As NATO is increasingly engaged in Afghanistan, a new player has entered into the scene and carved out a slice of the Afghan security pie—the Shanghai Cooperation Organization, or SCO. The SCO consists of member states of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and observer states of India, Pakistan, Mongolia, and Iran. It is a bloc of energy producers, consumers, and transit countries, with four nuclear powers (China, Russia, India, Pakistan, and perhaps Iran). Currently it covers an area of over 30 million km², or three-fifths of Eurasia, with a population of 1.455 billion, or one-fourth of the world’s total population (including the four observers, SCO covers half the world’s population). On 27 March 2009, the SCO for the first time hosted a Moscow conference on Afghanistan that included representatives from NATO, the U.S., the EU, and ministers from thirty-six countries. This was a Russian diplomatic coup as the summit occurred on the heels of Kyrgyzstan (under Russian pressure) evicting the U.S. from Manas Air Base—a crucial supply route for U.S. and NATO forces in Afghanistan. The summit resulted in a SCO-Afghanistan Action Plan that called for closer Afghan involvement in SCO-wide collaboration in fighting terrorism and drug trafficking in the region. 1 SCO members and observers already surround Afghanistan, and the action plan appears to be a roadmap to eventually draw Afghanistan into the SCO fold.

Moreover, this meeting was followed by the ninth SCO summit in Yekaterinburg, Russia on 15-16 June, where Russia concurrently hosted the first meeting of BRIC (Brazil, Russia, India, China) heads of states. The outcome of the BRIC meeting was a call to restructure the global financial architecture while the SCO summit produced an agreement to establish an SCO currency (to supplant the U.S. dollar as the dominant reserve currency), in addition to settling issues of NATO in Afghanistan, Iran’s SCO membership, and other regional security issues. 2 Given SCO’s increased presence in Afghanistan, outgoing NATO Secretary General Jaap de Hoop Scheffer in a July Chatham House conference discussed NATO’s new strategic concept and the need to engage other organizations—“I believe NATO should also develop closer contacts with the Arab League, the Organization of the Islamic Conference—and indeed the Shanghai Cooperation Organization”—in a “comprehensive approach” to new security challenges. 3 Indeed, the increasing role of the Sino-Russian-led SCO in Afghanistan and its interaction with NATO and the West will have important implications for transatlantic relations.

Energy Security and SCO as an Emerging Military Alliance

The SCO began as the “Shanghai Five” of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan in 1996 to resolve border disputes after the collapse of the Soviet Union. It was institutionalized in 2001 when Uzbekistan joined and became the Shanghai Cooperation Organization. Over the years, SCO watchers have witnessed its transformation from a loose interest-based collection of authoritarian states involved in resolving border disputes and counter-terrorism, to a formidable energy bloc when it established the Energy Club in 2007 (and calls to form a gas OPEC), to an increasingly militarized security bloc with joint military exercises. While not yet a military alliance, there seems to be a trajectory toward militariza-
tion of the organization, as outlined in a 2007 paper published by Lt. Colonel Dr. Marcel de Haas of the Royal Netherlands Army. This is measured by: (1) Increased security cooperation; (2) Increased CSTO-SCO ties; (3) Militarization of Energy Security; and (4) Connection with the West.5

First, despite denials of the military nature of the SCO, in 2007 for the first time a political summit (Bishkek 2007) was amalgamated with war games (Peace Mission 2007). Hitherto defense ministers were the highest-ranking officials to participate in the military exercises, thus the heads of states’ presence at the war game was perhaps signaling SCO’s determination to be in command of regional security. This trend is underscored by the increasingly ambitious nature of SCO military exercises from bilateral to multilateral to joint all-SCO level. Second, SCO policy documents may include the concept of “military assistance” (e.g., attack against one is an attack against all). In October 2007 SCO (a political-economic organization) signed defense agreements with CSTO (a political-military organization). Since “military assistance” is a key element of a mature security alliance such as CSTO, and because SCO signed a defense agreement with a purely military organization, this may promulgate the SCO toward a more military trajectory.

