

India and the Shanghai Cooperation Organization: Issues and Concerns

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Abstract

This article attempts to analyze why India should consider itself as an ideal candidate for SCO membership, despite the member countries indicating that they have no plans to accept new members in the near future. Nevertheless, India should continue to pursue its case for membership, as it will benefit both India and the SCO members. In order to understand and analyze this, the article discusses the origin and growth of SCO and its emergence as a regional international organization. It identifies the potential benefits that India can gain by becoming the full member of SCO. It also analyses India's present concerns and the challenges it would have to confront after obtaining the full membership. Finally, it examines the prevailing perception of the US on SCO and the potentials of possible US engagement with SCO in the near future.

Keywords: *India, Shanghai Cooperation Organization, energy, China, Central Asia*

JEL classification: *F51, F52, F53, F59*

1. Introduction

In an increasingly integrated world, multilateralism has become vital in dealing with the new world order. According to John G. Ruggie, multilateralism is "an institutional form that coordinates relations among three or more states on the basis of generalized principles of conduct, i.e., principles which specify appropriate conducts for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in specific concurrence" (Ruggie, 1993: 11). Apparently, in the present world order, multilateralism is seen as the most legitimate and consequently the most effective way of dealing with transnational issues. In this context,

one of the notable trends in promoting multilateralism has been the emergence of various strategic and regional organizations, such as European Union (EU), Association of South East Asian Nations (ASEAN), Asia Pacific Economic Cooperation (APEC), Organization of American States (OAS), South Asian Association for Regional Cooperation (SAARC), Shanghai Cooperation Organization (SCO), African Union (AU) and so on. The main reason for the emergence of regional organization is that countries have begun to realize that regional organizations are the way of transforming a complex regional security into a security community with an intention to mitigate the security problems through the creation of collective institutions based on common values and objectives (Dutta, 2011: 494). Furthermore, the regional organizations are a way to achieve their strategic interests in the region and also work towards addressing the global commons. In this regard, SCO is no different.

2. The SCO: The Origin and Growth

The SCO was established in 2001, consisting of six members – China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Gradually over the years membership of SCO has expanded. Presently it consists of five observer members – India, Pakistan, Iran, Mongolia and Afghanistan and the dialogue partners include Belarus, Sri Lanka and Turkey. The driving philosophy for establishing SCO was “Shanghai Spirit” – which emphasizes on harmony, working via consensus, respect for other cultures, non-interference in the internal affairs of other countries and non-alignment.

SCO, like other organizations continues to insist that it is not directed against any particular external threat or power (anti-western or US), but focuses on the maintenance of internal security and economic integration within and outside the region. However, many western analysts and policy makers regard SCO as anti-US, anti-western bloc, or as a Russian and Chinese anti-Western vehicle to counterbalance US interest and strategies in Asia-Pacific region (Aris, 2009; Thomas, 2008: 1321-1344). This argument was strengthened when SCO during the Astana Summit (2005), called for US to vacate its bases in Central Asia and rejected the US-sponsored Color revolutions in the region. In addition, western countries to a certain extent are concerned about the SCO’s increasing engagement with Iran, Pakistan and India (Rothacher, 2008: 68; Maksutov, 2006). Thus, the US and some of the EU members continue to view SCO as an anti-western, undemocratic forum that threatens their interest in the region. Despite this, SCO has emerged as a significant organization in the international arena, which cannot be ignored by the international community.

The main guiding factor for establishing SCO was to address security concerns of newly independent countries that were created with the collapse

of the Soviet Union. Hence, they realized that it cannot be done unilaterally, rather a multilateral approach was needed and SCO would facilitate close cooperation with the Central Asian Region (CAR), in preventing the rise of terrorist organizations/religious extremism within the country and also preventing them from providing support to separatist groups operating in other countries (Yuan, 2010: 861). Thus the SCO's common focus was to work cooperatively against the "three evils" – terrorism, separatism, and extremism, and also includes the fight against drug trafficking and against terrorists, like Al-Qa'ida and Taliban-affiliated groups (Boland, 2011: 8).

