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The Shanghai Cooperation Organization (SCO): Challenges Ahead and Potential Solutions

Stephen Grainger
School of Management, Edith Cowan University
Perth, Australia

Abstract— The SCO faces the challenges of improving cohesion, better managing relations with external parties, enlargement, variations of economic cooperation between member states, a slow pace of decision making and poor quality decision implementation. To mature and consolidate the organizations young and growing global status it needs to improve communications and relationships between all stakeholders, develop a legally binding framework, address economic and security issues, generate better leadership from its two largest partners and develop an enlargement program.

Keywords- Shanghai Cooperation Organization, future challenges, solutions, strategy

I. INTRODUCTION

Originally, the Shanghai 5 was formally created in 1996 [1] when China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan signed the Shanghai Agreement on confidence building in common border areas [2][3]. This was primarily due to the tension between countries who shared newly defined borders after the collapse of the USSR in 1991 [4]. Members focused on measures to prevent any future military clashes by taking proactive steps to establish 100 kilometer zones, designated as areas of reduced military activity, on both sides of member's shared borders [5]. In the following years the Shanghai 5 members started to cooperate with each other primarily on security and in combating terrorism.

Uzbekistan joined in 2001 and the 'Shanghai Five' became the 'Shanghai Cooperation Organization' [4]. In 2002, the group formally defined their main purpose to be regional security cooperation [6], appointing their first secretary general in 2003 and discussing ways of meeting common challenges and strengthening co-operation. In 2004 the regional anti-terrorism structure of the SCO was formally launched and a joint declaration was made to fight terrorism with the secondary goal of strengthening economic ties [7].

The 2005 summit surprised onlookers when the SCO granted observer status to Mongolia [8]; followed by Pakistan, Iran and India the following year [9] and in 2007 all members signed the treaty on Long-Term Good-Neighbourliness Friendship and Cooperation. In 2008 consensus was reached on regional and international principles and in 2009 a plan of action was formed to combat terrorism, drug trafficking and organized crime and strengthen multilateral economic cooperation. In 2010 a joint declaration of cooperation followed between the SCO and the United Nations.

Although SCO member countries are geographically close to each other they are significantly diverse in their history, backgrounds, language, national interests, wealth and culture.

Today, the organization promotes peace and stability among its members through co-operating on issues of security, politics, international trade, cultural understanding and technology [10]¹. This direction has been primarily promoted through the mandate of eliminating the 'three evils' of 'religious extremism, ethnic separatism and international terrorism' and remains a priority [11], especially for the new independent countries [12].

The SCO wants to increase trust and improve relationships between members whilst facilitating cooperation in the fields of science, economics, politics, regional stability and the establishment of a new 'fairer' political and economic order. In recent times, the SCO has undergone a gradual evolution and developed more into a forum for discussion and cooperation among its members [13].

The members of SCO govern a huge proportion of the world's resources² and more than half of the world's population [2][14], hold noticeable military power [15] and are increasingly becoming influential in laying a foundation to promote regional security and stability [13]. Two of the largest and most powerful countries in the world, China and Russia, are members and hence the potential for the SCO to grow as an international market for business, interaction and integration is significant. With significantly under developed human and material resources the SCO has great potential to become a force for regional cooperation in central Asia however realising this potential is a challenge.

The future role of the SCO remains unclear; should it remain primarily as a political-military organization [11] or should it develop into an interactive business forum similar to the EU and other multi-national organizations? It is true the organization has developed during the past decade, however restrictive forces and tough challenges remain [16]. From a future perspective, the ongoing conflict in Afghanistan, the growth in extremism, increased drug trafficking and illegal immigration are serious internal problems the organization now faces as it enters a potentially new stage of development [17]. Externally, actions like the SCO refusing to admit new members and keeping the USA and NATO at arm's length [5] combined with the SCO's significant energy resources,

¹ Headquarters of the SCO is located in Beijing, China with official languages being both Chinese and Russian

² China is a global centre for labour whilst Russia, Iran and Central Asia hold more than 15% of global oil reserves and 50% of the world's reserves of natural gas [56].

massive population and geographical size mean this organization is demanding more attention.

