

New Regionalism in the Shanghai Cooperation Organization (SCO)

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At the end of the Cold War, regionalism has attracted growing international attention along with globalization. The two approaches of “Old regionalism” and “new regionalism” could be of assistance in conducting an in-depth study. Evidence shows that old regionalism was viewed as a mechanism to reduce dependence on international economy. Meanwhile, some researchers of the new regionalism are of the opinion that in practice, regionalism has acquired new dimensions. Today, the governments make regional efforts that may overlap, stand in contrast or contradict each other. As one of the regions affected by this issue, Central Asian countries have taken steps toward regional convergence. To this end, the Shanghai Cooperation Organization (SCO) was established in 1996 by five countries of Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan in Shanghai, as one of the important experiences of regional organizations. In its summits, the SCO member states introduced measures and policies ensuring security of Central Asia, supporting the trend of a multi-polar system and democratization of the international system. The main question of this paper is “how is new Regionalism in SCO? In the light of the objectives of the organization, the author attempts to show that the SCO is being expanded along with the spread of globalization as one of the manifestations of the “new regionalism”.

Keywords: *International Humanitarian Law, Principle of Due Diligence, Responsibility to Protect.*

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INTRODUCTION

Global integration between states and nations from economic, cultural, and communication aspects has created a new world that is more integrated and the interests of political units are more incorporated. The appearance of the successful regionalism regimes in Europe and also in the South East Asia while they have tried to keep their correlations with the global trends, have prepared a suitable model for other regions to construct regional unities.

In the 1950s and 1960s, the phenomenon of economic regions was securing roots, particularly in Europe. This had attracted policy makers in other parts of the world. The process of integration of the

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states into a “region” brought a fresh leap in dealing with issues of economics, security and interactions among people as communities at the supra-national level. The EU is a case of ‘closed regionalism’ in that it is a customs union that unites many of the richest consumer markets in the world (Söderbaum & Sbragia, 2010: 569). By contrast, Asian regionalism — such as the APEC (Asia

Pacific Economic Cooperation) forum — symbolizes ‘open regionalism’ which is characterized by unilateral activity, such as the unilateral lowering of tariffs and the unilateral liberalization of national markets.

Whereas the mainstream IR literature on regionalism has favored generalizations from the case of EU in their theory-building efforts, the tendency has been the reverse in large parts of the so-called ‘new regionalism’ literature in IR, especially the radical and post-modern variants (Söderbaum & Sbragia, 2010: 566). New regionalism is new in the sense of a revival or renaissance of regionalist tendencies in terms of the fashionable creation of regional institutions, and heralding the return of an old and well known form of the phenomenon since the mid-1980s. Old regionalism has usually been associated with the protectionist provisions that characterized the post-war world (Spindler, 2002: 3). Contemporary debate on (new) regionalism within IR is strongly focused on conditions related to globalization and world order. Still, the phenomenon of new regionalism is seen as a protectionist measure while at the same time being associated with openness (open regionalism). This indicates a rather contradictory or even paradoxical nature of new regionalism.

Based on this background, the author argues that Shanghai Cooperation Organization (SCO) has tried to turn itself into a ‘region’ in the context of “new regionalism”. This development is invigorating the national efforts towards regional efforts in dealing with the different challenges. In fact, the past 20 years have witnessed

renewed interest in regions and new regionalism. The end of the Cold War brought significant retrenchment of great power involvement from much of the developing world. After centuries of intrusion and meddling during colonialism and the Cold War, global regions are enjoying greater autonomy. They enjoy expanded, if still disputed, room and IR theory has responded with a wave of “new regionalist” thinking. It builds on the previous flourish of regionalist theory that arose in the late 1960s and early 1970s. But the new regionalism more successfully builds regional theory into IR. Against old regionalism, new regionalism, not focus on separation of economic and political matters, i.e. low and high politics. So the new regionalism approach not only considers economic activities, but also political aspects of the relations among states.

