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Vinokurov, Evgeny and Libman, Alexander

Eurasian Development Bank, Ludwig Maximilians University of
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Eurasian Integration and its Institutions: Possible Contributions to Security in Eurasia

Evgeny Vinokurov

Director of the Centre for Integration Studies, Eurasian Development Bank,

Vinokurov_ey@eabr.org

Alexander Libman

Professor of Eastern European Studies, Ludwig Maximilians University of Munich

Alexander.Libman@soziologie.uni-muenchen.de

Introduction

One of the objectives of this collective monograph is to explore the actual and potential approaches and policies aimed at managing security in Eurasia. Institutions and bilateral relations between states are generally regarded as the means to achieve this goal. These strategies vary a great deal. In this chapter, we turn to the large family of institutions that came into existence in post-Soviet Eurasia (and, in some ways, beyond it) over the last two decades. We will review their current state, agenda, real and perceived mandate, and their respective achievements and constraints. The main questions of interest to us are the following: do ‘Eurasian’ institutions serve to provide security/stability and, if so, how? To answer these two questions, we identify a number of key challenges to security in Eurasia, review the institutions belonging loosely to the Eurasian Economic Union’s institutional ecosphere, the Collective Security Treaty Organization, and the Shanghai Cooperation Organization. Our goal is primarily to find out the possible contributions to security in the region from the point of view of the *mandates* of regional institutions and their *capacity*. As we will show, the potential of Eurasian regional institutions to provide security is substantial, and it partly materializes itself in concrete policy measures.

Security Challenges and Regional Integration

Integration-driven and exogenous security threats

This chapter, in line with the overarching idea of this volume, adopts a broad concept of security. In particular, in addition to the hard security aspects, we explicitly incorporate various aspects of soft security, including economic, environmental and humanitarian aspects. In the contemporary world, the boundary between hard and soft security is blurry: for example, there is a clear link between informal trade and financial flows (typically classified as ‘soft security’) and the terrorist threats (which appear to be closer to ‘hard security’, but are themselves not necessarily comparable to more traditional threats associated with external threats from other nations) (Aldis and Herd 2010). In Eurasia, most institutions were established to promote economic cooperation, so that soft security is obviously at the core of their agenda; some, however, have a hard security focus (and, some try to combine both soft and hard security agenda). Importantly, economic cooperation can potentially matter for hard security as well: over time it empowers multiple stakeholders interested in sustaining peace and good neighborly relations. These stakeholders include companies with assets abroad, businesses profiting from increased economic cooperation (e.g. logistics companies), labor migrants and their family members, international organizations and their secretariats, etc.

While studying regional integration, we have, however, to make another distinction concerning the types of security challenges. These challenges can originate from two sources. Some of them are *exogenous* to regional integration (both through the activity of formal economic organizations and – this is especially important for Eurasia - the emergence of spontaneous informal economic ties through migration networks, investments of large corporations etc., see Libman and Vinokurov 2012) and are an outcome of, for example, technological changes or global transformations.

Others, however, are *driven by integration itself*. Migration, for example, inevitably simplifies the transmission of diseases. Likewise, more developed trade tie make the trafficking in prohibited goods (like drugs or arms) easier. There is a fundamental difference between these types of challenges from the following perspective. While in case of exogenous challenges regional organizations’ main task is to mobilize resources and to coordinate international effort (frequently needed to deal with the problems), for the endogenous challenges regional organizations have to balance their primary goal of developing interconnections between the states of Eurasia and the objective to limit the negative consequences of these interconnections.

Examples of security risks

In what follows, we present a number of examples of security risks Eurasian countries face. Importantly, almost all of these problems do not stop at the borders of the post-Soviet Eurasia in the ‘narrow sense’, which is the subject of this book – the twelve former Soviet republics. In most cases, there are major spillovers from and to other neighboring Eurasian countries. In our previous work, we have addressed the need to link the Eurasian regionalism in the post-Soviet area to the broad integration processes happening in the greater Eurasia: the analysis of Eurasian institutions from the point of view of security risks makes this argument even more important (Vinokurov and Libman 2012, from which this section is derived). The list is certainly incomplete and does not include other threats, like terrorism or money laundering.