The following literature review encompasses a cross section of research findings focused on the challenges facing the SCO in the next decade and their potential solutions. Several of the challenges identified in this paper are significantly intertwined. The author intends this literature review to spark further, deeper research.

II. THE CHALLENGES

1 Staying independent of the USA and NATO

With growing confidence the SCO has increased its activities as a counterweight to the USA and NATO in Central Asia [18] whilst earning a reputation of being a forum on a very gradual path towards assuming a role in Central Asia similar to that of NATO in the west.

To date, the SCO has been very protective of its region. When the USA decided to extend its presence in Afghanistan, SCO members Uzbekistan, Kyrgyzstan, China and Russia used their SCO alliance to strengthen the economic cooperation between Central Asian states in a counter strategy to limit any further expansion [19]. The SCO did not appear to want the US or any non-Central Asian presence in the region and eventually managed to evict the USA forces from their military base in Kyrgyzstan [20]. Old rivalries and conflicting philosophies mean coordinating with the USA and NATO on security issues has always been challenging for the SCO and the US Kyrgyzstan base had the potential to cause tension and disagreement among member states [6]. By eliminating the US government military forces there the SCO was making a clear statement that it was going to take more responsibility and grow their own military presence in the region. The request made publically by the SCO in 2005 was designed to push the USA out of a region that Moscow regards as historically part of its sphere of influence and in which China seeks a dominant role because of the extensive energy resources there (USA Today, 2005). As a result of this exclusive policy, the USA questioned the ambition of the SCO [22] and felt it was a threat to them. Unfortunately it has led some US observers and analysts, on very thin evidence, to describe the SCO as being an anti-Western organization [23].

The establishment of the SCO itself not only demonstrated that Moscow and Beijing hoped to become the prime decision makers in Central Asia but also showed other countries that they could form cooperative multilevel mechanisms that did not need to include the USA or NATO countries as members. The SCO has rejected the influence of western society due to their contrasting values [24] and created the first global security pact that excluded any influence by the USA or NATO [25][26]. This exhibits the SCO's preparedness to show western powers the limits of their supremacy and authority in Central Asia.

The SCO was willing to build a multiplier style security system rather than the current uni-polar one backed by the USA's military arsenal and bases that encircle the globe. The SCO not only adheres to the principles of the UN Charter but also to five principles of peaceful coexistence; avoiding the pursuit of military superiority in adjacent zones and advocating and practicing the peaceful resolution of disputes between countries. This appears to be a more Confucian and harmonious method of avoiding conflict [27] in comparison to the USA and its NATO allies who primarily adhere to the Cold War mentality of using military power to guarantee their security.

The SCO is confident and when necessary can make unpopular decisions. Decisions like inviting the Iranian President to the 2006 SCO summit were not well received by the USA or NATO due to Iran's nuclear development program [28] and some argue that granting Iran membership of the SCO could offer it shelter from the intense U.S-led international pressure on Tehran to end uranium enrichment [29][30].

The Central Asian region is important to the USA due to their security issues, especially in the fight against terrorism. Since the 9/11 attacks, the USA has paid more attention in the region, especially in Afghanistan, and they want to obtain energy and promote the democratization process of this region [31]. With this in mind the USA submitted an application to join SCO as an observer in 2005 but was rejected. The reason for the rejection was the SCO feels the USA doesn't have geographical contiguity with their members [32] and their objectives on economics and political influences on global trade were not aligned with the strategic goals of their group. Highlighting the difference, in the same year as rejecting the US application, the SCO granted India, Iran, and Pakistan observer status [33] with leaders at the SCO's 2007 summit agreeing that Central Asia can keep stability and security by depending on the regional countries and not external influences.

Since 2005, the SCO has complicated the USA's entry into many parts of Central Asia including limiting access to the regions energy resources [22]. Through this action they are challenging broader issues regarding the influence the USA has in the developing world. In recent years many actions have occurred to lessen the SCO members' dependence on western countries, including targeted economic activities [5][10][34], and this direction is likely to continue.

