are also trying to avoid situations of ethnic and clan conflicts, for example, both Russia and China offered to help restore normalcy and order in Kyrgyzstan after the Tulip revolution (Azarkan 2010: 408). Analyzing these efforts of the SCO, Jing-Dong Yuan has raised the negative aspect of the whole situation that, “SCO in a way has preserved the conservative and authoritarian regimes in the region, therefore delaying if not defeating the US agenda

of promoting democracy and good governance” (Yuan 2010: 867-868).<sup>5</sup> However, to be a little optimistic one can even say that, the SCO Charter is itself based on democratic ideals in its functioning (Article 1, SCO Charter, Appendix 1) , but it does not want to rush into things at the cost of greater political instability and chaos instigated by these revolutions.

There are also other barriers to the prosperity and development of the region like large debts, high level of corruption in every sphere of governance and lack of rule of law. The countries of the region have adopted different approaches toward a free market economy mechanism with Kyrgyzstan (and in recent years Kazakhstan) on the one end of the spectrum adopting rapid liberalizing trends, and Turkmenistan and Uzbekistan on the other end with practically no change in their authoritarian governance (Promfret 2010:1).

See the table on the next page that reflects the diversity in Central Asian countries specially in terms of adherence to rule of law and liberalization of economic policies. In terms of trade restrictiveness, the table categorize the Central Asian states, measured on the scale of 1 to 10, with the least restrictive as 1 (like Kyrgyzstan, Tajikistan) and the most restrictive level represented by Uzbekistan as 9. The different level of restriction on trade also affects the future course of economic cooperation within these Central Asian states (see the table below).

An analysis of the table reveals that the region as a whole has failed to represent itself as a lucrative prospect for foreign direct investments. In the table above, UAE sets a perfect example in terms of trade, to be imitated by these Central Asian states. There are high import barriers and high taxes and other unfair and corrupt practices that provide a setback to the economies of these Central Asian States (Azarkan 2010: 409). One of the consequence was the immediate cut down in the investment of East Asian nations mainly South Korea (which was a huge investor in Central Asia during early 1990s) in the

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<sup>5</sup> As said by Ezeli Azarkan “Some analysts have attributed the Tulip Revolution in Kyrgyzstan to clan and regional fighting rather than characterizing it as a democratic movement” (Azarkan 2010: 408). For further understanding of ethnic conflicts in Kyrgyzstan and other Central Asian states read the book “Conflict and Security in Central Asia and Caucasus” by Hooman Peimani, ABC-CLIO, LLC (2009), California, pp. 3-8.

Central Asian region after the Asian Financial Crisis of 1998. The crisis made the investors more cautious to avoid risk by investing in easier and much profitable markets of East Asia or of Central Europe (Rabelland 2000).

| <b>TABLE 4.2: GOVERNANCE AND ECONOMIC POLICY REGIMES</b> |                                      |                              |                                  |                                            |                                  |                                  |
|----------------------------------------------------------|--------------------------------------|------------------------------|----------------------------------|--------------------------------------------|----------------------------------|----------------------------------|
|                                                          | <b>Political Stability Index (%)</b> | <b>Rule of Law Index (%)</b> | <b>Control of Corruption (%)</b> | <b>Overall trade Restrictiveness Index</b> | <b>Non-Tariff Barriers Index</b> | <b>Average Import Tariff (%)</b> |
| <b>Wider Central Asian Region:</b>                       |                                      |                              |                                  |                                            |                                  |                                  |
| <b>Afghanistan</b>                                       | <b>3.4</b>                           | <b>1</b>                     | <b>3.9</b>                       | <b>4</b>                                   | <b>2</b>                         | <b>5.3</b>                       |
| <b>Iran</b>                                              | <b>19.9</b>                          | <b>23.2</b>                  | <b>35</b>                        | <b>7</b>                                   | <b>2</b>                         | <b>22.7</b>                      |
| <b>Kazakhstan</b>                                        | <b>45.6</b>                          | <b>17.4</b>                  | <b>9.9</b>                       | <b>4</b>                                   | <b>2</b>                         | <b>7.4</b>                       |
| <b>Kyrgyz Republic</b>                                   | <b>19.9</b>                          | <b>15</b>                    | <b>15.3</b>                      | <b>1</b>                                   | <b>1</b>                         | <b>5.2</b>                       |
| <b>Pakistan</b>                                          | <b>6.3</b>                           | <b>26.1</b>                  | <b>20.2</b>                      | <b>6</b>                                   | <b>2</b>                         | <b>16.5</b>                      |
| <b>Russia</b>                                            | <b>21.8</b>                          | <b>29.5</b>                  | <b>29.1</b>                      | <b>5</b>                                   | <b>2</b>                         | <b>11.1</b>                      |
| <b>Tajikistan</b>                                        | <b>13.1</b>                          | <b>9.2</b>                   | <b>8.9</b>                       | <b>1</b>                                   | <b>1</b>                         | <b>7.6</b>                       |
| <b>Turkmenistan</b>                                      | <b>18.9</b>                          | <b>5.8</b>                   | <b>3.4</b>                       | <b>7</b>                                   | <b>3</b>                         | <b>5.6</b>                       |
| <b>Uzbekistan</b>                                        | <b>9.7</b>                           | <b>7.7</b>                   | <b>5.9</b>                       | <b>9</b>                                   | <b>3</b>                         | <b>14.6</b>                      |
| <b>Main Neighbors:</b>                                   |                                      |                              |                                  |                                            |                                  |                                  |
| <b>China</b>                                             | <b>46.6</b>                          | <b>40.6</b>                  | <b>39.9</b>                      | <b>5</b>                                   | <b>2</b>                         | <b>10.5</b>                      |
| <b>India</b>                                             | <b>24.3</b>                          | <b>50.7</b>                  | <b>47.3</b>                      | <b>7</b>                                   | <b>2</b>                         | <b>22.0</b>                      |
| <b>Turkey</b>                                            | <b>30.6</b>                          | <b>54.6</b>                  | <b>50.7</b>                      | <b>5</b>                                   | <b>2</b>                         | <b>12.7</b>                      |
| <b>UAE</b>                                               | <b>78.2</b>                          | <b>78.7</b>                  | <b>86.7</b>                      | <b>1</b>                                   | <b>1</b>                         | <b>5.0</b>                       |

Source: Byrd, W. et.al. (2006), *Economic Cooperation in Wider Central Asian Region*, World Bank Working Paper No. 75, [Online: web] accessed on 7 July 2011, URL: <http://siteresources.worldbank.org/INTSOUTHASIA/556101-1101747511943/21363080/WiderCAWorkingPaperfinal.pdf>

(The report itself recognizes that this data is based on polls and surveys, so these indexes have significant margins of error.)



The table above also gives a fair idea about the situation regarding control of corruption and political stability of the region. The states are also high on performance in terms of violation of human rights. Human rights organizations like Human Rights Watch (HRW 1993-2008), have documented various human rights abuses specially relating to the political oppositions in these states since 1991, for example, “banning opposition activities, closing opposition facilities, harassing opposition members and supporters through arrests, torture, kidnapping, killing and unfair trials by the Central Asian Governments” (Peimani 2009: 15). Democracy is less to be seen and political threats are also persistent from militant groups in Central Asia which want the formation of a Muslim state encompassing all of Central Asia, including the Xinjiang Province of China, with the view of incorporating the entire Islamic world community under a new caliphate (Rotar 2005). Stephen Aris restates and constructs over the work of Mohammed Ayoob on ‘security in regions composed of *less developed* states’ (Ayoob 1995: 15-16). Aris notes that “Ayoob has characterised less developed states as those that are weak (lack of internal cohesion and legitimacy), vulnerable (marginalised and easily permeated by external actors) and insecure (susceptible to internal and interstate conflict)” (Aris 2009: 460). Aris then classifies these five Central Asian states as *less developed*, to different extent (as shown in the table above) (Aris 2009: 460).

In recent times, the Central Asian region has again undergone a significant turning point with the 9/11 incident which made Central Asia the tinder box with Afghanistan as the main accused to bear the wrath of US joined by the rest of the world against terrorism. Alexander Lukin has noticed a difference in the approach of SCO and US (and its allies) to tackle the problem of terrorism. He says, “While Washington puts emphasis on military strikes against international terrorist centers and attacks against states supporting terrorism, the SCO nations see direct links between international terrorism, on the one hand, and separatism and religious extremism, on the other” (Lukin 2007: 142). In this way the SCO states are linking an international problem of terrorism to their region specific problems of extremism and separatism for their own interest. Thus, fight against terrorism is now a vital reason for regional cooperation in Central Asia. Other regional issues like the water disputes, narcotics and labour movements in Central Asian region

has eventually emerged and demand holistic intervention. Earlier also the Central Asian states have shown their joint solidity and cooperativeness in making the Central Asian region a 'Nuclear Weapons Free Zone' when the 'stans' (five Central Asian states) signed the '*Semipalatinsk Treaty*' (a place in Kazakhstan) on 8<sup>th</sup> September, 2006 (Goldblat 2007: 25). The need is to attenuate their differences and replicate this unity in other areas for the greater progress of the region in general.

