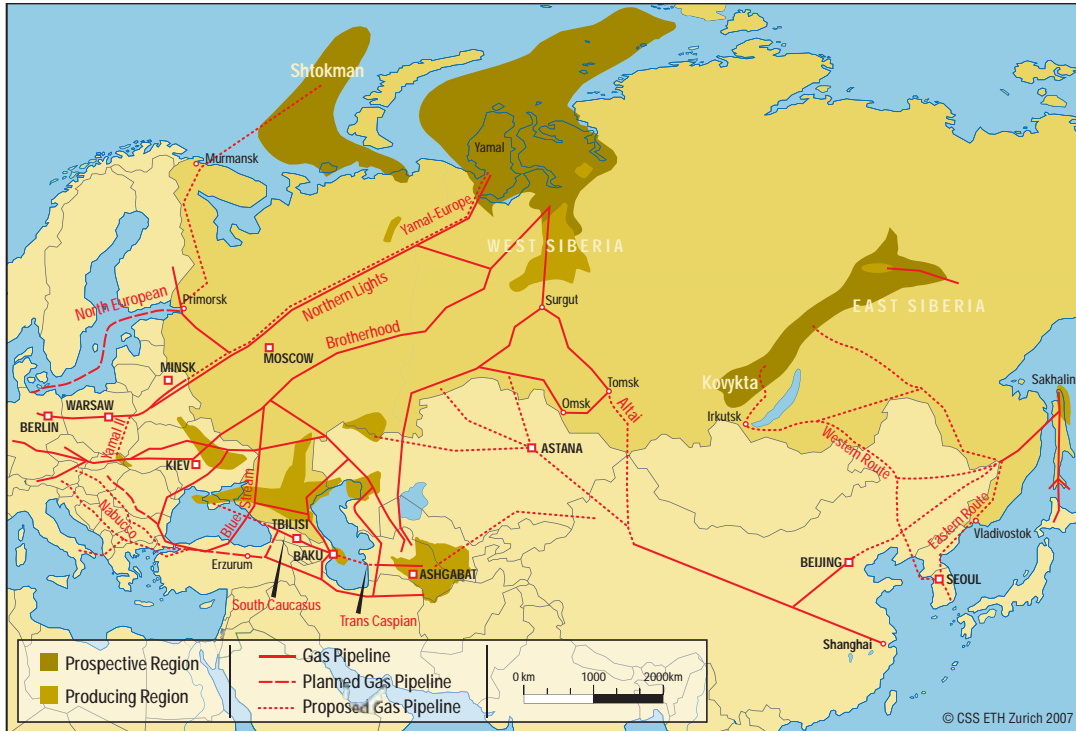


Russia: Main Natural Gas Export Pipelines



Analysis

Russia, Central Asia and the Shanghai Co-operation Organization

By Oksana Antonenko, London

Abstract

Over the past three years, Russia’s influence and presence in Central Asia has been steadily increasing. In contrast to the post 9/11 period, Russia has reasserted itself as one of the key players in the region, in some cases displacing the US, now associated with a democratization and regime-change agenda, as the key strategic partner to many Central Asian (CA) states. Moscow now conducts active regional diplomacy, has increased its investment in the region, provides economic and military assistance to CA states and, most importantly, has re-established close relations with the ruling elites in all of the region’s states, presenting itself as a strong supporter of the existing political regimes. Russia’s new strategic alliance with Uzbekistan, crafted following the Andijon crisis, as well as its close political and business ties with Kazakhstan, represent the backbone of the Kremlin’s new Central Asia strategy. Russia’s new activism is also visible in Tajikistan, Kyrgyzstan and, most recently, post-Niyazov Turkmenistan. Despite having practically abandoned Central Asia in the 1990s, Russia has now made it a top foreign and security policy priority, not only within the Commonwealth of Independent States (CIS), but increasingly as part of its wider regional and global ambitions.