Eurasia sits atop the world’s major energy resources, and recent years have seen rapid developments in the exploitation and transportation of these resources to the outside world. At the same time, however, some security concerns are growing in the region. Exploitation of Eurasia energy resources is taking place in a climate of serious competitions that threaten peace in the region. Regional security issues including inter-ethnic and inter-religious tensions have provided a favorable atmosphere for different actors to further their agenda. Such kind of circumstances requires concerted regional efforts to deal with these interlinked security issues.

Regarding these realities, it seems that SCO as the most powerful and united regional mechanism can play an important role to improve the security of access to energy resources in this region for both energy producing and consuming countries. Besides the task of guaranteeing the access to the energy security, there are two additional tasks of particular importance for SCO strategic planners. First, regional stability, especially in the turbulent ethno-religious regions, is a serious issue. The SCO countries view the claims for autonomy and

participation in the politico-economic power of the central governments stated by ethnic and religious minorities as a direct threat to their territorial integrity. The fact that energy transportation routes have to cross unstable regions raises this problem. Second, the SCO great powers, China and Russia promote a multi-polar world order in their foreign policy strategy. As a result, in spite of some competing interests in the strategic perceptions of the SCO countries, the situation is prepared for a regional cooperation.

Today, the SCO is an institution with the potential to become a nucleus of a broader regional cooperation regime in Eurasia. It is also notable that there are several issues in which the members have strong common interests with the other powerful countries, e.g. regional stability.

In fact, strengthening of regional cooperation mechanisms, rather than against the outside powerful players, such as the United States and the European Union, has prepared a very reasonable means for absorbing geopolitical tensions and creating a new framework of cooperation, especially in the field of energy security. Geographically, the Shanghai Cooperation Organization has the elements to serve as an effective forum for such efforts. With observer states included, its members account for half of the human race and take in a stretch of Eurasia from the South China Sea to the Baltic Sea and from the Persian Gulf to the Bay of Bengal.

TRANSFORMATION IN THE SCO'S MISSIONS AND FUNCTIONS

When the Shanghai Five was formed in 1996, its primary objective was to boost border security and reduce troop levels along China's frontiers with former Soviet republics through a variety of confidence building measures. To this end, Russia, China, Kazakhstan,

Kyrgyzstan, and Tajikistan set up an intergovernmental structure to settle territorial disputes and to coordinate action on common threats such as terrorism, separatism, and extremism. (Rashid, 2002) In June 2001 the group admitted Uzbekistan, renamed itself the Shanghai Cooperation Organization, and broadened its objectives to include interregional economic cooperation, trade, and investment. Mongolia was granted observer status in 2004, followed by Iran, India, and Pakistan in 2005. (Pabst, 2009)

Later on it became clear that the foremost objective of the two key members—China and Russia—was to secure their strategic interests and to insulate the region from the negative influences of the Afghanistan and Pakistan-inspired religious extremism and terrorism. Since 2002 some SCO countries have held joint antiterrorist exercises along their shared borders. More significant, in 2007 units from all six members participated in a collective military exercise that started in the Chinese northwestern Xinjiang region and ended in the Russian Urals. The SCO has not only forged links with Collective Security Treaty Organization (CSTO), but it also has set up the SCO–Afghanistan Contact Group for the purpose of building joint counteraction against terrorism, illegal circulation of narcotics and organized crime. (Singh, 2009)

Gradually it became a powerful grouping which has acquired a regional anti-terrorism structure and has sufficient resources to fight terrorism, separatism and extremism in Eurasia. It has created a joint mechanism to counter threats to regional peace, stability and security and to strengthen cooperation in fighting drug trafficking and illegal migration (Roy, 2007). However, a careful analysis of developments within the SCO indicates that over the years its focus has shifted from settling border issues to security and now to economic cooperation. Of equal geopolitical significance is SCO's project to form a body charged with defining a common energy policy, to upgrade political

relations to reflect the growing strategic importance of the organization, and to create closer links with other trans-regional economic and political bodies such as the UN, the EU, the World Customs Organization, the Commonwealth of Independent States (CIS), the Association of Southeast Asian Nations (ASEAN), and the Eurasian Economic Community (EurAsEC). (Dushanbe Declaration of Heads of SCO Member States, 2008) It has also gained observer status in the UN General Assembly.

