

REGIONALISM IN CENTRAL ASIA: A CASE STUDY OF SCO

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DECLARATION

I declare that the dissertation entitled "Regionalism in Central Asia: A Case Study of SCO" submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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CERTIFICATE

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

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LIST OF ABBREVIATIONS

SCO – Shanghai Cooperation Organisation
NAFTA - North Atlantic Free Trade Area
EU – European Union
UN-United Nation
ASEAN- Association of South-East Asian States
MERCOSUR - Southern Cone Common Market
CIS- Commonwealth independent states
WTO –World Trade Organisation
RIA- Regional Integration Arrangement
EAEC- Eurasian Economic Community
CACO- Central Asian Cooperation Organizations
CSTO- Collective Security Treaty Organisation
NATO- North Atlantic Treaty Organisation
CENTO- Central Treaty Organization
EU- European Communities
CEMA- Council of Mutual Economic Assistance
LAFTA- Latin America Free Trade Association
OAS- Organization of American States
OAU- Organisation of African Unity
CAU- Central Asian Union
CAEU- Central Asian Economic Union
GUUAM- Georgia, Ukraine, Azerbaijan, and Moldova
RATS- regional anti-terrorist structure
CARs- Central Asian Region
UNESCAP- United Nation Social and Economic Commission for Asia and the Pacific
USA- United Nation of America
USSR- Union of Soviet Socialist Republics
MOU- Memorandum of Understanding
PRC- People’s Republic of China

CIA- Central Intelligence Agency

CNPC- China National Petroleum Cooperation

CHAPTER-1

INTRODUCTION

Background

This chapter is a brief outline of this thesis and that of theoretical perspectives on regionalism. It is a contextual study of the background and development of regionalism in Central Asia, particularly the case of Shanghai Cooperation Organisation (SCO). The historical and political transformation began in the 20th century with the disintegration of USSR, East-West conflicts among so many other factors. The international relations were not stable during the last few decades of 20th century and early 21st century. At the same time the process of Globalization, nation building and regionalization started in the different countries of world.(Rakhimov 2010)

Regional cooperation and integration are important parts of strategies to strengthen relations among countries. From the mid 20th century to present times, various political and economic regional organisations have been developing in different parts of the world, i.e. “Europe Union (EU)”, “North Atlantic Free Trade Area (NAFTA)”, “Association of South-East Asian States (ASEAN)”, “Southern Cone Common Market (MERCOSUR)” and many others. At the same time, regionalism had started in the “Commonwealth of Independent States” (CIS), including Central Asian region. Today, most of the world trade occurs in trading blocs. 97 percent of WTO members participate in RIA and many of them belong to more than one regional organisation. European Union and Mexico are members of more than 10 regional integration arrangements (Pangestu & Gooptu 2004)

In ancient time, Trans- Asian commerce was flourishing in Central Asia. It connected Europe with East Asia via ancient Silk Road. This region has huge amount of natural resources in the form of oil reserves, gas, coal, and hydropower. Central Asia is facing security challenges. The instability and security challenges affect regional cooperation and integration. The phenomena of Regional Integration Arrangement (RIA) like regionalism, regional integration has been growing growing in Central Asian region after the disintegration of USSR. Two decades ago, regional cooperation among central Asian

Countries was stagnant. Post-independence, the Central Asian states are establishing regional cooperation through different strategies. Central Asian countries are co-founder of so many regional organizations including, “Eurasian Economic Community (EurAsEC)”, “Commonwealth of Independent States (CIS)”, “Central Asian Cooperation Organizations (CACO)” and “Shanghai Cooperation Organization (SCO)”, but the influence and effect of these organizations varies with one another.

Among these regional organisations SCO assumes great relevance in the context of theories of international relations. Academicians and policy making community also noticed the role of Central Asia in the international system (Allison & Jonson 2001) . SCO is important for the development of understanding on regionalism, especially in Central Asian countries. Regional cooperation is an important factor to maintain stability and prosperity which in turn are necessary for economic development.

Concept of regionalism

The concept of ‘Regionalism’ is quite old. This concept has an important place in the domain of politics and international relations. Each scholar gives a different definition of regionalism and they don’t agree on a common definition of regionalism. A region may be defined as a group of states and territories, zones and units. Member states have some common patterns of behavior (Hoststi 1996). Regionalism is important for developing countries for various economic, political and security reasons.

Regionalism means that “regionalist organizations, regionalist systems, and regionalist doctrines have been an important feature of international relations in the twentieth century”. (Rana 1979). Fishlow and Haggard define regionalism as “a political process characterized by economic policy cooperation and coordination among countries”. According to Padelford, "a regional arrangement is an association of states, based upon location in a given geographical area for safeguarding the interests of the participants". Van Leffens describes “regional arrangement” as "a voluntary association of sovereign states within a certain area or having common interests in that area for the joint purpose, which should not be an offensive nature in relation”.

After the end of colonial regime, a large number of new states emerged in Asia, Africa, and Latin America. These states formed the regional framework. This regional framework sought for cooperation and integration among themselves aiming towards economic development. It was a strategy to develop economic and internal structural balance (Joseph 1968). A regional framework minimizes tension and conflict among regional states. Regional cooperation is meant to forge cooperation of national and international policies in order to promote relationship and mutual benefits (Gupta 1964).

The major reasons to establish regional organization are security, economic and political. Some regional organization like “NATO”, “Central Treaty Organization (CENTO)” and “Warsaw Treaty Organization” had been established for security reasons. Secondly, some regional organization such as “European Communities (EC)”, “the Council of Mutual Economic Assistance (CEMA)”, and “Latin America Free Trade Association (LAFTA)” were formed to promote economic interests. These types of organization utilize the pooled resources. Thirdly, “Organization of American States (OAS)”, “Organisation of African Unity (OAU)”, “the Arab League”, and “the British Commonwealth of Nations” promote multifunctional purposes. These type of organization promote political, economic, culture and military cooperation among member states (Chandra & Arora 2001).

Theories of realism and neoliberalism/neo-realism focus on cooperation among nations. Each theory has a different point of view on cooperation among nations. The neo-realist theory explains three factors that prevent cooperation among state such as fear of defection, fear of vulnerability and focus on the absolute gain (Jervis 1999). The first two factors can be applied in the context of Central Asia. According to neo-realists, there are two factors that promote greater cooperation among Central Asian countries such as the presence of common threats and existing bilateral and multilateral agreements. Neo-realists also highlight the role of external powers because Russia and China are immediate neighbors of these Central Asian Countries. Both countries can play an important role to promote regional integration in Central Asia. Neo-realist emphasizes the balance of power.

The regional cooperation theory of the functionalist school mainly focuses on economic and social aspects of regional cooperation. The main purpose of regionalism is to achieve national objectives. It is a characteristic of the post world war period(Mitxany 1996)

The strategic location of Central Asia

Central Asian countries are located in the centre of Asia and they connect Asia and Europe. Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan comprises central Asian region. These countries got independence after the collapse of USSR. Central Asian countries are landlocked. They have large area of grassland in the north and desert in the south. This region is situated at a very strategic location. The Central Asia shares boundary with Russia, Caspian Sea, China, Iran and Afghanistan. This region is also known as “Inner Asia”. It includes Tibet and Manchuria. In late 19th and 20th century, Britain, Russia, and China used to contest for control in this region (Warikoo :1995).

Uzbeks, Tajiks, Kazakhs, Kyrgyzs, and Turkmens used to live in these territories and these countries were named after these groups who lived in these territories, these were created during the Soviet period. This region has unique characteristics due to its association with Silk Road and the Great Game.

Historical background

Before the Russian occupation of Central Asian region in the 19th century, Central Asia region was divided into three Khanates. These Khanates were Bukhara, Khiva, and Kokand. The Khans and Emirs ruled these Khanates and the main source of justice was Islam and justice was based on the Islamic laws (Shams- ud-din 1982). Khanates were economically backward and feudal states. The societies of three Khanates were characterised by slavery. Cattle breeding and horticulture were the main occupations. Cotton production was very less. They were rich in natural resources, however, because of lack of technology the extraction cost of these minerals was quite high as compared to minerals imported from Russia. Taxation was very high. The growth of handicraft and agriculture were held captive by money lenders. The internal struggle among various groups also prevented the economic development (Kaushik 1970)

People of Central Asia used to live in villages. Central Asian people were exploited by landlords and feudal officials. The literacy rate was very low, which was around 2-4 percent. Poverty, diseases and illiteracy were the main problems in the region. Muslim clerics played important role in improving the education system, the teachings of Islam promoted secular knowledge. It served as the place of refugee shelter at the time of Tsarist and Soviet Threat. Central Asian Muhajirs were also found in northern Afghanistan. Religion and culture were two important cooperating factors for Central Asia (Shalinsky 1984)

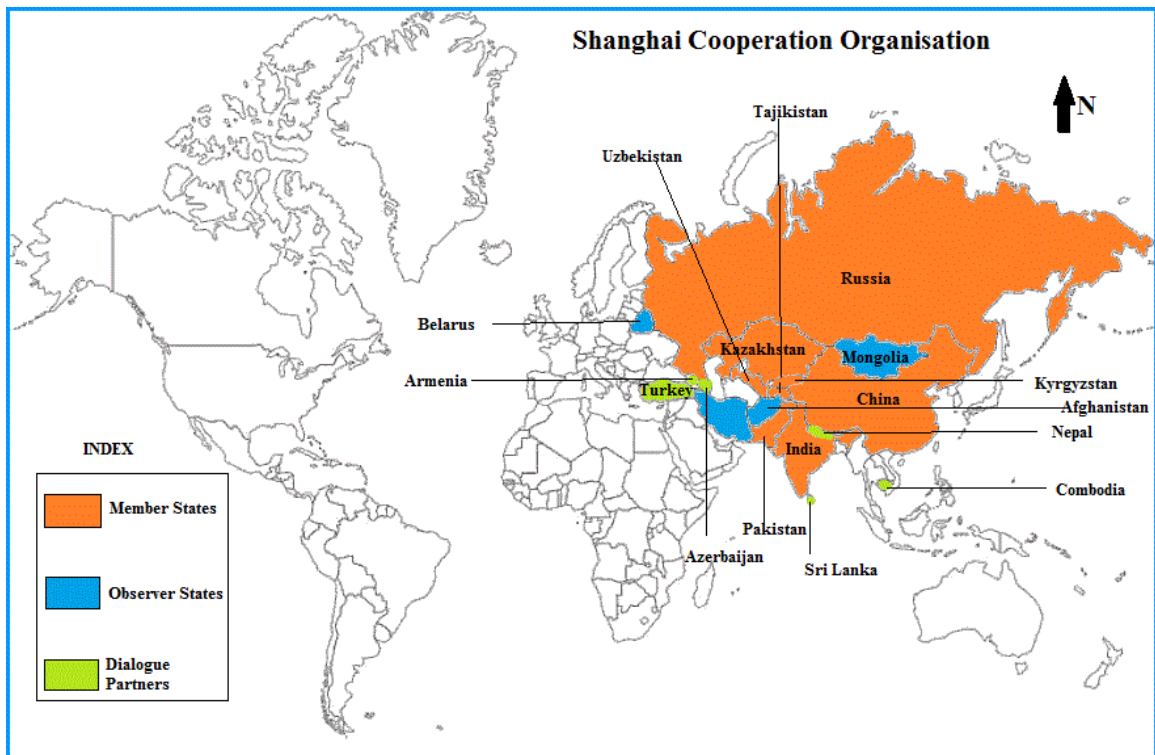
. Before the Bolshevik Revolution, the political culture of Central Asia was medieval in nature. Tajikistan, Turkmenistan, and part of Uzbekistan were under Soviet control for a period of approximately 100 years and Kazakhstan for nearly 200 years; however, the language, culture, and history of this region were markedly different from Russia. This region got isolated from the rest of the world under the Soviet Union. The people of these states were converted to Islam between the tenth to the eighteenth centuries and now majority of them are Sunni Muslims. The Tajiks have been following Persian Culture for millennia. The other four are descendant of Turkic nomads. Kyrgyz also came under the influence of Mongol culture. Central Asia has a rich history because of constant conquest and invasions. It had been commercial hub as it connected the Silk Road trade between Asia and Europe. Central Asia was an important centre of education, art, architecture, poetry, and science. By the end of 19th century, Russia annexed and consolidated this region. Before the October Revolution, industries of Central Asia were underdeveloped. They suffered during the civil war. After 1917 October Revolution. Cultural and economic integration of Central Asia was undertaken by USSR. After October Revolution, the Soviet Union slowly improved the education, culture, science, and technology in Central Asia. There were changes in socio-economic and cultural lives of the people of this region. The material conditions of people improved during the Soviet Period. (Kaushik 1970).

Under Soviet regime (1920-1989) Central Asia was not as economically and politically developed as other areas of USSR. Industries were functioning from Moscow and the human personnel who managed these industries were mostly Russians and Other Eu-

Europeans. The policies of Soviet Union increased the growth of administration. All members of the administration were old traditional elites. So the large part of Central Asia could not get the benefits. When the ties with Russia strained, the richest area of resources became deprived after collapse of USSR. After the Socialist Revolution, Soviet Union converted as federation and divided into fifteen Republics, and eight autonomous Regions became the part of federation. All Republics were equal but geo-political phenomena strengthened Russian Republics. Single party system was there. The Soviets introduced one judicial system for all regions. The Tenth (1921) and Twelfth (1923) Congress of the party worked to remove inequality among nations and to bring economic and cultural equality. The Central Asian Republics got political, financial, and technical aid for these purposes. The Soviet government gave financial help to the Central Asian Republics for their economic development. 80 to 90 percent of the total expense was subsidised. The Soviet government also supplied technology for industrial and agricultural development. Cotton production increased and Soviet Union was free from import of this product which helped to increase the revenue of Central Asian Republics. The Turkmen also increased the output of products. Gross industrial output increased 18 times in Uzbekistan, 21 times in Turkmenistan, 35 times in Tajikistan and 55 times in Kirghizstan (Kaushik 1970). In 1970, 4.5 percent of the total oil was produced by the Central Asia. Kazakhstan and Turkmenistan had more oil and gas reserves. Soviet government developed hydroelectric power in central Asia. Electricity production increased eight times in Central Asia between 1960 and 1985.

During the 1980s, Central Asia faced an economic crisis. The Soviet Union reduced investment and financial help to Central Asian Republics. During 1980-1985 five year plan, the investment was very less in Central Asia. In 1985, Mikhail Gorbachev came to power. Economic growth was his highest priority through the use of human and other resources. He knew that this goal could be achieved only by improving political, social and cultural spheres. Perestroika policy of Gorbachev fully affected the Central Asian economy. In 1991, 20 to 45 percent of people was dependent on Soviet Government. After independence, Soviet Government discontinued subsidies, government budgets, and financial help which had negatively impacted the Central Asia Republics.

There were some negative points of Soviet Union regime in Central Asia. Central Asia had severed the relationship with the outside world and the Central Asian Republics were totally dependent on Soviet government for its economic and infrastructure development. After the declaration of independence of Central Asia, border disputes were a major problem among Central Asian countries. The disintegration of USSR not only increased ethnic and linguistic awareness but also exacerbated historical rivalries and tensions among Central Asian states. In 1990, there were riots between Uzbek and Kyrgyz communities. The civil war started in Tajikistan. Leaders of Central Asian states met to resolve the problems. All the five Central Asian states always gave priority to Moscow for maintenance of both political and economic relations. Friendly relations promoted ethnic unity and fraternity between Russian people and the ethnic groups of Central Asia.



Contextual study: Regionalism in Central Asia

In the case of Central Asia, regional cooperation has been important for the development of Central Asian industry and renewal of growth. After the disintegration of USSR, Kazakhstan, Kirgizstan, Tajikistan, Turkmenistan, and Uzbekistan emerged as new countries in the world. The proximity in terms of geography, ethnicity, language, similar religion, shared history, common resources provided reasons for cooperation among Central Asian countries.

Ten years after the independence, regional cooperation among Central Asian countries has been stagnating. The five central Asia countries were seeking their economic interests beyond this region. In 1999, the trade of Kazakhstan was only 3.1 percent with central Asian countries and in 2009 it was 2.7 percent (Kassenova 2012)

The first regional organization of the post- Soviet period was CIS. It was established in 1991 by Boris Yeltsin and 11 former Soviet States (excluding the three Baltic states of Latvia, Lithuania, and Estonia). This organization took little interest in the military, political and economic arena. Early economic cooperation had failed. With the collapse of USSR, the Russian economy as well as the currency also collapsed. Measures were taken to stop the flow of food, energy and consumer goods at a higher price. After the collapse of common ruble zone, Russia could not stop the former republics from their ruble credits. Uzbekistan, Kazakhstan, and Kyrgyzstan established the “Central Asian Union” (CAU) in 1994 to address their problems. This organisation was formed for promoting common economic interests which would help in free circulation of capital, goods, and labor forces within these countries. Tajikistan also joined this organization in 1998. In 1998, the name of CAU changed to “Central Asian Economic Union” (CAEU). It was renamed again as Central Asian Cooperation Organization in 2001(CACO) (Annette Bohr: 2004). The CACO and its predecessors could not enhance regional economy, trade and security. There was only 7-8 percent trade among the four countries of the CACO of their total foreign trade. The CACO was a less successful organization for security and economic cooperation and integration within the Central Asian countries (Ushakova 2003)

CIS Customs Union was another regional organization. It was a free trade area which included Belarus, Russia, and Ukraine. In 1995, Kyrgyzstan and Kazakhstan became members of this organization. Tajikistan also became a member of this organization in 1999. In 2000 the CIA custom Union was renamed as Eurasian Economic Community (EAEC). But this organization also failed in facilitating regional cooperation. Russia forced members to increase the tariff rates and standards. The Central Asian states may withdraw from this organization to enter the World Trade Organisation (WTO) (Spechler 2000). Kazakhstan, Kyrgyzstan, and Tajikistan rejoined it and Uzbekistan joined CIS when the treaty was renewed in 1999.

GUUAM (Georgia, Ukraine, Azerbaijan, and Moldova) was formed as regional organisation in 1997. This organization was not dominated by Russia. In 1999 Uzbekistan became a member of GUUA. In 1996, 'Shanghai Five' was formed by Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan. It was formed basically to resolve border issues. China took initiative to form this organization. In 2001, after the IMU insurgency, Uzbekistan joined SCO. The membership of China helped Uzbekistan to join SCO. As of now there are two major powers in SCO which is better than one.