Potential Solution

It will be difficult to realise the full economic potential of the SCO without the participation of more wealthy nations like the USA, Japan, Korea or members of NATO sometime in the future. China and Russia have considerable GDPs of US\$2 trillion and US\$740 billion respectively; while Kazakhstan,

Uzbekistan, Kyrgyzstan, and Tajikistan have only US\$43 billion, US\$10 billion, US\$2.1 billion, US\$1.9 billion respectively. As a result the SCO has insufficient financial resources and the two financially large members, Russia and China, do not seem to be prepared to make a large investment at present to enhance the SCO's development and status. Allowing other more wealthy countries to join would help to consolidate the financial development of the SCO however it would also weaken current members' power and temper their influence [35].

If the SCO continues to oppose the USA's and other western nations' economic interest in Central Asia, then they will only be restricting their own progress in the long term. The USA is one of the most influential countries in the developing world and if the SCO continues to find ways to block them then the USA may find a way to take the matter to the WTO or perhaps even worse begin to establish sanctions. With such a cache of energy resources controlled by SCO member countries it seems unlikely the west's interest will wane and SCO does have a strong bargaining position that it could take.

With the United States and its NATO allies in Afghanistan preparing for their withdrawal in 2014, the SCO will need to step up to insure the security situation [36] and help the Afghanistan government to rebuild the society and create a stable economic environment. Here is an opportunity for the SCO, USA, EU, NATO and other influential bodies to work together to establish a united front against terrorism in Afghanistan and begin to improve their relationship. Beijing, Moscow, and Washington could take the opportunity to engage with one another and work together to enhance energy security and the fight against the three evils, realistically issues that could unite these three great powers [11]. To realise its full potential the SCO needs to find a way to work with the western and non-member external countries, as friends not opponents, in a way that is beneficial to all parties.

2. Enlargement

The SCO's complex organizational structure has participating countries arranged according to the three general categories of full members, formal observers, and dialogue partners [37]³. Admitting new members and enlarging the SCO is a sensitive political issue [38] and although the number of formal members has not been increased since 2001, several countries have applied to join, some from outside Central Asia, and others have applied to have their status upgraded [26]. Until now SCO members have not been able to reach an agreement on which applicants may be admitted or upgraded. Although adding members may bring problems to the organization, if strategic progress is not achieved regarding this issue in the near future it may affect the SCO's reputation in a negative

³ The SCO: Member states: China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Observer states: India, Iran, Mongolia and Pakistan. Dialogue partners: Belarus and Sri Lanka. Guest attendees: ASEAN, CIS and Turkmenistan (Wikipedia, n. d). Partnerships with the UN, the EU, the World Customs Organization and the Eurasian Economic Community [6]

manner [16] and possibly cause misunderstandings among some countries. Like any international organization, more members often means less understanding which in turn can distract the organization from the key issues [39]. The 2010 SCO summit approved some regulations and documentation concerning new members, but in reality they are no closer to admitting any new members. Questions remain such as whether to accept members only from Central Asia since it is the center of SCO? Should it develop into an organization whose cooperation is only between the adjacent member countries or into a more flexible group with a broad exchange of opinions and close cooperation? These strategic questions remain unresolved.

While Russia strongly supported India becoming a full member, China blocked its application by insisting that both India and Pakistan join [40]. India or Pakistan did not want the other to gain full membership of such a potentially powerful international group with them being left out with no rights to speak or be heard in the forum. Complicating the issue for the SCO is India and Pakistan's military engagement over disputed territorial issues. One condition of membership of the SCO is that members must promise not to use military power to attack another or engage militarily.

Afghanistan has already submitted a request to become an observer state [41] and Afghan President Karzai participated in the SCO's 2011 summit as a guest. Complicating their application was Afghanistan alliance with NATO and the USA [42]. Hence bringing Afghanistan into the SCO may increase the USA's influence in the organization and affect the decision making of the SCO [43].

Raising Iran's status to full member is likely to increase the SCO's access to their vast hydrocarbon reserves and possibly affect Eurasia's energy resources [44]. However, granting Iran full membership would not be well received by many western countries.