In fact, since 2004, the SCO's influence and role has been growing in the Central Asian region and its activities are significant in terms of making the international community take notice of this regional grouping. Trade among SCO member states has made headway during the past decade. Trade between Uzbekistan and other SCO members reached 42.1 per cent of the country's total foreign trade in 2006. In Tajikistan, the ratio was 36.6 per cent that year. Sino-Russian trade hit \$55.45 billion in 2010, five times higher than in 2000. China now is Russia's top trade partner. China's trade with SCO members in Central Asia has kept an average annual growth rate of about 40 per cent. In 2010, the trade volume was \$28.52 billion, 14.81 times higher than it was in 2000. (Mingwen, 2011)

On balance, it can be concluded that the SCO has emerged as an important factor in the Eurasian security architecture. Today, the SCO has expanded to include South and West Asian countries within its fold. While the SCO represents a major development in the strategic landscape of the Central Asian region, the inclusion of India, Iran and Pakistan as observer states in the SCO mechanism suggests that it is gradually expanding into the wider region. In the next steps it is expected that Sri Lanka and Belarus will become dialogue partners of the SCO. It would therefore be appropriate to rename it as the "Asian Cooperation organization," if it wishes to emerge as a significant Asian multilateral body seeking to play a greater role in the Asian Region.

ENERGY COOPERATION AS A MOTIVATION OF REGIONALISM IN THE SCO REGION

A huge energy cooperation network now stretches from the west to the east of the SCO region. The SCO started to delve into the energy sphere in 2004, when members adopted an action plan that established a basis for cooperation between the organization's three energy-producing states (Russia, Kazakhstan and Uzbekistan) and the three consumer countries (China, Tajikistan and Kyrgyzstan). During the Moscow Summit in October 2005, members expressed an intention to promote joint energy projects. Then, in November 2006, Russian officials suggested the idea of creating an "Energy Club" when Vladimir Putin proposed to set up a mechanism that would unite energy producers, consumers and transit countries. Russia's initiative was supported by other members. Energy security also topped the agenda of the summit meeting in Kyrgyzstan in August 2007, when SCO members agreed to establish a unified energy market. The idea was to make the oil and natural gas of energy-rich states available to energy-deficient states for their development. President Putin had been working behind-the-scenes to create an energy club emphasizing the need for greater energy cooperation that would give a "powerful impetus" to regional projects among the SCO countries. (Roy, 2007)

The leaders in Bishkek Conference presented an integrated policy in the field of energy cooperation. Nazarbayev said in Bishkek, "The draft Asian energy strategy envisions the establishment of an SCO energy agency, which would be a type of 'brain center' and database, while transactions on the market for energy resources could be made through an SCO energy bourse". (Russian News Room, 2007) Putin endorsed Nazarbayev's. (Daly, 2007) Simultaneously, Iran's president, present as an SCO invited observer, reiterated his proposal to hold a meeting of SCO energy ministers, remarking, "I suggested last year that a meeting should be held between oil and gas ministers of SCO

member states to optimize cooperation in transportation, prospecting, development and refining. As before, Iran is ready to organize such a meeting." (Daly, 2007) The following year Kazakh Prime Minister Karim Massimov speaking in reference to an impending meeting of SCO energy ministers and in affirming that "the existing system of pipelines on the SCO space connecting Russia, Central Asian states and China is a serious basis for the establishment of an SCO unified energy space," said: "The projects on the establishment of a unified energy market and the SCO common transport corridor could become bright examples of the global approach to defining the forms and mechanisms of cooperation." (Rozoof, 2009)

