



The Shanghai Cooperation Organization and the Future of Central Asia

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As Prepared

Well, Drew, thanks so much for inviting me. And thanks everyone for coming out today for what I'm sure is going to be a very provocative conversation.

Now, the Nixon Center is a tough taskmaster because my assigned subject generates an awful lot of controversy in this country: "The Shanghai Cooperation Organization (SCO) and the Future of Central Asia." And in particular, I've been asked to talk about its recently concluded summit in Bishkek: what was done there and what wasn't, and of course about the implications of the Shanghai Cooperation Organization for the United States.

It's a subject that seems to make a lot of Americans' blood just boil. Much is written every time the Shanghai Cooperation Organization holds a summit, runs an exercise, makes a pronouncement, or announces some new objective. So I want to be a bit reflective, to step back and pose a few questions about what the SCO is and isn't. So I am going to talk about Bishkek and I'm also going to talk about some questions we in the U.S. Government have wrestled with as we weigh what the SCO might mean for American interests in Central Asia.

But the issue before us is, in fact, broader than just the SCO: There's a debate in the United States about what the SCO is, whether its members can cooperate, and what their cooperation might mean for us. But there's a broader, parallel debate about how to promote cooperation at all in this part of the world. This is an important interest for the United States. For sixteen years, through three Administrations, a core American objective in Central Asia has been to support the emergence of sovereign, independent states: states that have strategic choices; states that have some freedom of action; and states that feel secure enough to seek opportunities, including economic opportunities, in all four directions on the compass.

Independence in 1991 created this opportunity for the five new Central Asian states. But as you all know, new borders also created some new challenges. And to fully understand that we have to go back to the collapse of Soviet power. That collapse created international borders where none had existed. It divided families from communities, and separated water from farmers and fields. Decisions that once were dictated by Moscow now are the subject of negotiation, haggling, and compromise by, and among, five separate states. And today, Central Asians sometimes require complex intergovernmental agreements on everything from visas to irrigation.

And so because it is American policy to promote cooperative solutions to the economic and security challenges of Central Asia, we need to ask the Big Question about this part of the world: How to promote cooperation and integration in a region where cross-border linkages are so essential, and yet so very elusive?

As Tom, Dmitri, and Nancy know so well, the Central Asian space--indeed, much of the post-Soviet space--is littered with an alphabet soup of these organizations: not just Shanghai Cooperation Organization, but also CSTO, EURASEC, ECO, the CIS summits, and so on. And we have a body of (mostly unhappy) evidence, accumulated over sixteen years, to suggest that while Central Asian countries desperately *need* to cooperate, their need for cooperation too rarely translates into complementary policies. And this is true even on some of the backbones of economic life: crossing a border, clearing a customs check-point, sharing water and electricity, irrigating land.

In many areas, Central Asians and their neighbors are deeply dependent on one another. Yet this reality is deeply disquieting to some. And so whether through the Shanghai Cooperation Organization or through the mechanisms we Americans promote, that's what multilateral cooperation in Central Asia should aim to do: It should aim to develop habits of cooperation that preserve independence and sovereignty, but also lift all boats.

Now, for our part, we have worked hard--and America has spent billions--to help Central Asians feel secure enough to work jointly in support of development and security: We've spent \$39 million over the years on trans-boundary water projects alone. We have extensive customs and border programs. We have a major Regional Energy Market Assistance Program, or "REMAP." And there is the U.S.-Central Asia Trade and Investment Framework Agreement, which includes all five Central Asian countries plus Afghanistan. So our own goal has been to support independence while promoting cooperation. And that frames the four questions many of us in Government now ask about the Shanghai Cooperation Organization.

First, what does the Shanghai Cooperation Organization actually do, not just say, to promote cooperation? Second, does the Shanghai Cooperation Organization strengthen, or dilute, the independence and sovereignty of all of its members, including its smaller Central Asian members who too often have been the victim of geopolitical struggles? Put a bit more sharply: What exactly is the relationship between two huge continental powers--Russia and China--and the Shanghai Cooperation Organization's smaller, but nonetheless fiercely proud and independent, Central Asian members? Third, is the Shanghai Cooperation Organization directed against the United States? And fourth, does the SCO's agenda for cooperation in Central Asia complement, or contradict, our own?