There were a number of other small organisations for Regional cooperation in Central Asia such as the Eurasian Union, the '6+2' group, the Economic Cooperation Organization, the Central Asian Nuclear Weapons Free Zone and the Turkic States Grouping Central Asia that belongs to the wide spectrum of the different regional organization. Majority of initiatives have been taken by Russia(Allison & Jonson 2001)

Since the disintegration of USSR, many regional organizations were established in Central Asia such as the Eurasian Economic Community, the United Economic Space, the Central Asian Economic Community, the Central Asian Cooperation Organization and so many others. These organizations were made to frame easy trade policies. These policies were for free trade areas, customs unions, common markets. However, the progress of these organizations was very limited and these organizations could not continue cooperation among Central Asian Countries (Pomfret 2008).

Regionalization is not suitable within Central Asia because Central Asian countries have similar resources of primary goods and they are majorly based on export. All five Central Asian countries produce similar goods, consequently, trade is not a viable option within Central Asia. WTO is a more viable option for trade in the region. Central Asian countries can access large market and strong dispute resolution mechanisms through WTO. WTO is also using Central Asian countries for their interest (Pomfret 2008)

SCO and the role of China

Shanghai mechanism was established in the early 1990s for resolving border conflict between China and the Central Asian countries. Later, the scope of Shanghai Five emerged for border cooperation. China had taken initiative to form “Shanghai Five” to resolve disputes with the newly independent Central Asian countries in 1996. China had tried to bring Russia and Central Asian countries together. The Shanghai five has declared the “three evils”- “separatism”, “terrorism”, and “extremism” as the major concern to be addressed within Central Asia. In 2001, when Uzbekistan formally became the member of this organization, the Shanghai five was renamed as Shanghai Cooperation Organization. SCO became important for both Russia and China. Russia and China are powerful countries in the international system because of the size of their territory, economic capacity, powerful military and their permanent membership in the UN Security Council. In June 2017, India and Pakistan became official members of SCO. They declared that “mutual trust and benefit, equality, consultation, respect for diversified civilizations and seeking common development are the major guiding principle of SCO. They cooperate in major three areas: security, commerce , and humanitarian concerns” (Yang 2012).

The main goal of SCO was Central Asian Regional Security; combating illicit drug trafficking and terrorism. Apparently after completing this goal, SCO has started to improve regional economic development and cooperation . China gives significant financial resources to the Central Asian members of SCO. Under the umbrella of SCO, Central Asian members of SCO get bilateral financial flow. The main beneficiaries of the organization are smaller members. The smaller members can get more international visibility and prestige (Naarajaevi 2012). However, SCO could not progress much in terms of regional cooperation (Linn & Pidufalan 2008)., the reason being the involvement two

leading powers China and Russia and they do not necessarily and exclusively focus on challenges of regional development including energy and security development. Russia is more concerned about the influence of China in the Central Asian countries and the main interest of Russia is to outplay the influence of China over regional energy transit. (Cooley 2012). SCO is not focusing on new regionalism issues, like environmental degradation and NGO's participation for regional cooperation and integration (Naarajarvi 2012). The working principles of SCO are consensual decision-making and non-interference in members' domestic affairs. SCO could not fully resolve border and regional water management conflicts among member countries, The Interbank Consortium was established in 2009 by SCO. This bank was established for investment in infrastructure. But it could not fulfill its goal. SCO could not establish a close relationship with other regional organization. The Secretariat of SCO is in Beijing. It has limited capacity for promoting new development strategies in Central Asia (Jiu 2012). China and Russia are the members of SCO as well as Eurasian organization. This entails both negative and positive scopes for the organization. SCO has provided an opportunity in making Central Asia as the subject instead of an object (Naarajarvi 2012). In the past decades, SCO took lots of challenging and incremental steps for economic integration. The future of SCO would require patience, optimism, and confidence. The member countries have similar interests; especially trade, counter-terrorism etc. SCO is surely going to develop regional cooperation and solve the problem of terrorism in this region. SCO plays an important role in maintaining peace, stability, and prosperity in this region. It has also maintained the territorial integrity and security. It has given political, economic and social stability (Xiaodong 2012). It established effective cooperation in the field of security, illegal circulation of drugs and transnational organized crimes. The regional anti-terrorist structure (RATS) plays important role in the implementation of treaties and agreements.

SCO is the first fully-fledged regional organization in which China has had a significant influence. The main interest of China is in the economic sphere of Central Asia. It wants to increase the limited trade, investment, and energy flow. The border of Central Asia connects with China's western provinces, where Uyghur ethnicity resides in western province of Xinjiang. This part of China is underdeveloped and unstable. Uyghur always challenges Chinese sovereignty. Uyghur claims that Xinjiang region belongs to Central

Asia. It was the part of Central Asia in ancient time because Uyghur are Muslims and the culture and history of Uyghur people bear resemblance to that of Central Asia. So after the disintegration of USSR, Central Asia's independence and the resultant destabilization within the region was the biggest challenge for Chinese leaders. Beijing expanded its economic ties in this region and left the security of Central Asia to Russia and United States of America (USA). China has already completed the construction of oil pipeline from Kazakhstan to Xinjiang. It has also got shareholding in Caspian oil fields (Rumer 2006). The aims of China are following; first, to control the separatist activities of "East Turkestan", second to make a regional economic partner because it has diversified sources of energy resources and third to sustain Central Asia as stable strategic area for China (Marketos 2009). China and Russia are important for the organization. China maintains the financial burden of the organization (Naarajärvi 2012).

In general, SCO is a challenge for the west, because West represents the idea of universal democracy and human rights (Ambrosio: 2008). Western analysts argued that SCO is a joint device of Russia and China to control the presence of the USA in Central Asia (Cohen 2006). But some analysts counter this argument:

"the main aim of establishment of SCO is not to oppose the USA, assert that it is already engage in so many activities which show neither USA interest nor values in the region"(cooley 2010).

The economic power of China is not adequate to support regional cooperation in Central Asia due to geopolitical and political consideration of Central Asia. Culturally and socially, the Central Asian countries are closer to Russia because the Central Asian Countries were part of Russia before the disintegration of USSR. The value and norms of China is different from Central Asia. This is a challenge for China that it faces in promoting economic cooperation in Central Asia (Krasnopolsky 2015)

This present research study seeks to examine by the interests of the Central Asian countries in the regional organisation and SCO has led China to cooperate with Central Asian countries on political, security and economic issues. Historical, analytical and descriptive methodology will be followed while examining the proposed research study. Both the primary as well as secondary sources will be consulted to fulfill the aims and

objective of this study. The primary data will include governmental reports and documents relevant to this study as well as other reports and documents like Human right in China and The Shanghai Cooperation Organization. The secondary sources will include books, articles published in various journals, and reports from different NGOs on historical perspective of regionalism, regionalism in Central Asia and SCO.

The underlying hypotheses of the study has been; firstly Central Asian states are more willing to be part of regionalism through SCO because of the presence of two major powers namely Russia and China to balance each other and secondly SCO has been successful in resolving border disputes amongst its member states but has been slow in economic and trade sphere due to China's preference on bilateral trade.

My objective of research and the study has been firstly to define regionalism through historical perspective. Secondly to analyze the benefits and obstacles of regional integration and cooperation in Central Asia that has been faced by Central Asian countries. Thirdly to analyze the role of SCO in regional cooperation in Central Asia. And finally to analyze the Chinese perspective for SCO in regional cooperation and integration. Each chapter involves critical analysis on the issues.

The first chapter will discuss basic concepts, definitions of regionalism and historical perspective of regionalism in Central Asia. Various Regional Organizations that have evolved in this region and the extent to which they have impacted regionalization process in Central Asia. The second chapter will discuss the historical background, objectives, structure, members, funds, projects etc about SCO. This chapter will try to examine the evolution and formation of SCO; it will also try to evaluate the progress achieved by SCO since its formation and the extent to which it has been able to achieve regionalization in the Central Asian region.

The third chapter will discuss why, when and how China initiated SCO and what are the major interests which China is trying to fulfill through SCO. The reasons which are as follows: to maintain borders security with Russia and Central Asian states because of stability and economic development and of Xinjiang. The fourth chapter will try to analyze the impact of SCO on the politics, security and trade among Central Asian coun-

tries on the one hand, and Russia and China on the other; because main goals of the SCO are to maintain security and stability in the region and to strengthen mutual cooperation and good friendly relations among member countries, to promote political, trade and economy cooperation, to promote energy cooperation and transportation connectivity and protection of environment,

Finally, the last chapter would outline the summary and conclusion of the present research study. It will also discuss the finding of the research. The dissertation concludes with the summarization of the finding of the study and substantiates whether the proposed hypotheses are positively proved or falsified. In the above light this research seeks to analyze the interest of Central Asian Countries in the SCO because SCO is a first organization which has successfully led to regional cooperation and it is immensely helpful in politics, economics, and security. It has benefited Central Asian countries to a great extent by resolving border disputes and developing confidence amongst member states. This is a first regional organization of Central Asia which has the two major powers China and Russia.

CHAPTER-2

SHANGHAI COOPERATION ORGANISATION

Introduction

The Shanghai Cooperation Organization (SCO) is an intergovernmental organization that was established in June 2001 and the founding members of SCO were China, Russia, Uzbekistan, Tajikistan, Kazakhstan and Kyrgyzstan. The SCO is making considerable efforts to resolve challenges of security and economics in the region. The achievement of SCO may not have been influential in the area of regional economic cooperation but it has been consistently trying to achieve their stated goals. The SCO covers 60 percent land of Asia and Europe together and nearly half of the world's population, after India and Pakistan became its member. Chinese Assistant Foreign Minister Li Huilai said, "The representational nature of the SCO as the intentional organization with the biggest territory and population will significantly increase, economic political potential and size of SCO member countries are the major influence in the region and international system" (Matveeva & Giustozz 2008)

In recent years, the influence of SCO has been increasing as an important international organisation. It is portrayed that it is an organisation that is dominated by China ; however, it reflects Chinese foreign policy in relation to Central Asian countries and its role in creating friendly relations with its neighbours. It is also interpreted that SCO was established for development of Xinjiang region of China. China wants political and economic stability in this region. The SCO has given an opportunity to use the rich resources of neighboring countries of Central Asia through mutual beneficial policies and this organisation also provides an opportunity for Central Asian countries. These countries came under the Tsarist and subsequently under the USSR. Thus, after the independence from the Soviet Union, these countries were economically poor and politically and socially backward.

After the disintegration of USSR, border dispute between China and Russia became a multilateral issue. Russia, China, and their three Central Asian countries, Kazakhstan, Kyrgyzstan and Tajikistan wanted to reach an agreement and in 1996, they signed

“Shanghai Agreement on confidence in the border area”. New goals had been formulated with the announcement of establishment of SCO in 2001. The primary principle of this organisation was to fight against “three evils ie. separatism, extremism and terrorism” in the region(Shanghai Cooperation Organisation 2001). The development of SCO gave a new dimension to this region in the context of regionalism. This arrangement showed concerns for Central Asian countries regarding territorial integration and China. The newly independent Central Asian countries were facing these threats. The uyghur population of Xinjiang has been continuously demanding the separate “East Turkistan”.

The primary goal of this organisation was aimed towards maintenance of border security but over the time it has expanded its goals. Thus after the formation of SCO in 2003, the member countries of SCO started to forge economic cooperation amongst themselves. Central Asian countries have an important place in the world with regards to energy resources, such as crude oil, natural gas and hydropower. They have huge resources of gas and oil which they export after fulfilling their needs. SCO has provided an opportunity for China to develop the its western part. The western region of China is underdeveloped. China can import gas and oil from Central Asian countries easily. It has also provided a new market to Central Asian countries. Before the disintegration Soviet Union, USSR controlled the energy resources of Central Asian countries. Thus, after the independence, all pipelines crossed through Russian territory in order to reach the world market, because these countries are landlocked countries and they don't have direct access to sea route. After the formation of SCO, they have got a new market for their energy resources. Several pipelines have already been built and others are under construction. Now gas and oil of Central Asian countries are easily exported to China.

This chapter will discuss the historical background of SCO. How Shanghai Five emerged and was converted into Shanghai Cooperation Organization. This chapter will also elaborate on the origin, formation, objectives, structure, and members etc of SCO. After the formation of SCO, it has been continuously expanding cooperation with SCO member countries as well as its structure and goals.

The formation and expansion of Shanghai Five to SCO

Over the years, SCO has been expanding its role in other areas including energy, economic and cultural cooperation. The progress of SCO since its establishment can be divided into three phases (Haas & Putten 2007).

- Phase first from 1996 to 2001—Confidence and security-building measures amongst member countries.
- Phase second from 2001 to 2004 –Steps for regional security against ‘three evils’
- Phase third from 2004 till to date –It’s Emergence as a comprehensive international organization

The Shanghai Cooperation Organization is relatively new entity and yet achieved considerable tasks which has caught attention of specialists.

The major power and policy shift had been started on the international and regional level after the end of Cold War. Peace, stability and economic development had become a trend of the epoch. These five Central Asian countries were part of USSR before 1991. The demarcation of borders of these countries was not clear. China and the former Soviet Union shared over 12,000 kilometers long common border and much of it became disputed. Out of total China- Russian boundary, China and Soviet Union shared 7,600 kilometers border line; it is 4320 kilometers from eastern section and 3,300 kilometers from western section. China and Russia signed an agreement for eastern sides boundary and western sides of the boundary on May, 1991 and September 3, 1994 respectively. In 1992, China, Russia, Kyrgyzstan, Kazakhstan and Tajikistan started talks for resolving border disputes and border negotiation on the bilateral basis. Later, Almaty, Bishkek, and Dushanbe negotiated the reduction or withdrawal of military forces and weapons from border areas and confidence-building measures with China. Russia, China and three member countries of Central Asia held 22 rounds of negotiations (Hu 2004)

The Shanghai Five is result of these negotiations. In April 1996, The group of Shanghai Five was formed. The heads of China, Russia, Kyrgyzstan, Kazakhstan, and Tajikistan signed the agreement on “Deeping Military Trust in Border Regions” in Shanghai. On April 1997, the second Shanghai Five summit was held in Moscow and in

this summit, these countries signed “the agreement on Reduction of Military Forces in Border Regions”(Majid:2016). With the joint efforts of all member countries “Shanghai Five” was formed . Thereafter, regular meetings were held between member countries and has been held in each of the five countries. On July, 1998, third summit was held in Almaty and in this summit, the Heads of countries had emphasized on stability, prosperity and strengthening mutual confidence in the region and raising economic cooperation. On August, 1999, the member countries passed “a Joint Declaration on Combating Separatism, Religious Extremism and Trans border Crime” in Bishkek summit. In the Dushanbe summit, “problems of regional security and stability, combating of international terrorism and religious extremism in the region” were discussed. First time, President of Uzbekistan also attended the Shanghai Five summit. All the attendees signed a “Dushanbe declaration” and transformed the organisation into the Shanghai Forum.

On June, 2001, the member countries of Shanghai Five were celebrating the fifth anniversary of the organization. On this occasion, the heads of member countries and head of the Uzbekistan decided to shift the level of cooperation among six countries. The head of six countries announced “the declaration of the establishment of the Shanghai Cooperation Organisation”. The SCO interpret it in a various way, it officially announced that the initiative of the SCO ensures regional security of this region from “ terrorism, separatism, and extremism”.

The first meeting of Heads of SCO member countries was held on September, 2001, in Almaty. They signed “Memorandum among Governments of SCO member states on the basic goals and directions of regional economic cooperation and launch of process on creating favorable conditions in the field of trade and investments”(China Daily 2006). The second meeting of SCO member countries’ heads was held on July 2002 in Saint Petersburg and adopted “the Charter of Shanghai Cooperation Organisation”. In the eighth summit of SCO, it was decided that SCO secretariats would be established in Shanghai and Regional Anti-Terrorist Structure would be transferred from Bishkek to Tashkent. In this Summit, the provisions related to the Head of State, Head of Government, Foreign Ministers and National Coordination were also prescribed. Apart from this, “a document on the SCO Secretariat”, “the conference of the heads of the min-

istry” and “the department heads”, and “the permanent representatives of the member states in the secretariat” were also adopted in this summit. The main difference between Shanghai Five and Shanghai Cooperation Organisation was that Shanghai five was established to resolve border problems. It was basically a military, defense related an security organisation.

The meetings of organisation have extended the matter of “strengthening mutual trust in border area and developing mutually beneficial cooperation in politics, security, diplomacy as well as trade-economic, culture and another area” (China daily 2006) In a very short period of time, “it has managed to encompass almost a fifth of the earth’s land area from China to Russia and Six seas come in this organisation ranging from the China Seas, the Indian Ocean, the Caspian Sea, the Baltic Sea, the Persian Gulf, and the Black Sea” (Majid 2016). It is clearly evident that unlike other organizations, SCO has not been created at one time. Other organizations have been established and guided with the prefigured vision and predefined goals. But SCO has developed over the year in response to changing situations.

SCO is not the first regional organization which has been established in the region. There are several regional organizations in the region, such as “Central Asian Economic Community” (created in 1994), the “Turkic States Grouping” (started in 1992), “the Economic Cooperation Organisation” (including Iran and Pakistan), Georgia Ukraine Uzbekistan Azerbaijan Moldova (GUUAM), “Collective Security Treaty Organisation (CSTO) and “the Euro-Atlantic Partnership Council” etc. the differences between SCO and other organisations is that SCO is more clearer in its objective. SCO is the first organisation in the region which has two major international powers in it, namely China and Russia.

Some of the goals of SCO overlap with that of CSTO. CSTO is dominated by Russia and has an anti- American orientation. The purpose of CSTO is to thwart any potential military attack. SCO could not become an anti- American Formation because of China’s reluctance. Moreover, SCO is an organisation that aims at security cooperation, instead of being a military defense organisation. Terrorism is not a big issue for CSTO member

countries as compared to Central Asian countries. SCO has its own unique way of cooperation among member countries. In the end, the SCO is more active in a localized way to solve local issues amidst the presence of both Russia and China (Karin 2004).