Poverty and inequality: The issue of poverty is at the core of the human security concepts as they have been developed in the last decades (King and Murray 2002). High within-nation and international inequality is a crucial trigger of wars (both domestic and international), as well as a major factor of political destabilization, i.e., in this case soft security has clear implications for the hard one. For the Eurasian case, the security risks associated with poverty and inequality are primarily exogenously driven and reflect both the extreme heterogeneity of the post-Soviet countries in terms of their economic potential (which existed already during the Soviet era, see Alexeev and Gaddy 1993) and pre- and post-transition development paths. Importantly, disintegration of the USSR in itself became a source of economic decline, which Eurasian regionalism has to deal with.

Ecology: The ecological interdependence of countries that are part of the Eurasian continental ecosystem is evolving. Explosive growth significantly increases the pressure on ecological systems and introduces greater environmental risks. From this point of view, ecological problems of the Eurasia are both exogenously determined and driven by the economic integration itself. From the point of view of exogenous factors, Eurasian countries have to deal with the legacies of the Soviet industry, which frequently paid little attention to the environmental consequences (Pryde 1991), as well as the contemporary problems of environmental regulation and, even more, its implementation given the poor quality of bureaucracies in Eurasia. But since economic integration produces growth and interdependencies, it also makes environmental problems more severe.

International water management: This domain relates to ecology but deserves special consideration (Smith 1995). Many security problems in Eurasia are associated with international river basins due to water allocation, water management, coordination of water management and pollution regulations, calculation of each border country's contribution to water pollution, and allocation of responsibility for that pollution. We share the increasing concern that the 21st century may become the century of 'water wars'. In this scenario, Central Asia, the Middle East, and South Asia would be among the top-5 most likely locations for such a war (the other two locations are Africa and particular regions of Latin America). This type of risks is exogenously driven by the simple geography of some of the sub-regions of the post-Soviet Eurasia, where access to water is scarce and, more importantly, unequally allocated across countries.

History provides many examples of how conflict over water has resulted in political tensions between countries, but most disputes have been resolved peacefully. Nevertheless, the absence of conflict is, at best, only a partial indicator of the depth of cooperation. Measuring the degree of intergovernmental conflict over water is inherently difficult, because water is seldom an isolated foreign policy issue. Oregon State University has compiled data covering every reported interaction on water issues going back 50 years: there have only been 37 cases of reported violence between states over water, of which 30 occurred in the Middle East, Iran, and Afghanistan. Over the same period, countries negotiated more than 200 international water treaties. In all, 1,228 cooperative events were recorded, compared with 507 conflicts, more than two-thirds of which were limited to verbal expressions of hostility.¹ Most of the conflicts were related to changes in water flow volumes and the creation of new infrastructure, which itself

¹Oregon State University's Program in Water Conflict Management and Transformation. Available at: <http://osulibrary.oregonstate.edu/digitalcollections/tfdd/>. Accessed April 15, 2017.

represents future flow volumes and timing of flows. Looking back over the past half-century, perhaps the most extraordinary outcome for water utilization has been the level of conflict resolution—and the durability of water governance institutions. The Permanent Indus Water Commission, which oversees a water-sharing treaty and dispute resolution mechanism, survived and functioned during two major wars between India and Pakistan (UNDP 2006).