Let me offer a few quick thoughts on each of these four questions. First, what does the Shanghai Cooperation Organization do?

To be candid, we don't fully understand what the Shanghai Cooperation Organization does. We know what its members have said: They adopt communiqués. They issue joint statements. They make declaratory commitments. We know the Shanghai Cooperation Organization holds meetings--a lot of them, actually: summits, foreign and defense ministerials, working groups, and so on.

We know it has a Secretariat. We know it opens coordination centers, such as its regional anti-terrorism structure in Tashkent, and we know it conducts joint military exercises.

But what does the Shanghai Cooperation Organization actually do to promote enduring cooperation in this part of the world? Is it a security group? A trade bloc? Something else? What is the Shanghai Cooperation Organization members' vision of their own organization? Because merely holding an exercise, however large and impressive, does not in itself produce enduring security cooperation.

The point isn't trivial because it's so frequently asserted, by its detractors, that the SCO is "bad for the United States" or else, by its members, that the SCO "doesn't threaten the United States." But we in Government are old-fashioned: to weigh the question, we begin with American interests; and to assess whether something is "good" or "bad" for American interests, we need to know what it actually does.

So here's at least some of what we know. We know the Shanghai Cooperation Organization began in the mid-1990s as the "Shanghai Five." And the group had clear criteria for membership--its members all shared a border with China. It had a defined purpose. It had measurable goals. The Shanghai Five sought, in essence, to resolve outstanding border disputes among China and its post-Soviet neighbors.

But having accomplished this task, and then expanded its membership to include Uzbekistan, four observers, and some contact partners, the SCO's purpose and goals have become broader and, thus, murkier.

The Shanghai Cooperation Organization Charter lists a range of goals, from security and stability, to fighting narcotics and terrorism, to economic cooperation, to cultural exchange, and even to the promotion of democracy. It's an ambitious list. But it's hard to point to concrete achievements in many of these areas--except on the basis of bilateral or non-SCO agreements and understandings. A Kazakhstan-China pipeline, for instance, is not, in fact, an "SCO" pipeline.

And so we in the United States are still struggling to sort fact from fiction, to distinguish statements from actions, and to differentiate what is "good" for our interests from what might be rather less productive. But we also know at least some of what the Shanghai Cooperation Organization is not. The Shanghai Cooperation Organization is not a "new Warsaw Pact." Because while the Pact permitted Soviet troops and bases across the territory of its members, Central Asian states are, in fact, asserting their sovereignty and independence.

In Tajikistan, for instance, the Government has taken over responsibility from Russia for the country's borders. And Tajikistan is doing so in close partnership with the United States. We have provided some \$40 million for the reconstruction, renovation, and equipping of 15 border control stations on the Tajik-Afghan border, as well as training and equipment for the Tajik border forces.

Neither is the Shanghai Cooperation Organization a "counterweight to NATO," not least because its Central Asian members' participation in the SCO has by no means *precluded* their cooperation with NATO:

All five Central Asian nations are members of NATO's Partnership for Peace. NATO strengthened its focus on Central Asia at its 2004 Istanbul Summit.

And of course, we and our NATO allies continue to operate in Central Asia, providing mobility and lift for the fight in Afghanistan. Nor has the SCO yet precluded military cooperation with the United States. In fact, we have robust security assistance programs in all five Central Asian countries, including the four who are members of the Shanghai Cooperation Organization.

We have donated patrol boats to the Kazakhstani and Uzbekistani maritime border guards. We've refurbished facilities across the region. We helped to build the Tajik and Kyrgyz national Drug Control Agencies, with money, expertise, and technical support. We are helping Kazakhstan to acquire refurbished Huey helicopters for its rapid reaction forces. We helped to rebuild Kyrgyz military aviation. Indeed, I personally signed the ceremonial documents at a Kyrgyz airfield in April that handed refurbished MI-8 helicopters over to the Kyrgyz military.