Objectives of SCO

The main objectives of the SCO are following:

- To strengthen the relations between the member states of SCO.
- “To promote and increase mutually beneficial cooperation in political matters, economics, and trade, scientific-technical, cultural, and academic sectors as well as energy, transportation, tourism and environmental protection” (Qadir & Rehman 2016)
- To Protect regional peace, security, and stability from “three evils” extremism, separatism and terrorism.
- To protect the region from illicit drug trafficking, illegal arms trafficking, and illegal migration.

The member states of SCO have been continuously working to achieve these objectives and they have achieved some of these during the seventeen years of its establishment. How they achieved these objective is explained in the next section “Development of SCO”.

Development of SCO

SCO has emphasized and affirmed its position and determination and member countries have successfully validated them. It has created its organizational setup, which is a big success that would clear the way for future efforts.

According to Shanghai Cooperation Organisation Charter, The areas of cooperation within SCO are the following:

“Maintenance of peace and enhancing security and confidence in the region and search for common positions on foreign policy issues of mutual interest and combating terrorism, separatism and extremism, illicit narcotics and arms traffick-

ing, illegal migration and other types of criminal activity” (Shanghai Cooperation Organisation Charter 2001)

“Coordination of efforts in the field of disarmament and arms control and promotion of regional economic cooperation in various forms and achieving the goal of free flow of goods, capitals, services, and technologies” (Ibid).

“Effective use of available transportation and communication infrastructure, development of energy systems and sound environmental management, including water resources management in the region”(Ibid).

“Exchange of legal information in the interests of the development of cooperation within SCO, development of interaction in such spheres as science and technology, education, healthcare, culture, sports, and tourism”(Ibid). The members of SCO may expand the area of cooperation through mutual agreements.

“Shanghai Convention on Combating Terrorism, Separatism and Extremism”(Ibid) adopted on June 2001 in Shanghai. SCO will fight against terrorism, separatism, and extremism. Article 1 describes the perspectives of member countries for minimizing three evils.

Article 7(4) of the Shanghai Convention on Combating Terrorism, Separatism and Extremism also mention separately that,

“Illicit manufacturing, procurement, storage, transfer, movement, sales or use of strong toxic, and poisonous substances, radioactive materials, weapons, explosive devices, nuclear, chemical, biological or other types of weapons of mass destruction, which can be used for their production, for the purpose of combating terrorist, separatist and extremist acts are taken so seriously”(Shanghai Convention on Combating Terrorism, Separatism and Extremism 2001)

On July 17, 2004, in Tashkent Declaration, Heads of member countries of SCO signed an agreement for stopping illegal trafficking of narcotics drugs and psychotropic substances. This was important multilateral work within SCO to combat transnational threats and challenges.

“Multilateral trade and economic cooperation, modernizing trade and economic cooperation, increasing goods turnover among the countries, harmonizing standards and legal base, gradually creating favorable conditions for free movement of goods, capitals,

services and technologies, and building transport was discussed in Tashkent declaration” (Shanghai Cooperation Organisation Tashkent Declaration 2004)

The Heads of member countries also discussed Environment protection and equitable utilization of water in this declaration.

In Astana Declaration, The Heads of member countries discussed that joint efforts could help to protect territory, population and infrastructure of the member countries from new challenges and threats. They will create the necessary environment for development and poverty eradication in the SCO region, such as;

- Development of closer cooperation among foreign policy, economics, “law enforcement, intelligence agencies and defense departments of the member states”(Shanghai Cooperation organisation Astana Declaration 2005)
- Proper use of Security Councils of the member states meetings .
- Establishing effective measures and mechanisms to protect peace, security and stability in the region.
- Giving joint efforts for conducting of anti- terrorist measures.
- Making the domestic national security legislation.
- Using and developing new modern technical equipments and technology for new threats (Ibid).

In 2007, the Heads of member countries signed an agreement on “Cooperation and Mutual Assistance in Customs Affairs”. On 2 November 2007, the joint communiqué discussed all important topics of economy, investment, science and technology, education and culture. It also appealed to expand and develop trade, economic and cultural cooperation among the member countries of SCO. On 26 August 2007, the Bishkek Declaration described the security vision of SCO. It also highlighted the interconnectedness between development and security. The Council of Heads of Member countries of SCO signed “the Treaty of Good-neighbourly Relations, Friendship and Cooperation” on 16 August, 2007. On 8 September, 2006, , Kyrgyzstan, Turkmenistan, Tajikistan, Uzbekistan and Kazakhstan signed “the Central Asia Nuclear-Weapon-Free-Zone treaty”. SCO supported this treaty and adopted resolution at the 61st session of the UN General Assembly.

The Governments of the member countries of the SCO expressed their concern about the illegal transportation of arms, ammunition and explosives in the region. So the Government of the member countries of the SCO signed an agreement on “Combating Illicit Trafficking in Arms Ammunition and Explosives” in 2008. The representatives of the SCO member countries signed the “Agreement on Arranging and Conducting Joint Anti-terrorist Exercise” by the member countries of SCO. The governments of member countries signed an agreement on “Combating illicit trafficking in Weapons”. The “Interbank Association” of the SCO and “the Eurasian Development Bank” signed a memorandum on partnership relations. The heads of member countries discussed about the further expansion of the organisation. The work with observer countries (India, Iran, Mongolia and Pakistan) would promote a qualitatively new level as it creates opportunities for mutual benefits and cooperation among interested countries.

In 2009, the member countries of the SCO signed an agreement on “Cooperation in Ensuring International Information Security between the Member States of the Shanghai Cooperation Organisation”. International information security is one of the important bases of the international security system. They expressed their concern about the threat related to technology and tool for maintaining security and stability in the civilian and military field. The major threats in the field of international information security are such as Cybercrime, Information terrorism, “Dissemination of information prejudicial to the socio-political and socioeconomic systems, spiritual, moral and cultural environment of other States”(Shanghai Cooperation Organisation 2009). Today, these are also the biggest threat in the world. Thus, the member countries decided that they would define, coordinate and implement necessary joint measures for international information security. They will exchange experience and organize meetings, conferences and seminars in the field of information security.

On June, 2010, Tenth meeting of the Council of Heads of member countries of SCO was held in Tashkent. The member countries confirmed that they would continue their joint effort to fight against “terrorism, separatism and extremism” and illicit drugs and arms trafficking. The member countries of Shanghai Cooperation Organisation signed an agreement on Cooperation in Agriculture. They will start agricultural coopera-

tion in the following areas : “Arable farming,Livestock breeding, Beekeeping ,Veterinary, Breeding, Seed production and breeding business, Land improvement, irrigation and agricultural irrigation, processing and trade in agricultural products, Agricultural machinery and Agricultural research”(Shanghai Cooperation Organsiation 2010)

In order to improve the condition of agriculture, these member countries would develop and share scientific and innovative technologies in agriculture. They would exchange advanced machinery , agriculture technologies, seeds, animals and breeding materials and start new joint investment projects in agriculture. They would start to participate in the trade fairs and organize conferences, seminars, talks and round table discussion in the field of agriculture. They would use biological and chemical methods of plant protection.

On June, 2011, the 10th anniversary of the SCO was celebrated by the heads of member countries. In the course of 10 years, the SCO had established the effective mechanism of cooperation in various fields such as combating “terrorism, separatism and extremism”, illegal drugs and arms trafficking and illegal migration. Trade and economic programs had been adopted. Cultural and humanitarian cooperation also gave strength to the member countries of the SCO. The SCO permanent bodies – the Secretariat in Beijing and the RATS in Tashkent played important role in the implementation of treaties and agreements. On November, 2011, the heads of governments of the member countries of SCO met in St. Petersburg to analyze the economic and financial situation of SCO region and world. In the financial and economic crisis, the SCO member countries coped fairly successfully and implemented the joint initiative on increased economic cooperation and ensuring economic development of the SCO member countries. The heads of government of member countries of the SCO showed the urgency on economic, trade and investment cooperation with the observer countries and dialogue partners and ASEAN, UNESCAP, and CIS for improving the economic situation of the region. “The SCO member states intend to continue to make efforts, jointly with the international community, aimed at building a more just, equitable, inclusive and harmonious international financial order that takes into accounts the real balance of interests of all its participants and gives

all States equal access to the benefits of globalization”(Shanghai Cooperation Organisation 2011)

In 2013, the SCO had recognized the importance of science and technology for the SCO members. They tried to improve cooperation in science and technology among the SCO member countries. “An agreement on Scientific and Technical Cooperation” was signed between the Governments of the member countries of the SCO. The member countries have started cooperation in the following areas:

- protection of environment and no miss use of natural resources
- life sciences; - agricultural sciences
- Nanosystems and materials
- Information and communication technologies
- Energy and energy efficiency
- Earth sciences, including geology and seismology
- other mutually agreed areas of cooperation (Shanghai Cooperation Organisation 2013)

In order to achieve these aims in the field of science and technology, they decided that they would organize and participate in scientific conferences and seminars. They will exchange scientific and technical information, experts and scientists between the member countries of the SCO. In the Bishkek declaration, the member countries of the SCO showed their willingness to improve the practical implementation of the agreements between the SCO member countries on “cooperation in combating illicit trafficking in narcotic drugs, psychotropic substances and their precursors, Anti-drug Strategy of the SCO Member States for 2011-2016, and Program of Actions for its implementation”(Shanghai Cooperation Organisation 2013). The member countries support Afghanistan to become an independent, peaceful prosperous nation, terrorism and drug-free nation and they also support the efforts of the UN for settling the situation in Afghanistan. They are also concerned for the developments of the Middle East and North Africa, particular in Syria, they favor achieving peace, prosperity, stability, and progress in the region. The member countries of SCO support the initiative to bring the chemical weapons of Syria under in-

ternational control and the subsequent destruction of these weapons and prohibit the production, storage and use of these Weapons in the Bishkek declaration(Ibid).

“An agreement on creating favorable conditions for international road transportation” was signed between the governments of the member states of the SCO. They had recognized the importance of road transportation connectivity for the development of trade between the member countries of SCO. The main objectives of this agreement are following

- creating favorable conditions for international road transportation;
- Coordinating the efforts of the Parties in support of the development of international road transportation.
- Simplifying and harmonizing documentation, procedures, and requirements of the Parties related to international road transportation (Shanghai Cooperation Organisation:2014).

In 2015, the member countries celebrated the 70th anniversary of victory over fascism during second World War and 70th anniversary of the establishment of the UN. Members were asked to strengthen the global regulatory mechanism established after the Second World War, mainly on the basis of the UN System Bodies, Equal and Individual Security, Interpersonal views on interests and the rule of law.

On November 2016, the Heads of Government Council of the member countries of the SCO met in Bishkek to mark completion of fifteen years of the SCO and noted that during fifteen years- long activity, SCO have credible achievement of trade, economic and investment ties which can further the improvement of cooperation within the Organisation. “They also believe that the expansion and deepening of interaction between the SCO member states meet the interests of sustainable economic growth in the region as a whole. The heads of government noted the SCO member states’ initiative to establish favorable conditions for developing regional economic cooperation, including China’s Silk Road Economic Belt project”(Shanghai Cooperation Organisation 2016). In this meeting, the Heads of Government noted that they would develop multilateral cooperation in the transportation sector and international transportation corridors that would con-

nect Asia and Europe. It would become economically viable transportation and communication infrastructure.

The heads of government support cultural cooperation among the member states of SCO. In July 2005, the important meeting of SCO culture ministers and the first six-state cultural festival were held in the Republic of Kazakhstan. Ministers of culture decided to make an expert working group for cultural issues. The member states also signed an agreement on cultural cooperation in 2007. These initiatives provided beginning in the multilateral cultural cooperation between member countries. On June 2016, the member countries of the SCO signed a programme to promote and expand tourism cooperation between the member countries. Authorized agencies of the SCO member countries would make effort to expand bilateral and multilateral tourism cooperation, “to establish common tourism space on the basis of existing cultural, historical and economic ties in order to intensify tourism exchanges, boost tourism industry revenues of all SCO member states, create jobs and improve people’s living standards and quality of life” (Ibid). The SCO Expert Working Group for Tourism Cooperation would implement this programme.

On June 2016, the sixteenth meeting of the heads of state council of the SCO was held in Astana. They described the historical significance of SCO’s growth. India and Pakistan got full SCO membership in this meeting. They believe that the full membership of India and Pakistan would develop and increase cooperation and integration. The heads of state of SCO supported the expansion of cooperation with observer states and dialogue partners which would enhance the SCO’s potential. “The member states advocate strict adherence to the goals and principles of the UN Charter, primarily, the equality and sovereignty of states, non-interference in internal affairs, mutual respect for territorial integrity, inviolability of borders, non-aggression, peaceful settlement of disputes, non-use of force or threat of force, and other internationally recognized norms of international law designed to maintain peace and security, to develop cooperation between states, to strengthen independence, and to ensure the right to determine one’s own future and paths of political, socio-economic and cultural development”(Shanghai Cooperation Organisation 2017)

The member states of SCO support strict adherence to the treaty on Non- Proliferation of Nuclear Weapons. They promote nuclear disarmament and strengthening non- proliferation regime, with equal and inseparable security for everyone. “The member states believe that the early entry into force of the Protocol on Security Guarantees to the Central Asian Nuclear-Weapon-Free Zone Treaty for all its signatories will make a significant contribution in ensuring regional security and strengthening the global non-proliferation regime”(Ibid). On 9 June 2017, “The SCO Convention on Countering Extremism” was signed in Astana. They highlighted that the SCO Convention would strengthen the international framework to fight against new challenges and threats along with “the SCO programme for Combating Terrorism, Separatism and Extremism for 2016- 2018” as well as the “UN Global Counter-Terrorism Strategy”. The member countries of SCO also fight against illicit trafficking in narcotic drugs and psychotropic substances. Combating the threat of drug problem, the member states welcomed the joint UNODC-SCO event, on 13 March 2017, “The UN and the SCO in the Fight against Drugs: Common Threats, Joint Actions” was held in Vienna. In April 2017, an international campaign, “For a World without Drugs” was held in Astana. The member states also promote mutual cooperation on resources of energy . They also participated in the international Specialized Exhibition EXPO-2017 with the theme on “Energy of the Future” that was held in Astana from 10 June to 10 September 2017.

Today, SCO is a well known organisation in the world. Its goal and tasks have been drawn from many international structures. SCO signed a MoU with UN. It got the status of observer in the UN General Assembly from 2004. SCO and the United National Secretariats signed a Joint Declaration in April 2010. SCO has been continuously developing relations with other regional and international organisations. It has signed memorandums, for example, with ASEAN, ECO, ESCAP, CIS, EurAsEC, and CSTO. Consultations are held with other organisations. “Security issues, combating terrorism and drug trafficking, trade, illegal migration, transport, and environmental protection” are subject of interaction with other organisations.

India, Pakistan, Mongolia, and Iran got the status of observer states in 2004 and 2005. In the SCO Beijing Summit in 2012, Afghanistan also got observer status. These

countries get regular invitation for each and every summit . Belarus,Turkey and Sri Lanka has got the status of Dialogue Partner in SCO. SCO invites Observer and Dialogue partner to enhance cooperation within the organisation. The first expansion occurred after 14 years of its establishment. The area of SCO extends up from the Middle East to Indian Ocean including four observer states. These member countries and observer countries have 17.5 percent of world’s oil and 47-50 percent gas reserves and they have world’s 50 percent population(U.S Energy Information Administration 2016). In 2017, India and Pakistan became full members of SCO. The organization has started cooperation with all interested countries and organisations to resolve buring issues of the world in accordance with international laws. Post the joining of India and Pakistan as full members, SCO has four nuclear weapon armed countries (Russia, China, Pakistan, and India) and India, Chi-na and Russia are three of the world’s major emerging economies (Singh 2009).

MEMBERSHIP AND ASSOCIATION

- 2004- Mongolia got the status of observer states
- 2005- India, Pakistan and Iran got the status of observer states
- 2009- Belarus and Sri Lanka got the status of dialogue partner
- 2012- Afghanistan got the status of observer states
- 2013- Turkey got the status of dialogue partner
- 2017- India and Pakistan became full member of SCO

In 2011, the Foreign Minister of India said that “India’s entry into SCO will not only add value but also enhance the stature of the Organisation. This is important group-ing”(Hindustan Times 2011) .External Affairs Minister of India said that “The SCO can potentially play a much larger role in the future, both for the security and prosperity of our region”(Shanghai Cooperation Orgaisation 2011)

| States | Area(Km Square) | Population | GDP \$ | GDP Per Capita(US\$) |
|--------|-----------------|------------|--------|----------------------|
| | | | | |

| | | | | |
|------------|------------|---------------|----------------|--------|
| China | 9,596,960 | 1,379,302,771 | 11.94 trillion | 16,600 |
| Russia | 17,098,242 | 142,257,519 | 1.469 trillion | 27,300 |
| Pakistan | 796,095 | 204,924,861 | 278.9 billion | 5,400 |
| India | 3,287,263 | 1,281,935,911 | 2.439 trillion | 7,200 |
| Kazakhstan | 2,724,900 | 18,556,698 | 156.2 billion | 26,100 |
| Kyrgyzstan | 199,951 | 5,789,122 | 7.061 billion | 3,700 |
| Uzbekistan | 447,400 | 29,748,859 | 67.51 billion | 7,000 |
| Tajikistan | 144,100 | 8,468,555 | 7.234 billion | 3,100 |

Source: The World Factbook, Central Intelligence Agency.