This process continued and in the summit of SCO in Beijing in 2009, Russian Prime Minister Vladimir Putin reiterated a proposal that SCO member states form an energy forum. "Energy traditionally holds a key position on the global agenda, which prompts me to remind you of Russia's proposal to set up a permanent mechanism for dialogue on the issue, a SCO energy club or forum," Putin said. He also said an informal exchange of opinions could promote energy cooperation in the region. (Mingwen, 2011)

According to the SCO General Secretary Muratbek Imanaliyev, the energy club principles are being developed on the basis of the existing elements that are employed in the bi- and tri-lateral trade and economic cooperation agreements within the SCO. "In the zone of our attention are such energy projects as the Turkmenistan – China gas pipeline since it goes through the SCO countries, and the pipelines from Kazakhstan to China and from Russia to China. And we pay priority attention to these projects," he emphasized. (Mingwen, 2011)

Indeed, within the organization not only world leading hydrocarbon producers are represented, but also their biggest consumers. In 2010, China imported 18.5 per cent of its crude oil from the SCO region (from Iran 8.8 per cent, Russia 5.9 per cent and

Kazakhstan 3.8 per cent). In the field of importing natural gas, China's first import natural gas pipeline was the Central Asian Gas Pipeline (CAGP), which spans 1,130 miles and bring natural gas imports to China from Turkmenistan, Uzbekistan, and Kazakhstan. In March 2006, CNPC officials also signed a Memorandum of Understanding with Russia's Gazprom for two pipeline proposals, one from Russia's western Kovykta gas field to northwestern China. A second proposed route, called the Eastern pipeline, would connect Russia's Far East and Sakhalin Island to northeastern China. China and Kazakhstan are the fourth and the thirteenth oil importers from Russia.

In Central Asia, while Uzbekistan imports oil from Kazakhstan, it sent over half of its natural gas exports to Russia and the remainder to neighboring states such as Kazakhstan, Kyrgyzstan, and Tajikistan in 2010. Uzbekistan is also a transit country for Turkmenistan's gas exports to Russia and China. (EIA country analysis briefs, 2010) As a result, the SCO could represent a platform, where the member states should have a possibility to substantially discuss on regular basis the organization's energy strategy, joint implementation of projects in the sphere of hydrocarbons exploring, production, processing, and transportation. As said by Leonid Moiseev, Special Representative of the President of Russia for SCO affairs, "This club or forum – no matter how it is called – can become a brain and information trust, which would contribute to coordination of long-term programs in the sphere of the fuel-energy complex". (Krans, 2009)

THE CHALLENGES FACING ENERGY COOPERATION IN THE SCO REGION

Although the SCO has achieved steady development during the past decade, it remains a young regional organization. It still faces tough challenges. Here we will do a brief review of the main challenges that

the SCO has faced in three internal, regional and international levels.

□ It is an undeniable fact that following the collapse of the Soviet Union, most of the Eurasian countries' economies weakened as regional trade collapsed. Throughout this period, religious and cultural differences also have often created the ethnic, religious and sectarian conflicts in the region. Terrorist and extremist forces have also used these religious and cultural differences to incite disunity and manufacture turmoil. (Guang, 2007) On the other hand, different separatist groups in the region have tried to challenge the powerful central governments in most of the Eurasian countries. The tyranny governments in these countries also have faced several democratic movements against the long standing economic corruption and political dictatorship. The lack of open economic markets in the SCO region also plays an important role in decreasing the suitable situations for establishing an enduring coalition in the field of economic collaboration, particularly energy cooperation.