Apart from this, the members believed that the enhanced engagement could improve trade and development across the national and regional boundaries. Subsequently, the members like China and Russia wanted to legitimize their own forms of domestic politics while providing a balance to US hegemony and also enhance engagement with East Asia, Central Asia and South Asia. Interestingly, it is argued that countries like China took the initiative in forming this organization to exhibit its leadership role in a region for China's future socio-economic development – including energy security and internal social stability (Norling and Swanstrom, 2007: 430). Overall, the founding members wanted to evolve a regional arrangement that would contribute towards bringing peace, stability, and prosperity in the region, which in a way would safeguard their national interest.

The foundation for establishing SCO was laid by the group known as "Shanghai Five", which was set up in April 1996, consisting of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. Initially, it was an informal forum to decide on the demilitarization and demarcation issues among Russia, Kazakhstan, Kyrgyzstan and Tajikistan. It was also meant for initiating confidence-building measures (CBMs) to solve the disputes in border areas. In the process, the group signed a "Treaty on Deepening Military Trust in Border Regions", and this was successful to a certain extent, as the borders were demilitarized along their 3,000 kilometre length on both sides and the disputed areas were generously corrected, which many regard, that it was done mostly in favour of China (Anna and Antonio, 2008). Apart from this, Kyrgyzstan ceded an entire mountain range, and Russia ceded marshland and islands on the Ussuri River (Rothacher, 2008: 69).

After the successful resolution of border areas, in 1998, the Almaty Declaration extended cooperation into other key areas such as: combating ethnic separatism, religious fundamentalism, international terrorism, arms-smuggling, narcotics and other cross-border criminal activities (Norling and Swanstrom, 2007: 431). Subsequently, the Chinese President Jiang Zemin in 2000, suggested setting up an *ad hoc* nature of multilateral cooperation. As a result, when the Summit of Shanghai Five returned to Shanghai (June 2001), the member states decided to institutionalize their cooperation

through establishing SCO and included Uzbekistan as the sixth member. In the process, it developed an institutional structure, which at present includes seven bodies and contains an internal mechanism which organize regular meetings for member states and this mechanism constitutes an integral part of discussion and policy-making within the SCO.

In 2003, the SCO to boost trade and development adopted the Multilateral Trade and Development Program, which was subsequently specified in more detail at the Tashkent Summit (2004) where 127 projects were included in the regional action plan, of which most of the projects focused on energy cooperation. At the same time, the new structure was given a permanent secretariat, which was set up in Shanghai. The SCO Business Council was founded in June 2006, having a Secretariat based in Moscow, consisting of a Chairman, Deputy Chairman, and Board consisting of member state representatives. Furthermore, in 2005, the SCO Interbank Association (IBA), also referred to as the Interbank Consortium was established. This Bank is now working towards strengthening cooperation with other major banks of the SCO members to help implement investment projects that are bilateral or multilateral in nature (Hansen, 2008: 220).

The Astana Summit (2005) was significant from the security perspective, as it laid greater emphasis on security and went on to institutionalize the Regional Anti-Terrorism Structure (RATS), responsible for safeguarding the security in Central Asia and mandated the close coordination of military, police and Special Forces of member states. The RATS emphasizes on harmonizing norms and practices for intelligence sharing and providing a strong political and diplomatic support of the practices and policies of its member states in tackling these challenges (Aris, 2012: 453). However, RATS prime focus is to fight against Uighur groups for China, Chechen groups for Russia and Hizb ut-Tahrir and the Islamic Movement of Turkistan for Uzbekistan, Tajikistan and Kyrgyzstan. In the process, RATS have claimed to have arrested/liquidated 15 heads of various terrorist groups.