Structure of the Shanghai Cooperation Organisation

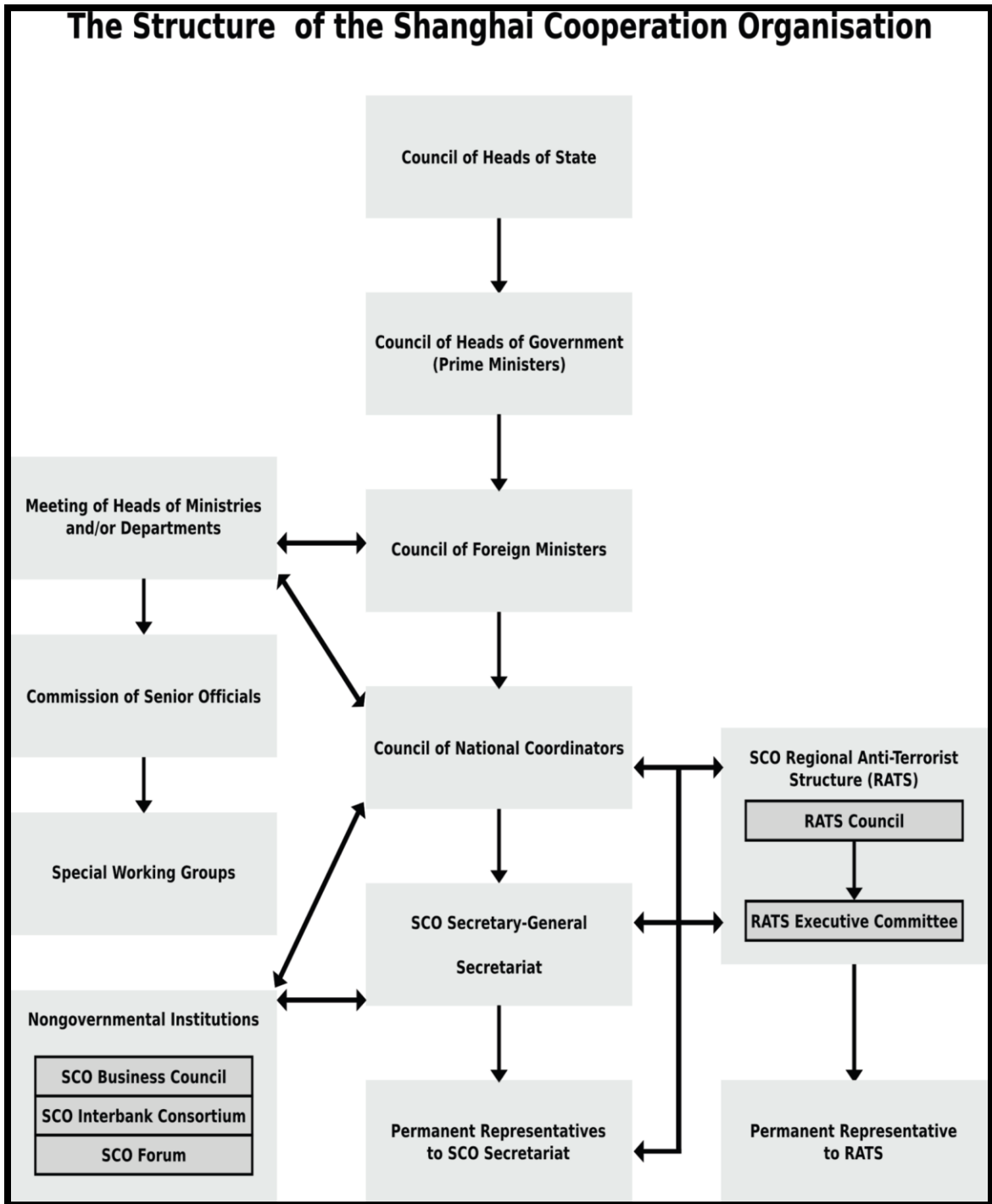
The following bodies are responsible for implementation of the goals and objectives of Shanghai Cooperation Organisation.

The Head of State Council

The Head of State Council of SCO is highest body of SCO . The meeting of the council is held once a year. It determines major activities of Organisation and considers the international issues. It interacts with other states and international organisation (Aris 2013).

Other intergovernmental Councils

“The Heads of Government Council” pass the budget of the SCO. It defines and consider issues related to economy within the Organisation. “The Council of Ministers of Foreign Affairs” defines day to day activities of the Organisation, plans meetings of the heads of state council and organizes consultations on international problems within the organization. The council usually receives the notice of meeting of heads of state council a month in advance. Extraordinary meetings of the Foreign Affairs Ministers is organized on the initiative of at least two member countries and on the consent of the foreign affairs ministers of all other member countries. “The Council of National Coordinators” coordinates daily activities of the SCO. It makes preparation for “the meetings of the Heads of State Council”, the “Heads of Government Council” and “the Council of Ministers of Foreign Affairs”. National coordinators are appointed from each member countries of SCO (Ibid)



Source: International Peace Institute(2013) “Shanghai Cooperation Organization: Mapping Multilateralism in Transition”.

Permanent Organs

Regional Anti- Terrorist Structure (RATS)

On 15 June 2001, The Regional Anti- Terrorist Structure was established to combat terrorism, separatism and extremism in Bishkek. The Executive committee of the RATS is a permanent body of the SCO and it is based in Tashkent. The main duties and tasks of RATS are following

- Preparation and organizing scientific conferences and workshops and sharing experience of fighting terrorism, separatism and extremism.
- Joint effort to combat global challenges and threat.
- To conduct militarily exercises and operations to fight against “terrorism, separatism, and extremism”.
- To prepare a joint draft of international legal documents related to the fight against terrorism, separatism and extremism.
- Maintaining a working relationship while dealing with issues related to terrorism, separatism and extremism with competent institutions of member states and international organizations (Shanghai Cooperation Organisation 2017).

The Secretariat

It is situated in Beijing. It is the administrative organ “responsible for the provision of organization, technical and information assistances to activities supported within the framework of the SCO” (the Charter of SCO, Article 11) (Aris 2013)

The interbank Consortium

It was established on 26 October, 2005. The main goal of Interbank was to provide funds for projects with an emphasis on infrastructure, project of social significance, building, and high technology, generally to provide and attract loans based on approved international banking practice (Shanghai Cooperation Organisation 2017).

Business Council

The Business Council of SCO was established on 14 June 2006 in Shanghai. The headquarter of Business Council is in Moscow. It is important for promotion of business partnership in the SCO region. It is a non-governmental body. The aim of Business Council is to bring together the business communities of the member countries for promoting economic cooperation and trade among them. Other important work of Business Council is to identify “the primary areas of multilateral cooperation like energy, transportation, telecommunications, credit and banking. The Council gives special attention to the member states of SCO in the fields of education, science, new technology, health care and agriculture”. The special working group develops cooperation in healthcare and education. The Special working group on Health Care has been selecting projects for the purpose of establishing a structure in the SCO similar to that of the WHO, which would improve medical facilities in SCO region, development of disease prevention capabilities, and to provide high-tech medical treatment to the population of SCO (Shanghai Cooperation Organisation 2017).

In all these summits, agreements, declarations and various platforms of SCO all the member countries have vowed repeatedly to fight the three evils namely Separatism, Extermism and Terrorism. Later on they tried to widen the scope of cooperation on issues related to commerce and trade, transportation facilities, infrastructure development etc. It has developed Interbank consortium which provides financial aides, credits to member countries for various developmental projects but the quantum and magnitude of economic cooperation has somewhat limited where as in the field of security mangement and brder cooperation amongst its members SCO as an organisation has been successful to a great extent.

CHAPTER-3

CHINA'S ROLE IN SCO

Introduction

The disintegration of the Soviet Union has brought about a remarkable transformation in the post-Cold War period in the world. Kyrgyzstan, Uzbekistan, Tajikistan, Kazakhstan and Turkmenistan emerged as independent states . This was a dynamic situation in international politics due to strategic and economic vacuum, and many players wanted to gain control over the strategic resources of this region.

The Shanghai Cooperation Organisation was established by six states- China, Russia, Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan. It is a prominent regional state-grouping in the 21st century. SCO is the first ever international regional organisation established in the name of China's city and it's headquarters are also in China. So in this scenario, China plays a special role. SCO has developed new opportunities for developing China-Central Asia relations.

The attitude of China has changed significantly towards regionalism and multilateralism over the past 15 years. The changes are especially related to regional security issues. China is making efforts in developing and promoting regional political-security arrangements in the form of SCO. These developments are taking place when the economic, military power and political influence of China has been increasing across the globe.

The presence of, as well as influence there, of United States of America has great significance in this region with regards to strategic intervention against international terrorism, which in a way creates complications between in the relationship of China and SCO. Central Asia can apparently become a major ground for international terrorism and thus it receives high priority in the United States of America's strategic calculation. USA is trying to develop an alliance with all Central Asian countries for establishment of military bases. Besides, USA also takes interests in energy resources of this region. Thus, the

presence of the USA in this region after the Cold-War period has been a great security concern for China and Russia. This is a rough background to the genesis of SCO.

Various steps were taken to resolve the long-standing border issue between China and USSR in the mid-eighties. China shared the border with the newly independent Central Asian countries but they also foster complexities because the main basis of the formation of Central Asian republics is ethnic identity which encouraged separatist activities in the western part of China i.e. Gansu, Qinghai, Ningnai, Tibet and especially in Xinjiang because it shares border with Central Asia (Singh 2000).

The relationship between China and Central Asia can be understood with reference to geographical, economic, political and security determinants. In terms of geography, Central Asian countries are landlocked and they don't have direct access to sea route. China is one of the immediate neighbours of Central Asia. Central Asia connects Europe and Asia, thus it can help China in establishing connectivity with Europe and West Asia. In terms of politics, China and Central Asian countries have historical relations. Now, China and Central Asia share concerns on many national and international issues, and remunerative political relations have been formed between China and Central Asia (Zhuangzhi 2007).

In terms of economics, China and the countries of Central Asia have had economic relations since ancient times and trade took place along the ancient silk route. The Central Asian countries are rich in energy resources. These energy resources and market of Central Asia is important for China. China can sell its products in the Central Asian Market. China also helps Central Asian countries to develop infrastructure and industries. China is an alternative option for Central Asia to diversify exports of their energy resources. In terms of security, the western part of China shares boundary with Central Asian countries. They face same threats for their nations such as ethnic conflicts, separatism, religious extremism and transnational terrorism. Stability and security of Central Asia and the Western region of China are beneficial for the rest of world (Bin 2014 & Yuan 2010)

China is raising its military and economic power, while China looks toward harnessing Central Asia's crude oil, natural gas and other minerals, which is very necessary for increasing industrial development of China. Besides that, it also shares boundaries with Kazakhstan, Tajikistan and Kyrgyzstan. However, China, as well as the Central Asian republics are trying to overcome their mutual misunderstandings in view of the changing world order (Lilian Craig Harris: 1993). This emerging relationship between two countries is based on mutual benefits and respect, equality and deep cooperation.

This chapter examines why, when and how the role of China in the establishment and development of the SCO since the inception of SCO, and China's strategies and achievements so far. It also discusses the major interests which China is trying to fulfill through SCO. China took initiative to establish SCO in response to secure regional cooperation and integration from the three evils "religious extremism, ethnic separatism and international terrorism". China also promoted the growth of organization for increasing regional economic cooperation and integration and maintain energy supplies and support a new security setup for resolving disputes peacefully. The SCO has provided a platform for China's leadership in a multilateral organization and it is has also been helping in growth of the geopolitical and geo-economics significance of China in the world. China has been trying to manage the fragile relations with Russia within SCO framework and strengthen relations with Central Asia .

The role of China in the Creation of SCO

In 1991, the five Central Asian countries got independence from former USSR. China was one of the first countries which established diplomatic relation with Central Asia. In January 1992, the Chinese government sent a delegation to Central Asia and announced an official diplomatic relations with the five Central Asian republics.

Against this background, it is very much necessary to examine the overall expanding strategic, security and economic interests of China in Central Asian countries and thus to highlight the inherent strength and weakness of China, and to address the trends in the policy of China for the future of Central Asian formation. China started to formulate its Central Asia policy after 1991. In 1992, Zhang Xiaodong observed, "alt-

though Central Asia has good perspectives in development; it is still challenged by many problems - lack of capital, ethnic rivalry, territorial disputes, religious fundamentalism, radical nationalism and serious issues" (Zhang 1992). He further says, "in a word, Central Asia's future development largely depends on regional stability. If ethnic and territorial conflicts are not settled properly, if radical nationalism and fundamentalism are not curbed, all hopes to revitalize Central Asia will be crushed"(Ibid)

In April 1994, the Chinese Premier Li Pang also visited the Central Asian states except Tajikistan. He had emphasized "peaceful coexistence, common prosperity, freedom of choice of development model and regional stability" (Mesbahi 1995). During the visit, Li Pang highlighted China's policy towards Central Asia that it desires to maintain good- neighborly relations with Central Asia and promote the independence of the Central Asian countries and would never interfere in the internal affairs of Central Asia, respect their sovereignty and integrity of Central Asian republics (Li 1994). The progress had resulted in negotiation for settlement of disputed border between China and Kazakhstan. On 27 April 1994, Sino- Kazakh agreement resolved 1700 km border disputes peacefully, signed by "Chinese Prime Minister Li Peng" and Kazakhstan "President Nursultan Nazarbayev". This was the beginning of resolution to settle border disputes between China and central Asia. (Xing 1998).

In order to resolve border disputes, Chinese government started negotiations with three Central Asian states. There were some criteria of the negotiation. These are: (Mariani 2013 & Yi 2014)

- To respect various agreements, which had already signed by China and Central Asia.
- To solve all disputes according to international law.
- Mutual trust and respect, equality and mutual facility and scope.

In 1992 and 1993, joint communique between China- Kyrgya and Sino- Tajik confirmed above-mentioned principles (Ibid)

In 1996, Jiang Zemin visited Kazakhstan and asserted similar points in his speech, "we wish to see peace, stability and tranquility in Central Asia and China is

willing to take part in all processes initiated by Central Asian nations to promote peace, stability security and prosperity in the region" (Jiang 1996).

In 1996, China started talks with the Central Asian Republics that were related to border disputes. It felt the need for regional organisation. The result of this was the creation of Shanghai Five which was renamed as Shanghai Cooperation Organisation in 2001 with the inclusion of Uzbekistan.

China shares 3500 km long borders with Kyrgyzstan, Kazakhstan, and Tajikistan. China has border problems on the north and north-west frontier and this is the predominant concern of China. It is the reason why China wants to secure security and stability in its northwestern part. The border disputes were important aspect of the strategic relations of China with newly independent Central Asia countries. SCO emerged from the "Shanghai Five" group formed by China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. The leaders of these countries gathered in 1996 and 1997 in Shanghai and Moscow. They signed the "Treaty on Deepening Military Trust in Border Regions and the Treaty on Reeducation of Military Forces in Border Regions" (Shanghai Cooperation Organisation 1997). This Organisation was established to understand the background of the disintegration of USSR that left behind unresolved border issues among Central Asian countries. The nature of Shanghai five was to ensure bilateral talks between China and its other three Central Asian countries on the issues of border demarcation and confidence building among member states. China wants to construct peaceful and friendly environment along its western border after the disintegration of USSR. So the SCO could not have come into existence without China's initiatives and close involvement.

The common interest of Shanghai Five could not limit itself to border issues. By 2000, Uzbekistan joined this organisation- later renamed as SCO. The Shanghai Five had extended its joint efforts in maintaining security, stability and prosperity in the region of Member states, especially against the "three evils" separatism, terrorism and extremism. In fact, it was because of the regional collective security that Uzbekistan was convinced to attend the talks. The role of China can be understood in the sense that the Shanghai Five principles of "regional common security, mutual respect for state sover-

eignty and opposition to hierarchical alliances- accorded with China's diplomatic notion of new security collective security or multilateral cooperative security"(Jianjun 2007). So it can be observed that China influenced the evolution of SCO.

On June 15, 2001, the leaders of the six nations met in Shanghai and formally announced the establishment of the SCO, transforming the S-5 group into a regional multilateral organisation.

The significance of China in the formation of the organisation was certified as the host. The fundamental principle of SCO was mentioned as the "Shanghai spirit" that highlights "mutual trust, mutual benefits, equality, consultation, respect for multilateralization and common development"(Shanghai cooperation organization 2001). The SCO charter explains the " Shanghai spirit" in details, asking for "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 and equality of all members States"(Charter of the Shanghai cooperation Organization 2001). These fundamental principles of SCO are almost similar to the "five principles of Peaceful Coexistence" of China's foreign relations. The founding principles of SCO are related to the China's foreign policy. The evidence shows that China has played a predominant role in the making of the organization. China's intention can be understood through their official statements "It is pointed out that "the new concept for regional cooperation, the new principle for multilateral communication, the new thinking for mutual benefit, [...] the 'Shanghai spirit', [...] the new security concept, and the new cooperation concept, have all been delivered to the international society through the institutional platform of SCO, [which has] become an important symbol of China shaping an image of a responsible big power"(Yang 2014). It shows that the SCO is visible form of China's vision of international relationships, it is place where China articulates its "proactive multilateral diplomacy"(Injoo 2006). The role of China is as initiator and advocator in the creation of SCO.

The role of China in the functioning of SCO

Since the establishment of SCO, various projects of cooperation and integration have been conducted under the supervision of SCO. China's role in the organization is also shaped by the extent to which China participated in the cooperation, or in other words, the magnitude of China's contribution to the functioning of SCO. According to the SCO charter, the type of cooperation and integration can be divided into security, economy and culture within the SCO organization. The first two- security and economic cooperation and integration are the most important (Charter of the Shanghai cooperation Organization 2001) . The goals of China are divided into three term, short term, medium term and long term goals through SCO. The Long-term goals of China have come under the China's grand strategy. The short-term goals are related to immediate security perspective, that includes three evils- "terrorism, separatism and extremism", border security and energy security. The medium-term goals are concerns and problems of transnational nature. There is no need for immediate attention for medium-term goals in comparison to security issues.

The objectives of China can be analysed into three folds with regards to the establishment and development of SCO. China is facing Islamic fundamentalism which is threat for the internal security of China. China needs strong cooperation of the Central Asian countries to prevent terrorist organization which provides support to separatists' activities in Xinjiang. Over the years, SCO have signed a number of agreements, joint communiqué that include "1999 Bishkek Declaration and the MOU on cooperation and mutual coordination by member states', security and law enforcement authorities; the 2000 establishment of the 'Bishkek Group'; and the 2001 Shanghai Convention on Combating Terrorism, Separatism and Extremism"(Ding & Zhao 2008). All documents had been signed for strengthening cooperation and controlling ethnic separatism, religious extremism and terrorism

Second, the centre of activity of the SCO would be to fight terrorist activities. This is a big issue for the long time and SCO would give its contribution in establishing peace, stability and prosperity among the member countries. China has promoted anti

campaigns and joint- military exercise for separatist and terrorist activities (Guang and Jian 2003).