Third, CSTO-SCO cooperation is tied into the increasing military aspects of energy security,6 such as guarding security of oil and gas pipelines against terrorist attacks, protecting railway lines, and deploying rapid reaction forces. In light of SCO’s new cooperation with CSTO, this may lead to eventual standing of reaction forces in the near future regarding energy security. Finally, SCO is increasing ties with NATO—which has arrangements for cooperation with all SCO states except China. Since the 1990s, NATO has had bilateral cooperation with five central Asian states within the Partnership for Peace (PfP) framework, as well as with Russia via the NATO-Russia Council since 2002. In November 2005 SCO developed a contact group in Afghanistan and has had operational cooperation with NATO. It is looking to expand its military operations westward from central Asia.

**Militarization of Energy Security and SCO Challenges to NATO**

Moreover, energy security is an issue where China’s economic priority and Russia’s military priority converge within the SCO. Some pundits have opined that the Sino-Russian axis in the SCO is one merely of convenience and mutual interests, not necessarily a partnership at the strategic level.7 China is an energy importer and focused on economic growth, while Russia is an energy exporter and focused on military growth. However, militarization of an economic issue such as energy security is where Sino-Russian interests converge. This is underscored by the recent Russian national security strategy unveiled on 12 May 20098 on the theme of security through economic development, and the military power necessary to protect security of energy supply.

Due to insecurity of energy supply and dependency on the U.S. for protection of SLOCs (sea lines of communication) that connect vital energy resources in the Middle East and Africa, China has tried to hedge itself and adopted a military “string of pearls” strategy9 in an effort to create access to ports and airfields, develop special diplomatic relationships, and modernize military forces that extend from the South China Sea through the Strait of Malacca, across the Indian Ocean, and on to the Arabian Gulf.10 Each “pearl” is a nexus of Chinese geopolitical or military presence, such as upgraded military facilities on Hainan Island, an upgraded airstrip on Woody Island located in the Paracel archipelago, a container shipping facility on Chittagong, Bangladesh, construction of a deep water port in Burma, a navy base in Gwadar, Pakistan, or increasing ties with Iran in the Persian Gulf. It is also undergoing rapid naval modernization, including aircraft carrier ambitions to eventually challenge U.S. naval dominance.11

Similarly, Russia is increasing militarization of its energy security policy. The Russo-German Nord Stream pipeline that would run under the Baltic Sea has met stiff resistance from other Baltic littoral nations due to negative implications for this proposed pipeline—increased EU energy dependency on Russia, constraints on small members to act as regional security providers if energy security is undermined, and increased Russian military presence in the Baltic region. Sweden for one fears the risk of Nord Stream as a catalyst for increased Russian military presence and intelligence surveillance, especially in light of Putin proclaiming that during the construction phase, Russia’s Baltic
Sea Navy would protect Nord Stream pipelines. The risers and pipelines are excellent platforms for sensors of various kinds—radars, hydro-acoustic systems and sonar to act as eyes and ears for monitoring the system, as well as intelligence surveillance. This would provide Russian intelligence an edge in the Baltic Sea concerning all air, surface, and sub-surface activities—especially around Estonia, Finland, Sweden, and Denmark, and subsequently NATO members’ military exercises. This is indeed a realistic risk, given Russia’s past history of installing fiber optic cable along the Yamal pipeline without first informing the Polish government. Sweden has thus stipulated that Nord Stream needs approval of all countries whose territories will be traversed by the pipeline. Should the Russians build pipelines without approval of countries in the region, the Swedish military has drawn up plans to sabotage the pipeline if and when it is built.

The Sino-Russian strategic partnership is further reinforced by increased bilateral joint military exercises. On 28 April 2009, at a Moscow meeting between Russian and Chinese defense ministers, both announced closer military cooperation and as many as twenty-five joint maneuvers to be staged this year in a demonstration of strengthening the Sino-Russian axis and underscored the SCO’s growing military role.

From Afghanistan to Militarization of the Arctic—NATO’s New Arena

Indeed, concerns on militarization of energy security in light of the Russo-German Nord Stream in the Baltic are carried over to carbon-resource exploitation in the Arctic—both of which consist part of the “High North.” In 2007 Norway and Germany unveiled plans to exploit some of the Arctic’s vast energy reserves. Germany imports 40 percent of its natural gas from Russia—the highest within the EU—so it needs to carefully calibrate its energy-dependent relationship on Russia with its relations to NATO and the Arctic region—NATO’s new energy security arena. Since August 2007 when Russia staked territorial claims on the sea bed of the North Pole with a titanium flag, this has unleashed militarization of the Arctic region by other littoral states, all of which are NATO or NATO PfP members except Russia: U.S., Canada, Iceland, Denmark, Norway, Finland, and Sweden.