Managing water flows through the Amu Darya and Syr Darya is an obvious case of international cooperation with a lot at stake, including the water supplies for millions of farmers across the regions, fate of the Aral Sea, and development of the huge hydropower potential of upstream countries (Kyrgyzstan and Tajikistan) in a way that would not jeopardize the economic and ecological well-being of downstream countries (Uzbekistan, Kazakhstan, and Turkmenistan). Central Asia is also part of the post-Soviet Eurasia where the tensions about the access to water are the most visible ones and have clear implications for the cooperation between countries, also in matters unrelated to water access. The complexity of the Central Asian water-security-energy nexus, including the possible effects of the climate change on this problem, have remained an issue of major concern for many observers (Stucki and Sojamo 2012; Bernauer and Siegfried 2012); but an effective international regime of managing this problem has yet to be developed.

The main transboundary rivers between Russia and China - Amur, Songhua (Sungari), Tumangan (Tumannaya), and Irtysh – are also an example of potential security threats, although less conflictual at the moment. The anthropogenic impact on these rivers is steadily rising. Following the major disaster in November 2005 when an explosion at a chemical plant in Jilin caused a spill of an estimated 100 tonnes of toxic benzene chemicals, Russia and China began cooperating on environmental protection issues. The Irtysh River deserves a special mention. From its origins in China, the Irtysh River flows northwest through Kazakhstan before merging with the Ob River in Russia. In 1997, China began diverting a significant amount of Irtysh water within China to irrigate its arid areas, but the Omsk region depends entirely on the Irtysh. Russia is seriously concerned about China's construction of a canal that will siphon water from the Irtysh River and reduce the flow of the Argun River in Russia. China is building this canal to divert the waters of the Hailar (Argun) River into Dalai Lake. Construction of the canal could have significant negative consequences for most of the Argun River and its ecosystem, thus threatening the economic development of the Transbaikal region.

Drug trafficking: This is one of the most prevalent problems caused by opening up international borders. The Central Asian region has been particularly affected by this problem, since it lies between Afghanistan, with its huge output of narcotics, and Europe, the main consumer. The

problem is exacerbated by a number of factors. First, Central Asia's smaller states (for example, the Kyrgyz Republic and Tajikistan) have still not recovered from the drastic economic decline of the 1990s, providing the right environment for them to become 'drug-transit countries' and fostering other forms of criminal activity. Second, the corruption that plagues Central Asian states at all levels has made it much easier for drug trafficking networks to operate. Third, in countries where insurgents and terrorists use crime to finance their activities, a 'crime-terror nexus' often thrives. Ironically, narcotics are high-value goods transported in small quantities, which are almost ideal for land transportation in Eurasia. For example, Townsend (2006) describes one of the smuggling routes running from Afghanistan to via Tajikistan, Kyrgyzstan, and Kazakhstan to Russia. Drug trafficking is therefore a challenge clearly related to the development of integration in the region and the existence of open borders.

Human trafficking: This problem seems to cover the entire continent. For example, in Central Asia in the mid-2000s, it is estimated that 5000 women and children were trafficked annually from Kazakhstan, 3000-4000 from Kyrgyzstan, and 1000-2000 from Tajikistan. Central Asia (along with the rest of the former Soviet Union) serves not only as a trafficking source, but also as a transit region for trafficking from South Asia, China, and Afghanistan to Western Europe. Trafficking is associated with sexual exploitation as well as forced labour (Mattar 2005). Similarly to drug trafficking, human trafficking is a security threat driven by the regional integration.

Arms trafficking: This is yet another challenge faced by Eurasian countries because of the advanced regional integration. This problem became more widespread after the collapse of the Soviet Union, and since then has been considered a serious potential threat in Eurasia. In this domain, distinctions are often made between the prevalent problem of small-arms trafficking and the spread of weapons of mass destruction and radioactive materials. Small-arms trafficking is mainly confined to regions with strong secessionist movements, weak governments and permeable borders. Although this trafficking is unlikely to have a significant impact on Eurasian security, it is a major cause of instability in certain parts of the continent (for example, Greater Central Asia and the Caucasus). It also fuels criminal activity in neighbouring states. Concern over the trafficking of radioactive material has grown over the last 20 years as control over former Soviet arsenals has weakened, and the nuclear programmes of countries such as Iran, North Korea, and Pakistan have developed significantly. In this case, we are talking about a global security issue.

