



SCO's
Role in Regional Stability
Prospects of its Expansion



Islamabad Policy Research Institute

SCO's Role in Regional Stability: Prospects of its Expansion

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Hanns Seidel Foundation (HSF)

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2013

ISBN 978-969-8721-43-5

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Composed by
Noreen Hameed

Printed by
MAD Mob
G-7/1, Islamabad

Price: Pakistan Rs. 500/-
Foreign US\$ 10

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Acknowledgements

This volume is based on papers presented at the two-day international conference “SCO’s Role in Regional Stability and Prospects of its Expansion” held on August 28-29, 2013 at Marriott Hotel, Islamabad. The Conference was jointly organized by the Islamabad Policy Research Institute (IPRI) and the Hanns Seidel Foundation, (HSF) Islamabad.

The organisers of the Conference are especially thankful to Mr. Kristof Duwaerts, Resident Representative, HSF, Islamabad, for his co-operation and sharing the financial expense of the Conference.

For the papers presented in this volume, we are grateful to all participants from Pakistan and abroad, as well as the chairpersons of the different sessions, who took time out from their busy schedules to preside over the proceedings. We are also thankful to the scholars, students and professionals, who accepted our invitation to participate in the Conference.

The successful completion of the Conference owes much to the untiring efforts and logistical support provided by the staff of the IPRI and the HSF.

Finally, our thanks are due to all those whom it would not be possible to thank individually for their help in making the Conference a success. ■

Acronyms

ADB	Asian Development Bank
ANA	Afghan National Army
ANP	Afghan National Police
ASEAN	Association of Southeast Asian Nations
ATA	Anti-Terrorism Act
CAREC	Central Asian Regional Economic Cooperation
CES	Common Economic Space
CIA	Central Intelligence Agency
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organisation
EAEC	Euro Asian Economic Community
EEC	European Economic Community
EC	European Commission
ECO	Economic Cooperation Organization
ESCAP	Economic and Social Commission for Asia and the Pacific
ESR	Education Sector Reforms
FATA	Federally Administrated Tribal Area
GDP	Gross Domestic Product
GNP	Gross National Product
GWOT	Global War on Terror
HSF	Hanns Seidel Foundation
ISAF	International Security Assistance Force
IMU	Islamic Movement of Uzbekistan
IPRI	Islamabad Policy Research Institute
ISPR	Inter-Services Public Relations
ISI	Inter Services Intelligence
KKH	Karakoram Highway
NATO	North Atlantic Treaty Organisation
OEF	Operation Enduring Freedom
RATS	Regional Anti-Terrorism Structure
RCD	Regional Cooperation for Development

S

SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organisation
TAPI	Turkmenistan-Afghanistan-Pakistan-India Pipeline
TTP	Tehreek-i-Taliban Pakistan
UN	United Nations
UNODC	UN Office on Drugs and Crimes
WTO	World Trade Organisation

Introduction

**Ambassador (R) Sohail Amin
Mr. Muhammad Munir and Mr. Usman Ghani**

This volume is based on the papers, presentations and speeches made at the two-day International Conference on SCO's Role in Regional Stability: Prospects of its Expansion jointly organised by Islamabad Policy Research Institute (IPRI) and Hanns Seidel Foundation (HSF), Germany, at Marriott Hotel, Islamabad on 28-29 August 2013. Notable scholars, academicians and policy-makers from Pakistan, Afghanistan, China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Germany, Belgium and SCO's Deputy Secretary General participated and shared their views on different aspects of the organisation's role in regional stability with special focus on prospects of its expansion and likely benefits for regional peace and prosperity.

Since its inception in 2001, the Shanghai Cooperation Organisation (SCO) has become a regional force and has been gaining importance in Asia's security dynamics. Its six member states cover a territory hosting more than one-quarter of the world's population. Two of its founding members — Russia and China — are permanent members of the United Nations Security Council. The forum is not an alliance directed against any other state or region. Over the last decade, its activities have expanded to include military cooperation, intelligence sharing, and counterterrorism drills in order to combat the 'three evil forces' — separatism, extremism and terrorism. In recent years, the organisation has also been attending to economic issues, in particular concerning energy security which is a matter of great importance not only for its members but for the whole region. With the observer nations — Pakistan, Afghanistan, India, Mongolia and Iran — gaining full member status, the SCO might well evolve into an even more important player in world politics and go beyond its regional reach.

Meanwhile, the region is facing multifarious challenges. The international troops will be withdrawing from Afghanistan in 2014 after 13 years of their turbulent presence in the country. The withdrawal is not expected to bring any relief to the region. In fact it is feared it might put serious strains on the security situation in the region with major stakeholders — China, Pakistan, Russia, India and Iran — pursuing their varied interests in Afghanistan. US withdrawal is not the only worry; there are also threats to national sovereignty from terrorists, extremists, and, in places,

from separatist elements. Moreover, major states of the region have territorial disputes awaiting resolution.

Pakistan has for long been trying to become an SCO member state. It believes its membership will enable it to diversify its foreign policy and enable it to play a more effective role in the stability of the region. With the development of Gwadar Port, Pakistan can become an energy and trade corridor for SCO countries. SCO member countries are also engaged in tackling terrorism through its institutionalized platform. Pakistan's inclusion as full member could help the former coordinate its efforts against terrorism at the regional level. On the other hand, in order to secure long-term economic growth, economic ties will have to be forged and new markets explored, particularly in the area of energy. In order to highlight these imperatives, the proceedings of the international conference on SCO's Role in Regional Stability: Prospects of its Expansion are now being published in the form of a book. The proceedings of the Conference are briefly mentioned below:

In his welcome address, **Ambassador (R) Sohail Amin** greeted the speakers, guests and audience of the two-day international conference. While highlighting the importance of the topic of the conference, he said that the timing of the conference was important as it heralded the SCO summit scheduled on September 13, 2013. He described SCO as an effective instrument in maintaining regional stability and stated that Pakistan shared SCO's concerns about the three evils of terrorism, extremism and separatism. By getting full membership of the organisation Pakistan would be able to contribute more fully and positively to the realization of SCO objectives.

In his opening remarks, **Mr. Christian J. Hegemer** briefed the participants about the achievements and activities of HSF undertaken in collaborating with think tanks, government departments and the civil society in Pakistan. He said that the expanded SCO would represent half of the world's population while making it the biggest regional body in this respect. He referred to article 1 of the charter of the SCO which defines goals and tasks of the organisation and described these as in harmony with HSF's goals and objectives. He hoped that SCO's expansion to South Asia will be a harbinger of peace and stability in the region.

In his opening statement, **H.E. Mirzosharif Jalolov** stated that SCO attached particular importance to such conferences and events as these provided an alternative vision to the official stance and brought to light out new perspectives. He pointed out that the SCO Secretariat reviewed expert opinions, initiatives, and proposals voiced at similar platforms, and then prepared recommendations for the heads of states, heads of agencies and National Coordinators of SCO member states.

In the inaugural address, **Mr. Mohammad Akram Zaki** identified post-Cold War NATO expansion as one of the reasons for the formation of the Shanghai Five with the specific objective of resolving border disputes and reducing troops along border regions. He negated the Western view about SCO as an “Eastern NATO” and argued that though SCO members had military cooperation but they did not have a collective army. While evaluating Pakistan’s quest for full membership, he argued that Pakistan had the requisite credentials -- constructive role in Afghanistan; determined fight against forces of terrorism, extremism and separatism; a promising and prospective energy and trade corridor for the region; historical and cultural ties with Central Asian Republics; close strategic and economic ties with China and growing relations with Russia -- which supported Pakistan’s claim to full membership of SCO. He said that as members of SCO, India and Pakistan both would have to observe the Shanghai Spirit. He predicted that after the expansion, this organisation would play a constructive role in South Asia.

In the concluding address, **Mr. Sartaj Aziz** explained Pakistan’s desire to work with the SCO in promoting regional harmony by acquiring its full membership. He stated that SCO’s policies and programmes were in consonance with Pakistan’s long term objectives of promoting peace and stability in the region, containing and eradicating the menace of terrorism from the region and working with members to build stronger and more productive relationship in the future. He said that political observers were looking towards to SCO for its role in Afghanistan after the US withdrawal when there would be a political and security vacuum in that country. He said that Pakistan had already declared its policy of “No Interference, and No Favourites” in Afghanistan in the post 2014 period. If all regional countries followed the same policy and resisted the temptation to fill the power vacuum, then Afghanistan would have an historic opportunity to evolve an ‘Afghan-led’ and ‘Afghan-owned’ reconciliation process. Further, he described China and Russia’s membership and their strategic coordination in the SCO framework, the organisation’s attractive principles of strengthening mutual trust, sovereign equality, rejection of hegemony and coercion in international affairs and its focus on issues directly affecting the member states, as SCO’s strength. He observed that SCO’s potential role in linking energy-surplus Central Asia with energy-deficient South Asia could be a major challenge. On its potential role in the future, he predicted SCO could intensify efforts to combat terrorism, religious extremism, separatism, organised crime, arms and drugs trafficking.

In his statement on the “SCO Secretariat Perspective” **Mr. Mirzosharif Jalolov** described SCO as a permanent inter-governmental organization. Its main objectives were: strengthening mutual trust and good-

neighbourliness among member countries; promoting effective cooperation in political, trade, economic, scientific, technological and cultural fields, as well as in education, energy, transport, tourism, environmental protection, joint promotion and maintenance of peace, security, and stability in the region; striving towards establishment of a democratic, just and rational new international political and economic order etc. He stated that SCO would give priority to regional peace and security although SCO had no military command and structure, and only the military component related to counter-terrorism was discussed at the forum. He said that keeping in view legal and administrative terms and conditions, new criteria for expansion of SCO was being formulated.

In his paper on “Strategic Prudence: The European Union and the Shanghai Cooperation Organization”, **Mr. Thomas Renard**, discussed the similarities between the European Union and SCO. According to him, EU’s global strategy was to meet common threats and challenges such as human rights, counter-terrorism, environmental challenges, drug trafficking and counter-narcotics. He said that China was the first regional partner of EU, but SCO was mentioned only marginally and not centrally in the EU policies. He observed that although no official meetings had been arranged by the organisations (EU and SCO), yet they were at the stage of developing mutual understanding. Concluding, he remarked that there were suspicions in EU about Chinese and Russian pre-eminence in SCO and their ambitions in the region.

Ambassador Nurlan Aitmurzaev, in his paper on “Perspective of Central Asian Countries on SCO” discussed the geostrategic importance of Central Asian Republics and the natural resource potential of the region. According to him inter-state disputes were a hurdle in achieving regional integration. He stated that though the Central Asian Economic Community was transformed into Central Asian Economic Cooperation, it lacked effective mechanism and the process of regional cooperation remained slow. He briefly discussed the implications of Post-2014 NATO-ISAF drawdown and the situation in Afghanistan for the Central Asian countries. He said that terrorism, drug production and trafficking as well as ethnic strife within the region were likely to reinforce challenges to regional security and stability. He observed that regional stability would depend on timely solutions of these problems.

In his paper, “Pakistan’s Perspective on SCO” **Dr. Saifur Rehman**, discussed the central position of Russia and China in SCO and that their policies would affect the selection of observer states and thought they were willing to expand the membership by devising new rules. He said that the expansion of SCO would make it hard for extra-regional powers to penetrate in the region. He observed that SCO would not involve itself in

the Kashmir issue in case of Indian and Pakistani membership of SCO. He discussed various opportunities for Pakistan in the strategic, economic and political spheres. According to him the strategic imperatives included military to military, counter-terrorism and anti-drug trafficking cooperation; economic opportunities included Pakistan's role as energy and trade corridor; and political dividends included good relations with Russia and India.

The second chapter entitled "SCO and Regional Stability" contains three papers:-

In his paper on "Prospects of SCO'S Role in Afghanistan Beyond 2014", **Senator Arifullah Pashtoon** discussed Afghanistan as an area of collective interest for SCO members and observer states because its security and stability directly affected these states. He recognised that Afghanistan's membership of the organisation would help to fight the common evils: terrorism, separatism, extremism, poverty, narcotics and drug trafficking. He observed that SCO had not contributed much to the post-Taliban reconstruction in Afghanistan and somehow remained indifferent to the Afghan peace process. Contrary to common perceptions, he hoped that in the post-US withdrawal period, the security situation in Afghanistan would improve as Afghan forces had assumed greater responsibility and were conducting effective operations. He predicted that after NATO-ISAF withdrawal, terrorist groups could seek new targets in the region.

In his paper on "Expanding SCO for Regional Stability: Pakistani Perspective", **Dr. Zafar Nawaz Jaspal** analysed some unique characteristics of SCO. According to him SCO might transform into a security alliance that included a combination of military and political events; military assistance; cooperation between SCO and a Russian-led Collective Security Treaty Organization (CSTO); joint manoeuvres; and some security response mechanisms. He said that India and Pakistan considered SCO as the most significant organisation in Eurasia that might bring stability in South Asia as well. The membership of the SCO might help in resolving their political disputes, as it had adopted consensus-based decision making mechanism that ensured non-interference in the internal affairs of other states. He said that it would not just enhance trade opportunities but would discourage an arms race in South Asia.

Dr. Wang Shida's paper, "Rise of China and her Prospective Role in Regional Stability" highlighted China's concerns about Afghanistan's chaos and instability and its spill-over effects on Pakistan. He discussed China's interest in Afghanistan with reference to stability of Western China, especially the Xinjiang region, linked to the security and stability in Afghanistan. Further, he argued that Afghanistan was important for China's 'Look West' policy and also due to her huge economic potential for China.

He stated that China had already been investing in socio-economic sectors, especially in the mining sector. He discussed the possibilities of opening up direct communication channels with Afghanistan through the Wakhan Corridor, to help developing water resources, agricultural storage facilities and to bridge the energy gap. He said that as a member of UNSC, China could play a role in balancing the influence of extra-regional powers; and in the post-withdrawal process China would like to play a mediating role in Afghan peace process along with other SCO members.

In her paper on “Pakistan’s Contribution in the War on Terror”, **Dr. Shabana Fayyaz**, explained that terrorism was not a monolithic enterprise, it was a multi-dimensional phenomenon. She argued that Pakistan needed a holistic counter-terrorism strategy and support of the international community in order to eradicate the scourge of terrorism and violence that cut across national boundaries. The paper emphasised that Pakistan’s contribution in the ‘War on Terror’ (WOT) must be recognised positively by the international community and the ‘do more’ stance particularly by the United States needed to be revised. The paper mainly focused on the policies of General Musharraf in the war against terrorism. Talking about the repercussions of Pakistan’s decision to join the US war on terrorism, she explained that Pakistan had undoubtedly suffered the most due to the spill over effects of the Afghan war.

Dr. Ivan Safranchuk’s paper on “Russia’s Counter Terrorism Strategy: Lessons Learned” discussed the Russian experience of countering all kinds of terrorism in the 1990’s and early 2000. He stated that for more than a decade, an alliance of international terrorist forces with local collaborators fought an undeclared war against the Russian government. According to him, in the last decade the pressure of terrorism had eased in Russia. He explained that the current era was the era of war of ideas, where the effective weapons included moral rightness, clean intentions, dialogue and compromise. He emphasised that military means were not sufficient in counterterrorism and their use must be limited in scope and time. The paper further suggested that in order to achieve long-lasting solutions in counter-terrorism, security measures should be combined with political and socio-economic instruments plus international and regional cooperation. He described SCO as a unique forum for regional dialogue to decrease regional tensions and lay down foundations for mutual understanding. He supported regional approach to work on the Afghan issue and develop a regional consensus through the SCO forum.

Mr. Yevgeniy Khon’s paper “Prospects of Economic Cooperation in SCO Region” discussed the significant work on economic cooperation that had been undertaken at SCO level i.e., memorandum on regional economic cooperation, trade and investment facilitation (2001), mechanism

for creating favourable conditions in the field of trade and investment (2002), Programme of Multilateral Trade and Economic Cooperation (2003), Interbank Consortium (2005) and Business Council (2006), Action Plan in support of regional economic cooperation (2006), SCO Development Bank and Development Fund Initiatives (2012). The paper also discussed the main challenges at the organisational level such as unevenness of the development of SCO members, growing competition and divergence between Russia and China, numerous controversies between Central Asian countries, economic barriers, weak coordination of actions and information support of projects and inconsistency of common goals of development between SCO members. While highlighting the prospective areas for economic cooperation, the paper emphasised joint projects as of the greatest strategic and economic importance like development of unified transit tariffs in order to reduce transportation costs, establishment of a SCO Energy Club, promotion of favourable conditions for investment and financial interaction, close cooperation between the Business Council and the governments, development of transparent procedures and standards for financial transactions, increase of national currency usage in bilateral and multilateral regional economic exchanges and cooperation in the area of agricultural and food production..

In his paper "Pakistan as Trade and Energy Corridor vis-à-vis SCO", **Dr. Shabbir Ahmad**, discussed the potential of Pakistan as trade and energy corridor through the development of Gwadar Sea Port and Kashgar Economic Zone. In his view Pakistan's strategic and geographical location in relation to the landlocked states and regions of SCO could translate into Pakistan's emergence as a regional trade and energy corridor. He explained that the significance which Pakistan attached to SCO was based on Pakistan's potential as a viable trade corridor for landlocked Central Asian Republics and Xinjiang, western China. He said that Pakistan was a natural ally of SCO, ideally located as it was to provide links for regional economic integration within and between SCO member states. He concluded that Chinese assistance in developing connectivity infrastructure in Pakistan, developing Gwadar Port and Kashgar as special economic zone, upgrading KKH and linking Gwadar with Kashgar and Central Asia via KKH were in step with SCO's efforts to create trans-continental overland connectivity.

In his paper "Power Projects of the Republic of Tajikistan as a Factor of Development of SCO", **Mr. Vafo Niyatbekov** argued that the architecture of foreign policy of the states of Central Asia from the moment of independence had an ambitious character. The main problem of the Central Asian states was to ensure national security. In addition to extremism and trans-national terrorism, the most likely threats to economic safety of the Central Asian region were: increasing poverty level, structural

weaknesses in national economy, slow rates of development and under usage of capacities, expansion of criminal activities and existence of economic imbalance. He suggested that the existing problems of the interstate relations in the hydro-electric sphere needed early resolution. Further, he emphasised the need to create a power club within which questions of hydropower cooperation could be considered more carefully. He argued that within SCO, the Republic of Tajikistan could become the power centre on the regional scale as it possessed considerable hydro energy potential and had a competent management and foreign policy. He noted that the CASA1000 project for construction of a regional power line worth US\$ 680 million had been approved by the World Bank that would allow exporting surplus of electric power from Tajikistan and Kyrgyzstan to Afghanistan and Pakistan.

Recommendations

Deliberations during the conference brought forth a number of recommendations which are summarized below:

- Cooperation of SCO members and observers on Afghanistan is very important for stability and long lasting peace in the region.
- Pakistan deserves full membership of SCO since it has great potential to help bring peace in Afghanistan, serve as a trade and energy corridor for the SCO region and also fight terrorism and drug trafficking for long term stability of the region.
- Pakistan should be made a full member of the SCO and Pakistan should make full efforts to achieve this objective in the upcoming SCO Summit.
- Pakistan's becoming full member of the SCO will further strengthen the capacity of the SCO to handle the issues of extremism, separatism and terrorism and maintain stability in Afghanistan and Central Asia.
- All regional countries should promote territorial integrity and stability in Afghanistan and help it in governance and economic empowerment.
- All Afghanistan's neighbours except Turkmenistan have the status of members or observers at the SCO. It is therefore suggested to use this forum for discussing the Afghan problem and work out an independent SCO position and policy on this.
- An SCO-Afghanistan contact group has been established and on March 27, 2009, Russia hosted an international conference on

Afghanistan under the aegis of the SCO to discuss the group's proposals. That process should be renewed and continued.

- Chinese scholar Mr. Wang Shida stated that in the post-2014 environment, some fighting forces would continue to operate in Afghanistan for anti-terrorism and geopolitical concerns. He added that in this scenario, regional countries would play a bigger role in the future of Afghanistan. According to him, among the regional countries, the triangular relationship among India, Pakistan and Afghanistan would play a key role in the final resolution of Afghanistan problem.
- The Chinese scholar also suggested that the regional countries should use various platforms to exchange views and address the doubts among different countries. Among them, the SCO as well as the trilateral forums such as China-Pakistan-Afghanistan, China-Russia-Pakistan and China-Russia-India could be promising platforms.
- Strengthening cooperation in trade, commerce, technology, energy and agriculture are the areas that SCO members and observer states should keep in focus as they would help in maintaining stability in the region.
- Terrorism has been a complex transnational phenomenon. SCO member countries and observer states need to collaborate and learn from each other's experiences.
- As narcotic trafficking is financing non-state terrorist activity, to break the criminal-terrorist network, regional countries should enhance cooperation in anti-narcotics drive.
- SCO and ECO should collaborate and help bring peace, security and economic benefits to the vast region.
- SCO should work for mutual economic integration since it is necessary because it would increase economic interdependence which in turn would create stakes for regional states in each other's stability and development.
- For the sake of regional stability, the SCO members and other regional countries should cooperate instead of getting into regional competition.
- Pakistan's sacrifices in the war on terror should be well registered and international community should do away with the policy of asking Pakistan to 'do more'.
- The international community should help Pakistan to meet the challenge of resettling IDPs.

- Public support for anti-terrorism policy of Pakistan is of critical value for a comprehensive, pro-active and sustained counter terrorism response.
- Since inflows of international assistance to Afghanistan from various states and private donors as well as international financial institutions are likely to be reduced, neighbours should invest in Afghanistan to support agriculture and industry and other such areas to create jobs and a local base for taxation. That is the only way that Afghan economy can be made sustainable.
- The stability of South Asia, especially Afghanistan, is necessary for China since it does not want to see chaos in Afghanistan and related spillover effect on the stability of Pakistan. Since China is willing to contribute in international as well as regional effort to ensure stability in Afghanistan, Pakistan should work in close coordination with China for bringing peace and stability in Afghanistan.
- The opportunities for SCO's economic cooperation are enormous. Member countries possess significant territory, population, resources and transit potential that could greatly affect economic growth and sustainable development. Although currently, the measures taken to utilize the existing potential are not very effective, the SCO has the potential to become a full-fledged economic organization.
- Cooperation in diversification and construction of transportation infrastructure is one of the key potential areas. Construction of highway and railway links connecting China-Kyrgyzstan, Russia-Kazakhstan-Kyrgyzstan and China-Pakistan would help in integration of the region.
- SCO with its energy resources can be a great help to South Asia to meet its energy shortages. SCO should enhance such cooperation with SAARC countries and this cooperation will also help in promoting peace in both regions.
- Financing joint projects in Afghanistan, eliminating SCO trade barriers with that country and reviving traditional silk route could be the best options for achieving peace and stability in Afghanistan.
- There are ample opportunities for SCO members and observers in Afghanistan for investment not only in mining but in all other domains. China's rail projects might one day integrate Afghanistan, Tajikistan and Pakistan which will greatly boost regional trade and economic relations. Implementation of TAPI, CASA-1000, and other similar projects could integrate Afghanistan with the whole

region which would eventually have positive impact not only on Afghanistan's stability, but on the whole region.

- Afghanistan has plenty of mineral resources, such as iron, copper etc., with an estimated value of more than three trillion US dollars. Regional countries, particularly China should come forward with their technological knowhow and fiscal resources to help Afghanistan benefit from its natural resources. ■

Welcome Address

Ambassador (R) Sohail Amin

Honourable Ambassador Mohammad Akram Zaki
Honourable Deputy Secretary General SCO
Excellency Mr. Mirzosharif Jalalov
Director Hanns Siedel Foundation, Mr. Christian Hegemer
Excellencies
Distinguished Scholars
Ladies and Gentlemen
Good Morning

I welcome Ambassador Mohammad Akram Zaki, former Secretary General, Ministry of Foreign Affairs, who has kindly accepted our invitation to be the Chief Guest at this conference. I also warmly welcome the Deputy Secretary General of Shanghai Cooperation Organisation, Excellency Mirzosharif Jalalov, whose presence here will make the deliberations of this conference more meaningful.

I welcome the distinguished group of scholars representing member and observer states at the Shanghai Cooperation Organisation. It is a matter of pride for the Islamabad Policy Research Institute for having been able to arrange such a luminous gathering of intellect, ability and commitment, which aptly represents the will and the wisdom of the people of the Shanghai Cooperation Organisation.

The timing of this Conference is also most appropriate. This is the time when Islamabad is lush green after the monsoon rains. I am sure our distinguished guests will enjoy the beauty of our capital city. More importantly, this Conference is being held just before the proceedings of the SCO Summit are to begin in Kyrgyzstan in almost two weeks.

Ladies and Gentlemen,

The visionary leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan had established the SCO in 2001. The primary task of the SCO is to jointly react effectively to global threats and challenges so as to ensure sustainable socio-economic development in the area of the SCO. Since 2001, a lot of work has been done for development and deepening of multifaceted cooperation in the field of security, as well as in the political, economic, trade, cultural, and humanitarian fields. Several similarities and convergence of approaches of SCO member states on important

international and regional issues have been identified to create opportunities for partnership in global affairs.

All the SCO member states actively and purposefully oppose terrorism, separatism and extremism, transnational organized crime, illicit trafficking in narcotic drugs and weapons, threats to information security and illegal migration. As such, it is an effective instrument for promoting peace and stability in the region.

Strengthening of cooperation in economic, trade, investment, finance, transportation, telecommunications and agriculture, are the other areas on which SCO members keep their focus. The Organisation has the potential and resolve to contribute in a significant manner to sustained development of a large part of the Asian Continent.

Ladies and Gentlemen,

The agenda of the SCO that I have just highlighted is exactly similar to the agenda being pursued by Pakistan. Due to this similarity in the aims and objectives and commonalities of views, Pakistan enjoys excellent ties with all the members of the SCO. Geographical proximity and shared historical bonds add meaningful substance to this relationship.

Pakistan had been welcomed by the member states as an Observer at the SCO in 2005. As an Observer, Pakistan has been playing its role very seriously and has been making sincere efforts to contribute to the objectives of the Organisation. Pakistan is eagerly looking forward to acquiring

SCO's membership. Pakistan's membership will help the entire region to realize its full natural and economic potential. That way, Pakistan will also get better equipped to curb extremism and side by side enhance its trade and economic cooperation with the member states. Trade and economic cooperation are the key areas of interest for Pakistan, as Central Asia is blessed with a strong development and business potential based on the availability of energy, natural resource and work force.

Ladies and Gentlemen,

I thank the Chairpersons who will be presiding over the four sessions of the Conference spread over two days. I am sure that all the participants will benefit from the expert views of the distinguished scholars who will be presenting their papers at this conference. Papers read here will later be compiled in the form of a book which Islamabad Policy Research Institute will publish soon after the Conference.

Ladies and Gentlemen,

Before I conclude, I wish to inform you about a slight change in tomorrow's programme. The concluding session to be held tomorrow will now be chaired by His Excellency Mr. Sartaj Aziz, Advisor to the Prime Minister on National Security and Foreign affairs.

Thank you. ■

Opening Remarks

Christian J. Hegemer

Director of Institute for International Cooperation
Hanns Seidel Foundation

Honourable Mirzosharif Jalolov, Deputy Secretary General, SCO

Dear Ambassador Amin, President IPRI

Dear far-travelled speakers

Excellencies

Ladies and gentlemen

Dear friends

Introduction

We have gathered here today on the invitation of the Islamabad Policy Research Institute, one of the most dear and oldest partner organisations of the Hanns Seidel Foundation in Pakistan. IPRI has gone through great lengths in order to make today's conference happen. Together we could invite a great number of eminent speakers from all SCO member states, as well as from Europe. I am grateful to all of you to join us here at the Marriott today.

In 2005, Pakistan and India were participating for the first time as observer states. The then president of the Shanghai Cooperation Organisation, Nursultan Nazarbayev remarked, that during the summit meeting that year, half of humanity had gathered at one table. Today, again officials representing more than half of humanity have come together here in Islamabad to deliberate on the prospects of an expansion and the role of SCO in the stability of this beautiful region.

HSF in Pakistan and Worldwide

This year 2013 marks the 30th birthday of the Hanns Seidel Foundation in Pakistan and the 20th birthday of the registration of its Islamabad Office. For decades, the Hanns Seidel Foundation has been pursuing, along with its partner organisations, conferences, seminars and other activities in order to support regional dialogue. In the service of democracy, peace and development we work in more than 60 countries conducting more than 100 projects for a better understanding in the political realm.

In Asia, the Hanns Seidel Foundation is currently present in 18 countries, out of which four are SCO members and three have observing status. Assigned by the German Parliament (the German people) — not the German Government — we are offering best practices — to promote democratic and sustainable structures worldwide.

This assignment involves the strengthening of the relevant institutions and persons, procedures and norms and the requisite attitudes enabling such development to take place — in a sustainable and lasting way.

The Shanghai Cooperation Organisation

But let me return to the topic which brings us here today: An organisation which is based in Beijing — the Shanghai Cooperation Organisation. Having emerged as consequent continuation of 1996's "Shanghai Five", this regional organisation has been primarily known as an organisation facilitating mutual military exercises between the so far six partner countries. Reading through the charter of 2001, one notices, that the organisation envisages to be much more than a facilitator for military exchange, right from its start.

In Article 1 of the Charter it is stated, that the SCO wants "to strengthen mutual trust, friendship and good neighbourliness between the member States" and to consolidate "multidisciplinary cooperation in the maintenance and strengthening of peace, security and stability in the region". It is further stated that "a new democratic, fair and rational political and economic international order" shall be established.

The spheres, which the SCO shall tackle, are enumerated as follows: politics, trade and economy, defence, law enforcement, environment protection, culture, science and technology, education, energy, transport, credit and finance". When comparing this article and the mission of the Hanns Seidel Foundation, we find a great consensus.

In terms of population representation, the SCO today is the biggest regional organisation in the world. Including its three observer states, the SCO encompasses much more than half of humanity: It is a region, which is on a rise; economically, politically, culturally, as well as militarily. But there are, of course, certain challenges.

SCO and Afghanistan

One litmus test for the SCO and its future will surely be the withdrawal of the NATO-led coalition forces from Afghanistan in 2014. Three of the currently six SCO member states are direct neighbours of Afghanistan; Russia has a long history of involvement. Out of three aspiring members,

two share common borders with Afghanistan, the other is deeply involved. All those states have competing interests in Afghanistan, which could be streamlined for the sake of a prosperous and stable Afghanistan, and, again, regional integration and peace.

Countering the “three evils” — separatism, terrorism, and extremism — furthermore needs concerted actions on behalf of all regional states. The SCO has made some promising steps in that particular direction.

SCO and Energy Security

Another topic that — according to many analysts — might be troubling the region in the future is energy security. In order to avoid major conflicts, regional approaches are required. It is closely intertwined with economic cooperation and exchange, and I am confident, that the new government of Pakistan will do its utmost, to have a sustainable energy development. After all, the international energy security puts the most immediate impediments on the internal social and economic situation in concerned countries. Looking at regional collaborative endeavours to provide for energy security for the next two days, I would like to point out to a conference IPRI was pursuing with HSF in May this year. Titled “Solutions for Energy Crisis in Pakistan”, it dealt with national possibilities of countering the soaring energy crisis. The publication has come out just ten days ago. It provides information about and solutions for the lack of energy supply. It shows that we can quickly find concepts helping us to counter the energy crisis from both sides!

Conclusion

I again want to thank the speakers from countries, which in a way are so diverse and yet very close. In federalist terms we call this true “Unity in Diversity”. I am looking forward to answers — and maybe new questions — with regard to the role of the SCO in regional stability, as well as the prospects of its expansion. I am grateful to the next speaker, H.E. Mirzosharif Jalolov, Deputy Secretary General of the SCO — for being here today and sharing his thoughts and ideas. All of them will be heard by concerned authorities in Pakistan and the region. This is what distinguishes the Islamabad Policy Research Institute as a credible think-tank.

Last but not least, let me avail the opportunity to briefly introduce the HSF’s new face to Pakistan. Mr Kristof Duwaerts first came to Pakistan little more than one year ago. At HSF, he has been working on the region for more than three years, and has been successor to Dr Martin Axmann ever since February 2013 in our Islamabad office. He is a political scientist

by training with a strong background in International Relations and International Law. I am confident, that after one year of HSF's taciturnity in Pakistan, we will strengthen our dialogue with old and new partners in the fields of regional dialogue, federalism and civic education.

Thank you very much. ■

Opening Statement

On behalf of the SCO Secretariat
H.E. Mirzosharif Jalolov
Deputy Secretary General of SCO

Distinguished Mr. Chairman
Dear Colleagues
Dear Conference participants

First of all, let me express our sincere gratitude to the Islamabad Policy Research Institute and Hanns Seidel Foundation (HSF) of Germany for excellent arrangement of this Conference, warm hospitality and creation of favourable conditions for our successful work.

The Secretariat of the Shanghai Cooperation Organisation attaches particular importance to such conferences and events, as they will give an alternative vision of what is going on around it. It should be noted that within the Organisation, there is a so-called "second track", SCO Forum, which for eight years has accumulated unique experience of free and professional discussion of current issues of international affairs, emerging trends and threats, which are taken into account in our countries as well. The SCO secretariat reviews expert estimates, initiatives, and proposals voiced on similar platforms, and then, synthesizing them, will prepare recommendations of the scientific community to the heads of states, heads of agencies and National Coordinators of SCO Member States.

I am sure that this will be a successful two-day Conference to discuss the subjects and matters, and the results of the Conference, among others, will be presented to the Secretariat of the SCO for possible further development and use in our work. I wish us all success and fruitful work. Thank you! ■

Inaugural Address

Ambassador M. Akram Zaki

Former Secretary-General/Minister of State,
For Foreign Affairs, Pakistan

Excellency, Ambassador Sohail Amin

President Islamabad Policy Research Institute

Honourable Mr. Christian J. Hegemer

Director Hanns Seidel Foundation

Excellency Mirzosharif Jalolov, Deputy Secretary General of SCO

Distinguished scholars and guest speakers from Pakistan and several friendly countries including Afghanistan, China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Germany and Belgium

Respected guests, Ladies and Gentlemen

First of all I want to offer my felicitations to IPRI and Hanns Seidel Foundation for organizing this important International Conference, on the role of Shanghai Cooperation Organisation (SCO) in promoting peace, stability and cooperation in Asia and especially, amongst its Members and Observer states. This is a timely initiative and it is a matter of satisfaction, that there is a wide ranging participation to discuss various aspects of increasingly larger role that this important organisation is playing and will play in future.

I am personally grateful to the organizers for kindly inviting me to participate in this conference and share my thoughts with the galaxy of scholars assembled under this roof. I am humbled by this honour.

The SCO, whose member countries contain one fourth of human race, was officially born in 2001, the first year of the 21st Century. However, its seed was planted much earlier and its embryo was born five years earlier in 1996, when Russia and China, established “Strategic Partnership” and five of SCO’s six members i.e. Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan started cooperation as the “Shanghai Five” by signing on 26 April 1996, the “*Treaty on Deepening Military Trust in Border Regions*” to resolve their border disputes and to meet security threats.

The Russian Federation was, initially, not clear whether, in the post-Soviet uni-polar world to focus on Europe or Asia to safeguard its security and economic interests. Russia’s efforts to seek cooperation with NATO and the West did not succeed in preventing Eastward expansion of NATO,

including energy rich Central Asia. Russia was upset because it regarded this region as “Near Abroad” where it tried to retain its influence through CIS. Next door, China was also concerned by the growing American influence in Central Asia, from where it hoped to meet its growing energy requirements. China was also deeply unhappy over the supply of sophisticated weapons and aircraft to Taiwan by USA, in violation of Sino-US agreements. Russia and China which had been gradually moving closer since 1989, signed “strategic partnership” in 1996, and also joined together with three Central Asian States and established the “Shanghai V” arrangement for enhancing security.

In 2001, the “Shanghai Five” mechanism was praised and upgraded into SCO.

Uzbekistan, which had remained aloof, also joined the group. The name was changed and a new International Institution called SCO came into being, on June 15, 2001, when six Heads of States signed the *Declaration of Shanghai Cooperation Organisation*. On July 16, 2001, Russia and China, the organisation's two leading nations, signed the *Treaty of Good-Neighbourliness and Friendly Cooperation*. In June 2002, the leaders of the SCO countries signed the SCO Charter giving details of the organisation's purposes, principles, structures etc.

This organisation has continued to grow and flourish. Its role has expanded. Five regional countries i.e., Magnolia, Pakistan, India, Iran, and Afghanistan have since joined as Observers. Turkey, Sri Lanka and Belarus are dialogue partners. If the population of Observer countries is added to that of the member countries, it will be nearly half of the world population.

In Western countries SCO, is sometimes called “Eastern NATO”. This is not correct. In fact, it is far from the truth. While SCO countries have some military cooperation and a few joint military exercises have also been conducted in October 2007, the SCO also signed an agreement with Collective Security Treaty Organisation (CSTO). However, SCO has no standing army, it is certainly not like NATO, or even like the old “Warsaw Pact”. SCO has enhanced internal security of the region against “Terrorism, Extremism and Separatism” and to some extent restricted further expansion of NATO.

Pakistan and some other observers have been seeking full membership of SCO. Pakistan, a victim of the three evils of “Terrorism Extremism and Separatism” has been watching the developments in Central Asia with great interest and has been very keen to become full member of this dynamic organisation. Pakistan's case has been almost finalized.

Pakistan's geography, history and cultural background have placed Pakistan in a unique strategic position. Pakistan is at the tri-junction of South Asia, West Asia, and Central Asia. Since independence in 1947, the

focus of Pakistan's foreign policy has been on South Asia, because of conflicts, wars and continued tension with India. Still, Pakistan has been making efforts for cooperation in South Asia through South Asian Association for Regional Cooperation (SAARC).

In West Asia, Pakistan has been developing close cooperation with all countries of Middle East with whom it had strong historical, cultural and religious bonds. In 1964, Pakistan started Regional Cooperation with Iran and Turkey by creating an Institution called Regional Cooperation for Development (RCD) with headquarters at Tehran. RCD was discontinued after the Iranian Revolution of 1979, but it was revived in 1985, under a new name: Economic Cooperation Organisation (ECO).

Central Asia: Pakistan's historical ties with Central Asia had been interrupted, when that region was part of USSR. In 1991, when I had the honour to Head the Ministry of Foreign Affairs, the USSR was in the process of unraveling. We were keenly watching the developments, especially in Central Asian States with which we had deep cultural and religious links in history. In December 1991, we accorded formal recognition to the Russian Republic and other states including Central Asian States. In the presence of visiting Vice President of Russia, Alexander Rutskoi, the flag of the Russian Federation replaced the USSR flag on the Russian Embassy at Islamabad on December 21, 1991.

Our vision was to develop close cooperation with newly independent states of Central Asia, with which we had historical, cultural and religious ties. The instrument used was expansion of ECO with cooperation of Iran and Turkey.

In November 1992, six newly independent states of Central Asia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Azerbaijan as well as Afghanistan were formally admitted as members of expanded ECO. Thus the total membership was increased from the original three to ten members.

In March 1993, the Foreign Ministers Conference of ten ECO countries was organised by Pakistan, at Quetta, Balochistan. A detailed "Quetta Plan of Action" for developing close economic and trade links and providing access to the sea at Gwadar to Central Asian states was agreed upon. There was a great potential to make this a region of progress and prosperity. Unfortunately, continued conflict and instability in Afghanistan proved a great barrier. However, ECO has made progress in various fields and Pakistan's links with Central Asian States, including the four which are members of SCO, have been strengthened.

Pakistan which was admitted to SCO as Observer in 2005, has been attending several important meetings of SCO. Pakistan's leaders have been pleading the case for full membership. China, an important member of the

SCO, has time tested and all weather friendship with Pakistan. In 2005, China and Pakistan signed a Treaty of “Friendship Cooperation and good Neighbourliness” to give legal cover to their multidimensional and comprehensive cooperation and to raise this friendship to a “Strategic Partnership”. Four Central Asian members of SCO are Pakistan’s friends and partners in the ECO, and they also have strong bilateral ties.

Participation in SCO meetings has provided Pakistan the opportunity to increase contacts and increase cooperation with the Russian Federation. The criteria for admission of new members was decided in 2010 and in 2011, even the Russian Federation supported Pakistan’s full membership. Similarly, Russia has been supporting India’s membership and China has given its consent. At the next SCO summit, Mongolia, Pakistan, India, and possibly Afghanistan are expected to become full members. The chances of Iran are not bright, because Iran is under UN sanctions.

When Pakistan, India and others are admitted as full members of SCO, they will be expected to honour the spirit and rules of the organisation. It is interesting that the “Shanghai Five” mechanism was started with the purpose of reducing border tensions by cutting down troops, for which they had signed “*Treaty on Deepening Military Trust in Border Regions*”. Will India, Pakistan and Afghanistan do this after becoming full members?

An interesting aspect of SCO is that it started as an organisation to meet security concerns, border tensions, border disputes, cross border smuggling, terrorism, extremism, separatism etc. Gradually it moved towards political issues, economic and cultural cooperation. Most other regional organisations including EEC, ASEAN, SAARC, ECO, started with the agenda of economic cooperation and some gradually moved to political and security cooperation. While, EEC has grown into European Union, SCO since 2007 is moving towards Regional Economic Cooperation, including big projects in energy sector like pipelines etc.

SCO has played a positive role in reducing tensions, settling border disputes, maintaining stability and developing cooperation between member states. It is also clear that membership of SCO is going to be extended by giving full membership to some Observers.

The question now is, can this dynamic and growing organisation play a constructive role in stabilizing the enlarged region covering countries like Pakistan, India and Afghanistan, where terrorism and extremism are flourishing and taking heavy toll of human life and separatist movements are also threatening the stability and security of countries. Will the expanded SCO have the ability to settle the remaining explosive hotspots in Asia, like Afghanistan and Kashmir? Can the Gwadar Port be fully developed and necessary road and rail links, as envisaged in the Quetta Plan

of Action of 1993, be developed without stabilizing Afghanistan, FATA, and Baluchistan? Similarly, can the proposed Kashgar to Gwadar motorway and railway link be realized to make Pakistan a corridor for energy cooperation and trade, without peace and stability?

In the next two days, distinguished scholars will deliberate on the role of SCO, hopefully, keeping in view some of the questions raised above. They should especially explore the future prospects of cooperation between “Energy rich” Central Asia, West Asia and “Energy deficit” South Asia? They will hopefully study and seriously examine the potential of Pakistan to serve as a corridor for the transit of energy and trade by expanding the Gwadar Port and improving road and rail links, without defeating the three evils of Terrorism, Extremism and Separatism.