U.S. interests in the Arctic region culminated in the January 2009 U.S. Arctic Policy Report (NSPD-66), underscoring U.S. national security interests in the region and presenting the U.S. as “prepared to operate either independently or in conjunction with other states to safeguard these interests… [including] such matters as missile defense and early warning; deployment of sea and air systems for strategic sealift, strategic deterrence, maritime presence, and maritime security operations; and ensuring freedom of navigation and over flight.” It also underscored the need to preserve global maritime mobility of U.S. armed forces throughout the Arctic region and sovereign rights over extensive marine areas including natural resources. A 2008 U.S. Geological Survey estimated that 25 percent of the world’s oil and gas reserves lie in the Arctic, which is increasingly accessible due to climate change and melting of the polar ice caps. Moreover, in 2007 a Russian press source stated that the Northwest Passage, running through the Arctic Ocean along Russia’s northern coast, is the shortest way from Europe to Asia and the Pacific coast of the Americas, enabling shorter transport of oil and gas from Arctic deposits. On 27 March 2009 Russia subsequently released its own Arctic policy paper entitled, “The Foundations of State Policy of Russian Federation in Arctic Area for the Period Up to 2020 and Beyond,” declaring its intent to develop Arctic military forces to protect the continental shelf that would become the nation’s leading resource base by 2020. A few days later, Canadian officials announced similar plans to create a 500-strong Army unit for Far North operations, followed by Denmark creating a new Arctic military command in June. Even without an Arctic coastline, China had sent its icebreaker, the Snow Dragon, on its third Arctic expedition in summer of 2008 and has earned observer status to the Arctic Council. It is seeking to install its long-term deep-sea monitoring system in the Arctic.

NATO is thus becoming involved in the Arctic race for hydrocarbon resources. On 28-29 January this year, NATO held a meeting in Iceland entitled “Security Prospects in the High North” to address militarization of energy security. General John Craddock, then-Supreme Allied Commander Europe (SACEUR), suggested that while the Arctic was not yet a region of conflict, environmental and geopolitical developments risk potential military conflict among the eight stakeholders. Indeed, there has already been increased Russo-Canadian regional tension since 2007 over the disputed territory
of the Lomonosov Ridge, a 1,200 mile underwater mountain range running close to the Pole. NORAD spokesperson Michael Kucharek said Canadian and U.S. fighter jets have been scrambled more than twenty times since early 2007 to perform visual identification of Russian bombers and to direct them away from North American airspace.23

The Arctic is a vital Russian strategic region not only for energy resources but also for nuclear deterrent capabilities. Given U.S./NATO missiles, satellite radars, and interceptor missile facilities around the world and in space, a key place for Russian deterrence/retaliatory capacity against a nuclear first strike is under the polar ice cap. On 7 July 2007, a RIA Novosti article reported that, “A Sineva ICBM24 […] was fired in the summer of 2006 from the North Pole by the submarine Yekaterinburg […] Under a thick icecap the submarine remains invisible to hostile observation satellites till the last moment. As a result, a retaliatory nuclear strike would be sudden and unavoidable.” A Russian naval commander underscored the importance of Russian strategic submarines operating under Arctic ice: “This training is needed to help strategic submarines of the Russian Fleet head for the Arctic ice region, which is the least vulnerable to an adversary’s monitoring, and prepare for a response to a ballistic missile strike in the event of a nuclear conflict […] to preserve strategic submarines—it is necessary to train Russian submariners to maneuver under the Arctic ice.”25 Thus, Arctic polar ice caps are a key Russian submarine-launched ballistic missile (SLBM)26 strategy of deception and deterrence.

Given German energy interests in the High North—with a Norwegian joint energy venture in the Arctic and the Nord Stream venture with Russia in the Baltic—Germany needs to tread carefully in its relations with Russia and with NATO allies. The militarization of the High North between Russia and NATO members and partners will impact German energy interests as well as wider geopolitical interests.