Martin C. Spechler has suggested that the most reliable sources of funding for the countries of Central Asia are the multilateral donors that are genuinely interested in preaching stability and prosperity in the region. These are actors like the "Asian Development Bank (ADB) with which consultations were held in Beijing for cooperation in economic and financial fields, specially with officials from the ADB's Central Asia Regional Economic Cooperation Programme. Another example is that of the TRACECA (Transport Corridor Europe Caucasus Asia) a programme by European Union to provide consultants in order to help Central Asian governments identify their needs, but it does not offer any funding (Spechler 2002: 46).

Apart from this, the most reliable option to handle the complex problems and to coordinate with the neighbours of apparently asymmetrical powers, a multilateral framework of security, political and economic cooperation like SCO that serves exclusively the Central Asian region gives any individual small state of Central Asia the best prospect for preserving its sovereignty and voice in the world politics. The working of the SCO makes it evident that, the Central Asian states are not acting purely in the 'Westphalian Tradition' i.e., purely pursuing national interest. In the words of Bjorn Hettne, "Of course what is conceived as 'national interest' does not disappear, but due to the imperative of global interdependence, it becomes inseparable from various shared transnational interests and concerns, which are manifesting themselves in the regionalization process" (Hettne 1999: xxiv).

#### **4.2 The Two Regional Hegemons:**

One of the most noticeable relationship in SCO is the co-existence of two giants of Asia, namely Russia and China, under the single setting of SCO. “At the regional level it is widely believed that hegemonic power may produce substantial cooperation as the dominant state seeks to design regional structures that institutionalize its dominance and as other regional states seek to avoid the cost of non-compliance” (MacFarlane 2004: 447). In case of SCO the role of a ‘hegemon’ has been shared by two giants Russia and China, who are important global players also as both of them are permanent members of the UN Security Council. The two Communist states – former USSR and China – were hostile to one another for most part of the 20<sup>th</sup> Century. In recent years, both Russia and China have realized the importance of joint efforts especially in a unipolar world after the disintegration of USSR.

Now a pertinent question is, ‘What significant role is played by Russia and China the two regional hegemons of Central Asia in setting up the framework of a regional organization like the SCO in such a strategic location?’ In order to answer this question we have to discuss the importance of internal political dynamics of Russia and China respectively in the region as well as within the SCO *per se*.

##### **Russia:**

Russia that is regarded as the successor state to the mighty communist empire of former USSR is geographically the largest country in the world. Historically, Russia has political, economic, military and cultural ties with the Central Asian states. Even now Russia holds a dominant position in the Eurasian region as it controls many oil and gas pipelines carrying Kazakh oil and Uzbek’s natural gas to the international market (Azarkan 2010: 414). Nearly three-fourth of the former Soviet Union’s extensive pipeline network for crude oil, oil product and gas lies in Russia (Dorian et.al. 1997) It also has huge involvement in Tajikistan and Kyrgyzstan by providing these nations military assistance and by investing in their hydropower industry (Azarkan 2010: 414). SCO

thereby acts like a bandage to the injuries made to the relationship between Russia and other Central Asian states after the involuntary disintegration of the former USSR in early 1990s.

All this is true, but one major consequence of disintegration was, Russia lost the glory and power that was once enjoyed by the Soviet empire. The regional hegemony of Russia was marginalized due to the change in the systemic condition of world order. Exerting power through regional integration mechanisms (like Commonwealth of Independent States) became a necessary mean to again join the mainstream power politics in the post Cold War globalised world. Although, the formation of SCO was the brainchild of China, keeping out of SCO was unquestionable for Russia because that would mean losing the grip over power and handing it over to China both within the region and outside.

However, with the participation in the SCO Russia seems to be maintaining a benign relationship with China and is agreeing to a more power-sharing kind of a model in which for the first time agendas were set mainly by China, for e.g. SCO secretariat was set up in Beijing and the first head of SCO secretariat was a Chinese Ambassador – Zhang Deguang.

#### **China:**

After the creation of SCO the five Central Asian states (Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan and Turkmenistan by its policy of neutrality) are trying to follow the policy of equal allegiance for maintaining the balance toward both Russia and China. The relationship between the five newly independent states of Central Asia and China is that of trust and mutual support to one another. On the one hand, the Central Asian republics seek the help of China in mustering a potential counterweight to the Russian supremacy in Central Asia. And on the other hand, China is a communist state which has opened the gates of liberalization, and is now searching for new markets and sees a potential trade partner in central Asian republics. By 2008, the trade between China and SCO members reached \$ 86.8 billion from a mere \$ 12.1 billion in 2001, i.e., an annual

average growth rate of thirty percent (Jifei 2010). Apart from this, China has a border of 3,300 kilometres together with Kazakhstan, Kyrgyzstan and Tajikistan which pushed China to amicably settle the boundary disputes with these states at the time of their independence (Yuan 2010: 857).

China is also making a huge amount of investments in the Central Asian region, so as to improve its infrastructure which will help Chinese access to raw materials, and greater exports to its neighbours. However, many of the loans and investments that China offer for specific projects are contingent upon using Chinese construction firms (Matusov 2007: 84). The initiative of SCO which came from China and is headquartered in Beijing gave the Chinese power hungry dragon huge teeth to sink deep in the Central Asian energy resources. In the last decade (2001-2010) China has relentlessly pursued the energy resources in the Central Asian region in order to diversify its resources rather than depending solely on the capricious Middle East (Snyder 2008: 19). The energy needs of China have been well expressed in the words of Jing-Dong Yuan that, “for Beijing’s own purpose of energy security and internal social stability, China needs to promote the SCO’s functional spill-over from security and anti-terrorism to economic cooperation; its institutionalization and expansion; and the collective identity that member states endorse and nurture.” (Yuan 2010: 862).

Like Russia, the early 1990s was a troubled phase for China as well. In the post Cold War period the immediate problems that struck China were, “international isolation in the wake of Tiananmen incident; military tension in the Taiwan Strait; Russia’s deviation towards the West; Islamic threat; and so on” (Stobdan 2008: 528). Since isolationism was no more the norm in the post Cold War globalised era, China had to come out of its shell to build up economic ties, for which Central Asia was an accessible and lucrative option.

Another grave problems of China is the separatist aspirations and huge immigration of people of the Xingjiang province of China to the Central Asian republics mainly

Kyrgyzstan.<sup>6</sup> But the solution to this problem was founded in trade. The Central Asian republics, in order to upgrade their infrastructure are now greatly dependent on china for trade, and this trade is strictly based on the condition that the Central Asian leaders will not support in any sense the separatist movement in the Muslim province of Xinjiang in the northwest of China. The province now known as the Xinjiang Uyghur Autonomous region in China is traditionally a region of Geostrategic interest by being the part of ancient “Silk Route” (Dorian et al 1997).

Beijing, over the past few years, has been aggressively moving into Central Asia by developing infrastructural projects and by gaining independent access to energy resources. Scholars have analyzed that a new epoch has dawned in Chinese foreign relation with its adoption of ‘new security concept’ which endorses multilateral security dialogues (Yuan 2010: 856). Earlier China was mainly dealing with bilateral relations but now the country is more receptive to multilateral forums and is confidently pushing forward multilateralism like the mechanism of ASEAN plus 3 which involves China, Japan and Korea (Marketos 2009: 57-58).

One fact that cannot be denied is that under the banner of SCO both Russia and China have developed amiable relationship (comparatively very compatible to the one that was there during the Cold War). Shiping Tang in his work “*Economic Integration in Central Asia: the Russian and Chinese Relationship*” has given three exogenous reasons for the coming together of this two giant states in the Central Asian region (Tang 2000: 361).

These are:

- The eastward expansion of NATO (North Atlantic Treaty Organization).
- The strengthening of US-Japan security alliance.
- The sense of weakness felt by both Russia and China in a unipolar world.

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<sup>6</sup> The North-Western province of Xinjiang in china, bordering Russia and Central Asia, is populated with ethnic Uigurs, who have fought for independence under the state of East Turkistan. However China is suppressing the movement from the fear that this will ignite similar forces in Tibet region and other parts of China (Snyder 2008: 17).