In addition, from time to time, SCO held several large-scale military exercises, all aimed at responding to emergency security situations like the Peace Mission 2007¹, 2009 and 2010 and were based on responding to armed insurrections and terrorist attacks. The Peace Mission 2010, was hosted by Kazakhstan, and is regarded as more successful, than the previous mission, as it represented several advancements for the SCO's conduct of security exercises and included for the first time the Chinese bombers and night-time manoeuvres (Boland, 2011: 12). In addition, the SCO began to focus on soft power efforts like providing election observers to monitor elections in participant states and also provide relief assistance during the Sichuan province earthquake (2008) and floods in Pakistan (2010). Overall, this

organization over the decade has emerged as a powerful multilateral body in the Eurasian region and attracted international attention.

3. From Regional Organization to Regional International Organization

Although this organization began as a regional organization, over the decade it has gained international recognition and has emerged as a regional international organization with a new geopolitical profile in Eurasia and beyond for a variety of reasons, such as: (a) It has expanded its engagement with increasing inclusion of Observer members and dialogue partners, indicating engagement well beyond Central Asia into the South and West Asian region. (b) It has enhanced its cooperation with other regional and international organizations by signing a Memorandum of Understanding (MOU) with ASEAN and Commonwealth of Independent States (CIS) in 2005; the Organisation of Islamic Cooperation (OIS), which participates as a guest at successive SCO Summit; the Eurasian Economic Community (EEC) in 2006, with the Russia-dominated Collective Security Treaty Organization (CSTO) in 2007. The SCO also acquired observer status in the UN General Assembly (2004), and is in contact with UN Economic and Social Commission for Asia and Pacific (ESCAP) and United Nations Development Programme (UNDP). In 2010, it signed a Joint Declaration on Cooperation between the UN and SCO Secretariats (Roy, 2012: 646). Furthermore, in June 2011, it signed a MOU with the UN office on Drugs and Crime aimed at tackling the rising regional drug trade (Contessi, 2011; Arunova, 2011). (c) Although initially the SCO was regarded as anti-US or anti-western, over the years, both the US and EU have enhanced their engagement to stabilize the Central Asian region. As a result, the SCO continues to develop links with the EU and the Organization for Security and Co-operation in Europe (OSCE). For instance, it attends EU and OSCE regular meetings, particularly on Central Asian security issues (Boland, 2011: 10). (d) From the beginning, Afghanistan has always drawn special attention at the successive SCO summit meetings, as it has vast implications for CARs. In the pre-9/11 period, SCO was only concerned about bringing about stability in Afghanistan through UN, rather than external forces like US and EU, and even supported 6 plus 2 (China, Tajikistan, Uzbekistan, Turkmenistan, Iran and Pakistan and two other Russia and US) model in settling the Afghan issue (Roy, 2012: 547). This position changed in post-9/11, as most of the CARs states began to support the US-led War on Terror and allowed the US-led forces to setup military base and provided logistical support in fighting terrorism in Afghanistan. Moreover, at the SCO summit (June 2004), it was decided to established SCO-Afghanistan contact group (SCO-ACG), and in 2007 the Russian President Valdimir Putin went one

step further and emphasized that there would be a special SCO summit to plan a reconstruction strategy for Afghanistan and in March 2009 at the Moscow conference it would deliberate on Afghanistan crisis. Thus, by giving adequate importance to the Afghan issue, it has been able to gain international recognition and the major powers have realized that the SCO has a vital role to play in bringing stability in Afghanistan. (e) Finally, it has gained international recognition with the presence of major powers like Russia, China and India, which bring closer cultural, economic and security cooperation in the region. Hence, the SCO has moved from a truly regional organization to an international organization, which India cannot ignore and rightly it has expressed its intention of becoming a full member.

4. India's Membership

Initially, India neglected CAR's. However in the recent decades, India is strengthening its relations with CAR countries through its "Connect Central Asia Policy". As a result, India is engaging with the region at a diplomatic level, with frequent high level and official delegations visits to CAR countries. The military cooperation has expanded gradually, as India continues to hold joint military exercise with Tajikistan (since 2003) and in November 2010, Indian Army Chief General V.K. Singh visited Tajikistan and talked about further enhancing the security and military contacts between the two countries (Panda, 2013a: 112). Subsequently, India's Defence technology and trade cooperation with Tajikistan, Uzbekistan and Kazakhstan is increasing. At the same time, India has initiated policies to engage with several CAR countries in areas such as capacity building, human resource development, information technology, pharmaceuticals, health care, small and medium enterprises and entrepreneurship development. Over the years, India may be likely to become a major investor in key sectors of several Central Asian countries (Luzyanin, 2007). However, it is yet to make any great progress like China in the region to meet its economic and energy security, but this can be achieved with greater cooperation with CARs through SCO.

