

**THE SHANGHAI COOPERATION
ORGANISATION AND BEIJING'S
STRATEGIC OBJECTIVES
IN CENTRAL ASIA**

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Executive Summary

1. The Shanghai Cooperation Organisation (SCO) will hold its 7th annual summit in Bishkek, Kyrgyzstan on 16 August 2007. Founded as the Shanghai Five Forum in 1996, the SCO is now gaining importance in regional and global security, strategic and economic issues.
2. The six members of the SCO are China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. In 2005, Iran, Pakistan, India and Mongolia joined as observers. Mongolia is expected to become a full member at this year's Summit.
3. The SCO was founded mainly for demarcating borders between China and the Central Asia Post-Soviet states. In recent years, its role has expanded to focus on combating cross-border crimes and the so-called "three evil forces" of terrorism, separatism, and religious extremism.
4. The Organisation is of critical importance to China's foreign policy in Central Asia as China seeks to use the platform to secure peace and harmony in its northwest backyard and expand economic and strategic interests.
5. China is also actively promoting economic cooperation in the SCO to gradually build a common market among the member states. Beijing hopes that economic integration will enhance the cohesiveness of the organisation.
6. China also views the organisation as an important platform to improve its energy security. China recently spent some US\$6 billion to acquire oil and gas fields in Kazakhstan and constructed a 1,000 km-long oil pipeline from Kazakhstan to the western Xinjiang region.
7. Some in the West see SCO as a potential threat to the West's interest in the region. During the 5th SCO Summit, 2005, member states officially demanded

that Washington withdraw its troops stationed within Uzbekistan and Kyrgyzstan.

8. Its 2006 Summit stirred controversy as it invited Iranian President Mahmoud Ahmadinejada as an observer amid Iran's nuclear standoff with the United States. A recent Russian proposal to create a SCO energy club is also seen by some Western analysts as a challenge to other international energy organisations.
9. Amidst tension between Russia and the West, this year's Summit on 16 August 2007 will again raise many eyebrows in the West. A joint military exercise involving 4,000 personnel will be held alongside the Summit, and the Summit's formal Declaration is likely to speak against the US' anti-missile system plan in Central Europe.
10. Looking ahead, the SCO still has to overcome a number of obstacles. China still needs to convince smaller member states that it is not using the organisation for hegemonic gains, and has to work with Moscow to accommodate each other's interests in the organisation.