I, once again, congratulate the organisers of this important conference, and convey my best wishes to them and the participants for the success of the conference. I hope that the presentations of Scholars and discussions will produce useful results and conclusions, which could be of some help to the policy makers.

Thank you,

Pakistan Zindabad! ■

Concluding Address

Mr. Sartaj Aziz

Advisor to the Prime Minister National Security & Foreign Affairs at International Conference on "SCO's Role in Regional Stability: Prospects of its Expansion"

Honourable Guests, Ladies and Gentlemen

It is my pleasure to address this august gathering of eminent scholars, researchers, academics and media persons on avery important subject. I believe that this is a very opportune time to talk about the role of Shanghai Cooperation Organisation in regional stability and prospects for its expansion. As you are aware I would be leading Pakistan's delegation to the next SCO Summit being held on September 13, 2013 in Bishkek. This forum provides me an opportunity to share our perspective on this important regional organisation and its relevance to the evolving regional situation.

Ladies and Gentlemen,

This discussion on the role of SCO is also timely as the US forces are planning to withdraw from Afghanistan in 2014 and the slow movement on political reconciliation and development of indigenous security institutions has highlighted concerns over the future political and security vacuum in Afghanistan. In this situation, many analysts are looking towards the Shanghai Cooperation Organisation.

In this context it is important to be aware of the strengths of SCO as well as its limitations to fulfill these expectations.

Firstly, a major strength of SCO is its membership. As a major regional organisation which includes China, Russia and four Central Asian States of Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan as its members and most important regional states as its observers and dialogue partners. Pakistan, Iran, India, Mongolia and Afghanistan are SCOobserver states and Belarus, Sri Lanka and Turkey are its dialogue partners. The organisation covers territories with a quarter of the world's population. Two of its member states — Russia and China — are permanent members of the UN Security Council.

Secondly, among the countries associated with the SCO there is great diversity in terms of size, economic strength and natural resources. It brings together the energy rich Central Asian States, the rising economic giants

like China, major regional powers like Russia and Pakistan, India and Iran who can provide access for these countries to world markets and warm waters. SCO also provides a useful forum for strategic coordination between the two major regional players namely Russia and China.

Thirdly, the principles of SCO are very attractive, specially for newlyindependent states and developing countries of the region who jealously guard their independence and sovereignty. The SCO's charter defines the main purposes of the organisation as "strengthening mutual trust, good neighborliness and friendship among member states; developing effective co-operation in political affairs, economy, trade, science and technology, culture, education, energy, transport and environmental protection; and working together to maintain regional peace, security and stability". The charter lists basic principles such as the sovereign equality of states and the rejection of hegemony and coercion in international affairs.

SCO is building a "harmonious region" and in keeping with the Shanghai Spirit that promotes mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations and pursuit of common development.

Fourthly, the focus of the organisation is on issues directly affecting these states. The foremost is economic development. The SCO also focuses on security challenges termed as the "three evils": terrorism, separatism and religious extremism. Under the umbrella of SCO, the Tashkent-based Regional Anti-Terrorist Structure (RATS) has been established for this purpose. The other common issues dealt by SCO are drug trafficking, organised crime, energy security and health epidemic security.

Fifthly, over the years SCO has proven its relevance through its actions and programs. I would highlight some of them:

Within the SCO framework and as a result of the joint efforts of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan, a 3000 km border dispute in the western section along the Sino-former Soviet border has been resolved. It is rare that border disputes that have caused turbulence for several centuries are settled in a surprisingly short span of a few years.

As already mentioned there has been cooperation among member states against transnational crimes related to drug trafficking, arms smuggling and illegal immigration.

Another major area has been regional economic and cultural cooperation speciallyin energy, transportation and cooperation in tourism, environment protection and social security. SCO's potential role in linking energy surplus Central Asia with energy deficient South Asia can be a major challenge.

As the global financial and economic crisis spread to Central Asia in 2008, SCO member states evolved extensive consensus in setting up assistance and financing funds and in establishing bilateral currency settlement mechanisms. These emergency projects and measures to cope with the financial crisis have gradually developed into regular cooperation and mechanisms, instilling new vigour for regional cooperation within the SCO framework.

Former Chinese President Hu Jintao rightly pointed out that SCO is working hard to build Central Asia into a "harmonious region of lasting peace and common prosperity." In this sense, SCO has played a pivotal role in building and safeguarding a "harmonious region".

Ladies and Gentlemen,

This list of positive achievements must be balanced by listing some of SCO's limitations in relation to ground realities. As a relatively new institution, the organisation is still evolving and developing its own mechanisms. For example, the rights and responsibilities of member states and observer states and the criteria for joining the organisation are some of the issues which are still being debated.

The organisation also faces the usual problems facing new international fora. These include the lack of clarity among member states on the underlying objectives of the organisation, and the competing influence and overlapping objectives and membership of other regional organisations, specially in areas like intelligence sharing and military cooperation, which were the main areas of cooperation in the initial years.

The SCO has been, by and large, aware of these limitations and has taken a number of effective steps to address its institutional shortcomings. Cooperation between SCO and other institutional arrangements is being developed.

Ladies and Gentlemen,

Now I will briefly share with you my views on SCO's potential role in the future.

First, through united and consolidated efforts SCO can intensify efforts to combat terrorism, religious extremism, separatism, organized crime, arms and drugs trafficking.

Second, the SCO can evolve a coordinated regional approach to the situation of Afghanistan as it evolves in the face of drawdown of ISAF forces in 2014. During the 2011 Bonn Conference, the then Chinese Foreign Minister, Yang Jiechi, had said that regional bodies like SCO

should have a role in post 2014 Afghanistan, rather than the western nations. Pakistan has already declared a policy of "no interference and no favorites" in Afghanistan in the post 2014 period. If all regional countries follow the same policy and resist the temptation to fill power vacuum created by the drawdown of ISAF forces, then Afghanistan will have an historic opportunity to evolve an Afghan-led and Afghan-owned reconciliation process.

Ladies and Gentlemen,

Now let me talk about the prospects of SCO's expansion.

SCO as an institution is evolving. Apart from its six full members it has five observer states, i.e. Pakistan, Iran, India, Mongolia and Afghanistan and three dialogue partners, Belarus, Sri Lanka and Turkey. Since the Tashkent Summit of 2009 where SCO adopted its rules for acceptance of new members, the organisation has come a long way in developing its institutional structure.

The recently held Foreign Ministers meeting in Kyrgyzstan confirmed that "the member states, guided by the open nature of the Organisation, intended to further strengthen cooperation in international and regional affairs with the UN and other international and regional organisations".

They also "confirmed the need for greater involvement of the SCO observer states and dialogue partners" in practical cooperation within the framework of the Organisation.

As far as Pakistan is concerned, it has already declared its interest in full membership. Pakistan was in fact the first observer state to formally apply for SCO membership. This coincides with our major foreign policy objectives. Pakistan's aims of curbing extremism and enhancing border security coincide with SCO's charter of activities and since Pakistan is suffering from both these problems, it would endeavour to gain from the experiences of SCO members to address the issue. Pakistan is keen to participate in future counter-terrorism exercises as well as intelligence sharing cooperation. The summit gives us an opportunity to hold in-depth talks on its sidelines.

Sino-Pak agreements on the establishment of the Pakistan-China Economic Corridor, development of Gwadar Port and Turkmenistan, Afghanistan, Pakistan, India (TAPI) Gas pipeline are outstanding examples of regional cooperation in which Pakistan is actively participating.

Ladies and Gentlemen,

We are committed to continue our engagement with SCO as an institution and bilaterally with SCO member states. Pakistan's full membership will enable it to actively participate in the group's activities in the region. The policies and programmes of the SCO are in consonance with Pakistan's long-term objectives. SCO provides a useful forum to Pakistan to promote peace and stability in the region, contain and eradicate the menace of terrorism from the region and work with members to build stronger and more productive relationship in the future.

Thank you very much.■

Vote of Thanks

Ambassador (R) Sohail Amin

Honourable Advisor to the Prime Minister on National Security and Foreign Affairs, Excellency Mr. Sartaj Aziz

Honourable Deputy Secretary General SCO Excellency

Mr. Mirzosharif Jalalov

Director Hanns Seidel Foundation, Mr. Christian Hegemer

Excellencies

Distinguished Scholars

Ladies and Gentlemen

Good Afternoon

As we now conclude the conference, I wish to state that these two days were full of sharing, inspiration and renewal of commitment to take the journey of SCO forward. Holding this conference was a source of great joy and pride for the Islamabad Policy Research Institute.

I sincerely thank Excellency Mr. Sartaj Aziz for sparing time from out of his busy schedule and for enlightening us with his concluding remarks as the Chief Guest. I also thank Excellency Mirzosharif Jalalov, Deputy Secretary General of the SCO, for attending the Conference and for sharing with us the perceptions and perspective of the Shanghai Cooperation Organisation.

I take this opportunity to extend our most sincere thanks to all our guest scholars who came from different destinations for their contribution and support. I wish all the visiting scholars good luck in their endeavours and safe journey back home. I am sure they will be carrying fond memories of their stay in Islamabad.

I also wish to thank all the participants who attended the Conference for their valuable contribution and gracious presence.

I thank the Hanns Seidel Foundation for making the conference possible. The Chief Guests at the inaugural and the concluding sessions, the Chairpersons of various sessions and the scholars who presented their papers were the real contributors to all that has been achieved at the Conference. As a result of their contributions, we have been inspired and lifted to a higher pedestal in as far as our understanding of the SCO is concerned. We have managed to formulate concrete recommendations.

Before concluding, I wish to inform that the proceedings of this Conference will be compiled and published in the form of a book by the Islamabad Policy Research Institute very soon.

I thank you all.■

Concluding Remarks

Mr. Kristof Duwaerts

Resident Representative, Hanns Seidel Foundation (HSF)

Honourable Sartaj Aziz, Advisor to Prime Minister on National Security and Foreign Affairs, thank you very much for your presence and kind words. Honorable Ambassador Sohail Amin, President IPRI, dear IPRI staff, thank you for being HSF's partner, and giving me the opportunity of writing home with a sense of pride.

Ladies and Gentlemen,

Over the last one-and-a half days we have heard many good arguments why the Shanghai Cooperation Organisation should, or should not be upheld, deepened, expanded. We have heard it from different perspectives, different angles, different backgrounds, different countries, still united by one distinctive goal.

You have honoured us, both IPRI and HSF with your kind presence. At the same time, your presence and your avid participation have shown us, how pertinent the topic was which we had chosen for this, our, common endeavour. Never have I heard of any conference, where from the start up to the very end, the audience was so much attentive and present, to say the least. The interest in — I think I can say without exaggeration — the diplomatic and security as well as academic elite of Pakistan in matters relating to SCO is enormous. The interest in topics of regional integration, in getting rid of the three evils, which have been cited so many times, is huge. The interest in looking for ways of getting to a more bright future in so many ways together has struck me. In a very positive way, I must say. But let's not only talk the walk, but also walk the talk!

I am very much looking forward to the results of the meetings which will be held in SCO in only two weeks. Many protagonists of these very meetings have been participants of our conference. Thank you again to honorable M.A. Jalolov for being with us here in Islamabad, thank you for the members of the Pakistani delegation who will be participating in the meetings.

Thank you to the many members of the diplomatic community for showing us that we are striding down the right track. In two weeks, probably the results of our meetings will bear first fruits. In ten weeks, I am sure, we will be holding a publication in our hands, which will make your thoughts widely available throughout the SCO realm. Ideas which will be

read, discussed and cited. Because this is what IPRI also does: Producing quality output for strengthening the academic discussion within Pakistan.

Thank you for making this — my very first international conference in Pakistan — an unforgettable one. We have set the bar very high for the future, but I am optimistic, that in November, we will be meeting again, have good discussions, have quality output and deliberate in an open and fruitful environment on the South Asian Association for Regional Cooperation.

I am very much looking forward. ■

CHAPTER 1

SCO Secretariat Perspective

Mirzosharif Jalolov

Distinguished Guests

Ambassador Mohammad Akram Zaki

Mr. Chairman

Honourable Ambassadors of SCO Member States

Dear Scholars

Dear Conference participants

Allow me once again to express our gratitude to the Islamabad Policy Research Institute and Hanns Seidel Foundation (HSF) of Germany for the excellent preparation of this Conference, traditional hospitality and providing the favourable conditions for our work.

Shanghai Cooperation Organisation is a permanent inter-governmental international organisation of multi-disciplinary cooperation. The main objectives of the Organisation are: strengthening mutual trust and good-neighbourliness among member countries; promoting effective cooperation in political, trade-economic, scientific and technological and cultural fields, as well as in education, energy, transport, tourism, environmental protection and other; joint promotion and maintenance of peace, security, and stability in the region; progress towards the establishment of a democratic, just, and rational new international political and economic order.

Fundamentals of cooperation in the Organisation are defined collectively as the "Shanghai Spirit", which implies the commitment of SCO Member states to the principles of mutual trust, mutual benefit, equality, mutual consultations, respect for cultural diversity and desire for common development, and in foreign relations Member states are following the principles of openness, non-alliance, not being against anyone. Decisions are taken through consensus.

Over the years since its establishment, the SCO has become a significant component of regional and international security and cooperation architecture, a guarantor of peace and stability in the six SCO

Member states, has established itself as an effective and open multilateral association.

Priority of the SCO, in the future, will remain ensuring regional security and stability. There are not any military or defensive tasks formulated in any of the statutes of the Organisation, particularly in the SCO Charter. It is evidence that the major threats in the SCO are seen as terrorism, separatism, extremism, drug trafficking, cross border and cyber crimes. At the annual meetings of defence ministers, only the issues of military component of counter-terrorism are discussed, also counter-terrorism exercises are routinely conducted. The SCO has no military command and no military structure.

Today, SCO is an organisation that is well known all over the world. Its goals and tasks are found in many international structures. The Organisation signed an MoU with the United Nations: starting from December 2004 it has the Status of Observer in the UN General Assembly, and in April 2010, a Joint Declaration was signed between the SCO and the United Nations Secretariats. It also consistently develops its relations with other regional and international organisations, with some of them it has signed memorandums of understanding, for example, ASEAN, ECO, ESCAP, CIS, EurAsEC, CSTO. On matters of mutual interest, consultations are held with the OSCE, and other organisations. The subject of possible interaction here is very broad: security issues, combating terrorism and drug trafficking, trade, migration, transport, and environmental protection.

As you are aware, the next Summit will be held on September 13 in Bishkek. A number of documents will be adopted in it including the Bishkek Declaration, in which aspects of the ongoing activities of the Organisation, position of Member states on the situation in the world and the region will be reflected. The Action Plan for 2013-2017 on Implementing the 2007 Treaty on Long-Term Good-Neighbourly Relations, Friendship and Cooperation between the SCO Member states will be adopted, signing of Agreement between the governments of the SCO Member states on Scientific and Technical Cooperation is also expected.

Dear friends,

Over the past 12 years since its establishment, as I already mentioned above, our Organisation has become a unique international association. Growing interest in the Organisation by the world community confirms its significant potential, and international prestige. To date, a number of countries have expressed their desire to become members of the SCO, and there are countries applying to receive observer and dialogue partner statuses.

The existing documents, i.e., rules on the admission of new members, on the observer status in the SCO, the SCO dialogue partner status are very important in terms of expansion of the organisation.

In 2004 and 2005, the Islamic Republic of Pakistan, Mongolia, the Republic of India, and Islamic Republic of Iran joined SCO as observer states. By the decision of SCO Beijing Summit in 2012 the Islamic Republic of Afghanistan has also been granted observer status. The leaders of these countries are regularly invited to the summits of the Heads of States and Heads of governments; they are invited for wider cooperation within the Organisation. And the Republic of Belarus, the Democratic Socialist Republic of Sri Lanka and the Republic of Turkey by the decisions of the summits have been granted the status of the SCO Dialogue Partner.

Cooperation with observer states and dialogue partners is built on the basis of the above-mentioned provisions.

Talking about expanding, by and large, the acceptance of new members is implied. And it is not a secret that one of the criteria for the strengthening of a regional organisation, its credibility is the readiness to open its doors to new members, and SCO in this matter is not an exception. Currently in SCO, documents are being developed, which will strictly define criteria for admission of new members, a detailed expert work on the harmonization of the legal and administrative terms and conditions of membership in the SCO continues. The process is not an easy one. We need to develop these documents in such a way that all applicants could adopt key principles of the Organisation without exception, but, at the same time, to propose well-based procedures and conditions.

The Organisation is open for cooperation with all interested partners on the basis of international law and universally recognized norms of international relations, in order to find mutually acceptable solutions to the pressing problems of the modern world.

Distinguished Audience,

Shanghai Cooperation Organisation intends to further strengthen the Organisation as an effective and full-fledged regional organisation, in order to confidently develop in step with the times. As a factor of world politics, the SCO will continue to make constructive contribution to the establishment of an effective global and regional security and cooperation architecture.

SCO intends further to facilitate a full and balanced economic growth, social and cultural development in the region through joint action on the basis of equal partnership which aims at steadily raising the level and improving the living conditions of the peoples of the Member states, as it is

enshrined in the Declaration of the Heads of States of the Shanghai Cooperation Organisation on Building a Region of Lasting Peace and Common Prosperity, that was signed by the heads of Member States last year in Beijing.

Thank you for your attention! ■

CHAPTER 2

Strategic Prudence: The European Union and the Shanghai Cooperation Organisation

Thomas Renard¹

Despite its more-than-a-decade long history, the SCO is still rather unknown in Europe. This has to do with a certain scepticism vis-à-vis the organisation and its future, but also perhaps with the fact that Central Asia is not the main priority of the EU's foreign policy — rightly or wrongly. Yet, the EU can hardly ignore the geostrategic importance of this region, with all its resources and challenges, and it cannot remain passive confronted with the growing influence of China — a potential strategic competitor — in this region. It has thus developed a specific strategy for the region, in 2007. This chapter will present the EU's interests and strategic approach in Central Asia, with particular emphasis on its relations with the SCO.

The Organisation

The SCO was established in 2001. It includes China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan as member states and India, Iran, Mongolia and Pakistan as observer states.² It is largely presented as the continuation and consolidation of the 'Shanghai Five mechanism' established in 1996. The main purposes of the SCO are defined in its charter (SCO, 2002). They mainly cover the following areas:

strengthening mutual confidence and good-neighbourly relations among the member countries; promoting effective cooperation in politics, trade and economy, science and technology, culture as well as education, energy, transportation, tourism, environmental protection and other fields; making joint efforts to maintain and ensure peace, security and stability in the region, moving towards the establishment of a new, democratic, just and rational political and economic international order. (SCO, 2011)

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² Turkmenistan is not a member of the SCO due to its commitment to neutrality.

Some of these objectives clearly reflect the foreign policy narrative of the two dominant powers in the organisation — China and Russia — notably the promotion of a ‘new, democratic, just and rational political and economic international order’, reminiscent of the 1997 *Russian-Chinese Joint Declaration on a Multipolar World and the Establishment of a New International Order* (SCO, 1997). However, the organisation is allegedly dominated by Chinese norms and interests. A regular reference to the Chinese rhetoric of the ‘three evils’ of terrorism, separatism and extremism included in SCO official declarations is one indication amongst many more of this Chinese internal influence.

Despite notoriously bad relations amongst themselves, Central Asian states welcomed this new regional forum, which offered them new economic opportunities and elevated their international status, while granting some protection to the authoritarian regimes. Kazakhstan is particularly keen to use the SCO to assert its regional power status.

Structurally, the SCO was designed essentially as an inter-governmental network. The central institutions of the SCO are ‘sparse and small’, with a limited secretariat in Beijing and similarly limited staff in the other major body of the SCO, the Regional Anti-Terrorism Structure (RATS), established in Tashkent in 2004 (Bailes and Dunay, 2007, p. 5). The SCO also has additional structures such as the Inter-Bank Association and the SCO Business Council.

Since December 2004, the SCO has an observer status in the UN General Assembly, making the organisation an actor in the global multilateral system, similar to many other international organisations. In 2005, it signed memoranda of understanding with Association of Southeast Asian Nations (ASEAN) and the Commonwealth of Independent States (CIS).

A Major Geostrategic Context

Although the SCO remains an organisation with limited clout in international relations, particularly beyond its own region, it has nonetheless attracted the attention of policy-makers, journalists and academics worldwide. This should come as no surprise, in view of the historical geopolitical importance of Central Asia in international relations, famously encapsulated by the expression ‘the great game’ popularised by Rudyard Kipling in his 1901 novel *Kim*. Today’s struggles for influence in Central Asia are regularly referred to as a ‘new great game’ (see, for instance, Cooley, 2011; Kavalski, 2008).

History alone does not suffice to explain current events. The global interest triggered by the SCO has some solid foundations. China’s strategic

advances on its Western border have become subject to intense monitoring; the evolution of the partnership between two major (nuclear) powers like China and Russia is particularly relevant in the '(Eur)Asian century'; the conflict in Afghanistan gives a new dimension to Central Asia; and, finally, the large natural resources of gas and oil in Central Asia — eyed by all neighbouring powers — are another strategic asset of the region.

As the name of the organisation suggests, China has been a main driver in the evolution of the SCO, motivated at least by three fundamental factors (Guang, 2007). First, China has developed a sophisticated peripheral strategy balancing the defence of its vital interests — sometimes aggressively, particularly in the South China Sea — and the promotion of a stable and friendly neighbourhood, particularly on its Western flank, in order to focus its military forces on other fronts. Second, the SCO is instrumental for China's fight against the 'three evils' of terrorism, extremism and separatism, particularly to legitimise its anti-terrorist campaign in the Xinjiang province. Third, China sees the SCO as a facilitator to deepen its economic relations with Central Asian countries — and to access their energy resources — and therefore to promote the economic development of its Western provinces. Notably, in this regard, China is pushing for a regional free trade area, a push resisted by Russia. For Beijing, the SCO is therefore a useful instrument to channel, but also to legitimise, its growing influence in its Western neighbourhood.

China and Russia share a common sphere of influence, in which they view with particular anxiety the involvement of external powers such as the US or the EU. The China–Russia 'strategic partnership', extended into and shaping the SCO, is therefore seen by some observers as one specific attempt to counter US hegemony and European meddling in the region and to promote an alternative to the Western-led multilateral order (see, for instance, Van der Putten, 2007). The values advanced by the SCO (respect of national sovereignty and non-interference in domestic affairs) undeniably contrast with European values, but they also intrinsically limit the SCO's role – internally as well as externally.

Although China and Russia certainly share a common desire to challenge Western influence in their own neighbourhood, the fragility of this 'axis of convenience' has been emphasised by other scholars, in view of the many strategic tensions between Moscow and Beijing (Lo, 2008). In addition, the SCO seems largely dominated by Chinese interests and values, reinforcing Moscow's alarm over China's expansion in its former exclusive sphere of influence (Cooley, 2011). Nonetheless, the fact is that Moscow implicitly accepted this Chinese expansion, probably on the assumption that it is better to have 'the Chinese inside a common body with Russia than to allow Beijing to form its own links with the new [Central Asian] states that

excluded Moscow' (Trenin, 2012, p. 31). The SCO constitutes, in effect, an interesting structure to mediate these bilateral tensions and to manage Moscow's angst vis-à-vis Beijing. This constitutes, perhaps, an unforeseen yet positive consequence of the SCO.

The conflict in Afghanistan is another explanation for the increased geopolitical importance of Central Asia, as the US relies heavily on military bases there (for supply routes, for example). This has two main consequences for the SCO. On the one hand, NATO operations and the massive presence of Western troops in Afghanistan, as well as military bases in Central Asia, together reinforce perceptions in China and Russia that Washington pursues a global hegemonic strategy with a substantial strategic penetration in their neighbourhood. These perceptions are allegedly the 'glue that keeps the SCO together' (Norling and Swanström, 2007). On the other hand, the numerous challenges encountered by the Western coalition in Afghanistan have raised renewed interest in the potential role that the SCO could play, for instance in combating al-Qaeda's affiliates in Central Asian republics or in countering drug trafficking flows from Afghanistan to Europe through the 'silk road' (Renard, 2009; Weitz, 2006). However, the SCO's effective contribution to these efforts has been minimal so far — perhaps non-existent — despite the organisation of a Special Conference on Afghanistan in March 2009.

Finally, energy security is another reason for the SCO's prominence in recent debates. Indeed, the SCO does not have an energy policy per se (although it has discussed this topic on several occasions), but it is an obvious hub in that regard, with China and Europe coveting important Central Asian oil and gas resources, and Russia trying to maintain its energy dominance in the region and beyond (Hussain, 2011).

The EU Strategy for Central Asia

Although comparatively less connected to Central Asia than Russia or China, the EU has nonetheless become an increasing player in the region in recent years. The *European Security Strategy* (ESS) – which is the EU's key political guidelines in terms of foreign policy, adopted in 2003 and reviewed in 2008 — identified a series of key threats and challenges to the EU, such as 'terrorism', 'energy dependence', 'water scarcity' and 'drug trafficking', which all implied ramifications for the EU's stakes in Central Asia (Council of the European Union, 2003). As a matter of fact, the key threats that the ESS outlines 'are all relevant to Central Asia' (Matveeva, 2006, p. 8). Yet, the region was not mentioned at all in the document or in its 2008 review, which suggests that it is not a top priority for the EU.

It is true that the ESS has been largely debated and even criticized, by policy-makers and scholars alike, notably for its inability to offer strategic guidance and clear political priorities. Having said this, the EU's main foreign policy priorities have been identified by its leaders on various occasions. They include the stabilization of Europe's neighbourhood — particularly its southern rim in the aftermath of the so-called 'Arab spring' — as well as developing deeper partnerships with key players, which have a pivotal influence on major issues of global concern — such as China, Russia or the US — in the framework of the so-called EU 'strategic partnerships'.

The rise of the EU's interest in Central Asia was first evidenced by the appointment of a Special Representative (EUSR) to the region in June 2005. It became more visible with the adoption of the EU — Central Asia *Strategy for a New Partnership* in July 2007, prepared under the German rotating presidency of the European Union. It is usual for the European common foreign policy to be driven by one or a group of member states. In this specific case, it appears that Germany managed to convince its fellow European partners of the strategic relevance of Central Asia. It should be clear however that not all member states are equally interested in the region, in spite of an EU strategy which indicates a common EU interest.

The 2007 strategy states that the EU's strategic interest lies in a 'peaceful, democratic and economically prosperous Central Asia' (Council of the European Union, 2007, p. 8). This 'strategic interest', according to the document, calls for a strengthened EU approach on a series of issues, presented in the following order. 1) Human rights, rule of law, good governance and democratisation. It should be emphasised that the strategy was drafted shortly after the uprisings in Uzbekistan, which can partly explain why this issue came first in the list of EU interests – in addition to the fact that the EU has consistently pursued a normative foreign policy. 2) Youth and education. The majority of Central Asia's population is under 30, and the EU considers that it is crucial to properly invest in this great demographic potential. 3) Promotion of economic development, trade and investment. It is always necessary to remember that the EU is first and foremost a trade power, which is willing to develop its connections with other regions, but which has also good expertise to provide in terms of trade barriers' removal or to support WTO accession. 4) Strengthening energy and transport links. The EU and Central Asia share a common interest in diversifying export routes, demand and supply structures and energy sources. At the time of drafting the strategy, the EU had still in mind the Russia-Ukraine gas crisis from 2006. This explains why the EU is investigating several projects to connect Central Asia with Europe. 5) The environmental sustainability and water. The EU views water management

as a fully transnational issue, with great potential to foster regional stability and security. 6) Combating common threats and challenges. The EU has identified a good number of regional threats, such as terrorism, criminality or drug trafficking, which require a regional response in order to combat them and contain their possible impact on Europe. 7) Building inter-cultural dialogue. The EU was particularly interested in building bridges with the civil society, with potentially positive spill-over effects on all other objectives set in the strategy.

The EU can pursue these multiple interests at various levels and through various channels. The 2007 strategy aims at a ‘balanced bilateral and regional approach’, in which bilateral cooperation is of ‘special importance’, but should also be complemented with regional and multilateral cooperation (Council of the EU, 2007, p. 11).

At the bilateral level, partnerships have been established between the EU, or some of its member states, and the Central Asian countries. The 2012 progress report on the implementation of the EU strategy for Central Asia noted that there had been a ‘significant intensification of EU relations with the five Central Asian countries’ (Council of the EU, 2012, p. 1), which was also reflected in the growing EU diplomatic presence in the region through the opening of new EU delegations. A powerful instance of deepening bilateral ties comes from the structured dialogues on human rights put in place with each country of the region, in order to promote the EU’s normative interests. It should be emphasised that some initiatives are strongly driven by some EU member states. For instance, France and Germany lead the so-called ‘rule of law initiative’, whereas Italy and Romania play a leading role on cooperation over environment and water. This serves as a reminder that there are multiple levels in the interactions between Europe and Central Asia, but also that the EU’s foreign policy making is not a homogeneous process.

The EU’s strategy for Central Asia encouraged inter-regional cooperation to complement bilateral relations. At this stage, it appears that this level of cooperation is developing — but it is not yet mature. Cooperation takes place at the regional level on issues of security, for instance, notably through the joint action plan on counter-terrorism. There are also discussions to establish an inter-regional High Level Security Dialogue. The SCO could offer a venue for inter-regional cooperation. Security, and more specifically countering drug trafficking, was precisely the sole issue that was flagged for potential cooperation between the EU and SCO in the 2007 strategy.

The SCO is only marginally mentioned in the *Strategy for a New Partnership* along with other organisations with which the EU is prepared to ‘enter into an open and constructive dialogue’ and to ‘establish regular a

dhoc contacts' (Council of the EU, 2007, p. 11). Tellingly or not, among these various multilateral organisations mentioned in the strategy, the Shanghai Cooperation Organisation was the only one to have its name written in full — whereas the others (EURASEC, CICA, CSTO, CAREC and CARICC) were simply presented by their acronyms. This was perhaps an indication of the little awareness that prevails in Europe with regard to the SCO. In addition, the SCO does not appear in any other strategic document produced by the EU since then, hence confirming the limited interest for this organisation.

There are no official relations between the EU and the SCO, although the EU's actions are guided by terms of reference produced by the Political and Security Committee, which authorises the EUSR to maintain an 'informal dialogue' with the SCO.³ On this basis, there have been some meetings between the EUSR and the SCO's Secretary General, as well as with the former EU High Representative, Javier Solana. These meetings are ad hoc, usually once a year, and always occur on the margins of another visit or event.

According to one EU official, there is no political will on either side at this stage to go much deeper into the relationship. The sole purpose of the dialogue, for the time being, remains to 'keep the door open'. Both sides investigate possible areas where further cooperation would be possible and desirable, but this proves to be 'a bit of a challenge', as an EU official puts it. Things could change if the SCO were to fundamentally revise its structure or agenda, but this seems unlikely in the near future. Thus, at the moment, the SCO is considered to be 'an interlocutor but not yet a partner'.⁴

Raising Strategic Dilemmas

The EU's strategy towards Central Asia focuses relatively narrowly on the region and largely fails to connect the region and the EU's strategic interests in it with the broader geopolitical context, more precisely with the emergence of a multipolar world which calls for a redefinition of the relations of great powers in various regions, and notably in Central Asia (Emerson and Boonstra, 2010). Indeed, the EU is not alone in pursuing specific interests in the region, where it must now compete with other great powers, namely Russia and China. In terms of trade, for instance, China overtook the EU as the first regional trade partner in 2010. With regard to energy, whereas the EU has been struggling to define a coherent energy policy in the region for more than a decade, it has taken just few years for

³ Interview with an anonymous EU official, European External Action Service (EEAS), Brussels, 12 December 2011.

⁴ Interview with an anonymous EU official, EEAS, Brussels, December 12, 2011.

China to build a strategic gas pipeline to tap into the region's immense resources.

As the SCO brings together China and Russia, along with other Central Asian countries, the EU could regard it as a positive attempt to adapt to multipolarity and manage emerging tensions between regional powers. Conversely, the SCO could turn to be a formidable instrument for China to assert its leadership and to counter Western influence over this region. The SCO could thus play a positive or negative role in the shaping of a multipolar order. The jury is still out, and the EU reserves its judgement.

The EU is facing another kind of strategic dilemma in Central Asia; that is, balancing a bilateral approach with a multilateral one. Indeed, traditionally, the EU has favoured regional integration as well as a multilateral approach — or ‘effective multilateralism’ as the ESS has it. Yet, the SCO raises a specific challenge to this traditional approach in the sense that it does not correspond to the EU’s preferred norms, raising the ‘intriguing question of whether there can be such a thing as *bad multilateralism*’ (Bailes, 2007, p. 14, emphasis added). It could also be discussed whether the SCO has proved ‘effective’ in solving any significant security challenge to this day (Aris, 2009; Matveeva and Giustozzi, 2008), and whether the EU’s values and interests are not better served through bilateral talks. The question is thus whether the SCO can offer anything that cannot be obtained through discussions with China, Russia or the Central Asian states. To this day, from a European perspective, the answer seems to be negative.⁵ Relations with the SCO are thus unlikely to be fundamentally revisited in the foreseeable future, as they are conditioned to the evolution of the SCO itself.

Overall, the EU’s strategy vis-à-vis the SCO is prudent, if perhaps also a bit irresolute. The EU and the SCO are at the stage of mutual recognition and initial dialogue, but not yet in a phase of mutual engagement. The EU’s approach oscillates between a ‘normative school’, according to which the SCO’s values deviate too much from the EU’s normative objectives in foreign policy and can therefore not be fully engaged, and the ‘instrumental school’, according to which the EU should engage with the SCO in a pragmatic manner on areas of common interest (Matveeva and Giustozzi, 2008).

Building up on the ‘normative school’, Emilian Kavalski (2010, p. 16) presents Central Asia as the contested site of competing ‘nodes of governance’ in which various actors (for example, China, Russia or the EU) attempt to promote ‘strategies aimed at the transmission of rules produced

⁵ Interview with an anonymous EU official, EEAS, Brussels, December 12, 2011.

elsewhere'. According to this view, the SCO would be a rather successful attempt by China to further its own view of multilateralism (based on non-interference and respect of sovereignty) and to promote its values and interests in the region. Russia is also active in this normative competition, most recently with its proposal for a 'Eurasian Union' based on the European model of integration. The EU itself does not deny that it is engaged in such normative competition: an EU official told this author that the EU is seeking 'to offer an alternative and to let Central Asians themselves pick what they want'.⁶

An advocate of the 'instrumental school', Oksana Antonenko (2007, p. 2), bluntly says: 'Given that the SCO has emerged as the most influential multilateral institution in Central Asia, the EU should be ready to work with it.' Instrumentalists encourage the EU to engage fully and comprehensively with the SCO, despite normative divergences, because the EU's objectives 'are not best served through isolation' (*ibid.*, p. 8).

Strategic Partnerships and Effective Multilateralism

Central Asia and South Asia are two regions of the world presenting similar patterns of limited cooperation and weak regional integration. In this first part of the 21st century, many imminent and salient threats to international security are trans-national in nature, with regional or even global repercussions. Terrorism is just one of these contemporary threats, albeit one that is particularly relevant to both regions and that has deeply shaped the first decade of this century.

In this context, the SCO presents interesting potential for cooperation at the regional level. However, this chapter has shown that the potential of this organisation to stabilise its volatile region remains essentially theoretical in view of its poor performance records so far. And there is no immediate prospect of fundamental change.

For the EU, this constitutes a sizeable challenge to its foreign policy, traditionally geared towards a multilateral and inter-regional approach, and the promotion of regional integration. The ESS talks about an effective multilateral order in which regional organisations can 'make an important contribution' (Council of the EU, 2003, p. 9), whereas the Lisbon Treaty talks about the promotion of 'multilateral solutions to common problems' (Article 21). In other words, the SCO is not the kind of multilateralism promoted by the EU, given that it has proved *ineffective* in two ways: it is not 'effective multilateralism' as the EU understands it (that is, rules-based

⁶ Interview with an anonymous EU official, EEAS, Brussels, December 12, 2011.

multilateralism); and it has proved ineffective, in the strictest sense of the term, at tackling common challenges peacefully and effectively.

In addition to the challenge of regional (in) effectiveness, the EU faces a normative dilemma in Central Asia, in the sense that the SCO promotes values that significantly differ from and to a certain extent conflict with European ones. Most evidently, the SCO is more a hindrance than a facilitator in the EU's attempt to strengthen the international order through the 'spreading [of] good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights' (Council of the EU, 2003, p. 10). The norms and values promoted by the SCO are simply not compatible with those of the EU; and the two models of integration fundamentally clash as the SCO 'exemplifies integration through authoritarianism' (Hussain, 2011, p. 251).

The limits of a purely multilateral or inter-regional approach have now become evident — not only because it has inherent weaknesses, but also because the rapid emergence of new powers is fundamentally reshaping regional and global dynamics. As a result, it is imperative for the EU to strengthen its relations with a certain number of (rising) pivotal countries. A strong and sophisticated bilateral network must support and complement the multilateral architecture in a new kind of multidimensional puzzle.

In 2003, the ESS already acknowledged the 'need to pursue our objectives both through multilateral cooperation in international organisations and through partnerships with key actors' (Council of the EU, 2003, p. 13). This new doctrine initiated a process of elaboration and conclusion of 'strategic partnerships' with third countries. Today the EU has ten strategic partners: Brazil, Canada, China, India, Japan, Mexico, Russia, South Africa, South Korea and the US. In 2010, a new reflection was initiated in Brussels to clarify the meaning and overall purpose of these partnerships, based on the recognition that they need to be substantiated (Renard, 2011). As Herman Van Rompuy, President of the European Council, said in September 2010: 'we have strategic partnerships, now we need a strategy' (European Council, 2010).

In these strategic partnerships, and particularly those with China, India and Russia (and perhaps one day with Pakistan), there is room for more regional cooperation to pursue and promote the EU's values and interests in Central and South Asia. In their reflection on the strategic partnerships with these three countries, the EU's 27 foreign ministers did not omit to take the regional dimension into account, suggesting the possibility of effective triangulations between the EU and its strategic partners to cooperate in Central and South Asia on specific issues.

Strategic partnerships must not become an alternative to the inter-regional or the multilateral approach, but must complement it and — where needed — effectively replace it. There is a risk of seeing the whole system of global governance — already weak — collapse into irrelevance if the EU snubs multilateralism. Emerging powers are only starting to learn how to use their newly acquired influence in regional and global fora, and the EU ought to accompany this transition in its desired direction. The EU's leadership in the promotion of an effective multilateral order is perhaps more important today than ever before, in view of the emerging powers' defensive and reactive stance in multilateral fora (Gowan, 2012). Strategic partnerships can become a path to this leadership and the promotion of an effective multilateral order (Renard and Biscop, 2012). The EU must deploy all necessary efforts in the crafting of a multilevel and multidimensional global diplomacy which will best serve Europe's grand strategy. ■

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CHAPTER 3

Perspective of Central Asian Countries on SCO

Ambassador Nurlan Aitmurzaev

Mr. Chairman

Ladies and gentlemen

Good morning and Assalamu aleikum

It's a big privilege and honour for me being again in the beautiful city of Islamabad where I spent almost three unforgettable years and made many true friends.

Central Asia is a very prominent geopolitical and geo-economical region of the world. It consists of five countries: Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The region has vast natural resources (oil, coal, uranium), hydro resources and large territory. Most of the hydrocarbons are concentrated in Kazakhstan, Uzbekistan and Turkmenistan. Tajikistan and Kyrgyzstan have extensive water resources. After the disintegration of USSR, Central Asia turned into a region where all internal processes could have impact on the whole Eurasian continent. The future of the region will depend on the resolution of several main problems: water and security issues including ISAF withdrawal from Afghanistan, internal political situation in the region's countries, issues of border settlement and the various ways of regional integration.

Regional Integration Process

Numerous efforts on creating workable integration mechanisms in the post-Soviet era proved fruitless. The states' leaders had different views on regional re-integration. For example, there was an organisation called the Central Asia Alliance, established in 1994, which was later re-organized into Central-Asian Economic Community. Finally, it was transformed into the Organisation of Central Asian Cooperation which merged with the Eurasian Economic Community (EAEC). This integration was the historical necessity. Therefore, the President of Kazakhstan established the Central Asian Countries Alliance (CAC). The Alliance's main idea is gradual deepening of economic integration, coordination in implementation of economic reforms along the lines of "free trade zone — customs union —

7 common regional market of goods, services, assets and labour force -7 monetary union".

Uzbekistan's leadership viewed the membership in CAC as unacceptable due to different levels of national, social and economic indicators. In its turn, Kyrgyzstan enthusiastically supported the CAC and followed the line of bilateral cooperation with the regional states. Finally, Tajikistan took a neutral position towards the Alliance. Though the countries of Central Asia failed to establish an effective integration mechanism they understand the importance of common efforts for resolution of different problems. Currently, the process of regional cooperation is developing in several dimensions: bilateral and multilateral in the frameworks of the CIS, EAEC (EuroAsian Economic Community), CSTO (Collective Security Treaty Organisation), SCO (Shanghai Cooperation Organisation). Apart from it, Belarus, Kazakhstan and Russia established Customs Union which would turn into Common Economic Space (CES).

The Issues of Regional Security and Post 2014

Currently the issues of security and stability promotion are on top of the political agenda of all Central Asian countries. Among the destabilizing factors are the uncertain situation in Afghanistan and withdrawal of ISAF in 2014, mixed ethnic and confessional population, low level of wealth and high population density in the Fergana valley, different approaches to exploitation of water, unfinished process of border settlement. The ISAF withdrawal and the regional destabilization because of terrorist groups are the real threats for Central Asia. The current situation in Afghanistan could spread instability on border countries (Tajikistan, Uzbekistan), increase drug production and trafficking as well as illegal migration.

The withdrawal of USA Coalition Forces from Afghanistan in 2014 poses serious security challenges to the region with yet unpredictable outcomes. Direct threats to Central Asian states will stem from acts of terrorism and organized criminal groups from Afghanistan linked to drugs and arms trafficking. One of the most imminent risk factors that may destabilize the fragile security situation is rampant narcotics-related crime. According to UN Office on Drugs and Crime (UNODC) estimates, 95 tonnes of Afghan heroin are trafficked annually via the Central Asian states to Russia and the West. UNODC reports further indicate that the Pamir Highway between Osh in Kyrgyzstan and Khorog in Tajikistan is a "regional hub of drug trafficking activity."

