

SHANGHAI COOPERATION ORGANIZATION: PROBLEMS AND DEVELOPMENT PROSPECTS

Abstract: The Shanghai Cooperation Organization is the largest international organization, which, despite its rapid development, increasingly faces internal and external problems every year. That is why, for the effective development of this organization, it is extremely important to study in more detail the problems that weaken the SCO's activities. The article discusses the main problems within the SCO, and on the basis of the highlighted problems, the main ways of the organization's development are presented.

Keywords: Shanghai Cooperation Organization, development problems, development prospects, international organization

The Shanghai Cooperation Organization (SCO) is an international organization founded in 2001 on the basis of the previously existing political association of the Shanghai Five: China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. The goals of creating this organization were to ensure peace, security and stability of the participating countries, as well as the fight against terrorism and extremism.

By 2024, the SCO will consist of 9 member states: China, Russia, Tajikistan, Kyrgyzstan, Uzbekistan, Kazakhstan, Iran, India, Pakistan. In addition to the member states, there are permanent observers who apply for membership in the SCO: Belarus, Mongolia. Also, 6 countries have applied to participate in the SCO as an observer: Bangladesh, Vietnam, Iraq, Israel, Syria, Ukraine. These countries have the opportunity to participate in discussions of issues raised at SCO meetings, with the consent of the member states, without the right to vote.

The SCO is a well-known subject of an international structure that has developed multidisciplinary working mechanisms and created a voluminous documentary base of memoranda, statements and agreements. Over 23 years of development, it has increased the list of member states and formed a gradation of its composition. The SCO is expanding, both due to the composition of member states and due to observer countries.

It is worth noting that the entrance of India and Pakistan into the SCO allowed the organization to become one of the largest organizations in the world. After this accession, SCO members account for 44% of the world's population, about 40 million square meters. km of the earth's surface (26.6%) and a total GDP of 33 trillion US dollars [1]. In its own way, the SCO connects the Asia-Pacific and Atlantic regions, South Asia and the Middle East. Of the 9 countries in the world that have nuclear weapons, 4 are members of the SCO.

Thus, the SCO is an important player in Asia and on the international stage. The SCO's significant global role is due to its structure, whose countries represent half of humanity, a quarter of the world's land mass and a third of the world's GDP in PPP terms.

Despite the fact that the SCO is the largest regional association, this organization annually faces a huge number of internal and external problems. To improve its activities and further development and expansion, it is extremely important for an international organization to study key problems in more detail and develop ways to solve them.

Despite the stages of development of the SCO and the formation of mechanisms for functioning and interaction with other entities of the world community, the regulatory framework for multilateral political and economic cooperation with other associations and individual states has not been fully regulated.



The main long-term and chronic problem of the SCO is the huge gap between the large number of declarations and their subsequent practical application. This problem applies to all areas of cooperation. The main areas, based on SCO documents, with the largest gap include [2]:

- “strengthening security and confidence in the region”;
- “encouraging regional economic cooperation”, including “transport and communications”;
- “expanding interaction in science, education, healthcare, culture, sports, tourism.”

Since the formation of the organization, a large number of documents on multilateral cooperation have been signed, but at the same time no measures have been developed to implement the signed projects. This situation speaks of the successful functioning of an organization aimed at expanding cooperation without the use of effective activities to implement projects with further real application in practice. Given this feature of the organization’s activities, the SCO faces the risk of becoming a formal entity. To solve this problem, the organization should focus on the implementation of existing agreements and documents, reducing the growth rate of the development of new projects.

The least efficient area for project implementation is the economic sector. During the first 12 years of the organization’s activity, by 2013, 120 economic agreements were signed, of which not a single project was implemented [2]. Over the next 10 years, the situation did not change, remaining at the same level.

There are many reasons for this low-performance organization. Firstly, the PRC has long tried to implement its economic interaction based on free trade, up to the creation of FTAs in the regions of Central Asia. These attempts by the SCO were in vain, largely due to Russian resistance, since if this project were implemented, the Russian Federation would not be able to compete with cheaper Chinese goods, investments, labor, etc.

It is obvious that without multilateral economic cooperation, the further activities of the SCO will not be complete. To smooth out the conflict between countries over the basis of free trade, the organization needs to envision new forms of trade. In particular, it is necessary to create the SCO e-commerce trade and industrial association, provide enterprises in the participating countries with convenient conditions for operational cross-border electronic cooperation, etc [5].

