

# Regional Cooperation in the Eurasian Region: Role of SCO

## Policy Brief

### Executive Summary

The Shanghai Cooperation Organization (SCO) is a regional intergovernmental organization established to promote cooperation, particularly in the areas of politics, economics, culture, education, technology, and security. The organization, founded in 2001 with six member states, quickly gained prominence in international affairs. It expanded its reach and influence in 2017 when Pakistan and India joined it as member states. With that, it became the largest intergovernmental organization regarding its geographic scope and population. It now has nine member countries, with Iran joining it as the youngest member.

While the SCO holds promise as a viable institution, the presence of regional disputes, notably between India and Pakistan, has the potential to impede the organization's effectiveness. Additionally, India's unyielding approach and its history of handling SAARC affairs raise concerns about the possibility of India leveraging the SCO for its gains again. However, the Chinese presence in the organization provides a gleam of hope. Given China's considerable economic influence and strength, there is optimism that it could play a stabilizing role in maintaining peace within the organization. The SCO has the potential and capability to generate synergy, promote regional stability, economic development, and connectivity in the Eurasian region, and be a feasible alternative to SAARC, given that the regional disputes are resolved and do not disrupt the working of the organization.

India hosted the most recent SCO summit on July 4, 2023. The summit, held virtually, revolved around the pivotal themes of security, connectivity, cooperation, development, and economics. The summit resulted in

the formulation of the Delhi Declaration, which focuses on several points.

Against this backdrop, the Institute of Policy Studies organized a roundtable discussion titled "Regional Cooperation in the Eurasian Region: Role of the SCO" on July 20, 2023. The roundtable was addressed by Ambassador (r) Masood Khalid, Pakistan's former ambassador to China, Dr. Sarwat Rauf, associate professor at NUML, Ambassador (r) Abdul Basit, Pakistan's former high commissioner to India, Ambassador (r) Syed Abrar Hussain, vice chairman IPS, Mehr Kashif Younis, former senior vice president Lahore Chamber of Commerce & Industry, Dr. Faisal Javed, assistant professor at FUUAST, Karachi, and Prof Dr. Fakhul-Islam, director research and academic outreach, IPS.

While evaluating the summit's outcomes, the forum assessed the significance of the SCO as a crucial platform for fostering regional stability, economic development, and connectivity in the Eurasian region, with a particular focus on Pakistan. Key takeaways of the discussion are briefly discussed in the following sections.

### An Overview of SCO

The SCO is a Eurasian political, economic, security, and defense organization that was established in 2001. It is the world's largest regional organization in terms of geographic scope and population, covering approximately 60% of the area of Eurasia and around 42% of the world's population. Its combined GDP is around 20% of the global GDP. The founding countries, apart from China and Russia, include four Central Asian countries – Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan. It currently has nine members; Iran became a member in July 2023,

whereas Pakistan and India joined in 2017. There are three observer states, including Afghanistan, Belarus, and Mongolia, and six dialogue partners: Armenia, Azerbaijan, Cambodia, Turkey, Nepal, and Sri Lanka.

The SCO's supreme decision-making body – the Heads of State Council (HSC) – meets once a year, and the recent summit in India was a meeting of this forum. The main objectives of the SCO are to strengthen political security and economic cooperation; confront threats emanating from terrorism, extremism, and separatism; move towards developing a democratic and equitable international political order; ensure joint efforts in maintaining peace, security, and stability in the region; and deepen engagements in trade, commerce, transport, tourism, environment, cultural linkages, education, research, and technology.

The SCO countries represent more than 42% of the global population, forming a significant consumer market, thriving technology parks, a large bulk of the young population, and covering 22% of the world's land mass. Notably, SCO has all the potential for greater benefits. However, several obstacles, such as historical conflicts and widespread political unrest, have hindered cooperation.