Of considerable concern for Central Asian states is a controversy around the military surplus that US Coalition Forces leave in the region

post-2014. How will the weaponry that US forces plan to grant to some Central Asian governments affect a fragile power balance in the region? Will it unleash a costly armaments race, especially between belligerent Uzbekistan and Tajikistan, or countries vying for regional supremacy, namely, Kazakhstan and Uzbekistan? How will the anticipated termination in 2014 of the Transit Centre at Manas international airport in Kyrgyzstan, currently leased by the United States of America, impact regional security, and will it result in an increasing role played by Russia and China in the region? These are all questions that have yet to be answered.

Geopolitically, 'now and post 2014, the US is striving to provide secure transit of oil and gas resources from the region via the South Caucasus, create a safer zone for its limited troops' in Afghanistan, curtail Chinese and Russian expansion, and block Iran from increasing its presence in Central Asia. These ambitious objectives will probably urge the US to strengthen its military presence in Tajikistan, Uzbekistan, or Kazakhstan, and extend its Transit Center lease in Kyrgyzstan beyond 2014. Whether this comes to fruition or not is to be seen as 2014 looms large.

Given the uncertain security situation in the region, such organisations as SCO (Shanghai Cooperation Organisation) and CSTO (Collective Security Treaty Organisation) will play a key role in providing peace and stability in post-2014 Central Asia. Kyrgyzstan's political, military and technical cooperation in such organisations is one of the most important dimensions of the national foreign policy, as well as the participation of the region's other countries. Thus, active cooperation on bilateral and multilateral level will help in supporting stability and countering terrorism in Central Asia.

As it is well-known, Kyrgyz Republic also contributes to stabilization of the Afghan situation. For a long time Manas International Airport remained a transport hub called Manas Transit Center (MTC) for ISAF and NATO. It also should be noted that the Kyrgyz authorities' decision to close the MTC was accepted after Kyrgyz Republic had fulfilled all the legal obligations. MTC closure doesn't mean Kyrgyzstan's refusal to assist ISAF in Afghanistan. The Manas Transit Center will stop functioning in summer 2014. By that time most of cargo traffic will have run out. The same centres in other countries of the region will close down, too. As for the airbase at Kant, it is a strategic air force component of the CSTO (Collective Security Treaty Organisation) Operative Units. According to an agreement signed in 2012 the base will remain in Kyrgyzstan.

In case of a negative Afghan situation, Russia has already prepared to increase military assistance to armies and security forces of Kyrgyzstan and Tajikistan in CSTO frameworks. Also, Russia provides Kyrgyz Republic

with modern and compatible weapons, military and special equipment and other materials in accordance with Article 4 of the Kyrgyz-Russian bilateral Agreement on Status and Conditions of Sojourn of the Russian Military base on Territory of Kyrgyz Republic signed on September 20, 2012. Yet, experts consider that the Taliban threat is exaggerated. They think that the Taliban doesn't have expansionist plans for Central Asia, and the main threat will be the region states' nationals who could use the momentum for the intensification of struggle inside the region.

Water Resources Exploitation in Central Asia

Cooperation in the sphere of water and natural resources' exploitation is very important for the region. Kyrgyzstan and Tajikistan are situated in the Central Asian rivers flow formation zone and hydro energy development is therefore a priority. Kazakhstan, Turkmenistan and Uzbekistan are interested in irrigation system development. But an effective interstate mechanism of water usage regulation is absent in the region. And any agreement on this issue will depend on the states' readiness to negotiate and find compromise. The position of Kyrgyzstan is based on its understanding of high responsibility towards future generations and the future of Central Asia regarding issues of climate change, energy crisis and demographic growth. Kyrgyzstan is open to discussion on these issue at bilateral and multilateral levels.

However, in modern practice water is still not a full-fledged commodity. The current trend of international water law shows the change of legal practice in favour to upper-river states which are very limited in rights. The first positive example of this issue is the bilateral agreement between Kazakhstan and Kyrgyzstan on Mutual Exploitation of Water Facilities on Chui River signed on January 21, 2000. The agreement means joint exploitation and maintenance of the water facilities. Also there is some understanding between Kazakhstan and Uzbekistan on the water issues which is formulated in demanding international expertise in the construction of hydro stations in Kyrgyzstan and Tajikistan.

On September 20, 2012 the Kyrgyz-Russian agreement on construction of Hydro Station Kambarata-1 was signed which would allow the Toktogul hydroelectric complex function in irrigation mode for the downstream countries. As the Central Asian countries cannot arrive at a mutually acceptable decision, the conflict potential of the region is growing. The President of Uzbekistan I.Karimov even announced during his visit to Kazakhstan that "everything [in the water issues] could become so bad and turn into full-scale war. During the Soviet times there was a system which governed water apportionment. Kyrgyzstan and Tajikistan provide sufficient

water during summer season in exchange for natural gas, coal and oil from Kazakhstan and Uzbekistan during the winter season. Despite the de facto.agreement among Central Asian countries in 1992 on continuing the Soviet but the pursuit of national goals and interests by concerned states has resulted in the failure of the system.

Unfortunately, the Agreement of 1998 on Exploitation of Hydro-energy resources of Naryn-Syrdarya River signed by Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan doesn't work effectively either.

The regional cooperation in this sphere is now being realized under the International Fund for Saving Aral Sea (IFAS). In 2009 the IFAS board has started the process of systemic harmonization of the Fund in order to collocate with the member states' interests. Kyrgyz Republic considers that IFAS Executive Committee should channelize efforts on the Fund's effectiveness.

Transport Cooperation

Cooperation in diversification, widening and construction of transport infrastructure is one of the main conditions for stable economic development of Central Asia. This topic is getting more important as the Central Asian region has no naval communication. Therefore, the main task for the countries is active construction and development of highways and railways as the railway systems "China-Kyrgyzstan-Uzbekistan" and "Russia-Kazakhstan-Kyrgyzstan-Tajikistan". Such projects will reduce transportation costs and delivery time of cargoes and passengers. Also it will integrate the region into the world economy.

Conclusion

Summing up, Central Asia is now facing challenges of integration, water resources exploitation, transport, and security in the short and medium-term. The region's future will depend on timely resolution of the above mentioned factors.■

CHAPTER 4

Pakistan's Perspective on SCO

Dr. Saif ur Rehman

Abstract

The evolution of Shanghai Cooperation Organisation (SCO) from Shanghai Five in 2001 was a noticeable development in the arena of contemporary global politics in general and regional politics in particular. Organisations of the world over viewed SCO as a challenging forum to the player(s), posing threat to their mutually agreed agenda. On the other hand, the regional stakeholders conceived SCO as a window of opportunity to combat security threats and consolidate peace & sustainable development. Pakistan, being a key player in South Asia, geopolitically positioned ideally, perceived the organisation as a big opening to encash its geostrategic interests and pursue her legitimate agenda towards peace & security for the long term economic prosperity of the region. Dividends to Pakistan under the aegis of SCO are immense and quite significant in the wake of foreseeable North-South Trade & Energy corridor. Pakistan's entry into the Organisation, as an observer, is the first step in the right direction. Nevertheless, the grant of admission as a member is fraught with multiple challenges, linked to the complex geopolitical environment. Pakistan's long run geo-economic and geo-strategic imperatives could be calculated carefully from the prism of regional factors like Russia, China, Central Asia and India. With this premise, the objective of this presentation is to evaluate Pakistan's perspective towards SCO, coupled with cost-benefit analysis for all stakeholders.

Keywords: Alliance, Security, Trade & Energy Corridor, Terrorism, Joint Exercise, Silk Route, Kashmir.

Introduction

Shanghai Cooperation Organisation (SCO) formerly the Shanghai Five appeared in the arena of world politics on June 2001. The evolution of SCO from Shanghai Five, which was established in 1996, was solely an initiative of China's. China implicitly intended to have some check on the emerging great power's row in the region over the strategic-cum-

economic gains. Also to exercise influence over the growing radicalized elements as a result of the improvised financial condition, poverty and unstable politico-economic condition. This grouping provided an opportunity to the resource-rich neighbouring states of Central Asia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Russia to chalk out mutually beneficial policies.

The long standing Russo-Sino border dispute became a multilateral issue with the disintegration of the former Soviet Union and the emergence of Central Asian Republic (CARs) in 1991. Russia, China and its three bordering states — Kazakhstan, Kyrgyzstan and Tajikistan, initially framed an agreement and later in 1996 signed the Shanghai Agreement on confidence building in the military field, focusing on the border areas.¹

With the declaration of the organisation as SCO in 2001, the formulation of new goals set a new dimension for the organisation. Nevertheless, China took the lead role by devising the mechanism to combat three evils — separatism, extremism and terrorism waged by the radicalized elements, while promoting economic ties.² This development gave a new dimension to the organisation towards multilateralism; meant for tackling security issues especially in Xingjian. This arrangement also addressed the concerns of CARs regarding territorial integrity and committed concerted efforts against perceived common threats from the extremist forces especially to curb nationalist sentiments among Turkish speaking Uyghurs.³ The sole motive behind this move was to negate establishment of East Turkistan.⁴ SCO provided China an opportunity to make ingress in the Central Asian region to meet her ever growing energy needs and to dominate Central Asian markets through extensive commercial activities.

Russia, on the other hand, conceived SCO as an opportunity for preserving its strategic interests in CARs and to maintain her traditional influence over the ‘near abroad’. Over the passage of time, China and Russia realized the convergence of their priorities to complement each other’s national interests. Regular conduct of joint military exercises under the aegis of SCO is the manifestation of their mutual concerns to combat security related issues on a perpetual basis.

So far as the Central Asians are concerned, being a victim of 74 years long Iron Curtain and aspirant to improve domestic economies, they

¹ Liselotte Odgaard, “SCO’ Multilateralism in Central Asia”, Peter Dahl Thruelsen (ed.) *International Organisations: The Role in Conflict Management*, (Copenhagen: Royal Danish Defence College, 2009), 182.

² Ibid.

³ Shulong, 2003, 187.

⁴ Point 249 as page 182

welcomed this grouping for seeking foreign direct investments (FDIs). Security vulnerability was their other area of concern, hence, the leadership of CARs felt strengthened by associating themselves with this organisation. Though socio-economic issues do not fall directly under the purview of SCO, however, it is a viable forum to prevent interstate conflict among member states and to make CBMs.⁵ As per the SCO's charter adopted in 2002, its main objectives are to strengthen mutual trust, good neighbourliness, develop effective cooperation in political affairs, economy, trade, science & technology, transport & environmental protection, maintain regional peace, security and stability.⁶

Pakistan being at the crossroad of Central Asia, South-West Asia and South Asia, very keenly monitored the emerging regional grouping and conceived it as an opportunity to play a responsible, constructive and positive role. Since Pakistan in the aftermath of 9/11, had badly suffered on account of terrorism and extremism, decided to join the SCO in any capacity considering the converging interests. With this premise, this paper will be developed on the hypothesis that "Notwithstanding the multiple regional issues, Pakistan and SCO have the potential to play a tangible role in bringing peace and stability in the wake of post-2014 Scenario". In order to develop this paper, yet there is a need to address certain queries like:

- Evaluation of SCO's potential and achievements.
- Stakes of various regional and extra regional players.
- Rationale for Pakistan to join SCO.
- On admitting Pakistan into SCO, what prospects and challenges are ahead for either side?
- Can SCO play a constructive role to mitigate Pak-Indian conflict?
- Can SCO integrate economically and promote trade activities?

Significance of the SCO

The intergovernmental SCO comprising six members Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan constitutes a huge mass of area almost 60 per cent of Eurasia and a quarter of the world population.⁷ Pakistan, India and Iran as observer countries, while Sri Lanka, Belarus and Turkey as a contact group certainly multiply the profile of the organisation.

⁵ Sznajder, 2006, 99.

⁶ Nivedita Das Kundu, "SCO, BRIC and RIC: Bringing together Two Asian Economic Powers India and China". Sudhir Kumar Singh (ed.). *Sino-Indian Relations: Challenges and Opportunities for 21st Century*. (New Delhi: Pentagon Press, 2011), 142.

⁷ Mehmoodul Hassan Khan, "Dynamics of SCO and Diversified Opportunities for Pakistan", Defence Journal, July 2006, 60.

Therefore, SCO has become a very significant forum addressing multi-dimensional concerns including political, security and economic areas. The SCO's Charter is quite meaningful in making the region peaceful including respecting each other's independence and sovereignty, territorial integrity, non interference in internal affairs, not to use force against each other and settlement of issues through consultations.⁸ SCO being endowed with massive fossil reserves has rapidly grown in importance due to the rising global energy market. SCO combines China, the second largest energy consumer of the world, with the high profile energy producers of the world like Kazakhstan and unmatched hydel power producer Tajikistan. Apart from China, Russia, Iran, Pakistan, India, EU countries and even US, all are inclined towards resource rich CARs for diplomatic overture. Over the passage of time, SCO has evolved into a powerful regional grouping and an effective stability factor across the vast Eurasian continent. The desire of a number of countries to join SCO is the manifestation of its viability at the global level in general and at regional level in particular. SCO has chalked out a tri-dimension roadmap for regional economic cooperation focusing to channelize trade and investment to strengthen economic cooperation and materialize free flow of goods, capital, services alongwith a network of energy, transportation and communication.⁹

Achievements of the SCO

SCO has successfully devised a strategy to promote regional security and domestic stability. SCO's security paradigm rotates around supporting military cooperation and collaboration as countering inter regional and intra regional threats including drug trafficking, arms trafficking, organized crimes and terrorism.¹⁰ The alliance regularly undertakes joint ground, air and naval exercises to enhance efficacy while conducting operations against terrorism, separatism and extremism. These military drills are indication of cooperation among the member states to fight a common enemy collectively or individually. Since 2002 till 2010, so far ten joint military exercises have been held with different code names as given in the table below¹¹:

⁸ Navinda, 2011, 142.

⁹ Mehmoodul Hassan Khan, "Dynamics of SCO and Diversified Opportunities for Pakistan", Defence Journal, July 2006, 60.

¹⁰ Peter, 2009, 191.

¹¹ Zhao Husaheng, "China's View and Expectation from the SCO", Asian Survey, Vol: 53, No: 3 (May-June 2013), 443.

Table 1
The SCO's Joint Military Exercises

Code Name	Year	Participants	Number of Participants Armies	Place	Under the Auspices of ...
"Collaboration-2001"	2002	China, Kyrgyzstan	Hundreds	Border regions of China and Kyrgyzstan	Defence ministries
"Union-2003"	2003	China, Russia, Kazakhstan, Kyrgyzstan	About 1,000	Kazakhstan	Defence ministries
"Peace Mission-2003"	2005	China, Russia	10,000	Russia and China	Defence ministries
"Tianshan-I"	2006	China, Kazakhstan		China's Xinjiang	Enforcement organs (police)
"Collaboration-2006"	2006	China, Tajikistan	450	Tajikistan	Defence ministries
"Peace Mission-2007"	2007	China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan	4,000	Russia	Defence ministries
"Peace Mission-2009"	2009	China, Russia	2,600	Russia, China	Defence ministries
"Peace Mission-2010"	2010	China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan (no army sent)	5,000	Kazakhstan	Defence ministries
"Tianshan-2"	2011	China, Kyrgyzstan, Tajikistan		China's Xinjiang	Enforcement organs (police)
Peace Mission-2012	2012	China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan	Personnel	Khujand, Tajikistan	Defence ministries

Source: Asian Survey, Volume 53: Number 3, May/June 2013, 443.

The establishment of Regional Anti-Terrorist Structure (RATS) initially in the year 2002 at Bishkek, later on shifting of its Headquarters to Tashkent in 2004,¹² is considered to be a milestone in history of SCO. The RATS Headquarters is a nucleus of intelligence sharing in respect of the 'Three Evils' among the member states. It also serves as a data bank about the terrorist outfits, organizing seminars on curbing terrorism, rendering specialized training and maintains contact with other international security organisations.¹³ Besides RATS, there is a collaboration among the institutions of judiciary and law enforcement agencies, Chief Procurators, Presidents of the Apex Court, Secretaries of the State Security Council, Defence Ministries, Interior Ministries and Chief of General Staff.¹⁴ SCO has equally marked its relevance at the arena of regional politics as well. China with its lead role, got advantage to use SCO as a means of ingress into resource rich Central Asia thus securing not only economic interests but also security as well. Central Asians also took this development as a window of opportunity to safeguard their economic interests by gaining massive Chinese investment in multiple projects, mainly energy and minerals. This development seems interesting as China-Russia have emerged as collaborators to bridge the security lapses and fill the vacuum in Central Asian region. Russian policy makers might express their reservations in case the SCO attempts to project a Sino-centric order by extending its outreach to other organisations like NATO and the Collective Security Treaty Organisation (CSTO).

In regional politics, Russia will never accept a status undermining its traditional power and standing in the region. Moscow may appear as a competitor, if it felt apprehensive of dominating Chinese role in the regional as well as global politics. Therefore, Moscow and Beijing will be pacing at parallel footing considering their economic and military strengths.¹⁵ To pacify the Russian apprehensions, the Chinese seem to be quite accommodative and have no designs to bridge the security vacuum/vulnerabilities in Central Asia, especially in the post 2014 scenario. So far as military cooperation is concerned, SCO provides legitimacy to Chinese overtures to Central Asia in view of its multilateral and bilateral drill with CARs along with Russia.¹⁶

In the backdrop of SCO's potential, capacity and capability, it is envisaged to be a noticeable addition to the existing world multilateral organisations in the foreseeable future. While reviewing the 'Modern Great

¹² Zhao, 2013, 440.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Peter, 2009, 189.

¹⁶ Ibid.

Game', the SCO is emerging significantly to contain US influence in the Central Asian region. Therefore, the US watchdog might be seriously monitoring the activities of the SCO.

Pakistan's Rationale to Join SCO

Pakistan is an ideally positioned country on the globe being at the crossroad of Central Asia, South West Asia and South Asia. Pakistan's credentials are quite bright on account of geo-political, geo-strategic and geo-economic aspects. Pakistan is a natural link between SCO countries, especially the land locked CARs, Afghanistan, Xinxiang Province of China towards the South i.e., the Arabian Sea and the Middle East. Therefore, Pakistan's unique geography offers critical overland routes for interconnectivity for mutually beneficial trade and commercial activities intra-regionally and inter-regionally. Nevertheless, besides trade, flow of energy will be the top priority area. Pakistan can play a pivotal role in materializing North — South Trade and Energy Corridor with the promising opportunities of road-rail and pipelines link upto Gwadar. The recently concluded Pak-China MoU on establishing of Kashghar — Gwadar road-rail network is an encouraging development in the right direction for the advantage of all regional stakeholders. Pakistan being an energy deficit country, its energy needs are growing gradually. Its present energy crisis is one of the most serious issues of the country. By joining SCO, Pakistan intends to solve the problem of its energy deficiency on a long term basis. In this connection the Trans-Afghan Pipeline Project generally known as TAP (Turkmenistan-Afghanistan-Pakistan) will act as a milestone.

With the likely extension of this pipeline to India, it will further enhance the viability and importance of the project. That is why Pakistan proactively supports SCO's 'Energy Club'. Pakistan being cognizant of its security imperatives is always mindful of maintaining strategic balance vis-à-vis India. SCO will be an appropriate forum to initiate security dialogue with India. By joining SCO as full member, Pakistan would get an opportunity to improve Russo-Pakistan relations. Pakistan intends to play a constructive role in Afghanistan in the post 2014 scenario, especially in the wake of US/NATO' troops' withdrawal. SCO will provide an opportunity to Pakistan to play a meaningful role towards peace, stability, security and rehabilitation under its aegis while concentrating on communication infrastructure, social sector (health & education) as well as training of personnel from public sector organisations.

Lastly, terrorism is a common enemy for all and challenging the security environment of the region. While joining hands with SCO, Pakistan will be able to strengthen its security apparatus with renewed vigour.

Opportunities for the SCO

By extending membership to Pakistan, SCO will also benefit. Pakistan being a very prominent regional player can offer its expertise in certain areas of SCO agenda. SCO can benefit from Pakistan in the following areas:-

- **Terrorism and Extremism:** Pakistan in the aftermath of 9/11 has been effectively contributing to curb the menace of terrorism and extremism. Pakistan's achievements are noteworthy especially for successful launching of Counter Insurgency Operations in Swat and Federally Administered Tribal Areas (FATA). SCO countries are also vulnerable to security issues particularly Russia facing Chechens, Chinese are apprehensive about the rise of the Uyghurs in Xinxiang province and the CARs are concerned about the upsurge of extremist elements in Farghana Valley of Central Asia. SCO can immensely benefit from the achievements made by Pakistan.
- **Disaster Management:** Pakistan has suffered a number of natural catastrophes like floods and earthquakes and gained rare experience in managing them. SCO members can enhance their ability in this regard through sharing experiences with Pakistan.
- **Access to South:** Pakistan provides the shortest route to the warm waters of the Arabian Sea to SCO countries especially the CARs. The Gwadar Port and the proposed Kashghar — Gwadar road/ rail link will change the entire economy of the region.
- **Maintaining Strategic Balance:** The growing Indo-US strategic partnership and the emerging US Pivot Asia Strategy is a matter of concern for the SCO countries. This region is exposed to strategic imbalances. Additionally US' clear tilt toward India and Indian geo-political ambitions can be counterbalanced by Pakistan's inclusion.
- **SCO-ECO Collaboration:** Pakistan as an active member of ECO can play a facilitating role in promoting the link between the two organisations to boost economic activities. Both the organisations represent a sizable geostrategic community. Their economic collaboration will definitely have a favourable impact on the overall security environment of the region. Therefore, collaboration of both organisations can help improve the lot of over half of the world population inhabiting ECO and SCO regions.

- **Free Trade Agreement:** Pakistan has signed free-trade agreements with ECO, SAARC and China. Pakistan as the prospective member of SCO would serve as a trade multiplier factor particularly through the Silk Route.

Opportunities for Pakistan

Pakistan's stakes and interests in SCO are equally important. Opportunities for Pakistan vis-à-vis SCO are outlined in the succeeding paragraphs.

Strategic Imperatives and Security

In the wake of withdrawal of International Security Assistance Force (ISAF) from Afghanistan by December 2014, the emerging regional security environment would warrant immediate attention of all the stakeholders.

- **Counter Terrorism Operation:** Pakistan is the major affectee of the war against terrorism. SCO countries are vulnerable to the threats of terrorism from neighboring Afghanistan. In order to contain such threats, tactical expertise gained by SCO security facility under the forum of RATS can be extended to Pakistani security enforcing agencies. Pakistan can benefit from the diversified operational training to further beef up security measures.
- **Military to Military Cooperation:** The SCO military personnel are taking part in a variety of military operations. The participation of Pakistan in such joint operations can augment its operational capacity and capabilities.
- **Transfer of Military Technology:** Weapons and equipment in the inventory of Pakistan armed forces is mostly of western origin and is generally very costly. Under SCO framework, Pakistan will have alternative sources for not only acquiring arms but also technology. It will give her the chance to expand defence collaboration with SCO countries, particularly Russia. Pakistan's Chief of Army Staff, General Ashfaq Pervez Kayani's visit to Moscow in June 2012 is an indication of this possibility.
- **Anti-Drug Trafficking:** The world's largest share of drugs comes from Afghanistan and transited to different parts of the world mainly via Pakistan, Iran, Tajikistan and Uzbekistan. SCO's joint anti-drug trafficking drills can help Pakistan not only through training of personnel (Anti-Narcotics Task Force), but

also intelligence sharing can help to expose the network of drug barons.

Economic Opportunities

Pakistan's admission to SCO can open up many opportunities of economic cooperation. Such cooperation may lead to early materialization of Trade & Energy Corridor in the form of oil and gas pipelines (TAP) and the completion of road/rail link upto Gwadar.

Political Aspects

- **Pak-India Relations:** The foremost political imperative is the improvement of bilateral relations with India. By getting admitted to SCO, Pakistan can get closer to India and have another channel of confidence building which might help in the resolution of disputes. India, on its part, will also be able to gain acces to Central Asia via Lahore and Kabul and ultimately linkup with the New Silk road project.
- **Foreign Policy Initiative:** The SCO forum can provide Pakistan an opportunity to further solidify its relations with China and improvement of bilateral relations with CARs. ECO will provide an edge to Pakistan in this regard.
- **Image Building:** Pakistan's entrance into SCO would add to its prestige in the comity of nations and afford it another platform for diplomatic activities.

Challenges for Pakistan

- **Maintaining Strategic Balance:** The foremost challenge for Pakistan is to maintain strategic balance in her relations with US and China. Pakistan needs to be extra vigilant in safeguarding its geopolitical interests vis a vis its interaction with SCO countries. The concepts of 'Long War versus Rising Peacefully', propagated by US and China respectively, combine the forces of 'Conflict and Peace' and introduce a new discourse in world order contrary to the era of cold war.¹⁷ Therefore, Pakistan has to chalk out a pragmatic diplomatic course, which is the real challenge.

¹⁷ Shamshad Ahmed Khan, "SCO and Prospects for Peace", National Development and Security, Vol XIV: No. 1 (Autumn 2005), 15.

- **Rightful Place in Comity of Nations:** Pakistan has a very special role in the prevailing regional as well as global environment. Finding the rightful place in the emerging world order, indeed, is a challenge for Pakistan's foreign policy. The decade following 9/11 has been a very distressful period for Pakistan both on the internal and external fronts. Therefore, Pakistan has the urge for a rightful place in the comity of nations where its sacrifices in the 'war on terrorism' are acknowledged.
- **Image Dilemma:** Pakistan, despite playing a leading role in 'global war against terrorism' and being the biggest sufferer of terrorism is still perceived with suspicion. By actively joining forces against terrorism, Pakistan has become the target of terrorism, extremism and militancy. The initiatives taken by Pakistan to confront such tendencies need to be projected to promote its image as a moderate, tolerant and progressive society.
- **Membership Uncertainty:** The statutes of SCO are not very elaborative on the expansion of the organisation. Two leading members, China and Russia are also not in a hurry for its expansion. SCO's Secretary General has also expressed his reservations.¹⁸ It is apprehended that Pakistan's membership is dependent on the admission of India into the organisation. Nonetheless, in view of Indo-US strategic partnership, India does not seem to be keen on joining SCO.¹⁹ The absence of Indian Prime Minister from SCO's summit on two occasions is clear reflection of India's non-seriousness towards the organisation. Considering these aspects, Pakistan's membership appears to be uncertain.

Recommendations

Considering the vitality and futuristic politico-economic outreach of the organisation, a few recommendations from Pakistan's point of view are proffered below:-

Priority to Russia: Pakistan must reconfigure its priority area and improve relations with Russia, setting new goals and leaving behind the mistrust of the Cold War era. Russian support to Pakistan for grant of observer status in SCO and conversely Pakistan's support for Russia's observer status in the

¹⁸ Shamshad, 2005,17.

¹⁹ Shamshad, 2005,18.

Organisation of Islamic Countries in 2005 is manifestation of the urge on both sides for more cooperation. The potential bilateral areas in this regard are:

- **Political Cooperation:** Pakistan and Russia need to enhance political cooperation to develop strategic partnership while strengthening the regional-cum-international security order.
- **Economic Cooperation:** There is great potential to improve economic cooperation by boosting bilateral trade and commercial activities especially energy, heavy industry, automobiles, aircraft, industry, textile and agriculture etc. Russian expertise in energy export and pipeline projects can be exploited to promote regional economic integration of the region. Russian petroleum giant Gasprom has shown interest in laying the Iran-Pakistan and TAP pipeline projects.
- **Military, Science & Technology Cooperation:** Pakistan's presently heavy dependence on the US/West for her defence equipment can considerably be reduced by promoting defence ties with Russia. Russia's advancement in Science & Technology would enable initiation of long term projects of mutual benefit. Russian expertise in space and armament could help Pakistan to further develop its defence industries.

Solidifying Ties with China: Continuation of Pak-China relationship based on the principles of mutuality of interests and shared perception is the utmost requirement. China's tacit support to Pakistan for her admission to SCO is of great significance. Pak-China relations need to be transformed into strategic partnership through:

- **Strategic Cooperation:** The fast changing geo-political environment in the region warrants a further deepening of strategic cooperation through frequent interaction of senior civil-military leadership of the two countries.
- **Promoting Economic Ties:** The existing trade volume is likely to multiply manifold with the materialization of Kashghar-Gwadar trade corridor. Presently a five-year development programme for cooperation in trade, economic development and energy can be made for a more focused growth-oriented strategy.
- **Expanding Socio-Cultural Exchanges:** Establishment of Chinese Confucius Institute at the National University of Modern Languages, Islamabad and Pak-China Friendship Centre, Islamabad has led to enhance socio-cultural and

educational exchanges. Similarly efforts should be made to promote tourism.

- **Deepening Defence Cooperation:** Pakistan is the major beneficiary of defence cooperation between the two countries. This cooperation can be further consolidated by promoting joint ventures in production of defence equipment.

Meaningful Cooperation with CARs: Pakistan being the closest approach for CARs towards the Persian Gulf, Middle East and rest of the world would be better served on the SCO platform through increasing interaction of political leadership. The following areas merit immediate attention:

- **Development of Communication Infrastructure:** Establishment of road and rail link is the most effective way to solve the landlocked position of CARs. In this connection, the construction of only 36 km long road connecting the Pak-Tajik border through the Wakhan strip is a feasible option.²⁰ After the upgradation of the Karakoram Highway, Pakistan will get linked to CARs while road-rail link via Iran and Afghanistan will await the restoration in the area.
- **Other Actions:** Other actions that can be taken are: Enhanced cultural exchanges and increased tourism, by easing visa and travel restrictions, closed cooperation in security to curb terrorism, extremism and radicalization; defence cooperation by offering training facilities to defence personnel in Pakistan's military academies

Relations with India under SCO Forum: SCO can play a meaningful role to bring both countries closer to each other under its umbrella. A few suggested measures in this regard are as follows:

- **Promoting Trade & Commercial Activities:** India which wants to have surface links with Central Asia through Afghanistan and to the proposed Silk route and avail itself of the proposed oil and gas pipelines will need Pakistan's support. SCO can influence India to settle the long outstanding issues with Pakistan to usher in a conducive climate of trust to enable normal commerce in economic activities among countries of the region.

²⁰ The point highlighted by Tajik Scholar during his talk at a seminar titled *The Heart of Asia* held at National Defence University, Islamabad on September 17, 2013.

Conclusion

Consolidation of SCO in the wake of a unipolar world is a blessing in disguise for regional countries in general and Pakistan in particular. SCO has provided the opportunity to develop confidence among the member states as well as regional countries for the promotion of peace, security and stability by addressing the irritants among intra regional and inter regional states. Now it is imperative for SCO to engage the world media to project its policies and objectives and achievements since its inception. The organisation should dispel the apprehension that despite having the potential, the alliance has no design to emerge as a 'NATO of the East or a Club of Authoritarians'.

Pakistan's admission to SCO as a full member will be significant in both regional and global context. Pakistan could serve as a hub for promotion of trade and energy as it provides a feasible link between SCO states and South Asia. Nevertheless, Pakistan's membership of SCO is fraught with a number of challenges, the foremost among them being its relations with India. Ironically, India does not seem much interested in joining the SCO after acquiring strategic partnership with the USA. It is now India's choice whether it settles its issues with Pakistan to gain access to Central Asia to materialize its ambition of 'North-South Trade Corridor' or settles for the status quo.

Pakistan needs to keep pursuing its policy of developing closer relations with Russia. Its focus should remain on Afghanistan in the post 2014 scenario. SCO with the collaboration and support of Pakistan can play a positive role in the reconstruction and rehabilitation of Afghanistan as a stable and peaceful Afghanistan will be in the interest of all stakeholders. ■

CHAPTER 5

Prospects of SCO's Role in Afghanistan Beyond 2014

Senator Arifullah Pashtun

I would like to say thank you to the IPRI and HSF for arranging such a vital international conference. On behalf of the Afghan Nation, which once upon a time, was isolated, I am delighted to have a word on 'SCO's Role in Afghanistan Beyond 2014.'

I would like to start my speech from a quote of Mr. Dmitry Medvedev which he stated after the 2009 SCO's Leadership Summit. He said, "There was not a single speech at our summit that did not mentioned (sic) Afghanistan".

The international community and regional stakeholders have very well realized the significance of geo-economic, political and strategic location of Afghanistan, so I believe we don't need to pin-point them further. And it is now crystal clear that Afghanistan is an area of collective interest of SCO members and observers.

Almost all Shanghai members have a very clear set of issues, like drug trafficking, instability, poverty, separatism and terrorism; which to a great extent has roots in an unstable and war-torn Afghanistan which shows that Afghanistan is admittedly very significant to SCO members and observers. And we believe that Afghanistan's security and economic conditions directly affect national interests of each SCO member and observer. In this regard; I would say that Afghanistan's entry into Shanghai Organisation with the status of observer will not only help the region in countering the mentioned evils and strengthening relations with the member states, but also provide a new platform for cooperation with its traditional friends and neighbouring countries. The full membership of Afghanistan will attract more attention of the international community and will give more prestige to the organisation. Availing the geo-strategic potentials of Afghanistan will further strengthen the organisation to achieve its goals.

If we go to the concept of establishing Shanghai Organisation, we easily can realize that Shanghai Organisation was formed in 2001 to contain extremism in the region and enhance border security, but unfortunately since the establishment of Shanghai Organisation we have not seen any

great achievement due to which the regional stability would have improved. The main reason here is the situation of Afghanistan and safe havens of the terrorist groups outside the country which contribute to the instability of the region. Here I would say that Shanghai, the meagre engagement of Shanghai to the peace process of Afghanistan has deteriorated the regional stability. In comparison to others, SCO members have contributed less to the reconstruction of post-Taliban Afghanistan.

In terms of security, concern has now been growing since the 2014 deadline for withdrawal of international combat troops has been announced. Contrary to popular opinion, I believe that 2014 withdrawal will not worsen the security situation of Afghanistan; instead it will give more chances and responsibilities to Afghan National Security Forces as justification for Jihad's theory will have no value for most Afghan Taliban and finally most refugees will return to their homeland. You all are well aware of the transition process of Afghanistan. Almost 85 per cent of the process has been completed and Afghan forces are now conducting very effective operations independently which is very significant and vital for post-2014 Afghanistan. At the internal level, the real issue in Afghanistan is the 2014 elections. Yet there is no clear consensus on how to take the elections and democratic process forward. If the power is shifted peacefully in accordance with the constitution, hopes will be there for dealing with all challenges, if not, then the situation will have bad implication for the whole region. The second biggest issue is the economic condition of Afghanistan which needs more attention than other things. At the external level, unfortunately, some regional states are still following their age-old policies and fomenting the proxy wars inside Afghanistan. Secondly, more threats have been posed by some regional and international players to Afghan-led peace and reconciliation process in which most Afghans believe and keep hopes.

A very key point is that after US and NATO withdrawal the terrorist groups will admittedly seek new targets in the region to maintain their terrorist activities. This scenario would bring instability directly to the doorsteps of China, India, Russia and other states of the region. Each SCO member will suffer from the mentioned scenario in all directions. So we have to be prepared for the impediments of such a scenario.

The Second Issue which Mostly Pertains to Afghanistan is the Issue of Narcotics

Narcotics and drug trafficking is another area to be dealt with collectively by the SCO.

Narcotics and terrorism are the two faces of the same coin. Drug production in Afghanistan, like terrorism, is threatening the whole international community. Annually 50-60 billion US dollars could finance a very high level of terrorism, not only in the region, but all over the globe which needs collective monitoring of money laundering and drug trafficking. We can never defeat terrorism unless we drained the financing sources of their operations. Unfortunately the US-led coalition, NATO and ISAF have failed battling opium production, drug trafficking and money laundering.

The Third and most Significant Issue of Afghanistan and Region is the Poverty and Economic Condition

It is the poverty and bad economic condition of the people of Afghanistan which leads to opium cultivation, drug trafficking, instability and to some degree trans-border activities. The gross roots of all evils lie in poverty. Shanghai efforts will not succeed unless they focus on the roots of the evil.

It is now clear that economic activities, especially productive economies, have been shifted from an exclusive area to our region, and fortunately the big centres of productive economies exist in the immediate vicinity of Afghanistan, so now it is the responsibility of the regional states to strive not only for bringing stability to the region, but to utilize the corridor of Afghanistan for trade, energy transfer and other economic activities. And when approximately 140 million people have migrated to Russia, China, India and to other regional states for doing business and other economic activities, so their top priority is stability.

Suggestions

- We all may leave aside our trivial setbacks and may have a workable framework and regional strategy for post-2014 situation to address the transnational terrorism and to ensure cooperation in security, economy, energy transfer and countering drug-trafficking.
- As we know that Afghanistan became formal observer of the Shanghai Cooperation Organisation in 2012 and moves toward its full membership but so far SCO has shown a very narrow approach towards the issues of Afghanistan and focuses only on countering drug trafficking, though the situation needs its greater role.
- As NATO stands down and Afghans are not yet fully ready to stand up, who will fill the gap? In post 2014 Afghanistan, the role of regional powers will increase. We believe that the responsibility goes to the regional engagement (members and observers of the

Shanghai Cooperation Organisation, both in individual as well as collective capacity) through which we could fight against the evils of the region.

- The SCO can more effectively achieve its goals in Afghanistan if it focuses on developing Afghanistan's legal economy and improving its basic economic infrastructure, including investment which provides employment opportunities. Financing joint projects in Afghanistan, eliminating SCO trade barriers with that country and reviving silk route could be the best options for achieving the mentioned goals.
- Economic interdependence has given a very positive result in resolving almost all disputes among nations, so Afghanistan has great tendency for establishment of such a method in the region to counter poverty, extremism and drug trafficking, thus Afghanistan strongly suggests the revival of the New Silk Route.
- There is a good chance for the whole region to be integrated in the post-2014 phase. Afghanistan has great potential to emerge as a transit hub for China, South Asia, Central Asian and Middle East. Apart from the TAPI, it can increase its revenue through facilitating trade in the region.
- The prospects for a stable and prosperous Afghanistan, following the withdrawal of NATO forces in the post-2014 period, will largely depend on Afghanistan's ability to sustain economic growth, reduce its dependence upon international aid, and exploit its natural resource deposits.
- There are ample opportunities for SCO members and observers in Afghanistan for investment not only in mining but in all aspects. China rail might one day integrate Afghanistan, Tajikistan and Pakistan which will greatly boost their trade and economic relations. Implementation of TAPI, CASA-1000, revitalization of the ancient Silk Road and other similar projects can integrate Afghanistan with the whole region which eventually would have positive impact not only on Afghanistan, but on the whole region.
- Though Afghanistan has had substantial development in the last 12 years especially in education, health, media and other democratic processes but still drastic challenges are there which need to be dealt through regional integration and cooperation.
- Afghanistan strongly seeks the support of Shanghai Organisation for Afghan-led peace process, transition, reconstruction and safe transfer of power.

- The solution for the Afghan drug problem could be to establish a strong Afghan government, capable of law enforcement throughout the country and most importantly, to rebuild the national economy so that Afghans could be able to run their lives smoothly through legal means.

Conclusion

To conclude we can say that Afghanistan is the integral part of the Shanghai Organisation, since it has been surrounded by the Shanghai members and observers, hence the Shanghai Organisation along with the US and NATO have to play a bigger role in the stability of post-2014 Afghanistan, either through a strong and workable regional strategy or through the United Nations, not similar to that of post 9/11 Afghanistan. ■

CHAPTER 6

Expanding SCO for Regional Stability: Pakistani Perspective

Dr. Zafar Nawaz Jaspal

The Shanghai Cooperation Organisation (SCO) has successfully been pursuing various objectives for the peace and stability of the Eurasian region without compromising on its primary focus, i.e., working cooperatively against the three evils, i.e., terrorism, separatism and extremism since its creation in 2001. Indeed, the resolution of these three evils would result in regional stability. The driving philosophy of the SCO is the so-called “Shanghai spirit,” which emphasizes harmony, working via consensus, respect for other cultures, non-interference in others’ internal affairs, and nonalignment.¹ These five principles of coexistence, certainly, minimize enmity and encourage amity among the regional political entities. Furthermore, the SCO operates on a consensus basis, which facilitates the member states to harmonize their policies by rising above their bilateral differences. It also provides a forum to the belligerent neighbours to deliberate on their conflicting issues during the leaders meetings on the sidelines. For instance, on June 16, 2009, Prime Minister Manmohan Singh and President Asif Ali Zardari, leaders of two SCO observer states, India and Pakistan, met for the first time in the aftermath of the terrorist attack on Mumbai in November 2008, at a sideline meeting of SCO summit in Russian Federation.² This meeting contributed constructively in addressing the emotionally charged animosity between India and Pakistan.

The SCO’s primary common objective is to counter terrorism, separatism and extremism, which are aligned closely with Islamabad’s objectives against terrorism, extremism and militancy which are undermining the country’s national security. Beyond this primary shared concern of terrorism, are a few other important Pakistan foreign policy interest -- sustaining strategic partnership with China, resetting cordial bilateral relation with Russia, augmenting economic activities with Central

¹ Julie Boland, “Ten Years of the Shanghai Cooperation Organisation: A Lost Decade? A Partner for the U.S?”*21st Century Defense Initiative Policy Paper*, Brookings, June 20, 2011, p. 8.

² “India, Pakistan leaders hold first talks since Mumbai,” *Reuters*, June 16, 2009. <http://www.reuters.com/article/2009/06/16/idUSLG668165>, accessed on August 24, 2013.

Asian states, work closely with Afghanistan's neighbours for the latter's stability in the post 2014 period that might be better understood and pursued through an enhanced relationship with the SCO. In addition, full membership of the SCO also might provide a forum within which Pakistani leadership could interact with SCO participants particularly those not currently favourably inclined towards Islamabad, such as India. Islamabad, therefore, has energetically been lobbying to become a full member of the Shanghai Cooperation Organisation.

The primary focus of this chapter is to critically examine the probability of SCO expansion and the likely impact of the expansion on the regional stability. It is divided into four sections. The first section briefly explains the formation and objectives of the SCO. It is followed by a discussion on the Eurasian strategic environment and the menace of three evils. The third section contains a debate on the professed strategic role of SCO in the Eurasia in particular and global politics in general. The final section underscores the constructive role of SCO expansion in the regional stability.