'Common microbial market': The negative aspects of Eurasian integration are not limited to illegal activities. Deeper integration is also associated with the revival and strengthening of a 'common microbial market'. The movement of people across borders creates perfect opportunities for diseases to spread. In order to contain the global microbial market, international cooperation is called for and, once again, can be used in this context to restrict economic ties between countries and justify protectionism. Again, the problem is in this case the existence of open borders and the movement of people across countries: while diseases managed to cross borders even during the Cold War era, today, with the advanced international traffic, it is much easier for them to spread across the national boundaries.

Dilemmas of integration-driven security threats

One can see that of seven security domains we have identified, four (diseases, arms, drug and human trafficking) are themselves a product of the regional integration. Two (economic disparities and water management) are a product of external factors (though the extent of this problems is also an outcome of economic disintegration of the USSR), and one (environmental challenges) is associated with both exogenous factors and regional integration. As mentioned, this distinction is highly important for understanding the possible contributions of Eurasian regional institutions. The problem is that in case of threats driven by integration itself (we can refer to it as the *dark side of Eurasian integration*) there is always a temptation for policymakers to reduce the extent of the problems by 'scaling down' the regional integration. The public reaction fueled by misconceptions and lack of information, as well as the inability to distinguish between potential and actual threats, can favor such solutions, with disastrous consequences.

A very typical reaction to trafficking, illegal migration, and epidemics is to tighten border controls. This, however, restricts economic ties in Eurasia, with potentially disastrous consequences in Central and Northern Eurasia, where informal trade plays a very important role. The problem is not only that a potential factor for growth has been restricted, but also that by limiting the economic links between Eurasian countries, the prospects of successfully tackling the darker side of regionalization, fostering economic development, and alleviating poverty in the poorest parts of the continent become ever more distant. Furthermore, in case of a less liberal border crossing regime, transactions can be shifted into the shadow economy (especially given high levels of corruption in the Eurasian bureaucracy), which only increases the risks and makes the problems more pronounced. Thus, a vicious cycle can form: stricter border controls

ultimately target informal trade, worsening poverty in regions such as Central Asia, and thereby increasing the prevalence of drug and human trafficking and illegal immigration.

From this point of view, one can formulate the dilemma of dealing with integration-driven security threats: *although these threats are produced by economic integration, the only way to effectively solve them is to encourage further international cooperation*. Eurasian countries (as, probably, countries elsewhere in the world) are imperfect in dealing with this problem. This is partly driven by the preferences and constraints politicians face domestically, but partly reflects the potential of the existing regional organizations, which can be used to solve the problems. While, hypothetically, politics can always opt for creating new regional organizations, practically it is a more challenging endeavor than using the already existing structures, which, under certain conditions, can in themselves promote the cooperative solutions.² We will therefore analyze various institutions, their respective agendas, and their relative efficiency in fulfilling their mandate. We will start with the Eurasian Economic Union's (EAEU) family of institutions. We will then turn to the Shanghai Cooperation Organization (SCO) and the Collective Security Treaty Organization (CSTO).

EAEU Institutions

By 2015, the Eurasian Economic Union had become an acting regional integration organization with very substantial competencies. Its central focus and major achievement is a functioning customs union and common customs tariff. It has also already managed to establish a common labor market, which helps the labor migrants of smaller member states enjoy the national treatment (legal regime equal to the citizens of the recipient country). This in turn brings labor remittances that amount to 15-18% (Armenia) and 28-30% (Kyrgyzstan) of GDP. The EAEU's current agenda comprises the common financial market, common transport policies, unification/removal of non-tariff barriers, creation of a series of free trade areas, etc. In addition to the EAEU as such, there are two further institutions closely linked to it, which we can describe as part of the EAEU's 'ecosphere'. Eurasian Development Bank (EDB), with its six member states, paid-in capital of \$1.5 billion, and current investment portfolio of roughly \$2.2 billion.