Tang has mentioned these reasons even before the formation of organizational setup of SCO. However, the institutionalization of SCO gave some more reasons for Russia's and China's attachment towards each other. With the help of SCO's annual summits they have successfully settled some border issues, increased their military collaboration with improved arms trade and have removed barriers for greater energy and economic ties (Snyder 2008: 16). The two states also came closer to demonstrate the growing regional influence of SCO, first in the Sino-Russian Peace Mission 2005 (the largest so far), which involved close to 10,000 troops and a variety of advanced weapon systems (Yuan 2010: 264); and then in 2007, when for the first time the military of all the SCO members took part in the anti-terror drill – "Peace-Mission 2007" – staged in Chelyabinsk region of Russia (Iyer 2008). These peace missions have displayed the growing power and cooperation of SCO in four aspects: "strategic consultation among SCO member states, power projection, joint command and joint operations" (Yuan 2010: 264). It has been realized lately, that terrorism in Russia and separatism in China acts as a common problem for a common solution for which the two great powers need to join hands.

Now after the institutionalization of SCO, the exogenous reasons given by Tang became more refined with Russia and China prioritizing their mutual feeling of countering the hegemonic aspirations of the United States under the guise of NATO in the region (Snyder 2008: 17). To slow down the influence of NATO both Russia and China are making efforts for greater cooperation with the four other member states of the SCO. This will fulfil another mutual goal of Russia and China, that is, the maintenance of a multipolar world order both at the regional and at the global level.

To add a realist perspective, Tim Murphy, a former research assistant at the Centre for Defense Information US, states that "The SCO is often a proxy to advance Chinese and Russian interests" (Murphy 2006: 1). One cannot ignore the fact that the two giants are also power hungry. Moscow is trying to regain its former influence in the region and Beijing is trying to expand its current sphere of influence in the same region. They have to settle their problem issues which still exist even after the cooperation building efforts under SCO in the last 10 years. To mention a few there are incidents like the immigration

problem from China in the Far East of Russia; the tension due to competition for overland continental trade from East Asia to Europe, either through the Trans-Siberian railway or through Euro-Asia landbridge running via Xinjiang and Central Asia; even the setting up of an Energy Club proposed by Russia is not being favoured by China because China wants energy issues to be bilaterally dealt with rather than having a multilateral involvement; lastly, both China and Russia individually have good economic ties with the US and they cannot ignore this fact even if they are coordinating under the SCO (Norling 2007: 40-43).<sup>7</sup> Within SCO also the two giants have a clash of interest as “China is an energy importer and focused on economic growth, while Russia is an energy exporter and focused on military growth” (Lin 2009: 2).

The SCO dual power structure, with China and Russia as the two heavy weights sometimes invite the other member states in opposite directions. In other words, the other member states take sides sometimes, like in the Eighth Summit meeting of SCO in Dushanbe (2008), an issue emerged regarding Russo-Western face-off over the future of South Ossetia and Abkhazia. In this issue China showed less enthusiasm for Russia’s occupation of parts of Georgia or for its advocacy of national self-determination for Ossetians and Abkhazians and even though the smaller members like Kazakhstan individually were supporting the measures taken by Russia, their decision were not as relevant as that of China (Chaulia 2008). This also shows that China apart from its passion for a multilateral world has insecurities vis-à-vis Russia as well (apart from insecurities from US). These insecurities thus, play their own role in rendering the SCO somewhat divided between two pillars. Because of this the ‘*stans*’ are continuously engaged in the act of balancing the two hegemons of the region, the proof of which comes from Kazakhstan foreign minister Takayev, who stated in a speech in July 2006 that “as an active member, Kazakhstan would work to keep the SCO as a universal and well balanced organization” (Marketos 2009: 38).

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<sup>7</sup> In 2005 China’s trade with US stood at \$ 285.3 billion and that of Russia was \$ 18.3 billion both of which forms a substantial part of their respective economic growth. For further information on the tensions and colliding interests of Russia and China see Norling, N (2007), “China and Russia: Partners with Tensions”, Policy Perspectives 4(1): 33-48.



However, the cooperation under SCO is not old enough to judge it accurately rather much more constructive endeavours are yet to come to prove the true worth of this organization. The present Chinese Premier Wen Jiabao has mentioned in the opening ceremony of the fifth China-Russia economic and trade summit forum in Moscow on 24 November 2010, that, “As China and Russia share a 4,300-km common border, the two sides could tap a huge potential to step up economic cooperation”. He further added that “bilateral cooperation on oil, natural gas, nuclear energy and power generation has stepped on the fast track”. (English.news.cn 2010: 1). The latest statistics show that their bilateral trade volume stood at 45.1 billion U.S. dollars from January to October 2010, surging 45 percent compared with the same period in 2009 (English.news.cn 2010: 1). China is now Russia’s second largest trade partner after European Union.

The group efforts under the SCO will also have an overall positive impact. From the smaller Central Asian states perspective, the continued economic advances of the two giants will boost economic development in the entire Central Asian region. This will also help reduce the domestic unrest in the Central Asian states by gradually upgrading the living standards of the people. Whereas, from the perspectives of the two giant states, the collaboration with the smaller Central Asian states will help reduce the separatist threats (in China related to Xinjiang and in Russia related to North Caucasus) by having a mutual understanding among the governments for ensuring security on the borders (Snyder 2008: 16-17).

#### **4.3 Central Asian Region and the Global Hegemon:**

Neil MacFarlane has rightly pointed out that “regional cooperation can also be affected positively or negatively by actors outside the region” (MacFarlane 2004: 447). This is very true in the case of US (United States) involvement in the Central Asian region. With so many interdependencies in this era of globalization, none of the countries of the world now want the supremacy of a single power and more or less every nation is now moving towards a multipolar world order. This philosophy is embedded in the formation of the SCO which is trying to execute multipolarity at the regional level (smaller Central Asian

states and the two regional giants, Russia and China are on equal footing in the organization) and at the global level (by challenging the superpower claims of the global hegemon US in Central Asia).

One of the first incidents of disagreement with the US was in 2001 when the SCO member states in a meeting signed a joint statement in support of the 1972 Anti-Ballistic Missile Treaty signed between the former USSR and US, which the US wanted to do away with to make way for a missile defense shield (BBC News 2001). Till recently, the SCO is having a common stand on the issue. Russian Foreign Minister, Sergei Lavrov has claimed in the recently held Astana Summit of SCO on 15 June 2011, that ‘the SCO members were unanimous in their criticism of the missile shield that the US is setting up not only in Europe but also in the Asia pacific and South Asia’ (Bhadrakumar, 2011).

SCO has even rejected the US request for observer status almost certainly because of US being an extra-regional power (Tim Murphy 2006: 2). A further confrontation emerged when in the July 2005 Summit in Astana, “the SCO Presidents issued a joint declaration calling upon the United States to set a timetable for pulling out all the military bases it had acquired in Central Asia after 9/11” (Katz 2008: 184). A bold step was taken by Uzbekistan when it closed the US air base in its Karshi-Khanabad region, due to US criticism of the state’s Andijan incident in 2005. After this, the Washington also had to pay considerably more in order to retain its base in Kyrgyzstan. Tensions have always existed between the SCO member states with regard to US military bases (as a symbol of domination by global hegemon) in Central Asia.

All these issues have only discouraged and not annihilated the US efforts in the region as a global hegemon. Owing to the geostrategic and geopolitical attributes of the region mentioned in the last chapter, the US cannot afford to keep itself aloof from the politics and profitable economic ties with the Eurasian continent.

Speculations have been made about the formation of the SCO as a security mechanism against NATO so as to check its growing advances in the Central Asian region. But this

seems to be a murky view because, the kind of relationship the member states of SCO maintain with the global hegemon denies every attempt in making the organization a counterweight to NATO's activity. Alexander Lukin has pointed out that "Attempts to transform the SCO into an anti-Western or anti-American bloc are doomed to failure as that would run counter to the vital interests of member states interested in cooperation with the West in many areas." (Lukin 2007: 141). It seems that none of the member states of the SCO is ready to give up its diplomatic and economic ties with USA. Even the US assistant secretary for South and Central Asian Affairs, Evan A. Feigenbaum, has firmly stated that "Neither is the Shanghai Cooperation Organization a 'counterweight to NATO', nor least because its Central Asian members' participation in the SCO has by no mean precluded their cooperation with NATO" (Feigenbaum 2007). One relevant point to be noted here is that, the SCO member states are more interested in bilateral ties with the US rather than supporting collectively through the mechanism of SCO. The only reason visible for this is the balancing of power for a multilateral globalised world order instead of blatantly bandwagoning US.

The US has also tried to make a good equation with the region at large. In 2009 William J. Burns the US under secretary for political affairs, in a speech to US Chambers of Commerce has tried to clear out the future strategy of US towards the Central Asian region. He mentioned four interconnected issues of cooperation as: "energy; economic and political coordination; security; and people to people contacts" (Burns 2009). In the field of energy US believes in expanding its resources, so that no monopolies can further pressurize economically or politically. US is thus, taking initiatives of expansion of 'Caspian Pipeline Consortium' and development of 'Kazakhstan Caspian Transport System' for getting increased supplies of oil from the Caspian Sea region to the world market (Burns 2009). Apart from this, millions of dollars have been spent by US in the last decade on the trans-boundary water projects in the Central Asian region. In the trade sector the US and Central Asian region have extensive customs and border programs such as, *Regional Energy Market Assistance Program (REMAP)*, and *US-Central Asia Trade and Investment Framework Agreement* (Which include five Central Asian states and Afghanistan) (Feigenbaum 2007).