And all of this is just in the military sphere. We're also active with the Shanghai Cooperation Organization's members in trade and investment. Quite apart from our \$260 billion trading relationship with China, we are, for example, the Number One foreign investor in Kazakhstan, and in 2005, almost 30 percent of total Foreign Direct Investment in Kazakhstan came from American companies.

U.S. trade with most of Central Asia is rising rapidly. With Tajikistan, exports to the United States jumped 200 times from 2002 to 2005, from a paltry \$1.2 million to \$241 million. U.S. exports to Kyrgyzstan nearly tripled from 2001 to 2006. And these aren't loans and credits. We're looking to create the conditions for both trade and investment.

So that's the good news. As I said, we have long wanted our Central Asian partners to have choices and freedom of action, and so they do: many Shanghai Cooperation Organization members, not least its Central Asian members, have robust cooperation in every sphere with the United States. But we also want to see multilateral groups that buttress the kind of cooperation I talked about.

And so we will watch what the Shanghai Cooperation Organization does, and what it becomes. And we'll watch especially whether the SCO's initiatives complement our own.

Now, second, as I said at the outset, we're watching the relationship between the Shanghai Cooperation Organization's big powers and its smaller members. Or more specifically--and I'll be absolutely open and candid--we're trying to gauge how Russia and China view the future of the Shanghai Cooperation Organization, and their view of the American role in Central Asia.

Our own approach is simple: Pick up a newspaper, read about Central Asia, and the stories nearly always involve "chessboards" and geopolitical "blueprints." So let me be clear: We don't regard Central Asians as pieces on anyone's chessboard. And we hope Russia and China don't either.

For one thing, it's just insulting to Central Asians: They are not the passive receptacles of the wily strategies of outside powers. Their interests, goals, and motives are their own. And while they operate within strategic and economic constraints, they fiercely defend their independence.

For another thing, then, it's also just inaccurate: In fact, I would argue that, if anything, it's been the other way around: Over the past sixteen years, Central Asians have demonstrated remarkable skill at turning Great Power rivalry into an asset that maximizes their independence.

Just look at Kazakhstan's "multi-vector" foreign policy. And I would add, too, that Russia and China are competitors on, for example, energy, no less than they are partners in this region. We Americans put Central Asians *themselves* at the center of our approach to this part of the world. They are not the passive objects of geopolitical struggle. They are the active focus of our policy.

Indeed, to that end, we also seek to work with Russia and China. And so we conduct diplomatic and strategic consultations on Central Asia with both countries. And we want to pursue some complementary agendas: As a WTO member, for instance, why shouldn't China work with us to promote WTO-compliant trade regimes in the region?

And as a destination for drugs, why shouldn't Russia work jointly with us to support counternarcotics efforts? Who wouldn't want to fight narcotics and terrorism, to expand economic opportunity, and to bring stability and security to Afghanistan? We see a lot of opportunities--because the world of 2007 is, quite simply, not the world of 1947. And for the first time in more than two centuries, the big powers of the world are largely at peace with one another. But we're not naive either.

And we're not complacent about the opportunity to overcome the debilitating 19th century legacy of Great Power rivalry. And so while we know that Russia and China have important interests in Central Asia, we look to Russia and China, too, to respect America's interests, our presence, and our role in Central Asia. That means respecting our partnership with five independent Central Asian states. And it means promoting their sovereign right to develop robust and multi-dimensional relations with us, even though they may also be members of the Shanghai Cooperation Organization. Third, I asked at the beginning whether the Shanghai Cooperation Organization is directed at the United States. And the answer is, "we certainly hope not."

We noted with interest that the 2006 and 2007 Shanghai and Bishkek declarations did not repeat the Shanghai Cooperation Organization's 2005 statement that called for a "timeline" on Coalition military presence in the region. We've noted the explicit statements by SCO presidents that the Organization is not directed at us. We've noted that disagreements about some elements of our agenda haven't precluded cooperation in the many areas where our interests overlap. We've noted all these things. But we're also somewhat wary.

In broader historical terms, it's been a recurring pattern of history that when there is a preponderant major power--and the United States remains a multi-dimensional

preponderant power--there is a tendency of other players to band together to try to achieve some sort of balance. It's often said we need to reassure others about our intentions in this region. But we need some reassurance too.