Considering the complex relations among all the Eurasian powers, longstanding bilateral conflicts and contradictory alliances, more conflicts could be brought to the negotiation table in the event of the SCO's enlargement. From this perspective, it is hard to see how the SCO could provide a truly multilateral trade framework considering that all regional initiatives so far, e.g. the Economic Cooperation Organization (ECO) and the Eurasian Economic Community (Eurasec) have remained ineffective. Despite the necessity of cooperation in the economic sphere, the fact remains that long term economic cooperation has weak links in Eurasia. The SCO member countries that export oil and gas are so far not only partners, but also rivals on the promising markets in East and South Asia. Despite recent friendship between Russia and China, there are serious concerns within the higher levels of Russian decision-makers about China's increasing political, economic and military growth and its implications

for Russia in its backyard in Central Asia, West Asia and the Asia Pacific region. On the other hand, Central Asian SCO members are paradoxical about conducting win-win economic and trade cooperation with China. Enlargement also poses a problem to the SCO. The hostility between India and Pakistan stands out as the most serious obstacle to a greater regional dialogue including all the actors. The hostility between India and China does not facilitate things either. China's rapid development of infrastructure in Central, Southwest and South Asia is also feared in Indian policy-making circles to be a Chinese strategic encircle of the South Asian subcontinent. On the other hand, concern over relations with the USA is also limiting India's participation within the framework of the SCO. Carrots from the USA in assisting India with civilian nuclear technology as well as repeated statements of the bloc-like nature of the SCO from the USA is hindering a more extensive Indian participation in SCO.

As a result, considering the strategic interests involved in energy projects it seems that these states will find it difficult to cooperate in the field of energy in near future. In fact, within the energy sector it may also seem illogical why China and Russia would give an advantage to India and Pakistan to participate in the competition over Central Asian energy resources. Regarding these matters, it will pose major difficulties in initiating a dialogue among all the states in the SCO region.

□ It seems that Western considerations focus on the SCO increasingly becoming a mechanism to oust the United States and its Western allies from Central Asia. The most obvious challenge to US and European interests in this field is in terms of balance of power. Given the arms transfer makes up a large portion of the trade between China and Pakistan, Russia and India, Iran and Russia, Iran and China and China and Russia this may pose significant challenges to US and European interests in the long term as these states' scientific

competencies, technological know-how and economic growth promote defense modernization. (Mingwen, 2011)

It was specifically Moscow's proposal to create an Energy Club that caught the attention of Western policymakers. Some saw the announcement as an attempt by the SCO to move from only coordinating its participants' national energy policies to actually setting up some kind of energy cartel (Raith & Weldon, 2008). This causes obvious concerns in the West, which is actively trying to weaken Russia's and China's influence in this region, while simultaneously increasing its own expansion there. Generally, some hostilities appeared between two sides during last years and the United States application for observer status in the SCO, but were rejected in 2006. In recent years, the Obama Administration has called for more regional input into and burden sharing for complex problems such as Afghanistan, and agreed to U.S. participation at a SCO-sponsored international conference on Afghanistan in 2009.

THE OPPORTUNITIES OF ENERGY COOPERATION IN THE SCO REGION

There is no doubt that the SCO is partly a vehicle for the permanent members and observers to justify and legitimize their own interests in the Eurasia region. It seems that there is a need to realize the benefits involved with increasing engagement across the East Asia/Central Asia/and South Asia regions. Undoubtedly, greater interdependence could raise the costs of conflicts among the Eurasian states. Any development promoting increased regional dialogue about trade and other issues may have conflict-preventive effects in this conflict prone region.

Obviously, the SCO's move into the trade sphere should not primarily be assessed in terms of its ability to provide a regulatory

multilateral framework of trade, similar to that of the European Union's common market or the North American Free Trade Association, but as a way to coordinate and discuss such issues. Considering the growing complementarities between India, Pakistan and China on the one hand and Russia, Iran and the Central Asian states on the other in the energy sector, there is truly a need for a multilateral forum where energy infrastructure and trade and transit coordination may be discussed. The move of the SCO into the trade sphere and its engagement with Iran, India and Pakistan is a sign of the growing trading ties within Eurasia that has consolidated itself in the post-Cold War period.