² This is the core of the functionalist argument concerning the European integration, which has been tested in a number of major crises the EU encountered recently; whether economic integration in Eurasia can follow the same pattern, is debatable though, see Libman and Vinokurov 2012.

Established in 2006, it has cumulatively invested about \$5 bln, prioritizing projects promoting mutual trade and mutual investments (EDB 2017). Eurasian Stabilization and Development Fund (ESDF), with capital of \$8.5 billion and the same six member states (all five Eurasian Union members plus Tajikistan). The ESDF has grown to be a key source of sovereign financing in the region (primarily budget support) and a significant source of development financing (projects ranging from a highway in Armenia to a hydropower station in Kyrgyzstan). Essentially, the ESDF strives to be a "regional IMF".³

Generally, it is safe to say that EAEU institutions make a visible contribution to the creation of an economic cooperation zone in the post-Soviet space, resulting in rising predictability and stability. Various data support this assertion. For example, mutual trade imports amounted to 18% of total EAEU imports in 2015 (EAEU's first year) versus 15.6% in 2014 (EEC data). EAEU mutual foreign direct investment (FDI) stock demonstrated remarkable resilience to economic crisis. For example, since 2012, a record-breaking year in which total mutual FDI stock in CIS countries reached \$57.2 billion, FDIs have fallen 26%, or \$15 billion. Mutual FDI dynamics in the five EAEU countries over the same period, though also negative, were not so dramatic: 14%, or \$4 billion (EDB Centre for Integration Studies 2016).

The EAEU common market proves to be particularly helpful to the Union's smaller economies, namely Armenia and Kyrgyzstan. By 2016, they had managed to seize some of the opportunities of the 180-million person market, in particular in food stuffs and related industries. Additionally, the stability that Kyrgyzstan has gained from EAEU membership is notable. After two revolutions in the 2000s, the Kyrgyz state searched for and found an institutional anchor in the family of Eurasian institutions. We must also not forget that all five states enjoy equal representation in the EAEU institutions, providing them with a disproportionately strong voice in the Union's decision-making. A crucial benefit for both Armenia and Kyrgyzstan is access to the common labor market with unrestricted migration: both are labor exporting countries. While the migration regime in Eurasia remains relatively open, with Russia and Kazakhstan attracting migrants from other Central Asian states, Moldova and Armenia, the legal status of migrants outside the EAEU in the EAEU states is much more restricted; furthermore, migration flows are at risk because of political frictions between countries. Given the crucial importance of migration for small Eurasian countries, EAEU thus makes a substantial contribution to their development.

³ A more detailed analysis of the current EAEU dynamics and institutions can be found in Vinokurov (2017).

Along with the general framework of the EAEU common market, a great deal of assistance is realized under *bilateral* rather than multilateral relations. There are multiple instances of financial transfers to the region's smaller economies, which are realized primarily through bilateral channels. For example, the establishment of the \$1 bln Kyrgyz-Russian Development Fund (funded by Russia) was the part of the Kyrgyz accession package. Likewise, slashing Russian export duties for natural gas and uncut diamonds was the part of the Armenian accession package (the yearly positive impact of these measures on the Armenian economy is estimated at \$160-200 mln (EDB Centre for Integration Studies 2013). Along with EFSD budget support loans (\$3 bln), a significant part of transfers to Belarus consists of bilateral loans and favorable oil and gas prices, courtesy of Russia.

The EAEU agenda is exclusively economic and the hard security issues are not covered by it in any form. In terms of the seven domains of security threats we have discussed so far, the EAEU has the most explicit effect in terms of the first (economic development and inequalities). At the same time, the EAEU and its adjacent institutions do not have an agenda dealing with other security risks (and, for instance, the lack of an explicit environmental agenda of the EAEU has been occasionally subject to criticism).⁴ Here the contribution of the EAEU is indirect at best: for example, by creating a transparent legal regime for migration, it reduces the role of informal migration flows, which could be more susceptible to various trafficking activities. To our knowledge, there is no explicit agenda of the EAEU for dealing with the dark side of economic integration so far: this could form a very important (in fact – almost inevitable) potential extension of its agenda.