Shanghai Cooperation Organisation

The SCO is an intergovernmental mutual-security Eurasian organisation, which was founded on June 15, 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia Federation, Tajikistan, and Uzbekistan.³ These six states are the original and full members of the SCO and five countries, i.e. India, Iran, Mongolia, Afghanistan and Pakistan enjoy the status of official observers in the organisation.⁴ The Organisation also invites the guest states in its meetings. Afghanistan, prior to 2012 SCO summit participated in some activities through the SCO-Afghanistan Contact Group, and Belarus and Sri Lanka were approved as the organisation's first dialogue partners in 2009 and Turkey in 2012.⁵ The SCO's basic bureaucratic structure consists of two standing bodies: 'the Secretariat based in Beijing and overseen by a Secretary General who serves a three-year term, and the Regional Anti Terror Structure (RATS) with a staff based in Tashkent.⁶

³ It owes its origin to "Shanghai Five" formed in April, 1996 by Russia, China, and three central Asian countries —Kazakhstan, Kyrgyzstan and Tajikistan.

⁴ In 2004, the SCO created the official status of observer and brought Mongolia into its fold. India, Iran, and Pakistan joined as SCO observers the following year.

⁵ "SCO grants Sri Lanka 'dialogue partner' status," *The Times of India*, June 16, 2009. <http://articles.timesofindia.indiatimes.com/keyword/shanghai-cooperation-organisation/featured/4>, accessed on August 24, 2013.

⁶ Julie Boland, "Ten Years of the Shanghai Cooperation Organisation: A Lost Decade? A Partner for the U.S?" *21st Century Defense Initiative Policy Paper*, Brookings, June 20, 2011, p. 8.

The declared objectives of the SCO are to strengthen mutual trust, friendship and good-neighbourly relations among the member states; encouraging effective cooperation among them in politics, trade and economy, science and technology, culture, education, energy, transportation, ecology and other areas; joint efforts to maintain and ensure peace, security and stability in the region, to create a new democratic, just and rational political and economic international order. Nevertheless, the prime focus of the SCO has been on terrorism, separatism and extremism.

The SCO completed its twelve years of existence in 2013. Since its formation, every year, it brings together heads of state to discuss regional security issues and inter-regional cooperation, to determine strategies and goals to promote development. Though it refrained from enrolling a new full member of the organisation till the writing of these lines, yet it has been systematically engaging the neighbouring countries through various means such as, official observer, contact groups, dialogue partners to pursue its objectives.

Eurasian Geostrategic Vicissitudes: Menace of Three Evils

Since the dawn of twenty-first century, there have been significant changes at the Eurasian peripheral geo-strategic landscape. These developments have serious repercussions for the Eurasian heartland's security environment. The terrorist attack on September 11, 2001 at the heartland of the United States enraged the sole super power and also resulted in a process that has left significant impact on and effect on the geo-strategic landscape of Eurasia. Washington announced war on terrorism and launched Operation Enduring Freedom against the government of Taliban and al Qaeda-led terrorist syndicate in Afghanistan on October 7, 2001. The Taliban were defeated, but could not be eliminated. Their resistance assumed the shape of an insurgency and an armed struggle against the foreign forces and their local supporters. Although the United States-led coalition armed forces were successful in purging the Mullah Omar government, they failed to prevent the outbreak of a protracted asymmetrical warfare in Afghanistan.

Importantly, Operation Enduring Freedom did displace al-Qaeda leadership from Afghanistan and senior al-Qaeda operators including Osama bin Laden (May 2, 2011) were killed. Despite these successes al Qaeda has not been completely eliminated. The southern Afghan provinces, i.e., Helmand, Kandahar, Oruzgan, and Zabol as well as eastern Afghan

provinces, i.e., Paktika, Paktia, Khowst, Nangarhar, and Konar became hub of Afghan insurgents and al-Qaeda-led terrorist syndicate.⁷

The al-Qaeda-led terrorist syndicate has been posing a severe challenge to the Eurasian states national security. All of the SCO full member states have been hit with extremist or terrorist attacks in recent years. Importantly, the terrorist groups, which are operating in Eurasian heartland, have sanctuaries in Afghanistan and Federally Administered Tribal Areas of Pakistan. The close connection among these terrorist groups and their identical tactics necessitate cooperative counterterrorism strategy by both SCO and Pakistan. For instance, in August 2010 convicted extremists were able to jailbreak in Tajikistan and terrorists committed suicide bombing at Domodedovo airport in Russia in 2001 which are a few identical gruesome terrorist tactics by which they have been taxing Pakistani law enforcement agencies and bleeding innocent people in the country.

SCO's Professed Strategic Role: A Debate

The SCO has been evolving as an important Eurasian alliance. Nevertheless, whether the SCO could emerge as a counterweight to NATO in the near future is a debatable subject. Many security observers seem convinced that SCO would gradually mature to counterbalance North Atlantic Treaty Organisation (NATO) expansion in the Asian region. Vali Nasr opined that "With Iran and Russia's backing, SCO is working to limit American diplomatic presence in the region."⁸ In spite of the frequent denials of the military nature of the SCO and the differences between members on military and security cooperation, five initiatives of the SCO reveal that it has been gradually moving towards a full-grown security organisation. These developments are: Combination of military and political events; second, military assistance' concept; third cooperation between SCO and the Russian-led military alliance Collective Security Treaty Organisation of the CIS (CSTO); fourth maturing joint maneuvers, and fifth security response mechanisms.⁹ Subhash Kapila, opined that "the SCO's political and strategic agenda seems comprehensive and could be

⁷ Dr. Zafar Nawaz Jaspal, "Responding to geo-strategic vicissitudes," *Weekly Pulse*, December 14, 2012.

⁸ Vali Nasr, "The U.S. Should Focus on Asia: All of Asia," *The Atlantic*, April 11, 2013. <http://www.theatlantic.com/china/archive/2013/04/the-us-should-focus-on-asia-all-of-asia/274907/>, accessed on April 16, 2013.

⁹ For detailed account on five developments that could entail SCO into a full-grown security organisation such as NATO see Marcel de Haas and Frans-Paul van der Putten, "Defence and security policy," in Dr Marcel de Haas, ed. *The Shanghai Cooperation Organisation: Towards a full-grown security alliance?* Clingendael Security Paper, Netherland Institute of International Relations, Clingendael, November 2007, pp. 13-15.

compared to the Warsaw Pact and referred to as the Military Alliance of the East, which could check NATO's 'Eastward Creep' towards China and CIS peripheries."¹⁰ Whether SCO would be successful or not checking NATO's eastward creep, the NATO has started deliberation to enhance its cooperation with India. In the Lisbon meeting in 2010, NATO declared to "engage actively to enhance international security, through partnership with relevant countries." India is viewed as a relevant country. Therefore, the NATO members are convinced that the alliance's closer relation with India is in both sides' interest.¹¹

The anti-Americanism and NATO expansion eastwards may be the glue which binds China, Russian Federation, and other Asian states together in the prevalent global environment. Actually, the lingering US military presence in the region due to the protracted asymmetrical warfare in Afghanistan and the launching of the Operation Iraqi Freedom in March 2003 had created alarm about the United States' preeminence in Asia. Washington's sponsored regime change policy further exacerbated anxiety in the region, especially after the so-called "color revolutions" that toppled governments in Georgia (Rose Revolution, 2003), Ukraine (Orange Revolution, 2004), and Kyrgyzstan (Tulip Revolution, March 2005).

The first clear anti-American and NATO indication came in 2005, when the SCO full member Uzbekistan called on the United States and its NATO allies to set a timetable for withdrawal of forces from Uzbekistan's Karshi Khanabad airbase. The Uzbek government was unhappy with the US criticism about its harsh crackdown on public unrest at Andijon in May 2005.¹² In 2005 the Russo-Chinese declaration — World Order in the 21st Century — both states emphasized on the principles of "mutual respect of sovereignty, territorial integrity, mutual non-aggression and non-interference."¹³ In its Shanghai Summit Declaration on June 15, 2006, the

¹⁰ Dr. Subhash Kapila, "Afghanistan in China's Strategic Calculus," *South Asia Analysis Group*, Paper no. 3804, May 10, 2010.

<http://www.southasiaanalysis.org/%5Cpapers39%5Cpaper3804.html>, accessed December 26, 2010.

¹¹ Author participated in the workshop titled "Partnering with the largest Democracy: Prospects for deeper cooperation between the NATO and India," organised by The German Council on Foreign Relations, NATO Public Diplomacy Division, the Konrad Adenauer Foundation, and the German Marshall Fund of the U.S. on May 17, 2013 at Berlin. The workshop focused on chalking out strategy to enhance cooperation between NATO and India.

¹² Alexander Cooley, "The Politics of Overseas U.S. Basing Agreements: Domestic Political Change and the Contestation of Security Contracts," Paper prepared for the Christopher H. Browne Center's International Relations Speaking Series, University of Pennsylvania, November 16, 2006, p.2.

https://bc.sas.upenn.edu/system/files/Cooley_11.16.06.pdf, accessed August 20, 2011.

¹³ "Full text of China-Russia Joint Statement on 21st Century World Order," *Free Republic*, July 2, 2005, <http://www.freerepublic.com/focus/f-news/1436001/posts>, accessed August

SCO claimed that differences in cultural traditions, political and social systems, values and model of development formed in the course of history should not be taken as pretexts to interfere in other countries' internal affairs, stressing that the model of social development should not be 'exported'. The declaration maintains that the differences in civilizations should be respected, and exchanges among civilizations should be conducted on an equal basis to draw on each other's strengths and enhance harmonious development.¹⁴ Hypothetically speaking, Beijing and Moscow could appear to be the driving force or eager to steer the SCO toward a NATO-like defense alliance.

The SCO, certainly, has been providing a forum to its parties and other associating states to deliberate and chalk out a consensus-based strategy to combat the menace of transnational security threats emanating from the non-state actors or from terrorist-criminal networks in the region. Furthermore, the leaders participating in SCO summit do express collective concern on subjects, which in their opinion may destabilize the global and regional strategic environment. For instance on June 7, 2012, the heads of state pointed out that "the strengthening of missile defense by a country or group of countries in a unilateral and unrestrained manner in disregard of the legitimate interests of other countries will cause harm to international security and global strategic stability."¹⁵ The missile defense system is an important military technology, which gives immense defensive-cum-offensive capability to its possessors. Theoretically speaking, it is an established variable that the introduction of a new weapon system in one state's arsenal intensify security dilemma puzzle in the regional and global strategic environment, which always unleash arms race between/ among the strategic competitors. The arms race contains an inbuilt characteristic to destabilize the regional as well as global strategic stability.

Importantly, a few international security observers such as Vali Nasr, Subhash Kapila, etc., did profess that SCO would gradually evolve into a counterweight to North Atlantic Treaty Organisation (NATO). They concluded that SCO would emerge as a strategic peer or a balancer in the global politics akin to Warsaw Pact of the Cold War in the twentieth century and check NATO's eastward creep. NATO's decision to support

²⁰, 2011. See also "Moscow, Beijing to sign declaration on world order," *RIA Novosti*, June 29, 2005. <http://en.rian.ru/russia/20050629/40813906.html>, accessed August 20, 2011.

¹⁴ "SCO members issue declaration," *Chinese Government Official Web Portal*, June 15, 2006. http://www.gov.cn/mic/2006-06/15/content_311030.htm, accessed (August 20, 2011).

¹⁵ Press Communiqué of the Meeting of the Council of The Heads of the Member States of The Shanghai Cooperation Organisation (Beijing, 6-7 June 2012). <http://www.sectsco.org/EN123/show.asp?id=443>, accessed (August 25, 2013).

the United States Operation Enduring Freedom in Afghanistan and the latter's border with the member states of SCO, perhaps imperceptibly qualify NATO's eastward creep strategy. The SCO charter, however, does not support the argument that it is a military alliance, which checks the United States primacy in the global politics and balance NATO at the strategic chessboard of global politics. In reality, the SCO is an emerging security organisation, but without being bound by Article 5-type of NATO mutual defense guarantees. The absence of Article 5-type guarantees in its charter differentiates it from NATO. Thus, currently, it has not been evolving into a military counterweight to NATO. Julie Boland also pointed out that SCO has not been evolving to check NATO's role in the twenty-first century strategic environment. Julie wrote that "The SCO is sometimes negatively judged based on whether it has evolved into a military counterweight to NATO, perhaps because it has certain similar bureaucratic attributes, including a signed charter, a permanent secretariat, issue-based centers based in regional partners' capitals, and annual summits. But it has important differences: specifically, not being limited to security issues and not being bound by Article 5-type mutual defense guarantees. Because of this, evaluations of the SCO should not be based solely on comparisons to NATO."¹⁶ In simple terms, SCO has adopted a conscious approach to stay away from the military alliances strategic competition in the global strategic environment.

Expanding SCO for Regional Stability

A new phase of Eurasian regionalism may be dawning with the likely expansion of SCO. Both SCO heavyweights — China and Russia — and the leading actors of South Asia — India and Pakistan — favour regional cooperation as the framework within which to resolve the three evils, i.e. terrorism, separatism and extremism. SCO has developed during the last decade a distinctive style of regional cooperation based on the "Shanghai spirit." The cooperative framework of SCO certainly provides a useful platform to involve regional powers of South Asia in permanent consultation and cooperation, on the basis of shared principles. Its consensus approach to decision making barricades hegemonic or coerced cooperation, which is imperative to check the bigger members' interference in the smaller members' internal affairs as well as prevent the forum to be hijacked from the bilateral disputes of the belligerent neighbours. Furthermore, the smaller countries play an appropriate role in the

¹⁶ Julie Boland, "Ten Years of the Shanghai Cooperation Organisation: A Lost Decade? A Partner for the U.S?" *21st Century Defense Initiative Policy Paper*, Brookings, June 20, 2011, p. 13.

organisation and maximize their advantages in the globalized and interconnected, economic and security environment of today.

Admittedly, no regional organisation will replace bilateral relationships that countries utilize, nor fully resolve long-standing tensions between belligerent neighbours. Julie Boland pointed out that: “Not even the most accomplished of regional organisations, the EU, has superseded state-to-state relations or completely aligned central and western European nations’ economic and security priorities. Thus, while the SCO might be able to do more to mitigate conflicts between members, its stated policy of noninterference suggests that it will use mostly diplomatic methods to influence actions within the group.”¹⁷ The diplomatic methods in the SCO, definitely, have positive ramifications in lowering the tension between the conflicting parties.

The SCO in its 2009 heads of summit gave an impression for its expansion. It also published a long-anticipated guidance on accepting new members. Among other criteria, the SCO declared that new members must not be under UN Security Council sanctions, a blow to Iran’s application. Consequently, the SCO official observer nations — India, Iran, Mongolia, Afghanistan and Pakistan geared up their efforts to acquire a full member status in SCO. They see political, economic, and security benefits from working with the organisation. India and Pakistan have expressed their desire to become a full member of the SCO. It seems that India and Pakistan regardless of having chronic conflicts are prepared to join SCO, which operates by consensus and without interfering in its members’ internal as well as bilateral affairs. In fact, both cannot ignore SCO in their westward outlook. Today, New Delhi has nearly 80 billion US dollars’ trade with Beijing. Despite its cementing strategic partnership with United States, India has been sustaining its military cooperation with the Russian Federation. While, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan’s geo-economic potential is very attractive for the Indian business community, Islamabad considers Central Asia as an ‘economic promising region’.

Pakistan has a potential to become a gateway to the landlocked Central Asian Republics with historical and cultural links spanning centuries. Anything disturbing in this region would diminish Pakistan’s future economic opportunities. For instance, the Russian Federation, China and Central Asian States could seek a link up with Gwadar via the north-south trade/energy corridor. Similarly, the new Silk Route creates economic

¹⁷ Julie Boland, “Ten Years of the Shanghai Cooperation Organisation: A Lost Decade? A Partner for the U.S?”*21st Century Defense Initiative Policy Paper*, Brookings, June 20, 2011, p. 13.

opportunities for India, Pakistan and SCO. The New Silk Route's purpose is to bridge the gap between the continents. It is part of the rail and road link between Asia and Europe. Once its connectivity starts functioning, it will connect South Asia, Central Asia, Caucasus and Russia further with Europe much easily. The prerequisite for New Silk Route's connectivity is stability in South Asia and Afghanistan. Thus, both New Delhi and Islamabad have great stakes in the region and thereby their membership of SCO would have political and economic dividends for both Islamabad and New Delhi.

More important, India and Pakistan can only be admitted together in SCO. It is because admitting either of them alone will be viewed as a political statement and an insult to the other country. Accepting them as an official observer state manifests that the SCO full members realize the sensitivities of India and Pakistan. The leading members have special relations with both India and Pakistan. Russia has closer ties with India, and China with Pakistan. They just would not desire to offend either. Indeed, the simultaneous admission of both India and Pakistan would mark a radical change in the form of the organisation. It will make the SCO a South Asian organisation as well. That would be a significant change for SCO's stature in global politics.

Afghanistan's Political Stability

Peace and stability in Afghanistan is an imperative for regional stability. SCO seems convinced that political instability in Afghanistan would have devastating repercussions for the Central Asian states including China and the Russian Federation. Therefore, SCO-Afghanistan Contact Group was created in 2005 to contribute constructively in Afghanistan's internal affairs. The objective of this group was to adopt cooperative measures to establish sustainable peace in Afghanistan. President Hamid Karzai attended subsequent SCO heads of state summits as a guest. Since last year, Afghanistan has been granted an official observer status in the SCO. Presently, the SCO members are worried about the post-2014 Afghanistan situation. The general perception persists that the withdrawal of the main part of NATO-led International Security Assistance Force (ISAF) and the rearrangement of the remaining American contingent in Afghanistan after 2014 may trigger a serious rise in the terrorist threat not only to Afghanistan but also to its neighbouring countries.

Many security observers have anticipated about anarchical situation within Afghanistan after the NATO-led ISAF forces withdraw. Such a situation in Afghanistan would obviously be in the advantage of radical militant groups, which are one of the central concerns of SCO. The SCO, therefore, needs to be proactive to support the Kabul government so that it

should not permit the regrouping of radical militant groups in Afghanistan. In addition, the SCO may initiate coordination among its member states, official observers and dialogue partners, as well as between the SCO and Common Security Treaty Organisation (CSTO) to prevent any transnational terrorist groups' threat emanating from Afghanistan to the secular as well as moderate regimes in the region. Importantly, SCO can only prevent the threats emanating from Afghanistan if its member states resolve the contradictions still existing among some of them. Nevertheless, the SCO role becomes more effective, if Afghanistan is made a full member of the organisation.

Anticipated Tangible Outcome: Benign for Regional Stability

SCO expansion would not only boost its status as a multinational organisation, but also contribute positively in the national interest of its full members. The membership aspiring nations would behave rationally and cooperate with each other through SCO for maximizing their advantages in the present global politics. SCO encourages and facilitates the people of Pakistan to do trade with neighboring countries. The economic interdependence between or among SCO members could result in strengthening peace in the region. The expansion of SCO would bring about the following activities, which contribute constructively for regional stability:

SCO Encourage Arms Control

Stability in a region can only be guaranteed when the regional strategic competitors are convinced that the use of military force to shift the prevailing balance of power or altering the status quo in one's advantage is not a prudent strategy. There are various factors, which give rise to such a judicious thinking in a region. In the strategic realm, arms control arrangement positively contributes to regional strategic stability. SCO has opposed the development and deployment of missile defense systems because these weapons contain an inbuilt potential to unleash an offensive and defensive arms race. In reality, arms race causes power transition, which entails strategic instability in the region. In the context of South Asia, India is endeavouring to acquire missile defense systems. The presence of missile defense systems in the Indian arsenal certainly causes anxiety in the Pakistani strategic enclave. Hypothetically speaking, the expansion of the organisation would provide SCO an opportunity to restrain India from acquiring a missile defense system. More precisely, India and Pakistan's

joining SCO as a full member could have a constructive impact on stabilizing the strategic power equilibrium in South Asia in post-2014 era.

Facilitate Economic Cooperation

Economic interdependence inculcates a cooperative environment in the region instead of competition. The SCO expansion, therefore, would facilitate India and Pakistan to enhance their bilateral and multilateral trade. Today, SCO is endeavoring to enhance economic cooperation through multilateral trade among the member states so that it would become a viable regional organisation. Therefore, it established an Interbank Association in 2005 and a Business Council in 2006. The SCO Development Fund was created to support the members. It was reported that the SCO had initiated over 20 large-scale projects related to transportation, energy and telecommunications by 2007.¹⁸ The increase in bilateral as well as multilateral trade volumes definitely produces strong commercial lobbies in both countries, linking prosperity and progress to regional stability.

Counter Terrorism

The areas of Northeast and Central Asia that the SCO represents face various challenges including terrorism, extremism and separatism. India and Pakistan is also victim of these three evils. Hence, elimination of these three evils is essential for South Asian stability. The terrorist organisations have developed strong transnational networks and thereby combating them by one state is not a feasible strategy. The transnational terrorist organisations necessitate the states to chalk out a cooperative counterterrorism strategy to combat the menace of terrorism. Since its creation, SCO has been engaged in eradicating the menace of terrorism through collective arrangement. The member states created a joint counter-terrorism centre, i.e. Regional Anti-Terrorism Structure (RATS) in Tashkent, Uzbekistan in 2003. The responsibility of the RATS is to coordinate nonmilitary actions relevant to addressing the common sub-state security threats of terrorism, separatism and extremism. Therefore, it had been designed to develop a ‘single approach for SCO states in the fight against terrorism.’

In 2006, the RATS identified 14 terrorist organisations “as directly threatening the security of the region, including the Taliban, the Islamic

¹⁸ “Zardari to represent Pakistan at 9th SCO summit,” Awaz.tv, June 11, 2009. http://www.awaztoday.com/News_Zardari-to-represent-Pakistan-at-9th-SCO-summit_1_1683_Political-News.aspx, accessed on August 24, 2013.

Party of Turkestan, and the Hizb-ut Tahrir.”¹⁹ After the Bishkek summit in 2007, at least 1,600 Chinese soldiers, 2,000 Russian military personnel and defense forces from Kyrgyzstan, Kazakhstan, Tajikistan and Uzbekistan participated in a joint counter-terrorism military exercise called “Peace Mission 2007”. The exercise took place in the Russian Urals and in China’s Xinjiang region. The expansion of SCO makes South Asian states member of RATS, which facilitates in quashing terrorist sanctuaries in both Eurasia and South Asia.

Counter Narcotics Efforts

SCO realizes the increasing drug trafficking problem, which poses a serious security challenge to its members. According to the UN Drug Report (2012) ‘Afghanistan accounts for over 60 per cent of global opium poppy cultivation and remains the leading producer of opium in the world. Ekaterina Koldunova pointed out that: “A constant rise of the drug production which takes place in Afghanistan since 2001, with the exception of the year 2010 when opium poppy plants suffered from a plant disease, is currently acquiring new geographical dimension.”²⁰ In this context, the optimistic development is that the SCO members are now considering the option to create a special center which could work in close contact with the Regional Anti-terrorist Structure (RATS). The creation of a center certainly contributes constructively in the prevention of drug smuggling and impeding the terrorist-criminal networks in the region. In this context, definitely, the cooperation of Afghanistan and Pakistan is imperative. Thus, the expansion of SCO would strengthen the law enforcement agencies of the new full members to break the terrorist-crime network.

Conclusion

India and Pakistan seem convinced that the SCO will emerge as one of the most significant organisation in the coming years and will be effectively contributing to regional security and bringing economic stability in South Asia. Both Islamabad and New Delhi regard three issues very vital for their economic prosperity. They are: First cooperation in achieving energy security. Second cooperation in improving transport connectivity between Asia and Europe for boosting trade. And third, cooperation in tackling

¹⁹ Stefanie Hoffman, “Case Study: The Shanghai Cooperation Organisation,” March 4, 2011. http://www.academia.edu/464717/Case_Study_Shanghai_Cooperation_Organisation, accessed on August 28, 2013.

²⁰ Ekaterina Koldunova, “Upcoming SCO Summit in Bishkek: Security Issues under Scrutiny,” *Valdai Discussion Club*, July 7, 2013. <http://valdaiclub.com/asia/59840.html>, accessed on August 25, 2013.

increased terrorism and drugs trafficking issues. In the realm of energy, both are part of gas pipeline projects, i.e. Iran-Pakistan-India gas pipeline and Turkmenistan-Afghanistan-Pakistan and India gas pipeline. India has already started dialogue with the Regional Anti-Terrorism Structure (RATS), the SCO's premier counter-terror body. Unfortunately, both India and Pakistan are reluctant in cooperating in improving transport connectivity due to the continuity of their chronic bilateral disputes. It seems that once they will become full members of the SCO, both states would agree on rationalizing the New Silk Route along the other member states.

To conclude, SCO is the biggest and most influential organisation in Eurasia, and will soon become effective in the South Asian political, economic and security affairs provided it expands its membership. After granting full member status to India and Pakistan, SCO would emerge as one of the most important regional organisations in the world because it would be the only organisation that includes the most populous and four nuclear weapon states — Russia, China, India and Pakistan. More precisely, the presence of these four states on an SCO platform conceivably assists in balancing the diverse interests within the organisation, which would have constructive impact on regional stability.■

CHAPTER 7

Rise of China and her Prospective Role in Regional Stability

Dr. Wang Shida

China has been developing at a very high speed since the adoption of the 'Open-Up Policy'. As a result of the rapidly expanding economy, the government and people of China suddenly realize that its national interest has been closely tied up to the outside world, especially the region in the near neighborhood. South Asia is a very important region in the diplomatic list of China. The stability of South Asia, especially Afghanistan, has been challenging since the anti-terror war started in 2001. As a close neighbour, China wants to establish peaceful, stable and prosperous outside environment for the development of domestic economy since China is still a developing country with huge number of population. The last thing China wants to see is the chaos of Afghanistan last for a long time, and even worse that Pakistan become more and more unstable because of the spill over effect of Afghanistan. As a result, China would contribute to the international as well as regional effort to ensure a stable Afghanistan. More important, China would like to see Pakistan reviving from the unstable situation, paving the way to be the Tiger of Asia and would like to offer help as requested. Last but not least, India plays a very important role in regional affairs and has a saying in Afghanistan situation. China would like to coordinate with both India and Pakistan for the prospect of a bright future of the region.

China's Interest in Afghanistan

As a close neighbour of Afghanistan, China pays much attention to the evolution of Afghanistan situation after the Enduring Freedom Operation by the US in 2001 and tends to consider the Afghanistan problem from the perspective of geopolitics and national security. In a word, the most important thing to China is to see a neutral, unaligned and stable central government be established in Kabul. In the meantime, India-Pakistan conflict, Great Middle East Plan of the U.S, military deployment of NATO in Central and South Asia, development of Shanghai Cooperation Organisation are all elements affecting the policy decision of China's

leadership. Generally speaking, China's national interests in Afghanistan are as follow. First and the most important consideration is to maintain peace and stability of the west part of China, including Xinjiang Autonomous Region. The illegal militants of East Turkistan Islamic Movement used to learn technique of launching terrorist attacks in the training camps of al Qaeda in Afghanistan in 1990s. Some terrorists went back to Xinjiang Autonomous Region and launched dozens of terrorist attacks, posing serious threat to the security and stability of the west part of China including Xinjiang Autonomous Region. After the collapse of the Taliban Regime, some terrorists were killed or captured by the US troops, while some managed to escape and relocated in the tribal area of the border region. Some militants even married the local people and became part of the Pushtun tribe. Although the number is quite limited, the terrorists learned the method of terrorism attack, such as bomb making and posed a real threat to the national security of China. Second, there is great potential for bilateral economic cooperation between China and Afghanistan. Afghanistan is an undeveloped country whose economy is mainly based on agriculture with quite limited light industry. As a result, Afghanistan needs to import various kinds of manufactured goods from television to commercial plants. The bilateral trade between China and Afghanistan has grown from 27 million US dollars in 2002 to half a billion in recent years and still has a great potential to develop further. In the meantime, Afghanistan is under reconstruction with the support of international community, building roads, railways and bridges for example. China state-owned company with mature technique and enough experience is very competitive in the bid for contract forbuilding infrastructure in Afghanistan. At present, there are dozens of China companies operating in Afghanistan, such as CNPC, MCC and so on. Afghanistan has plenty of mineral resources, such as iron, copper and so on. It is estimated that Afghanistan possesses mineral resources with total value of more than three trillion US dollars. The problem is that the mining sector need huge investment and usually takes long time to make profit. Even worse, the deteriorating security situation in Afghanistan has become the main obstacle in acquiring FDI. China has been developing at a high speed for dozens of years and will continue the tendency in the near future, thus it is in urgent need of raw material to support the sustainable economic development. The state-owned corporation has the financial resource and techniques to exploit the mineral resources in Afghanistan. Third, Afghanistan is a strategic pivot of China's Look West Strategy. Afghanistan is located in the heart of Asia and at the crossroad linking Central, South and West Asia which makes it strategically important for China. Once the chaos of Afghanistan comes to an end, the country may play a vital role in establishing the transportation network

around China. At present, the transport network in Central Asia is taking shape. Iran, Afghanistan and Tajikistan are discussing establishing trilateral transnational railway in the near future. The transportation network around the west part of China will provide huge opportunity for economic development, people-to-people exchanges and regional economic integration and facilitate the implementation of its West Development Strategy.

China's Involvement in Afghanistan

Unlike the US and other western countries, China adopts a limited involvement strategy in Afghanistan with the aim of ensuring the security of persons and projects as well as supporting the reconciliation process of Afghanistan. The content of the limited involvement strategy is as follows: First, the Chinese government intends to improve the economy of Afghanistan through enhancing bilateral trade and provide more job opportunities and wipe out the social root of terrorism. Generally speaking, most of the militants aren't Mujahideen with the aim of global jihad and the revival of Islamist Caliphate. Some militants join militant group to earn money and support the family. If the international community can re-energize the economy of Afghanistan and provide more job opportunities, lots of militants will abandon violence and integrate to the society and thus pave the way for a peaceful and stable Afghanistan. At present, dozens of China enterprises are deeply involved in the economic reconstruction of Afghanistan. For example, MCC won the bid for the Aynak copper mine in 2007. According to the contract between MCC and Afghanistan government, MCC will pay more than 800 million US dollars for rent of the copper mine and 60 million US dollars each year as tax. According to the former mining minister of Afghanistan, the Aynak copper mine project will generate 2 billion US dollars for the Afghan government and may triple the financial income of Afghan government in five years. Other than that, MCC also promises to build schools, mosques, roads, hospitals, railway, power plants together with iron plants. MCC will also employ as many local workers as possible. As a result, the Aynak copper mine project will generate about 10,000 jobs for the local people. Another good example is the Amu Darya oil basin project. The CNPC won the bid to extract Amu Darya oil basin. "The company will extract 1,950 barrels per day, which will crucially help Afghanistan towards self-sustainability and economic independence," the mining minister Wahidullah Shahrani said. The venture with CNPC, which has invested hundreds of millions of dollars, was expected to produce billions of dollars over the next two decades. CNPC will pay a 15 per cent royalty on oil, 20 per cent corporate tax and give 50-

70 per cent of its profit from the project to the government. CNPC will extract 1.5 million barrels of oil annually, Shahrani said. Up to 87 million barrels of crude are estimated to be in Amu Darya. The Amu Darya basin should be able to supply Afghanistan with all its domestic oil needs eventually, said Weis Sherdel, director of the three Amu Darya oil blocks for the mining ministry. CNPC's Amu Darya crude will be sent to Turkmenistan where it will be refined and then sold to Afghan clients or abroad, Sherdel said. Other than that, CNPC should complete work on an Afghan refinery in 2-3 years. Shahrani said the development of the Amu Darya basin had provided Afghans with 2,100 jobs in the Sar-e-Pul province of 500,000 where unemployment is more than twice the national average, at 18 per cent.

Second, China helps the Afghanistan government in cultivating talents and strengthen the growth momentum. Afghanistan's economic, social as well as other sectors are actively promoting reconstruction and are badly in need of all kinds of professionals. China has an obvious advantage in the field of education and technical training and has the ability to help the Afghan government to cultivate talents. From 2007 to 2008, the Chinese government offered 10 short-term training classes for Afghanistan, including diplomats training, human resource management and leadership ability improvement, project contract management, hospital management, government fiscal and financial management, economic management, public administration as well as other fields. Under these projects, China trained up to 200 Afghan officials. China's Defence Ministry, the Ministry of Public Security also launched training projects for Afghan authorities. For example, the ministry of defence offered humanitarian minesweeping training classes for more than 40 people from Iraq and Afghanistan to provide professional training. Those people mastered basic minesweeping knowledge and improved the minesweeping skills as well as organisational ability. After the training project, the Chinese government also offers a batch of minesweeping equipment free of charge.

Third, the Chinese government provides government-to-government assistance to meet the urgent need of the Afghan government. The Chinese government has offered at least \$250 million in aid to the Afghan government since 2001. While China's aid to Afghanistan is less than many countries, but China's commitment of aid can be put in place in the short term. It makes a big difference comparing with some countries which only open blank cheques.

The Expectation for China from Afghan Side

Afghanistan is located in the heart of Asia in an important strategic position. Unfortunately, Afghanistan has faced repeated invasions by external forces in history, such as the Britain's, the great game between Britain and Russia and the Soviet Union's etc. At present, Afghanistan's reconstruction in security, politics and economy sector is also hindered by external powers as well as contradiction between the regional and outside countries, such as the contradictions between India and Pakistan, between the United States and Russia as well as between United States and Iran and so on. As the biggest neighbour of Afghanistan, China has been providing economic aid with the aim of reviving the Afghan economy, convincing different political factions of joining the national reconciliation process as soon as possible. This makes a huge difference between countries which sponsored proxies with the aim of seeking their own interests. As a result, the non-interference policy of the Chinese government is highly appreciated by the Afghan government and ordinary people. The Afghan government as well as the opposition parties in parliament, even insurgent groups such as the Taliban do not consider China as an enemy. As a result, China has an obvious advantage, namely, the Afghan people, regardless of class and ethnicity, are friendly to China.

The Afghan authority hopes China can play a bigger role in stabilizing Afghanistan. Politically, the current regime tries to convince China of persuading Pakistan to play more constructive role, especially in the peace process. The high-ranking leaders of Afghan government think that Pakistan, particularly the Pakistani military, has an irreplaceable role in Afghanistan. The Afghans think that Pakistan's strategic consideration in Afghanistan are as follows: First, Pakistan wants to establish a central regime which is friendly to Pakistan, thus establishing 'strategic depth' on its western frontier and avoiding falling into a two-directional hostile dilemma. Second, Pakistan wants to restrict Indian influence in Afghanistan, especially to prevent India from threatening Pakistan's national security through the consulates in Afghanistan, such as supporting Baluchi separatist activities. Third, Pakistan would like to see a central government in Afghanistan controlled by the Pushtuns. Pakistan may prevent the pro-India forces from dominating the central government unilaterally by supporting a Pushtun regime in Afghanistan. The United States as well as some western countries insist that the main insurgent groups in Afghanistan use the tribal areas in Pakistan as a base and shelter, such as the Taliban and the Haqqani Network. As a result, the Afghan government believes that Pakistan is the key if Afghanistan's security situation is to be improved. Given that China and Pakistan have enjoyed a

special partnership for dozens of years, the Afghan government hopes that China can make a special effort to persuade Pakistan to give up the alleged thought of 'strategic depth'. Besides, Afghanistan has realized that, as one of the five permanent members of UN security council, China has a pivotal position in the international affairs, hoping that China can play a greater role in the affairs of Afghanistan, say, balance the influence of United States and other western countries. For example, Afghanistan's former ambassador to China mentioned that most countries will leave Afghanistan in the end, while China and Afghanistan will always remain close neighbours.

Economically, the Afghan government and people want to benefit from China's rapid economic development. They have repeatedly been asking China to increase investment in Afghanistan's social and economic sector, especially opening up of the direct communication channels between the two countries through the Wakhan Corridor. Generally speaking, the Afghan government hopes that China would offer more assistance in its mining sector and agriculture. In the mining sector, Afghanistan has various kinds of natural resources that are worth more than one trillion dollars. The Afghan government considers the mining sector as the biggest pillar of its economic development and has put forward the Five Year Plan for Mining Sector, hoping the production value of mining industry to reach \$1.8 billion in 2018. However, Afghanistan's problematic security situation poses a big obstacle for foreign direct investment and is the major bottleneck for the development of the mining industry. Moreover, Afghanistan faces other problems such as lack of data on its mineral deposits, poor infrastructure, lack of electricity and so on. To this end, the Afghan government hopes the Chinese government to invest more in the mining sector. For example, Afghanistan's former ambassador to China said: "High risk means high profits. As a big country, China should be brave to take on risk. In fact, the overall security situation in Afghanistan is getting better. For example, the security situation in Bamian province which is rich in iron ore and cement resources, and Samangan, which is rich in coal resources, is relatively stable and would welcome Chinese enterprises to invest." In agriculture, about 80 per cent of the Afghan population still lives on farming and the outcome of agriculture is directly linked to social stability. The Afghan government expects China to offer assistance in the following fields through its experience and technical knowhow as a traditional agricultural country. First, Afghan government expects the Chinese government to promote the construction of rural connectivity, to raise the level of village governance, to provide favourable conditions for the development of the rural areas. Second, the Afghan authority wants the Chinese government to help in the development of water resources. Rainfall is not enough in Afghanistan.

Water from mountain snow is the main water source. The Afghan government wants China's help in water storage, hydropower development, construction of large-scale water conservancy projects and improve the utilization efficiency of water resources. Thirdly, Afghanistan lacks energy and is facing massive energy gap. The government wants China to help the development and promotion of wind power and small hydropower projects in the countryside. Fourthly, as a agricultural country, Afghanistan faces storage problem which makes it difficult to preserve the seasonal agricultural produce. As a result, the Afghan government has to import large quantities of grains every year to make up for the shortage of agricultural products.

In regional economic cooperation, the Afghan government considers that the strategy of New Silk Road will help to promote regional economic cooperation and improve the status of Afghanistan in the entire region. The Afghan side insists that China can play a more active role in the plan. The Afghan government understands China's concerns about the New Silk Road strategy and hopes that the Chinese government can send special representatives to talk openly with Afghanistan on this issue.

In the security sector, the Afghan government seeks the understanding of the Chinese government on the issue of US military base after 2014 and hopes China can help to train Afghan security forces. Afghanistan's former ambassador to China said that the Afghan people loved freedom and dignity and wanted that no foreign troops should stay in Afghanistan. However, the Afghan security forces are unable to shoulder national security independently. Therefore, Afghanistan has no choice but to seek security assistance from the US in the short term. Afghanistan's national security advisers are consulting with the US on the issue of military presence in Afghanistan after 2014. The Afghan government officials assert that the United States and Afghanistan's strategic partnership was not against any other country and that containment of China was not its objective. The Americans will share joint military facilities with the Afghan forces instead of occupying the military bases after 2014. The joint military facilities will hang the flag of both US and Afghanistan side by side. There will be some fighting forces in Afghanistan after 2014 whose main task will be to train Afghan security forces and provide logistical support. The Afghan government will not allow any country to use the territory of Afghanistan to threaten the security of surrounding neighbours. In addition, the government of Afghanistan thinks that China is a rapidly emerging power which can provide more support to it and hopes to establish strategic partnership with China at an early date. For example, the government hopes that China can play a bigger role in training Afghanistan security forces

after the withdrawal of foreign troops and help to enhance the ability of Afghan security forces.

The Afghan government hopes the Chinese authorities will grant more scholarships to allow more young people to study in China, especially to learn the Chinese language. Other regional countries provide more scholarship than China. For example, India provides up to 500 scholarships annually to Afghanistan, while Pakistan provides 2000 and Egypt provides 300. As the world's second largest economy and rapid rising power, the Chinese government should be more generous in offering scholarships, promoting personnel exchanges as well as other channels. In addition, the Afghan officials at all levels of government and members of both houses of parliament complain that it is difficult and time-consuming to get Chinese visa, hoping the Chinese government would consider simplifying visa procedures.

The Afghan Taliban as well as other insurgent groups also do not consider China as an enemy. At present, the Afghan Taliban, Haqqani Network as well as Hizbul Islam are the three main rebel forces in Afghanistan. During the period of the Islamic Emirate of Afghanistan, Afghan Taliban regime asked several times for the recognition of China in 1990s. After the collapse of the Islamic Emirate of Afghanistan, some Talibans fled to the tribal areas and still do not term China as the main enemy, even hope that China, Pakistan and Afghanistan could cooperate with each other to promote regional economic development. However, the Chinese government maintains good relationship with the government of Afghanistan. Many state owned enterprises are widely involved in the reconstruction of Afghanistan, which is conducive to consolidate the power of Afghan government. In the meantime, Afghan Taliban mean to target any country or organisation which can be helpful in the consolidation of Afghan government. The Taliban are also under great pressure of the ISAF and face the problem of fund shortage, and are more and more dependent on the drug economy as well as kidnapping to raise money which will inevitably affect the security of China's enterprises and personnels. For example, the Taliban kidnapped two Chinese engineers in northwest of Afghanistan and demanded hefty ransoms on January 16, 2010. The Haqqani Network is the second largest insurgent group in Afghanistan which was formed in the 1980s. The older Haqqani took part in the anti-Soviet Jihad and became one of the resistance leaders in battle. Then he joined the Taliban in the 1990s and became a member of the Grand Shura which is the Taliban's top decision-making body. Haqqani maintained close relationship with other international terrorists and allowed Osama Bin Laden as well as other members of Al Qaeda to operate within his sphere of influence. For example, al Qaeda established the first training camps in the

area controlled by Haqqani. In 2001, The Taliban regime collapsed rapidly by the military strike of the United States. The left-over of Afghan Taliban and al Qaeda fled into the tribal areas through the border with the help of Haqqani. At present, the younger Haqqani — Sirajuddin Haqqani, serves as the organisation's top leader and facilitates the internationalization of the group by recruiting militants from the Middle East, Chechnya, Turkey and other places to continue the Jihad against the United States in Afghanistan. For example, the Islamic Jihad Union together with the Islamic Movement of Uzbekistan has been operating in North Waziristan of FATA and enjoys the support of Sirajuddin. Due to its close relationship with al Qaeda, the attitude of Haqqani Network towards China is also affected by the al Qaeda. In recent years, al Qaeda and its affiliated organisations have posed serious threat to China. In July 2009, the organisation's branch in North Africa issued a statement that threatened to launch terrorist attack against Chinese projects and relevant personnel. But so far, the Haqqani Network has not publicly attacked Chinese projects and personnel in Afghanistan.