The trade between the SCO members in this region has a long history. (Starr, 2005) What today stretches up north of the Pamir mountains, into the Fergana Valley, to Khorgos in the East and the Caspian in the West was a zone of strong economic interaction which may see its economic revival today. Trade potential between China, Afghanistan, India, Pakistan and Iran, the five Central Asian nations, and all the way to Western Europe is considerable. A major driver for this is growing energy needs in India, Pakistan, China and enormous energy supplies in the Caspian, the Middle East, and Russia that would be led to significant complementarities between the SCO economies. (Norling & Swanstrom, 2007)

However, it is important to consider that to date, trade, energy and economic matters are mostly settled bilaterally on the sidelines of the heads of states summits and the regional coordination aspect is often neglected. Paradoxically, the bulk of these deals seem to be between the SCO members and observers. This indicates that a greater regional dialogue including not only China, Russia and Central Asia, but also its neighbors in South Asia is needed. Even if the economies of the current SCO members are already complementary, the inclusion of Iran, India and Pakistan into a greater dialogue would increase the

ability to discuss matters of concern and bridge the South and Central Asia divide.

From this perspective, SCO can play an important role in confidence-building and conflict prevention in Eurasia. For the first time since partition of British India in 1947 into India and Pakistan (India, Pakistan and Bangladesh in 1971) the basic interdependence between India on the one hand, and the states of Afghanistan, Pakistan, Iran, Central Asia, China and Southeast Asia on the other, seems to be restored. It is also important to include Afghanistan into the regional economy, not least for the former post-Soviet states. If this could be achieved, this would mean increased access to ports in Pakistan at Gwadar and Iran at Bandar Abbas and Chah Bahar for Central Asia giving important outlets for products to the world market. India and Pakistan will also get a further source of energy and an important diversification away from a reliance on the Middle East (Koolae and Tishehyar, 2013, 61-84 (b)).

On the other hand, as the successful restoration and reconstruction of Afghan society and infrastructure is a key component in a dynamic South and Central Asian market, Afghanistan is going to be further integrated into the SCO structure. There has been increasing talk recently in Europe and the United States about the possibility and even necessity of a dialogue between the SCO and NATO. Common approaches to combating terrorism and normalizing the situation in Afghanistan could well become the basis for boarder cooperation with NATO. The SCO is particularly valuable here because some of its member-states and observer countries carry a great deal of weight with individual Afghan ethnic groups (specifically: Tajikistan, Uzbekistan, Iran, Pakistan, and India). These influential external players could motivate those groups inside Afghanistan to join internal conflict resolution talks. (Lukin, 2011 and Koolae& Tishehyar, 2013, 61- 84 (a))

Moreover, for the first time since the 1960s China has shown a more moderate position in the conflict between India and Pakistan. Although China still is, and has been, Pakistan's main supporter in the last 50 years, ties between China and India are improving. (Deepak, 2006: 49) Generally, regional cooperation in the SCO region could bring fruitful achievements for the different partners although their interests are not overlapped in all aspects. For China, the SCO provides a perfect political and economic mechanism and a framework to contain the Uighur separatist movement, access to Central Asian energy resources and economic benefits. The SCO provides China an opportunity to regain its strategic space which had started waning post 9/11 with increasing US influence.

For Russia, the SCO provides an opportunity for strengthening its political, military and economic ties with the Eurasian countries and for engaging China economically while at the same time balancing US influence. For Central Asians, the SCO provides greater maneuvering capacity to balance the major powers and gain economic and military aid. Central Asian countries are looking to reduce their vulnerability to external powers. Their responses to this new unfolding situation is driven more by their need for economic support and investments in various sectors, and fear of increasing political opposition, than by the fear of great power rivalry and hegemony. (Singh Roy, 2006)

And in the field of energy, while the three countries of Central Asia, including Kazakhstan, Uzbekistan and Turkmenistan, along with Iran and Russia, are considered the major oil and gas producers in Eurasia, other members of the organization, such as China, India, and Pakistan, are among the largest energy consumers in the world. Given this reality, organizing a network of cooperation among energy producers and consumers in the Caspian region is achievable through multilateral cooperation, intra-organizational investments and providing energy transportation network between these countries. It

can also allow the participated countries to expand energy cooperation through the formation of a consortium of SCO's national oil companies.