NATO-SCO Energy Chess Game and Implications for U.S.-German Relations

As NATO is assessing a new strategic concept addressing emerging threats of WMD proliferation, terrorism, and energy security, it needs to also factor in the Sino-Russian-led SCO as an increasingly prominent stakeholder in Afghanistan and have a coherent transatlantic approach to energy security. SCO is a formidable energy bloc of key producing, consuming, and transit countries, including China as the world’s second largest energy consumer and Russia as the world’s #1 gas exporter and #2 oil exporter. As such, SCO activities in the world—whether in Afghanistan, central Asia, the Middle East, or the Arctic—will have an important impact for the West.

To that end, Germany has a key role to play as a U.S. partner in the EU and NATO in face of a rising SCO. Germany is both Russia and China’s largest trading partner in the EU and thus has considerable political-economic leverage. It can wield this leverage to influence Sino-Russian voting behavior in the UN Security Council regarding Iran and North Korea (Democratic People’s Republic of Korea, or DPRK) nuclear issues, as well as other global security issues. For example, Randall Everest Newnham in Deutsche Mark Diplomacy: Positive Economic Sanctions in German-Russian Relations examined the success of German efforts to gain political leverage over Russia via economic means from 1870 to the 1990s.27 He showed that positive economic sanctions such as foreign aid, trade, and credit incentives are more effective than negative types such as embargoes, because they are psychologically easier for the target state to accept and also have positive spillover effects on other aspects of the two states’ relationship. Given that China and Russia benefit greatly from German investment as well as exports of high technology, the German government can utilize instruments such as export credit and guarantees, export control of dual-use high tech goods, and joint energy projects to link to Sino-Russian cooperation on sanctions toward Iran and the DPRK. Additionally, Germany can levy financial sanctions against any entities in China and Russia that are on the U.S. Treasury Office of Foreign Assets Control’s Specially Designated Nationals (SDN) list for WMD proliferation to Iran, the DPRK, and elsewhere. On NATO and Afghanistan, with the German public’s postwar pacifism manifested in only 32 percent of Germans supporting its troops in ISAF, CDU and SPD leaders are reticent to commit more troops or raise the Afghanistan debate for fear of negative repercussions in the September election.28 However, the German government cannot allow short-term domestic electoral concerns to put its foreign policy on hold and risk neutralizing
long-term German effectiveness as a transatlantic partner. It is therefore up to the German government to conduct public diplomacy with its citizens to have a debate on Germany's role in the world, and raise public consciousness on the importance of security issues such as terrorism, Afghanistan, WMD proliferation, NATO solidarity, and a resurgent Russia—especially energy dependency on Russia.

Indeed, U.S. concerns about European energy dependency on Russia go back decades. In 1983, the Reagan administration produced National Security Decision Directive (NSDD) 75, which declared, “U.S. objectives are [...] to seek to minimize the potential for Soviet exercise of reverse leverage on Western countries based on trade, energy supply, and financial relations.” NSDD-75 concerns were in reaction to Soviet construction of a gas pipeline connecting the Urengoi gas field, via Ukraine, with Western Europe. West Germany protested against the original plans to route the pipeline through East Germany for fear that East Germany would shut down the pipeline during a crisis. The CIA warned that the Soviets would use the increased dependency of Western Europe on Soviet gas to undercut U.S. foreign policy objectives, by exploiting Europe’s vulnerability to energy disruptions and thus making energy a permanent factor in East-West relations. 29 It feared that Western Europe’s need for energy alternatives to Mideast oil would lead to greater dependency on Soviet natural gas, with corresponding demand for more pipeline connectivity that increases Soviet leverage. These past warnings indeed appear to be confirmed by Russia’s current “weaponization” of energy policy with gas cut offs to Ukraine and other east European countries. To counter this, Germany—as the largest EU nation—is well-placed to lead EU efforts to foment a common energy policy to deflect Russian energy strategy to “divide and conquer” “old” and “new” Europe, as well as partner with the U.S. for a common approach to decrease energy dependency on Russia.