Also, in the context of intensifying globalization processes, members of the world community are aware of the critical importance of control over energy resources. This trend is becoming obvious for the SCO countries, which creates another problem within the organization – competition arises between the leaders of the organization, China and Russia, for control of the energy resources of the Central Asian region [3]. A conflict in this issue also exists in relation to Kazakhstan and China. A solution to these conflicts could be the creation of a new format of interaction – the creation of an Energy Club. Using this format, it is possible to coordinate the actions of gas-producing countries in the region, which would be beneficial to all parties to the conflict.

The situation related to the implementation of SCO economic projects worsened after China, disappointed in its attempts to advance its own economic agenda, came up with a de facto alternative – the Belt and Road Initiative (BRI) based on economic freedoms [5]. Considering the previous negative experience, the PRC did not rely on the SCO as the main platform for implementing its project, but at the same time used this platform to promote its interests in this direction. Mentions of this Chinese initiative and a further plan for the joint implementation of this project are regularly included in joint declarations of the Council of Heads of State of the SCO member states.

This policy allowed the PRC, on the one part, and other SCO participants, on the other part, to reach a compromise on the BRI, avoiding acute conflicts within the organization. Interaction on the Chinese initiative is carried out in the form of “interfaces” – either along the EAEU/RF-PRC line, or through bilateral lines: PRC – countries of the region [5].

It is worth noting that limiting factors for the development of projects in the economic sphere include disagreements between Central Asian countries (the problem of water use between Tajikistan and Uzbekistan, etc.), their reluctance to adhere to narrow interests for the sake of further common benefit.



The key problem in the disagreement between the participating countries is the lack of incentives aimed at maintaining the economic interests of all participants in the organization.

Thus, in order to solve a number of problems in the economic sphere of the SCO, the organization needs to carefully and gradually continue convergence, touch on a smaller number of areas for the most effective work, and involve only individual SCO participants in integration projects.

The second significant problem of the SCO concerns the differences of interests of individual member countries between the general interests of the organization. This problem stops the development of the SCO due to the lack of opportunity to implement a larger number of projects, reducing the efficiency of the organization as a whole. It should be noted that this problem is closely related to the previously discussed problem of the gap between a large number of declarations and their subsequent practical application.

It is worth noting that this problem is due to the discrepancy between the actual activities of the SCO in a multilateral and universal nature [2]. Initially, the SCO was an organization that combined the interests of the Russian Federation and China in the Central Asian region, and the interests of Central Asia were practically not taken into account. That is why the resources and capabilities of the SCO are practically not used to resolve territorial and other disputes between the CAR countries themselves.

The effectiveness of the SCO has been increasingly questioned since the last expansion of the organization's member countries. These problems are caused by the transformation of the organization, which leads to increased contradictions between new members. In other words, relations between India and Pakistan are very tense, and relations between India and China are also not friendly. From this follows the main obstacle to the further development of the SCO due to the resulting conflict triangle based on the incompatibility of the positions of China – India – Pakistan [2]. These internal conflicts may lead to a risk of disruption in the overall cohesion of the participating countries, which will subsequently lead to a longer process of making important decisions within the SCO. In turn, slowing down the decision-making process within the existing institutional structure (decision-making is carried out by a majority vote of the participating countries) can lead to stagnation of the organization.

Special attention should be paid to the fundamentally different positions of the two main leaders of the SCO – Russia and China. These countries pursue, within the framework of their interests, completely different goals from the activities of the organization. This problem particularly hinders the development of the SCO.

For the PRC, the priority area of activity of the SCO is economic interests in Central Asia, while the Russian Federation shows special interest in the political sphere. The rest of the organization's members expect to benefit from the clash between the leading countries. Considering the bilateral format of decision-making on emerging issues, we can say that the role of the SCO is nominal.

You should also pay attention to the geography of the SCO's activities, which mainly took place in Central Asia and the main players, as previously mentioned, were China and Russia. This situation changed after South Asian countries joined the SCO. Given the new geographical feature, a question arises. Will Central Asia retain its status as a priority region or will appropriate adjustments be made? From the point of view of the initial role in functional development and basic principles, the uniqueness of the SCO is called into question due to the transformation of the basic parameters of the identity of this organization. This expansion of participating countries may entail both positive and negative consequences. We can classify as positive the strengthening of the organization's potential, and negative as an identity crisis due to the low development of the SCO as an institution.