### **Central Theme and Focus of the SCO Heads of State Council Meeting**

The recent SCO meeting in India centered around 'Secure SCO,' a comprehensive framework within which S represented security, E stood for economic development, C symbolized connectivity, U signified unity, R denoted respect for sovereignty and territorial integrity, and E encompassed environmental protection. A crucial aspect of the summit was the Global Security Initiative (GSI), presented by Chinese President Xi Jinping, who called for political resolutions to international and regional conflicts to establish a solid security shield in the region.

The New Delhi Declaration can be highlighted as the pivotal achievement of the summit. It is an unprecedented agreement that fervently advocates for the commitment of the participating countries to peacefully settling their disputes; countering activities of terrorist, separatist, and extremist groups; and eliminating conditions conducive to the spread of terrorism. The parties also expressed concerns about the production, trafficking, and abuse of narcotic drugs and expressed intentions to conduct joint drug operations. In addition to that, they opposed the militarization of information and communications technologies (ICTs).

The declaration unequivocally supported all efforts of disarmament while favoring strict observance of NPT, opposing the unilateral expansion of global missile defense systems, standing for promoting multilateral arms control, and advocating keeping outer space free of weapons. It further emphasized the importance of BTWC (Biological and Toxin Weapons Convention), calling for full compliance with CWC (Chemical Weapons Convention) and supporting OPCW (Organization for the Prohibition of Chemical Weapons). With that, the declaration endorsed various measures aimed at an early entry into force of the Protocol on Security Assurances to the Agreement on a Nuclear-Weapon-Free Zone in Central Asia. The signatories fervently called upon all the participants to fulfill their obligations for the implementation of the Joint Comprehensive Plan of Action (JCPOA) on the Iranian nuclear program.

The current situation in Afghanistan also came under discussion with the aim of a better future for the country and the region. Firstly, the parties advocated building Afghanistan as an independent, neutral, united, democratic, and peaceful state, free of terrorism, war, and drugs, with an inclusive government. Secondly, the dignified, safe, and sustainable return of Afghan refugees was stressed. Thirdly, given the evolving humanitarian situation in Afghanistan, a determination to support continued efforts to assist the Afghan people was shown.

Reaffirming their support for China's Belt Road Initiative (BRI), all member countries (except India) noted the ongoing work to jointly implement this project, including efforts to link the construction of the Eurasian Economic Union and BRI.

In addition to that, the members agreed to declare 2024 as the SCO Year of Environment. Finally, the intent to strengthen cooperation in education, culture, health, disaster management, tourism, sports, and science and technology was also reiterated.

### **Views of the Heads of the Key Member States**

Chinese President Xi Jinping stressed remaining vigilant against external attempts to spark a new cold war and provoke unnecessary conflicts within the region. Russian President Vladimir Putin indirectly attributed Ukraine's anti-Russian sentiment to external forces. Indian Prime Minister Narendra Modi highlighted the significance of connectivity. Still, at the same time, he stressed the need to respect member states' sovereignty and regional integrity while criticizing 'cross-border' terrorism. Pakistan's

Prime Minister Shahbaz Sharif emphasized the need to fight all forms of terrorism but asked not to use it as a cudgel for point scoring. In addition to that, he underlined the need for connectivity and highlighting the importance of engaging Afghanistan.

### **Bilateral Disputes: A Major Irritant to Functioning of SCO**

The SCO is confronted with numerous bilateral disputes at global and regional levels. An organization is established on poor foundations when bilateral relations among member states are in a perpetual state of hostility. This had been observed in the case of SAARC, and now the apprehension is that SCO will face the same situation. The US considers China, a growing superpower, as its global competitor. The US has been counter-poisoning India to partner and work against China, and their strategic partnership is evolving and growing very rapidly, which could have implications for the SCO.

Similarly, Pakistan and India have serious conflicts, particularly over the disputed territory of Jammu and Kashmir. The situation has become more complicated after August 5, 2019, because currently, there is no diplomatic channel between the two regional powers. In such a situation, it is rather unclear how regional cooperation among Asian powers can materialize through SCO. Statements being made at the international level are good, but the issues revolving around SCO are pretty grim.