It is important to study the past events to mark out the future course of action. Historically, the relationship between US and Central Asia was nearly non-existent, because the Central Asian states survived under the rule and patronage of Moscow during the Soviet era (the Cold War times), which made virtually impossible for US to access these states at that time (Kleveman 2003: 2). In the 1990s, one of the first attempts made by US to make contact with the newly independent '*Stans*' was the establishment of bilateral military to military ties with all five countries as well as the extension of NATO's Partnership for Peace Programme (mid 1990s) to all of them (Sherwood-Randall 2002). This Partnership for Peace programme had mainly confined its activities to educational, diplomatic and peace-keeping exercises (Spechler 2002: 44).

From the beginning of the twenty first century, the US has hardly missed out any occasion of interference in Central Asian region. The most remarkable event was the terrorist attack in US (9/11) in 2001. The consequent declaration of 'war on terror' by the US engulfed the Central Asia region because the first suspect of terrorism was Afghanistan and to tackle the problem US was facilitated by Central Asian states like Uzbekistan (US base in Khanabad and Kokaidy), Kyrgyzstan (US base in Manas) and Tajikistan (US base in Dushanbe and Kuliab) (MacFarlane 2004: 454). The then Deputy Assistant Secretary of United State B. Lynn Pascoe in June 2002 asserts that "it was critical to the national interests of the United States that we greatly enhance our relations with the five Central Asian countries so as to prevent them from becoming harbors for terrorism" (Nichol 2003: 2).

The Central Asian states were also interested in this interaction with US because it not only provide them a multi-level security arrangement (as they were already protected under the 'Collective Security Treaty Organization') but also gave them financial support as US was spending millions of dollars on these states to maintain its hold in the region. This was also helping the states to build up their infrastructure (Bohr 2004: 490). "U.S. policy goals in Central Asia include fostering stability, democratization, free market economies, free trade and transport throughout the Eurasian corridor, denuclearization in

the non-Russian states, and adherence to international human rights standards” (Nichol 2003: 1).

For the cause of eradicating terrorism US was even backed by Russia and China mainly because SCO was new and lacked experience and resources to deal with the problem. With this there was generous increase in assistance as well by US to Central Asia. US assistance to Central Asia in the fiscal year 2002 was double of what it was in 2001 (MacFarlane 2004: 455). To tackle the problem of drug-trafficking, US had spent near about \$100 million in 2002 to tackle the problem along with deploying an army of US, international and local Central Asian officials and specialist to fight this trade (Lubin 2004).

In a very recent international conference on Afghanistan and regional security held at Almaty on June 9 and June 10, 2011, Dr. Alexander Knyazev, one of Russia’s leading experts on Central Asia has commented on the growing intervention of US in Central Asian region in the name of terrorism. Seeing the US settlement of an air base near the Kyrgyz capital of Bishkek in the North and its further plan to set up a military training centre in South of Kyrgyzstan and an anti-narcotic training facility in Tajikistan; Dr. Alexander Knyazev, therefore points out that, “These bases will have nothing to do with the fight against terrorism, but will serve as bridgeheads for US geo-political and geo-economic designs against Russia, Iran and China.” (Radyuhin 2011b: 2).

The propagation of democratic ideology has made US position in the world invincible and ubiquitous. But it was this ideology that led to loss of trust of the Central Asian region in US. The Central Asian states that are mainly authoritarian were plagued by colour revolution (democratic revolutions) thought to be sponsored by US (Stobdan 2008: 530). As a result trust was restored in regional arrangements especially in SCO which is quite tolerant of the domestic politics of its member states.

But that does not obstruct the much fruitful economic ties of the Central Asian states with the US. US also needs to maintain the relationship with the Eurasian continent at large, so

as to keep an eye on Iran for its undeclared nuclear endeavours and its diplomatic support and ties in the Central Asian region. There are other areas of energy security, WMD (Weapons of Mass destruction) non-proliferation and most importantly anti-terrorism that keeps the US attached to the region. With regard to issues of global concerns like terrorism, the view of Richard Weitz is quite interesting: “China, Russia and US and their Allies should establish mechanisms to integrate better the efforts of the main multilateral institutions concerned with preventing and responding to terrorism in Central Asia” (Weitz 2006: 11).

#### **4.4 Conclusion:**

Apart from the countries and their political agendas mentioned above, there are some other countries which are desirous of good political and economic relations with the Central Asian region via SCO. Although Iran has been denied membership in the organization (on the pretext of UN sanction against the country) yet the country tries to influence the political setting of the region by banking upon the Islamic path and ethnic ties with the region. It also presents its northern region as an ideal market for Central Asian exports, especially oil (Dorian 1997). The Iranian President, Mahmoud Ahmadinejad has been actively participating in the working of SCO as an observer state since his first attendance in the organization in 2006 and thereafter, making anti-American statements every now and then. Even in the recent 2011 Summit of SCO in Astana, the Iranian President gave a call for “a security alliance of several former Soviet nations and China to form a united front against the West” (Leonard 2011: 1). Therefore, the participation of Iran in the SCO can also make the organization to compromise with its neutrality (to all the states and organizations of the world, Article 2, SCO Charter) and would make the organization appear more anti-American (Rousseau 2011: 61). However, assessing the close ties of Iran with the Central Asian region, Yuldasheva Guli (2008) has figured out that an amiable settlement of dispute between Iran and US is necessary for the geopolitical and economic stability of the entire Eurasian region.

Along with Iran, Turkey and Pakistan also tries to get a foothold in the region by stressing their ethnic ties with the Central Asian states, whereas, India hopes to build upon long standing ties through trade and contributions to infrastructural development (Dorian 1997). “India is already implementing projects of various dimensions in two third of Afghanistan’s thirty four provinces” as part of India’s strategy to format a route via Afghanistan between South Asia and Central Asia for trade transport and energy resources (Dikshit 2011a).

Last but not the least there is Afghanistan as well, which is more or less a part of the Central Asian region because any incident in the country affects the region atlarge. The long and constant threat of Taliban militancy and drug trafficking led to the presence of US forces in Afghanistan for its containment as the Central Asian states were weak in their ability to do the same. But, over the time the member states of SCO have become capable and bolder in lending their support to deal with the problems of Afghanistan.<sup>8</sup> Examples are like the “SCO-Afghanistan Contact Group established in November 2005 to provide a mechanism for SCO member-states to jointly contribute to reconstruction and stability in Afghanistan” (Radyuhin 2009). But till now, not much has happened in practice, although efforts are still being carried out, even the Afghan President Hamid Karzai has attended all the SCO summits in recent years. There is a need for SCO – being an organization of specifically the Central Asian region – to realize its responsibility towards Afghanistan and to take concrete measures for its security and for the safety of the region as well. This seems to be more important since the declaration of US President on timely removal of troops from Afghanistan till 2014, which will then leave the responsibility of administration entirely on the Afghan government (Landler and Cooper 2011).

As seen in this chapter, politically the Central Asian region is not very stable and SCO has yet to accomplish a lot in this direction. So there are apprehensions that the new members if added (seeing the problems attached with every aspirant whether Iran with its

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<sup>8</sup> Afghanistan has been afflicted with many problems like terrorism, drug trafficking, laundering of drug money and organized crime. SCO has been very active in Afghanistan in recent years and its intervention seems like a road map to bring Afghanistan into its fold (Radyuhin 2009).

anti-American stand, or India and Pakistan with their own bilateral issues or even Afghanistan which is facing reconstruction socially, politically and economically) will enhance SCO's workload to newer areas for which the organization is still naïve. So the SCO has bought more time for itself (to gain experience and to gradually amalgamate these states within its scope) by offering different levels of participation in the organization to these aspirant states like the observer group, dialogue partners, Guest attendances, and SCO- Afghanistan Contact Group (Rousseau 2011: 61). Since, the nation-states is the ultimate composer of any organization, therefore, discussing the political stance of every nation attached to SCO whether closely or remotely, has given a wider perspective for understanding the organization, its ongoing work as well as its future course of action.

By studying the political settings and aspirations of the SCO member states one can come to the conclusion aptly put into words by Alexander Lukin that, "*the SCO nations, so different politically, can be united into a constant and effective cooperation mechanism only by common economic interest*" (Lukin, 2007: 143). The main drawback with the working of the SCO till now is that it is more focused on indigenous relations and endogenous problems of the Central Asian states, which is also probably the need of the hour for these Central Asian states so that they can be stable politically and socially, to achieve greater heights of cooperation in other areas. But, SCO as an organization has other goals and aspirations (mentioned in its Charter) that are to be worked upon for its sustenance and also for further development of the region.