Chinese analysts argue that “the organization represents an embodiment of the new security concept and a new type of multilateral institution in the post-Cold War environment that is not a military alliance directed against any third parties, but is a process of dialogue and consultation on an equal basis, and a mechanism for enhancing regional cooperation in political and economic spheres” (Guang 2007). It is developing new type of relationship for regional cooperation, inter- state relationship and security concept (Ibid).

Third, the SCO is a stage for increasing the importance of China’s leadership and is also important for China’s socio-economic development including energy, security, resources and internal stability because the Central Asian countries have huge amount of natural energy. For that to happen, China needs to promote and develop the SCO’s institutionalization, expansion and functions from security and anti-terrorism to economic cooperation. It would be helpful for member states endorse and nature (Jian: 2005).

This section will look at security, cultural and economic cooperation separately and systematically.

Security Cooperation

The involvement of China in the Central Asian region and the advocacy of China for SCO should be analyzed at two levels, first, at the grand strategy level and the other as immediate security needs as its western part has not been very stable political and is backward compared to mainland China.

Although, there had been friendly relation between China and Central Asia during the “Silk Road” times since 11th century BC, the border between Central Asian countries and China were not well defined and all these things followed until the disintegration of Soviet Union. China and three Central Asian countries Kazakhstan, Kyrgyzstan and Tajikistan shares 3,500 km long border. China and Central Asian countries established a good foundation for solving border conflict for the future of their strategic relationship.

After the establishment of diplomatic relations with newly independent countries, China started border negotiation with Russia and three bordering Asian countries Kazakhstan, Kyrgyzstan, and Tajikistan. These countries had started conducting open negotiations to resolve border problem as the basic principle of friendly consultation. In April 1994 and September 1997, China and Kazakhstan agreed to sign two borders agreements. On July 4, 1998, both countries signed third agreement. On the behalf of these agreements, 1,700 kilometer long boundary had been demarcated between China and Kazakhstan. China and the Kyrgyzstan signed the boundary agreement On July 4, 1996. In 1999, even after the continuous negotiation between these two countries, they signed supplementary agreement on settling 1000 km boundary. The border issues are more complicated between China and Tajikistan. Both countries are trying to fix boundary line, thus they demarcate more than 400 kilometers. In 2000, when President Jiang Zemin visited Dushanbe, China and Tajikistan issued Joint Statement on the establishment of Relations of Good- Neighbors, Friendship, Cooperation and integration in the Twenty-First Century (PRC Ministry of Foreign Affairs 2000).

President Xi Jinping said on March 2017, for a "great wall of iron" to protect Xinjiang. On the western side of Xinjiang, Central Asia is "iron wall" (Ovozi 2017). In 2012, During the SCO summit in Beijing , the "Chinese Deputy Minister of Foreign Affairs, Cheng Guoping", stated that "the peace and stability of Central Asia relates to the core interests of China, as well as the members of the SCO. Our determination to maintain peace and stability in Central Asia is steadfast. We will absolutely not allow the unrest that happened in West Asia and North Africa to happen in Central Asia."(China National Radio 2012).

At its grand strategy, China's purpose is to establish a peaceful buffer region between China and the rest of Afghanistan and West Asia. It does not want pervasion of Islamic fundamentalism in the West region Xinjiang. SCO can help in this direction because all three Central Asian neighbors are the members of SCO. China takes active participation in the SCO to ensure peace and national development. As its grand strategy, the aim of China is to bring together the weak Central Asian countries on a common platform. On the platform of SCO, China can promise and convince the member countries

about the benefits of its growing economy and with the help of these countries it can demoralise the extremist and separatist elements of this region which challenges the peace in Xinjiang region. The main objective of China's policy towards SCO is to build strong trust among the Central Asian countries.

The Shanghai Cooperation Organisation can be seen as a mechanism for resolving China's Xinjiang problem. China started its programmes and campaign against Uyghur separatists in 1996. Uyghur people have started campaigns on the international platform for their independence, rights and their voice has become more organized and systematic on the internet and social media.

The audience of mostly expatriate Uyghurs are supporting the Uyghurs rights and independence is quite large. There are 50 international organisations which are demanding the independence of "Eastern Turkestan". These organisations are continuously working for their rights and are based in Amsterdam, Munich, Istanbul, Melbourne, Washington, DC and New York. (Gladney 2006)

After 11 September 2001, the majority of organisations have negated the support for terrorism to achieve independence of "East Turkistan". They started to support the peaceful solutions of tensions and conflicts in the region. Nevertheless, Chinese authorities have been concerned with growing influence of "cyber- separatism". They are convincing the world that Uyghurs are promoting terrorist activities on the domestic and international level and they are creating instability in China and in the world(Ibid)

After the independence of Central Asian countries in 1991, the Muslim Uyghurs intensified their military activities in Xinjiang. For example, "in 2000, the Chinese armed forces claimed that 4,100 kg of dynamite, 2,723 kg of other explosives, 604 illegal small arms and 31,000 rounds of ammunition was confiscated from Xinjiang in comparison to much lower confiscations in the 1990s" (Swanstrom 2007). The amounts of smuggled goods are much higher than the official records, but, possession of and access to even this amount of weapons and smuggled goods by any groups can execute terrorist attack which can damage lots of lives and goods. Terrorism, separatism and freedom fighters and rebels are the words used for Uyghur Muslims. But the purpose is not to differentiate the

status of organization but to discuss and analyze the impact of these organisations on the relations between China and Central Asia. Small groups can successfully attack a wide range of place; this was proved with the terrorist attacks in Bali, New York, etc. and the area became unstable for a while because of these small groups (Ibid).

Thus Uighur separatist movement in Xinjiang is the immediate security threat for China. The demand for East Turkistan by separatist is part of a larger problem. This separatist movement affects many former republics. The situation became worse after Afghanistan had been controlled by Taliban. The presence of America has also been increasing in the Central Asia, apparently to solve the problem of Taliban in Afghanistan. Apprehension and nervousness have crept in the Chinese minds because of American presence in Central Asia. This presence creates a sense of concern for China's Xinjiang autonomous region. The presence of America might create instability in Xinjiang province. If the separatists succeed in Xinjiang, then one-sixth territory of China would be reduced, cut off the connectivity between China and Central Asia. Xinjiang is the site of nuclear testing and oil reserves in Tarim basin which contains "370 billion cubic meters of natural gas, 4 billion tons of coal, 120 tons of gold, as well as almost a half-million tons of cotton is produced per year" (Habova 2004).

The unstable situation can have an impact on China's other north western province and autonomous regions of Ningxia and Tibet. The demand of Eastern Turkistan is one of the many problems of separatism and extremism in the region. This region shares ideological bonding and networking with Central Asia. Farghana valley is situated in the Tian Shan mountain range of Central Asia. This valley is commonly located in Eastern Uzbekistan, Tajikistan and Kyrgyzstan. It is supposed to be the biggest ground for international terrorism. The western region of China is connected to Central Asia. The western part of China gets affected every single activity that occurs in Central Asia. China wants to stabilize the western region of its country by stabilizing Central Asian region. Thus China always emphasise on economic cooperation, integration and development through SCO. It helps China's strategy to develop its western region that would in turn help to move away from the insurgency and the influence of the separatist forces.

With the establishment of SCO, the member countries signed a solid legal foundation for security cooperation on Terrorism, Separatism and Extremism within SCO. In June 2002, the next summit in St. Petersburg, another important document, Regional Counter-Terrorism Structure was signed by the SCO member countries (Shanghai Cooperation Organisation 2002). China and Kyrgyzstan have organised a bilateral anti-terrorism military exercise in October, 2002. The first multilateral joint military maneuver of SCO was held between China and Kyrgyzstan in August 2003 (Ibid). China participated for the first time on a large scale multilateral anti-terrorism military exercise and also allowed foreign army into the Chinese territory (Michael 2010).

There was a significant impact of these military exercise in the sense in that China always appeared to be sensitive towards sovereignty. It began to accept security multilateralism. These facts shows that the first step of China was not only to actively participate but to also proactively encourage the SCO security cooperation.

Since the establishment of SCO, many successful anti-terrorism military maneuvers have been conducted under the SCO organization for security purpose. The 2009 summit was centred on combating terrorism and strengthening the organization's security cooperation (People's Daily 2013)

Energy and Economic Cooperation

China has introduced six points on economic cooperation: "fairness and mutual interests; multiple formats; take advantage of local resources; improving connectivity and transportation and revive 'silk road'". Economy is important area of cooperation that "serves as the material foundation and guarantee for SCO's smooth development" (Shanghai Cooperation Organisation 2001)

The Chinese government wants the development of western part of the country. The western region of China is relatively underdeveloped. It is economically backward and socially unstable. So China always emphasizes the development of the western part of the country. Xinjiang is an autonomous region which shares boundary with three Central Asian countries. In 2000, Chinese government started "Western Development Program" for development of western region including five autonomous regions and Xin-

jiang was one of them. Economic cooperation with the Central Asian countries was considered as supplementary part of this goal which contributed to China's "peaceful strategy". In September 14, 2001 in Alma-Ata, the announcement of the Memorandum on the basic objectives between the member countries of SCO was made and it also prepared a guideline of Regional Economic Cooperation for starting a process of Trade and investment facilities among the member countries which is the keynote of SCO economic cooperation (Ibid). In September 2003 in Beijing, the Programme of SCO "Multilateral Economic and Trade Cooperation" signed a formal launch of the cooperation. Since then, Economic ties and Economic cooperation has been established among the member countries of SCO(Shanghai Cooperation Organisation 2003)

China plays leading role in providing financial support to SCO. In 2006, China gave US\$ 900 million funds for the establishment of "the Business Council" and "Interbank Association" of SCO that were established for enhancing economic development and economic cooperation of the Organization" (Shanghai Cooperation Organization 2006). Subsequently, these institutions could help SCO members to cope against global crisis. China gave US\$ 10 billion loans to SCO. The economic support of China in the region shows the strong bilateral economic relationship between China and other members of SCO.

In 2001, the bilateral trade between China and Central Asian Countries was US\$ 12.9 billion and US\$ 118.5 billion in 2012. By the end of 2017, "China Development Bank(CDB) has given loan of \$ 7.69 billion and 3.34 billion yuan to member banks of the SCO Interbank Consortium, with outstanding loans standing at \$2.05 billion and 3.3 billion yuan"(China Daily 2018). It shows a higher growth rate of trade between China and Central Asian countries and it was higher than as compared between China and any region in the world(People's Daily 2013). Besides, the numbers of Chinese companies are growing fast in other SCO member states, establishing a wide range of industries of energy, communication, transportation, environment, and so on. Railways and roads have been constructed in the Central Asian region and China financed these construction projects. These things can intensify the economic linkages between China and other member countries of SCO (Clarke 2010).

In 1992, total trade volumes were US\$ 459 million and it had reached US\$2.4 billion in 2002. It expanded more than five-fold (Sun 2003). The Central Asian region can be a big market for Chinese goods and China can provide land routes for the products of Central Asian countries that lack seaports (Spechler 2003). These countries are landlocked countries that's why there is no direct access to sea routes for trade, and these countries totally depend on land routes of other countries. In this sense, China could be helpful for Central Asian countries

West Asia is major source of oil import for China. China always wants to maintain diversity in its energy security. For this reason, the energy resources of Central Asia are always part of China's strategy towards Central Asia. This region also provides connectivity of supply lines to West Asia and Caucasian states. That is why China intends to bring together every Central Asian countries on a common platform, where it can convince them for improving security and trade scenario in the region.

There are four stages of China- Central Asia oil and gas cooperation- 1997 to 2003, 2003 to 2004, 2005 to 2010 and 2010 to present. A number of projects have been signed in these four stages. On June 4, 1997, "China National Petroleum Corporation" (CNPC) and Kazakhstan's Ministry of Finance signed "first stock purchase agreement". CNPC gave US\$ 320 million for 60.3 percent stock of Aktobe. This was first project which CNPC procured in Central Asia. In the same year, CNPC got license of three oil fields in Kazakhstan. China and Kazakhstan signed "China- Kazakhstan crude oil pipeline Agreement". In 2007, China signed an agreement with Kazakhstan, Uzbekistan and Turkmenistan for natural gas pipeline. The infrastructure of pipeline expanded and the strategic importance of Central Asia oil and gas thus emerged. This gas pipeline started to transport gas to China in 2011 (Bin 2014)

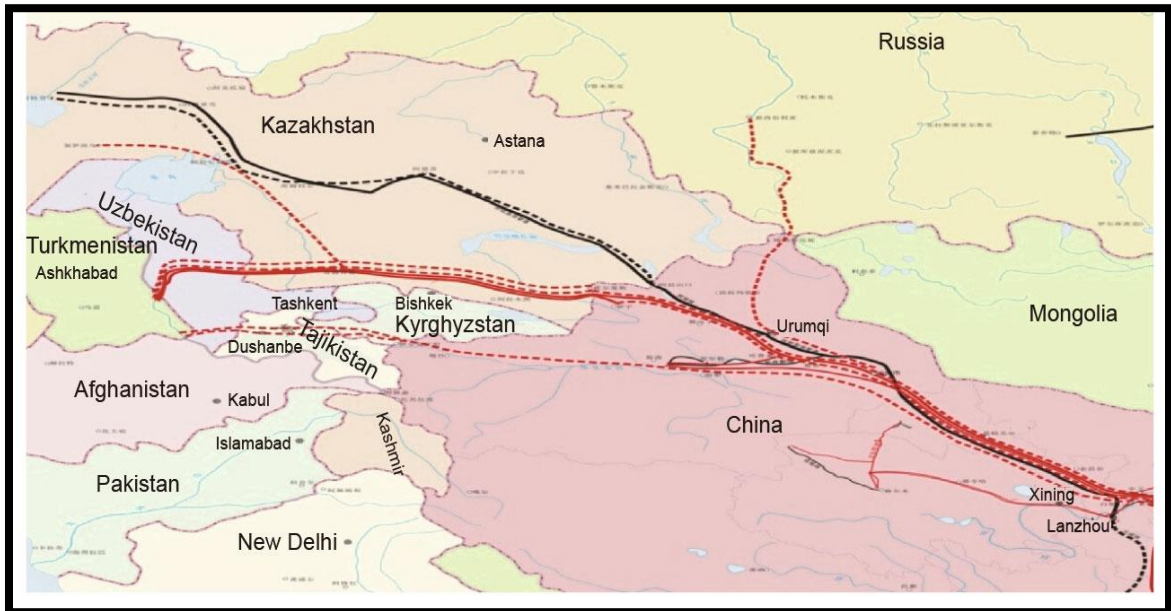
The first stage of "China- Kazakhstan crude oil pipeline" was Atasu-Alataw Pass section. The total length was 965 kilometers and the Stage 2, Kenkiyak-Kumkol section's length was 794 kilometers and it was completed within fourteen months. This pipeline connects China and Caspian sea oil area. By the end of 2013, it increased the capacity from 12 million tons per annum to 20 million tons per annum (Ibid)

The construction of the Central Asia gas pipeline started from July 2007 to 2009. The length of this pipeline is 1,833 kilometers. The line C of this pipeline was started in 2012 and became operational by the end of 2015. “The Kazakhstan West–East Gas Transfer” started in 2013 and the capacity of this pipeline was 5-10 billion cubic meters. 20 million tons gas and 55 billion cubic meters natural gas was transported through this pipeline route till 2015. This is 7-9 percentage of China’s total oil import and 70 percent of China’s total gas import (He 2013)

“Crude oil exports to China from the five Central Asian countries is estimated to increase from 0.12×10^8 tonnes in 2011 to 0.20×10^8 tonnes in 2015 and to 0.40×10^8 tonnes in 2020 and 0.60×10^8 tonnes in 2030. Natural gas exports to China will increase from 250×10^8 cubic metres in 2012 to $(700-800) \times 10^8$ cubic metres in 2020 and to 1000×10^8 cubic metres in 2030. It is predicted that the five Central Asian countries’ oil and gas exports to China in 2020 will be about 1.1×10^8 tonnes oil equivalent and about 1.4×10^8 tonnes in 2030 (Mao, 2013), accounting for 24% of China’s total oil and gas import (4.5×10^8 tonnes) in 2020 and 23% (6.0×10^8 tonnes) in 2030” (The Chinese Academy of Engineering 2012)

SCO is also a platform for China from where it can fulfill its energy needs. Since 1993, China has been facing energy deficit. It is a developing country and also the most populated country in the world. Thus it needs more and more energy. These Central Asian countries have huge amount of energy resources. China import 70 million ton oil annually and it will import 150-200 million tons in 2010 (Mariani 2013). “China has only 2.3 per cent of the world's oil reserves and 1 per cent of natural gas reserves, but its annual oil consumption accounts for more than 6 per cent of the world total at present, some 30 per cent of its oil consumption relies on imports, and this proportion is estimated to increase to 70 per cent by 2020”. (Dongfeng 2003)

Planning of China- Central Asiaoil and gas pipeline



Source: Bin Hun (2014), “Oil and gas cooperation between China and Central Asia in an environment of political and resource competition”, China University of Petroleum: Beijing

“The red lines are natural gas pipelines, and black are crude oil pipelines; the solid lines are completed pipelines while the dotted lines are pipelines under construction”

In 2000, China started infrastructure development projects to access resources in the Central Asian region, particularly oil and natural gas. The first section of Kazakhstan- China oil pipeline opened in 2003 and gas pipeline began in 2009. The expanded areas of both pipelines have been increasing over the year. In 2017, 12.3 million tons of oil and 44 billion cubic meters of gas was transported through China and Kazakhstan pipelines. 34 billion cubic meters of natural gas transported through the Central Asia – China natural gas pipeline in 2016 (Stratfor 2018). Turkmenistan started exporting natural gas to China, it was 4 billion cubic meters in 2010 and 30 billion cubic meters in 2017. China is the only natural gas customer of Turkmenistan due to price dispute with Iran. 80 percent of government’s revenue are collected from natural gas and it is 35 percent of the country’s gross domestic product. The economy of Turkmenistan depends on China. Less than US\$ 1 billion was the total trade between Central Asia and China in the 1990s and this figure had reached US\$ 30 billion.