Hizbul Islam is the third largest insurgent group in Afghanistan whose main sphere of influence is in eastern and northern region of Afghanistan. The leader of Hizbul Islam is Hekmatyar who was one of the most important leaders in anti-Soviet resistance. Hizbul Islam is an organisation with Islamic fundamentalism which fights against foreign aggression and interference. However, Hekmatyar is very pragmatic in politics with the aim of maximizing his own interest by means of allying with all kinds of personnel and organisations. At present, Hizbul Islam is kind of active in reconciliation efforts made by the United States and the Afghan government. It seems that Hizbul Islam wants to join the peace process in order to occupy some important position in the political arena of Afghanistan in future. Historically, China has never invaded Afghanistan or interfered in the internal affairs of Afghanistan and has an important role to play in the future of Afghanistan. It is unlikely that Hizbul Islam will target China.

In short, the friendship between the people of China and Afghanistan has lasted for more than twenty centuries. China always brings friendship and wealth to the people of Afghanistan, instead of swords and plunder. Because of this, the Afghan authorities and people don't consider China as a threat, and have the innate friendly affinity towards China. After the fall of the Taliban regime, China plays an active role in the country's political, economic and social reconstruction process as well as provides it lot of aid. At present, the Afghan authorities, parliamentary opposition and common people all regard China as a friendly neighbour, want to take advantage of China's economic development. However, there is a big gap between the expectations of Afghan authorities and people and the limited strength of

China. If both sides cannot handle the issue properly, we can't rule out the possibility that this contradiction may have negative effect on the bilateral relationship between China and Afghanistan in the long term.

Why is Pakistan so Important To China?

China and Pakistan have enjoyed all weather friendship for dozens of years. The leaders of both countries term the bilateral relationship as higher than the mountains, deeper than the sea, sweeter than honey and harder than iron. Pakistan is of vital importance to China. First, the security situation in Pakistan is closely related to national security of China, especially the west part including Xinjiang Autonomous Region. At present, different kinds of terrorist organisations are operating in the tribal area. For example, terrorists from al Qaeda, Haqqani Network, Pakistan Taliban, IMU and East Turkistan Islamic Movement who are closely linked to each other and are posing serious security threat to Pakistan and the region including China. Once Pakistan got through the problem of anti-terrorism war, China will have a more favourable security environment, especially around the west part of China. Second, Pakistan is one of the most important pillar of China's South Asia policy. Pakistan helps to maintain peace and stability in South Asia during the Cold War era and its role in promoting regional integration is more and more important after the end of Cold War. Third, Pakistan is a country which possesses various kinds of mineral resources which China is in urgent need to maintain sustainable economic development. In the meantime, Pakistan is also an experimental place for China enterprises to carry out the strategy of 'go out' because of the intimate political relationship. Fourth, Pakistan serves as a bridge between China and the Muslim world. Pakistan is the only nuclear power in the Muslim world which enjoys close relationship with the Arab world as well as other Muslim countries. After the violence in Xinjiang Autonomous Region in China, it is Pakistan which helped to explain the position of China to other Muslim countries and finally stopped the Islamic Conference Organisation from passing a resolution criticizing China.

How To Help Pakistan To Get Through the Dilemma ?

Pakistan is facing various kinds of problems now, such as deteriorating security situation, declining economy, unfavourable geopolitical environment and so on. But the core root of the above problems is how to revive the economy and make Pakistan go back to the track of being the Asian Tiger. China wants to revive the economy of Pakistan by every possible means. For example, Chinese companies contract projects or invest

in Pakistan. Overall, China has more than 100 projects in Pakistan which include engineering contracting projects, investment projects and so on. More than 17,000 Chinese employees are operating in Pakistan. The number will be even larger if you count small and temporary projects. Generally speaking, Chinese companies operating in Pakistan can be divided into several categories. First is the high technology industry, which is mainly represented by China's Huawei and ZTE whose network is throughout the country, including the Kashmir region. When you use your cell phone anywhere in Pakistan, you can get the service from the two Chinese companies. The second type is manufacturing enterprises, represented by Hair. Chinese manufacturing enterprises focus on Punjab province which is relatively rich and has better infrastructure. Chinese enterprises also invest in the textile sector or establish joint venture with local textile enterprises in Multan or Faisalabad. There are some repair factories in Karaci and Lahore which specialize in repairing locomotives from China. The third sector is resource industry. Chinese enterprises are managing two major projects in resource sector. MCC is exploiting Saindak copper mine which is near the Pakistan-Iran border. Another one is Duda lead-zinc mine. The fourth area is the construction industry which employs more Chinese engineers than any other industries in Pakistan. Chinese enterprises undertake the famous Gwadar port construction as well as Dam construction. At present, most of Pakistan's dam construction projects are contracted by Chinese companies, including many hydropower and nuclear power plant construction, such as the famous Chashma nuclear power plant. Chinese enterprises also undertake many road and bridge construction projects as well as energy pipeline construction which is one of the most difficult tasks for Chinese enterprises in Pakistan. The China National Petroleum Corporation contracts for natural gas and oil pipeline projects in Pakistan. Most of the above projects are cooperation projects between the two governments. In addition, there are many private entrepreneurs that wish to invest in Pakistan, such as help the local private enterprise to build cement plants and so on. However, most of the projects are under the framework of government level contracts.

Prime Minister Nawaz Sharif declared economy as the top priority of his government after taking office and is eager to solve the serious electricity shortage. China is ready to help Pakistan to tide over the energy crisis since Pakistan can't revive its industry including textiles without stable electricity supply. Currently, the Chinese enterprises are working on 15 mega projects in the energy sector in Gilgit-Baltistan and Azad Kashmir. One significant project is the upraising of the Mangla Dam reservoir by sixty feet. The Chinese firm, International Water and Electric Corporation (CIW&EC) is also working on the construction of a bridge over Jhelum

river in the same area. Another important project is the Neelum-Jhelum Hydroelectric Power Project which aims at diversion of the water of Neelum river through a tunnel into Jhelum river, at a cost of US\$12.6 billion. The Chinese enterprise is also undertaking Kohala Power Project at a cost of US\$ 2.155 billion with the capacity to generate 1050 MW of electricity. China's Three Gorges Project Corporation is constructing Diamir-Bhasha Dam on the Indus river with a total investment of US\$ 12.6 billion. Some other mega power projects in Gilgit-Baltistan are as follows: US\$7.8 billion Dasu Hydropower Project, US\$ 70 million Phandar Project, US\$ 40.01 million Bashu Hydropower Project, US\$ 44.608 million Harpo Hydropower Project and US\$ 6 billion Yulbo Hydropower Project. China is also helping Pakistan in the nuclear power sector. A nuclear power plant at Chashma with a power generating capacity of 330 MW of electricity has already been completed and integrated with the National Grid recently and two more similar plants are scheduled to be completed by 2016-17. The agreement for these projects was signed on June 8, 2010 during President Zardari's visit to China despite the fact that US raised objections on the nuclear cooperation between the two countries. In the long term, China and Pakistan have decided to create an economic corridor linking north-western China to the Arabian Sea. The project is "long term," and will seek to construct highways, rail lines and energy pipelines connecting the city of Kashgar in China's Xinjiang region to the deep-water Pakistani port of Gwadar, which is operated by a Chinese state-run company. The port is located near the Pakistani-Iranian border overlooking the mouth of the Strait of Hormuz, a key oil transportation sea lane. The "China-Pakistan economic corridor" will open a new route for China's goods and energy. "Our two countries can closely link China's Western Development Strategy with Pakistan's development strategy of reviving its economy," Chinese Premier Li Keqiang told Pakistani Prime Minister Nawaz Sharif. In the first stage, a road and supporting infrastructure will be built. Later, the route will be upgraded to high-speed rail. The project includes the upgrading and realigning of the 1,300-kilometer (800-mile) Karakoram Highway running from Kashgar to the Pakistani town of Abbottabad over mountain passes as high as 4,693 meters. Additionally, there is another agreement for a fiber-optic cable to be laid from the Chinese border to the Pakistani city of Rawalpindi which will boost Pakistan's access to international communications networks. Currently some Chinese enterprise is working on a plan for the up-gradation of KKH at an approximate cost of \$500 million and in building 165 Km Jaglot-Skardu and 135 KM Thakot-Sazin roads in Gilgit-Baltistan. Both countries are seriously considering building a rail link between the two countries. The economic corridor will also give a strong boost to Pakistan's economy and help maintain security. This

renewed and vigorous engagement between the two countries is an encouraging development which will greatly benefit Pakistan by reinvigorating commercial and industrial activities and creating new jobs. This might also restore the confidence of the international community in Pakistan as a safe place to invest.

Politically, China and Pakistan enjoy all weather partnership which is termed as higher than the mountain, deeper than the sea and sweeter than honey. In the 1950s, Islamabad was among the first to recognize the People's Republic of China. Following the 1962 Sino-Indian war, both countries began to nurture a close relationship. Pakistan remained a steadfast ally during Beijing's period of international isolation in the 1960s and early 1970s. In the 21st century, China's policy towards Pakistan has no reference to the Cold War period and is more and more based on the foundation of mutual benefit. For example, China supports the position of Pakistan government that anti-terrorism strategy should be on the basis of national conditions instead of following the instruction of other countries. China completely understands the sacrifices that government and people of Pakistan made in the anti-terrorism war and remind other countries that the root of terrorism in Af-Pak strategy is produced by both Soviet Union and the US during Cold War era instead of Pakistan. As a result, some countries shouldn't just point fingers at Pakistan. It is appropriate for the international community to make clear that there are obvious relationship between hegemonism of some country and terrorism. As a result, China opposes any actions that harm the sovereign independence and territorial integrity under the banner of anti-terrorism as well as other excuses.

China and Pakistan also have very close military ties. In the Cold War era, this alliance was of great geo-political significance and aimed to counter regional Indian and American influence as well as resist Soviet influence in the area. After the end of the Cold War, especially after the beginning of Anti-Terrorism War in 2001, this relationship has strengthened through ongoing military projects and agreements between Pakistan and China. China has offered Pakistan military aid in order to fight against terrorism in Pakistan. Pakistan has purchased military equipment from China in order to bolster their efforts against illegal militants. In the meantime, both sides have launched joint military exercises on anti-terrorism. In the future, the security cooperation between Pakistan and China will be strengthened further. The enhanced economic, political and strategic cooperation between China and Pakistan will contribute immensely to warding off the lurking dangers and consolidating the gains of the efforts made for changing the economic situations of the people of both the countries.

China's View of Regional Security After 2014

The ISAF led by the United States is accelerating the transfer of defence responsibility to Afghan security forces. It is said that the Afghan security forces have already shouldered the defense responsibility of more than 90 per cent of the population. The combat mission of ISAF has come to an end in the mid-2013 and will focus on providing training and providing support for the Afghan security forces. At the same time, the US plans to withdraw more than half of the troops before April 2014 while the remaining troops will be pulled out completely before the end of 2014. However, some fighting forces will continue to operate in Afghanistan for anti-terrorism and geopolitical concerns. In this scenario, regional countries will play a bigger role in the future of Afghanistan. Among them, the triangular relationship among India, Pakistan and Afghanistan becomes the key to the final resolution of Afghanistan problem.

In the post-US period, the competition between India and Pakistan in Afghanistan may get severe which is obviously harmful to the transition period of Afghanistan. As a result, some elements of the Afghan government are making efforts to find a balance between India and Pakistan while some others go more and more close to India. For example, the Afghan government is strengthening India-Afghanistan relationship through the agreement of strategic partnership. In the meantime, the Afghan authority seeks Pakistan's help to facilitate the peace process with the aim of solving the problem of Afghanistan. However, in view of the deep-rooted structural problems between India and Pakistan, it is difficult for the Afghan government to maintain balanced relations with India and Pakistan. As a result, it is reasonable for the regional countries to use various platforms to exchange views and alleviate the doubts among different countries. Among them, the SCO as well as the trilateral forum such as China-Pakistan-Afghanistan, China-Russia-Pakistan and China-Russia-India could be promising platforms. As a big country and close neighbour of Afghanistan, China would like to play a more active mediating role. ■

CHAPTER 8

Pakistan's Contribution in the 'War on Terror' (WOT)

Dr. Shabana Fayyaz

Introduction

The most controversial of the decisions the Musharraf regime took was his agreement to make Pakistan the “front-line” state in the US-led ‘War on Terror’ in the immediate aftermath of the September 11 attacks. How and why the Musharraf regime agreed to offer “un-stinted” cooperation to the United States; what this decision meant and what was its impact on Pakistan’s domestic and external security are the interlocked issues that this paper attempts to explore.

The argument here is: Islamabad’s decision to join the US-led ‘War on Terror’ heralded a critical turning point in its approach towards security and drove the country into initiating a counter-terrorism policy at the national, regional and international levels. Theoretically, this decision implies that security is an essential mix of external and internal variables and decisions on one end register their impact on the other end, whether intentionally or unintentionally. Parallel to this argument is that developing states due to their political, societal, institutional and economic shortcomings are vulnerable to the developed state’s (here, the US) influence, demands and pressure. That is, Islamabad’s decision to follow the US lead is essentially the response of an unequal or weak partner that must make the best of the worst circumstances.

The paper is divided into two broad parts: the first part deals with the genesis of Islamabad’s decision to join the US-led ‘Global War on Terror’ (GWOT) as a mish-mash of realism, idealism and opportunism given the changed international politics. The second part underscores the impact on Pakistan’s security of the decision to be US ally against Afghanistan, and, dwells on the nature of support that Islamabad extended to the US in the so-called ‘War on Terror’(WOT).

PART ONE

Why Musharraf Regime joined the War on Terror vis-à-vis Afghanistan and al Qaeda?

The empirical data and the published accounts analyzing General Musharraf's decision to board the US-led international campaign against terrorism that centered on Afghanistan and al Qaeda follow diametrically opposite viewpoints. On the one end of the spectrum are government exponents that label this decision as a rational, realistic and pragmatic response in view of the changed global scenario. On the other end is opinion that terms this decision as essentially personal and opportunistic contrary to the national interests of the country.

The key point that is stressed in the following analyses is that there is no black and white explanation and the reality lies somewhere in between these two often conflicting and opposite lines of thinking. The Musharraf regime's decision was the product of multiple stresses and strains that Islamabad faced in the aftermath of the 9/11 World Trade Center (WTC) incident. These ranged from the threatening posture of the United States to the possibility of India assuming a lead role in Afghanistan and changing the geo-politics of the region. This line of reasoning fused well with General Musharraf's pre-9/11 'reformist agenda' based on the realization that Pakistan had been a victim, target, recruiting zone, safe-haven and transit-zone for the terrorists' groupings within and beyond the national frontiers. The key point to note is that Pakistan's decision began a new chapter in its security framework, blurring and meshing external and internal security dynamics. As a result, the need to have an integrated, sustainable and comprehensive national security policy became more critical. It was essentially a tactical decision based on rational calculation of the country's strategic priorities.

Terming the decision to be a key US ally as 'dispassionate'¹ the former President of Pakistan maintains:

The decision was fairly easy. Technically it's government job to frame counter-terrorism policy...My case was different as I wore multiple hats at that time. That is, being Army Chief, President and Chief Executive, I had influence over bureaucracy both military and civil, political arenas, academic and intellectual community, civil society...all segments that I briefed and

¹ Pervez Musharraf, *In the Line of Fire: A Memoir*, London: Simon & Schuster, 2006, p: 201.

consulted on the decision...The decision was in the best interest of the country.²

The key inference here is, Islamabad's U-turn versus Taliban regime in Kabul was not an institutional and consensual based decision, rather it was essentially a 'personal and individual' decision of a military General in command. So, what were the United States demands that General Musharraf readily agreed to? The US gave Pakistan a list of the following 'non-negotiable' demands:

1. Stop al Qaeda operatives coming from Afghanistan to Pakistan, intercept arms shipments through Pakistan, and end all logistical support for Osama bin Laden;
2. Give blanket over flight and landing rights to US aircraft;
3. Give the US access to Pakistani naval and air bases and to the border areas between Pakistan and Afghanistan;
4. Turn over all intelligence and immigration information;
5. Condemn the September 11 attacks and curb all domestic expressions of support for terrorism;
6. Cut off all shipments of fuel to the Taliban, and stop Pakistani volunteers from going into Afghanistan to join the Taliban;
7. Note that, should the evidence strongly implicate Osama bin Laden and the al Qaeda network in Afghanistan, and should the Taliban continue to harbour him and his accomplices, Pakistan will break diplomatic relations with the Taliban regime, end support for the Taliban, and assist the US in the aforementioned ways to destroy Osama and his network.³

General Pervez Musharraf in a public address to the nation on September 19, 2001 proffered five reasons for choosing to offer unstinted co-operation to the US in its war against terrorism. The five reasons for choosing this course of action were:

1. Secure Pakistan's strategic assets,
2. Safeguard the cause of Kashmir,
3. Prevent Pakistan from being declared a terrorist state,
4. Prevent an anti-Pakistani government from coming to power in Kabul,

² General Musharraf interview with the author, 6 January, 2010, London.

³ Hassan Abbas, *Pakistan's Drift into Extremism*, New York: M. E. Sharpe, Inc, 2005, p: 217.

5. Have Pakistan re-emerge politically as a responsible and dignified Nation.⁴

The decision marked a U-turn in Pakistan's decades' long security policy with respect to Afghanistan and set in motion the redefinition of its strategic priorities accompanied by the immense challenges on the home front. This move clearly signalled Afghanistan under Taliban as more of a strategic liability than an asset for Pakistan in the post-9/11 strategic milieu. It's a documented fact that Islamabad prior to 9/11 faced international pressure to seek the Taliban's compliance with international demands. Specifically, the closure of militants training camps and the handing over of Osama Bin Laden.

A critical point to be noted here is that though Islamabad abandoned its earlier pro-Taliban posture, it didn't amount to de-recognizing 'India' as a major security threat in its national security perspective. In fact, the Indian threat was quoted as one of the key reasons to justify Islamabad's pro-US role in the war in Afghanistan. The decision was sold to public as a 'strategic necessity' driven by the need to reclaim Pakistan as a moderate Muslim state and safeguard its national integrity. This narrative strengthened Musharraf's military rule and fitted well with his declarations of reforms prior to 9/11.

Following Pakistan's decision to join the international coalition against terrorism, Pakistan was successful in altering its earlier most sanctioned status and internationally isolated, economically fragile image. Pak-US relations once again registered a high point. On the sanctions front, US President Bush in two separate orders on September 22, 2001, and on October 27, 2001 respectively, removed nuclear test related economic sanctions, democracy related sanctions on Pakistan and debt rescheduling through 2003. This removal of sanctions allowed Islamabad to receive \$600 million in Economic Support Funds (ESF) from the US. In 2002, Pakistan received an estimated \$624.5 million in development assistance and ESF.⁵

For Pakistan 9/11 has been a watershed, not only because it enabled Islamabad to be readmitted into the international community, but it also forced Pakistan to rethink its earlier Afghanistan and Kashmir policies respectively. To quote Senator Mushahid Hussain:

⁴ Quoted in Ahmed Farauqui, *Rethinking the National Security of Pakistan*, UK: Ash gate Publishing Ltd, 2003, pp.xviii-xix.

⁵ In 2000, Pakistan's fiscal deficit was 5.3 percent of GDP, against a desired level of 4.0 percent. The total debt including external and internal debt stood at 92 p% of GDP. Source: Federal Ministry of Finance, Islamabad.

Pakistan's policymakers realized that the 'Jihad Triangle' that had emerged since 1980s, with Pakistani volunteers training in Afghanistan to fight in other conflicts like Kashmir, Chechnya, Xinxiang, Uzbekistan or Tajikistan, was no longer sustainable.⁶

In practice, the long-held tri-lateral strands of the army's concept of national security based on resisting Indian hegemony in the region and promoting the Kashmir cause; protecting and developing the nuclear programme; and promoting a pro-Pakistan government in Afghanistan continued. To achieve a friendly and stable Afghanistan, Islamabad initially tried to convince the US not to let the Northern Alliance⁷ emerge as a final victor in Kabul following the fall of Taliban regime in November 2001.

The key point here is the resurgence of Taliban insurgency within and beyond Afghanistan which must be contextualized ethnically, religiously, politically and socially across the Durand Line. The threats to the internal and external security of both Afghanistan and Pakistan are co-related and inter-dependent. Islamabad's policy of treating Afghan and foreign militants operating in Afghanistan as separate entities from the Taliban and militants on the Pakistan side led to the institution of 'fire-wall' that never existed on ground. The fact is, there existed and continue to exist complex and multi-pronged linkages between the militants (no matter what you call them, Afghan Taliban, al Qaeda operatives, Pakistani Taliban or whatever) across the Durand Line on both sides. The preceding discussion leads to the second part of the paper which examines how professed goals of Islamabad (post- 9/11 U-turn on Afghanistan) turned into internal and external security challenges and what measures Islamabad took to be critical partner of ISAF in the WOT.

⁶ Mushahid Hussain, *Gulf News*, January 7, 2004 .Available at:
<http://gulfnews.com/news/gulf/uae/general/mushahid-hussain-apt-finale-to-a-year-of-foreign-policy-u-turns-1.310294>.Also See, Joshuat White, *Pakistan's Islamist Frontier: Islamic Politics and U.S. Policy in Pakistan's North-West Frontier*, Center on Faith & International Affairs (CFIA),2008.pp:23-46.

⁷ Northern Alliance represented a wide mix of ethnic Tajiks, Uzbeks, Hazaras and opposed Taliban version of Islamic order in Afghanistan. While, Pakistan, United Arab Emirates supported Taliban, Northern alliance was supported by Iran, India, and Russia in the civil war period after the withdrawal of former Soviet Union from Afghanistan in 1989.

PART TWO

What has been the Nature and Impact of Tangible Steps being taken by Islamabad as Frontline State in the WOT?

General Musharraf's decision to support the US led Operation Enduring Freedom (OEF) in late 2001, focusing on Afghanistan placed Islamabad under the international spotlight given its geo-strategic location, ethnic and religious bonding and its history of close relationship with the Taliban regime in Kabul. To play the role of 'US strategic ally' Islamabad provided support and cooperation in tangible terms involving the physical usage of its territory to the sharing of intelligence sources, data gathering and setting up joint surveillance centers within its territory. This critical role has earned Pakistan both appreciation as well as criticism. For instance, Central Command General Abizaid appreciating Islamabad observed: "Pakistan has done more for the United States in the direct fight against al Qaeda than any other country."⁸ Similarly, General Musharraf brushing aside the Western, and Afghan strategic community pressure 'to do more' as an ally in the War on Terror (WOT) said:

If Pakistan is not doing enough, the whole world is asleep; because I think we are doing the most. We are doing the maximum. I challenge any other country which is doing as much or thinking as much, executing as much as Pakistan.⁹

As mentioned in the earlier part of the paper, United States officially conveyed to Islamabad to offer cooperation relating to air corridors, landing rights, sharing of intelligence, apprehending al Qaeda operatives entering or sheltering in its territory and cutting off diplomatic relations with Taliban.

Provision of Air Bases and Air fields

The official account (of Musharraf regime) of the air and land facilities given to US in the Operation Enduring Freedom (OEF — Afghanistan) and later on, sharply differs from the media accounts (local as well as international) as well as data published on the CENTCOM (US central command) official web portal. President Musharraf in his memoir *In*

⁸ Quoted in, Ron Laurenzo, "Abizaid: Pakistan Best Ally in War on Terror", *Defense Week*, February 2, 2004.

⁹ General Pervez Musharraf's inaugural address in the international Seminar on *Global Terrorism: Genesis, Implications, Remedial and Countermeasures*, organised jointly by the Institute of Regional Studies (Islamabad) and Hanns Seidel Foundation (Munich), 29 – 31 August 2005, Islamabad.

theLine of Fire (2006) forcefully rejected the widely held Pakistan's public impression that 'blanket over flight plus landing rights and the use of naval posts, air bases, and strategic locations on borders'¹⁰ were extended to the United States.

Sharing of Intelligence and Joint Anti-Terrorism Cooperation

The presence of US counter-terrorism experts engaged in joint search and military operations to capture al Qaeda and Afghan Taliban from time to time is a documented fact.¹¹ Feroz Hassan Khan maintains, "In 2004, 44 military operations, each involving 6000-7000 troops were launched based on US satellite information. About 650 terrorists were killed by Pakistani troops and estimated 100 or so ran into high mountains."¹² According to the Inter Services Public Relations, Rawalpindi (ISPR) accounts, Pakistan deployed above, 140,000 regular and paramilitary troops and established 821 border posts along the tribal belt bordering Afghanistan and Iran in support of US-led efforts to capture Taliban and al Qaeda fugitives.

Likewise, interception and tracing of satellite telephone transmissions became an effective tool in joint US-Pakistani efforts to trace Taliban and al Qaeda elements in Pakistan. Reportedly, Americans trained and equipped sensitive counter-terrorist organisations within Pakistan to monitor internet traffic to curb 'money laundering, online recruitment of would-be al Qaeda agents and so on. According to Pakistan's media reports in November 2001, FBI post was set up at Karachi airport to monitor all out-going passengers. Pakistan allowed US and its allies full operational facilities at Karachi airport for peacekeeping operations in Afghanistan.¹³

Though both sides that is, US and Islamabad (specifically under Musharraf regime) remained engaged in sharing of intelligence plus sensitive data on al Qaeda, mutual tensions and suspicions were always there. Western media by mid 2002 reported of Pakistan's inaction against Afghan Taliban and al Qaeda elements actively grouping on the Pakistan

¹⁰ Pervez Musharraf, op.cit, pp: 204, 205.

¹¹ K. Alan Kronstadt, "Terrorism in South Asia", CRS Report for Congress, Order Code RL32259. August 9, 2004. pp:9-15.

¹² Brig (R) Feroz Hassan Khan, "The United States, Pakistan and the War on Terrorism: Enduring Allies or Uncertain Partners?" *Global Terrorism: Genesis, Implications, Remedial and Countermeasures*, Institute of Regional Studies, edit., Islamabad, 2005, p: 377.

¹³ Najam Rafique, "Pakistan-US relations since 9/11: Chronology of Events" *Islamabad Institute of Strategic Studies* (IISS), 2004.

side of the Durand Line.¹⁴ On the Pakistan side, media reported as early as July 2002 of “US troops picking up 3 Pakistani tribesmen from Angoor Adda, and take them across the Durand Line in Afghanistan. In January 2003, Pakistan rejected US claim that it was allowed to pursue attackers of its forces in Afghanistan into Pakistan. Washington insisting that they reserve the right of ‘hot pursuit’ said its military has refrained from cross border operations. Reports of Pakistan and US-Afghan forces exchanging heavy fire at the Pak-Afghan border also appeared.¹⁵

Logistic Support to ISAF/NATO in Afghanistan

From the beginning of the Operation Enduring Freedom (OEF, Afghanistan) the US and ISAF /NATO forces operating in Afghanistan remained dependent on Pakistan for about 80 per cent or more of their logistic support. Logistic support involves a wide range of services and responsibilities involving storage, transport, distribution, transport of personnel; acquisition, construction, maintenance, operation and disposition of facilities; acquisition or provision of services, and medical and health service support. Three-fourths of NATO supplies are transited to Afghanistan through Pakistan’s Khyber Pass, located west of the NWFP capital of Peshawar. Khyber Agency in FATA remains a critical route through which majority of US-NATO supplies must move in order to resupply troops fighting in Afghanistan. Reportedly, supplies arrive in Pakistan’s port city of Karachi, move north to Peshawar, and head west before crossing into Afghanistan and arriving in Kabul. The rest of the supplies arrive via air or through the Chaman border crossing point in Baluchistan.¹⁶

Pakistan as partner in the US led ‘War on Terror’ in Afghanistan pledged to ensure the safety and security of logistic supplies through its terrain. General Musharraf followed a twin track policy of pressure and conciliation to keep the inhabitants of the area away from attacking or blocking the logistic supplies transiting to Afghanistan. However, in early 2008, the militants inside Pakistan started attacking NATO convoys and transportation lines. The mile and a half long (strategic link to Afghanistan) Kohat tunnel was reclaimed by Pakistan’s army after a fierce battle from the militants.

¹⁴ Gretchen Peters, “Al Qaeda-Pakistani Ties Deepen,” *Christian Science Monitor*, March 6, 2003.

¹⁵ Najam Rafique, op.cit.p:7.

¹⁶ Candace Rondeaux and Walter Pincus, “U.S.Seeks New Supply Routes into Afghanistan,” *Washington Post*, November 19, 2008.

The key inference here is that there exists inter-connectivity between the insurgency in Afghanistan and Pakistan. This has affected the internal as well as external security dynamics on both sides and gradually shifted and expanded the war frontiers from Afghanistan into Pakistan. The threat to NATO supply line through Pakistan also has political connotations.

Apprehending al Qaeda Terrorists

By all accounts the record of Pakistan's military, intelligence and security officials in capturing, killing and busting the al Qaeda elements remains a mix of both success and failure. President Pervez Musharraf claimed in his memoir *In the Line of Fire*:

We have captured 689 and handed over 369 to the United States. We have earned bounties totaling millions of dollars. Those who habitually accuse us of "not doing enough" should simply ask the CIA how much prize money it has paid to the government of Pakistan.¹⁷

What is critical to note, there existed (and continue to do so) a nexus between al Qaeda and number of indigenous sectarian, ethnic, political, jihadi groups in Pakistan. According to the law enforcement agencies as well independent media accounts, al Qaeda's operational, logistics and recruitment networks encompass, Jandollah, Harkat ul Mujahideen al Alami, Lashkar-e-Jhangvi, Al-Badar, Lashkar-e-Omar, Hartkat ul Islami, HUJI, Jaish-e-Mohammad (JM), Jamiat al-Ansar and Sipah-e-Sahaba, in Pakistan. These linkages go back to the period of Afghan Jihad followed by civil war and Taliban rule in Afghanistan. Reportedly, Fazl ur-Rehman Khalil, the leader of Harkat-ul-Mujahedin (Movement of Mujahedin), co-signed the 1999 edict by Osama bin Laden which called it a duty of every Muslim to kill Americans and Jews. Jamaat-al-Dawa acquired its 77-hectare Muridke estate with the help of a donation from Abdul Rehman Sherahi, who was arrested because of connections with al Qaeda.¹⁸ The very arrests of high profile al Qaeda leaders from 2002 onwards testify to the reach of al Qaeda in the mainland plus FATA, PK and Baluchistan areas of Pakistan.

In March 2002, Pakistan deployed nearly 100,000 troops around Tora Bora to block fleeing al Qaeda fighters from crossing over into Pakistan territory.¹⁹ According to official Pakistan figures, as of early 2003 more than 443 al Qaeda suspects belonging to 18 different nationalities have been

¹⁷ Pervez Musharraf, op.cit, p: 237.

¹⁸ Aarish Ullah Khan, "The Terrorist Threat and the Policy Response in Pakistan" SIPRI Policy Paper No. 11, Stockholm International Peace Research Institute, September 2005.

¹⁹ 'Pakistan deployed over 100,000 troops', *Dawn*, 2 August 2002.

handed over to the US authorities.²⁰ Why Musharraf regime handed over ‘al Qaeda fighters’ plus Pakistani militants to the US and not to their respective countries of origin remains a matter of debate within and beyond Pakistan. In addition to the al Qaeda arrests, Pakistan government banned and froze the bank accounts of the al Qaeda affiliated welfare organisations, such as Al-Rasheed Trust, Al-Rabeta Trust, and Al-Akhtar Trust – these decisions were later challenged in the provincial high courts by the supporters of these organisations.²¹ However, there is considerable anecdotal evidence suggesting, al Qaeda related welfare or humanitarian organisations continued to operate under new identities despite official clampdown in Pakistan.²²

The key point to note is that the al Qaeda reach and influence has effectively eroded the firewall (from the government point of view) between the internal and external security dynamics of Pakistan. The military operations initially launched in FATA to apprehend the al Qaeda or foreign elements uncovered the structural, ideological and political linkages with the indigenous militant infrastructure. Al Qaeda and its affiliated militant organisations overtime emerged as direct threat to the state of Pakistan. Musharraf government deliberately boxed al Qaeda (foreign militants) and local militants separately and denied the complexity of the terrorism threat facing the country.

Military Response towards Terrorism

“The army, as directed by the government, has the Constitutional duty to defend Pakistan against external aggression or threat of war, and, subject to law, to act in aid of the civil power when called upon to do so.”²³

The paper charts the trajectory of events following Pakistan’s deployment of more than eighty thousand troops for the first time in Federal Administered Tribal Areas (FATA).²⁴ The military operations were launched by Pakistani forces in support of United States-led ‘War on

²⁰ Qudssia Akhlaque, ‘443 al Qaeda suspects handed over to US’, *Dawn*, 6 January 2003.

²¹ *Daily Times*, March 17, 2005.

²² Victor Comras, “Al Qaeda Finances and Funding to Affiliated Groups”, *Strategic Insights*, Volume IV, Issue 1,January 2005.

²³ Text of the Constitution of the Islamic Republic of Pakistan, Chapter 2, Paragraph 245 (1), National Assembly of Pakistan.

²⁴ Federal Administered Tribal Areas (FATA) also known as the ‘Tribal Areas’ located in a narrow belt which runs along the 2,400 kilometers long Pak-Afghan border, named by the British as the Durand Line. FATA comprises of seven political agencies (Bajaur, Mohmand, Khyber, Orakzai, Khurram, North Waziristan and South Waziristan.) and six tribal areas known as ‘Frontier Regions’ (that is, Tribal Areas, adjoining districts of Peshawar, Kohat,Bannu and Dera Ismail khan districts respectively).

Terror' in Afghanistan with the aim to apprehend al Qaeda operatives and their Afghan associates seeking a place to retreat in this region. These actions snowballed into a religiously defined militancy led by a mix of foreign (Arab, Uzbek, Afghan and Chechen) and local tribal groups against the Pakistani state, the Karzai- led government in Kabul and ISAF/NATO forces stationed in Afghanistan. Operations were simultaneously carried out in the adjoining areas of the NWFP (now Khyber Pakhtunkhwa or KP) and on mainland Pakistan to capture al Qaeda operatives and their facilitators. At time, these operations involved Pakistan's police, intelligence personnel and United States CIA agents. Pakistani intelligence agencies also picked up hundreds of its citizens on suspicion of being associated with the transnational terrorist networks. These nationals continue to be incarcerated quite often without due process of law.

The following key queries are raised: Have the military actions by the Pakistani forces yielded positive results? If so, why and if not, what factors rendered the military actions ineffective or counter-productive? The discussion brings out the limitations of military driven counter-terrorism approach adopted by the Musharraf regime and later on characterized by insensitivity to the political, social, cultural, and ethnic dynamics of FATA. One must understand the contextual parameters of FATA that serves as an ideal springboard to the indigenous as well as foreign militants to hide, group and launch their so-called 'just war' against the enemies of Islam, within and beyond Pakistan.

The Tribal Areas have a chequered history and a strategically important position. The British demarcated this region as a buffer zone against the threat of expansive Tsarist Russia and controlled the area indirectly through a special system of political and administrative structures. The Frontier Crimes Regulation Act (FCR, 1901) that the British enforced in FATA allowed local customary laws to prevail and *Jirga* (council of elders), Maliks, Sardars and political agents formed the system of governance.²⁵ Later on, the Pakistan government retained and reinforced this system. Experts have called this "an oppressive arrangement"²⁶ that empowers the few stake holders like Political Agents (Pakistan government representatives), Maliks, and Tribal elders, at the expense of about six million tribal people.

Most analysts argue that the lack of political reforms and continuation of the colonial era legal and administrative structures, such as FCR, are a

²⁵ Mohammad Amir Rana, *The Seeds of Terrorism*, London: New Millennium, 2005. pp: 216 – 279.

²⁶ Imtiaz Gul, "Military operations in FATA Since 2004: Achievements and Backlash" in Pervaiz Iqbal Cheema, et.al, edit, *Political Violence and Terrorism in South Asia*, Islamabad: IPRI, 2006, pp: 29 – 36.

source of resentment among the tribal population. Only in 1997 was adult franchise extended to the area and FATA has representatives in the National Assembly and the Senate, but not in the Provincial Assembly of what is now known as KP (earlier known as North West Frontier Province – NWFP). Only the President is authorized to amend laws and promulgate ordinances for the tribal areas. Although, the Federal Ministry of States and Frontier Regions (SAFRON) is technically responsible for FATA affairs, it has only a nominal role in the utilization of the Federal government funds routed through this Ministry. In a parliamentary form of government, this whole gamut of things has created a diarchic state of affairs between the President and the Prime Minister at the Centre as well as between the Federal Ministry of SAFRON and the Governor KP at the provincial level.

FATA lags behind the rest of Pakistan in almost all socio-economic comparisons. Per capita income is half that of the very low national per capita income of \$500; some 60 per cent of the population lives below the national poverty line. Per capita public development expenditure is reportedly one-third of the national average.²⁷

Following the ousting of the Taliban in December 2001 by the US-led coalition forces in Afghanistan, Pakistan's tribal areas particularly Waziristan agencies, became a retreating zone for the Afghan Taliban and scores of al Qaeda members. According to Pakistani officials, some 500-600 foreign fighters (mostly Arabs, Uzbeks and Chechens) sought shelter there following the US-led offensives against them in Spinghar (White Mountain) near Tora Bora in December 2001 and in Operation Anaconda in Shahikot valley, Paktika in March 2002.²⁸ Due to the close proximity of religious and ideological views, the Afghan Taliban along with their foreign allies and the local militants, continue to use Waziristan agencies as the base for recruitment, regrouping, training and carrying out cross-border attacks against the international forces and Afghan security personnel and officials.

Local population has been reduced to hostages at the mercy of the various hard-line groups loosely labeled as the Taliban. These are a mixture of Afghan Taliban, foreign Jihadis (Arabs, Uzbeks, Chechen) and their local sympathizers. The weak writ of the Pakistan government and the role of the Political Agents have been greatly reduced. The region's difficult and treacherous terrain, cross-border ethnic complexion, porous and previously largely unmanned nature of Pak-Afghan border (approximately 2,750 kilometers) posed a daunting task for Pakistan's army.

²⁷ Government of NWFP, "FATA Development Statistics 2005", Peshawar: Bureau of Statistics - Planning and Development Department, 2005.

²⁸ International Crises Group, *ICG Asia Report*, No.125, op.cit, p: 13.

In March 2002, Pakistan deployed nearly 100,000 troops around Tora Bora to block fleeing al Qaeda fighters from crossing over into the Pakistani territory.²⁹ The most important campaigns since 2001 include support for the US-led *Operation Enduring Freedom (2001–02)*; Operation *Al Mizan* (2002–06); Operation *Zalzala* (2008); and operations *Sher Dil*, *Rah-e-Haq* and *Rah-e-Rast* (2007–09).

An important factor to be registered here is military operations of the Pakistan forces were accompanied with the peace deals with the militants to date. An important peace deal was *Shikai Agreement – April 2004*. The Shikai deal offered the local militants amnesty and financial incentives in return for good behavior and pledges to renounce violence. They were also asked to surrender al Qaeda and other foreign militants or register them with the authorities and ensure that they would not use Pakistani territory for cross-border attacks.³⁰ However, the Shikai agreement never fully materialized as foreign terrorists failed to register and surrender, aided by the local pro-Taliban militant support. As part of the force-based policy, economic sanctions were also applied to the area under the collective responsibility clause of the FCR. Distributors of militant propaganda were also targeted in one of the operations. Along with this, air strikes were renewed, targeting the militant sanctuaries in the Shikai area.

Similarly number of peace deals and military operations include: Sra Rogah Peace Deal — February 2005; North Waziristan Peace Agreement;³¹ Swat: Operation *Rah-e-Haq* in late November 2007 and July 2008; Operation Silence on Jamia Hafsa and Red Mosque, July 3-10, 2007, Islamabad; Operation *Zalzala* in South Waziristan — 2008, and Operation *Sher Dilin Bajaur* — 2008.

In December 2007 indigenous Taliban militant groups formed the Tehrik-i-Taliban Pakistan (TTP)³², an umbrella organisation of dozens of Taliban groups throughout Pakistan, under the initial leadership of Baitullah Mehsud. Maulana Hafiz Gul Bahadur, a North Waziristan-based commander, was elected the first deputy chief, or Amir, of the TTP, while Maulana Fazlullah, head of the Taliban in the Swat region of Khyber-Pukhtunkhwa was elected as secretary of TTP. Bahadur left TTP in 2008 and allied himself with the likeminded Mullah Nazir, primarily because he

²⁹ "Pakistan deployed 100,000 troops", *Dawn*, 2 August 2002.

³⁰ "Amnesty offer renewed for foreigners in tribal areas", *Dawn*, 21 June 2004.

³¹ Text of "North Waziristan Peace Agreement", ISPR, 6 November, 2006, Rawalpindi.

³² Note: The TTP is an amalgam of 40 groups. One of its aims is that if security forces attack one group of Taliban then all TTP components would open new fronts for the forces in their respective areas to ease pressure on their attacked comrades. Another aim is to engage the military on many fronts in the NWFP and FATA. For more details see: Pakistan Institute for Peace Studies (PIPS), *Pakistan Security Report 2008 - 2012*, Islamabad.

was against targeting Pakistani state and civilians as pursued by Baitullah Mehsud. The formation and composition of TTP demonstrated the overspill of militancy and violence into adjoining districts of NWFP. Most of the analysts testify, TTP has strong presence in all seven agencies of the FATA including the settled districts of the Khyber-Pukhtunkhwa and also urban areas of the mainland.

Ironically, as militancy branched further into FATA, its adjacent areas and mainland of Pakistan, tactics used by terrorists also evolved and became more lethal. According to Pakistan Institute for Peace Studies (PIPS) terrorists adopted the use of landmines, improvised explosive devices, rocket attacks and beheadings as means to counter Pakistan military actions against them. Here the question arises of the impact of military actions in the militancy affected regions of Pakistan.

To understand this one needs to understand the delicate balance between the ‘hard’ and ‘soft’ elements of counter-insurgency strategy — essential for sustainable and comprehensive approach towards terrorism. By the time, General Musharraf resigned from power (18 August 2008) the missing links in Pakistan’s so-called comprehensive response to terrorism were quite obvious. The critical factor aiding public alienation in FATA stems from the ‘credibility deficit’ on account of Pakistani state often following short-term policies in the region and not investing in the human resource development on a sustainable basis. It is, therefore, essential to end the isolation of Fata by mainstreaming it and bringing it into the normal nation building process where the grievances of the citizens are dealt with in the ambit of human and fundamental rights. They must also be treated with justice under the rule of law.