The prevalent trends of globalization and multilateral trading demand that the nation states of the wider Eurasian continent should focus more on their resources as key to long-term economic growth, and should take appropriate steps (by opening their economy and abolishing corruption) to woo foreign investors and increase international trade. Even if many consider SCO as a security organization yet it is not a left-over of Cold War alliance structure but is created consciously according to the needs of the member states (to have security from other threats such as border rivalry, terrorism, separatism, extremism, economic security, perseverance of their nascent sovereignty,



etc.) in the wake of the changes that emerged in Post Cold War era and globalization of the late twentieth century.

***CHAPTER 5***  
***CONCLUSION: NEW REGIONALISM***  
***IN PRACTICE, APPLYING THE***  
***THEORY TO SHANGHAI***  
***COOPERATION ORGANIZATION***

## CHAPTER 5

### CONCLUSION: NEW REGIONALISM IN PRACTICE, APPLYING THE THEORY TO SHANGHAI COOPERATION ORGANIZATION

This chapter highlights the main inferences derived from the research by putting them logically to test the hypotheses. To start with, the main argument in this dissertation is about two variables namely 'new regionalism' and 'SCO' (Shanghai Cooperation Organization) which have been discussed discretely in the second and third chapter yet purposefully arranged so as to bring about a connection between the two. The rationale behind this chapter is to provide the linkages and to present the discussion as an intellectual input to the study of new regionalism and its application to the regional institutions of the Post Cold War era by taking the case study of SCO. The study has also dealt with SCO in depth by focusing on the politics in the Central Asian region in the fourth chapter, in order to understand the political dynamics of this budding organization of the Central Asian region.

Starting with the study of new regionalism, the research builds up a historical background for the theory (in the second chapter). The theory of new regionalism is the latest addition to the theoretical paradigms of regionalism (this only refers to those theories of regionalism that elucidate the developments at the macro regional level which lies between the national and the global level) and is favourable to the environment that exists in the Post Cold War era. Another process of importance in this period is the globalization of the 1990s to which the theory of new regionalism is conducive as it is wide enough in scope to analyse every aspect – political, economic, social, as well as cultural – and endogenous as well as exogenous factors in regional integration processes. The regionalization process of the 1990s has been defined by new regionalism as comprehensive; multidimensional in scope; spontaneous, involving various actors (state as well as non-state actors); and adaptive to the trends of open economy and globalization.

These features are quite in contrast to the older form of regionalism that was prevalent during the Cold War times or under the bi-polar world system. The process of regionalization that started after the Second World War has specific features explained by the theories of old regionalism as: mainly state led processes, created due to outside influence of superpower politics, inward looking and protectionist (import-substitution being followed at regional level as well), and tied to a specific issue of security or economic cooperation (not multi-dimensional).

But, these trends of old regionalism got uprooted in the last the decade of twentieth century. This decade saw drastic changes such as the coming up of a multipolar world order (with the end of bipolarity) along with a sudden surge in the process of regionalization which led to a revival of old regional organizations with new orientations (that were under stalemate from mid 1970s to late 1980s) and also saw continuous addition of new regional groupings as well. In order to validate the theory the research takes the case study of SCO that was born in this phase as the '*Shanghai Five*' in 1996. So, the changes of the post 1990s would have a bearing on its creation as well. One can also say that the organization was more regulated by the changes of the time (than any other organization) because the region to which the SCO belongs i.e., Central Asia was itself in a states of flux due to the disintegration of former Soviet Union in early 1990s and the consequent emergence of the five Central Asian states, four of which are now members of SCO.

Although the SCO was formed in the times of new regionalism still the organization was very limited in scope and was issue specific (a feature of old regionalism) at the time of its inception. Initially, in the wake of coming up of new states in Central Asia, security and delimitation of borders became the primary goal of this regional grouping which was later transformed into security from the threats of terrorism, extremism and separatism (as first among the other goals) when the SCO was finally institutionalised (with member states as – Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) in 2001.

Apparently due to its intense focus on 'security' for which it is described as a 'security organization', it has been mostly studied by realist thinkers who still see SCO as an arena of power politics in Central Asia. Because of this 'single issue dominance', SCO can also be considered as an organization having attributes of old regionalism. For instance, even though the Charter of the organization mentions the scope of functioning of the organization in almost every aspect of life (Article 1 of SCO Charter, see Appendix 1) – politics, trade and economy, law enforcement, environment protection, science and technology, education, energy transport, credit and finance as well as in social and cultural sectors – still what is evident from its working in the last fifteen years is that, cooperation in the field of security is at a higher pedestal than in any other sector.

There are also other features of SCO that are in consonance with the old regionalist wave like the regional integration process under the SCO is completely state led. There is no visible involvement of non-state actors like NGOs, media or even public opinion that influences the functioning of the organization. There is also mutual suspicion prevalent among the member states of SCO especially among the five central Asian states of traditional security threats like perpetual state of war situation in Ferghana Valley. Also the involvement of Russia and China, sometimes gives the organization a feeling of a regional endeavour from outside (only if the organization is considered a regional integration process exclusively of the Central Asian region) and not from within.

However, there can also be a new regionalist perspective to all these aspects mentioned above. Fredrick Soderbaum (2003) (as stated in the second chapter) has pointed out that there are both changes and continuities in the process of old regionalism and new regionalism that can sometimes lead to feeling of *déjà vu*. Like the neo-functionalists believe that cooperation in one field has a *spill-over* effect, the new regionalists believe the same but they include areas of social and cultural aspects along with traditional areas of security and economic cooperation. Therefore, if continuities are present in the theory, then there are continuities to be seen in practice as well. The SCO's stress on security can be seen as continuity of the past rather than a part of old regionalism, because it is

supplemented by cooperation in other areas as well like economics, culture, education, etc.

Even the word 'security' has already acquired new meanings in the post Cold War era (apart from its traditional understanding as military security), such as economic, political, social and environmental aspects of security. So a mere adherence of this goal may not be a sufficient condition to brand the organization as part of the old regionalist trend. In case of SCO the goal of security is a step by step approach toward integration. Central Asia is a highly turbulent region; therefore, the states can focus towards other goals only if they feel secure from threats like terrorism, extremism, separatism, drug trafficking and corruption the incidents of which are frequently to be found in these states.

The theory of new regionalism further conceptualises regional processes as a constructed space in which different regionalising actors (state as well as non-state) have their own influence over the regional agenda. Many of the reasons for SCO showing traits of old regionalism (or also of realism) originate from a common source i.e., the non-democratic, authoritarian regimes of the five Central Asian states. Even the dominance of the theme of security in the organization since the time of its inception can be attributed to the non-democratic regimes which are not transparent or open to be easily approachable. So, any intervention for security in these states (whether regional or international) has to face a number of problems which makes the process more time-consuming. These non-democratic governments are also the reason behind the negligible involvement of non-state actors in the regional integration process of SCO, which if included can really boost up the process of regionalization. The non-state actors like NGOs are regarded as a direct threat to the political authority of states, as they are harbingers of democratic trends. Because of the lack of role of non-state actors, the SCO only reflects the process of regionalization in Central Asia as a practice and not as a comprehensive idea of regionalism which is yet to be realized. Since state is the dominant actor in SCO, the regional project is conceptualized and constructed according to the influence of this actor only. Nevertheless, a blueprint has been formulated for this coherent idea of regionalism in the '*Shanghai Spirit*', yet the need is to realize it in SCO's future endeavours.

The theorists of new regionalism like Hettne and Soderbaum formulate their theory by addressing the process of regionalism as different in different regions or as customised according to the needs of the region. An appropriate defence of SCO's functioning is its region specificity. The chaotic Central Asia region is also a constraint in the path of SCO towards greater integration. All the Central Asian states got their independence in the 1990s with problems of forming national identities, viable economic base and national forces. The SCO supports the right of its member states to choose their path of development. If its member states are not democratic then the organization is not pushy in this direction rather it focuses on the other important needs of the member states. The need of the Central Asian region after the collapse of Soviet Union is stability and cohesion. The Central Asian states are plagued with myriad internal and external problems (mentioned in the fourth chapter). Internally, there are problems such as their political instability because of their authoritarian political system which is linked to the problems of separatism, and religious extremism. Then there are also other internal political problems like high level of corruption, lack of rule of law, violation of human rights, etc. Internal economic problems include delayed market oriented economic reforms, poor business and investment climate; and social problems are like widening income disparity and pervasive poverty.

Externally there are the persistent threats of terrorism, drug trafficking, proliferation of weapons of mass destruction, influence of democratic trends from outside (specially from US). All this shows that Central Asia as a region is not secure not only in military aspect but also in political, social and economic aspect. These securities are essential for the full development of a regional integration process like the one EU has achieved. Since SCO is comparatively a new organization and is dealing with a more turbulent region, it will definitely grow gradually from the field of security to other areas.