Uzbekistan signed an agreement with China for construction of 530 kilometers long gas pipeline. The capacity of this pipeline will be 30 billion cubic meters between the two countries (Marina 2007) and the CNPC signed a “\$600 million agreement with Uzbekistan's state owned company, Uzbekneftegaz for some 23 smaller oil fields in the Bukhara area” (Olcott 2006). A numbers of Chinese companies are operating throughout Central Asia which shows the China's growing economic weight in the region, for example, 744 Chinese enterprises in Kazakhstan and 100 in Uzbekistan and 12 in Kyrgyzstan have already been established by 2000 (Peyrouse 2007)

According to some estimates, oil consumption of China will reach 12 million barrels per day by 2020 and 16 million bpd by 2030. The import of oil will reach up to 7 million barrel per day by 2020 and 11 million barrels per day by 2030. The growth rate of oil consumption will be 4.5 percent within twenty five years. It is twice the world average and four time the average of developed world (Nia 2008). The consumption of natural gas also increased in recent years and the import of gas through pipelines.

Over the past few years, the trade between China and Central Asian countries was US\$ 19.6 billion in 2007 and US\$ 30 billion in 2008. The official bilateral trade between China and Kazakhstan was over US\$ 13.9 billion in 2007 (Xiaoying 2008). China has given permission to Kazakhstan for trade through the ocean port of Lianyungang. The Almaty- Urumqi rail lines show the close relationship between China and Kazakhstan. Kazakhstan is largest partner of China in Central Asia. The trade registered US\$ 17.5 billion in 2008 (Ibraimov 2009). Kazakhstan provides great opportunity to China in its oil fields. China also wants to revive the old silk route which will connect Asia to Europe through Sea route and Land route. The interest of member states in reviving the old “silk route” could be seen in the statement after the meeting of Bishkek, on 25 August 1999. The statement was that “All the parties support the Silk Road Diplomacy concept...The concept, expected to be realized by restoring the ancient Silk Road in the contemporary international cooperation, is aimed at promoting the sustainable development of the regional economy and strengthening regional peace and stability”(Shanghai Cooperation Organisation 2013).

Other Central Asian countries are also increasing trade with China. In 2006, China signed bilateral trade with Turkmenistan. Saparmurat Niyazov, the president of Turkmenistan announced to build a pipeline which will deliver natural gas to China. It will be opened by the beginning of 2009. Turkmenistan will sell 30 billion cubic meters gas to China every year for next 30 years(Asian News 2008). In 2005, bilateral trade between China and Tajikistan was \$158 million. Tajikistan got China's US\$ 900 million export loans to members of the SCO. It was largest recipient. (Bogatyrev 2006).

The energy resources of Central Asia play important role for China's economy due to the similarity of geogarchy and shared boundaries (Fishelson 2010). The Caspian Sea and its Continental are third largest area in the energy resources. It has 9 to 40 billion barrels of oil(Energy Information Administration 2008). 12-21 trillion cubic meters of natural gas reserves are in Turkmenistan (Guang 2007). The Central Asian countries have huge amount of resources but the technology and infrastructure are very poor, China helps Central Asian countries to establish and develop technology and infrastructure.

In 2013, the value of trade between China and Kazakhstan was US\$ 22.6 billion, US\$ 1.5 billion with Kyrgyzstan, US\$ 2.1 with Tajikistan, US\$9.3 with Turkmenistan, and US\$4.5 with Uzbekistan. The total trade of China with Central Asian countries was US\$ 30 billion in 2016. 19.8 percent is total trade of this region with China (European Commission 2018)

The interest of China lies in hydropower of Central Asia. Central Asian countries are rich in hydropower. China has established partnership with Tajikistan and Kyrgyzstan for hydropower and it has joined water and energy resources association as a member established by Kazakhstan, , Tajikistan, Kyrgyzstan and Uzbekistan.(the Library of Congress 2015)

Counter balancing the Leadership of US in Central Asia

The role of China has been rising in Central Asian region which is creating competition among great powers in this region. The comparison has been drawn to the Great Game. In the 19th century, an intense rivalry between the British and Russia increased to expand

their influence in the Central Asia. Many analysts argue that China has already taken the place of Russia as the most influential power in the region. China is largest trading partner of Kazakhstan, Tajikistan, Kyrgyzstan and Turkmenistan and second largest trading partner of Uzbekistan in this region(Peterson: 2013).

The United States gives great significance to this region because of rapid rise of terrorism. The influence of United States complicates the relationship between China and SCO. The US has developed alliances with the most of countries in this region and these countries have also provided military bases to USA for fighting terrorism. US also take interests in the energy resources of the Central Asian countries. The post-war instability in this region with the presence of US creates a security concern for China and Russia. This roughly forms the background of the genesis of SCO.

The SCO is platform for China from which it can project its anti- US views. China and Russia use the joint declaration of the member countries of SCO to project their views against U.S policies. For example, Dushanbe declaration opposed “the U.S missile defense program by emphasizing the unconditional need for the preservation and strict observance of the 1972 ABM Treaty prohibiting the establishment of systems of anti-missile defense of the territories of countries”(Shanghai Cooperation Organisation 2000). Another declaration was against the U.S human rights policies. The SCO members voiced against “the use of ‘double standards’ in questions of human rights and interference in the internal affairs of other states under violation on the pretext of defending them.”(Shanghai Cooperation Organisation 2002). The China and Russia are against the U.S human rights because U.S voices concerns about Chechnya and Tibet. China is also concerned about its western region, the autonomous regions always demand separate states, for example Xinjiang demands east Turkistan.

China’s another anti- U.S provision is related to Taiwan’s potential independence. USA gives aid to Taiwan to deter China through “the 1979 Taiwan Relations Act”. Under this act, “It is the policy of the United States... to provide Taiwan with arms of a defensive character; and...to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or eco-

conomic system, of the people on Taiwan.”(Taiwan Relations Acts 1979). China says that Taiwan is part of Chinese territory. China has received the backing of member countries of SCO, including Russia, in holding the claim that only PRC government is the only government which represnt whole of China including Taiwan(Shanghai Cooperation Organisation 2002)

CHAPTER-4

IMPACT OF SCO ON CENTRAL ASIA

Introduction

The Shanghai cooperation organisation is a regional organisation for economic, political and security cooperation and Russia, China, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan are the founding member states, and last year (2017) India and Pakistan also got full membership of this Organisation in 2017. The six countries cover 60 percent area of Eurasia and a quarter of the world population (Khan 2006) and Russia and China are permanent members of UN and both are nuclear power also. The primary goal of establishing the SCO was to protect borders of member countries and encourage economic cooperation in the process. China and Russia are two major power in the SCO. The main focus of Russia is political, military cooperation, but China gives more focus on security and economic cooperation, which is more beneficial for maintenance of peace and stability in Central Asia . It shows that China is playing the role of advocate within the SCO. The SCO has progressed quickly and now it has become a prominent regional player in the international arena.

The SCO was established around 17 years ago, and the main goal of SCO was to resolve border disputes, but after 2003 its members have been continuously trying to improve their economic and trade ties. They have managed to share resources by tariff free trade, free flow of commodities and services. The SCO strengthens the regional security and promotes trade and economic cooperation between member countries. This organization has become a major regional organisation of this region to promote mutual benefits in areas of trade and economic fields. SCO has provided a platform to increase economic development and promote trade and investment among member countries.

The other regional organisations in Central Asia like CSTO, CIS and Eurasian EEU etc have failed in promoting regional cooperation and integration in Central Asia but the expansion of SCO proves its increasing significance. The SCO is a profitable organization for the economic development of Central Asia. In 2012 SCO summit, the Chinese President Hu Jintao,

“called for the SCO to be built into an effective platform for increasing international exchange and influence” (Cheng 2012)

The 20th century in the world history is well known for historical and political transformation, for example formation of USSR and its disintegration and East- West conflict etc. Central Asia had faced changes in political, social, culture in the whole period of a 20th century and in the starting of 21st century. During this time period, the changes started in geopolitics and international relations in Central Asia. There are many characteristics which makes Central Asia region significant. First, the geopolitical location of Central Asia, second, availability of huge amount of natural resources. There are economic, security and political impact of SCO on Central Asia as well as Russia and China. The Central Asian countries and Russia benefits from SCO and China benefits the most.

This chapter will discuss the current status of economic and security cooperation among the SCO members. It will also discuss about security and economic aspects of SCO in this region and the position of Central Asian countries in SCO. It will analyze economic, security and political impact of SCO on Central Asia with China and Russia.

Economic Impact of SCO on Central Asia

Central Asia was in turmoil for centuries. The Central Asian countries came under the influence of Soviet Union from 1920 to until 1991. Major plants and industries were operating from the Soviet Union. USSR controlled their production. For example over third of enterprises of Kyrgyzstan functioned from Moscow. All five-year plans and one year plans were approved by “the Communist Party of Soviet Union” (CPSU). Moscow decided all directions of trade for Central Asian republics. Central Asian production gave benefits to Moscow. The USSR Ministry of Foreign Trade used to formulate deals on behalf of all Central Asian countries. The Central Asian republics were under the Soviet Union for over seventy years but there was no inclusion of Central Asians in the common administrative region. The Soviet Union did not create sufficient infrastructural facilities in Central Asian republics (Spechler 2000).

During Soviet period, the economy of central Asian countries was dependent on Moscow. Now these Central Asian countries can look towards the rest of world, such as China, South Asia, Europe and the Middle East. Their neighbors partake in the large global economy of world. After the independence of these republics, the interest of the outside world in this region has risen in recent years. The energy resources of Central Asia have great importance for its neighbors in Europe and Asia. The Central Asian countries are landlocked countries. Long-term economic growth and political stability can only be achieved through effective regional cooperation. Regional initiatives have been taken in Post- cold war period, for example CIS in 1991, Eurasian Customs Union and CSTO etc. The regional cooperation would be beneficial for Central Asian industry and ultimate growth renewal.

In 2001, the SCO was established including six members China, Russia Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan. The members declared that “Shanghai Spirit”, i.e., “mutual trust and benefit, equality and consultation, respect of diversified civilizations, and seeking common development, and cooperation in three areas: security, economics, and humanitarian concerns” (Yang 2012). The guiding principle of SCO focussed on security concern of Central Asia, including drug trafficking, terrorism separatism, religious extremism and illegal migration. Upon achieving some of these aims and objectives, since 2003, regional economic development and cooperation and infrastructural development have become other aims of SCO; new gas and oil pipelines and economic corridors. Through SCO, the Central Asian countries have improved their economy and increased trade with other SCO members. They get financial help and investment for infrastructure development by China and Russia.

After the establishment of SCO, the first meeting was held in Almaty (2001). The heads of SCO member countries discussed about border security and the development of the organisation. They also passed a memorandum on economic cooperation, trade and investment(Xinhuanet: 2001). In 2002, “the first meeting of ministers of Economy and Trade of SCO member states” was held in Shanghai. These ministers created favorable mechanism for trade and investment. In 2005, the SCO established an Interbank Consortium to finance investment for member countries.

In 2006 SCO summit, Vladimir Putin gave a proposal to establish an SCO energy club for economic cooperation initiative. The concept of an Energy Club would help SCO to implement the internal energy market system among member countries and observer states(Shanghai Cooperation Organisation 2006).

Chinese Vice Foreign Minister Cheng Guoping,

“who referred to the need to balance regional stability versus the principle of non-interference , to balance the ability to act versus adhering to the principle of consultation to reach consensus , and the need for the SCO to improve its process, rationalize the working mechanism, and improve its decision-making efficiency” (China Weekly 2012).

Thus it shows that China really wants to develop SCO as an effective regional organisation in the region. SCO neither conduct trade on its own nor it is trade association. But the statistics data of trade shows the level of cooperation in the region after the formation of SCO. Since the mid-2000s, the SCO has given twin- priority alongside security. In 2003, SCO announced “the program of multilateral trade and economic cooperation”. 100 projects have been covered on finance, trade, transportation infrastructure, telecommunications, agriculture and energy for this cooperation. Economic cooperation is based on macroeconomic projects for development of state infrastructure. “The SCO has sought to play a central role in the development of projects to build roads between Volgograd (Russia), Astrakhan (Russia), Atyrau (Kazakhstan), Beyneu (Kazakhstan), and Kungrad (Uzbekistan), as well as the on-going discussion about the construction of a railway track between Andijan (Uzbekistan),Torugart (Kyrgyzstan), and Kashgar (China)”(Stephen Aris: 2013). ADB and UN Economic and Social Commission give financial help to SCO for development of transportation infrastructure (Boland 2011). The large-scale investment on infrastructure projects shows that security and economics are interlinked. Central Asian countries were under Soviet Union before 1991. They were the least economically developed countries. After independence, the main priority of these newly independent countries was to attract foreign investment for infrastructural development. In the case of investment, China plays important role for Central Asia. In the global financial crisis of 2008/09, the SCO or rather China gave loan of \$ 10 billion worth to the member countries of SCO. In 2004, China gave another loan of \$900 million

to SCO members (Xinhua 2009). China regularly provides loan for infrastructural development to Central Asian republics. In the Meeting of the Council of the Heads of State of SCO member countries held in June 2012, they signed, “ Declaration of the Heads of state of the Shanghai Cooperation Organisation on building a region of lasting peace and common prosperity” (Shanghai Cooperation Organisation 2012).This declaration was about these fields: “The member states will work hard to safeguard energy security in the region. The member states attach importance to developing transport infrastructure that connects Asia with Europe, building relevant international transport corridors and improving the efficiency of multimodal transport, and they will continue to strengthen to accomplish the above tasks”(Ibid).

14th session of the Economic and Trade Ministers' Meeting of SCO, Chinese Commerce Minister Gao Hucheng said “We will give priority to investment cooperation on major infrastructure projects, resource development, and industrial and financial cooperation in accordance with the list” (China Daily 2015)

In 2015, Russian Prime Minister Dmitry Medvedev said

“Modern infrastructure is the key to the implementation of many business projects, in order to establish advanced manufacturing workplaces; coordination of efforts among SCO countries is a good opportunity to speed up the building and upgrade of highways, railroads and air routes”(New China 2015).

China announced that it will donate 10 billion dollars to support infrastructural development in the 2011 SCO summit. The massive Chinese investment in Infrastructure is the part of the project of “New Silk Road” to connect China to Central Asia and Europe via Xinjiang (Boyko 2007).

The position of Central Asian countries are highly asymmetric in the world, but the SCO provides them recognition and equality (Bailes & Dunary: 2007). This organisation has given a platform to Central Asian countries where they can take initiatives for their advantages, for example Uzbekistan influenced the base of RATS in Tashkent. According to Maslov,

“Indeed, SCO are two separate projects – a Russia’s project and a China’s project where, each, trying not to violate parity, steadily moves towards one’s own goal. However, there are also projects of other states, not so explicit, but quite free-standing” (Maslov 2007).

SCO plays an important role in increasing economic expansion of China with the development of energy infrastructure projects in the region. The numbers of Chinese companies are growing in other SCO member states, establishing a wide range of industries of energy, communication, transportation, environment, and so on. Railways and roads have been constructed in the Central Asian region and China financed these construction projects. These things can intensify the economic linkages between China and other member countries of SCO (Clarke 2010).

The Central Asian countries are good market for Chinese goods. It is threat for local economies. As a result of trade, people of these countries have participated in a number of anti Chinese protests since 2002 to the present. “Most protests were in the Dordoi market in 2002 and the Karasu market in 2004 in Kyrgyzstan”(Dadabaev 2014). Both protests were related to increased trade with China. In Kazakhstan, pro-Presidential party Ota started protests in 2006. They were protesting against the share of Chinese trade companies holding in Kazakhstan. They demanded that the government should limit the share of Chinese companies below 40 percent. The presence of Chinese shareholders is dangerous for the national interest of Kazakhstan (Piatibratova 2005).

The Chinese leadership tries to remove the tariff barriers among the member countries and open new market for its products and goods . This is one of primary goals of China through SCO. It announced free trade zone of SCO in 2011. The Chinese elites understands that the development of Central Asian republics is necessary for a custom union in the long term. Thus, China gives financial help for infrastructural development on regular basis. The other members also support the development of weaker members of SCO, but they are not interested in removing tariff barriers (Pisouie 2015). The leaderships of Central Asian countries think that if cheap Chinese goods come to their economies, then they will create economic instability in their respective countries. They are also concerned about the socio-economic disparity that can be created in their coun-

tries. Their products and technology could not compete with Chinese products and price offered by Chinese traders. Therefore, the other member countries of SCO do not want free trade zone of China.

Before the disintegration of USSR, these Central Asian Republics were the part USSR. These countries depended on Soviet Union for their financial aid and loan. So after the disintegration of USSR, the Russians believed “that geographic location, shared history, common production systems, infrastructure and institutions, and old dependences on Russian financial subsidies and on the Russian market” are factors that CARs in Central Asia would be interested in maintaining close ties with Russia.

This overestimation of Russia faded very soon, when the newly independent Central Asian countries started maintaining distance from Russia in the mid-1990s. There were two important events that exposed the decline of influence of Russia in the Central Asian countries. The first was that in 1994- 96, Russia’s war in Chechnya, the Russian military was unable to defeat rebel forces. This defeat had deteriorated the situation of Russia in Central Asia. The Central Asian leaders had also thought that Russia would be effective for Central Asian security, after that Central Asian countries had started looking for alternative options for their security and economic development. In 1996, Shanghai Five came as a result of this pursuit, and in 2001 it transformed into Shanghai Cooperation Organisation. Due to presence of two major powers in the organisation, the Central Asian countries do not depend on any one particular country. They can deal with both of them according to their preference.