Increasing Attention to Regional Organizations

In addition to bi-lateral ties with Central Asian states, Moscow is paying increasing attention to regional organizations, including the Collective Security Treaty Organization (CSTO), Eurasian Economic Community (EURASEC), and the Shanghai Co-operation Organization (SCO). Russia’s role in these organizations is not so much as facilitator of integration, norm-

setter, or even “banker,” although Russia provides most of the funds for the CSTO. Instead, in many cases, Russia acts as a shock absorber, which helps to reduce or manage tensions between regional states and to promote the identity of Central Asia as a post-Soviet region (in contrast, for example, with the American vision of a “Wider Central Asia,” which would be part of South Asia rather than post-Soviet space).

Russia's participation in regional organizations has one important impact on its policies: in these multilateral formats Russia is increasingly confronted with the need to move away from unilateral leadership, shaped by a domination model, which was prevalent in its policies throughout the 1990s and even in the early Putin presidency, and to accept power-sharing as its new *modus vivendi*, with the rising regional powers, like Kazakhstan, and with powerful external players in the region. This power-sharing model was first tested within the SCO, which over the years, dating back to the SCO's predecessor, the Shanghai-Five Process, kept Russia engaged in Central Asia and helped to define Russia's agenda in the region, while providing confidence-building and transparency in its relations with China in CA. The SCO stands alone as the only organization in post-Soviet Eurasia to which Russia belongs without being a dominant leader or even the most powerful member. Instead, it has been following the agenda set mainly by China and increasingly by Central Asian states themselves. Russia has been surprised by the fast pace at which the SCO has been gaining weight in regional affairs. As the SCO develops, Russia is constantly reassessing its attitudes towards the organization and its role among all the policy instruments available to Russia in the region.

There are a number of issues which both help explain the importance of SCO for Russia and also raise questions as to the impact of the SCO's evolution on Russia's ability to secure its interests in Central Asia. In analyzing these issues, however, one must bear in mind that Russia has yet to clearly articulate its interests and objectives in the SCO and strategies on how to achieve them.

Diverging Partnership: Russia and China in SCO

The presence of Russia and China among SCO members is the key reason why the SCO is increasingly taken seriously, although often with caution, by countries in the West and East. The SCO and its predecessor, the Shanghai Five, have provided a mechanism under which Central Asia's two most powerful neighbors can reconcile their interests and develop ways to cooperate. Early observers predicted that there would be unavoidable Russian-Chinese rivalry or even conflict over influence in Central Asia. The SCO's ability to regulate this conflict has been, without a doubt, the most powerful testimony of the organization's success to date.

However, Russian-Chinese relations within the SCO are becoming increasingly competitive, rather than cooperative. As China moves from declarations

towards promoting specific projects in Central Asia, including those focused on energy and infrastructure, increasing development loans, and signing contracts for strategic projects in the energy and water management sectors, Russia's role as a regional economic power, inherited from the Soviet Union, is diminishing.

At the same time, China has been more cautious than Russia about using the SCO as a tool for anti-Western, particularly anti-US, declarations, preferring instead a quieter, but often more effective, diplomacy. Russia, on the contrary, has been the key engine behind the SCO declarations – such as those calling for NATO base withdrawal or member states pledging not to take steps which could damage the security of other members – which sought to openly challenge the Western presence and influence in CA. While Russia and China both oppose the US and NATO military presence in the region, China is less concerned about engagement by the EU and Asian players, such as the Asian Development Bank (ADB).

China and Russia share concerns about the further enlargement of the SCO, although they continue to lobby different candidates for closer ties with the organization. China supports Pakistan, while Russia has been developing closer ties with India and Iran and, at one point, even proposed bringing Belarus closer to SCO. Finally, while Russia and China both agree on the “three evils” – terrorism, extremism and separatism – as the key priorities for the SCO's security agenda, China seems more reluctant at this stage to commit the SCO to develop capabilities for dealing with potential security challenges – such as cross-border insurgency or even terrorist attacks – in Central Asian states, while Russia pays little attention to Uighur activities in the region.

In strategic terms, Russia and China have increasingly diverging views on the future directions of SCO development. Russia is keen to keep the SCO as primarily a security organization, with only a limited economic role focusing on joint infrastructure projects. Russia seeks to use EURASEC as the key regional economic integration vehicle. China wants the SCO to evolve decisively into an economic grouping, which makes it easier for China to implement its business projects in the region, including those in the energy sphere and trade. China's proposals for the creation of a free-trade zone within the SCO are seen as threatening for Russian and Central Asian state economies, which can hardly compete with China's economic power. This power has already displaced Russia as the key economic and trading partner for many CA states. As this trend continues, Russia might start using SCO mechanisms to limit China's economic expansion into

Central Asia, rather than for the purpose of reducing the existing barriers through economic integration, the vision held by China.