CONCLUSIONS

Increased interactions across Eurasia in all directions increases the potentials of the SCO states to find new markets and Central Asia will find itself in the middle of this trade network. This is not to say that these growing arrangements in Eurasia do not cause challenges to Western interests. But the benefits should also be recognized. The increased interdependence and regionalism in Eurasia will raise the costs of conflicts and provide a climate encouraging to cross-border interactions, which in the end will benefit Western firms as well. Cooperation in the SCO has discarded the Cold War thinking, providing a good example of coexistence among nations of different religions and cultures.

Member states include believers of Taoism, Buddhism, Eastern Orthodox Christianity, Hinduism and Islam. With China and Russia, the SCO occupies two of the five permanent UN Security Council seats. In the future, it will continue to help further economic development in member states and the region in general. The SCO's geographical proximity to Afghanistan particularly, with the Central Asian countries, will require that neighboring countries engage Afghanistan bilaterally as well as through the SCO in specific areas like controlling drugs and terrorism and energy transportation.

The SCO is of strategic significance to both China and Russia. It is also important for Central Asian member states, not only because China is one of the major investment and trade partner of them. The SCO also provides them a best platform to conduct independent diplomacy and advance economic growth. The SCO region is

significant for China, India and Russia with respect to dealing with threats to security posed by non-state actors such as terrorists, separatists, and drug-traffickers. The three could also cooperate with regard to energy resources, transport and investment in the region.

That said, it should be noted that competition could not be ruled out and hence it was necessary to structure their interaction in terms of 'cooperative competition' and well-coordinated trilateral interaction, for example, by each agreeing to specialize in a particular sphere or sector. For balance of power in the region, Russia would need India and India would require the support of Russia in Central Asia and the AfPak region. China has always tried to counter Indo-Russian security cooperation by forming strategic military ties with Pakistan and this trend is likely to continue in the future as Beijing tries to maintain the balance of power in Southern Asia. In fact, the relationship between China and Russia is a typical one between two great powers - on one hand, pragmatic considerations urge both sides to co-operate; on the other hand.

However, it is still noticeable that although there is widespread belief that the future of SCO will depend on how successfully it is able to deal with the issue of economic cooperation in the Eurasian region, one can count various reasons for the lack of certain results. The major shortcomings for the SCO have been mainly the absence of political will and confidence; difference in economic status of member states; cultural differences and domestic challenges of Eurasia countries. If the SCO has to emerge as a successful regional organization, it should develop into an effective multilateral organization to address security and economic challenges in the region on the basis of mutually beneficial terms among its members.

It is worth noting that energy cooperation could be a foundation from which the region could form an integrated community using the basic framework to promote market efficiency and accelerate

liberalization across the region. Besides, more energetic efforts by the SCO members in implementing joint economic and energy projects could strengthen security in Central Asia. Creation of the SCO Energy Club in any case must contribute to closer cooperation of energy resources producers, their consumers and transit countries.

The realization of this idea can transform SCO into a self-sufficient energy system both in global and regional contexts. In many respects, chaos in Eurasia stems from poverty and despair. If these issues will be resolved within the SCO on a parity basis, for instance, joint projects implemented in the energy and economic spheres, and then tension in the region would gradually lessen and fall short of the levels where extremist groups could flare up with armed acts.

So SCO's activities could be interpreted in the context of new regionalism, following protectionist measure while at the same time being associated with openness (open regionalism). This indicates a rather contradictory or even paradoxical nature of new regionalism that is linked to the question of the relation between new regionalism and globalization.

And finally, it is arguably too early to expect convincing results from the SCO as it would need a time frame to mature and is still in the process of defining its political characteristics and functions.

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