Staying the course in Afghanistan will also signal NATO resolve to the Sino-Russian-led SCO that the transatlantic alliance is determined to deter a safe haven for the Taliban and Al Qaeda to launch further attacks against the West, and that a stable Afghanistan will finally enable construction of the Asian Development Bank-proposed TAPI pipeline (piping Caspian gas from Turkmenistan to Afghanistan, Pakistan, India) to give the Afghan people an alternative livelihood to opium trafficking. Alternatively, the negative spillover of a lack of NATO resolve in the Afghan mission is the increasing presence of SCO to fill the vacuum in Afghanistan—as they are beginning to do—and the construction of the Sino-Russian-backed IPI pipeline (piping Caspian gas from Iran to Pakistan to India). Without TAPI, the Iranian-proposed and Sino-Russian-backed IPI pipeline will give Iran and Russia greater leverage in weaponization of energy policy against the West. China, Russia, Iran, India, and Pakistan are all SCO members and observers, and Iran and Russia are already indirectly asserting their energy claims in the Caspian Sea via their July joint naval exercise.30 Like the Arctic, the Caspian Sea is a region of territorial dispute—it was regarded as “a Soviet and Iranian Sea” during the Cold War and regulated by Soviet-Iran treaties in 1935 and 1940, which have never been updated since the break-up of the Soviet Union.31

Conclusion

Territorial disputes in the Arctic, Caspian Sea, and elsewhere over energy resources and ensuing risks of military conflict are serious security challenges confronting the transatlantic alliance. However, they present an opportunity for Germany to reassert its role as a partner in leadership in the triangulation of U.S.-German-SCO relations. In so doing, it will signal to the international community Germany’s ability as well as willingness to undertake global responsibilities, and eventually garner support for its long-term goal to have a proper place in the UN Security Council. History matters for Germany, and like Japan, postwar pacifist sentiments such as the Basic Law (Grundgesetz) are embedded in the constitution, which limits its use of force for defensive purposes.32 Any deployment of Bundeswehr for non-defensive purposes requires parliamentary approval.33 Nonetheless, over the past sixty years domestic pacifism and isolationism have slowly evolved with the changing times, and Germany has steadily asserted itself on the international stage in ways that commensurate with its growing power and status. It joined NATO in 1955; deployed armed forces outside of NATO territory in the 1990s in Bosnia-Herzegovina, Somalia, Serbia-Montenegro, and Kosovo; and now it has the third largest troop contingent in NATO’s ISAF in Afghanistan. Like Japan in the 1980s, Germany in the 1990s experienced an awkward period with its U.S. partner of being an “economic
giant, military dwarf" when it comes to shouldering global security issues. However, the U.S.-Japan alliance is now the anchor of East Asian regional security architecture, and in many ways the U.S.-German partnership shows promises of being the anchor for transatlantic regional security architecture.

Germany is now at the crossroads of making the choice to act as a global player, at a time when its U.S. friend and ally is being overburdened by its role as the world’s anchor of stability and overstretched by two wars in the Middle East, as well as declining financial resources due to the economic crisis. Germany is a key partner in the EU and NATO to help the U.S. shoulder this burden, and it matters for the future of the alliance as well as for the West. As Clemens Wergin from *Die Welt* recently stated, if the U.S. one day becomes unable or unwilling to be the underpinning of a liberal democratic security architecture, “the world will either plunge into chaos—or autocratic regimes, like those in China and Russia, will take up that mission. This would not only be a heavy blow to the free world and what it stands for, but would probably also mean that the globe would be ruled by powers that define their global role in a much narrower and nationalistic sense than the U.S. and the West usually do.”

In fact, on 30 July, Russian president Dmitry Medvedev met with Afghan president Hamid Karzai and his Pakistani counterpart, Asif Zardari, in Dusanbe, capital of Tajikistan, to discuss trade and energy ties and anti-terrorism in an attempt to bolster the Russian foothold in the “Af-Pak” theater in an increasing effort to counter-balance NATO operations. Timing is of the essence, and now is the time that Germany can and should step up as a partner in leadership to support the transatlantic alliance as the underpinning of a liberal democratic order.

NOTES
4 CSTO is Collective Security Treaty Organization, the military alliance of the Commonwealth of Independent States (CIS). All SCO members except China are also members of CSTO.
9 The phrase “string of pearls” was first used to describe China’s emerging maritime strategy in a report titled “Energy Futures in Asia” by defense contractor Booz-Allen-Hamilton, which was commissioned in 2005 by the U.S. Department of Defense’s Office of Net Assessment.
16 Partnership for Peace.
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