India is the biggest hurdle in the growth and effective functioning of the SCO as it has serious problems with both China and Pakistan. In its present form, the SCO has very limited prospects, if any. Since SAARC has become dormant, India realized well that SAARC cannot progress as long as Pakistan-India disputes exist. Hence, India started exploring and promoting sub-regional initiatives like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Bangladesh, Bhutan, India, Nepal Initiative (BBIN) in South Asia. Similarly, India's focus now is more on the International North-South Transport Corridor rather than the BRI, and this difference of opinion was very visible in the statements of President Xi and Prime Minister Modi. In addition to that, Modi, in his statement, mentioned Iran's Chabahar port to connect South Asia with landlocked Central Asia.

On the other hand, Prime Minister Shahbaz Sharif stressed making the BRI a bridge between South Asia and Central Asia. The differences, therefore, are quite

visible, and only by resolving bilateral disputes among countries, any concrete contribution can be made toward realizing the potential of SCO. China and Russia, the two major stakeholders of SCO, can play a vital role in keeping the forum effective and preventing any effort to neutralize it.

### **China as a Mediator in the India-Pakistan Conflict?**

The Indian ambition to act as the policeman, rather hegemon, in South Asia is quite visible now. Due to this ambition, SAARC met its fate since India was unable to influence the bloc in the presence of Pakistan. The present hardline government of India has now adopted a policy to unilaterally decide the fate of issues that have historically been of bilateral concern between India and Pakistan. In this regard, the revocation of the special status of Indian-Occupied Kashmir on August 5, 2019, is self-explanatory. Considering this behavior, Pakistan has been practically refraining from directly dealing with India. It is essential for the SCO members to draw attention to India's ambitions to be a dominant player in the region and its growing aspirations to become a global power. This indicates a need to understand and address the interests of India in the international arena.

China, being a leading player on the global stage, can play a vital role in engaging with India. While trade relations between India and China may be increasing, it is crucial to recognize the historical military standoff between the two, which adds complexity to their relationship. In light of this, China emerges as a potential mediator in solving regional issues involving India. The diplomatic skills and experience of the Chinese nation could prove valuable in fostering a peaceful resolution and promoting regional stability. Moreover, Chinese support for Pakistan's stance on various platforms may provide a foundation for a constructive dialogue. By leveraging this alignment, China can act as a bridge between India and Pakistan, encouraging productive discussions and finding common ground on contentious matters. Considering the complexity of geopolitical dynamics, engaging China as a mediator offers a chance to navigate sensitive issues and facilitate cooperation.

In conclusion, Pakistan should work on fostering its diplomatic relations with China and utilize its diplomatic expertise to address regional harmony concerns. By doing so, it can work out constructive solutions and promote a peaceful and stable environment in the region.

## How are Pakistan-India Relations Contributing to SCO's Situation?

The term 'connectivity' seems very nice and flowery, but at the end of the day, it is the realpolitik that drives the diplomacy of states. Every state prefers its interests first and foremost, and many times, diverging interests of members become an obstacle to the functioning of multilateral arrangements like SAARC and SCO. In the case of Pakistan and India, the positions have hardened over the years, especially since 2019, and there does not seem to be much bilateral space left between the two to continue mutual talks. One option for Pakistan and India is to engage with each other behind the public view through third-party mediation. This option can only materialize if India is willing to address the Jammu and Kashmir issue upfront. This will increase the productivity of the SCO and prevent the forum from being riddled with other issues along with global variables directly impinging on its functioning.

## Indications and Prospects for SCO's Expansion

The SCO started in 2001 with six members and expanded to eight in 2017 when India and Pakistan joined as full members. The number has reached nine, with Iran becoming the youngest full member this year.