In June 2011, the SCO formally approved a Memorandum of Obligation which enabled non-member countries to apply for SCO membership (Luzyanin, 2007: 645). In this context, India readily expressed its willingness to become a full fledged member. This was emphasized by the Former External Affairs Minister S.M. Krishna, that "India's entry into SCO will not only add value but also enhance the stature of the organization and India will lend more weight to the Shanghai regional group when it joins as a full member" (Radyuhin, 2012: 12). Thus, India has realized that it has lots to gain by its association with SCO and some of the key benefits include:

Gateway to Eurasian Market

India's strategic interest in CARs is mainly driven by economic and energy factors. As a result, it is in the interest of India to engage with the SCO to expand its trade and meet its energy requirements. In this regard, India is working towards the TAPI Turkmenistan-Afghanistan-Pakistan-India gas pipeline and from time to time signed various energy agreements with Central Asian countries like Kazakhstan, the India's state-owned Oil and Natural Gas Corporation (ONGC) Videsh Limited and KazMunaiGaz have signed agreement for the Satpayev oil block, a MoU exists between India's state-owned NPCIL (Nuclear Power Corporation of India Limited) and Kazatomprom for the supply of uranium to India and Kazakhstan and India have signed five agreements in the field of civil nuclear energy, space research and hydrocarbons.

Despite this progress, India needs to strengthen its energy cooperation with CAR countries for various reasons such as: (a) India depends upon 70 per cent of its foreign oil and it is estimated to rise to 85 per cent by 2020. Subsequently, India is the world's fourth largest energy consumer after US, China and Japan and it is predicted that by 2025, it will overtake Japan as the world's third largest net importer of oil (Kaplan, 2011: 8). As a result, many Indian security analysts believe that energy security will be India's prime strategic interest for the next 25 years. Hence, to meet its energy demand, CAR is the key energy region, as it is estimated that Turkmenistan, Uzbekistan and Kazakhstan have almost 300 trillion cubic feet of gas and 90 to 200 billion barrels of oil and Tajikistan and Kyrgyzstan have immense hydroelectric energy resources (Panda, 2013a: 111). Furthermore, India stands to gain from Russia and Kazakhstan, which are two of the major global energy producers outside OPEC and members of SCO. (b) India's efforts for making the Iran-Pakistan-India gas pipeline a reality is getting delayed due to price negotiation between the three countries, US pressure on India not to engage with Iran, Indian companies indecisiveness and also to a certain extent the China factor. (c) Presently, India heavily depends upon the Middle East and Indonesia for its energy requirements. Thus, it would be in India's interest to expand and secure energy resources from Central Asia via land routes because of the unstable political and security barriers that it faces with neighbouring countries like Pakistan and Afghanistan. Hence, India's aim of obtaining energy security could be served through the SCO forum which might not be possible in isolation.

In addition, India's economic ties with CARs remain the most unsatisfactory compared to its successful political and strategic engagement. In this regard, India can enhance cooperation in energy, building trade, infrastructure, transportations links, initiating and new corridors and the revival of old

routes through China can be facilitated by SCO mechanism, which will offer India new prospects of economic cooperation in the region (Roy, 2012: 648). Interestingly, India has the potential to share its experience in areas like banking, capital markets and micro-finance. Thus, India being a member of SCO, will get greater visibility and opportunity in the affairs of Eurasia region, which is strategically important for India's growth.