Potential Solution

The organization first needs to improve mutual trust, improve coordination and cooperation among its members before considering admitting any new members [45]. Enlargement is an issue that the SCO will inevitably have to face up to if they want to expand and develop [6]. For any new states to become members they would have to follow the SCO's founding aims and principles, agree to the SCO's theme of cooperation, and also be accepted by all SCO members [45]. So which new members should be included? None of the existing observer member candidates were an obvious choice for full membership [14].

Due to its geographical position Afghanistan is the obvious first candidate to be invited into the SCO. Although the Russians wanted to invite Afghanistan to join in 2011 no decision has been made on this. Such an invitation would not

only need approval from the other SCO members but also from the USA and its security allies inside Afghanistan [42].

If the SCO allows a western oriented country to become a member of any description then it is difficult to see the SCO ever being the same again. If western countries are allowed to enter then uncertainties may arise. Greater financial strength from having richer members will increase the SCO's potential in many areas, however this may result in some existing members dropping out or winding back their involvement. Great care is required. To do nothing and leave the organization unchanged would be the easiest thing to do, however in order to gain more influence, upgrading the status of politically strong non-aligned members like India must be seriously considered [11].

Granting Iran full membership to the organization would not be well viewed by the Americans but is attractive as it would guarantee current members access to a reliable long term supply of energy. This would also concern the EU who needs Iran as an important energy supplier. Despite Iran's application the SCO refused them full membership for a second time in 2007 on the basis that they need more time to define the legal issues involved in expanding further.

Admitting India is a good aspect for the development of the SCO as it is not likely to shift the balance of the power [46]. However promoting India is a complex decision as some members do not want to grant India membership without granting Pakistan the same [40]. China and Kazakhstan want to grant Pakistan's wish to become a full member of the SCO however other members have not yet supported the move [4]. India and Pakistan would first need to declare a permanent peace before this can be facilitated and if both became full members the SCO would represent more than 3 billion people giving it a serious voice in international diplomacy. As the Kazakh President said at the 2011 SCO summit "The leaders of the states sitting at this negotiation table are representatives of half of humanity" [8].

Expanding the currently stable institution would present many unknowns. To continue raising their status, the SCO may first consider improving the position of trusted observer nations, being careful not to grant them excessive influence that may make them hostage to other regional problems [47].

3. The Three Evils: Security Extremism Separatism

The SCO has evolved from being a consultative group into a security community [48], combating terrorism, separatism, extremism [2][11][43] and fighting against the illegal transport of drugs and weapons [26].

Its development has been a gradual process and the turnover of government representatives in Central Asia has brought pressures in security cooperation [49][50]. Having

significantly different cultures tends to make member states wary of each other and trust is at times questionable.

The SCO have encouraged closer and better cooperation among its members' police and intelligence institutions and the exchange of intelligence between regional and international organizations [43]. Members continue to engage in joint military exercises to combat terrorist activities [12] and through developing and maintaining an updated list of terrorists and resources used to fight these militants [2]. Finding the resources to combat organized crime, narcotics trafficking and terrorism is a challenge for the SCO.

Security issues in Central Asia have been complicated by the Afghan situation [51]. Although Afghanistan is not a member or official observer of the SCO, its conflict has gradually spilled over into the countries that surround it including Tajikistan and Kyrgyzstan [5] and the SCO needs to cooperate with the Afghanistan government to fight this problem [11]. Stability is also threatened by violent repression of demonstrations in Uzbekistan, revolutions in Kyrgyzstan and porous borders throughout the region [5][52][53]. The western border of China, in the Xinjiang Uyghur Autonomous Region, has been a further concern for the Chinese government [54] and the Chechen question and the Eastern Turkistan Islamic Movement complicate matters [43]. In 2009, the leaders of the SCO agreed that this was their problem and they would need to step up to keep the security of their members and bring non members up to standard [51]. Ten years after the birth of the SCO terrorist acts continue and security concerns remain.