Primarily, the organization was focused on strengthening mutual confidence and good-neighborly relations among the member countries; promoting effective cooperation in politics, trade and economy, science and technology, culture as well as education, energy, transportation, tourism, environmental protection, and other fields; making joint efforts to maintain and ensure peace, security and stability in the region, and moving towards the establishment of a new, democratic, just and rational political and economic international order. Over the years, SCO has grown significantly, welcoming three observer states as full members. It currently comprises four nuclear powers, two members with veto power in the UNSC, includes the world's most populous countries and the second-largest economy. The member states, especially those in Asia like Kazakhstan, Iran, and Uzbekistan, possess abundant natural resources, making them influential in the organization.

The expansion in its membership indicates a promising future for the organization. With each new member, the SCO's influence in regional affairs

increases, enhancing its role on the global stage and strengthening regional security and stability. Additionally, new members open doors for greater economic cooperation and development, expanding existing initiatives in free trade, investments, and trade facilitation.

The SCO's expansion has implications for cooperation in energy resources as well. With member states already holding substantial portions of the world's proven oil and gas reserves, the organization may potentially position itself as a political challenger to unipolarity, advocating for a new democratic and rational international order. Moreover, the expansion can help balance the influence of Western powers in the region, alleviating financial pressures on the organization from international institutions.

However, challenges accompany the expansion. Unresolved bilateral issues and rivalries, as seen between India and Pakistan or China and India, can strain the organization's cohesion, especially with a focus shift from Central Asia to the Middle East and South Asia. Scholars have expressed concerns about the symbolic nature of the SCO's expansion, emphasizing the need for tangible institutional development to maintain the organization's effectiveness.

Overall, the SCO's expansion represents a pivotal moment in shaping regional dynamics and global politics. With new members, the organization gains greater influence and economic opportunities, but addressing challenges and maintaining cohesion will be crucial for harnessing the true potential of the expanded SCO. As this dynamic process unfolds, it undoubtedly impacts the future trajectory of Asia and the global order at large.

## Implications of the Summit for Pakistan and Actionable Recommendations

Pakistan should remain focused as it is a trade hub, and the importance of its geo-strategic location cannot be ignored. Currently, several projects are underway in collaboration with the Central Asian Republics, such as CASA 1000, which has garnered support from various organizations. While initially backed solely by the US, the project now enjoys the assistance of the International Development Association. Another prominent project that has captured media attention is the Trans-Afghan Transport Corridor. Additionally, the Railway Corridor being constructed in partnership with Uzbekistan will create a vital link between Termez and Peshawar through Kabul. These projects



are highly feasible, but their success is conditional on improvement in the security situation and political stability in Afghanistan.

Pakistan needs to effectively respond to the Indian propaganda of being a terror-sponsoring state. The echo of this falsifying propaganda has multiplied during the Modi-led government. It is not only confined to the high circles of government but Indian academicians and students abroad are very active in building this narrative. This may tarnish Pakistan's image in the region and beyond. In response, it is imperative for the Pakistani government to shift its focus toward academia. Facilitating collaborative research initiatives could play a pivotal role in enhancing the nation's soft image. Furthermore, cultural diplomacy and tourism demand significant attention.

India has also been very active in creating multilateral forums where Pakistan is not present, often referred to as "minus one" arrangements. Given the longstanding India-Pakistan rivalry, this strategy allows India to engage more freely without the complexities that arose in SAARC or may potentially occur in the SCO. Pakistan could also consider taking the lead in establishing multilateral forums without India's presence to foster regional cooperation and address common challenges more effectively. The India-Pakistan rivalry has significantly affected SAARC's functioning and progress, which could also have implications for the SCO's effectiveness in the future.

By focusing on forums where India is absent, Pakistan may find greater scope for regional cooperation and initiatives that promote peace and development. Collaborating with Central Asian countries and China, for example, could create alternative avenues for bolstering regional ties and enhancing Pakistan's presence on the global stage.

### **A Positive Future with SCO: Prospects and Challenges**

Over the course of two decades, the SCO has undergone significant evolution. When it was initially conceived and launched, its foremost focus was centered on security concerns, particularly in countering terrorism, extremism, and separatism. These priorities were evident in every document related to the organization. The driving forces behind the establishment of SCO were multi-faceted.