Long-term Stability in Afghanistan

Similar to many countries, India also believes in bringing a long-term stability in Afghanistan, especially after the withdrawal of the US-led troops by July 2014. At the same time, India is one of the biggest international donors in Afghanistan, having already committed nearly \$2 billion, mostly non-military aid. Hence, India is concerned that once the Western troops exit Afghanistan, there will be a power vacuum in the country, which China will try its best to fill, both by itself and through the SCO mechanism. As a result, it is important for India not to give China a free run in post-2014 Afghanistan and this can be to a certain extent achieved by enhancing its engagement with SCO to secure its strategic interest.

Given that Afghanistan is also an observer member in SCO, India can achieve its interest in Afghanistan through SCO. This was emphasized by Sanjay Singh, Indian Secretary (East) in December 2012, that the situation in Afghanistan poses a major challenge and opportunity for the SCO, and India intends to address its interest by enhancing its cooperation with a structure of SCO like RATS, which has participated in drafting the action plan on the implementation of the UN Global Counter-Terrorism Strategy in Central Asia and has plans to strengthen counterterrorism cooperation with ASEAN.² The RATS has been responsible for successful criminal interdictions, arrests, and advance warnings to other SCO states like during the Beijing Olympics in 2008, the 2010 World Expo, and the 2011 Asian Winter Games RATS assisted on security matters (Tolipov, 2006; Suleimenov, 2009). Thus, through the security mechanism of SCO, India can secure its interest in Afghanistan. In addition, both Russia and China have greater influence in the region, such that US acknowledges Russia role for stability in Afghanistan. Hence, India's objective of bringing about long-term stability in Afghanistan can be achieved through the enhanced cooperation with SCO as a full member.

Backing of SCO Members

India's entry into any regional groupings/organization will realize its full potential, only when it is backed by a majority of its members. This applies to SCO also, where as per the approved rules adopted at the SCO Summit

in June 2010, India fulfills all the obligations and its membership is strongly backed by Russia and other CARs. For example, Russia's Foreign Minister Mr. Sergei Lavrov in April 2012, acknowledged India's pro-active participation as observer member in a range of SCO activities like the energy clubs, anti-terrorist structure, and other projects in transportation, new technologies, agriculture, science and education and also stated that "there is no bar to India's greater involvement in the SCO as a full fledged member" (*The Hindu*, 2011: 14). Since 2002, both Kazakhstan and Tajikistan continue to emphasize that the participation of India as a full member in the SCO would contribute to the growth of SCO (Baruah, 2002 and 2003).

The reason for a strong backing from Russia and a few of the CARs are: (a) India's long standing historical connection with the Eurasian region, which is strengthened by strong and growing bilateral relations with Russia and CARs countries. (b) India's emergence as a major power in Asia and as a potential balancer to China in organization also acts as a guiding factor for Russia and CARs countries to back India's candidature for membership. (c) For Russia, India is a strategic partner in the Asian Region and it could become its natural ally in the SCO, as well as one of the key links in forming a unified Eurasian energy market (Starchak, 2011: 126-135). (d) The SCO members realize that cooperation with observer states in areas of countering terrorism, solving growing environmental problems, ensuring food security, energy security and economic cooperation including banking can be realized to the potential only with the granting of full membership to the existing observer members. (e) Russia, Iran, Kazakhstan and Uzbekistan possess vast energy resources and hydrocarbon fuel, which, if jointly explored and rationally used, could tangibly improve the energy security of all the countries in the region. Furthermore, an expanded SCO will be of great benefit to South, South-West and Central Asia. Thus, the backing of key members provides greater scope for India's role in the SCO.