The preceding discussion mapped the military prong of Islamabad’s response to terrorism that treated the insurgency in FATA and its adjacent areas essentially as a ‘reaction’ to the changed geo-strategic landscape of the region. Hence, a force-based approach was applied to clear the militants from the area. In doing so, political, ideological, social, cultural, religious and economic imperatives of militancy were not addressed. Kinetic operations were seen as quick fixes and almost all operations ended in ‘peace deals’ giving more oxygen to the militant factions.

In sum, military operations conducted specifically in the Musharraf era yielded mixed results and reflected an urgent need to focus on the public support as key to successful campaign against terrorism on sustainable footings. That is, a holistic take on the security needs should involve human aspects as well. This in turn, calls for the adoption of reformatory measures addressing the root causes that give rise to militancy in the first place.

Reforms Based Approach

This part of the paper critically analyzes the reforms instituted by the Musharraf regime and following government efforts to rein in the forces of terrorism in the country. These reforms cover steps taken at the educational, legal, social, political, economic and institutional levels.

Challenge of Reforming Education System in Pakistan

Pakistan is one of the few countries in the world that has a “demographic dividend” or a “youth bulge” with 57 per cent of its population in the age group of between 15 and 64 years with 41 per cent under 15. Only four per cent of the population is over 64. According to the United Nations Population Division estimates, Pakistan would overtake Brazil and Indonesia by 2050 to rank fourth in world population, almost doubling to 335 million from its current 180 million.³³ The challenge is to make positive capital investments into this youth bulge and convert this as the critical mass of national power and a huge capital asset. On the other hand, if this ‘youth bulge’ is not capitalized through sustainable investments in its educational, political, social and economic nourishment, it can turn into a ‘human liability’ of a massive size that could lead to social chaos, instability and the country’s drift towards an insecure future. Already published data suggest that more than 80 per cent of the ‘suicide attacks’³⁴ in Pakistan are the work of economically and educationally backward ‘youth’. In this trend no decline has been observed.

Against this backdrop, Pakistan’s extremely polarized education system divided along public and private and religious and what may loosely be called secular lines offers a grim future. Since the decade of 1979-1989 and thereafter, the quality of public education has been progressively deteriorating. Not only has the state failed in its constitutional duty to provide access to education to all children, but the quality of education also been declining significantly.³⁵ Under General Zia’s ‘Islamization drive’ at

³³ United Nations Population Division Report (2009), quoted in *Dawn*, 28 July 2009.

³⁴ Syed Manzar Abbas Zaidi, “Organisational Profiling of Suicide Terrorism: A Pakistani Case Study”, *Defence Studies*, vol. 9, no. 3, 2000. pp: 409-453.

³⁵ According to the Text of 1973 Constitution, obtained from Ministry of Education , Islamabad:

“It is the primary duty of the government to remove illiteracy and provide free and compulsory secondary education within minimum possible period”.

Education Minister Zobaida Jalal speaking at the Pakistan Development Forum, March 2004 noted: “There are 155,686 public schools, 36,460 schools in the private sector, and more than 10,000 madrasas”.

Source: Ministry of Education, *Archives*, 2004 – 2005.

On the decline of Pakistan’s education system see:

home and his campaign in support of the Afghan Jihad across the Durand Line, the state promoted the concept of 'Jihad'. All this resulted in furthering an unbalanced public and private education system in which the 'Madrassas — traditional religious mosque-based schools'³⁶ flourished and mushroomed. Most critically, what is being taught at educational institutions whether private or public, western based, religious, or the combination of both, needs to be revised to raise a generation of balanced human beings who have a moderate temperament and are able to think intelligently.

The author has numerous times been engaged in conversation with the scholars and peers of seminaries belonging to Madrassas in Islamabad, Mardan, Faisalabad, Gujranwala, Lahore and Multan. All of them strongly opposed the use of violence to foster Islamic way of life within and beyond Pakistan. This means there is need to understand the complex role that madrassas play in a segregated society like Pakistan's. The fact is, the education sector in Pakistan has consistently suffered from neglect by all governments. Education indicators remain depressed, including those related to low public spending, literacy and enrolment levels, high drop-out levels, acute regional and gender inequalities, and budgetary inequities. And to put the house in order, the overall system of education (public as well as religious) needs re-orientation as the youth exhibiting violent tendencies is not confined to madrassas alone.

Following the 9/11 WTC incident, General Musharraf's government launched Education Sector Reforms (ESR) in December 2001. One of the key objectives of the programme was to increase the national literacy rate; provide universal education; reduce gender disparity; improve education quality and initiate national curriculum reform. 'English and Science

International Crisis Group, *Pakistan: Reforming the Education Sector*, Asia Report No. 84, Brussels: International Crisis Group, October 7, 2004.

³⁶ Note: In the context of Islamic history, Madrassas were the primary source of religious and scientific learning, especially between the seventh and eleventh centuries, producing luminaries such as Al-Biruni, ibn-Sina (Avicenna), Al-Khawaezmi, and Jabir ibn-Hayyan (jeber). At the time of Pakistan's birth, it had only 136 Madrassas but today it is home to around thirty thousand (according to unofficial media and think-tank reports). Following the rise of conservative Taliban regime in Afghanistan, extremist outlook of Pakistan – based Madrassa network drew international focus (as many of the Afghan Taliban leadership had studied in this system). Similarly, after Sept. 11, 2001, the link between Pakistan's religious education system and international terrorist organisations came under intense criticism.

For more detailed accounts of Madrassas in Pakistan see:

Zahid Hussain, *Frontline Pakistan: The Struggle with Militant Islam*, Karachi: Vanguard Press, 2007. p: 81.

Hassan Abbas, *Pakistan's Drift into Extremism, Allah, the Army, and America's War on Terror*, New Delhi: Pentagon Press, 2005. p: 203.

Samina Ahmed and Andrew Stroehlein, "Pakistan: Still Schooling Extremists", *The Washington Post*, 17 July 2005.

subjects' were to be introduced in the Madrassas to mainstream these institutions. However, the success of these measures remains negligible to date.

Legal and Institutional Measures to Counter Terrorism

The Anti-Terrorism Act (ATA) of 1997 was the brain child of the Nawaz Sharif government that sought to "impart timely and inexpensive justice by establishing a parallel legal system".³⁷ ATA was preceded by many years of sectarian violence and terrorist incidents across the country. The law included "special" measures to expedite trials. It had the expanded objective of preventing "terrorism and sectarian violence" and providing "speedy trial of heinous offences".³⁸

The Anti-Terrorism Act (ATA) law aimed at acting as a deterrent to would-be terrorists by incorporating the broader definition of terrorism and rigid deadlines to ensure speedy justice. The ATA legislation that had been on the statute book well before 9/11, but had never been vigorously enforced except by one governing political party against rivals, was put into effect. Following the ATA clauses, the government said it could take actions against banned organisations: their offices, if any would be sealed; their assets and accounts would be frozen; all literature and electronic media material would be seized; the publication, printing or dissemination of press statements, press conferences, or public utterances by or on behalf of, or in support of, a proscribed organisation would be prohibited. The proscribed groups would also be required to submit accounts of their income and expenditure for their political and social activities and disclose all funding sources to those relevant authorities designated by the federal government.³⁹

Further amendments to the Anti-Terrorism Act of 1997 were added in November 2004. The maximum jail term for supporters of militants was increased from 14 years to life imprisonment. Along the same lines, government enacted the Anti-Terrorism (Second Amendment) Act on Jan. 10, 2005. This Act provided for the constitution of Special Benches consisting of no less than two judges for disposal of appeals. The act allowed the transfer of cases of terrorism from one province to another. It also enhanced the jurisdiction of the courts to try cases exclusive to Anti-terrorism Courts.⁴⁰

³⁷ Prime Minister Nawaz Sharif quoted in *DAWN*, 29 November 1997.

³⁸ *Preamble - Anti-Terrorism Act (ATA), 1997.*

³⁹ Mohammad Amir Rana, *The Seeds of Terrorism*, London: New Millennium, 2005. p: 66.

⁴⁰ Text of Anti-Terrorism Second Amendment Act- Provision13, pp: 6 – 10, 2005.

At this juncture it is pertinent to note that in the post-9/11 phase, Islamabad tried to fulfill the obligation of being a United Nations member and ensure the implementation of the UN Resolution 1373 (2001), UN Resolution 1624 (2005), and submit periodic reports to the UN Security Council's Counter-Terrorism Committee (CTC) from time to time.⁴¹ In other words, the anti-terrorism ambit was enlarged from a national enterprise and upgraded to be in line with guidelines formulated by the United Nations. At this juncture, Islamabad's efforts to reform and update the police as a preventative tool to counter terrorism on a sustainable footing need to be discussed.

Police Reforms in the Pre and Post 9/11 Phase

During the Musharraf regime Police order 2002 was established to reconstruct and regulate the police. The law came into force in the whole country except the federal capital territory. Initially, police reforms formed a part of the military government's devolution scheme and replaced the colonial-era legislation, the Police Act of 1861, which had governed the functioning of the police since independence, with the Police Order 2002.⁴² It aimed at addressing public grievances vis-à-vis the police department by introducing a significant shift from a coercive organ of the state to a public service organisation, which envisaged establishment of effective mechanisms of public accountability and institutional checks and balances.⁴³

In the Police Order 2002, operational autonomy was emphasized by giving security of tenure to officers, by giving powers of ex-officio secretary to the PPO (provincial police officer), by getting panels of PSP officers forwarded by the NPSC (National Public Safety Commission) to the government for posting as PPO and by providing officers an opportunity of hearing and recourse both against illegal orders and pre-mature transfers.⁴⁴ The positive outcome of the Police reforms became obvious as by August 2005 the government had converted 25 of Balochistan's 27

⁴¹ UN Resolution 1373 (2001) was adopted by the Security Council at its 4385th meeting on September 28, 2001. It called on States to "work together to prevent and suppress terrorism through all lawful means and obliges all states to criminalize assistance to terrorist activities, deny financial support and safe haven to terrorists and share information about groups planning terrorist attacks".UN Resolution 1624 (2005) called on States to ensure prohibition of incitement to commit terrorist acts.

For more details see, [Http://www.un.org/sc/ctc/resolutions.html](http://www.un.org/sc/ctc/resolutions.html).

⁴² "Reforming Pakistan Police" ICG Asia Report 157, 14 July 2008, Available at <http://www.crisisgroup.org/home/index.cfm?id=5570>

⁴³ "Police Reforms: New Legal Framework and Issues in Implementation", available at: http://www.crcp.org.pk/PDF%20Files/police_reforms.pdf

⁴⁴ ibid

districts from “B areas” controlled by local levy forces who obeyed local tribal chiefs to “A areas” controlled by the police. Nearly 3,000 of the 3,560 levy forces in 2006 were converted to police, and nearly 1,500 local youth were inducted into the newly formed police force.⁴⁵

However, all the institutional steps by the Musharraf and the following governments could not bring the desired improvement in the police force. Hassan Abbas’ in-depth analysis of the factors inhibiting the counter-terrorism role of police points out, lack of coordination between police, civilian-run Intelligence Bureau, and military-run intelligence agencies, poor data collection skills plus double standards in government policy versus militants as key factors responsible for limited success of police in pursuing terrorist and militant organisations in Pakistan.⁴⁶ Thus making police effective and efficient in dealing with terrorism which has been the objective of these reforms remains to this day an elusive reality. The present study argues that given the indigenous nature of terrorism in Pakistan, a pro-active role of police in collaboration with community mobilization can be a viable way out. That is, the police can pre-empt many of the terrorist activities with better resources and intelligence.

Promoting ‘Soft Image’ of Pakistan

A number of initiatives have been taken from time to time with an aim to redesign Pakistan’s image as a modern and progressive society as against its growing reputation abroad as an extremist conservative country. These measures included encouraging festivals like Basant, marathon races and so on. Parallel to this, the media industry grew at a fast pace and private television channels mushroomed. These were positive trends in Pakistan in the early years of Musharraf’s regime. The jihadi and other radical organisations also actively used electronic media. The author’s conversations with civil society activists, students, lawyers from Swat, and FATA areas point out that, hundreds of underground Jihadi radios in FATA and Swat were the most effective tool of radicalization.

Civil society leaders working in Swat and Tribal areas in conversation with the author stressed the need to enlarge the counter-terror prism of the government and invest in the ‘soft elements of national power’. That is, economic well being, politically representative system, accountable mode of governance and education plus social uplift of the area. An important point here to take note of is that poverty itself does not necessarily result into terrorism. It is one of the contributing factors that in another mix of

⁴⁵ HRCP, *Pakistan Human Rights Report 2007*, published in 2008.

⁴⁶ Hassan Abbas, “Police and Law Enforcement Reform in Pakistan”, *Institute of Social Policy and Understanding* (ISPU), April 2009.

circumstances would not play such a role. There are poorer societies in the world which have other problems but not terrorism. What is critical for the state is to treat its citizens as viable referent of its security in an all-round manner.

Conclusion

- The role of the state as facilitator and regulator of the people's aspirations needs to be re-defined on proactive basis. The way forward is to address the root causes and we must also recognize the reality that countering terrorism requires change of mindset and it is impossible to get rid of violent extremism by military means alone, rather a more holistic approach is needed to create an environment non-conducive to terrorism and extremism.
- We should adopt a prioritized comprehensive strategy based on political engagement and socio-economic development, backed by essential military force to combat terrorism and counter violent extremism.
- The costs of being a frontline state in the WOT has deeply affected the social, political, and economic landscape of Pakistan. The loss of human lives, human displacement, destruction of property and curtailment of economic activity has damaged the social fabric of the war ravaged areas as well as the country's mainland. Parallel to this is the agriculture loss and reduced tourism particularly in the Northern areas and Swat. The World Economic Forum has ranked Pakistan 113 out of 130 countries in 2009 as a tourist destination. Swat and Northern Areas known for their natural beauty have suffered massive losses because of fragile security atmosphere.
- The social cost of the ongoing insurgency in the country has led to massive unemployment along with human displacement and widening the rich-poor gap. The internally displaced people need humanitarian assistance, and vital social services. The international donors have not helped in this area resulting in damaging the socio-economic fabric of the country. The government's policies since 9/11 remain hostage to the weak writ of the state and lack of financial resources on this front.
- The human cost in both civilian and security personnel losses that Pakistan has suffered as a frontline state in the WOT remains unappreciated internationally.
- Pakistan's experience shows that the threat of terrorism posed by non-state militants can neither be captured by the concept of war as understood in inter-state relations, nor the concept of crime as

understood within the domestic legal system of a state. One must register the critical value of public support for a comprehensive, proactive and sustained counter-terrorism response. The essential role of media in building public consensus against terrorism needs to be effectively registered.

In a nutshell, it is argued that terrorism is not a monolithic enterprise, it's a multi-dimensional phenomenon. Pakistan needs a holistic counter-terrorism strategy and support of the international community, in particular of the SCO members, to eradicate the scourge of political violence that cuts across national boundaries. In fact Pakistan's experience in handling this complex issue, its successes and failures, provides very useful lessons for the Shanghai group whose aim is to fight the Three Evils — terrorism, extremism and separatism. ■

CHAPTER 9

Russia's Counter Terrorism Strategy: Lessons Learned

Dr. Ivan Safranchuk

Russia experienced all the pressures of terrorism in the 1990's and early 2000 years. For more than a decade an alliance of international terrorist forces with local collaborators fought an undeclared war against the Russian government. This included terroristic acts in cities and the capital. In the last decade the pressure of terrorism declined for Russia. Terroristic acts still happen, because loopholes in homeland defense can be found and exploited. However, bigger numbers of plotted terroristic acts are prevented by security forces. For Russia the center of gravity in counter terrorism has shifted in the last decade from military to socio-economic efforts.

Terrorism is one of the most dangerous and difficult challenges to legitimate authorities. In the modern world counter terrorism operations take the form of asymmetrical warfare. The definition "asymmetrical" is under discussion, but its major characteristics include:

- The enemy is a quasi-state formation
- The enemy army is a combination of regular units and militiamen.
- The enemy is not following the traditional rules of war.
- The enemy has support or at least does not have much internal opposition from the indigenous population.
- The enemy has good knowledge of local traditions, area, roots etc.
- The enemy has international contacts and some international support.

Counter terrorism is not a traditional war of the 20th century style. In a pure case the asymmetrical warfare is when you have advantage in equipment, combatants, but the enemy is using tactics and means that do not give the opportunity to exploit the advantage in traditional military factors; military actions are taking place on the territory that is more friendly to the enemy. Usually, scaled asymmetrical conflicts have many elements of a civil war.

Russian counter-terrorism strategy is majorly shaped by its own experience, where the counter-terrorism operation in Chechnya is the central element.

Russia's Experience of Counter-terrorism in Chechnya

The major problem with Russia's experience is that this conflict cannot be called a pure case of asymmetrical warfare, as defined above, as long as a state has full dominance in hardware and software — in second-generation military factors. The problem is that due to poor funding, corruption and disintegration, the Russian army was far from being well and fully equipped and trained.

In November 1994, General Grachev, at that time Russian minister of defence, prepared a classified document (№ Д-0010), in which he aimed to prove that the Russian army was completely disabled.¹ The Chechen operation was initiated just 10 days after the formal approval of this document.²

However, even taking into account the poor conditions, Russian army was still vastly superior with respect to traditional military factors — heavy armaments and on the army level.

The comparison of Chechen and Russian powers is summarized in Table 1.³

¹ Moskovskiy Komsomolets (a popular Moscow newspaper), 26 January 1995.

² This apparent contradiction may be explained by the hypothesis that in fact Moscow did not intend to fight: the assumption was that demonstration of massive power would be enough to put Dudaev on his knees.

³ The table gives Chechen and Russian advantages on individual combatant, unit, army and regime levels. The table presents only advantages, with the assumption that one's advantage is the other's disadvantage (weakness).

Table 1
Comparison of Chechen and Russian Powers

	Individual Level	Unit Level	Army Level	Regime Level
<i>Chechen Advantages (average combatant)</i>	Better training*	Better motivation	Better motivation	Sympathy from many countries and groups
	Better equipped	Better means of communication **	Better means of communication	Direct support from some international organisations
	Better fed	Better night-vision equipment**	More maneuverable (mobile)	Indirect support from some governments
	Better skilled	More maneuverable (mobile)***		
	Better motivation	Better supply with food and medical staff		
	Better knowledge of the area	Have better knowledge of the area (in most cases)		
Russian advantages	Can always expect help from local population (accommodation, food)	Can expect help from local population (accommodation, food)	More equipment, heavy armaments	1) None (in the first war) 2) Internal state consensus (in the second war)
	1) None 2) Exception – special forces (particularly units of the General Staff military intelligence, GRU)***	Heavy equipment	More equipment, heavy armaments	
		Full superiority with respect to airpower. Complete control of the airspace throughout the conflict****	Full superiority with respect to airpower*****	
		Superiority in fire support*****	Superiority with respect to fire support*****	
<i>Comparable (Balance)</i>		Unit training*****	Support from the population	
		Supply with munitions (recently Russia is possibly taking some advantage)	Knowledge of the area	
			Supply of food and medical staff	
			Coordination	

- * One should keep in mind that Chechens have an ingrained “rifle culture”, which means that the male population admires weapons; small arms are regarded as symbols of power, prosperity etc. This “love” of weapons is an important factor with respect to individual training and arms maintenance.
- ** Three factors, namely means of communications, night-vision equipment, and maneuverability (mobility), proved to be of great importance to the efficiency of ground troops. The superior side with regard to these components has an advantage over the other side.
- *** The second Chechen conflict is characterized by more active involvement of special forces from different branches of the military and police structures (Ministry of Defense, General Staff, Police, Ministry of Internal Affairs, Ministry of Justice, Federal Security Service).
- **** Air superiority did not become a decisive factor in the Chechen conflict. One may argue that without Russian air superiority the situation would have been even more complicated, which is probably true. However, as the important issue in the two Chechen conflicts was to effectively use air power against mostly dispersed small enemy formations, air superiority in itself was not of great importance.⁴ But even if a gathering of enemy forces, which is a good target for air attack, is detected, this usually happens within or close to villages, with a high number of civilian losses as the consequence of effective engagement of air power. Nonetheless, it proved to be efficient with regard to the destroying and blocking of enemy fortifications and camps in the mountain areas. However, as these areas are frequently exposed to unfavorable weather conditions (mountain fog), the efficiency of air power is decreased.
- ***** Skillful use of fire support, in particular long range artillery, gave the opportunity to minimize Russian combat losses in the second Chechen conflict⁵.
- ***** Although unit-level training is mostly comparable, small Chechen units are, by some parameters, better than Russian ones, due to better individual training. For instance, a unit of 7-8 Chechens was usually able to provide more fire density than a comparable Russian unit.

Table 1 displays the shift in military capacities depending on the level (individual, unit, army). By moving through this gradation from individual to army level, one can see that the number of advantages shifts from Chechen to the Russian side.

⁴ General Dudaev was preparing his Air Forces and Air Defense Forces, relying on 426 aircraft (including 5 fighters) and 2 helicopters, as well as 27 air defense systems (including some portable). Gen. Dudaev organised the training of about 100 pilots and sent another 40 persons to train as pilots in Turkey. His army had about 40 trained pilots. However at the very outbreak of the conflict in November, December 1994 Russian army destroyed all of Dudaev's aircraft, including his personal one. In connection with this Dudaev sent a telegram to the commander of the Russian Air Forces, Petr Deinekin, which said “I congratulate you with full air superiority, but we will meet on the ground”. (Novichkov N.N., Snegovskiy V.Y., Sokolov A.G., Shvarev V.U. Rossiiskie voorugenniye siliy v chechenskom konflikte: analiz, itogi, viyvodi. (Russian armed forces in the Chechen conflict: analysis, results, conclusions). Moscow 1995, pp. 14, 15, 108, 112)

⁵ Report by the Chief of artillery and rocket forces of the Russian Army, Gen.-Col. Karatuev, dated by 14 December 2000.

Table 2
Comparison of Chechen and Russian Forces

Individual Level	Chechens are better by all parameters
Unit Level	The balance could be comparable, but the Chechens have advantages in three key factors (communications, night-vision equipment, mobility)
Army Level	On this level the sides are mostly equal, with Russian forces having a slight advantage (on this level communications, mobility and night-vision equipment factors are less important and are compensated by superiority in heavy armaments). But the comparison (balance) between armies is not important. There are no traditional large-scale operations.
Regime Level	Internal support of regimes is comparable; the international situation is more favorable for the Chechen side

Components of Asymmetric Warfare: Chechen Conflict Experience

Based on the Chechen experience, asymmetrical warfare can be divided into military, security and political components and has the structure given in the Table 3.

Table 3
Components of Asymmetric Warfare

Component	Mission	Goal	
Military	Field operations	To defeat enemy units	
	Control of infrastructure	To bring disorder and interrupt supply of munitions	
	Control of territory (area)	To prevent enemy maneuvers	
Security	Home defense	To prevent terrorist activities away from the conflict area	
	Conflict Area Security	To prevent terrorist activities against indigenous collaborators	
		To develop necessary conditions for a peaceful life	
		To guarantee and respect the human rights of the local population	
Political	In the conflict area	Search for indigenous collaborators	To raise local support
	Internal	Public support raising	To improve motivation of military units
			To maintain sustainable course in the conflict
	International	International support raising	To prevent the military being limited by international public opinion, which in most cases decreases efficiency

Military Field Operation

On level ground: Except in the early stages of the first Chechen conflict there were no major problems. The problems that existed were attributed not to the specifics of asymmetric warfare, but to the internal army problems with respect to training soldiers and officers, operation planning, lack of air and fire support and lack of fuel and munitions. Field operations against big and medium-size enemy units (20-100 combatants) were relatively easy tasks. The most effective tactic is to surround the enemy unit and prevent it from maneuvering and moving away by means of accurate fire and air support. This also led to disorder and loss within the blocked unit.⁶ Airborne troops could then follow to finish the work on the ground⁷.

In the mountains: Field offensive operations were difficult. The key factors for a successful operation were air and fire support.⁸ Artillery fire support is more efficient against mobile targets, as it provides a more rapid reaction to enemy maneuver, but artillery must have a wide enough angle for hill operations. Tactical aviation is more efficient against fixed targets.

Attacks from small enemy groups: Enemy forces usually seek to avoid open warfare against big and medium-size units. They prefer to carry out surprise attacks and then either disperse or retreat to hidden positions. Rocket/artillery fire as well as small arms were more effective than aircraft fire in reaction to such attacks.

Detection and defeat of small enemy groups in towns (villages): This type of action was extremely unpopular amongst the local population. The major problem was that enemy combatants could represent only 1-2 per cent of village population. The most effective way to execute such an operation is to establish a full blockade of the town and evacuate the population while conducting passport control and arresting detected enemy combatants. With regards to human rights it is a brutal operation, but there are no other ways to minimize the risk of combatants escaping and to prevent them from free access to housing, food, water etc in villages. The locals were not necessarily more friendly to rebels, but they were prepared

⁶ Report by the Chief of Main Directorate of the Ground Forces of the Russian Armed Forces, Gen.-Col. Bukreev, dated by 14 December 2000.

⁷ If enemy unit escapes from surrounding enemies, it may be traced for several days, partly due to the Chechen tradition of removing the dead and wounded from the battlefield. They will violate this tradition in the most desperate and difficult cases, however.

⁸ Report by the Chief of Main Directorate of the Ground Forces of the Russian Armed Forces, Gen.-Col. Bukreev, dated by 14 December 2000.

to provide whatever support they needed, because they had to keep in mind that “Russians come and leave, but we have to live here.” This meant that the local people were usually willing to help the rebels, as they were afraid of rebels, not necessarily because they were friendlier toward them. This made for an urgent need to create conditions for a peaceful life and provide order and security guarantees for civilians.

Search for small enemy groups: The detection and defeat of small enemy units became the most important type of operation. This task can be effectively implemented with small groups that are mobile, well equipped and in possession of good means of communication. These groups search enemy units autonomously for up to a week, relying on agent information, reconnaissance, and interceptions of rebel radio transmits.

Reconnaissance and agent information: These were useful tools for defeat of the enemy, in particular for the effective use of airpower.

Snipers: Both sides considered the snipers to be extremely efficient during the conflict. Chechen snipers practised autonomous patrolling up to several weeks. Chechen sniper tactics were efficient, as they tried to eliminate low-rank officers, thus disrupting the chain of command.⁹

Permanent command and control: Interrupted command chains on the unit level (in an operation with more than one unit) was a hazard in maneuver warfare, and rebels tried to take advantage of this fact by invading command and control schemes through simulating orders, interfering with army radio frequencies etc. All this was extremely useful in the first Chechen conflict when the regular army was unprepared for such a complicated resistance. Later on, Russian forces minimized their vulnerability to such tricks, but there were still two major problems with respect to maintaining continuous command and control. The Russian army had to make use of outdated communication equipment and they suffered from a lack of low-ranking officers on the battlefield due to the achievements of enemy snipers or just lack of order.

⁹ These sniper tactics played their tragic role in the New Year 1994-95 assault on Grozny (the capital of Chechnya). By early January there were practically no officers left on the levels of platoon and company, according to some estimates made by the troops that took part in this assault. (Novichkov N.N., Snegovskiy V.Y., Sokolov A.G., Shvarev V.U. Rossiiskie voorugenniye siliy v chechenskom konflikte: analiz, itogi, viyvodi. (Russian armed forces in the Chechen conflict: analysis, results, conclusions). Moscow 1995, p. 42).

Military: Control of Infrastructure

Observation points and control posts: These measures provided order, but were not in themselves enough to interrupt supply routes.

Local authorities and collaborators: Due to their knowledge of the area and the support they got from the population, the local authorities and their collaborators were able to effectively disrupt enemy supply routes.¹⁰

Corruption within the army: Corrupt (or compromised by other ways) officers were an asset with regards to the organizing and maintaining of enemy supply routes, but corruption also existed within the ranks of the rebel forces. This was not necessarily based on money, but on complicated mixture of prestige, status and financial motivations. Corruption may, however, be used to turn the local population into collaborators and thereby control local infrastructure.

Border blockade: The Russian inability to secure the mountain borders to Georgia provided the rebels with backup relief¹¹ and helped the enemy to secure their supply routes. A blockade is even more important for cutting off international contacts, which provide the rebels with an opportunity to obtain support, manpower and advice from international groups.

Military Control of Territory

Observation points and control posts: This did not solve the problem.

Local authorities and collaborators: This was the only sustainable way to maintain territorial control.

Security: Home Defence

This was an extremely important task, as the enemy tried to reach cities and even the capital.

There are some controversies with regard to the issue of home defence. On the one hand, terrorist attacks are considered by the enemy to be a success. On the other hand, they contribute to internal public support and army motivation, which helps the troops on the battlefield. The more

¹⁰ Report by the Chief of Main Directorate of the Ground Forces of the Russian Armed Forces, Gen.-Col. Bukreev, dated by 14 December 2000.

¹¹ A possible assumption is that in the beginning of the second Chechen conflict in 1999 Russia purposefully left this loophole open, keeping in mind that rebels escaping to Georgia would relieve the situation in Chechnya and create a lever to influence the Georgian leadership.

defeated the more the enemy will be motivated to commit acts of terror, but at the same time, the enemy's defeat will create the basis for a switch to political measures of conflict resolution on acceptable terms. Thus prevention of terrorist acts is the best way to shift toward political means as soon as possible, since acts of terror are very likely to destroy any endeavors for peaceful crisis management by alienating public opinion. The general public will expect retaliation, and is not likely to easily accept peace after terror.

Security: Conflict Area Security

This component is essential for shifting toward political means of conflict resolution. It is very important to observe human rights and local traditions. The local population will only show sympathy of the conditions for order, safety and a peaceful life. Understanding this, rebels used various tricks to nurture indigenous disbelief and concern and to convert these feelings into hatred toward the Russian troops. These tricks include the practice of "ghosts": Rebel forces could wear Russian uniform and commit violent actions. This appeared to be effective in the "macho-culture" atmosphere that existed in the Chechen society, as it led to upheavals of revenge. Rebels were taking advantage of this motivation, using women and children for ground reconnaissance and the supply of medical stuff and food,¹² particularly in preparation for counter-assaults. Any attempts to secure conflict area by restricting movement and imposing individual search for ordinary people (usually these women and children) led to confrontations with the local population.

Political Component

Political measures are the only way to ensure long-term conflict resolution.

Table 4 provides the analysis of the different components of the Chechen conflict.¹³

¹² Vyacheslav Mironov. Ya Byl Na Etoy Voyene. Chechnya 1995 (I was at this war. Chechnya, 1995). Moscow 2001, pp. 402-405.

¹³ This is table 3 plus the column "means".

Table 4
Analysis of the Different Components of the Chechen Conflict

Component	Mission	Goal	Means
Military	Field operation	To combat enemy units	Military*
	Control of infrastructure	To bring disorder and interrupt supply of munitions	Mixture of military and nonmilitary measures, the latter are more sustainable and effective.
	Territorial control	To prevent enemy maneuvers	Nonmilitary means are more effective
Security	Home defence	To prevent terrorist activities far from the conflict area	Responsibility of the police and special agencies
	Conflict Area Security	To prevent terrorist activities against indigenous collaborators	Responsibility of the police and special agencies. They can be effectively implemented only through the assistance of local support and reliable collaborators
		To create conditions for peaceful life	
		To provide maximum respect and guarantees for the human rights of local population	

Political	In the conflict area	Search for indigenous collaborators	To raise local support	Political means
	Internal	Raising of public support	To improve the motivation of military units	
			To maintain a sustainable course	
	International	International support Raising	To prevent the military being limited by international public opinion, which in most cases decreases their efficiency	

Notes: * The use of police forces in field operations is not always efficient, so these forces should rather be used to guarantee territorial control.¹⁴

Russia's Experience of Asymmetrical Warfare in Chechen Conflict

The following are some conclusions drawn from the analysis of the Chechen conflict experience divided into military, security and political realms. Most of these conclusions are not exclusive for this particular conflict, and may be applicable to other asymmetrical wars.

Military Realm

- Military means are essential, but reach only a limited number of conflict resolution goals.
- Communications and mobility are essential notions.
- Unit coordination is vital.
- Initiative is important. It is easier to prevent an enemy from attacking (making use of control posts and permanent search/detection operations), than to defend and react once attacked. It is particularly important not to give the enemy initiative at night.

¹⁴ Report by the Chief of Main Directorate of the Ground Forces of the Russian Armed Forces, Gen.-Col. Bukreev, dated by 14 December 2000.

- Military activities should be limited in time period. After rapid defeat of major enemy forces, the military should demonstrate power through presence, thus proving to be the essence of deterrence and stability. The problem is that the military acts of retaliation, and counter-retaliation lead to an accumulation of public discomfort and revenge motivation.

Security Realm

Security forces consisting of local people are less efficient and reliable than the external police force, and the former are not necessarily more friendly to indigenous population. In a society with clan structure, the latter is as strong and important as ethnic orientation. The clan orientation prevails as soon as the direct outside threat declines.¹⁵ So police and security forces consisting of local people may cross the lines of traditional division of power among the clans. However these forces can be really useful if they operate within a limited area where the population is friendly to them (or their clans).

Political Realm

- It is better to bring a local collaborator (indigenous, but living outside the conflict area), than to choose someone from the ranks of the enemy to cooperate with. In this situation, the problem of local public support will become apparent, but this is better solved through creating conditions for peaceful life, rather than through relying on a popular local figure.
- International criticism is a very important negative factor. With international pressure to stop the conflict, efficient military actions are next to impossible, as collateral damage cannot be completely avoided.
- Internal political support is an important positive factor.

It is important to choose the right time for the shift toward a peaceful conflict resolution. The major problem is that in traditional societies, like the Chechen one, with unclear, but powerful clan divisions, it is not difficult to conclude a peace accord with selected clans, but it is really a challenge to make this accord comprehensive and extend it to the majority of rebels. The problem is partly cultural. Chechens are obsessed with status and prestige (money is just an element of this, usually not even the dominant element).

¹⁵ For example, in the period between two Chechen conflict in 1996-1999, Chechen commanders got engaged in a bloody struggle among their own people, organizing raids and assaults against each other.

Thus they are ready to make an accord, but this accord must contribute to improving their position versus other clans: Every single warlord wants better conditions than others.¹⁶ So, local leaders do not observe the principle of universality, thus making whatever agreement fragmentary and temporary.

Conclusion

Every country, including Russia, which successfully moved from military to security, political and socio-economic phases of counter terrorism, admits limitations of military force.

Legitimate governments have all legal and moral rights to combat terrorists. Moreover it is the duty of legitimate government to protect its authority, members of bureaucracy, ordinary people from violence, produced by terrorists and extremists. This inevitably includes military and security instruments. Counter-terrorism measures in their military forms cannot help but appear to be excessive or disproportional. The paradox is that they seem excessive and disproportional to international community in general and an individual government only until such an individual government has to engage in its counter-terrorism operations.

Military means are essential in counter-terrorism. Governments under attack from terrorists do have the right and even duty to respond in the military way to protect their authority and population.

The use of military instruments, if rightly applied, brings necessary results, but still not all necessary results. The use of military force reaches only limited number of conflict resolution goals in counter terrorism operations. This does not mean that military force should not be used. Effective counter-terrorism is impossible without military force, but cannot be limited only to military force.

The hardest task in counter-terrorism is not to miss the moment of enough military advantage to start political conflict resolution process, then to add economic reconstruction efforts in the conflict area. Combination of military, political and economic means should be applied, and with time and positive dynamic the emphasis should shift more and more towards political and economic instruments.

It is also important to win hearts and minds of local elites and ordinary people. They must understand and accept the perspectives of

¹⁶ The head of pro-Moscow Chechen Administration Ahmad Kadiyrov said in this regard: "If Russian troops stay there will be no war. If they leave, every area (clan) will have its own law. That's why power (leadership) must be elected and rely on force. This force currently must be Russian". Argumenty i Faktiy (a popular Russian newspaper), 09 February 2000.

counter-terrorism. This cannot be imposed on them by force or money. This is the war of ideas, where the effective weapons include moral rightness, clean intentions, dialogue and compromise.

Terrorists, while enjoying support from part of local population in the areas of their operations, rely heavily on support from abroad. Terrorists have more opportunities in the regions with unresolved conflicts. This provides conditions, when regional rivals, being unable to compete in traditional military or economic forms, engage in secret operations against each other and use different sorts of terrorists and extremists for this. With very short time this leads to complete mess, when secret services lose effective control over friendly terrorists, their relations become compromised and corrupted. Even worse, when outside forces interfere in complicated regional affairs. It is very important to cut support for terrorists from regional and non-regional state or powerful non-state actors. The only way toward this is regional cooperation in bilateral and multilateral forms.

To conclude it should be stressed that military means are essential in counter-terrorism, however their use must be limited in scope and time. Security measures should be combined with political and socio-economic instruments plus international, primarily regional, cooperation. This is the only known way to achieve long-lasting solutions in counter terrorism.

SCO is a unique forum for regional dialogue to decrease regional tensions and lay down foundations for mutual understanding. SCO provides all opportunities for political cooperation and socio-economic progress. ■

CHAPTER 10

Prospects of Economic Cooperation in SCO Region

Yevgeniy Khon

Introduction

The Shanghai Cooperation Organisation (SCO) was established in order to strengthen regional security and promote multidirectional as well as multilateral cooperation between member states. The organisation has become a major regional structure possessing the ability to create mutually beneficial relations in trade and economic fields. The vital factors which are required for successful cooperation are territory, population, resource and transport-transit potential of the participants; these, however, are not being fully utilized at the moment.

Despite the fact that an extensive contractual and legal framework was established, the organisation still faces a number of problems and unresolved issues that hinder the implementation of joint projects between countries. Given the global and regional challenges, the platform of the SCO plays an important role in maintaining stable economic development and promoting trade and investment between China, Russia and Central Asia.

This paper discusses the current situation in the field of economic cooperation between the SCO member states as well as outlines broad areas with prospects for further development within the organisation.

Current state of economic cooperation and major problems obstructing integration: Although the primary goal for establishing the Shanghai Cooperation Organisation was to collectively protect the borders of member states, economic cooperation promptly gained significant attention in the process.

A few months after the launch of the Shanghai Cooperation Organisation, at its first meeting in Almaty (2001), the prime ministers of the SCO member states discussed the issues of regional trade, economic cooperation and the development of the organisation. They also concluded a memorandum on the regional economic cooperation as well as trade and

investment facilitation.¹ In May 2002, the first meeting of Ministers of Economy and Trade of the SCO member states took place in Shanghai. Parties had officially launched the mechanism for creating favourable conditions in the sphere of trade and investment.²

In 2003 the SCO adopted an extensive Programme of Multilateral Trade and Economic Cooperation with the purpose of developing a mutually beneficial relationship in prospective economic fields.³ The future plans (until 2020) include the SCO member states maximizing the effective use of regional resources on profitable basis, promoting the creation of favourable conditions for trade and investing in order to gradually implement free movement of goods, capital, services and technology. The middle term goal (until 2010) was to put consistent effort in developing a stable framework of the SCO and predictable and transparent rules and procedures for trade and investment. Also, joint programmes and projects were to be designed and a support system for the priorities in regional economic cooperation was to be established. The short-term goal was to activate the process of creating auspicious conditions in the field of trade and investment. Also the joint development of the list of necessary multilateral agreements and national legislation adjustments, as well as the sequence of its preparation were planned in order to implement this programme. Likewise, the short term goal assumed the creation of an organisational and technical level of maintenance of the information related to trade and investment issues, identification of priority areas of trade, establishment and implementation of pilot projects. A year later, in September 2004, SCO members signed the plan of action for the development of cooperation.

Furthermore, the SCO had established an Interbank Consortium in 2005 to finance investment projects, which is of mutual interest for the member countries of the organisation. On June 15, 2006 in Shanghai at the anniversary summit in the presence of the heads of the SCO member states, the governors of the member banks signed the Action Plan in support of regional economic cooperation.⁴

Moreover, in 2006, SCO members founded the Business Council in order to assemble business communities of the six countries, identify

¹ "Backgrounder: Prime ministers' meeting of SCO", *Xinuinanet*, http://news.xinhuanet.com/english2010/world/2011-11/07/c_131233309.htm

² Kajsa Jinne Oestig Peter Toft, "The Shanghai Cooperation Organisation — a Threat or Opportunity for Europe?" (Institut for Statskundskab, 2007)/

³ "Program of Multilateral Trade and Economic Cooperation," *SCO Regional Economic Cooperation*, http://www.sco-ec.gov.cn/crweb/scor/info/Article.jsp?a_no=721&col_no=67

⁴ "The Interbank Consortium of the Shanghai Cooperation Organisation," *Official Website of SCO Summit 2012*, http://www.scosummit2012.org/english/2012-04/28/c_131558682.htm

common interests, assist in the practical promotion of multilateral projects and facilitate its implementation in the area of energy, transportation, telecommunications, credit and banking. Additionally, the council promotes cooperation in the field of education, science, new technology, healthcare and agriculture.⁵ Therefore, the Business Council not only takes responsibility for economic interaction, but social aspects of the development as well. On August 16, 2007 at the summit in Bishkek, the Agreement on the interaction between the Interbank Consortium and the Business Council was signed.⁶

Recently, economic cooperation between member states has more often taken place in the form of joint projects. In order to further stimulate project activity in 2012, prime ministers at the Bishkek SCO Summit have adopted the list of measures for advancing cooperative projects between 2012 and 2016. This list includes 29 projects in seven areas, such as trade and investment, customs, standardization process, agriculture, science and technology, IT and telecommunications and environmental protection.⁷ In addition to the project list approved in 2012 in Bishkek, among other initiatives was to create a SCO Development Bank and a Development Fund, which will not only increase transparency and promote funding of joint projects, but will also serve as a safety net in times of financial and economic crisis.⁸

Although it may seem that significant work has been done and the above-listed measures must have greatly contributed to the economic convergence of the SCO members, the existing potential and opportunities have not yet been fully utilized. Due to the conflict of interests and systemic contradictions between SCO members, full integration, such as the establishment of free trade zone, is unlikely to take place in the nearest future.