Potential Solution

Stronger communication between member states enabled the establishment of the Regional Anti-Terrorist Structure in 2004 [43] and in recent years continued expansions through joint exercises, military cooperation, intelligence sharing, and counterterrorism drills have aided in the creation of relationships between officials at senior levels. These relationships are a critical piece of the security alliance in a region of such complex political and legal extremities. The importance of these relationships has increased with the SCO's focus on Afghanistan and will need further consolidation when the USA and its allies leave [9].

To continue to grow, regional cooperation needs to be institutionalized and supported by relevant international or regional laws and policies. This sounds wise however in an organization comprised of non-democratic governments, requesting and enforcing stronger laws is a challenge. Member states must continue to deepen cooperation and strengthen dialogue to improve security [13]. Conducting bilateral and multilateral counter-terrorism exercises on a regular basis and establishing a regional counter-terrorism committee are part of the solution [50] however prime importance must be given to maintaining dialogue and growing relationships between all stakeholders. The SCO must focus on security whilst

concurrently improving the poorer members' GDP and creating economic opportunities to aid potential growth.

To improve counter-terrorism the SCO should be pro-active in creating a fast reaction joint military force that remains on standby to deal with terrorist situations quickly. Such a force could increase the security presence in the region and monitor the growing interests of other external powers. Strategic security, defense, security, law enforcement security, information security, counter-narcotics, anti-money laundering and the fight against transnational organized crime are issues the SCO must deal with [50]. Such a joint fast reaction force would help the SCO eliminate instability and strengthen dialogue, relationships, cooperation and success in the fight against terrorist violence.

4. Economic development

The maintenance of regional security and stability does help facilitate regional economic and cultural cooperation [47]. The signing of economic agreements within the SCO have raised hopes that the group can develop what's described as being a "two wheels" policy; one wheel representing security and the other trade [48] and there are hopes that the organization can evolve more into being an economic as well as a security, political and strategic body. Although combating the three evils remains the priority, the SCO would benefit from turning greater attention to economic issues [45].

Economic relations between members have improved since the creation of the SOC with projects to build highways, construction of pipelines to transport energy resources and the development of railway lines to facilitate transportation being planned or underway [55][56]. The further deepening of financial cooperation [6], significant mining investments [9], expansion of energy cooperation [6] and the provision of an important political and legal foundation may help to consolidate mutual reliance and stability. [57]. In the past decade progress has been slow and steady and the SCO will face some rigorous economic challenges in the next decade [6] including raising regional trade, improving access to world markets [58] and further consolidating their energy potential [48].

In response to the changing situation and the needs of each member state, the organization has gradually enriched cooperation in an effort to realise the organization's economic potential and advance common interests. However, with the length of time taken to agree upon decisions and the further delay or inability to implement these agreements, realising the SCO's full potential economically remains a challenge [24]. The inability to find one major positive economic project that benefits all members is also proving to be difficult.

Potential Solution

In any 'multi-actor realm' making progress may be a more challenging hurdle than the initial decision to work together [59]. The SCO needs to better communicate the core interests of member states, coordinate and formulate common positions on major international political, security, economic and financial issues, and become more capable and efficient in preventing and managing crises and disagreements. They must continue to facilitate negotiations and communication between member countries and modify the existing consensus principle of decision-making to allow joint programs to go ahead, even if a member is unwilling to take part. Improvement through interaction will only grow if the SCO creates a solid portfolio of internal economic policies for members to work within [11].

The SCO should consider the development of a Free Trade Agreement (FTA) to enable members an easier flow of goods, finances and services and to enhance regional integration, communication, infrastructure and other economic activities [13]. An FTA has the potential to improve the flow of capital, goods, services and technology and increase the respective GDPs of all members. Achieving this FTA will require consensus, lucid decision making and meticulous preparation and at the current rate of policy implementation establishing a FTA before 2020 will be a challenge. Complicating this issue is that not every member country appears interested.

Although China and Russia seem to be the two most dominate members, their different views towards each other limit the SCO in terms of economic growth and improvements [4]. They must build mutual trust and help resolve the uneasy relationship between observers Pakistan and India. Such conflicts are restricting the growth of the SCO [30] in terms of business integration and the SCO can pay a role as mediator. Although this goes against the non-interference mandate of the SCO, strong leadership will see past this restriction, help to bring peace and recognise the economic opportunities full membership of both countries would bring.