Non-intervention Principle

India has always and will continue to oppose any unilateral intervention in internal affairs of any country, except by the UN. In this regard, unlike the North Atlantic Treaty Organization (NATO), the SCO promotes regional stability, but has a track record of not intervening, either through military or support operational capacity in any dispute or security crisis within the region. For example, in August 2008, Russia invaded Georgia, and went on to recognize the independence of breakaway regions South Ossetia and Abkhazia from Georgia. This act of Russia was criticized primarily by the western nations and they even argued for intervention by UN or NATO. However, SCO members together opposed any form of intervention in

Georgia and remained mute spectators to the Russian invasion. Even during the unrest in Kyrgyzstan (April 2010), which led to sporadic violence and change of regime, the SCO did not intervene, but rather issued a statement of concern about the events and “expressed condolences to victims, and urged peace, security, and political stability” (Swanstrom, 2008). Although both the incidents indicate SCO’s ineffective response to a regional crisis, but SCO is mainly guided by non-intervention policy. This serves India’s interest also, as it is based on the principle of non-intervention in the integral affairs of its member states.

Other Benefits

It will provide India with a forum where it can constructively engage with both China and Pakistan in the regional context and project India’s security interest in the turbulent region – South and West Asia. For example, the 9th SCO summit held in Yekaterinburg, Russia (June 2009) provided an opportunity for the President of Pakistan Asif Ali Zardari, and the Prime Minister of India Manmohan Singh, to discuss important issues between the two countries. Thus, this provided a chance to the leadership of both countries to use the sideline mechanism for bilateral discussions and give both countries an opportunity to use this forum to discuss security issues in a multilateral framework as well (Khan, 2013: 73). Furthermore, similar to India, the CARs countries are also victims of terrorism and hence the fight against terrorism is another important area of cooperation between India and SCO. Thus, through SCO India can work towards neutralizing the rising religious extremism and terrorism, which threatens India’s security and development interest in the region. Furthermore, India’s full membership will also bring India much closer to Russia and China, two of the four current members on the United Nations Security Council (UNSC) in addressing regional and global commons.

5. India’s Concerns

Although there are significant benefits for India by becoming full member of SCO, India has many concerns such as:

Reluctance over Expansion of Membership

Although, India, Iran, Pakistan are keen on becoming full members of SCO. Presently there continues to be a difference of opinion among member states regarding whether the SCO should be enlarged and if so regarding the specific candidates for membership. For instance, China is reluctant and yet to endorse India’s membership, at the 2012 SCO Summit, China argued that

the expansion of SCO is inevitable, but wants a “slow and cautious approach for the inclusion of new members, which is a step-by-step involvement of countries beginning with observer status and then dialogue partners and finally as full members” (Roy, 2012: 647). Subsequently, it stressed that “the relevant countries should work hard towards political, legal and technical preparations for membership” (Krishnan, 2012: 15). Thus, China made it clear that is not in a hurry over expansion of membership to SCO.

Other members like Uzbekistan, have refrained from official comment on the topic of further expansion. Kyrgyzstan feels that it is too early to talk about SCO expansion and argues that the group must first focus on cementing ties among current member states and address the existing problems. Tajikistan was more oblique and hinted at possible future support for Indian and Iranian membership. But it also warned that the SCO cannot extend its membership indefinitely. At the same time, it feels that economic incentives and security factors will play a major role in letting observer states become full members (Kundu, 2009: 7). Despite the lack of unanimity among the member states, members realize that sooner or later expansion has to happen, as entry of new members would add more weight to the grouping of Asian countries including China and Russia. In addition, member countries are also very much concerned mainly about Indo-Pak rivalry (both presently being observer member and are keen on becoming full members), which might overshadow the growth and prosperity of SCO and also undermine its core objectives, as it has happened to SAARC.

On the other hand, Russia is the only country advocating strongly the expansion of SCO at the earliest, as it feels that the inclusion of new members will boost the financial resources of SCO, whose budget is less than US\$4 million and this is not sufficient for financing various programme and projects. Nevertheless, SCO members lack a unified opinion over the expansions and this remains a source of concern for India.

Pakistan Factor

Already China and Russia have indicated their willingness to include Pakistan in the SCO, as and when India is included. Similar to India, for Pakistan also, the SCO will provide an opportunity to expand its defence, security and economic relations, not just with China, but also with Russia, and CARs. Thus, both the countries benefit from SCO and will be included in the SCO sooner or later. Although, both have refrained from officially opposing each other’s candidature into SCO, but are concerned about each other’s role in SCO.