Collective Security Treaty Organization

Unlike the EAEU, which has been in focus of academic attention over the last years and, without a doubt, is a functioning regional organization (with substantial economic effects), the CSTO has received less scholarly attention and is more difficult to analyse. The key problem is the gap between the mandate and the actual capacity of the organization (determined by the willingness of the countries to cooperate). In what follows, we briefly review the activities of the CSTO, which, as its very name suggests, primarily focuses on the hard security issues: our discussion, however, comes with an important caveat that the actual use of the CSTO in cases of conflict has been limited and it is not unclear whether and under which conditions it can happen. For

⁴ <http://ekogradmoscow.ru/novosti/eaes-vne-ekologii>, accessed 11 October 2017

example, in 2010, Kyrgyzstan, facing ethnic clashes in the southern part of the country, called for the assistance of the Russian troops and CSTO units to quell the disturbances. The organization refrained, stating that the situation had internal roots and was therefore not an external threat. While the decision as such appears to be prudent, it makes it difficult for us to analyze the constraints for the actual capacity of the CSTO.

The CSTO has roots in the 1992 Collective Security Treaty, signed by Russia, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Over the years, membership has shifted significantly (it included nine states in 1994-99). In 2002, the members agreed to institutionalize the Collective Security Treaty Organization as a military alliance. Since 2012, the organization comprises Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. In other words, its membership represents EAEU plus Tajikistan and fully coincides with the membership of financial institutions EDB and EFSD. This circumstance is actually propitious for a 'leaner and meaner' organization with clearer and more efficient modes of operation (Hough 2015: 326).

CSTO is sometimes compared to NATO. This is a natural comparison, but it does not always make things clearer. The most important distinction is that the CSTO has nothing comparable to NATO's Article 5, which prescribes collective defence obligations (Hayrapetyan 2016). On the contrary, CSTO merely contains the following clause: "The goals of the Organization shall be strengthening of peace, international and regional security and stability, and the protection of collective independence, territorial integrity, and sovereignty of Member States, which the Member States shall prefer political means to achieve." Nevertheless, CSTO serves as an umbrella security organization that allows its members to enjoy Russian military protection, buy arms at favourable prices, and engage in various forms of military cooperation.

As of now, it is possible to identify the following activities of the CSTO. It holds yearly military exercises in which every member state participates. As a rule, these exercises involve up to five thousand combat troops supported by combat aircraft. Member nations are able to purchase Russian military hardware at cost, which increases interoperability between forces and encourages cooperation. In parallel, Russia trains approximately 2,500 military personnel from CSTO member states free of charge in its military academies (Bystrenko 2015: 12). Since 2009, member states have supported the Collective Rapid Reaction Force (KSOR). To the best of our knowledge, it is one of three joint military forces in the world, along with NATO and the Peninsula Shield Force. KSOR includes four thousand troops. It also includes an aviation unit, consisting of 10 combat planes and 14 helicopters, located at the Russian military base in Kyrgyzstan.

Apart from the hard security issues, the organization also addresses environmental security concerns, the drug trade, human trafficking, and organized crime. In 2016, the decision was made to establish the CSTO Crisis Response Center, which is entrusted with research and technical tasks, including real-time information exchange and various anti-terrorism measures.⁵ However, again, evaluating the CSTO capacity and actual contribution to these issues is a challenging task given the lack of evidence.