The creation of an SCO Bank is a Chinese idea that has been floated in recent times. If Russia could drop its short-sighted opposition to the Chinese proposal, the creation of a SCO bank could create a much needed mechanism for financing multilateral projects that would increase the funds available for investment and better realise the economic potential of its members. Such a bank holds great promise however the time to develop such a financial body is currently undefined and so this opportunity exists only another unrealized possibility.

Building trusting relationships is a core requirement of conducting business in Asia and good relationships between countries are based on quality communication and integrity [27]. A stronger SCO economic relationship base can be aided by encouraging culture exchanges, education, sports and tourism initiatives and continued dialogue between members and other foreign organizations.

Notwithstanding their SCO alliance, the Russians at times just feel like strange bedfellows with the Chinese and feel culturally and socially they have more in common with the Americans [23], even offering to provide military support to assist the USA after September 11th [5]. Even more contradictory, China's trade with the USA and Japan is worth well over US\$100 billion annually in comparison with its annual trade with Russia that struggles to exceed ten percent of that total [60]. Still the SCO argues that their members can export energy and minerals to China to produce industrial products and then ship the goods to the entire world to sell for profit that will benefit China and the SCO landlocked countries. This will improve their economies without assistance from the external providers.

China and Russia seem to have their own goals in the SCO [8] sometimes resulting in individual objectives and agendas being pushed for the benefit of their own nation [4][45][61]. As China's power grows Russia wants to reinforce its influence in Central-Asia and Petrou [62] argues that strategically Russia has sought a partnership within the SCO as a means to contain China. Russia sees growth in the merging world economy now being shaped by rising domestic consumption in China, the rise of Chinese multinational corporations as well as China's rise as an international creditor [63]. With Russia being more liberal and China expansionist there is the potential for internal SCO conflict.

The relationship between China and Russia is complex and critical to the development of SCO [64]. Minor conflicts, disagreement and dislike for each other mark the history of these two countries however in recent times closer cooperation has gradually enhanced their relationship and provided stability for the SCO. Even though they continue to work together, their approaches to each other and the global community differ. Russia likes to be treated as being higher profile in the world while China as a developing country seeks a lower profile on major international issues, much in line with the philosophy of former leader Deng Xiaoping [64]. Although they have significant differences in culture they have many common interests.

China is the most populated SCO member and has the largest military resources however its military aspect does not make it the most influencing member inside the SCO. Historically, the SCO members have been closer to Russia in terms of political culture, sense of social belonging and identity. Their infrastructural connections are mostly directed towards Russia and the former USSR states find it easier to have exchanges with Russia and at times seem somewhat uncomfortable with China. As a result, Russia isn't necessarily willing to see the SCO develop too quickly, especially in economic and energy cooperation [6][45]. The perception in the region is that Russia is the purveyor of civilization and security protector,

while China is a country that harbours territorial claims. While China hopes to improve its political influence and maintain dynamic economic development, Russia looks forward to cementing bonds with its Central Asian partners through the SCO and cooperating to strengthen the Russian-led Collective Security Treaty Organization and Eurasian Economic Community. China is aware of these factors and seeks to gradually change this situation [23].

Potential Solution

China and Russia need to ask themselves why they are involved in the SCO? Their challenge is to improve their quality of trust and work together and begin to pool their resources to create within the SCO an environment for economic development for all members. Strategically Russia is worried that with China's growth their traditional influence in the region cannot be maintained, yet to realize the full potential of the SCO they must work together, build trust and share their points of views with greater transparency.

Decisions cannot be implemented in an environment of mistrust and lack of confidence. China and Russia need to comprehend the mutual benefits they can enjoy by coming together to grow a strong, non-interfering, yet trusting base [65]. This growth will take time and needs strong leadership and motivation from both these two giants if to realise the SCO's potential. With so much potential to grow, it is important for China and Russia to better coordinate perspectives and agree to set the same goals [4].