The Sino-Russian tensions are likely to grow and Russia will find it difficult to deal with China's rising influence and activism in Central Asia. The SCO is unlikely to help tackle such issues as migration, resource competition, and the increasing economic imbalance between China and its neighbors, including Russia. The SCO can be used by Russia and CA states as a vehicle – a force multiplier – to contain and balance Chinese influence (just as the Shanghai Five process was used in negotiating border disputes). Such efforts against China could be implemented if Central Asian states decide that their concerns over China's power outweigh the potential and real benefits from welcoming Chinese capital and assistance.

Problematic Security Role

For Russia, Central Asia matters primarily as a potential, and in some cases, such as drug trafficking from Afghanistan, a real security problem. Therefore its engagement in the region, including multilateral co-operation, has been driven primarily by security concerns. This emphasis has changed somewhat under Putin, who started to actively promote the interests of Russian business, particularly companies close to the Kremlin like Russian Aluminum (RUSAL) or state-owned Gazprom, as an additional source of Russian power. However, Putin continues to view the region primarily as a potential source of instability and threat for Russia itself. Practically all regional initiatives involving Russia, perhaps with the exception of EUROSEC, have security at the top of their agendas. The SCO has been seen, and continues to be seen, in the same light. The Shanghai Five helped to prevent potential conflicts over border disputes, worked to develop confidence-building measures along the former Sino-Soviet border, and declared the goals of fighting terrorism, extremism (primarily motivated by nationalist or radical Islamic ideas), and separatism long before 9/11.

Since the late 1990s Russia has taken a number of decisions in regard to countering terrorist threats in Central Asia. Very few of them were actually made within the SCO. In particular, Russia used the CSTO as a vehicle for creating joint capabilities with the Central Asian states, such as the Collective Rapid Deployment Forces set up immediately after the Islamic Movement of Uzbekistan (IMU) insurgencies in Kyrgyzstan and Uzbekistan in 1999 and 2000. In 2001 Putin's decision to acquiesce to the presence of US and coalition troops and bases in CA was testi-

mony of Russia's real concerns about developments in Afghanistan. Putin realized that Russia was unable, even with support from its CA allies, to stop the civil war in Afghanistan, to remove the Taliban, and to bring some degree of security to the country and hence to neighboring Central Asia. China, by contrast, never openly accepted the bases' legitimacy and viewed them as directed against China.

The SCO has been used for sending political messages and undertaking information gathering and sharing among its members. Both SCO and Russia have firmly sided with Uzbekistan in support of its harsh response to the Andijon unrest. Russia and the SCO are actively targeting Hezb-ut-Tahrir activists, considering them a major security threat both for CA and Russia. For Putin, just as for other SCO states, the democratization agenda, including support for so-called "color revolutions," which led to the overthrow of President Askar Akaev in Kyrgyzstan, is seen as a security problem, partly because it undermines the state's capacity to deal with other security challenges.

Although Russia has been focused on the security agenda in CA ever since the end of the Soviet Union, it has so far failed to develop any effective mechanisms to address real security threats in CA either through bi-lateral military assistance or through multilateral mechanisms such as the CSTO. In this sense, the SCO also remains a weak security instrument, particularly concerning new threats, which are primarily internal within CA states or linked to wider trans-regional organized crime networks.

Security has been a core preoccupation of the SCO since its establishment. The inaugural summit approved the Shanghai Convention on Combating Terrorism, Separatism and Extremism, under which states agreed to pursue information exchange, extradition and operational coordination to fight these "three evils." The 2006 Shanghai summit approved a new program for cooperation in fighting terrorism, extremism and separatism in 2007–09.