Pakistan’s inclusion as full member into SCO will be a concern for India, since China will use Pakistan to counter-weight India in SCO. Moreover,

China and Pakistan have a long standing relationship and the former has also given overwhelming support to Pakistan which has at times posed greater threat to India's interest. For instance, it is alleged that Beijing had a quasi-alliance with Islamabad in the developing of nuclear weapons and missile technology; China stood first in supplying military equipment to Pakistan and still remains the backbone of Pakistan defense capability; even during the imposition of U.S. sanctions on Pakistan for going nuclear (1998); and China became the leading arms supplier to Pakistan and continued to collaborate in personnel training, joint military exercises, intelligence sharing, and counterterrorism efforts (Naseer and Amin, 2011). Since the finalization of Indo-US civil nuclear agreement, China is also emphasizing on similar agreement between the two, despite knowing Pakistan as a proliferator of nuclear weapons technology, and further in 2006, it supplied 2000 megawatt nuclear power plant, bypassing Nuclear Suppliers Group (NSG) regulations despite China being member (Dutta, 2011: 135). In addition, China is not forthcoming in condemning the role of Pakistan in 26/11 Mumbai attacks (2008) and opposed UN efforts to sanction the extremist Pakistan based Lashkare-e-Taiba and its Chief, Hafiz Saeed (Khan, 2013: 69). Thus, China's all weather friendship with Pakistan and the latter's stronger engagement with SCO members will have implications on India's strategic interest in Central Asia and its role in SCO.

Apart from Pakistan enjoying the support of China, the former also enjoys the support of Russia and other member states like Islamabad helped Moscow in getting an observer status at the OIC, and Moscow reciprocated by helping Pakistan in getting similar status at SCO (Rizwan, 2006). At the same time, the bilateral ties of Pakistan with Russia and CARs states have intensified in the recent time with high level visits and cooperation in energy and economic sectors. Overall, Pakistan intends to acquire full membership to actively participate in the affairs of the region, benefit from the development of the transport and energy corridor, contribute to the preservation of peace and stability in the region and strengthen its relations with Russia, China, and Central Asia, Iran, and Afghanistan (Khan, 2013: 70). Thus, Pakistan's full membership into SCO is inevitable and India will be confronted with Pakistan, which has the backing of China and Russia and is well connected with Central Asian countries rather than India.

China Factor

India's policy towards CARs is to a considerable extent determined also by the China and Pakistan factor. Over the years, both India and China have expanded its influence in the South, East, Central and West Asia region. However, India is confronted with the challenge of countering China's

growing influence in these regions, which has hindered India's growth. Thus, India will be confronted with the "China factor" in achieving its interest in CARs region. Although India and China seem to have shared security interests like checking Islamist fundamentalism or terror links in CAR, there will be clash of economic interests, linked mainly to the volume and reserves of energy resources that lie in Central Asia. Hence, it would be interesting to see to what extent China would accommodate India's economic and energy interest in CARs (Panda, 2013b). Moreover, China along with Russia was the co-founder of SCO and continues to dominate in SCO. Thus India will have to play the role of second fiddle to both the powers and India's effort to assert in this SCO will be limited. Interestingly, China is an observer member of SAARC and it is likely to seek SAARC membership in return for India's entry, which India can't avoid; as a result, India has to balance China in both SCO and SAARC.

Furthermore, India and China differs in their approach in CARs, which will have an impact on the working of SCO, like China focuses on multilateral cooperation in Central Asian Countries, however, India pays more attention to bilateral cooperation with Central Asian Countries. Subsequently, China is more concerned about US military presence in CARs, however, India in contrast is willing to have security relations and cooperation with the US and it does not oppose US presence in CA (Zhang and Saikia, 2005: 55). Thus, India will have to balance strong China in CARs and also achieve its interest in SCO. Overall, India stands to gain by becoming a full member of SCO. At the same time it will have to address the above mentioned concerns to strengthened its role in SCO and expand its influence in CARs.