The principle of the equality between member nations of unequal size and power needs to be maintained with China and Russia resisting the temptation to take advantage of their strength and power among the poorer members. A negative outcome would be the SCO developing into a power struggle between Russia and China for control of the central Asian area, especially over energy resources (Stobdan, 2008). If the SCO's communal goals can be sustained by China and Russia then the opportunities for economic growth and success among all members will be greater.

6. Decision Making: timing and quality of implementation

The movement towards the future for the SCO is a slow process and the time taken for decision making regarding the development is excessive and inefficient [25]. The inherent tension between SCO members, combined with a desire for regional stability and the organization's mandate for non-interference in other nations' domestic affairs, contribute to the organizations slow progress. SCO agreements take a long time to be finalised and often further extensions or difficulties arise to erode the likelihood or quality of implementation. Members have to manage divergent national goals and bilateral tensions that threaten the group's goal of consensus-based actions [66]. Members' individual agendas and historical grievances contribute to restricting multilateral co-

operation and developing intra-member trust and the length of time taken to consider, ratify, and sign SCO agreements at times makes the SOE appear to be weak and ineffective to external observers [66].

The SCO must face the fact that member states' domestic and external policies are significantly different and there is limited motivation for members' to agree on abandoning any of their official internal authority to the SCO. This is a structural problem where there is little avenue for the SCO to implement and enforce collective decisions. The SCO may produce and sign declarations and agreements however the implementation is often limited due to the lack of resources [11][67]. Several member states are economically poor and China and Russia, although both more economically well off, still have limited financial and economic resources to invest in the SCO. This means that the SCO has to operate within the boundaries of a constricted budget and that is a further burden to its speed of growth [45].

How to expand the non-security common interests between member states, observer countries and dialogue partners is a challenge and it is hard to find one large non-security minded project that can link all members together with equality. Without such a project it is difficult at times for the SCO members to decide how to allocate its limited resources in order to bring benefits to all members.

Potential Solution

It is challenging for countries that have significantly different financial resources, economic backgrounds, languages, religions and cultures to work together effectively, make decisions and then implement them in a timely manner. The differences in interests and priorities within members contribute to making it difficult to carry out agreed upon plans and raises questions of the SCO's maturity. The SCO must organize their policies and procedures more effectively [11] and define the SCO's purpose and focus more succinctly to aid progress.

There needs to be short and long-term policies for incremental cooperation. Increasing the size of their budget would aid in the SCO's speed of decision making, quality of implementation and enforcement of the decisions and Russia and China must provide leadership to achieve this goal.

Because no members are democratic it will take a strong commitment and vision on the part of the leadership of the member states to enhance regional cooperation [35]. SCO cooperation needs to be carried out on the basis of consensus, in a flexible and pragmatic manner with more emphasis placed on achieving timely concrete outcomes [59].

III. DISCUSSION

The SCO must overcome internal and external challenges if they are to continue their slow journey to develop into a prosperous, secure and stable organization in Central Asia. The future of the SCO as a coherent and relevant security community depends upon whether the organization can succeed in addressing the regional tensions that continue to afflict the governments of all six members through terrorist, cross-border smuggling, and secessionist forces [68].

Developing a joint counter terrorism strike force capable of reacting fast and effectively appears to be a sensible idea. With a seriously restricted budget, actual funding needs to be targeted accurately and efficiently to gain the most from such a campaign. Limited budgets restrict the power of any organization to make change and for the SCO this is no different. Refusing to admit any wealthy new members imposes a restriction on all future budgets. Currently greater funds can only really be generated if the GDP of member nations' increase and in reality this makes the advent of such a reaction force difficult. Conducting joint counter-terrorism exercises regularly, expanding the cooperation mechanism for security assurance and taking concrete measures to ensure the security of multilateral transport, energy and telecommunications infrastructure must be ongoing [59].