The SCO Convention laid the foundations for the establishment of the Regional Anti-Terrorist Structure (RATS) and for the development of closer cooperation between security services, law-enforcement agencies, and, to a lesser extent, the militaries of SCO member states. RATS, which is located in Tashkent, was the second of two permanent SCO institutions established in 2003 (the first was the Beijing-based SCO Secretariat). RATS is responsible for information exchange and analytical work among SCO members' security services. Its staff of 30 includes seven specialists from both Russia and China, six from Kazakhstan, five from Uzbekistan, three from Kyrgyzstan, and

two from Tajikistan. Since 2003, RATS has compiled a list of terrorist organizations and key personalities involved in terrorist activity on member states' territories. It has made some progress in harmonizing anti-terrorist legislation among member states. Yet the SCO has little practical role in addressing either the root causes or managing the consequences of terrorist activities. Moreover, it still plays a minor role in dealing with the key region-wide security concern, drug trafficking.

In addition to RATS' day-to-day activities, SCO member states also conduct joint anti-terrorist exercises. The first took place in 2002 on the Chinese–Kyrgyz border. Primarily including security services, but also some military and interior forces, they have offered the first opportunity for Chinese forces to exercise in Central Asia and for Central Asian and Russian forces to enter Chinese territory. In August 2003, five SCO member states – Kazakhstan, Kyrgyzstan, China, Russia and Tajikistan – conducted joint exercises on the Chinese–Kazakh border, and in 2006 large-scale anti-terrorist exercises – ‘East-Anti-terror 2006’ – took place with the participation of all SCO member states. In 2007 the SCO military exercises were the largest to date and included an impressive display of military power, which, however, seemed to be go beyond the SCO's declared terrorism agenda and have little in common with modern strategies of targeting terrorist groups or insurgencies. The displays appeared more a demonstration of power in the context of continuing Western military presence in the region, rather than a real reassurance against future terrorist threats.

One role which the SCO could have played is to help translate some of its experience in addressing border disputes between China and post-Soviet states to tackle the existing border problems within CA itself. Many unresolved border disputes represent potential sources of tensions and even conflict and obstacles for trade and economic development. Closer ties with Russia helped to some extent to encourage some normalization in Tajikistan-Uzbekistan relations, however this process is far from complete. At the same time, the withdrawal of Russian border guards from Kyrgyzstan and Tajikistan meant that Russia was no longer influential enough to help strengthen border regimes. In 2007 the Russian Secretary-General of CSTO – Nikolai Bordyuzha - refused to discuss the request from Kyrgyzstan to bring Russian border guards back to Kyrgyzstan. The SCO could have played some role in this issue but Russia is cautious to authorize anything which could imply some form of long-term presence of Chinese military or other security forces in Central Asia on a long-term basis.

Moreover, while keeping the security agenda – where Russia still enjoys greater power than China - among the SCO priorities, Russia is reluctant to empower the organization to such a degree that it could question the need for the CSTO, where Russia remains the undisputed leader. Unlike the SCO, which only established a working group on Afghanistan last year and has achieved few real results, the CSTO has been working on developing a concept of security belts against drug trafficking in Central Asia and reinforcing joint capabilities, which still remain rather weak and practically untested in real operations. China, on the other hand, is reluctant to see any merger, even on an ad hoc basis, between the SCO and CSTO, perhaps due to the fact that such a union could strengthen Russia's role in the SCO. Any prospective enlargement of the SCO, which could include any or all of the existing observers (India, Pakistan, Mongolia and Iran), will multiply security problems within the “SCO area” while further undermining any chances for the creation of meaningful joint mechanisms to deal with them.

Economic Limitations

For many of the abovementioned reasons, the SCO's security portfolio will remain limited. At the same time, its economic agenda is expanding, thus posing potential limitations on Russia's power within the SCO. On one hand, Russia's economic presence in Central Asia is expanding rapidly. However, as Russian companies, with the Kremlin's support, are imposing tough bargains on their Central Asian counterparts in Tajikistan, Uzbekistan and even in Kazakhstan, there is a growing reluctance in the region to allow greater economic dependency on Russia. Russia's key strategic economic interest in CA is to gain control over its energy resources and its transportation routes to world markets. The recent deal signed between the presidents of Russia, Kazakhstan, and Turkmenistan on the construction of a gas pipeline along the eastern shore of the Caspian Sea has been trumpeted as a key Russian geo-political victory. Yet this approach contradicts the SCO agenda, according to which CA states should have the chance to diversify their export routes. Not only China, as a SCO member, but also India and Pakistan, as observers, are determined to use SCO membership as a vehicle to get access to CA resources and find ways to bring them into South Asia. The ideas of an integrated gas market or an alliance of gas-producing states, along the lines of the proposed gas OPEC, which was discussed by Putin and Iranian President Mahmoud Ahmedinejad on the fringes of the 2006 SCO summit in China, would not benefit all CA states and therefore could not be-