6. Possible US Engagement with SCO

Over the decades, India-US relations have improved. However, India continues to be confronted with the problem of balancing its own strategic interest and US interest *vis-à-vis* many regions/countries like Indian Ocean region, Southeast Asia, South Asia, Middle East or countries like Iran, Myanmar, and so on. In this regard, the US and India have different perceptions on SCO. For instance, India unanimously perceives that it stands to benefit through engaging with SCO. On the other hand, the prevailing US perception on the SCO has been divided. Thus, India's full membership in SCO will have implication on Indo-US Strategic partnership.

The US is yet to evolve a consensus on its comprehensive engagement with SCO, since one school of thought argues that the main intention of SCO is to unite the CAR countries in an anti-US regional security organization (Germanovich, 2008: 21). Subsequently, there is justified fear that both Russia and China would work towards developing a Eurasian military grouping

within SCO as a counterweight to NATO. This argument was strengthened when US application for SCO observer status was rejected in 2005 (Kavalski, 2012: 1946). In contrary to this perception, the other perception is that SCO does not pose any major political, economic or military threat to US interest, as the forum has more factors that disintegrate than integrates. In this regard, Donald Rumsfeld, the US Defence Secretary argued that the SCO's Peace Mission 2005 and subsequent military exercise do not pose any threat to the US (*China Daily*, 2005).

The other interesting perception is that although SCO does not pose direct threat to the US, it is in the interest of the US to closely observe the activities of the SCO and seek cooperation with the organization. By engaging with SCO, the US can achieve its economic, political and military interest in CAR, i.e., moderating global prices via continued extraction of oil and gas in the region, ensuring pipeline security, promoting US and EU energy security through diversified suppliers and export routes; and supporting US private investment (Germanovich: 23). Moreover, the US interest in Afghanistan is hindered, as it was due to pressure from the SCO that the government of Uzbekistan insisted on US troops to close down Karshi-Khanabad Airbase (K2) in 2005. Thus, US interest will be better served through enhancing its engagement with SCO.

Although, US interest will be better served by engaging with SCO, rather than confronting, it would be of interest to see how the US will overcome the challenges with its formal engagement with SCO. Some of the possible challenges for the US includes: (a) The growing influence of joint powers of China and Russia in the Eurasian region. (b) Inclusion of new members like India, Pakistan, and Iran, which will strengthen the groupings. (c) The vast portion of arms transfers among these members like China-Pakistan, India-Russia and Iran- Russia and China. Subsequently, the scientific competencies, technological know-how and economic growth are promoting defence modernization among Russia, China, India and Pakistan. (d) US attempt to isolate Iran has been neutralized with the latter engagement with SCO members, as it has provided it with a much sources of import and export. Thus, US engagement with SCO will be successful, if it can address the above mentioned challenges. Nevertheless, the cooperation of both India and the US in SCO can achieve the key economic and energy interests and also help in neutralizing the joint powers of China and Russia in the Eurasian region.

In a nutshell, SCO has emerged as an important power centre in the era of multilateralism and is a mechanism for sustained regional cooperation in Central Asia, through discussion and agreements between member states. Subsequently, it is very well acknowledge that SCO is to a certain extent playing a pro-active role in providing peace, security and stability in the region and has the potential to form one of the first and most dynamic

networks for emerging nations in Asia, in which India can't stay isolated. Thus, it is in India's interests to seek permanent membership of this grouping to maximize its economic, energy and other strategic interests and also to promote and establish peace and security in the Eurasian region.

Notes

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1. It involved 6,500 troops, 80 aircraft, a war game at the general staff level, troop movements across 10,000 kilometres and spectacular air and ground assault.
 2. Statement made by Mr Sanjay Singh, Secretary (East) at the SCO Heads of Government Meeting in Bishkek , 5th December 2012. Available at <http://www.mea.gov.in/bilateral/documents.ht?dtl//20907/Statement+by+Mr+Sanjay+Singh+Secretary+East+at+the+SCO+Heads+of+Government+Meeting+in+Bishkek>

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