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BAKU PAVES THE BRIDGE TOWARDS SHANGHAI

The Republic of Azerbaijan has applied for the observer status in the Shanghai Cooperation Organization (SCO). The announcement was made by SCO Secretary General Dmitry Mezentsev, according to TASS News Agency. Mr. Mezentsev stated that Syria, Belarus, Armenia and Bangladesh also have applied for the observer status.

Iran, Pakistan, India and several other countries have expressed interest in cooperating with the SCO and are currently participating as observers of this organization. In addition, the SCO is already considering the applications of Pakistan and India to become permanent and full members of this prestigious forum.

The Azerbaijani Foreign Ministry has not commented on Baku's intentions to become an observer of the SCO. In any case, Azerbaijan's expression of interest to join this organization is logical, and if not anything, it is a surprise why it took this long to submit an application. The key areas of development identified by Azerbaijan and the SCO are practically the same. According to official information, the priorities of cooperation with the SCO are the development of

transportation infrastructure, telecommunications, the oil and gas industry, and agriculture. All these areas are also priorities for Azerbaijan. The country is the initiator of and an active participant in all regional energy and transportation projects. Moreover, there is a growing emphasis on the development of the non-oil sector of Azerbaijan, especially in information and communications technology and agriculture.

It is important to note that of the potential observer countries, Azerbaijan, in contrast with, for example Armenia, does not come to the organization empty-handed. The country brings with it a hefty portfolio of its own projects of global importance, which, of course, are of interest to the organization's participating countries. And it's not just energy. This year should see the completion of the Baku-Tbilisi-Kars railway - a major transportation project, which in the foreseeable future, could link China and the countries of Central Asia to Europe. According to experts, this railway will reduce the transportation time of goods from China to Europe by half, and its total length will stretch nearly 7,500 km.

Of no less importance is the fact that Azerbaijan enjoys long-established and strong relations with almost all SCO member states and will not have to develop ties from scratch with any of them. The current members of the SCO are Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan - that is, the traditional partners of Azerbaijan. Russia is a key trade and economic partner of the Republic, and Azerbaijan has had relations with the countries of Central Asia for many years, and as time passes, the two sides continue to build bilateral economic and political relations. In addition, Chinese officials have repeatedly called Azerbaijan a key partner in the South Caucasus. Azerbaijan for its part has shown great interest in the markets of the Asia-Pacific region. We are talking about major investments in Asian stock and currency markets from the assets and foreign exchange reserves of the State Oil Fund (SOFAR) and the Central Bank, and the acquisition of currencies, equities and real estate in the region. Thus, the State Oil Fund alone plans to spend 500m dollars to purchase Chinese currency, and the Central Bank, twice that, i.e. one billion dollars to purchase Chinese currency and bonds in Chinese markets. In addition, the State Oil Fund has invested USD 447million

dollars in South Korean real estate and is also planning to purchase real estate in other countries in the region. In this regard, Azerbaijan's presence in the SCO will allow it to take a more active role in these and other large-scale projects.

In addition, there is another important political aspect that draws Azerbaijan's interest to the SCO, which is the extremely pragmatic approach to different formats of economic and political cooperation in the region. From Baku's point of view, the presence of two SCO regional giants, Russia and China, is a plus. And not just because these countries are among the leading countries in the world with powerful industrial potentials but above all the lack of dominance of any one of the participating countries in the SCO makes the organization a more acceptable format of regional integration for Azerbaijan, than, for example, the Eurasian Union, which is pressing for the country's accession. Thus, some have described last week's visits to Baku in yet another attempt to convince Azerbaijan to join the EAEU [Eurasian Economic Union] by Russian Deputy Prime Minister Arkadiy Dvorkovich and Communist Party leader Gennadiy Zyuganov as a "Russian landing force". The latter, in a conversation with reporters expressed openly the hope that Baku would support the "line of integration with the Eurasian Economic Union". And despite the fact that it was Kazakh President Nursultan Nazarbayev who first proposed the creation of the EAEU many years ago, lately, the words of "Russian Project" are being applied to this organization.

It is no secret that the China-Russia tandem is crucial to the development of the SCO. Nicola Contessi, an expert on the SCO from Laval University in Canada, believes that the future of the organization depends largely on the development of Russian-Chinese relations. According to him, Russia is watching China's increasing penetration into Central Asia with growing concern, and the SCO's prospects will largely depend on whether the Celestial Empire is able to show restraint to this matter.

However, despite the Canadian expert's wariness, Russia has no alternative at a time when Moscow's relations with the West are going through perhaps their worst phase in history. In addition, China is the leader and the engine of the world

economy, which bodes well for the future of any organization of which this country is a part of.

In any case, Azerbaijan's participation in any project of regional integration promises great benefit to all parties, and especially in the framework of the SCO - the largest Eurasian project.

By the way, as the Russian president's special envoy the SCO Bakhtiar Khakimov stated, "Moscow hopes that the decision to expand the SCO will be made at this year's summit in Ufa on July 9-10, 2015. Approval of the organization's development strategy through 2025 is on the agenda for the meeting of the Council of Heads of State, and one of the main points of the document is accepting new members into the SCO.

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