The SCO has a very low degree of institutionalization, and the existing institutions do not have the ability to pursue supranational policies and significantly influence the work of the



organization [4]. In this matter, the policy of the PRC differs from the Russian Federation. China is not ready to lose part of its sovereignty in favor of any supranational bodies. This position also weakens development and integration within the SCO.

This problem of the organization, or rather the uncertainty in its solution, casts doubt on the participating countries and other countries showing interest in the SCO within the framework of its potential. Taking into account the long history of the SCO, we can say that the organization is facing a crisis of becoming a more “mature”, although at the same time not fully mature, international organization.

At the moment, the SCO is in the process of forming a new identity due to a change in the geographical focus of its activities, emerging new goals and changes in the institutional structure. These changes should entail the development of new basic parameters.

From the above it follows that the main task facing the SCO in solving this problem is resolving general disagreements within the organization. It is the unity of the participating countries, aimed at realizing the common goals of the organization, and not their own, that will reduce the gap between signed agreements and real projects, and will also increase the efficiency of the SCO, since all efforts will be devoted to the implementation of specific projects chosen by a general vote.

Another problem of the SCO is the obstacle to US interests in the activities of the SCO. The main activities of the SCO are aimed at strengthening China's influence in Central Asia. Given the high level of conflict and significant competition in the political and economic sphere of the main powers (Russia – USA – China), the SCO prevents the United States from taking part in its work even at the observer level. Given the strained relations, China, Russia and Iran will strive to prevent Washington from expanding its presence in the region.

As part of the implementation of projects to remove the United States, a number of problematic aspects arise:

- a new strategic alliance is emerging in the center of Asia, which may be directed against the West;
- the true leader of this alliance is not Moscow, but China, and in a few years the Central Asian states will look more to Beijing than to the Kremlin.
- the SCO is used by China and Russia not only as a platform for strengthening their influence in Central Asia, but also as a tool for countering the existing US-led alliance in the Asia-Pacific region and expanding their influence in Southwest Asia, the Middle East, and East Africa and the Indian Ocean region.

This partnership is burdened with a huge number of problems due to the uncertainty in relations of both Russia and China with the United States and the West in general, as well as the complexities of Russian-Chinese relations due to the potential conflict between Chinese ambitions in Central Asia and the Russian historical memory of maintaining zones of influence in this region. In essence, this partnership works as long as China and Russia have a common goal – reducing the degree of US influence in Central Asia. The SCO faces a huge risk in its prospects if the common goal disappears, as China becomes more of a leading power.

The desire for increased security and the desire for high-quality economic cooperation will invariably cause problems within the organization. Given the lack of budgetary funds, in the event of the development of the SCO, the organization may face internal conflicts of the participating countries and a bias in the development of areas of cooperation to the detriment of others, which will again lead to the formal participation of new SCO members.

It should be noted that the SCO also faces the problem of a low share of funding due to the different levels of economic development of the member countries. Thus, the SCO has not developed a system for allocating funds for the internal needs of the organization.



Speaking about the prospects of the SCO, experts' opinions on this issue are divided. Some experts focus on turning the SCO into a military-political alliance, while others believe that the organization's priority should be the implementation of economic projects, including the creation of a free trade zone on the territory of the countries participating in this cooperation.

At the moment, the main development of the SCO is the expansion of the organization. This expansion increases the importance of the organization in international affairs and entails the expression of interest of other countries in the activities of the SCO. That is why one of the significant areas for improving activities is balancing the interests of all participating countries, taking into account the political and economic characteristics of each country. Despite the difficulties in the decision-making process due to the growth of participants, the organization has the opportunity to implement more complex and ambitious goals and objectives.

Based on the problems described above, we can also distinguish 3 main ways for the development of the SCO [4]:

1. Transformation of the organization into a military-political alliance that can fully resist the already quite strong military influence of Western countries and the United States.
2. Strengthening the economic component in the activities of the SCO through the formation of a free trade zone for its member countries on the territory of the SCO countries.
3. Transformation of the SCO into an authoritative international organization that will look like a structure that has the political and military potential to independently resolve problems and conflicts on its territory.

To summarize, I would like to draw your attention to the fact that all the problems described above are interconnected and stem from each other. To develop effective measures to improve the organization's activities, the SCO should take a comprehensive approach to solving all problems. To most effectively solve these problems, the participating countries should first of all join forces, including in order to fully take advantage of the opportunities and benefits that the successful activities of the organization can create in the future.

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