come a SCO project. In those areas where the SCO as a regional institution can really contribute – such as regional infrastructure projects – China has so far demonstrated more interest and more willingness to commit funds than Russia. China has recently committed over \$600 million to finance projects in Tajikistan, including renovation and construction of roads and the construction of a 150-megawatt hydropower plant in Sughd province. Meanwhile the construction by Russian companies of another hydropower station in Tajikistan has been delayed.

Geo-political Divisions

Apart from the security and economic agenda, Russian support for the SCO is based on geo-political considerations, first and foremost, its ambition to reassert itself as a major international player and to counter what Russia sees as the expansion of US influence in its backyard. For Putin, the SCO represents a powerful argument with which to back Russia's multipolar world vision – also shared by China – and present the vision of an alliance between Russia, China and India. This idea has been floated by Russia since Yevgeny Primakov's time as Russian Foreign Minister under President Yeltsin as a counter-balancer to the US and NATO. Although no such alliance can be created in practice for a variety of obvious reasons – such as continuing Sino-Indian tensions and India's close ties with the US, as well it being a democracy – the SCO offers an opportunity to claim that such an alliance could be established within a wider framework. President Putin has on a number of occasions noted that the SCO has more population than any other international organization (counting the populations of India and China), the largest territory and a large share of global natural resources.

In addition to using the SCO as a tool to justify Russia's regional, and even global power ambitions, Russia, often with the support of China and most recently Uzbekistan, also uses the SCO as a rhetorical tool to deliver some tough messages to the US – such as the famous Astana Summit declaration on the need to withdraw all coalition troops and bases from Central Asia. In 2006 Putin spoke strongly against “creating any parallel structures” in the SCO space which could duplicate the role of the SCO. President Putin has been using the SCO as a powerful instrument to back up Russia's anti-Western rhetoric at home and to demonstrate that Russia and “its allies” could present a real challenge to the US and Western interests in Eurasia.

However, despite this campaign to promote the SCO, the organization is far from speaking with one voice in support of Russia's new zero-sum geo-

political rivalry with the US in Eurasia. Despite the Astana declaration, US and NATO troops remain in Central Asia. They have a base in Manas (Kyrgyzstan) and continue to use facilities in Tajikistan and even in Uzbekistan, where German troops are stationed in Termez. Moreover, both Kazakhstan and Kyrgyzstan continue to expand their co-operation with NATO and the US. Even China is reluctant to back strong anti-Western rhetoric as part of SCO declarations. In fact China has been developing a constructive and positive dialogue with the EU and gradually with NATO. Moreover, any prospective enlargement of the SCO would mean that it will have even less appetite for any verbal confrontation with the West. Both India and Mongolia have close ties with the US, which they value more than their relations with SCO member states, and Pakistan remains a strong ally in the US war on terror. Only Iran, which is in a state of cold war with the US and has tense relations with the EU over its nuclear ambitions could move the SCO toward greater confrontation with the West, but its chances of obtaining full membership in the foreseeable future remain very low. Both Russia and China are reluctant to import the Iranian nuclear problem into the SCO umbrella. Sergei Ivanov, former Russian Defense Minister and now the front runner to succeed Putin in the Kremlin, has made it clear that Russia will never endorse any collective security guarantees to Iran, as a SCO observer, should the West decide to take any military action against it.

As Russia's relations with the West continue to deteriorate as a result of US plans to deploy missile defense systems in Central Europe or over Russia's decision to suspend its participation in the Conventional Forces in Europe (CFE) Treaty, or in response to Western criticism of Russia's domestic political developments, Russia could be tempted to use the SCO as a vehicle for reasserting its international role and to mount a strong opposition to Western policies. However, it is unlikely that other SCO members, including China, are open to a greater confrontation with the US and the EU. On the contrary they will be seeking ways to position the SCO as a partner to the West and to erase its image as a threat or an anti-Western political-military alliance.