Among the most evident issues that obstruct further economic integration is the unevenness of the development between SCO members. China, having the second biggest economy in the world and the most powerful economy in the region, is claiming to be the economic leader of the SCO. Chinese influence on the economic situation in the neighbouring countries continues to grow every year with intensified participation in the

⁵ The Business Council of the Shanghai Cooperation Organisation," *Official Website of SCO Summit 2012*, http://www.scosummit2012.org/english/2012-04/28/c_131558680.htm

⁶ Interbank Consortium, *Official Website of SCO Summit 2012*

⁷ "List on further development of the project activities under the SCO for 2012 -2016," *Russian Embassy in China*, <http://russia.org/rus/2893/31295593.html>

⁸ "SCO PMs agree project activity development plan until 2016," *The Voice of Russia*, http://voiceofrussia.com/2012_12_05/SCO-PMs-agree-project-activity-development-plan-until-2016/

energy and transport projects in Kazakhstan, Turkmenistan and other countries.

China's major interest in co-operation with Central Asian countries is due to the fact that one of the government's medium-term goals is the development of western and central provinces. China has already launched large-scale investment projects on the construction of transport nodes, hydroelectric power stations, and industrial sites in the western and central parts. Availability of energy resources and successful economic development of the Central Asian region, which borders with the north-western province of Xinjiang, will contribute to the growth of the above-mentioned areas.

The Russian economy is the second biggest among SCO members and the eighth biggest in the world by the size of nominal GDP.⁹ The economy of Russia can be characterized with a high proportion of large and super-large industrial enterprises in the structure of production capacity, high levels of trade monopoly, an unfavourable investment and business environment, high transaction costs for entering the market and a well-preserved base for innovative and technological development.

The economy of Kazakhstan despite being the most developed in Central Asia is highly dependent on natural resources that affect almost all indicators, such as investment, foreign trade, GDP, etc. High dependence on commodity prices on world markets continues to be a significant barrier for an independent and self-sufficient economy. Therefore, the main priorities of the economic policy of Kazakhstan are to modernize and diversify the economy, increase its competitiveness, develop the manufacturing sector and industries with high added value, development and introduction of new technologies. According to World Bank statistics, in 2012, Kazakhstan's economy was ranked 49th by the size of nominal GDP.¹⁰

The economy of Kyrgyzstan continues to experience severe difficulties and decline. According to the World Bank's 2012 ranking by the size of nominal GDP, Kyrgyzstan is being placed only 145th out of 192 countries.¹¹ Instability in the economy and politics posed a major risk in attracting foreign investors to the country and raising the capital. Therefore, carrying out efficient macroeconomic and domestic and foreign policy will be an important factor in the normalization of the situation and achieving sustainable growth.

The economy of Tajikistan is vulnerable and highly dependent on remittances from migrant workers. The volume of money transfer increased

⁹ GDP 2012, World Bank, <http://databank.worldbank.org/data/download/GDP.pdf>

¹⁰ Ibid.

¹¹ Ibid.

in 2012 by 14.9 per cent to \$3.29 billion. This amounts to 43.3 per cent of GDP, which is the highest in the world. Tajikistan with its nominal GDP per capita of \$953 is the poorest country among the former Soviet Republics and one of the poorest countries in the world.¹²

Distinctive features of the economic development model of Uzbekistan include a slow transition to the market economy and strict regulations and interference by the government, which obstruct the sustainable economic growth. Enhanced control, closed internal market, administrative and legal pressure hold back business capacity to function effectively and therefore greatly hampers the development of industrial production in the country.

Despite the fact that the GDP grew by 8.2 per cent in 2012 the living standard still remains very low.¹³ A large percentage of Uzbek citizens works in Kazakhstan, Russia, and often in industries that require low-skilled labour. According to the IMF 2012 ranking, Uzbekistan was 132nd with its GDP per capita of \$1737.¹⁴

Even though unevenness of economic development still remains one of the substantial factors obstructing further cooperation, the most evident problem is the growing competition and divergence between Russia and China. Fearing the economic dominance of China and the possibility of using the SCO by Chinese government to achieve its economic goals, Russia prevents many Chinese efforts to deepen the integration. Viewing Central Asia as a "zone of its interests" Russia puts a lot of efforts to unite Central Asian states under its own control. While opposing China's suggestion to establish free economic zone, Russia promotes the Customs Union and Eurasian Economic Community.

At the same time, China tries to increase its dominance in the region by providing bilateral funding on favourable conditions to Central Asian countries within the framework of the SCO. In 2009, Beijing signed deals in the form of "loans for resources" with Kazakhstan (\$10 billion) and Turkmenistan (\$4 billion), as well as increased investment in infrastructure development of the SCO countries along Chinese borders, in turn strengthening communication between the western provinces and Central Asia.¹⁵ Moreover in 2009, China has created an anti-crisis stabilization fund within the SCO to provide preferential short-term funding for priority sectors such as energy and infrastructure. Although Russia refused to co-

¹² "Stagnation in Russia hinders the economy growth of Tajikistan," *World and Peace*, <http://www.warandpeace.ru/ru/news/view/78918/>

¹³ The State Committee of the Republic of Uzbekistan on Statistics, <http://www.stat.uz/economy/216/>

¹⁴ World Economic Outlook Database, *International Monetary Fund*, <http://www.imf.org>

¹⁵ "Investment attack of China," *Economic Review*, <http://www.review.uz/ru/article/301>

finance the fund, it created an anti-crisis fund under the framework of the Eurasian Economic Community.¹⁶

Contention between China and Russia is not the only factor that adds to slow integration process but also numerous controversies between Central Asian countries. The relationship between Uzbekistan and Kyrgyzstan are under constant conflict and the most difficult and unresolved issues are related to territorial disagreements. According to various estimates there are from 70 to 100 disputed areas along the Kyrgyz-Uzbek border.¹⁷

Equally important in the relationship of the two countries is the problem of enclaves. In Kyrgyzstan, there are two Uzbek enclaves — Soh and Shohimardon with the total population of approximately 30,000 to 75,000 people.¹⁸ Likewise, Uzbekistan has a Kyrgyz enclave — the village of Barak with a population of 600 people.¹⁹ All of the above enclaves are cut-offs of the main territory of the states, which creates significant difficulties for their populations. In this regard, Uzbekistan attempted to reach an agreement with Kyrgyzstan on the exchange of territories, but was unsuccessful.

Similarly, territorial disputes between Kyrgyzstan and Tajikistan involve around 70 different areas and three Tajik exclaves with the total population of approximately 11,000 to 33,000 people located in Kyrgyzstan.²⁰ Territorial disputes often generate problems and clashes between local communities because of water, pasture and agricultural land sharing, especially during the planting and harvesting period.

However, among all the Central Asian countries, the relationship between Uzbekistan and Tajikistan is the most crucial. Major difficulties for continuing hostility between the two countries include Tajikistan claims of Samarkand and Bukhara cities, incomplete work on delimitation and demarcation of borders, the presence of large number of Uzbeks in Tajikistan and vice versa and growing interethnic conflicts, transportation and transit issues.

Apart from territorial and ethnic conflicts, one of the major problems in Central Asia is the dispute over water resources. The region is divided into water-rich countries (Tajikistan and Kyrgyzstan) and countries that

¹⁶ "SCO without cooperation," *Keeper*,

http://www.psj.ru/saver_national/detail.php?ID=27943

¹⁷ "Ethno territorial and border conflicts of Central Asia," *Analytic Center "Prudent Solutions"*, <http://analitika.org/2450-20050329051645418.html>

¹⁸ Humanitarian Bulletin South Caucasus and Central Asia "Conflicts in Enclaves", *UN OCHA*,

http://reliefweb.int/sites/reliefweb.int/files/resources/HB_ROCCA_20130709%20Russian.pdf

¹⁹ Ibid.

²⁰ Ibid.

depend on them (Kazakhstan, Uzbekistan and Turkmenistan). While Kyrgyzstan controls the Syr Darya River basin, Tajikistan controls the Amu Darya basin.²¹ In the lower reaches of rivers Kazakhstan, Uzbekistan and Turkmenistan are experiencing rapid economic development based on energy production of its hydro power plants and agricultural systems. At the same time, in the upper reaches of the rivers of Tajikistan and Kyrgyzstan are also interested in using water to generate electricity for their own needs and export to third countries. The accelerated development of the power industry at the expense of water use in Kyrgyzstan and Tajikistan can put serious threat to the economic development of other Central Asian countries causing aggravation of existing conflicts.

In the end, the problem of water in Central Asia is going to exacerbate due to the significant growth in population. According to expert estimates, the population growth in the region will inevitably increase the demand for water in the coming twenty years by 40 per cent.²² This situation can serve as a catalyst for further inter-state conflict escalation, which requires the adoption of just and effective multilateral policies on water-energy problems.

Besides tensions experienced among Central Asian countries due to water related problems, a similar issue over the Irtysh River is a matter of concern for Kazakhstan, China and Russia. The Irtysh River originates in China (where it is called Black Irtysh) and runs through the territory of Kazakhstan and Russia. For many decades the water of Irtysh was used for the agricultural and industrial needs of Kazakhstan and despite high level of pollution, the Irtysh River is also a source of drinking water for 4 million people in Kazakhstan. Besides that the River provides 90 per cent of the water needs in the Omsk region in Russia.²³

On the other hand, for many years, the Chinese government had plans to develop the north-western Xinjiang Uighur Autonomous Region (XUAR) in order to stabilize the social and economic situation. The growing population of the region hence expanded agricultural production of cotton and grain and increased the intake of water from Black Irtysh. Moreover, the construction of the largest oil storage facilities in the city of Karamay, which require enormous amounts of water, resulted in newly built channels: Irtysh — Karamay and Irtysh — Urumqi. According to various estimates technical capabilities of those channels at its maximum load can

²¹ Denis Kim and Igor Kirsanov, "Central Asia: Water Battle," (Eurasia Heritage Foundation, 2007), <http://www.fundeh.org/publications/articles/68/>

²² Ibid.

²³ Xeniya Murtashina, "Irtysh in hydro policy of Russia, Kazakhstan and China," (Russian International Affairs Council, 2012), http://russiangroup.ru/inner/?id_4=415#top

transfer around 6.3 cubic km of water per year to Urumqi and Karamay.²⁴ It is clear that with the further development of Xinjiang Region's new canals and reservoirs, dams and hydroelectric power stations on Black Irtysh will be built. This will not only cause a severe deficit of water for regular citizens of Kazakhstan and Russia, but also result in a large-scale environmental disaster akin to the Aral Sea. Unfortunately, the problem of trans-boundary rivers is not being solved within the framework of the SCO, as China insists only on bilateral negotiations, ultimately failing to bring meaningful results.

Existing interstate conflicts consequently affect economic barriers. Ineffective customs and tax legislation, intricate administrative procedures and bureaucracy remains one of the key issues that hinder economic cooperation between SCO members. This happens mostly due to the lack of political will of participants and their reluctance to make mutual concessions and compromises on issues of trade and economic cooperation. Thus, there is improvement in the processes of harmonizing customs and tariffs among member states, development of transit potential, investment climate and e-commerce.

In addition, the implementation of joint projects of the organisation is not fully carried out due to the weak coordination of actions and weak information support of projects. Obviously, the key policy documents and projects of the SCO should be implemented by local entities, such as national or private companies and financial and industrial groups. In reality, however, those actors often do not have access to complete and thorough information on the projects realized within the SCO cooperation programmes. As a result, it is necessary to intensify the work of the Business Council in the field of project coordination and information support.

Finally, among problems affecting further economic cooperation between SCO members is the issue of inconsistency of common goals of development between parties:

- Different approach to the further development of Central Asia by China and Russia. China is satisfied with the current resource model of economic development and has no interest in setting up joint ventures in the manufacturing sector, due to the existing plans of industrialization in the western provinces of the country. On the other hand, Russia is more interested in modernizing the economies of the Common Economic Space.

²⁴ MahsatAlinov, "Irtysh: Waterless Prospective?"(Concept of Sustainable Development: Kazakhstan Model Shaping, 2012),
http://group-global.org/storage_manage/download_file/2058

The establishment of joint enterprises in the manufacturing sector in the territory of Central Asia is one of the priorities of the economic development in Russia;

- There are different approaches to the formation of regional markets. Russia is pursuing a policy of accelerated economic integration in the EurAsEC, CIS and the EU, while China is committed to creating a common market with Southeast Asia and establishing a common currency with the ASEAN countries. For that reason, economies of Central Asian countries are located at the intersection of Russian and Chinese interests.

In summary, the economic cooperation of SCO members at this point is facing not only organisational challenges, but a systemic one as well. Growing competition between Russia and China over the dominance in SCO, contention between Central Asian countries, different approaches and visions of the future of the organisation all add to formidable obstacles impeding further economic cooperation.

Prospective Areas and Directions for Economic Cooperation

Despite the existing difficulties in the process of economic cooperation, SCO countries share common socio-economic and development goals. While China is one of the fastest growing countries in the world and Russia having great research potential, none of the SCO member states have yet reached the level of developed countries.

At the same time the region has vast human and natural resources, thus, making efforts towards greater economic cooperation is reasonable. Although SCO member states have great potential for joint activities in the areas of trade, infrastructure, industry and investment, this potential is not yet fully exploited. The significance of the issue increases given the negative consequences of the global financial crisis and economy slowdown. Therefore, the aforementioned factors make the use of the SCO platform in maintaining stable economic development and trade and investment cooperation between China, Russia and Central Asia more attractive.

One of the prospective areas for cooperation between SCO countries is the development of transport and transitpotential. Diversified transport infrastructure is one of the main catalysts of economic development of the region and its integration into global economic relations. The SCO's charter clearly states the necessity for efficient use of existing transport infrastructure and utilization of transit potential of the member countries, as

these measures will encourage the conditions for the development and stability of the regional economy.

Despite the fact that Central Asian countries are situated in a strategically important location between major markets of China, Russia and the EU, this potential is not fully utilized. Currently about 99 per cent of all freight traffic from China to the EU is carried out via the sea.²⁵ Transoceanic routes have several competitive advantages such as low cost of transportation and high quality of services. However, it has one major weakness — the delivery rate is 2-3 times slower than with overland routes from Eastern Asia to Western Europe. Therefore, building transportation corridors in Central Asia can be especially useful for goods requiring more timely delivery.

In general, creating international transport corridors in the region such as the East-West and North-South and initiatives to revitalize the "Great Silk Road" project are economically feasible and beneficial. However, the effective functioning of these corridors depends on successful policies towards the intensification of transport integration among the participating countries.

At the same time, the process of regional transport integration is inseparable from its economic component. Developing trade relations, creating an attractive environment for investment, taking measures to stimulate growth in less developed economies of the region are basic steps in establishing a single transport area. It is also important to create favourable conditions for intra-and international users of transport corridors that are passing through the territory of SCO member states. It is therefore necessary to improve the quality of transport infrastructure and transport services, harmonize legislation and procedures in this area, as well as improve coordination work among customs authorities. Although some work in this direction is already being carried out, the implementation mechanism of agreements and programmes still lacks efficiency, making the process of transport integration progress slow.

Transport issues are regularly discussed since 2002 by Ministers of Transport of SCO members. As a result of joint efforts within the framework of the SCO the following projects were launched:

- Simultaneous construction of roads "Volgograd-Astrakhan-Atyrau-Beineu-Kungrad", "Aktau-Beineu-Kungrad" and a bridge across the river Kigachas, a part of international transport route E-40;

²⁵Evgeny Vinokurov and Michael Emerson, «Optimization of Central Asian and Eurasian Trans-Continental Land Transport Corridors,» (EU-Central Asian Monitoring, 2009), 5.

- The development of the international transit corridor "Western Europe - Western China";
- The development of transport routes "Osh-SaryTash-Irkeshtam-Kashgar",
- "Bratstvo-Dushanbe-Djirgatal-Karamyk-Irkeshtam-Kashgar" and SCO governments on Facilitation of InternationalRoad Transport;"
- A feasibility study of China-Kyrgyzstan-Uzbekistan railway construction.

Although realization of these projects has already started or will begin in the near future, there are still problems that need to be addressed:

First of all, there is a low level of maintenance of transport infrastructure. For example, about 60 per cent of all railroad equipment in Kazakhstan is in bad condition, whereas normally it should not exceed 40 per cent.²⁶ Along with the worn-out vehicles, the main problem of the railway sector in the region is single-line railways that have a negative impact on speed and intensity of traffic. Nowadays, the average speed of trains is 35 km/h, which is 30 per cent below standard of international transport corridors (50 km/h).²⁷ Therefore, building double-track lines should also become one of the priorities of transportation development in Central Asia. In addition to that, opportunities for investment in railway infrastructure include construction of new routes to optimize transit and the introduction of modern information technologies to enhance the efficiency of the transport infrastructure.

The problem of the deterioration of transport infrastructure also applies to inter and intra-state roads and highways. According to several reports, in Kyrgyzstan, only 22 per cent of international transport corridors are in good condition.²⁸ In Tajikistan, 60 per cent to 80 per cent of the roads are in poor condition.²⁹ In Kazakhstan, 33 per cent of all national

²⁶ "Transport Strategy of the Republic of Kazakhstan until 2015," *Government of the Republic of Kazakhstan*, http://ru.government.kz/docs/u060086_20060411~1.htm

²⁷ Andrey Gorodnov, "CIS Chambers of Commerce and Industry: to overcome administrative barriers," (CCI-Inform. 2011), <http://www.tpp-inform.ru/regions/1765.html>

²⁸ "Freight Trains of Russian Railways Set 15-year Anti Record Speed," *Lenta.ru*, <http://lenta.ru/news/2013/01/31/nospeed>

²⁹ Yelena Kulipanova, "International traffic in Central Asia: Understanding Tendencies of (anti) Cooperation," (University of Central Asia, 2013), 14.

²⁹ "Tajikistan Transport Sector Master Plan," *Asian Bank of Development*, <http://www.carecprogram.org/uploads/events/2009/Road-Development-Seminar-Tajikistan/ADB-Tajikistan-Transport-Sector-Master-Plan-ru.pdf>

roads require major repairs.³⁰ Unsatisfactory quality of roads is one of the reasons for high fuel consumption, frequent traffic accidents, as well as low delivery speed. All this greatly affects both the time of delivery and the cost of using transit corridors in Central Asia.

It is, therefore, necessary to increase the funding for reconstruction, modernization and building of new roads. In addition, it is important to introduce new information technologies in order to create a single information space in the transport sector, which is essential for the normal functioning of the international transport corridors.

Despite steps taken towards the development of the transportation network, individual efforts of the SCO members are still not enough to create full-fledged international transport corridors and establish effective transportation system. In this context, it is more practical to cooperate with organisations pursuing the same objectives for the development of transit potential of the region.

As a matter of fact, SCO already has experience in working with organisations such as the UN ESCAP and the Asian Development Bank in the field of promotion of international road transport communication, which was initiated in the framework of the Regional Action Programme for Transport Development in Asia and the Pacific. In 2004, the UN ESCAP in cooperation with the SCO member states has studied the opportunities of creating favourable conditions for international road transport. In 2006, Ministers of Transportation of SCO member states signed the "Memorandum of Understanding on Accelerating Formulation of Draft Agreement among the Governments."³¹ Although work in this direction is not over yet, but an agreement was reached on most of the points.

Given similar goal of transport infrastructure development in Central Asia one of the possible and prospective ways to increase the effectiveness of projects would be to consider the cooperation between the SCO and the Eurasian Economic Community. At the moment Russia, China and Central Asian countries have long-term interest in the joint development of transport and communications potential in the region. Therefore, under the condition of close coordination of its actions, the SCO and the Eurasian Economic Community have the prospect to turn into an efficient economic structure.

In the field of transport communications, organisations could collaborate on projects that have the greatest strategic and economic importance. One of the examples can be the establishment of

³⁰ "33% of roads in Kazakhstan are in unsatisfactory condition," *Kapital.kz*, <http://kapital.kz/gosudarstvo/15836/v-kazahstane-33-avtodorog-v-plohom-sostoyanii.html>

³¹ "Towards an International Integrated Intermodal Transport and Logistics System for Asia and the Pacific," *UNESCAP*,

http://www.unescap.org/EDC/English/Committee/CMG/CMG4-I/CMG4-I_6E.pdf

communication by land with South Asia through Afghanistan. Currently, the main supply of goods from China to South Asia is carried out by the Karakoram Highway, which has low capacity and is closed during the winter season. The establishment of transport links across Afghanistan could increase transit through the North-South route, contributing cargo turnover between South and Central Asia, Russia and Europe, as well as to stimulate the supply of Chinese goods in Southeast Asian countries. In addition, the development of transport and communication capacity of Afghanistan will contribute to the economic development of the country, which could serve as one of the stabilization factors of the situation in Afghanistan.

Additionally, EurAsEC and SCO could cooperate in the development of unified transit tariffs in order to reduce transportation costs. To increase the competitiveness of the land transport corridors compared to the sea shipping, members should use uniform minimum transit fees throughout the whole region. In this situation, countries have to give up their personal short-term gain associated with charging high fees for cross-border and focus on long-term development of the common transport area in the region. If the cost of transportation over land is not much higher than the cost of transportation over sea, trans-Asian routes will have a huge competitive advantage.

Diversification of transport and transit routes is not easy, as it involves a lot of political and geopolitical risks. Therefore, projects on the development of new transportation routes require cooperation on a multilateral basis among all members. SCO may become the initiator and organiser of this kind of cooperation, creating conditions that will take into consideration interests of all parties, as well as minimize political risks associated with the rivalry between regional and external forces.

Equally important is the growing significance of energy cooperation between SCO members. One of the major advantages is that geographical closeness allows for the establishment of a system of intra-regional energy transport streams without the participation of third countries, which will optimize investment for suppliers and minimize future risks for China, associated with the use of sea routes and the possible disruption or restriction of supply from the Middle East and Africa. Also, the SCO's structure is balanced and has approximately equal representation of countries that are net exporters and net importers of energy, as well as enormous amounts of energy sources, such as oil, gas, coal and uranium, coupled with the rapid growth in energy consumption by China and potentially India. Furthermore, the necessity of Central Asian landlocked countries to find new routes for energy resource export makes cooperation in this area especially promising.

In this regard, a number of large energy projects were launched in the region that include Caspian Pipeline Consortium (CPC), Atasu-Alashankou oil pipeline, Eastern Siberia-Pacific Ocean pipeline, Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline etc. In spite of active work on energy development, all these projects have nothing to do with the SCO and the integration is normally carried out either bilaterally or multilaterally without SCO's involvement. As a result, the SCO may lack efficiency and control in the areas of energy resource management and the implementation of these projects.

Under those circumstances, the establishment of a SCO Energy Club that will develop coherent policy suggestions and analysis to resolve problems and contradictions is particularly important. Among other objectives of the Energy Club should be harmonization of energy policies and development of long-term energy programmes that will enhance energy security in the region, development of the SCO common energy transportation systems, coordination of investment plans, information and analysis support etc.

Consequently energy sector has huge potential for cooperation in several areas:

- Machinery building: While the energy sector is a growing industry, it requires the development of new technologies and machinery. Fortunately scientific research and manufacturing potentials of China and Russia are able to create the necessary equipment under coordinated efforts and with the use of the advantages those countries possess. Moreover, mutual exchange of advanced technologies and scientific discoveries can provide a breakthrough not only in the development of the power engineering industry, but also give the impetus for the gradual progress in cooperation in other economic sectors of SCO member countries.
- Deep processing of hydrocarbons: The establishment of joint processing ventures close to oil and gas fields will allow for lower transportation costs and more profits on foreign markets. Equally important is the development of economic cooperation in the field of deep processing of hydrocarbons which could greatly impact the large-scale resource development in the Eurasian continent and stimulate real economic integration between EurAsEC and SCO. It seems that the cooperation in that field will be mutually beneficial to all actors of energy sector. For Russia and Central Asian countries, this area of cooperation will not only mean the rise

of chemical and other industries as a whole, but also help diversification of raw material export-oriented economy. For China, the major advantage lies in strengthening its ties with the region and the development of the SCO as an economic unit.

- Renewable energy development: Considering that China is one of the leading countries in using alternative energy sources with its 18 per cent share of renewable energy in the total amount of electricity generated by country, experience and knowledge sharing in this area can be particularly valuable.³² Moreover, cooperation in renewable energy has a lot of potential since the majority of SCO countries adopted either programmes or laws promoting sustainable development and green growth.
- Hydro-power development: Water energy is another prospective area for SCO cooperation that could also help countries save on costly non-renewable resources, significantly increase energy security in the region and stimulate economic growth. It is clear that projects in this area will also include the construction of power transmission lines that will help to create the SCO space into a unified system of electricity supply. Certainly the implementation of hydropower projects is feasible because of growing needs of the SCO member states for cheap and clean energy.

On the other hand, one of the important roles SCO Energy Club should play in respect to water energy is environmental protection. The Energy Club should serve as a platform for discussion of trans-boundary river problems, development of conceptual documents related to ecology issues and development of mechanisms for scientific and technical cooperation.

All things considered, energy cooperation is by far the most relevant and promising basis for economic cooperation within the SCO. The organisation can facilitate the elimination of bilateral and multilateral conflicts, coordination of energy projects implementation and formation of its own agenda for global energy policy instead of following policies of other countries.

In the light of increasing number of joint projects another prospective area for cooperation is the promotion of favorable conditions for investment and financial interaction between SCO members. Despite the fact that each

³² "Renewables 2011 Global Status Report," *Ren21*, <http://www.ren21.net/>

year the amount of investment is increasing in scale, the socio-economic situation and the problem of investors' rights protection in a number of countries are far from ideal. That is why the emphasis of the SCO, particularly the Business Council should be on close cooperation with the governments in order to create favourable conditions for investment and trade and implementation of more projects that would contribute to economic growth and creation of new jobs. In other words, sustainable socio-economic development of the SCO countries, especially in Central Asia is an important factor for maintaining regional stability and further economic cooperation. In this context the issue of creating Development Fund or Bank is particularly vital.

Additionally, a lot of opportunities for SCO members lie in the financial area; particularly countries could develop transparent procedures and standards for financial transactions and create an efficient anti-crisis programme. Not to mention the importance of increasing national currency usage in bilateral and multilateral regional economic exchanges that will both help to avoid double counting and therefore losses and will also contribute to national market strengthening. As a matter of fact, the practical realization of this measure does not require creation of special institution, it only needs a simple political decision.

Furthermore in the context of growing global food deficit the SCO has a great potential for agriculture and food production cooperation. Fortunately for the implementation of joint projects related to food security SCO member states have suitable conditions. For example, while Russia and Kazakhstan are the biggest grain exporters among SCO members, China and other Central Asian countries depend on imports. At the same time, due to many problems including inefficient transportation routes, cross-border bureaucracy and inadequate tariffs, it becomes extremely difficult to deliver grain to neighbouring countries. Likewise there are other several crucial factors obstructing achievement of adequate food security level, such as lack of agricultural infrastructure, poor access to innovation and technology, inadequate financial support and agricultural investments, wasteful electricity and water supply systems that make agricultural production highly inefficient. In this context, agricultural cooperation can be one of the areas, which is not related to raw material extraction.

Given these points it is clear that the SCO has substantial areas for economic cooperation that would be beneficial to all member countries. However, systemic contradictions and conflicts of interests might significantly slow down the process.

Conclusion

Global financial crisis and economic uncertainty have brought to the forefront many issues related to economic security and sustainable development. It becomes more evident that to resolve these issues without collective action is impossible. New threats and challenges have set the conditions for intensified economic cooperation of the SCO and opened the prospect of turning it into an effective framework of economic cooperation not only on a regional, but global level as well.

Despite the existing potential, the SCO faces many difficulties associated with different levels of economic development of member countries, conflicting interests, growing competition and divergence between Russia and China, lack of coordination and information support, different approaches and visions of the future of the organisation, prevalence of bilateral relations over multilateral etc. On the other hand, solution of these problems or at least their alleviation will allow achieving an immense economic effect due to many advantages that SCO countries together possess.

The most prospective areas for cooperation in the short run should include:

1. Creating a stable and predictable environment for trade and investment, strengthening market mechanisms, rearranging and harmonizing customs affairs, technical regulations, and standards and tariffs. Although some work is already being carried out, lack of political will and mutual intransigence of parties result in lack of efficiency.
2. The development of transport corridors, modernization and construction of roads and railway lines, creation of the necessary infrastructure.
3. Strengthening cooperation in the agricultural sector, developing a consolidated approach to strengthening of regional food security and promoting agricultural production.
4. The promotion of financial cooperation through joint development of transparent procedures and standards for financial transactions, creation of an efficient anti-crisis programme, increasing the use of national currencies in bilateral and multilateral regional economic exchanges, and establishing the Development Fund and Bank.
5. The promotion of the establishment of joint ventures in different economic areas to stabilize social situations of Central Asian countries.

7. To establish the SCO Energy Club that will address issues related to single energy market development, trans-boundary rivers' use and environmental protection, coordination of project implementation.
8. Establish the connection with Eurasian Economic Community in order to enhance the effectiveness of programmes and avoid overlapping of actions.

The aforementioned areas show that opportunities for SCO cooperation are enormous. Country members possess significant territory, population, resource and transit potential that could greatly affect economic growth and sustainable development. Although currently, the effectiveness of measures taken to utilize the existing potential is not maximized, under certain conditions, the SCO can become a fully-fledged economic organisation. ■

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CHAPTER 11

Pakistan as Trade and Energy Corridor vis-à-vis SCO

Dr. Shabir Ahmad Khan

Abstract

Pakistan's strategic geographical location vis-à-vis landlocked states and regions of SCO, the convergence and overlapping of key interests between Pakistan and China, and China's assistance in developing connectivity infrastructure in Pakistan, all translate to the idea of Pakistan becoming a regional trade and energy corridor a reality. Development of Gwadar Sea Port, Kashgar economic zone, upgradation of KKH and rail/ road link between Gwadar and Kashgar can be one of the best supply chains for trade and energy transactions between and within SCO.

Key Words: Pakistan, China, SCO, Gwadar, KKH, Trade, Energy

Introduction

In this era of globalization and geo-economics, states are coming closer for mutually beneficial trade and economic interests. It is safe to assume that the Shanghai Cooperation Organisation (SCO) has enormous opportunities for regional integration through efficient means of trade and energy communication infrastructure. SCO states hold roughly 21.4 per cent of the world proven oil resources and 45 per cent of the world proven natural gas reserves.¹ The SCO region is rising economically offering immense opportunities for regional and trans-regional trade and economic activities. The SCO nations will definitely benefit from their natural competitive edge in hydrocarbon resources and manufacturing once the region is connected to the Sea Lanes of Communication effectively and efficiently. The strategic priority of Pakistan and SCO members is social and economic development. Pakistan's involvement as full member in SCO

¹ Mehmoodul Hassan Khan, "SCO: Regional Security Dynamics and World Power Politics", retrieved from <http://www.opfblog.com/12984/sco-regional-security-dynamics-and-world-power-politics/>, accessed on 27 June, 2013

can be instrumental in all of its three key areas; security in the region, energy transportation and economic cooperation. Under the umbrella of SCO, Pakistan-Russia relations can be improved in all the spheres; trade, economics, defence, and security, while at the same time SCO's RATS (Regional Anti-terrorism Structure) can assist Pakistan in institutionalizing anti-terrorism cooperation in a more comprehensive manner and on a wider scale.

This paper is an effort to explain that the importance which Pakistan attaches to SCO is based on Pakistan's objective reality of being a potentially viable trade corridor for landlocked Central Asian Republics (henceforth CARs) and Xinjiang; Western China. At the same time this research work discusses the convergence of geo-economic interests between Pakistan and China which in turn complements their geo-strategic imperatives. Due to the geo-economic and geo-strategic convergence of interests, Pakistan and China are looking in each other's direction. The corner stone of Pakistan's 'Look East' policy is to develop mutually beneficial economic and strategic relations with China. Similarly one of the main objectives of China's 'Go West' policy is to develop relatively backward Xinjiang and provide it with an outlet via Pakistan's Gwadar Port. Resultantly, China's financial assistance, for the development of communication infrastructure in Pakistan, enlarges Pakistan's domestic capacity and transforming the idea of Pakistan to become a trade and energy corridor into reality.

In this context, the paper examines the concept of 'Pakistan as trade and energy corridor within and between SCO' and its main apparatus and components such as Pakistan's geographical location vis-a-vis landlocked Central Asia and Western China, Kashgar, the special economic zone, a bridge between Pakistan, Central Asia and Russia, quadrilateral trade agreement, Karakoram Highway (KKH), Gwadar Sea Port, rail and road links between Gwadar and Kashgar, proposed oil and gas pipelines from Gwadar to Kashgar and gas pipeline from Turkmenistan to India via Afghanistan and Pakistan and likewise the recently inaugurated Iran-Pakistan gas pipeline which can be extended both to China and India. These tools and components while transforming Pakistan into a regional trade and energy corridor are discussed briefly vis-a-vis the SCO region.

Pakistan as a Regional Trade and Energy Corridor

Pakistan, since 1991, has sustained the hope to become a gateway to the landlocked regions of SCO and has been advocating the idea of becoming a trade and energy corridor in the region for the last six to seven years. Accordingly the most sought-after country is being China to support this

concept.² The Chinese officials have recently started commenting and signaling to develop connectivity infrastructure and make Pakistan a trade and energy corridor. The Ambassador of China to Pakistan, Mr. Sun Weiding, has stressed quick development of Gwadar-Xinjiang economic corridor to make Pakistan a hub of commercial activities. The Ambassador said “both friends, Pakistan and China, are making plans for setting up a task force for the purpose”³. With the development of Gwadar Port, up gradation of KKH, and development of Kashgar as Special Economic Zone by China and linking Gwadar with Kashgar through road, rail and pipelines, this all-weather friend of Pakistan has been transforming the idea into reality.

The concept is based on Pakistan’s objective estimation of regional geography vis-a-vis Pakistan’s geo-strategic location. Pakistan derives its weight from its geographical location which is significant from both aspects, geo-economic and geo-strategic, enabling Pakistan to serve as a trade and energy corridor for members and observers of SCO. During the SCO summit at Beijing, June 2006, the former President of Pakistan, Gen. Pervez Musharraf stated that “Pakistan can play a key role in promoting inter-regional and intra-regional trade both within SCO and between the SCO members and South Asia, the Gulf and the world as Pakistan provides sea access to them”⁴. Meena Singh, a research fellow at the institute for defense studies and analysis, New Delhi also acknowledges Pakistan’s significant geographical location vis-à-vis Central Asia. She stated “in fact, Pakistan’s geo-strategic location makes it difficult for Central Asian regimes to ignore Pakistan”⁵.

With the improved rail, road and ports infrastructure, Pakistan can help double the trade in the region along with its share of \$50 billion to \$70 billion as compared to single digit trade agreements with Western allies.⁶ Pakistan has already developed much of the rail, road, dry and sea ports infrastructure to serve as a regional trade corridor and can participate in prospective regional energy pipelines. Further development of Pakistan’s

² Fazlur Rahman, “Prospects of Pakistan becoming a Trade and Energy Corridor for China” Strategic Studies (Pakistan) XXVII (Summer, 2007)

³ Xinjiang-Gwadar Port: China for fast work on economic corridor, June 20, 2013, retrieved from <http://tribune.com.pk/story/565818/xinjiang-gwadar-port-china-for-fast-work-on-economic-corridor/>, accessed on July 17, 2013

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⁵ Meena Singh Roy, “Pakistan’s Strategies in Central Asia”, retrieved from http://www.idsa.in/strategicanalysis/PakistansStrategiesinCentralAsia_msroy_1006, accessed on 15 July, 2013

⁶ Rizwan Ghani, “Pakistan, China and Russia, retrieved from <http://pakobserver.net/detailnews.asp?id=161145>, accessed on 30th June, 2013

domestic communication infrastructure will eliminate doubt, if any, regarding the internal capacity of Pakistan to support regional trade. Because currently Pakistan with the existing two Sea Ports, Karachi and Bin Qasim and rail, road links successfully carries 80 percent of NATO supply to Afghanistan and around 80 percent of Afghan Transit Trade in addition to the national trade with surrounding countries. Gwadar Port's full operations and its connectivity with the rest of the country will further boost Pakistan's capacity to serve as a regional trade and energy corridor.

Pakistan has already built highways, motorways and expressways to the neighbouring countries including China, Iran, Afghanistan, India and to Gwadar Port. In this context the National High Authority (NHA) has completed 18 projects with the financial assistance from the World Bank.⁷ The Iran-Pakistan-India (IPI) gas pipeline which can also be extended to Xinjiang and the proposed oil and gas pipelines from Gwadar to Kashgar, and the TAPI (Turkmenistan-Afghanistan Pakistan India Pipeline) if materialized will change the destiny of the whole region. Russian President Vladimir Putin had announced in 2006 that Gazprom would be ready to participate in the IPI project.⁸ The rail link between Gwadar and Kashgar will link Pakistan via Xinjiang directly to Russia. China has opened tariff free zones on the old Silk Route with CARs as part of Euro-Asia policy to facilitate the common people of the region. The Prime Minister of Pakistan signed anMoU with his Chinese counterpart on July 5, 2013 to link Gwadar with Kashgar by the 2000 km long road and rail link, which will cost around \$18 billion.⁹ The development of China-Pakistan energy and trade corridor will facilitate CARs to link to rest of the world while at the same time allow Pakistan to reach Central Asian and Russian markets.

The regional connectivity can open up a trade corridor between South Asia, China, Central Asia, Eurasia and Europe reducing the cost of transport and travel. Three of the CARs namely Kazakhstan, Kyrgyzstan and Tajikistan, signatories of the quadrilateral trade agreement, have the shortest access to Gwadar and Karachi Ports via Kashgar and KKH. Uzbekistan and Tajikistan have the shortest possible access to the Gwadar Port of Pakistan via Afghanistan. Iran has asked Pakistan for land access to China via KKH while India has shown keen interest in land access to Iran,

⁷ Rizwan Zeb, "Pakistan's Bid for SCO membership: Prospects and Pitfalls"(07/26/2006 issue of the CACI Analyst) retrieved from <http://old.cacianalyst.org/?q=node/4085>, accessed on 27 June, 2013

⁸ Ibid

⁹ Nawaz's Beijing visit: Trade corridor tops MoU bonanza, retrieved from http://www.pkaffairs.com/News_Nawazs-Beijing-visit-Trade-corridor-tops-MoU-bonanza_34987, accessed on 15 July, 2-13

Afghanistan and Central Asia via Pakistan.¹⁰ Similarly Saudi Arabia has also asked for access to China via Gwadar Sea Port and road link to Xinjiang.

The SCO region is going to reshape not only the regional but the global geo-economic landscape. It makes sense that China, Russia, Central Asia, Pakistan, Afghanistan and Iran if they forge unity for the economic cooperation through economic integration may create an unmatchable momentum of its own aiming at growth and prosperity of the region as a whole. In fact all the regional states i.e., members and observers of the SCO, are the real stakeholders in peace and stability of the region which can be achieved only through regional economic collaboration. The President of Russian Federation, Vladimir Putin stated in his article in Rossiiskaya Gazetta (2006) that “peace and economic progress in the vast region where we live could only come through a multilateral partnership of countries that comprise SCO is open for dialogue and joint efforts to achieve peace, stability and development”.¹¹

The regional economic integration would increase economic interdependence which in turn would create stakes of regional states in each other’s stability and development. The recent thaw in bilateral relations of Pakistan and Iran, Sino-India relations and India-Pakistan relations augur well for regional economic cooperation. The area where Pakistan and Afghanistan lie connects the major Asian economies. Peace and stability in this area would expedite the rise of Asia while instability in the region would delay the dream of Asian century. The dream of Asian century can become true only through economic integration. If SCO is to push forward, a trans-regional development agenda enhancing connectivity infrastructure is vital. The President of Pakistan, Mr. Asif Ali Zardari, put it very nicely while addressing the 10th Summit of SCO in Tashkent, June 2012, when he stated that “We have a shared destiny together we can make the dream of Asian century come true”.¹²

Geographical Location of Pakistan

Pakistan situated between 23.30 to 36.45 degrees North and 61 and 75.45 degrees East in an oblong shape where the length 1600 km is double its

¹⁰ Fazlur Rahman, “Prospects of Pakistan becoming a Trade and Energy Corridor for China” Strategic Studies (Pakistan) XXVII (Summer, 2007)

¹¹ Tayyab Siddiqui, “SCO: business prospects for Pakistan”, June 27th, 2010, retrieved from, <http://archives.dawn.com/archives/67398>, accessed July 12, 2013

¹² Ibid

width of 885 km.¹³ Pakistan length-wise is connected to Western China, Central Asia and Russia and the rest of Northern Asia while in South, Pakistan runs into the Arabian Sea towards the Middle East, South and South-East Asia. Pakistan is naturally located at the cross roads of huge supply and consumer markets. At the cross roads of Central Asia, Western China, South Asia and West Asia, Pakistan can act as a corridor for inter-regional and intra-regional transportation. Pakistan is, therefore, a natural link for the SCO region to the Arabian Sea and beyond due to its geographical location.

Pakistan's location offers significant opportunities for overland regional and inter-regional transportation in jointly beneficial trade and energy transactions. Highways, motorways and port facilities of Pakistan can provide critical aid and stimulation to the so far handicapped economic and trade development processes in Central Asia and Western China. Professor Dr. Pervaiz Iqbal Cheema, a political scientist writes, "Given its geographical location, which is very close to the energy-rich Gulf region and its recently built Gwadar port, Pakistan is qualified to serve as an energy and trade corridor".¹⁴

Quadrilateral Trade Agreement

Initially this transit trade agreement was signed between Pakistan, China, Kyrgyzstan and Kazakhstan in 1995 and popularized as the quadrilateral trade agreement on traffic-in-transit. Later on Tajikistan also became a signatory of this transit trade agreement. The agreement includes currently Pakistan and four of the SCO permanent member states i.e., Kazakhstan, Kyrgyzstan, Tajikistan and China which became operational in 2004.¹⁵ The agreement could not be implemented immediately because the signatories could not reach consensus on the number of permits for trucks to freely pass through the member states. However, the signatories agreed upon an exchange of 200 permits for each in the year 2003.¹⁶ The quadrilateral trade agreement stipulates effective utilization of the Karakoram Highway (KKH) for trade between Pakistan and SCO member states via Kashgar.

¹³ Mohammad Anwar Khan, "New Regionalism and Pakistan", pp: 11-16, in Confidence Building Measures Between Pakistan, Russia and Central Asia (Area Study Centre, University of Peshawar, Nov. 2000), p: 12

¹⁴ Pervaiz Iqbal Cheema, "Pakistan as an Energy Corridor for Iran and Central Asia: The EU's Interests", Journal of European Studies, 2011, retrieved from http://asce-ku.com.pk/journals/2011/Final%20---%20_edited_%20Pervaiz%20Iqbal%20Cheema.pdf, accessed (15 July, 2013).

