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The U.S. Challenge at the Shanghai Summit

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On June 15 members of the Shanghai Cooperation Organization (SCO) will gather for their annual meeting at the birthplace of this Eurasian bloc—Shanghai. Since its modest economic beginnings in 2001, when it facilitated China's return into its Central Asian backyard for the first time in almost 1,000 years, the SCO has become a Eurasian powerhouse with an increasingly strong military component. The United States should watch for anti-American developments at the SCO while exploring ways to establish a dialogue with it.

Guest of Honor: Ahmadinejad

Washington pundits and policymakers have pooh-poohed the power of the SCO—to their own peril. At this year's summit, the guest of honor is Iranian President Mahmoud Ahmadinejad, who will be pushing for the Islamic Republic's full membership in the increasingly anti-American organization. Iran currently holds observer status, along with India, Pakistan, and Mongolia. Belarussian president Alexander Lukashenko is also knocking on the SCO's doors to gain leverage against Russia, an SCO member.

Moscow sources are saying that full membership may not be in the cards for either the Slavic dictatorship or the Shi'a theocracy. Ahmadinejad, however, will be rewarded with one-on-one meetings with SCO heads of state, including Chairman Hu of China, Russian president

Vladimir Putin, and Kazakhstani president Nursultan Nazarbaev.

The U.S. should keep a close watch on SCO-Iranian coziness, as it may indicate growing coordination between Moscow, Beijing and Teheran. This may prove especially salient if Iran rejects the latest incentive package and refuses to cease uranium enrichment and open its 18-year-old nuclear program for invasive inspections by the International Atomic Energy Agency (IAEA).

Giant Stakes for Russia and China

Considering the giant stakes for Russia and China in bilateral relations with Teheran, the U.S. may fail to convince Russia and China that embracing Iran may not be consistent with their long-term interests. Russia recently announced the sale to Iran of TOR-1-M surface-to-air missiles for defense of its Bushehr nuclear reactor and its sprawling nuclear industry from hypothetical American or Israeli air attacks. Moscow's interest not only in conventional arms sales but also in expanding nuclear reactor sales, as well as Chinese

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deals to import natural gas to the tune of over 100 billion dollars over 30 years, is common knowledge.

However, longer-term problems with a radical Iran should occupy the attention of the SCO leaders in Shanghai. Specifically, a nuclear-armed, religiously aggressive and truculent Iran may well challenge Russia's support for the authoritarian and secular post-Soviet rulers in the Caucasus and Central Asia. Iran was behind a Sunni Islamist opposition in the Tajik civil war in the early 1990s and is making inroads into Azerbaijan.

Geopolitical Setbacks for U.S.

At the Shanghai summit, the U.S. should watch for other anti-American developments. Last year the SCO, encouraged by Russia and China, passed a resolution demanding U.S. withdrawal from an air base in Karshi Khanabad, Uzbekistan. U.S. refusal to finalize payments for the base and its harsh denunciation of President Islam Karimov for civilian casualties in suppressing an Islamist rebellion in Andijan in May 2005 also contributed to the Uzbek decision to expel U.S. forces.

This year, Russia has dictated to the Kyrgyz Republic terms and conditions for hosting the only remaining major U.S. air base in Central Asia, the Manas airport in the capital Bishkek. Moscow has demanded ceasing all reconnaissance flights and limiting use of the base to resupply missions in Afghanistan. It has also encouraged Kyrgyz President Kurmanbek Bakiev to demand \$100 million dollars in aid and to increase rent for the base sixfold. The U.S. seems to have agreed.

Kazakhstan: The Pivot of U.S. policy in the Region

There is good news regarding the SCO. The U.S. is expanding ties with Kazakhstan, major oil producer with the region's most liberal economic policy. It is also the nation most open to the West in the region. During his May visit to the country, Vice President Dick Cheney praised President

Nursultan Nazarbaev, who runs this state sandwiched between two giants with imperialist histories, Russia and China.

Central Asian SCO members and observers—Afghanistan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—are in dire need of political modernization and economic development, and Kazakhstan can act as a role model. Kazakhstan plans to move away from energy and raw material foundations to machine building, construction and services. Almaty, the business capital, is in the midst of a construction boom and is now dotted with glittering shopping malls and shiny new cars. High oil prices have more than quadrupled Kazakhstan's per capita income over the last decade, and oil production is scheduled to reach 3.5 million barrels a day by 2012.

Mr. Nazarbaev is engaged in a balancing act among Russia, China and the U.S. He is expanding an oil pipeline to the Russian port of Novorossiysk and has built an oil pipeline to China. He has announced an agreement to supply oil to the Baku-Ceyhan pipeline consortium led by British Petroleum. He has also been responsive to U.S. demands not to build a pipeline to Iran. Recently, Nazarbaev sent a letter to President Ahmadinejad, calling him to abandon the Iranian military nuclear program, just as Kazakhstan gave up its nuclear arsenal after the collapse of the Soviet Union.

Unfortunately, the majority of the states in Central Asia has taken a different course and remains largely under the influence of China and Russia. There is no doubt as to China and Russia's intentions in Central Asia—to gain control of natural resources and check U.S. influence in the region. The growing power and influence of the SCO indicate that they may be succeeding.

U.S. Policy Challenges

The U.S. can counter the rise of the SCO. First, Washington should recognize that China and

Russia have a history, a present, and a future in this strategic area. They are extremely sensitive to U.S. proclaimed interests and do not welcome “the new kid on the block.” Washington’s diplomatic messages to these two powers and all SCO members and observers should remain tactful and nuanced.

The U.S. can demonstrate to Beijing that Russia is dragging it into an anti-American bloc, which is counter to China’s long-term interests. Russia is a high cost oil producer, and Middle Eastern instability keeps its oil prices high and its budget revenues higher. A senior Putin foreign policy advisor told me that Russia will quietly cheer more Middle East instability as oil prices may climb to \$90 a barrel or higher. China, on the other hand, is an energy-starved economic powerhouse dependent on cheap Middle East oil. China has an interest in seeking peace in the Gulf to ensure the security of its growing energy investments. If not restrained and contained, Iran is likely to drive world oil prices higher as it pursues its aggressive, terror-enhancing policy, supporting jihadi Islamists and challenging moderate Sunni regimes from the Gulf to Morocco.

Washington should focus Moscow’s attention on the geopolitical repercussions of a radical, nuclear-armed Iran, which is likely to throw its weight around Russia’s southern “soft underbelly”.

The U.S. should develop its relationship with Kazakhstan and warmly greet President Nazarbaev when he visits in September. The U.S. should also encourage democratization, property rights protection, and free market economic policies in Kazakhstan and, as much as possible, in other SCO countries, especially Kyrgyzstan and Tajikistan. Regional wealth creation will go a long way to stem the rise of radical Islam. A dose of modern secular education and the encouragement of more peaceful variants of Islam, such mystical Sufism, would also help.

Conclusion

During its long war on Islamist terrorism and the political ideology that breeds it, America can ill-afford a conflict with Russia and China in Eurasia. Thus, Washington must explore ways to establish a dialogue with the SCO on its fifth anniversary. It may otherwise risk yet another humiliation at the hands of Moscow and Beijing.

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