Shanghai Cooperation Organization⁶

Similarly to the CSTO, the core tasks of the SCO are associated with the ‘hard security’. However, unlike CSTO, which focuses on very traditional security domains, SCO covers a broader set of security issues, including some of the challenges described above (in particular, issues associated with trafficking). The origins of the SCO can be traced back to 1996, when the Shanghai Five (the informal grouping of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan) was established. In 2001, it was transformed into a formal organization – the SCO. Uzbekistan joined the same year. In 2015, India and Pakistan joined the SCO after several years as observers. Current observers include Afghanistan, Belarus, Iran, Mongolia, Sri Lanka, and Turkey. Iran has repeatedly expressed its willingness to become a full-fledged member of the SCO, but has not been accepted yet.

The original informal grouping had a singular security focus whose importance must not be understated: its aim was to resolve border disputes between post-Soviet countries and China. These disputes were inherited from unresolved border issues that in 1969 had led to a military incident at the Soviet-Chinese border. The new independent states that emerged after the collapse of the USSR sought to settle their differences with China to clear the way to economic and political cooperation. The negotiations helped settle this complex issue, which had been a thorn for several decades.

Assessment of the tangible progress of SCO cooperation depends on the area analyzed. In the security domain, SCO cooperation is very real (Lanteigne 2006; Aris 2011); in the economic domain, cooperation remains merely a declared goal and sincere desire of some member states. SCO itself seems to identify its security focus in the hard security domain with what China

⁵ CSTO website. Available at: http://www.odkb-csto.org/session/detail.php?ELEMENT_ID=8661. Accessed April 15, 2017.

⁶ This section draws substantially from Vinokurov and Libman 2017.

frequently refers to as the ‘Three Evils’: terrorism, separatism and extremism.⁷ Practically, it means that its agenda includes both traditional military exercises and security measures, which also combat drug, human and arms trafficking.

Since 2003, numerous military exercises have been conducted within the SCO framework. In 2003, the exercises were conducted in Kazakhstan and in China. Since then, Russia and China have conducted military exercises in both countries, sometimes involving substantial troops and other SCO states. For example, the 2005 exercises (‘Peace Mission 2005’) involved about 10,000 personnel and took place in both Russia and China; the 2007 exercises in Russia involved about 4,000 soldiers; 5,000 soldiers from all SCO countries except Uzbekistan participated in the 2010 exercises in Kazakhstan. In 2014, it was even suggested to merge the SCO with the Collective Security Treaty Organization (CSTO), the military alliance of post-Soviet countries, including Russia, Belarus, Kazakhstan, Tajikistan, Kyrgyzstan, and Armenia. This proposal has not been implemented, but it is under discussion (on the current interaction of SCO and CSTO, see Luzianin et al. 2015). The typical focus of these exercises is on the traditional hard security. Some exercises, however, have a clear anti-terror focus. The following exercises simulated terrorist attacks: the Volgograd exercise in 2008 against an oil tanker; the Vostok exercise in 2006 against Uzbekistan’s Institute of Nuclear Physics, which hosts a nuclear reactor; and the Novak exercise in 2009 against a chemical factory.

The SCO security agenda, however, is not limited to these exercises. In 2004, the SCO set up the Regional Antiterrorism Structure (RATS). The organization puts particular emphasis on both information exchange and cooperation at the level of intelligence, counterterrorism, and military cooperation. The SCO furthermore pays a lot attention anti-drug operations, which are especially important for member states given their proximity to Afghanistan. In 2010, the RATS established close cooperation with the Central Asian Regional Information and Coordination Center (CARICC), which itself was created in 2006 by Russia, Central Asian states, and the UN Drugs and Crime Office. In 2009, the SCO agreed to create a regional anti-drug training center in Tajikistan. One forum for information exchange in the SCO is regular meetings of SCO members’ national agencies for combatting drug trafficking; the SCO regularly develops five-year anti-drug trafficking strategies.