¹⁵ Shabir Ahmad Khan and Zahid Ali Khan, "Pakistan-Kazakhstan Relations: Future Prospects", pp: 93-103 in PUTAJ: Humanities and Social Sciences, vol. 12 , 2012, (Peshawar University Teachers Association, 2012), p: 100

¹⁶ Muhammad Ilyas, op. cited

This agreement also helps Pakistan to cross Russian border for trade directly via Xinjiang or via Kashgar and Kazakhstan with relatively less freight cost. The upgraded KKH and quadrilateral transit trade agreement complement each other in improving the trade relations between Pakistan and SCO region. Karachi-Almaty total road distance through Lahore-Rawalpindi and then KKH, Hassanabdul-Abbottabad-Gilgit-Kunjerab-Kashgar-Torogart and Almaaty is around 3,708 km. The Pak-Caspian Trade Link, a Pakistani business company, taking advantage of the quadrilateral transit trade agreement brought a 40-foot container carrying rice, furniture, textiles, canned goods, marble and brass items via KKH to Almaaty, Kazakhstan, for the first time in November 2006.¹⁷ The trade route distance from Peshawar to Almaaty via KKH is around 2160 km. The opening of KKH for 12 months a year would greatly enhance Pak-SCO trade.

Kashgar Economic Zone: A bridge between Pakistan and Central Asia

China has started developing two special economic zones in Xinjiang i.e. Kashgar near Pakistan's border with China and Horgus at Sino-Kazakh border. Under the programme, Kashgar an ancient Silk Route town that borders Pakistan through the plateau of Pamir will become a regional logistics centre, a financial and trading hub and a key processing centre for internationally traded goods. Kashgar would serve as an economic engine for backward Xinjiang as well as for Pakistan and Central Asia because it connects Central Asia and Pakistan for trade via KKH. Kashgar is a platform and serves as a bridge to promote trade and economic cooperation between Pakistan, China and Central Asia. Prospects of investment in the two major projects i.e., Pak-China railway (Kashgar to Rawalpindi) and Kyrgyz-Uzbek-China railway, have increased which will make Kashgar a regional trade hub and consequently provide an opening to the landlocked Central Asia and western China via Pakistan.

¹⁷ Shabir Ahmad Khan, "Pakistan-Kazakhstan Relations, op. cited., p: 101

Figure: 1
Location of Kashgar Economic Zone



Source: <http://thomaspmarnett.com/globlogization/2010/7/20/the-long-hard-slog-that-is-chinas-attempt-to-placate-the-uig.html>

Development of Kashgar as special economic zone, the up gradation of KKH, Gwadar Port and connecting Gwadar with KKH through Indus Highway are keys of one chain that will be instrumental in regional economic integration. It will create a new Silk Route with the impetus of Sea Lanes of Communication. Kashgar, according to Bhavna Singh, a research officer at the Institute of Peace and Conflict, New Delhi, hosts the world's biggest market where every Sunday around 150000 people from Central Asia come and exchange commodities with their Chinese counterparts.¹⁸ Kashgar provides opportunities to Pakistani businessmen to extend their trade with China as well as Central Asia.

Gwadar Sea Port

Gwadar Port is located at the apex of Arabian Sea at the opening of the energy rich Persian Gulf, just 400 km from the Strait of Hormuz. Around 80 per cent of world oil tankers move from this part of the world while 40 per

¹⁸ Bhavna Singh, "China's Modernization Rush: Kashgar at Crossroads", January 16, 2012, retrieved from www.ipcs.org/article/china/china-modernization-rush-kashgar-at-crossroads-3556.html, accessed on February 17, 2013

cent world oil movement takes place through the Strait of Hormuz. Its strategic and commercial importance stems from its location marking the confluence of major energy supply markets of West Asia, huge consumer markets of South Asia, resource rich but landlocked Central Asia, and emerging Western China. The Port's location would facilitate trade among more than two dozen countries of Persian Gulf, the Central Asian Republics, Iran, Afghanistan, East Africa, Pakistan and China. In the near future Gwadar Port will be an integral part of China's international trade, making Pakistan a hub for regional trade. Due to its strategic location, Gwadar offers a two-way outlet to markets in 'charsoo' (four sides): east and west and north and south. In the current regional scenario, as new economic ties being created and new security relations being formulated, Gwadar Port gains global attention due to its strategic location.

Figure: 2
Map Showing the Location of Gwadar and Chabahar



Source: www.pk.tribune.com./forums/posts.php?=38750

Gwadar Port reduces the distances between Pakistan and Central Asia via Afghanistan by up to 500 km. Gwadar is already linked to Karachi through the Makran Coastal Highway completed with the financial assistance of \$200 million from China. On the other side, Gwadar and

Chaman are linked through the coastal highway i.e., N-10. The Jiwaniabad road facilitating trade with Iran has also been completed. Gwadar Port via Indus Highway has also been linked to KKH which further leads to Central Asia via Kashgar.

The following figure shows Gwadar-Kashgar road link along with distances.

Figure: 3
Showing Gwadar-Kashgar Road



Source: <http://www.defence.pk/forums/economy-development/259273-sinopak-economic-corridor-updates-discussions.html>

The China-Pakistan proposed rail and road link between Gwadar and Kashgar will be a milestone in integrating the regions of South Asia, Western China, Central Asia and Russia. It is evident that trade and energy transport from Persian Gulf and East-African States via Gwadar through Pakistan will reduce the distance of more than 10,000 km to a distance of just 2500 km for Western China. It will not only be cost effective but also safe and secure in comparison to the maritime route. Indeed Gwadar provides the shortest and the nearest approach to maritime routes for Western China and Central Asia. A comparative study of the distances for Uzbekistan and Tajikistan between the Gwadar Port and Ports of Bandar Abbas and Chahbahar in Iran clearly show the distance advantage for Gwadar Port as given below.

Figure: 4

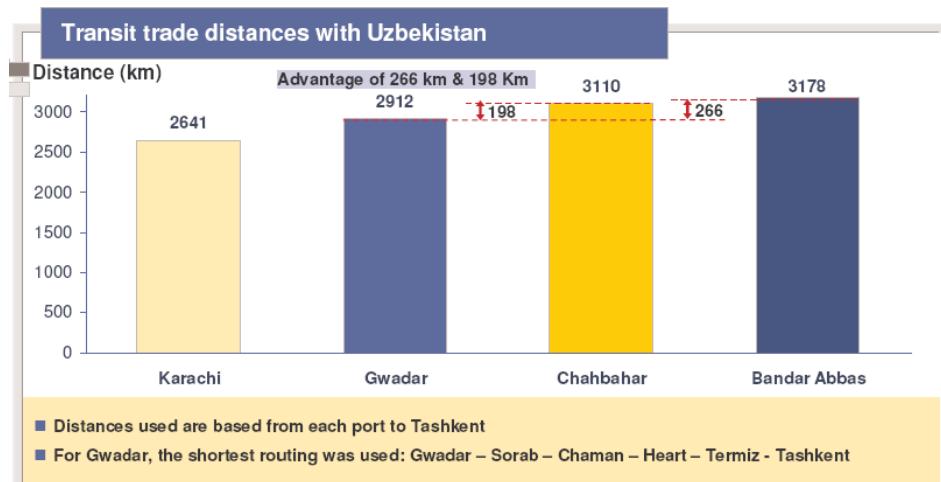
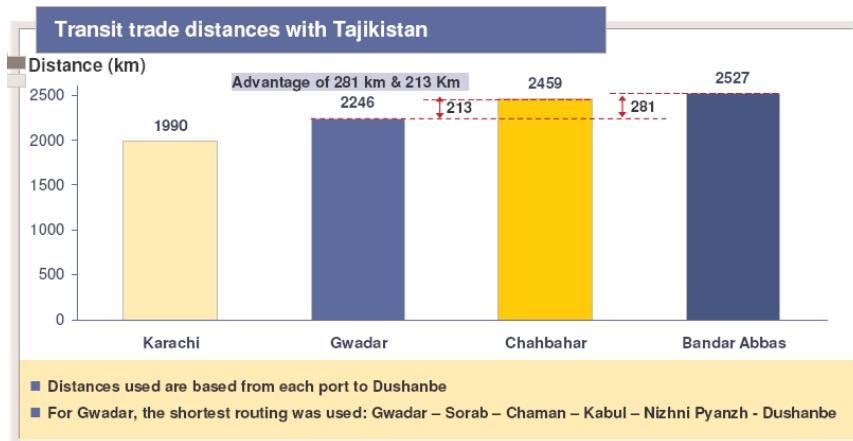


Figure: 5

Source: http://www.qurtuba.edu.pk/jms/default_files/JMS/1_1/6_jehanzeb.pdf

As highlighted in the figure, Gwadar is advantageously placed with respect to the two Central Asian Republics of Uzbekistan and Tajikistan in comparison to the Iranian Ports of Bandar Abbas and Chahbahar¹⁹. Uzbekistan using the shortest route road linking Tashkent to Gwadar has a distance advantage of 266 km and 198 km vis-à-vis Bandar Abbas and Chahbahar respectively as shown in figure 4. Similarly Tajikistan using the shortest route linking Dushanbe to Gwadar has a distance advantage of 281 km and 213 km vis-à-vis Bandar Abbas and Chahbahar respectively as shown in figure 5. As mentioned above, the three Central Asian Republics of Kazakhstan, Kyrgyzstan and Tajikistan have also the advantage of quadrilateral trade agreement and to use the KKH via Kashgar to reach Gwadar for their transit trade.

It is estimated that currently oil tankers from China take 20 days on an average to reach the Gulf via Yellow Sea, Strait of Malacca and Indian Ocean while after completion of high-speed rail and road links across Pakistan, oil tankers from China would reach Gwadar, right to the mouth of the Persian Gulf within 48 hours.²⁰ It is understandable that China's interest in Gwadar Port is to diversify and secure its crude oil import routes, besides strengthening relationship with Pakistan. Though Gwadar and

¹⁹ Jehanzeb, "The Trade Potential and Industrial Development in Gwadar", retrieved from http://www.qurtuba.edu.pk/jms/default_files/JMS/1_1/6_jehanzeb.pdf, accessed (July 18, 2013).

²⁰ Christina Lin, The New Silk Road; China's Energy Strategy in the Greater Middle East (USA: Washington Institute for Near East Policy, 2011), accessed (February 25, 2013), retrieved from <http://www.mettransparent.com/IMG/pdf/PolicyFocus109.pdf>, accessed (February 19, 2013).

Chabahar seem to be in healthy competition to attract more of the regional trade but regional exchanges may grow to the point where both Gwadar and Chabahar may no longer be sufficient to deal with.²¹

Karakoram Highway (KKH)

The Memorandum of Understanding (MoU) for the upgradation of the Karakoram Highway was signed between Pakistan and China in 2006. Currently 70 per cent of the work has been completed to widen and rebuild the 335 km long section of KKH from Raikot bridge to Khunjab pass of the total 1300 km long highway. The Prime Minister of Pakistan, during his visit to China (July 4-8, 2013), signed an MoU to add a further 700 km stretch of the road to the existing 1300 km towards the south to link it with Gwadar Port.²² Pakistan and China also plan to connect Gwadar Port via Indus Highway (Ratodero) with the KKH which leads to Kashgar - around 414 km from Sost-Tashkurgan (Pakistan-China border) - and further reaches to Tajikistan, Kyrgyzstan and Kazakhstan. The road distance from Gwadar to Khunjab (via Ratodero, Dera Ghazi Khan, Peshawar, Abbottabad, Gilgit) is 2627 km.²³ Kyrgyzstan's border from Kashgar is just around 60 km.²⁴ The National highway N-5, also known as Grand Trunk Road (GT Road) connects Karachi on the south to Torkham on the Pak-Afghan border on the north and further reaches to Jalalabad in Afghanistan.

After the upgradation of the KKH, the highway will become an all weather trade route linking South Asia to Central Asia and Russia via Western China. It is hoped that the expansion work would be completed within the next two years. After expansion the KKH will be able to handle 40 feet containers and reduce the distance time from over 30 to just 20 hours from Khunjab to Islamabad.²⁵ The upgradation of the KKH is a China-Pakistan initiative to create a north-south and east-west trade corridor in response to other proposed trade and energy corridors in the region. Frederick Starr, Professor at John Hopkins Institute, writes that regional and

²¹ Aftab Qazi, "Pakistan", pp: 77-106 in S. Frederick Starr, ed., *The New Silk Roads: Transport and Trade in Greater Central Asia* (Washington DC; Central Asia-Caucasian Institute, 2007), 92

²² "China to help Pakistan expand strategic road links", retrieved from <http://www.brecorder.com/top-news/1-front-top-news/127479-china-to-help-pakistan-expand-strategic-road-links.html>, accessed on July 16, 2013

²³ Shabir Ahmad Khan, "Geo-Economic Imperatives of Gwadar Port and Kashgar Economic for Pakistan and China", presented at a Seminar, IPRI, 2013

²⁴ Pre-feasibility Study of New Rail Links between the Ferghana Valley, Bishkek and Kashgar in China, <http://www.traceca.org.org/fileadmin/fm-dam/TAREP/32la/32la1.pdf>, accessed (July 16, 2013).

²⁵ "China to Help Pakistan Expand Strategic Road Links", <http://www.brecorder.com/top-news/1-front-top-news/127479-china-to-help-pakistan-expand-strategic-road-links.html>, accessed (July 16, 2013).

intra-regional trade has become an engine for economic development in Central Asia in the post-Soviet period and reopening of old trade routes will enable economies throughout the region to take advantage of complementarities among them.²⁶ He points out that “China has continued its generation-long commitment to develop a major north–south route linking Xinjiang and the Arabian Sea. This effort has consisted of four elements: first, the Karakoram Highway; second, the project from the early 1990s to connect Almaty, Bishkek, Kashgar, and the KKH; third, the recently opened road across the Kulma Pass, linking southwest Xinjiang with the old Soviet trans-Pamir military highway; and fourth, construction of Gwadar”.²⁷

Railway Lines

The plan to build a China-Pakistan rail line has been around since 2004. China has already completed the feasibility study for constructing a rail track from Khunjrab to Abbottabad and the string of tunnels in the northern mountains at an altitude of 4700 metres. According to Chen Xuguang, Party secretary of Kashgar, “a China-Kyrgyzstan-Uzbekistan railroad and another line linking Kashgar with the port of Gwadar are both expected to break ground in the next couple of years and China’s oil imports from the Middle East and Africa will no longer be limited to shipping via the Straits of Malacca”²⁸. This rail line will be linked to the national rail network and will be extended to Gwadar in the South. The construction of 2000 km long rail and road link between Gwadar Port and Kashgar economic zone was one of the eight agreements signed between the two countries on July 5, 2013.²⁹

The railway project is difficult but not impossible. A six member expert committee has been formed, three each from Pakistan and China, to move ahead with the project. A 750 km long section of China-Pakistan railway track is to be constructed in Pakistan from Abbottabd to Khunjrab while 250 km section will be built in China. The rail plan once

²⁶ Frederick Starr, Central Asia’s Reemerging Transport Network: Promise and Perils for Mountain Regions, Paper No. 14, June 2005, http://www.akdn.org/publications/2005_akf_mountains_paper14_english.pdf, accessed (July 16, 2013).

²⁷ Ibid.

²⁸ Wang Yan, Securing The New Silk Route, February 2012, <http://www.newschinamag.com/magazine/securing-the-new-silk-road/>, accessed February 17, 2013.

²⁹ Nawaz’s Beijing visit: Trade corridor tops MoU bonanza, http://www.pkaffairs.com/News_Nawazs-Beijing-visit-Trade-corridor-tops-MoU-bonanza_34987, accessed (July, 15, 2013).

accomplished would definitely provide better trade linkages between Pakistan, China, Central Asia and Russia. China has also committed to modernize the railway system in Pakistan. Construction assistance of Gwadar to Chaman rail line has been offered by the Asian Development Bank. The track will be extended to Kandahar, Kabul and Herat, with additional extensions to the north and west. This will allow traveling to Ashkabad in Turkmenistan, Termez in Uzbekistan, and Badakhshan in Tajikistan via Afghanistan's internal railway connections.³⁰

There are plans to connect the Kashgar-Rawalpindi rail track to the proposed Islamabad-Tehran-Istanbul railway line. In March 2008, at the 18th Regional Planning Council of the ECO held in Islamabad, the concept of a 6500 km long rail line was proposed between Pakistan, Iran and Turkey. Of this line, 1900 km long section goes through Pakistan, 2570 km section through Iran and 2036 km long section passes through Turkey.³¹ To develop rail links with West Asia, the energy resource rich Middle East, India has been consulting Pakistan and other neighbours. Pakistan's participation is crucial for any plan that link India to the Middle East, Afghanistan and Central Asia. Two rail lines have already been in operation between Pakistan and India. One between Karachi and Jodhpur and the second one connects Lahore and Amritsar. These rail lines can be instrumental not only in regional trade transportation but also in carrying energy where pipelines have not been built.

Energy Pipelines

This century is the gas century. Pakistan is fortunately surrounded by the world's largest gas reserve and gas surplus regions of the world but unfortunately has not been able to import gas from these sources. Pakistan is surrounded by Iran, the second largest gas reserve country in the world. Qatar is the third largest gas holder in the world and Turkmenistan the fourth. During the 1990s, Pakistan had signed MoUs with all the three countries to import their gas. The Pipeline from Qatar would pass through Iran, from Turkmenistan the pipeline would pass through Afghanistan and from Iran no third country is involved.

The Trans-Afghan-Pakistan-India (TAPI) pipeline from Daulatabad gas field in Turkmenistan involves the shortest distance i.e., 1450 km and

³⁰ Aftab Qazi, "Pakistan", pp: 77-106 in *The New Silk Roads: Transport and Trade in Greater Central Asia* ed., S. Frederick Starr, Washington DC; Central Asia-Caucasia Institute, 2007, p: 89

³¹ "Pakistan Mulling Extension of ECO Railway to China", <http://www.defence.pk/forums/economy-development/33959-china-joins-pakistan-iran-turkey-railway-project.html>, accessed (July 17, 2013).

therefore was the best option during the 1990s. The TAPI project had a very strong consortium led by the UNOCL, which later became defunct and merged into Chevron in 2005, in the 1990s; however instability in Afghanistan and lack of finances have led to postponement of the project for the time being. Nevertheless it still provides Turkmenistan with the best opportunity to explore the markets of the sub-continent. The TAPI also presents an opportunity to Russia for participating in South Asia. Likewise TAPI will have a sound chance of success if the project secures Russian political and technological support.

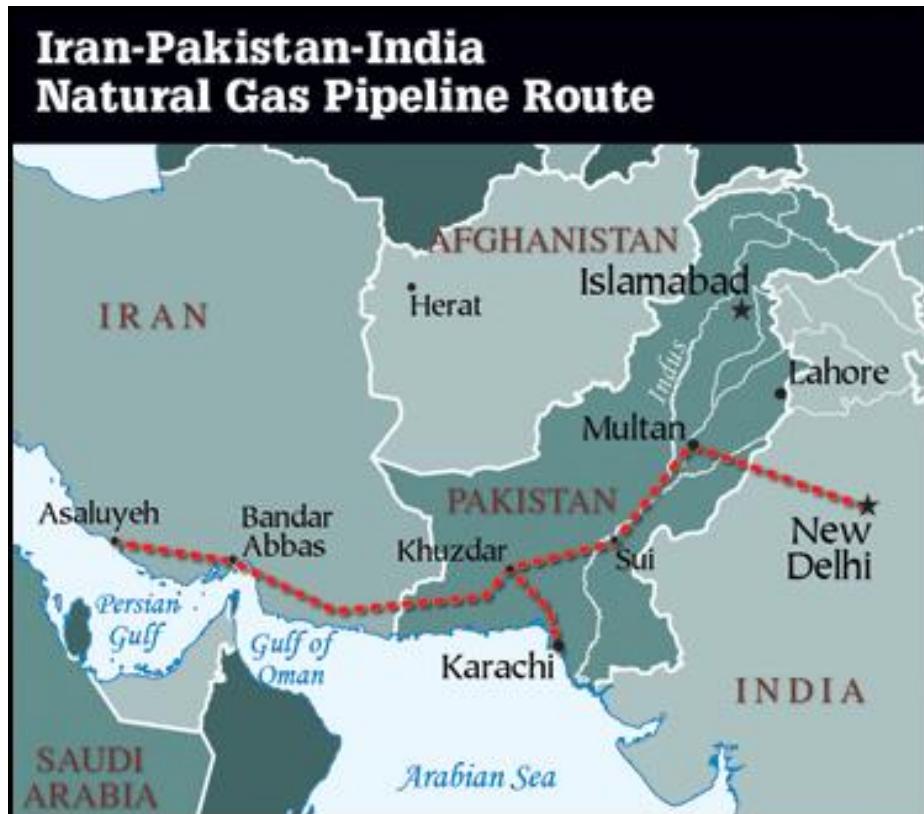
The Iran-Pakistan pipeline involves no third country and the 1931 km long pipeline is set to be completed by December 2014. The pipeline starts from Assaluyeh in Iran to Nawabshah, the off-take point in Pakistan. A section of the 1150 km with 56 inch diameter pipeline through Iran up to the border of Pakistan is to be completed by Iran. The 56 inch diameter pipeline within Iran will be able to meet the demand if Pakistan shows interest for a second pipeline in future. The Government of Pakistan has entered into sovereign agreements with Iran which stipulates to construct 780 km section of the pipeline with 42 inch diameter pipeline passing through Pakistan.³² Dr. Gulfaraz, the Islamabad-based energy expert, is of the view that the “IP project predates US congress sanctions on Iran as the project dates back to 1990s and Pakistan at the time had not committed any investment in Iran, therefore, the US needs to understand the vitality of the project for Pakistan’s survival”³³. Pakistan will import initially 750m cubic feet gas on a daily basis which would be increased to 1 billion cubic feet per day. The project will be a blessing for energy starved Pakistan as according to the State Bank of Pakistan, the country will face gas shortage of 3 billion cubic feet per day by the year 2016.³⁴ The pipeline can be extended either way to China or India as both China and India have shown interest.

³² Gulfaraz Ahmad, “Iran-Pakistan gas pipeline is a lifeline for Pakistan’s economy”, Business Recorder, June 28, 2013, <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/national/01-Jul-2013/pak-iran-gas-pipeline-to-be-completed-by-2014>, accessed (July 17, 2013).

³³ Ibid.

³⁴ “The Future of AfPak Beyond 2014”, Monday, 16 April 2012, <http://politactcom/global-security-studies/the-future-of-afpak-beyond-2014.html>, accessed (August 13, 2013).

Figure: 6
Iran-Pakistan-India Gas Pipeline



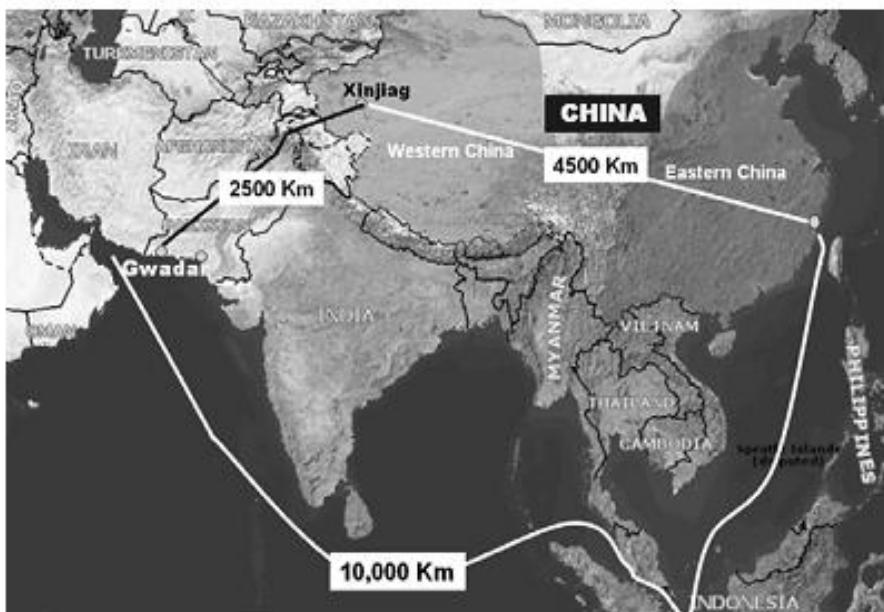
Source: <http://politact.com/vantage-point-analysis/challenges-for-indian-passage-to-central-asia.html>

China plans to build an oil refinery at Gwadar and link it with Kashgar through an oil pipeline from Gwadar to Xinjiang which will supply Persian Gulf's and African oil to Western China by reducing the distance drastically. The oil pipeline was proposed in April 2006 during Pakistan-China Energy Forum in Beijing. It is proposed to start from Gwadar, pass through Awaran, Pir Muhammad, Khuzdar, Shikarpur, D. I. Khan, Kundian, Mianwali, Talagang, Gheb, Fatehjang, Haripur, Mansehra, Patan, Dasu, Chilas, Bunjil, Gilgit, Sust, and the Khunjerab pass.³⁵ The total length of the proposed gas pipeline from Gwadar Port to Xinjiang via Pakistan is 2500 km while the length/distance from Xinjiang to eastern

³⁵ Fazlur Rahman, op. cited

ports of Shanghai and Beijing through inland China is 4500 km. This pipeline can be linked to the Chinese national gas system in Xinjiang where the pipelines from Central Asia also meet.

Figure: 7
Map Showing the Location of Gas Pipeline from Gwadar to Xinjiang³⁶



Shortest Route from Western China to Gwadar

In 2009 China shelved its \$12 billion plan of building oil refinery and oil city project in Gwadar due to security reasons. It is hoped that with the handing over of Gwadar's operation to China's Overseas Port Holding, Chinese interests in the project will be renewed. China can also import Saudi Arabia's oil via Gwadar as reportedly Saudi Arabia had asked Islamabad to help her extend its oil exports to China.³⁷

³⁶ See Shabir Ahmad Khan, "Geo-Economic Imperatives of Gwadar Port and Kashgar Economic Zone for Pakistan and China", op. cited

³⁷ "China Takes Control of Gwadar",
<http://dilwala.tv/a-great-game-begins-as-china-takes-control-of-gwadar-port/>

Conclusion

The idea of Pakistan as trade and energy corridor originates from its vital geographical location. Keeping in view Pakistan's significant geographical location, one can observe that Pakistan is a natural ally of SCO and is idealistically located to provide links for regional economic integration within and between SCO member states. Pakistan, therefore, has true potential to serve as a trade corridor in the short term and energy corridor in the medium term for the SCO region and justly deserves full membership of SCO.

The geographical location of Pakistan and its modern rail, roads, highways, sea ports and dry ports provide convenient and comparatively shortest routes and outlet for trade to Central Asia and Western China.

China wants to translate Pakistan's geographical advantage as a vital hub of trans-regional exchanges into a reality. This would provide an outlet to China's relatively backward and landlocked Xinjiang and thus help in creating a north-south trade and energy corridor.

Chinese assistance in developing connectivity infrastructure in Pakistan, developing the Gwadar Port and Kashgar as a special economic zone, upgrading the KKH and linking Gwadar with Kashgar and Central Asia via KKH are in step with SCO's efforts to create trans-continental overland connectivity.

Regional economic integration and cooperation is the panacea for all regional ills. Consequently all the regional states i.e., SCO members and observers must pursue the common cause of regional economic cooperation through economic integration and connectivity infrastructure to create an Asian Union on the patterns of the European Union.

Russia has a shared destiny with Asia. Russia realizes that her future lies in Asia in contrast to her historical rivalry with the West which persists even in the post Cold War era. On the other hand, in Asia lie Russia's best strategic and economic partners.

In the context of SCO Russia can extend her political and economic leverage to Pakistan and Afghanistan by supporting their full membership in the organisation. In fact together with Pakistan's geographical connectivity SCO can make the dream of an Asian century come true with the military might of Russia, the economic strength of China, and the hydrocarbon resources of Central Asia and Iran.■

CHAPTER 12

Power Projects of The Republic of Tajikistan as a Factor of Development of SCO*

Vafo Niyatbekov Alibekovick

The architecture of foreign policy of the states of Central Asia from the moment of finding of independence had an ambitious character.

Everyone, from the countries of the region pursuing the foreign policy, sought to take a worthy place in the world community, actively interacting with leading world and regional powers, thereby, cooperation of the states in Central Asia often had declarative character that didn't allow the countries of the region to begin constructive dialogue in these conditions. Awareness of the need of activation inside regional cooperation came taking into account a real state of affairs, social and economic and political reality¹.

The main problem which the states not only Central Asia, but also world space as a whole face, is a problem of ensuring national security.

In modern conditions the national security depends not only on one armed forces, but also on a number of other factors — economic power, the competitive industry, quality of an education system, welfare of citizens and their moods, etc. Among sources of real threat for safety if not everything, the majority of the states it is possible to call: terrorism, distribution of weapons of mass destruction, interethnic and interfaith conflicts, environment degradation, delay or stop of economic growth. Four decades ago any epidemics and drug trafficking irrespective of harm done by them could be considered as non-political and owing to this fact as decisions not subject to power methods².

The Central Asian region owing to the specifics i.e. a geographical arrangement, influences of the third countries is, etc. subject to different dangers, basic of which it is possible to note not extremism and the international terrorism, and straight lines and indirect preconditions of the

* Editor's note: This paper is reproduced verbatim due to difficulties of comprehension encountered in the author's text.

¹ Niyatbekov V.A. Dodikhudoyev H.A. Tajikistan in regional measurement//Central Asia and the Caucasus No. 3 (45) 2006 – 92

² Gadzhiev K.S. Geopolitics. – M: International relations, 1997. – p. 271

conflicts is a distribution of water resources, poor social and economic development and also a drug trafficking.

There is a factor of rational use of water resources which could become in a consequence fundamental in joint rational use of water and energy resources. Priority of this direction of cooperation is explained by that the Central Asian states are connected by the general river basins of the Syr-Darya Rivers and Amu Darya.

Simple reanimation of the former uniform hydro-electric system taking into account the developed new economic conditions, is problematic to achieve formation of the general complementary hydro-electric complex providing national interests of all countries of the states of the region.

Existence now problems of the interstate relations in the hydro-electric sphere are a consequence of the general principles of development of a national economy of the Central Asian region within the uniform country. According to these principles, placement of productive forces in the region was carried out proceeding from minimization of expenses for the basis of productions, instead of for reasons of their uniform distribution on territories of the republics³.

Incidents concerning water use happened on this site in the period of the Soviet power. Distribution of irrigational system took place taking into account existence of a uniform economic complex of the country. During formation of the Soviet power in the region it was carried out not simply land, but land and water reform, that is was developed uniform water management system which automatically ceased to exist with disintegration of the USSR. The rivers, lakes and other reservoirs changed suddenly the status, having become apple of discord between new subjects of the interstate right.

Current situation already demands new approach to this problem that is it is necessary to develop a certain general model which will be most optimum for all countries of the region.

In this case for optimization of relationship of the countries of the region within SCO, attempts of creation of power club within which questions of hydropower cooperation could be considered more carefully also took place.

³ Valamat-zade T.G. National interests of the Republic of Tajikistan and their possible reasonable combinations to economic interests of Russia and the countries of Central Asia/National interests and a security policy of the states of Central Asia in the conditions of globalization (The Euroasian models as alternative to a mondializm) - Materials of the international scientifically practical conference. - Dushanbe, on December 22, 2005. p.117. (209)

It is known that Russia has special communication with the countries of Central Asia, and China too holds good contact with these countries on power cooperation. All this will enter into a framework of multipolar power club SCO. It will be favorable and it is useful for all parties.

Usually objects of power cooperation in this region mention at once some countries, into a framework of their management enter not only channels, but also the prevention and response to sudden emergency situations. From this point of view power cooperation can't do without multipolar structure.

Today within SCO, in the long term the Republic of Tajikistan can become the power center of regional scale. Possessing the considerable hydroenergy potential, competent management, competent foreign policy activity shortly the republic will rise on a new stage of economic development that, finally will lead to change of intra-regional relationship and the subsequent regional development. But owing to different external circumstances, development of the hydropower sphere in the Republic of Tajikistan is slowed down.

Achievement of positive results in respect of achievement power and then economic safety will allow the region countries, to realize other vital spheres.

In system of ensuring economic safety of the country identification and an assessment of threats of economic safety and development of measures for their prevention have paramount value. The most probable threats of economic safety of the countries of the Central Asian region now are: a) increase in property differentiation of the population and increase of level of poverty; b) not formation of structure of national economy; c) slow rates of development and use of capacities; d) expansion of activity of criminal structures; e) existence of an economic imbalance and others⁴.

The solution of this important task puts in the forefront need of change of today's model of integration and cooperation taking into account orientation to strategic aspects. The reproduction geoeconomic model of integration uniting all system of elements of geoeconomic policy can act as such model, promising long-term strategic effect for all national economies. To the main components of geoeconomic model of integration there has to be a mechanism of providing high extent of coordination of regional cooperation of the countries. Now considerable distinctions in levels of economic development and mechanisms of managing of the certain countries, primary orientation of each of them to foreign economic relations

⁴ Komilov S. D. Problems of safety of Central Asia: geoeconomic aspects//Materials of the international scientific and practical conference. "Prospects of regional safety within fight against the international terrorism". Dushanbe, 2002, pp. 7-8.

with the countries of coordination of regional cooperation and a choice of effective geopolitical decisions take place⁵.

Tajikistan, the country which isn't possessing sufficient resources of hydrocarbonic power sources, needs use of hydroenergy resources which in turn, will provide a free hydro-electric overflow between the countries of the region and, thereby, a further sustainable development of the region , a number of important social and economic problems will be solved.

In this connection extremely important, to consider a situation in the region as a whole, and in Tajikistan in particular in direct interrelation between geopolitical influences and power factors. Today energy resources are important, and ensuring effective, reliable and safe power supply answers realities of today.

The main spheres of activity of the Republic of Tajikistan are in direct dependence on sufficient electricity supply. The question of energy security represents one of additions of economic safety which in turn is an important component of national state security. It makes defining condition of observance and realization of the state interests as inside, and out of the country, viability and efficiency as inside - and foreign policy strategy⁶.

In the Republic of Tajikistan power independence soundly causes economic and national security. Non-volatility is concluded in the guaranteed and uninterrupted electricity supply of all sectors of economy in the necessary volumes, and also an exception of emergence of threats.

Central Asian specifics is that use of energy resources by the certain countries leads to application of various methods directed on prevention of implementation of strategic plans of ensuring energy security, in particular the situation in Tajikistan is a bright example. Neighboring countries seek to make of power, a subject of political opposition that as a whole is negatively reflected in regional development as a whole. The situation in the region develops in such a way that when carrying out power policy, the state fully can't use the rights of the owner of water resources, there are various claims concerning their joint use while the question of joint subsurface use never arises. Today water became the same tool of the interstate relations as oil and gas, and the statement that God created water and it belongs to all, sank into the past. The developed reality demands situation change by formation of new approach with the subsequent creation of the market of water which is time command.

⁵ Komilov S. D. Problems of safety of Central Asia: geoeconomic aspects//Materials of the international scientific and practical conference. "Prospects of regional safety within fight against the international terrorism".Dushanbe, 2002, pp. 10-11.

⁶ Gadzhiev K.S. Geopolitics. – M: International relations, 1997, p. 272.

The Republic of Tajikistan realizes today a number of projects aimed at the development of a hydroenergy potential of the country. In particular GESY, "Sangtuda 1" and "Sangtuda 2" with participation of the Russian and Iranian capital. These water-engineering systems are in Hatlonarea of the Republic of Tajikistan and are steps of Sangtudinsky power knot that will allow to carry out subsequently daily regulation of a drain and a covering of winter, most intense production schedules.

In the long term in the republic it is planned to construct also some large hydroelectric power stations, such as Shurob hydroelectric power station – 850 MWt. and also 4000 MWtDashtidzum hydroelectric power station. It should be noted that the last hydroelectric power station will be located on a border site between Tajikistan and Afghanistan. This hydropower construction is represented to one of fundamental bases of future recovery of the economy of Afghanistan.

The special emphasis can be placed on Dashtidzum hydroelectric power station - designed hydroelectric power station in Tajikistan and Afghanistan.

Design began in the 1960th years. Development was conducted by the Central Asian office of hydroproject of S.Ya.Zhuka who developed "The scheme of complex use of the river Pyandzh and the Amu Darya River on a boundary site between the USSR and Afghanistan" in 1970. In its framework it was supposed to construct 13 water-engineering systems with a total power of 17720 MWt and total development of 81,9 billion kW/hour of the electric power. This scheme was approved in the USSR, however it didn't receive realization because of difficult relations between the USSR and Afghanistan and the general backwardness of adjacent regions of the countries, huge capital investments were necessary and was absent both infrastructure and end users.

The capacity of station projected of 4000 MWt. Height stone набросной dams — 320 metres, and 1075 metres long, the volume of a reservoir is 17,6 cubic km of water. Three strings of turbine conduits and hydroelectric power station building.

Reservoir of planned hydroelectric power station затапливает 14 settlements and 860 hectares of the farmland in the territory of Tajikistan and 13 settlements and 1110 hectares of the farmland in the territory of Afghanistan.

Now (2009) to a site of a dam only the pack track whereas the highway comes to an end in 12 km from a place of alleged construction conducts.

Preliminary cost — 3 billion US dollars.

Given the hydraulic engineering construction will allow to solve a large number of problems both in the region as a whole, and in Afghanistan

in particular, the new enterprises will be created, and to increase the area of irrigated lands in Afghanistan that considerably will reduce intensity on border sites.

It should be noted that Pakistan at the beginning of obtaining independence by Tajikistan was interested in this project, however the subsequent conflict in Tajikistan rejected this idea for many years.

Today within SCO there is a fine possibility of consideration of this project. It should be noted that this construction won't create various questions on water use and so on at the lower reach countries. That is construction of Dashtidzum hydroelectric power station, it will be favorable to all countries of the region, both in respect of capital investment, and in respect of reduction of preconditions of emergence of threats from Afghanistan.

In August, 2008 between the Republic of Tajikistan and the Russian Federation the Memorandum of construction of three small hydroelectric power stations in Tajikistan was signed. The Tajik party offered the construction project of hydropower constructions — Urfatinsky, Obburdonsky and Yavrozsky hydroelectric power station which will be located on alignments of the Ob-Hingou Rivers, Zarafshon and Kofarnigan. These objects are averages on technical capacities, and the capacity of biggest of them will make 850 MWt.

As a whole according to the Ministry of Energy and the industry RT which are economically attractive and technically reasonable development of hydropotential of other water currents of the republic is represented:

1. Ob-Hingou (5 hydrostations with a general power of 712 MWt);
2. Surkhob (4 hydrostations with a general power of 1077 MWt);
3. Kofarnigan (5 hydrostations, with a general power of 411 MWt);
4. Varzob (3 hydrostations, with a general power of 100 MWt);
5. Zarafshon (6 hydrostations, with a general power of 640 MWt);
6. Fon-daryo (4 hydrostations, with a general power of 510 MWt);
7. Matchoh (5 hydrostations, with a general power of 500 MWt);
8. Gunt (13 hydrostations, with a general power of 356,4 MWt);
9. Bartang (5 hydrostations, with a general power of 485,9 MWt);

It is necessary to remind that on March 12, 2010 the government of Tajikistan and the World Bank signed the memorandum of understanding according to which the technical and economic assessment of Rogun hydroelectric power station will be carried out. Estimates will be carried out not only WB, will be attracted to it experts of high level, representatives of all countries watching a course of these estimates. it was coordinated that in case results of this of the feasibility report will show that the project is

steady, the WB will render assistance in formation of the international consortium which will give support in financing of this project.

The considered projects of hydropower constructions of the Republic of Tajikistan, first of all, need development of the additional infrastructure, the subsequent delivery and realization of the developed electric power, in this regard important creation of the new high voltage lines which will connect all regions of the republic is represented, and also will allow to export the developed electric power.

Within implementation of investment projects of the countries of SCO, at the expense of the credit of People's Republic of China in Tajikistan construction of two high voltage lines — "South-North" and "Lolazor-Hatlon" is financed. The high voltage line 500 kW "South-North", 350 km long that allowed to give the electric power from Nurek hydroelectric power station to the north the countries — to Sogd area. In turn "Lolazor-Hatlon's" high voltage line is an important chain in future exports of energy.

One of the main directions in high voltage line development in the republic represents the project of creation of a power line Central Asia - the Southern Asia (Central Asia-South Asian-1000 or CASA-1000) and development of the electrical power market of Central Asia and the Southern Asia. The CASA1000 project on construction of a regional power line worth 680 million dollars was approved by the World Bank will allow to export surplus of the electric power to summertime from Tajikistan and Kyrgyzstan to the capital of Afghanistan Kabul and on the northwest of Pakistan.

Considering in aggregate all power projects of the Republic of Tajikistan which represent the uniform, thought-over, strategic program of development of the country, it is possible to note, exclusively positive moments expecting the region:

1. Mutually advantageous regional economic integration;
2. The rational and effective use, the integrated water resources management of the region;
3. Decrease in level of poverty;
4. Increase in the area of irrigated lands of the states being below on a current;
5. Balance of balance of forces in the region;
6. Decrease in threats of safety proceeding from Afghanistan, in connection with national economy revival;
7. Development of the industry of some countries of the region;
8. Increase in regional investments, in connection with low cost of the electric power; etc.

As a whole the situation analysis in the sphere of power providing shows that in the next years the interest, practically all volatile states to the region of Central Asia only will amplify. The competition in this market will increase. There is no need to convince experts that the solution of the problem of providing with sources of energy carriers is often accompanied by very intensive political pressure. In this regard more than actions on region destabilization for the purpose of the solution of questions of the economic competition are probable⁷. Pressure is put both external and intra regional.

It should be noted that the aspiration to achieve safety unilateral means — whether it be the states or the unions of the states — is under construction on the logical mistake following from belief that each party can maximize own safety, maximizing vulnerability of the opponents⁸. In this case you shouldn't forget that negative processes occurring in the territory of one of the countries of Central Asia directly will be reflected in a regional political situation as a whole. In turn, in the Republic of Tajikistan, developing the power branch, takes into account safety of all states of the region.■

⁷ Kochubey M. A. Safety of energy resources: actual problems of regional cooperation//Central Asia: condition and prospects of regional interaction: Materials VI of Annual Almaty conference (Almaty, on June 11, 2008)/Otv. Edition B.K.Sultanov. – Almaty: KISI at the President of RK, 2008, p. 178

⁸ Luard E. Op. cit., p. 33.

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