The efforts of Russia and China in building this framework of regional cooperation are enormous. Both being two giants have subdued some of their power so as to come together on a single platform and unify their voice in the global arena. On the one hand, this can be understood from the realist perspective as a mechanism to counter-balance the

unilateral domination of US or pursuance of national interest leading to another “great game” in Central Asia. On the other hand, it can be viewed as an impact of globalization which demands the shrinking of borders for cooperation to achieve greater heights of multilateral trade which is conducive to new regionalism which demands ‘openness’ (in terms of multi-dimensionality in functions and multi-polarity in membership). The research supports the second argument due to the following reasons:

- SCO is not like the security alliance systems of the old regionalist trend, and is therefore, not a hindrance to US because economically all the members of SCO have amiable bilateral relations with US which they cannot ignore under pressure of globalization. Even the Peace Mission exercises conducted by SCO are not against US, but a coordinated effort to deal with the internal problems of Central Asia.
- Some evidence of ‘openness’ of SCO is mentioned in theory, in the SCO Charter, like the wide scope of the organization and also acceptance of issues that may arise in future. Article 2 of the SCO Charter states that the organization is not against any state or international organization, and it seeks coordination with approaches to integration into the global economy (Appendix 1).
- Some ‘openness’ is also reflected in practice, like the deepening integration process in SCO involving new areas such as culture, education, science (under The Forum) and public health, among the different civilizations of the SCO member states. The process of integration is also widening with the involvement of observer states, dialogue partners, and even guest attendances. There are also efforts going on for accepting new member states.
- Some elements of inter-regionalism is also visible in SCO like the recognition of SCO by UN and coordinated efforts with UN in areas of drug trafficking. Apart from this, there is new cooperation being formed between SCO and other regional organizations such as – OSCE, CIS, ASEAN, ECO, APEC, EurAsEc, CICA, and



OCST. And attempts have been made to build coordination with individual states of other region, like RATS establishing contact with Slovakia and Germany on issues of security.

- Even Russia and China have many other areas of common security concerns – drug trafficking, organized crime, terrorism, and unrest in Central Asia, as well as the potential threat of religious extremism or ethnic separatism in Moscow (Chechnya) and Beijing (Xinjiang).

SCO also addresses the economic interest of these Central Asian states by providing a forum for discussion on cooperation in trade, transit and transport systems in the region as well as energy and tourism development. New agencies of SCO have emerged like the Forum, the SCO Business council and the SCO Inter-Bank Consortium in this direction. This shows that SCO is not merely a new great game as regarded by critics; rather it is moving in newer areas which can only be explained under new regionalism. The new regional groupings of the 1990s including SCO can sometimes act like agents of negotiation in contacts between these small states of Central Asia and global powers. For instance, together the members of SCO resist the US idea of a military security shield for the Central Asian region.

Hettne's concept of level of regionness (as mentioned in the first chapter) in the context of the SCO can be said to be limited and has only achieved the level of forming a regional complex. The organization definitely has a regional space that is the Central Asian region and is also forming a regional complex by having integration in various sectors and issues. But, to be a regional society the organization has to really work hard to remove the suspicion among the members and build confidence among them. The norms and the principles of the SCO have to be fully adhered to and incorporated by the member states. And if this happens then the states will become more transparent and responsible, ultimately giving rise to non-state actors as well. This is a gradual process, and since SCO is young more can be expected from the organization in future.

The study indicates that the second hypothesis, '*Shanghai Cooperation Organization displays characteristics of both old and new regionalism, as the process of integration is slowly but steadily enhancing from the specific field of security to other areas*' is not valid because the SCO has no feature of the paradigm of old regionalism. The research is inclined towards the analysis of Breslin (2002: 45) that, "Globalization and Regionalization processes are closely related and interact under different conditions, creating a variety of pathways of regionalization, and by implication also leading to different regionalisms". The SCO is an organization of the twenty-first century formed on the design of new regionalism inspired by the developments of globalization. However, the organization is grounded to the exclusive features of recently independent Central Asian states which for the time being demand more traditional state intervention in areas of security (where priority of the region lies). There are also changes occurring gradually and the states are now seeking cooperation in other areas as well. Lately, the collaboration in SCO is also noticeable in the field of trade, infrastructure building, financial cooperation and education.

In sum, the discussion confirms and validates the first hypothesis i.e., '*New regionalism offers a relevant theoretical frame for analyzing a security organization like the Shanghai Cooperation Organization created in the post Cold War, multipolar world order*'. The SCO Charter has all the components of new regionalism. The gap between the theory of new regionalism (which demands a multipolar and multidimensional working) and the functioning of SCO (which is mainly limited to security till now) is the newness of the organization. Since the organization is new, it needs time to establish itself firmly in the paradigm of new regionalism. Regional cooperation cannot be built overnight; even the ECSC of 1952 took forty one years to become European Union. SCO has joined the league of regional organizations in 2001 and has celebrated the 'tenth anniversary' of its foundation this year only. The world is scrutinizing every move of the organization due to its functioning with inclusion of terrorism as an important aspect; its membership which include Russia and China (important global players) and the central Asian states (the hub of natural resources); and the prospective membership which may include more significant states like Iran, Pakistan and India.

The aim of SCO seems to be more multi-faceted than simply to move towards balancing the power. Gradually, SCO is adapting to the process of globalization. The change in the organization is noticeable and therefore, new regionalism is a relevant paradigm for the study of SCO.

*ANNEXURES:*

*Selected Documents on the Shanghai  
Cooperation Organization*

## ***Annexure 1: THE CHARTER OF 'SHANGHAI COOPERATION ORGANIZATION' (SCO)***<sup>1</sup>

The People's Republic of China, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan being the founding states of the Shanghai Cooperation Organization (hereinafter SCO or the Organization),

Based on historically established ties between their peoples; Striving for further enhancement of comprehensive cooperation; Desiring to jointly contribute to the strengthening of peace and ensuring of security and stability in the region in the environment of developing political multipolarity and economic and information globalization; Being convinced that the establishment of SCO will facilitate more efficient common use of opening possibilities and counteracting new challenges and threats; Considering that interaction within SCO will promote the realization of a huge potential of goodneighborliness, unity and cooperation between States and their peoples; Proceeding from the spirit of mutual trust, mutual advantage, equality, mutual consultations, respect for cultural variety and aspiration for joint development that was clearly established at the meeting of heads of six States in 2001 in Shanghai; Noting that the compliance with the principles set out in the Agreement between the People's Republic of China, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan on Strengthening Confidence in the Military Field in the Border Area of 26 April, 1996, and in the Agreement between the People's Republic of China, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan on Mutual Reductions of Armed Forces in the Border Area of 24 April, 1997, as well as in the documents signed at summits of heads of the People's Republic of China, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan in the period from 1998 to 2001, has made an important contribution to the maintenance of peace, security and stability in the region and in the world; Reaffirming our adherence to the goals and principles of the Charter of the United Nations, other commonly acknowledged principles and rules of international law related to the maintenance of international peace, security and the development of goodneighborly and friendly relations, as well as the cooperation between States; Guided by the provisions of the Declaration on the Creation of the Shanghai Cooperation Organization of 15 June, 2001, Have agreed as follows:

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<sup>1</sup> Source: SCO (2009), Shanghai Cooperation Organization, "*Charter of the Shanghai Cooperation Organization*", [Online: web] Accessed 23 September 2010, URL: <http://www.sectsc.org/EN/show.asp?id=69>

## **Article 1**

### **Goals and Tasks**

The main goals and tasks of SCO are:

to strengthen mutual trust, friendship and goodneighborliness between the member States;

to consolidate multidisciplinary cooperation in the maintenance and strengthening of peace, security and stability in the region and promotion of a new democratic, fair and rational political and economic international order;

to jointly counteract terrorism, separatism and extremism in all their manifestations, to fight against illicit narcotics and arms trafficking and other types of criminal activity of a transnational character, and also illegal migration;

to encourage the efficient regional cooperation in such spheres as politics, trade and economy, defense, law enforcement, environment protection, culture, science and technology, education, energy, transport, credit and finance, and also other spheres of common interest;

to facilitate comprehensive and balanced economic growth, social and cultural development in the region through joint action on the basis of equal partnership for the purpose of a steady increase of living standards and improvement of living conditions of the peoples of the member States;

to coordinate approaches to integration into the global economy;

to promote human rights and fundamental freedoms 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;

to cooperate in the prevention of international conflicts and in their peaceful settlement;

to jointly search for solutions to the problems that would arise in the 21<sup>st</sup> century.