At the same time, if we look at the economic cooperation within the SCO framework, much less visible progress is observed. When the SCO Framework Agreement on economic matters was

⁷ https://en.wikipedia.org/wiki/Three_Evils. Accessed October 30, 2016.

signed in 2003, the Chinese premier Wen Jiabao suggested setting the long-term goal of creating a free-trade area in the SCO. In 2004, the members signed an action plan containing 100 specific measures to implement economic cooperation. However, the initiative was not pursued further. Here, we must highlight the strong and unambiguous position held by Russia, which rejected a full-fledged FTA with China as it would damage Russia's own domestic industries. In 2005, the SCO declared its willingness to focus on energy; in 2006, the SCO Energy Club was announced by Russia. This time the Russian idea was not endorsed by other members. In 2005, the SCO agreed to create an Interbank SCO Council, and since then the idea of a SCO joint bank has been on the agenda. However, again, due to disagreements between Russia and China, it has never been implemented. By 2015, it had become clear that the project would not come to life, because China redirected its focus towards new initiatives, namely the Asian Infrastructure Investment Bank, New Development Bank of BRICS, and the One Road One Belt initiative. In 2009, amid the global economic crisis, China offered SCO countries substantial financial support amounting to \$10 bln. This plan was announced at an SCO summit in Yekaterinburg, but, strictly speaking, is unrelated to the SCO itself. The financing was provided through bilateral mechanisms, and the SCO served merely as the forum where the idea was suggested and announced.

Summing up, the SCO has produced a number of important tangible outcomes in terms of some traditional and non-traditional (terrorism, trafficking) security risks. The Shanghai Security Organization should thus be viewed as an important building block of security-related cooperation in Greater Eurasia. At the same time, we should mention two caveats to this conclusion. First, the SCO's economic cooperation agenda, though much discussed, is merely at the level of a 'talking club'. Second, the organization's expansion, with both India and Pakistan now enjoying full membership, is likely to limit its efficiency. However, we cannot rule out that SCO will still have a prominent role if tensions run high in Greater Eurasia and there is a particular need for high-level diplomacy.

Conclusion

We started this chapter by posing the main questions: do Eurasian institutions serve to provide security/stability and, if so, how? We now present our conclusion.

Generally speaking, we find that the Eurasian institutions are able to play an important role in terms of combatting the heterogeneous security risks Eurasian countries face. The EAEU and its adjacent institutions could be important in reducing the levels of economic inequality and

poverty by promoting economic cooperation and also through a number of institutions providing support to smaller members (through EFSD budget support loans, EFSD infrastructure financing, EDB loans, etc.). Additionally, smaller members benefit from the full-fledged common labor market in that labor remittances make a very sizable contribution to national welfare. The SCO seems to matter in terms of the security risks like drugs, arms and human trafficking; it also deals with the issues of terrorism and other hard security risks. At the same time, the EAEU has no sizable agenda in terms of the traditional hard security and the SCO failed to successfully develop an economic agenda. The CSTO is more difficult to assess, given the lack of track record of the organization.

One can see that there are aspects of security threats faced by Eurasian countries, which the existing organizations do not seem to address given their mandates and capacity: environmental issues, water management and what we called a ‘common microbial market’. The water management problem has to be highlighted, since it is particularly relevant for countries of Central Asia, where it serves as a constant source of instability. Finding a common ground for cooperation in this area seems to be difficult. As for environmental issues, the lack of attention to it by the Eurasian regional organizations reflects the overall lack of attention to the issues of environment at the political level in most countries of Eurasia.

We have to conclude this chapter with an important caveat. Our main goal was to provide a normative analysis, that is, to look at how the capacity and the mandates of regional organizations in Eurasia allow them to contribute to dealing with security threats. The third necessary component is the intent, and precisely here the success of the regional organizations can be limited. The official mandates of regional organizations (like combatting terrorism or extremism or even economic cooperation) are frequently masking substantially different goals (e.g., associated with regime-boosting, see Söderbaum 2004), unrelated to really managing the security risks. However, we can at least conclude that the Eurasian regional organizations *can* become an important contributor to dealing with a number of security risks Eurasian countries face.

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