For one thing, we want to be reassured that if every Shanghai Cooperation Organization member individually shares an interest with the United States, then, quite logically, all SCO members should collectively share that same interest with the United States. We couldn't help but be puzzled, then, by the underlying implication of the Astana Declaration in 2005: Every member of the Shanghai Cooperation Organization--Russia, Uzbekistan, China, and others--has told the United States it shares our interest in a stable, rebuilding Afghanistan. And so if each shares that interest, so too should they *all* when they come together as a group.

Indeed, as a practical matter, there is a long list of such issues, critical to global order, which will require multinational cooperation. Since 2005, therefore, we have forcefully conveyed our position to Shanghai Cooperation Organization capitals. We have not heard such statements repeated. And we remain grateful to the Kyrgyz Government for hosting Manas Air Base, which remains important to the international effort in Afghanistan.

Frankly, we're also wary of Iran's role as an Shanghai Cooperation Organization observer. We often forget just how integral Persia was to the great Silk Road trade routes. But however glorious the past, the international community has spoken clearly about present-day Iran, including in a Security Council resolution that imposed sanctions for its uranium enrichment-related activities. And so we don't want to see participation in the SCO, even as an observer, enable Iranian efforts to defy the Council. It's worth remembering that two members of the SCO are also permanent members of the Security Council.

And that takes me to my final question: Can elements of the Shanghai Cooperation Organization's agenda complement our own? The answer, of course, is "Yes, if ..." -- because that would depend, in large part, on the route its members choose for their Organization. Behind the pronouncements, we know there is ambivalence.

What should the Shanghai Cooperation Organization's agenda be? Ask a Russian, ask a Chinese, ask a Kyrgyz, ask an Uzbek. You will hear four different answers. Some want to focus on security, some on economics, some on the so-called "three evils," and others on pressuring international non-governmental organizations. Perhaps the best place to start would be with the agenda we and our Central Asian partners are pursuing in this region.

Take Afghanistan: it wasn't so long ago that Afghanistan was viewed as the principal security threat to Central Asia. And so when this year's Shanghai Cooperation Organization summit replaced calls for a "timeline" on Coalition forces with a commitment to "develop economic cooperation" with Afghanistan, we took notice. And we encourage all SCO states to work with the Afghan Government to this end.

Likewise, with the notion of an Shanghai Cooperation Organization "Energy Club." When we hear "club," we tend to think "cartel." And what kind of cartel includes both producing and consuming countries?

Our approach to Caspian energy is simple: We favor more routes of supply in more directions on the compass. We want to work with consumers, such as China, through structures such as the International Energy Agency. And we are working with Central Asian producers, such as Kazakhstan and Turkmenistan, to help them obtain market prices for their exports. But we seek an open, market-based approach to global energy supply and security, not arrangements based on "clubs" or cartels.

Let me say just one final word about democracy and reform. We're not naïve about this either: Frankly, none of the Shanghai Cooperation Organization countries shares our enthusiasm. And we know our talk of reform is often seen as a direct threat to existing structures and political interests. Odd as it may sound, leaders in some countries find our vision alarming.

We want to reassure them. We care deeply about both economic and political reform. But we think reform makes sense--not just for "our" agenda but for theirs. Let me give you an example: rule of law.

Promoting the rule of law is not, as some might have it, a solely "American" agenda to assure better governance and democratic development. It is, too, a fundamental part of building the more attractive economic and investment climate that all six Shanghai Cooperation Organization members hope to create. How many international companies will invest where the rule of law is uncertain, or where contracts can be shredded at whim without means of legal redress? Our Russian colleagues complain about the business climate in Central Asia. Our Kazakhstani colleagues--now a major investor in neighboring countries--worry about investment risks to their private sector. And so we all share these challenges.

We don't seek to become a member or observer of the Shanghai Cooperation Organization. But we welcome all initiatives that complement the affirmative agenda we believe we are pursuing with our Central Asian partners. And we certainly would welcome transparency with regard to SCO activities.

We will watch with interest what the Shanghai Cooperation Organization says, but we will especially watch what it does, and what it becomes.

Thanks very much.

 [BACK TO TOP](#)