There is a strong argument that the success or failure of the SCO depends primarily on the strategic cooperation of China and Russia. It also seems clear that their leadership is critical if the SCO is to achieve economic cooperation, security development and improve socialisation, structure, and harmonious enlargement. Russia and China must improve their cross national quality of transparency, communication, trust and focus efforts on improving coordination and cooperation among member states in the near term if to aid the SCO's development into becoming a leading organization.

Integration appears to be one area in which the SCO has been floundering. It is a group goal but contradicts the organizations security mandate of leaving individual countries to manage their own internal decisions. With no member countries being democratic, the leaders of each country have to communicate clearly and promote the SCO if it is to continue to improve its integrity. This is a further challenge as at times member countries in the past have a record of poorly implementing SCO group decisions when they have become too difficult.

The SCO is able to make group decisions that are approved by all parties however the implementation of these decisions is a different issue. To continue to grow, regional cooperation needs to be supported by relevant, enforceable regional laws and policies [13] yet in an organization comprised of non-democratic governments, requesting and enforcing stronger laws is a challenge. If the quality of implementation is lax or non-existent among some members, then more forceful action may be necessary. With four of the six SCO members being relatively poor, imposing a financial cost for poor

implementation is not really an option and this further complicates this problem.

The continued development of trusting relationships between senior government members and officials is critical for the organization's future. Greater engagement and cooperation between member country officials will help build trust, generate momentum and confidence and help remodel the SCO's image of being anti-western and shadowy [69]. As long term relationships develop, trust and confidence in each other's decisions and objectives should grow and the time taken to resolve problems and implement concrete solutions may decrease. Maintenance of clearly delineated borders between neighbouring states is one action that will improve trust between member states [70].

Can the SCO develop its own internal momentum or does it need a fusion of development injected via the admission of one, two or more powerful newcomers? Admitting Iran seems like a very positive decision as it will guarantee the SCO member countries energy security for the foreseeable future but such a decision would doubtless increase pressure from the USA and NATO. Admitting India and Pakistan has merit although they first need to declare peace between each other. There is little chance one will be admitted without the other. Admitting the USA and NATO members as observers, although positive financially, appears unlikely due to the difficulties it will bring. Any attempt to enhance the relationships between the SCO and these countries has the potential to produce positive outcomes yet maintaining the status quo would be the easiest outcome. However such a non active strategy would mean much of the organizations potential would remain unrealised.

If we were to imagine a peaceful Afghanistan; Japan, Korea and the USA as SCO observers; a SCO Central bank; a fast reaction force; strong leadership and equality in decision making; rapid and quality implementation of group decisions; and a major joint economic project that benefits all SCO members then there is little doubt the SCO would evolve to become faster moving, strong economic and political power.

This literature review is broad and comprehensive yet gaining a deeper contribution from researchers and authors who live in the SCO member countries is likely to add depth and texture to the conclusions drawn here. Each of the challenges and solutions identified here deserves future monitoring and investigation and this literature review adds weight to the argument that the SCO is at an important moment in its history.

IV. CONCLUSION

The Shanghai spirit characterized by mutual trust, mutual benefit, equality, cooperation, respect for diversified civilizations and common development is alive in the SCO [43] however change is coming, especially as the search for

global energy resources intensifies. Doubt remains as to whether the SCO will develop as a discussion type body or evolve into a strong international organization on a par with ASEAN or the APEC forum [71]. To achieve this evolution, strong leadership and integrity will need to be provided by governments and officials in all member countries.

The SCO are assisting their member countries to create peace and enrich the lives of their people. To overcome their major challenges the SCO needs to examine their organizational charter and refine their policies and procedures. The Anti-US/NATO mind frame of this organization should be dissolved because the benefits of all countries working together could aid the successful management of separatist groups, the fight against terrorism and in consolidating security. SCO members must continue to expand people-to-people and cultural exchanges to cement existing relationships and enhance the development of the friendship of future generations [59].

As a young regional organization, the SCO will face new challenges in the next decade. If members pay more attention to understanding, improve communication, mutual trust and strengthen their cooperation, the SCO will continue to develop momentum. With concerted efforts and leadership from stakeholders, the SCO will develop its sophistication in the next ten years and solve and/or better manage the challenges identified in this paper.

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