## **Article 2**

### **Principles**

The member States of SCO shall adhere to the following principles:

mutual respect of sovereignty, independence, territorial integrity of States and inviolability of State borders, non-aggression, non-interference in internal affairs, non-use of force or threat of its use in international relations, seeking no unilateral military superiority in adjacent areas;

equality of all member States, search of common positions on the basis of mutual understanding and respect for opinions of each of them;

gradual implementation of joint activities in the spheres of mutual interest;

peaceful settlement of disputes between the member States;

SCO being not directed against other States and international organizations;

prevention of any illegitimate acts directed against the SCO interests;

implementation of obligations arising out of the present Charter and other documents adopted within the framework of SCO, in good faith.

### **Article 3**

#### **Areas of Cooperation**

The main areas of cooperation within SCO shall be the following:

- maintenance of peace and enhancing security and confidence in the region;
- search of common positions on foreign policy issues of mutual interest, including issues arising within international organizations and international fora;
- development and implementation of measures aimed at jointly counteracting terrorism, separatism and extremism, illicit narcotics and arms trafficking and other types of criminal activity of a transnational character, and also illegal migration;
- coordination of efforts in the field of disarmament and arms control;
- support for, and promotion of regional economic cooperation in various forms, fostering favorable environment for trade and investments with a view to gradually achieving free flow of goods, capitals, services and technologies;
- effective use of available transportation and communication infrastructure, improvement of transit capabilities of member States and development of energy systems;
- sound environmental management, including water resources management in the region, and implementation of particular joint environmental programs and projects;
- mutual assistance in preventing natural and man-made disasters and elimination of their implications;
- exchange of legal information in the interests of development of cooperation within SCO;
- development of interaction in such spheres as science and technology, education, health care, culture, sports and tourism.

The SCO member States may expand the spheres of cooperation by mutual agreement.

### **Article 4**

#### **Bodies**

1. For the implementation of goals and objectives of the present Charter the following bodies shall operate within the Organization:
  - The Council of Heads of State;
  - The Council of Heads of Government (Prime Ministers);
  - The Council of Ministers of Foreign Affairs;
  - Meetings of Heads of Ministries and/or Agencies;
  - The Council of National Coordinators;
  - The Regional Counter-terrorist Structure;
  - Secretariat.
2. The functions and working procedures for the SCO bodies, other than the Regional Counter-terrorist Structure, shall be governed by appropriate provisions adopted by the Council of Heads of State.
3. The Council of Heads of State may decide to establish other SCO bodies. New bodies shall be established by the adoption of additional protocols to the present Charter which enter into force in the procedure, set forth in Article 21 of this Charter.

**Article 5**  
**The Council of Heads of State**

The Council of Heads of State shall be the supreme SCO body. It shall determine priorities and define major areas of activities of the Organization, decide upon the fundamental issues of its internal arrangement and functioning and its interaction with other States and international organizations, as well as consider the most topical international issues.

The Council shall hold its regular meetings once a year. A meeting of the Council of Heads of State shall be chaired by the head of State organizing this regular meeting. The venue of a regular meeting of the Council shall generally be determined in the Russian alphabetic order of names of the SCO member States.

**Article 6**  
**The Council of Heads of Government (Prime Ministers)**

The Council of Heads of Government (Prime Ministers) shall approve the budget of the Organization, consider and decide upon major issues related to particular, especially economic, spheres of interaction within the Organization.

The Council shall hold its regular meetings once a year. A meeting of the Council shall be chaired by the head of Government (Prime Minister) of the State on whose territory the meeting takes place.

The venue of a regular meeting of the Council shall be determined by prior agreement among heads of Government (Prime Ministers) of the member States.

**Article 7**  
**The Council of Ministers of Foreign Affairs**

The Council of Ministers of Foreign Affairs shall consider issues related to day-to-day activities of the Organization, preparation of meetings of the Council of Heads of State and holding of consultations on international problems within the Organization. The Council may, as appropriate, make statements on behalf of SCO.

The Council shall generally meet one month prior to a meeting of the Council of Heads of State. Extraordinary meetings of the Council of Ministers of Foreign Affairs shall be convened on the initiative of at least two member States and upon consent of ministers of foreign affairs of all other member States. The venue of a regular or extraordinary meeting of the Council shall be determined by mutual agreement.

The Council shall be chaired by the minister of foreign affairs of the member State on whose territory the regular meeting of the Council of Heads of State takes place, during the period starting from the date of the last ordinary meeting of the Council of Heads of State to the date of the next ordinary meeting of the Council of Heads of State.

The Chairman of the Council of Ministers of Foreign Affairs shall represent the Organization in its external contacts, in accordance with the Rules of Procedure of the Council.

**Article 8**  
**Meetings of Heads of Ministries and/or Agencies**



According to decisions of the Council of Heads of State and the Council of Heads of Government (Prime Ministers) heads of branch ministries and/or agencies of the member States shall hold, on a regular basis, meetings for consideration of particular issues of interaction in respective fields within SCO.

A meeting shall be chaired by the head of a respective ministry and/or agency of the State organizing the meeting. The venue and date of a meeting shall be agreed upon in advance.

For the preparation and holding meetings the member States may, upon prior agreement, establish permanent or ad hoc working groups of experts which carry out their activities in accordance with the regulations adopted by the meetings of heads of ministries and/or agencies. These groups shall consist of representatives of ministries and/or agencies of the member States.

#### **Article 9**

##### **The Council of National Coordinators**

The Council of National Coordinators shall be a SCO body that coordinates and directs day-to-day activities of the Organization. It shall make the necessary preparation for the meetings of the Council of Heads of State, the Council of Heads of Government (Prime Ministers) and the Council of Ministers of Foreign Affairs. National coordinators shall be appointed by each member State in accordance with its internal rules and procedures.

The Council shall hold its meetings at least three times a year. A meeting of the Council shall be chaired by the national coordinator of the member State on whose territory the regular meeting of the Council of Heads of State takes place, from the date of the last ordinary meeting of the Council of Heads of State to the date of the next ordinary meeting of the Council of Heads of State.

The Chairman of the Council of National Coordinators may on the instruction of the Chairman of the Council of Ministers of Foreign Affairs represent the Organization in its external contacts, in accordance with the Rules of Procedure of the Council of National Coordinators.

#### **Article 10**

##### **Regional Counter-Terrorist Structure**

The Regional Counter-terrorist Structure established by the member States of the Shanghai Convention to combat terrorism, separatism and extremism of 15 June, 2001, located in Bishkek, the Kyrgyz Republic, shall be a standing SCO body.

Its main objectives and functions, principles of its constitution and financing, as well as its rules of procedure shall be governed by a separate international treaty concluded by the member States, and other necessary instruments adopted by them.

#### **Article 11**

##### **Secretariat**

Secretariat shall be a standing SCO administrative body. It shall provide organizational and technical support to the activities carried out in the framework of SCO and prepare proposals on the annual budget of the Organization.

The Secretariat shall be headed by the Executive Secretary to be appointed by the Council of Heads of State on nomination by the Council of Ministers of Foreign Affairs.

The Executive Secretary shall be appointed from among the nationals of member States on a rotational basis in the Russian alphabetic order of the member States' names for a period of three years without a right to be reappointed for another period.

The Executive Secretary deputies shall be appointed by the Council of Ministers of Foreign Affairs on nomination by the Council of National Coordinators. They cannot be representatives of the State from which the Executive Secretary has been appointed.

The Secretariat officials shall be recruited from among nationals of the member States on a quota basis.

The Executive Secretary, his deputies and other Secretariat officials in fulfilling their official duties should not request or receive instructions from any member State and/or government, organization or physical persons. They should refrain from any actions that might affect their status as international officials reporting to SCO only.

The member States shall undertake to respect the international character of the duties of the Executive Secretary, his deputies and Secretariat staff and not to exert any influence upon them as they perform their official functions.

The SCO Secretariat shall be located at Beijing (the People's Republic of China).

## **Article 12**

### **Financing**

SCO shall have its own budget drawn up and executed in accordance with a special agreement between member States. This agreement shall also determine the amount of contributions paid annually by member States to the budget of the Organization on the basis of a cost-sharing principle.

Budgetary resources shall be used to finance standing SCO bodies in accordance with the above agreement. The member States shall cover themselves the expenses related to the participation of their representatives and experts in the activities of the Organization.

## **Article 13**

### **Membership**

The SCO membership shall be open for other States in the region that undertake to respect the objectives and principles of this Charter and to comply with the provisions of other international treaties and instruments adopted in the framework of SCO.

The admission of new members to SCO shall be decided upon by the Council of Heads of State on the basis of a representation made by the Council of Ministers of Foreign Affairs in response to an official request from the State concerned addressed to the acting Chairman of the Council of Ministers of Foreign Affairs.