The five Central Asian countries Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan and Tajikistan have 4 percent of the world’s natural gas reserve and 6.6 percent of oil reserves. Kazakhstan is largest oil producer in the region and it produces over 811,00 barrels of oil per day (The Department of Energy Central Asian Region Analysis Brief 2002)

Central Asian countries are rich in Gas and Oil reserves. The world Factbook of Central Intelligence Agency (CIA) has estimated proved reserves and natural gas production of natural gas and crude oil. In 2017, Kazakhstan and Uzbekistan had 2.407 trillion

cu m and 1.841 trillion cu m proved reserves of natural gas in Central Asia. Both countries have highest proved reserves of natural gas among the four countries. Average production of per day are highest in Kazakhstan and Uzbekistan. Kazakhstan is also rich in proved reserves of crude oil and it was 30 billion bbl in 2017 and production was 1.595 million bbl per day. These countries export large part of natural gas and crude oil to other countries.

| Country | Natural Gas Proved Reserves(cu m) (2017) | Natural Gas Production(cu m/day) (2015) |
|------------|--|--|
| Kazakistan | 2.407 trillion | 21.38 billion |
| Uzbekistan | 1.841 trillion | 55.7 billion |
| Kyrgyzstan | 5.663 billion | 30 million |
| Tajikistan | 5.663 billion | 20 million |

Source: Central Intelligence Agency, The World Factbook

| Country | Crude Oil Proved Reserves(bbl)(2017) | Crude Oil Production (bbl/day)(2016) |
|------------|--|--------------------------------------|
| Kazakistan | 30 billion | 1.595 million |
| Uzbekistan | 594 million | 52,910 |
| Kyrgyzstan | 40 million | 1,000 |
| Tajikistan | 12 million | 180 |

Source: Central Intelligence Agency, The World Factbook

After 1991, Central Asia did not have any alternative oil and gas routes, which allowed Russia to control the Central Asia's energy resources. Oil and gas of Central

Asia was shipped through the Russian land to the world market. However, foreign aid and investment from United States were used to build the alternative pipelines. After the establishment of SCO, China is also helping to build gas and oil pipelines under the platform of SCO. The Central Asian countries got alternative option, namely China through SCO. There are many gas and oil pipelines which have been built between China and Central Asian region. China is one of largest consumer of oil and gas in the world. By 2020, oil consumption of China will reach 12 million bbl per day and 16 million bbl by 2030. The import of oil will reach up to 7 million bbl per day by 2020 and 11 million barrels per day by 2030. The growth rate of oil consumption will be 4.5 percent within twenty five years. It is twice the world average and four time the average of the developed world (Nia 2008). SCO has provided a new market for Central Asian oil and gas.

On June, 1997, CNPC and Kazakhstan Ministry of Finance signed first stock purchase agreement. CNPC gave US\$ 320 million for 60.3 percent stock of Aktobe. In 2007, China signed the natural gas pipeline agreement with Kazakhstan, Uzbekistan and Turkmenistan. The infrastructure of pipeline expanded and the strategic importance of Central Asian oil and gas thus emerged. In 2011, the gas pipeline started to transport gas to China (Bin 2014)

The construction of the Central Asia gas pipeline started from July 2007 to 2009. The length of this pipeline is 1,833 kilometers. In 2017, 12.3 million tons oil was transported by the Kazakhstan China oil pipeline and 44 billion cubic meters of natural gas.

Russia controls over Central Asian energy resources through Gazprom, it is Russian Natural Gas Company. Gazprom has a monopoly over Russia and Central Asian natural gas export pipelines. 94 percent of Russia's natural gas is produced by this company. It provides 25 percent of the revenue to the government of Russia(The Department of Energy Country Analysis Brief for Russia 2002).

Economic cooperation among member of SCO has been expanding and it is local, because the SCO member countries have potential to grow further in trade, primary industries and investment. In recent years, the economic growth of SCO countries has been

roughly around 6-8 percent, which is higher than Europe. The growth of China has been above 9 percent in last three years. Positive development is also necessary in Russian economy because it is important for cooperation in Central Asia. Russian' GDP growth rate is 6.4 percent, which is better than many countries, but it is less than China. Over the last three years, the economy of Kazakhstan has grown by 9 percent and Tajikistan by 8 percent and Uzbekistan 7 percent(Asia Regional Integration Centre 2006).

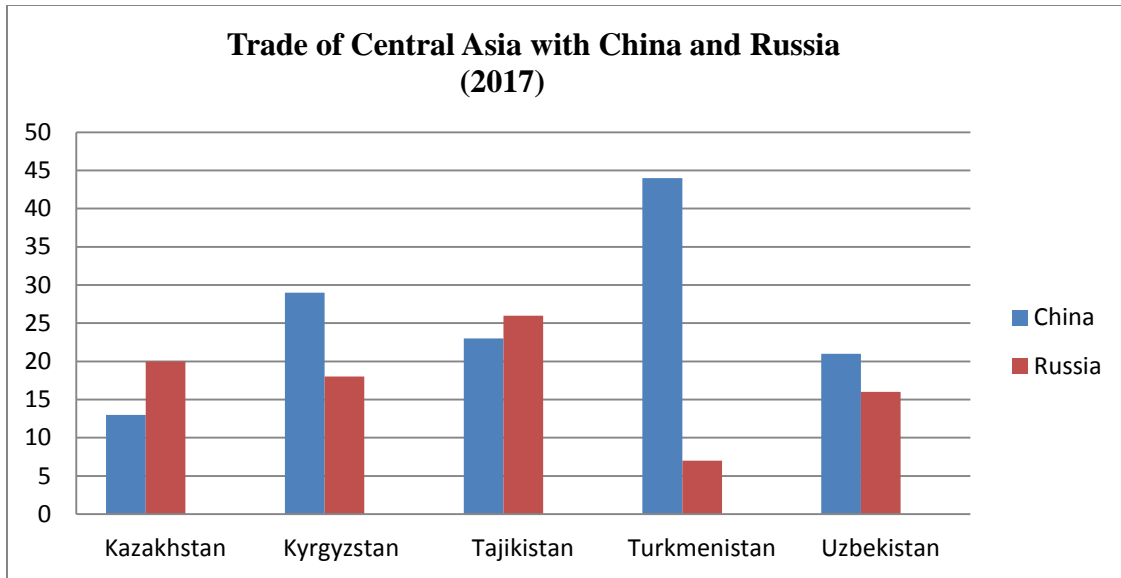
The largest problem of Russia for exploiting the Central Asian oil and gas through SCO is that it lacks ability to give financial helps for development of Central Asian's oil and natural gas facilities. By establishing an alliance with China and Central Asian countries, Russia has paved the path of economic ties with the central Asian region. Without SCO, Russia has to compete with the western nations for Central Asian oil and natural gas, especially with the United States, which is not possible for Russia. The Second reason for Russia to support SCO was fear of instability in southern region of Russia. The drug trafficking, illegal immigration and corruption are the biggest problem of this region. It has been estimated that 70 percent of narcotics passes through Russian's southern border. This organisation could help to maintain political balance between two powers, China and Russia (Ijaz 2016)

Table 4.3: Trade between Russia, China and Central Asia, 1991-2006

| Year | Volume of trade between Russia and Central Asia (\$ US millions) | Volume of trade between China and Central Asia (\$ US millions) |
|-------------|---|--|
| 1991 | 59226 | - |
| 1992 | 6360 | 422 |
| 1993 | 6750 | 512 |
| 1994 | 6143 | 360 |
| 1995 | 7679 | 486 |
| 1996 | 7244 | 674 |
| 1997 | 6833 | 699 |
| 1998 | 5411 | 588 |
| 1999 | 3695 | 733 |
| 2000 | 6469 | 1041 |
| 2001 | 5924 | 1478 |
| 2002 | 5464 | 2798 |
| 2003 | 7088 | 3305 |
| 2004 | 10463 | 4337 |
| 2005 | 13227 | 8297 |
| 2006 | 14869 | 10796 |

Source: Vladimir Paramonov and Ajeksey Stokov (2007), "Economic Involvement of Russia and China in Central Asia", Defence Academy of the United Kingdom,

| country | China(%) | Russia(%) |
|----------------|-----------------|------------------|
| Kazakhstan | 13 | 20 |
| Kyrgyzstan | 29 | 18 |
| Tajikistan | 23 | 26 |
| Turkmenistar | 44 | 7 |
| Uzbekistan | 21 | 16 |



Source: Stratfor(2018), “Central Asia’s Economic Evolution from Russia to China”,

Two decades after the disintegration of USSR, the trade of Central Asian countries with Russia was still considerably high in volume, but after that, the trade of Central Asian countries has been increasing with China. In the 1990s, the trade between China and Central Asian countries was less than \$ 1 billion. In 2017, the trade of three countries out of five is more with China. In SCO member countries of Central Asia, only the trade of Kazakhstan is more with Russia than China. Trade of Central Asian countries is shifting from Russia to China. This is also an impact of SCO on Central Asian countries.

SCO has not been able to fulfill the demands of regional cooperation (Linn and Pidufala:2008). There are numbers of factors. First, there are two powers in the SCO, China and Russia which views each other as competitor in this region. Russia also has concerns about growing influence of China in this region and its interest to maintain control over the Central Asian oil and gas transit (Cooley 2012). The Central Asian republics were part of former USSR, during that time, Moscow controlled the economic activities of these countries. All pipelines crossed through Russia to Europe, but now the influence of China has been increasing in this region. Thus, Russia is skeptical about the influence of China in this region. Since beginning, the member countries of SCO operates on the principle of non- interference, but it might not be the right way to resolve security and economic issues and conflicts among members.

China gives financial support to the Central Asian members of SCO. Under the umbrella of SCO, they support regional infrastructure and bilateral financial flows. The Interbank Consortium was established by SCO for financial support among member countries, but it could not develop an effective financial mechanism. SCO has not established close relations with any other regional organisations. The Secretariat of SCO is based in Beijing, has a limited technical capacity to establish effective economic cooperation strategies for Central Asia. There is no coordination with the official announcements.

The SCO has grown as an important international organisation. This organisation is dominated by China in the Central Asian region. It has become the part of Chinese foreign policy to cooperate with Central Asian countries and create friendly partnerships with the Central Asian neighbour. This engagement is interpreted to mean that the policies of China in SCO is boosting the development of Xinjiang of China's western region instead of Central Asian members.

The security impact of SCO on Central Asia

Central Asia is a major gateway of narcotics from Afghanistan to European and Asian Market. These problems have led to increase in radical Islam in Central Asia, which is the primary cause of instability in Central Asia. The governments of Central Asian countries have failed to provide security to the region due to lack of military and economic resources.

The official aim of the SCO is to fight against “three evil forces” of “terrorism, separatism and extremism”. These three evils create problem of security in the region, so, all member countries want to suppress the same. The SCO has attained success with regards to tackling separatism, but that too mostly from the Chinese perspective. The western region Xinjiang is unstable and underdeveloped region of China. The border of this region is connected with Central Asia. The minority population of the region is Uyghur. Ethnically, this region is also connected with Central Asia. Million of Uyghurs live in Central Asia, and thus, they politically build the East Turkestan movement. Xinjiang region is strategically important for China not only because of its large territory but also

because there are nuclear test sites (Sheives 2006). Central Asia is gateway of separatist movement and the outsider Uyghurs give moral support to the demand for independence of Uyghurs and they find resonance with international community's perspective that the Chinese government cannot control it (Ibid). China has got the support of Central Asian government in suppressing the Uyghur movement through SCO.

One policy of SCO is "non- interference in each other's internal affairs". In 2005 revolt in Andijian, the Uzbek leadership played down the revolt. The action of Uzbek leadership was largely supportive. The same applies to SCO members in their response to Tibet riots of March 2008. To quell the riots in Tibet, the Chinese government worked as organization's primary purpose: fighting against three evils of "terrorism, separatism and extremism" (Marat: 2008). The members of SCO would support the regime in power and not provide support to dissident groups. This is positive factor for the Central Asian countries in SCO. These countries are unstable in terms of security. The fear of internal opposition has brought together SCO leaders. This is positive impact of SCO on member countries.

China is not the only member country which has ethnic conflict, rather a large Uzbek population in Kyrgyzstan. Uzbekistan and Tajikistan have been blaming each other for unrest in their countries (Chung 2004). The Central Asian region has been witness to the "Color Revolution", "Rose Revolution" in Georgia, the "Orange Revolution" of 2004 and "Tulip Revolution" of Kyrgyzstan in 2005(Hoagland 2016). These ethnic tensions have created danger and destabilized Central Asian regimes. SCO could not be effective in countering this threat. In the time of unrest in Kyrgyzstan, the SCO could not intervene in the matter and thousands of refugees went to Uzbekistan, and led to removal of President Kurmanbek Bakiyev in 2010 (Herd 2015). The SCO gives high value to sovereignty, but at the same time it also reflects the weakness of the organisation. This clearly shows that SCO is not a collective security organisation. It has failed to solve security issues in the Central Asian region.

SCO is not a collective security organization, and emphasize on individual sovereignty (Chung 2004). Each country has to depend on its own resources for pursuing the security goal. Thus SCO has achieved limited success in the area of security.

Terrorism has limited the success of SCO. The four Central Asian member countries of secular leader rule over Muslim societies. The movement of Islamic extremism is active in this region, i.e. the Islamic movement of Uzbekistan (IMU) trained by Taliban. The site of this movement is Farghana Valley shared by Uzbekistan, Tajikistan and Kyrgyzstan (Buszynski 2005). Al- Qaeda is another terrorist group which is active in Central Asia. SCO has established RATS in response to such terrorist threat in the region. According to government of Kazakhstan, the RATS helped to thwart 99 terrorist attacks in Kazakhtan in 2009 (Mc Dermott: 2009). It is a fact that its support is very limited but it has made efforts to eradicate terrorism of the region (Allison 2004 & Sheives 2006). Although it is limited, yet it makes positive efforts to thwart terrorist attacks in the region.

SCO has promoted regional security and domestic stability. Military cooperation and collaboration protect this region from inter regional and intra regional threats including drug trafficking, arms trafficking and terrorism. The platform of SCO conducts joint air, naval and ground exercise against terrorism, separatism and extremism. These military exercises indicate cooperation to fight a common enemy in this region. These exercises secure and protect the security of Central Asian counties. Since 2002, the SCO has completed 22 military exercises in 14 years. The SCO conducts one exercise per year. Since 2006, the SCO has conducted two war games per year. In 2006, there were three exercises.

| Date | Participants | Location | Title/ Contents |
|----------------------|-----------------------------|-----------------------------|--|
| “10–11 October 2002” | “China, Kyrgyzstan” | Kyrgyzstan | “Exercise-01’ anti-terrorist exercise” |
| “6–12 August | “Russia, China, Kazakhstan, | “Kazakhstan: Almaty oblast; | “Coalition-2003’ antiterror exer- |

| | | | |
|---------------------|--|--|--|
| 2003” | Kyrgyzstan, Tajikistan” | China: Xinjiang Region” | cise” |
| “18–25 August 2005” | Russia, China | “Russia: Vladivostok; China: Shandong Peninsula” | “Peace Mission 2005” |
| “2–5 March 2006” | “Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan” | Uzbekistan | “East-Antiterror-2006” |
| “August 2006” | “China and Kazakhstan” | | “Tianshan-1” |
| “22–23 Sep 2006” | “China and Tajikistan” | “Tajikistan: Kulyab” | “Coordination-2006’ exercises (‘Vzaimodeystviye -2006’)” |
| ‘30–31 May 2007” | “Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan” | “Kyrgyzstan: Lake Issyk Kul” | “Issyk-Kul Antiterror-2007” |
| “9–17 August 2007” | “Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan” | “China: Urumqi; Russia: Chelyabinsk Region” | “Peace Mission-2007” |
| “September 2008” | | “Russia: Volgograd” | “Volgograd Antiterror-2008” |
| “17–19 April 2009” | | Tajikistan | “Norak-Antiterror2009” |

| | | | |
|---|---|--|---|
| “22–27 July 2009 ²³ ” | Russia, China | “Russia: Khabarovsk, China: Shenyang” | “Peace Mission- 2009” |
| “16–26 August 2010” | “Russia, Kazakhstan, Kyrgyzstan” | “Russia: Saratov Region” | “Saratov- Antiterror-2010” |
| “9–25 Sep- tember 2010” | “Russia, China, Kyrgyzstan, Tajikistan, Kazakhstan” | “Kazakhstan: Almaty; Gvardeisky” | “Peace Mission- 2010” |
| “5–8 May 2011” | “China, Kyrgyzstan, Tajikistan” | “China: Xinjiang Uyghur region” | “Tianshan-2’ or ‘Tianshan-2011” |
| “5–12 June 2012” | “Uzbeki- stan, Kyrgyzstan, Ka- zakhstan” | “Uzbekistan: Jizzakh region” | “East-Antiterror- 2012’ antiterrorist Exercises” |
| “8–14 June 2012” | “Russia, China, Kyrgyzstan, Tajikistan, Kazakhstan” | “Tajikistan: Khudzhand” | “Peace Mission- 2012” |
| “June 2013” | “Kazakhstan, Kyrgyzstan, Tajikistan” | “Kazakh- stan: Shymkent” | “Kazygurt- Antiterror-2013’ antiterrorist drills” |
| “27 July until 15 August 2013” | China, Russia | “Russia: Chelyabinsk, Ural Region” | “Peace Mission- 2013” |
| “24–29 August 2014” | “China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan” | “China: Zhurihe Training Base, Inner Mongolia” | “Peace Mission- 2014” |

Source: Marcel de Haas (2016), “War Games of the Shanghai Cooperation Organization and the Collective Security Treaty Organization: Drills on the Move!”, Journal of Slavic Military Studies.

In 2016, SCO Peace mission military exercise was conducted near Lake Issyk-Kul in Kyrgyzstan just after a suicide bomb attack on the Chinese embassy in Bishkek. Colonel Ruslan Mukambetov, the Kyrgyzstan officer commanding the exercises said “The need to conduct such exercises is dictated by modern realities”. “They have repeatedly proven their relevance and significance amid the current international situation, both in the SCO area of responsibility and in the world at large... In addition to its direct purpose - the fight against terrorism, extremism and separatism - they also promote closer military cooperation between our countries’ armed forces”(Eurasianet 2016).

Some military cooperation has been done by SCO. It is less extensive than one might expect from SCO. Several anti-terrorism exercises have been organized by RATS and Secretariat. The SCO is important for China to support combined exercise because China has a desire to maintain benevolent image and that’s why Russia opposes the military presence of China in Central Asia (Blank 2005). The military cooperation within SCO shows political image, thus the SCO was unable to provide cooperation in resolving the unrest in Kyrgyzstan in 2010 (Herd & Ryabkov 2015)

The Central Asian Countries is not a homogeneous unit. Central Asia disputes on water, energy, borders clearly show that there is no unity between the Central Asian countries. The feeling of belonging to common region is apparently missing. That’s why there is no proper regional organisation which represents the Central Asian countries. Russia fills the collective Central Asian security gap by giving military support. China is not interested in political clout. It is only interested in economy and energy. Economically and militarily, Kyrgyzstan and Tajikistan depend on Russia. So they don’t have any other option than to follow Russia. The Central Asian countries don’t care about the regional interests. They also see their own national interests. That’s why SCO could not progress in security cooperation. Thus, the bilateral route is more effective for deeper military cooperation. Russia had military base in Uzbekistan (2006-2012). It has been having military bases in Kyrgyzstan from 2003 to till present and in Tajikistan from 1995 till present. Russia also signed an agreement with Uzbekistan for usages of each military bases by both countries (Deyermond 2009). Similarly, The Central Asian countries depend for Military tool and equipment on Russia. Overall, the military cooperation be-

tween member countries is very limited. The SCO could not provide military cooperation to member countries.