Prospects

Of all the regional organizations in Central Asia, the SCO has the best chances to survive the test of time and continue developing in the future while maintaining its role as one of the key, if not the most powerful, regional multilateral mechanism. Russia has many powerful reasons to support the SCO. Among them is

the need to engage with China constructively while simultaneously countering its power in an alliance with CA states, whenever China gets too powerful. The SCO also offers a number of economic incentives, as well as a platform for the security dialogue and for keeping the “multi-polarity rhetoric” alive for the benefit of domestic audiences as long as the US remains a skeptical unilateralist. However, the SCO will also pose real and increasing limits on Russia’s ability to exercise its power in the region, not only due to Chi-

na’s unavoidable rise in CA, but also due to greater confidence among CA states themselves and the challenge posed by SCO enlargement.

Nevertheless, the SCO is good for Russia: it is the only platform where it can learn how to compromise, instead of dominating. Absorbing this lesson, in the end, could do more to help Russia to mature as a powerful and respected global player than its attempts to use the SCO to back up its great power rhetoric.

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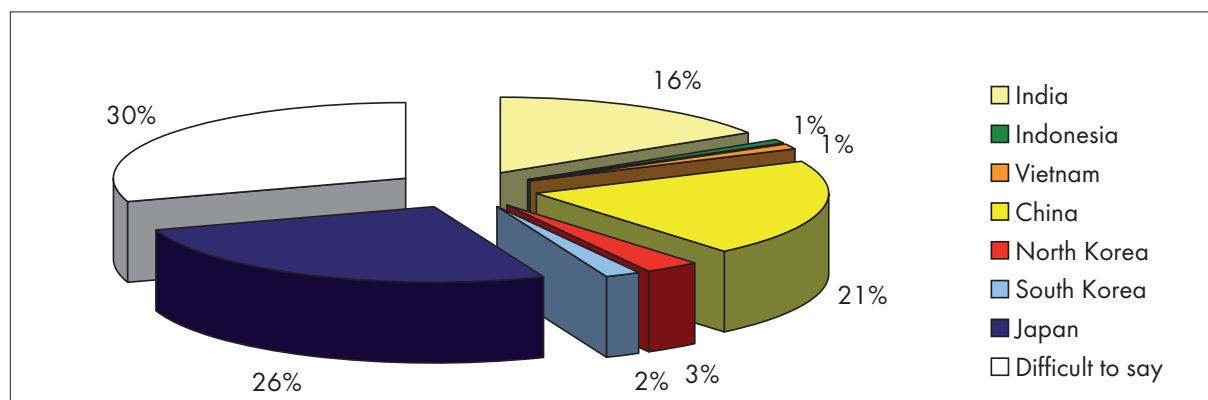
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- Oksana Antonenko, “Why the EU should not ignore the SCO,” Centre for European Reform, http://www.cer.org.uk/pdf/policybrief_sco_web_11may07.pdf

Opinion Survey

Russian Views on their Asian Neighbors

Translated and compiled by Yuliya Yurchuk

Who, In Your opinion, Should Become the Main Partner of Russia in South-East Asia?



	Total sample	Federal Districts*						
		CFD	NWFD	SFD	PFD	UFD	SFD	FEFD
India	16%	17	14	15	18	18	20	8
Indonesia	1%	1	-	-	-	3	3	1
Vietnam	1%	1	-	0	2	-	1	-
China	21%	22	11	15	19	27	21	36
North Korea	3%	3	3	5	1	1	3	1
South Korea	2%	2	1	3	2	1	2	3
Japan	26%	23	31	28	25	35	23	24
Difficult to say	30%	31	40	34	33	15	27	27

* Abbreviations: CFD – Central Federal District, NWFD – North-Western Federal District, SFD – Southern Federal District, PFD – Privolzhskij Federal District, UFD - Ural Federal District, SFD – Siberia Federal District, FEFD – Far-East Federal District.