SCO membership of a member State violating the provisions of this Charter and/or systematically failing to meet its obligations under international treaties and instruments, concluded in the framework of SCO, may be suspended by a decision of the Council of Heads of State adopted on the basis of a representation made by the Council of Ministers of Foreign Affairs. If this State goes on violating its obligations, the Council of Heads of State may take a decision to expel it from SCO as of the date fixed by the Council itself.

Any member State shall be entitled to withdraw from SCO by transmitting to the Depositary an official notification of its withdrawal from this Charter no later than twelve months before the date of withdrawal. The obligations arising from participation in this Charter and other instruments adopted within the framework of SCO shall be binding for the corresponding States until they are completely fulfilled.

#### **Article 14** **Relationship with Other States and International Organizations**

SCO may interact and maintain dialogue, in particular in certain areas of cooperation, with other States and international organizations.

SCO may grant to the State or international organization concerned the status of a dialogue partner or observer. The rules and procedures for granting such a status shall be established by a special agreement of member States.

This Charter shall not affect the rights and obligations of the member States under other international treaties in which they participate.

#### **Article 15** **Legal Capacity**

As a subject of international law, SCO shall have international legal capacity. It shall have such a legal capacity in the territory of each member State, which is required to achieve its goals and objectives.

SCO shall enjoy the rights of a legal person and may in particular:

- conclude treaties;
- acquire movable and immovable property and dispose of it;
- appear in court as litigant;
- open accounts and have monetary transactions made.

#### **Article 16** **Decisions-Taking Procedure**

The SCO bodies shall take decisions by agreement without vote and their decisions shall be considered adopted if no member State has raised objections during the vote (consensus), except for the decisions on suspension of membership or expulsion from the Organization that shall be taken by "consensus minus one vote of the member State concerned".

Any member State may expose its opinion on particular aspects and/or concrete issues of the decisions taken which shall not be an obstacle to taking the decision as a whole. This opinion shall be placed on record.

Should one or several member States be not interested in implementing particular cooperation projects of interest to other member States, non-participation of the abovesaid member States in these projects shall not prevent the implementation of such cooperation projects by the member States concerned and, at the same time, shall not prevent the said member States from joining such projects at a later stage.

**Article 17**  
**Implementation of Decisions**

The decisions taken by the SCO bodies shall be implemented by the member States in accordance with the procedures set out in their national legislation.

Control of the compliance with obligations of the member States to implement this Charter, other agreements and decisions adopted within SCO shall be exercised by the SCO bodies within their competence.

**Article 18**  
**Permanent Representatives**

In accordance with their domestic rules and procedures, the member States shall appoint their permanent representatives to the SCO Secretariat, which will be members of the diplomatic staff of the embassies of the member States in Beijing.

**Article 19**  
**Privileges and Immunities**

SCO and its officials shall enjoy in the territories of all member States the privileges and immunities which are necessary for fulfilling functions and achieving goals of the Organization.

The volume of privileges and immunities of SCO and its officials shall be determined by a separate international treaty.

**Article 20**  
**Languages**

The official and working languages of SCO shall be Russian and Chinese.

**Article 21**  
**Duration and Entry into Force**

This Charter shall be of indefinite duration.

This Charter shall be subject to ratification by signatory States and shall enter into force on the thirtieth day following the date of the deposit of the fourth instrument of ratification.

For a State which signed this Charter and ratified it thereafter it shall enter into force on the date of the deposit of its instrument of ratification with the Depositary.

Upon its entering into force this Charter shall be open for accession by any State.

For each acceding State this Charter shall enter into force on the thirtieth day following the date of receiving by the Depositary of appropriate instruments of accession.

**Article 22**  
**Settlement of Disputes**

In case of disputes or controversies arising out of interpretation or application of this Charter member States shall settle them through consultations and negotiations.

**Article 23**  
**Amendments and Additions**

By mutual agreement of member States this Charter can be amended and supplemented. Decisions by the Council of Heads of State concerning amendments and additions shall be formalized by separate protocols which shall be its integral part and enter into force in accordance with the procedure provided for by Article 21 of this Charter.

**Article 24**  
**Reservations**

No reservations can be made to this Charter which contradict the principles, goals and objectives of the Organization and could prevent any SCO body from performing its functions. If at least two thirds of member States have objections the reservations must be considered as contradicting the principles, goals and objectives of the Organization or preventing any body from performing its functions and being null and void.

**Article 25**  
**Depositary**

The People's Republic of China shall be the Depositary of this Charter.

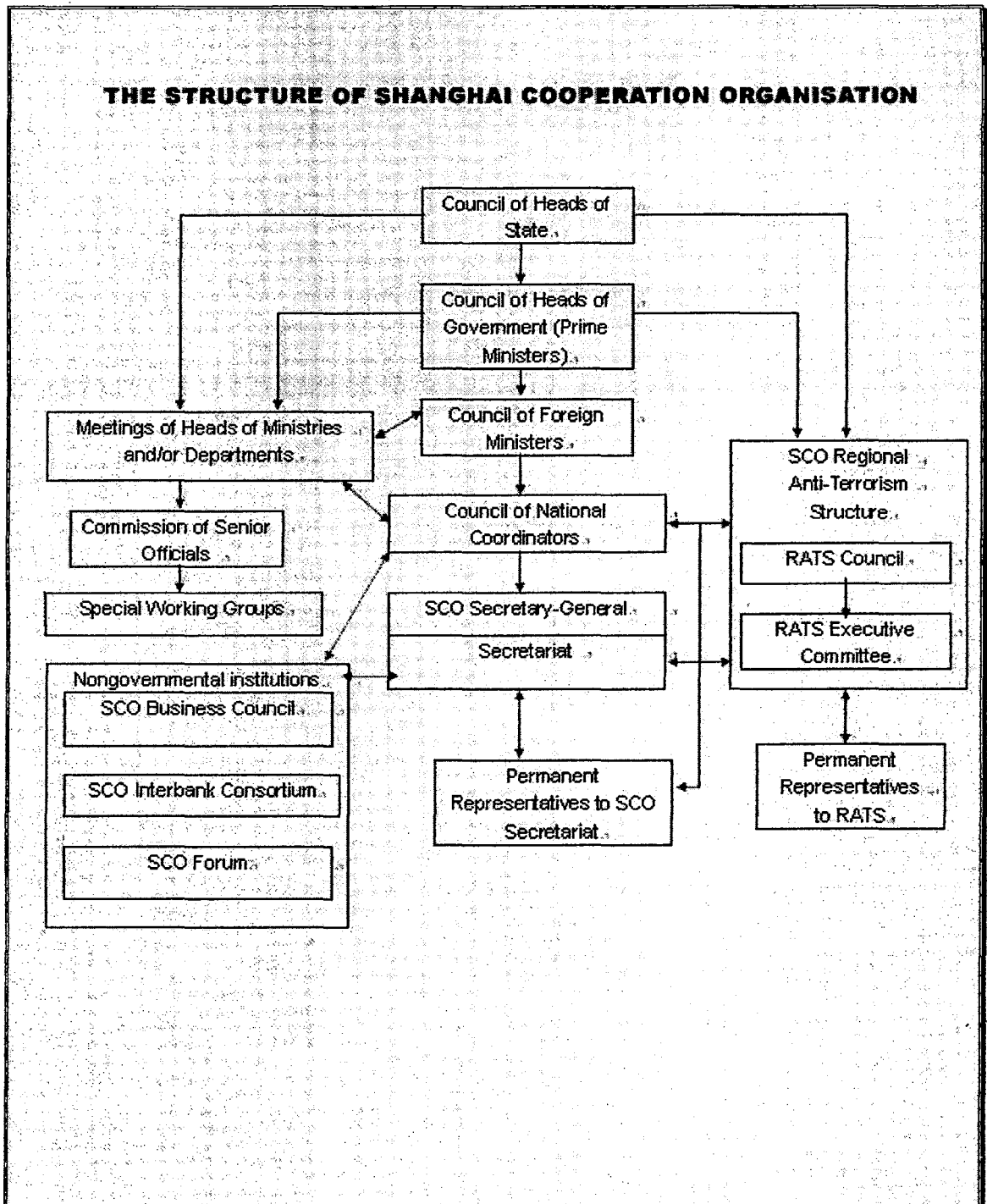
**Article 26**  
**Registration**

Pursuant to Article 102 of the Charter of the United Nations, this Charter is subject to registration with the Secretariat of the United Nations.

Done at Saint-Petersburg the seventh day of June 2002 in a single original in the Chinese and Russian languages, both texts being equally authoritative.

The original copy of this Charter shall be deposited with the Depositary who will circulate its certified copies to all signatory States.

**Annexure 2:**



Source: Frost, P. "Shanghai Cooperation Organization: Friend or Foe", [Online: web] Accessed 9 July 2011, URL <http://greatpowerpolitics.com/wp-content/Docs/SCO%20Presentation.pdf>  
 Also available on official website of SCO, URL: <http://en.sco2009.ru/docs/sco/scheme.html>

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