The SCO promotes the territorial expansion of China. Kyrgyzstan, Tajikistan and Kazakhstan have given their vast territories to China for temporary rent in the following year for formation and expansion of the SCO. Number of protests can be seen from the residents of areas. The government of China and the government of Tajikistan signed an agreement, in which China has got land from Tajiks farmers for Chinese agricultural companies. The Tajik parliamentarians opposed this agreement and they accused the President of cheating the national interests of Tajikistan (Dadabaev 2014).

The concern of Central Asian countries is the demographic expansion of China into the Central Asian region. The number of migrants and settlers of China have been increasing in recent years(Dadabaev 2016). A number of protests increased in Kyrgyzstan, and in 2007, it adopted a law that limits the number of migrants labourers in the Kyrgyzstan market. In real terms, this act was directly aimed at curbing Chinese migrant workers. The Chinese companies bring their own labour force and the local population could not get work.

The relationship among Central Asian countries is bad, SCO has not participated in power broking among its members. It is impossible that SCO would solve the conflict among Central Asian countries. Moscow's impact on Central Asian leadership is more than Beijing. China took initiative to establish SCO and the influence of China is more in SCO and it is the first advocate of this organisation. Russia took initiative to establish other organisation in which it has more influence, i.e CSTO and Eurasec thus it would solve issues through these organisation rather SCO (Matveeva & Giustozzi 2008)

Before the disintegration of USSR, the Central Asian countries were the part of Russia. Culturally and socially, the Central Asian countries are more close to Russia. The language and cultural barriers are real. They create obstacle between China and the Central Asian countries. In 2007 Bishkek summit, the Chinese president Hu Jintao gave speech in Chinese language and the audience could not understand because of absence of an interpreter. The deep influence of “Russianisation” creates problem for the China in the

region. In terms of geopolitical connections, Central Asian countries are more closer to Russia and they have no fear with the presence of Russian military in the region. Central Asian countries feel easier to have exchanges of social belongings with Russia but feel uncomfortable with China. The perception of these countries is that Russia is protector for this region (Zhao 2007). That's the reason why SCO could not majorly influence of Central Asian countries.

The other factor which is weakening the SCO is that the SCO member countries have alternative organisation as option. The CSTO is Russia led organisation and it is a counterpart of SCO in Central Asia. The CSTO has effected more reaction to combat terrorism, drug trafficking and military aggression than SCO in Central Asian region (Global security 2016).

Kazakhstan has well known balanced foreign and security policy. Russia has been long term partner of Kazakhstan, but it wants same close relation with the other major power in the region, China. Along with China and Russia, Kazakhstan is the member of SCO. Whereas Kazakhstan do business with Russia through CSTO, at the same Kazakhstan wants to establish business cooperation with China (Haas 2017). In 2014, "Kazakhstan's Prime-Minister Karim Massimov" welcomed "China's State Councillor Guo Shengkun" in Astana. They discussed "boosting cooperation in law enforcement and security areas, oil and gas pipeline security, counter-terrorism and counter-narcotics within the framework of bilateral mechanisms and the SCO's anti-terror center RATS". They also discussed about terrorism in the framework of SCO which is originating from Afghanistan.

The experts and officials of Kazakh have given an argument that firstly the SCO should solve the internal problems before involving in the areas. The SCO has no mechanism to solve social and economic issues in the region. It is a fact that the SCO could not help Kyrgyzstan during 2010-2011 crisis. It has not solved environmental issues, which are dangerous for the region. These threats have greater impact within the SCO (Roy 2014). The SCO has got success in dealing with drug trafficking and all member countries have appreciated the same..

Qu Xing, Director of the Chinese Centre for SCO Studies at the China Institute for International Studies is of the view that

“there is a need to strengthen and optimize the regulatory framework of the SCO in order to frame a timely response to modern challenges”(Roy 2014).

He was in favour of the greater role for the SCO in Afghanistan. He said that the pending issues of Afghanistan will not be solved by using of force after ten years. So SCO should ensure and stability in the region (Shanghai Cooperation Organisation 2012)

The SCO has promoted cooperation not only between China and Central Asian countries but also has established cooperation among Central Asian countries. Ethnicity is the factor which affects cooperation. The Central Asia is home of several ethnic groups. During Soviet era, these countries were part of USSR and there was no boundary demarcation among them, thus after disintegration of USSR, several ethnic groups continued to live in each other's areas. According to CIA, 23.9 percent Russian and 2.1 percent Uzbeks resides in Kazakhstan. 14.6 percent Uzbeks and 5.8 Russian lives in Kyrgyzstan. In Tajikistan, there are 13.8 percent Uzbeks. In Uzbekistan, there are 5.5 percent Russian, 5 percent Tajik and 3 percent Kazakh. Ethnic conflicts between different groups happen in the Central Asia, for example the Fargana valley is the site of ethnic clashes because of rich resources. The Central Asian countries claim each other areas, i.e. Uzbekistan claims over Ferghana valley including Southern part Kazakhstan and the part of Tajikistan. Tajikistan and Uzbekistan share 1,332 kilometers boundary and an agreement was signed for 1,240 kilometers disputed border area between Tajikistan and Uzbekistan. “The head of the State Committee for Land Management and Geodesy Rajabboy Ahmadzoda said that About 93 kilometers of the Tajik-Uzbek border remains controversial and this dispute will be resolved in the near future,” (Azer News 2018). Tajikistan and Kyrgyzstan have also border conflicts. Kazakhstan and Uzbekistan show their important presence in the SCO. Kyrgyzstan and Tajikistan's national security depends on international organisation specially on SCO and CSTO. But security cooperation occurs on a bilateral basis but officials of Kyrgyzstan and Tajikistan emphasize that SCO is not only a multilateral organisation but also make efforts to strengthen bilateral ties between these countries (Trend 2012). The SCO has given platform to discuss the

sensitive issues related to energy, water and road connectivity between Kyrgyzstan, Uzbekistan and Tajikistan. The SCO has given its support as an anti- imperial initiatives to the Central Asian member states , thus it has mimimised one sided dependence on Russia and Chin, thus they can promote cooperation at bilateral level (Dadabavev 2014)

CHAPTER-5

CONCLUSION

The present study is about “Regionalism in Central Asia: A Case Study of SCO”. It has analyzed regional cooperation in Central Asia especially through SCO, formation, explanation and development of SCO, the role of China in SCO formation and China’s interest in SCO and the impact of SCO on the politics, security and trade in central Asia with China and Russia.

Regional Cooperation and integration are important components of international relations. At the beginning of 21st century, globalization, regionalization and nation-building began in different parts of the world. Five Central Asian countries emerged viz. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan after the disintegration of USSR. The Central Asian countries got independence from Soviet Union. These countries were politically and economically unstable. After independence, this region needed economic and political development. Thus several regional organisation were initiated for economic , political, development and stability of the region. Regional cooperation is an important factor to maintain peace and stability in the region. There are so many organisation which were initiated i.e. CACO EurAsEC, CIS, CSTO and SCO, But the effectiveness of these organisations varies to one another.

Central Asia is located in the heart of Asia. Under the Soviet Union regime, these five Central Asian countries were totally dependent on Soviet Union. The politics, economics and trade were controlled by Moscow. All energy pipeline routes passed through Russia to Europe. Moscow did not invest much to improve the infrastructure and economic conditions of this region. Just after these countries got independence, the infrastructure, economic and political condition was very bad. Border disputes were also major problem among Central Asian countries. After the disintegration of USSR, border dispute between China and Russia became a multilateral issue. Russia, China and three Central Asian countries- Kazakhstan, Kyrgyzstan and Tajikistan, signed Shanghai Agreement for resolving border issues and then in 2001, the SCO was established with

China, Russia, Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan as the founding member. The primary goal of this organisation was to fight against three evils “separatism, extremism and terrorism” in the region. After achieving these goals and objectives, it shifted its goal towards the scope of cooperation in the economic sphere and infrastructural development such as transportation corridors and pipeline routes. The newly independent Central Asian countries were facing these threats and Uyghur population of Xinjiang was continuously demanding the separate “East Turkistan”.

The other regional organisations in Central Asia region are mostly the initiatives of Russia, but SCO is the only organisation of which the initiative was led by China. This is the only organisation in which both China and Russia haven't part of over the years; SCO is expanding its role in the other areas like economics, energy, education and cultural cooperation in the region. The Shanghai cooperation organisation is very young organisation but it has achieved considerable development. In the beginning, SCO was established by six countries, but later, other countries have also become the part of SCO as observer states and dialogue partners. In 2017, India and Pakistan has become full member of SCO.

After the independence of Central Asian countries, Chinese government started negotiations with three Central countries (Kazakhstan, Kyrgyzstan, and Tajikistan) to resolve border disputes. China shares 3500 km long borders with the three (Kazakhstan, Kyrgyzstan and Tajikistan) Central Asian countries. China has signed so many agreements to solve border disputes with the Central Asian countries. These countries share boundary with north and northwest part of China. That's why China wants to ensure security and stability in its northwestern part. The border disputes were major irritants in the strategic relations of China with newly independent Central Asia countries. These fundamental principles of SCO are almost similar to the five principles of Peaceful Coexistence of China's foreign relations. So, the founding principles of SCO are related to the foreign policy of China. The evidence shows that China has predominant role in the making of the organization.

The purpose of China was to establish a peaceful buffer region between China and the restless Afghanistan and West Asia. It does not want any interference of Islamic fundamentalism in the West region Xinjiang. SCO could help in this direction because all three Central Asian neighbors are the members of SCO. The main objective of China's policy towards SCO is to build and strengthen trust amongst Central Asian countries. The Shanghai Cooperation Organisation can be understood as an exercise by China to solve the problem of Xinjiang. After 1991, the Muslim Uyghurs stepped up the militant activities in Xinjiang. The demand for East Turkistan of separatist is part of a larger problem. This separatist movement affects many former republics. The situation turned worse after Afghanistan fell to the reigns of Taliban. Thus, Uighur separatist movement in Xinjiang is the immediate security threat for China. China do not want any unrest in Xinjiang region because Xinjiang covers one-sixth territory of China. China does not want to lose it. Xinjiang is the site of nuclear tests and oil reserves in Tarim basin which contains "370 billion cubic meters of natural gas, 4 billion tons of coal, 120 tons of gold, as well as almost a half-million tons of cotton per year" (Habova 2004).

The Chinese government wants the development of western part of the country. SCO has provided an opportunity to China to develop the western part of country. Western region of China is underdeveloped. It is economically backward and socially unstable. China can import gas and oil from Central Asian countries easily. In 2000, Chinese government started "Western Development Program" for development of western region. Xinjiang was one of them. Economic cooperation with the Central Asian countries was considered as supplementary part of this goal.

China plays leading role in providing financial support to various organizations of SCO. The economic support of China in the region shows the strong bilateral economic relationship between China and other members of SCO. The number of Chinese companies have been growing rapidly in other SCO member states, establishing a wide range of industries of energy, communication, transportation, and environment. Railways and roads have been constructed in the Central Asian region, and China had financed these construction projects. This help of China can deepen the strong economic linkages between China and Central Asian Countries. The Central Asia could be big market for Chi-

nese goods and China also provides land routes for the products of Central Asian countries because Central Asian countries are landlocked and they have no direct access to sea routes for trade. China has also promoted infrastructural development projects to access resources from the Central Asian region, particularly oil and natural gas.

China has always been wanting to diversify its energy sources, and thus the energy resources of Central Asia is pivotal for China. SCO also provides platform for China wherein it can meet its energy needs. It is a developing country and has world's largest population. Thus it needs more and more energy and these Central Asian countries have huge amount of energy resources. The energy resources of Central Asia play important role in the economy of China due to geographic proximity and shared boundaries. China also takes interest in hydropower of Central Asia and it has established partnership for hydropower with Tajikistan and Kyrgyzstan.

For centuries, Central Asia was in turmoil. The United States gives great significance to this region because of proliferation of terrorism. However, the influence of United States complicates the relationship between China and SCO. The US has created alliances with the most of countries in this region. The post war instability in this region coupled with the presence of US creates security concern for China and Russia. This is also the reason because of which China has taken initiative to establish SCO. The SCO is platform for China from which it can push its anti- US views.

The guiding principles of SCO focuses on security concern of Central Asia, including cross-border drug trafficking, terrorism and crime. The position of Central Asian countries is highly asymmetric in the world, but SCO provides them recognition and equality. Now the Central Asian countries are not anymore puppets in other's games, but they can take initiatives for their advantages. SCO has provided a platform to develop economy of Central Asian countries. Through SCO, the Central Asian countries have improved their economy and increased trade with other SCO members. They get financial help and investment for infrastructure development by China and Russia. After the independence, the main priority of these newly independent countries was to attract foreign

investment for infrastructural development. China plays important role of such investment through the framework of SCO.

Before the disintegration of Soviet Union, former Soviet Union controlled the energy resources of Central Asian countries. Thus, even after the independence, all pipelines crossed through Russian territory to the world market, because these countries are landlocked countries and they don't have direct access to sea route. After independence, Central Asian countries can look towards the rest of world, such as China, South Asia, Europe and the Middle East, but after the formation of SCO, they have got new market for their energy resources. After the establishment of SCO, China has been helping to build gas and oil pipelines through the patronage of SCO. Through SCO, the Central Asian countries got alternative option; namely China. There are many gas and oil pipelines which have been built between China and Central Asia region and others are under construction. Now gas and oil of Central Asian countries is easily exported to China.

The Central Asian countries are good market for Chinese goods. It is threat to local economies. As a result of this, a number of protests have been staged in Kyrgyzstan against Chinese products since 2002 to the present. The leadership of Central Asian countries think that cheap Chinese goods would create economic instability in their countries and their products and technology could not compete with Chinese products and price.

Before the disintegration of USSR, These countries were dependent on Soviet Union for financial aid and loan. The Russians believed that Central Asian countries were closer to it because of geographical condition, shared history, common energy products, and old dependence on subsidies of USSR, and because of their dependenc on the Russian market. This overestimation of Russia got cleared soon. Due to presence of two major powers in the organisation, the Central Asian countries need not depend on one country in particular. They can deal with both of them according to their preferences.

The biggest problem for Russia in exploiting the Central Asian oil and gas is the lack of its inability to provide financial helps for development of Central Asian's oil and natural gas facilities. Through SCO ,by establishing an alliance with China and Central Asian countries, Russia has provided a good platform for economic cooperation with the

Central Asian region, because without SCO, Russia has to compete with the western nations for Central Asian oil and natural gas, especially the United States, which might not be possible for Russia. The other reason for Russia to support SCO was fear of instability in southern region of Russia. The drug trafficking, illegal immigration and corruption are the biggest problem of this region.

The Central Asia is a major highway for narcotics from Afghanistan to European and Asian Market. These problems have fuelled radical Islamism in Central Asia, which is the primary cause of instability in Central Asia. SCO provides opportunities to combat these threats. One policy of SCO is non- interference in each other's internal affairs. This is the most effective vehicle to maintain stability in its own country. The members of SCO will support the regime in power rather than dissident groups. The platform of SCO conducts joint air, naval and ground exercise against terrorism, separatism and extremism. These military exercises indicate cooperation to fight a common enemy in this region. These exercises secure and protect the security of Central Asian counties.

There are some factors of SCO which the indicates the low progress of regional economic cooperation in the region. In this organisation, there are two powers, China and Russia; they don't see eye to eye on matters concerning regional economic development. Russia is also concerned about growing influence of China in this region and its interest to maintain control over the Central Asia oil and gas transit. Under the Umbrella of SCO, China gives financial support to the Central Asian members of SCO. But it could not develop effective financial mechanism . Thus SCO has achieved limited success in the area of economic cooperation.

SCO is as an organisation dominated by China in the Central Asian region. This engagement is interpreted as if the policies of China in SCO is boosting the development of Xinjiang, China's western region and not the Central Asian members and increasing political and economic stability in this region.

Although SCO has been able to achieve security cooperation among member states to a great extent but as we know that Central Asian Countries are not a homogeneous unit. Disputes between Central Asian Countries for water, energy and boundary show

that Central Asian Countries have not been able to develop full consensus. The feeling of a single unit of Central Asia is absent. That's why there is no proper regional organisation which could represent the issues of Central Asian countries. The Central Asian countries don't care about the regional interests, rather they focus upon their individual national interests so it can improve cooperation in several aspects of security. It has promoted trade of energy resources between China and five Central Asian countries because these countries have same energy and trade products, thus they cannot interchange with each other.

The SCO has promoted cooperation not only between China and Central Asian countries but also it has established cooperation among Central Asian countries. Kazakhstan and Uzbekistan show their important presence in the SCO. Kyrgyzstan and Tajikistan's national security depends on international organisation specially on SCO and CSTO. But security cooperation occurs on a bilateral basis but officials of Kyrgyzstan and Tajikistan emphasize that SCO is not only a multilateral organisation but also endeavors to strengthen bilateral ties between these countries. The SCO has given platform to discuss the sensitive issues related to energy, water and road connectivity between Kyrgyzstan, Uzbekistan and Tajikistan. SCO has provided its support as an anti-imperial initiatives to the Central Asian member states. They can enhance security and economic cooperation at their own level and they can promote bilateral level cooperation through SCO, thus it has minimized one sided dependence on Russia and China for economic development and trade.

The SCO member countries have two major regional powers namely Russia and China to counter balance each other so they feel more comfortable and confident in SCO. The SCO has got success in dealing with drug trafficking, separatism, extremism, terrorism and in resolving border disputes. However, SCO has the challenge of deepening economic and trade cooperation amongst its members countries.

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