China's motivation stemmed from its concerns regarding groups like the East Turkestan Islamic

Movement (ETIM), which sought to promote separatism in its Xinjiang province. Meanwhile, Russia was grappling with challenges in regions like Chechnya and Dagestan, prompting its interest in fostering regional stability. The Central Asian Republics were also coping with security issues, like the civil war in Tajikistan and the spillover effects of terrorism from neighboring Afghanistan. These compelling factors culminated in the formation of SCO, which initially emerged as the Shanghai-5 and expanded in 2001 to turn into a six-member organization.

Three multilateral organizations are prominent and relevant according to the region's current landscape, and upon close analysis, a distinct pattern emerges among them. The first organization, SAARC, is dysfunctional, while the second, ECO, is also dormant. Contrastingly, the SCO is the only one that has gained strength over time and is continuously evolving and focusing on regional cooperation, integration, and mutual growth among member states. The organization has different cooperation mechanisms and expert groups, which frequently hold meetings and joint exercises.

The number of dialogue partners and observers associated with the SCO and the pace at which countries are getting involved and becoming members demonstrates the growing influence and demand of the organization. The heightened interest of different states can be attributed to the ever-changing nature of their foreign policies. In an era where there is continuous competition between the US and China, countries are hedging their positions and want to be part of such organizations where they do not have to choose sides, nor do they have to be taught lessons on particular definitions of human rights and governance systems. The joint statement issued in Delhi this year solidifies this trend, as it outlines a collective stance against unilateralism and protectionism. By promoting multipolarity and rejecting the alleged hegemony of Western powers led by the US, this statement reflects a shared sentiment among many nations.

Secondly, differences and disputes among countries are inherent to international relations. All multilateral organizations are affected in one way or another by geopolitical permutations and contests among regional and global powers. The Pakistan-India conflict is no different. Conflicts exist between the US and China and even among Central Asian countries like Kyrgyzstan, Tajikistan, and Uzbekistan. Yet these disagreements cannot overshadow their keen interest

in promoting economic cooperation and enhancing trade relations, and connectivity.

The geopolitical environment is shaping in favor of Pakistan. Attention should be given to India's ability to sabotage or impede the process of the SCO, but it must be made sure that these designs are not overemphasized. The fact that Pakistan and India share a platform under Chinese leadership converts balance in Pakistan's favor and opens up new avenues for dialogue between the two rivals. To effectively utilize the organization to pursue its regional interests, Pakistan must put its house in order first. Pakistan's policy circles are duty-bound to do effective homework and use it to the country's advantage.

### **Policy Recommendations**

- The Eurasian region possesses unique characteristics, which makes it an attraction for foreign powers. Power dynamics have visibly been shifting from the West to the East, and the role of the SCO members is undeniable in this regard. Against this backdrop, the SCO countries need to talk and sort out their mutual problems themselves and should not rely on or be influenced by extra-regional powers.
- Pakistan and India should show some flexibility diplomatically to promote regional connectivity. China and Russia, the two key members of the SCO, can play a vital role in bringing the two neighbors towards dialogue.
- Expansion of the SCO will enhance its organizational capabilities in ensuring regional

peace and stability along with greater economic cooperation and development of the organization's existing initiatives. Turkey has shown interest in becoming the organization's full member. Its entry will be pivotal not only for the country itself but will also promote regional connectivity further.

- Given the security concerns related to terrorism, extremism, and separatism, the SCO countries should strengthen their collaboration in addressing these common security threats. They can do this through intelligence sharing, joint military exercises, and coordinated counter-terrorism efforts.
- The SCO members should actively engage in conflict resolution efforts. This includes encouraging diplomatic dialogue and mediation in regional disputes, such as those between India and China, or between India and Pakistan, to prevent spillover effects.
- Collaboration between member states on projects related to renewable energy is crucial. This could involve joint research, exploration, production, and distribution of renewable energy resources, ultimately leading the region to reduce emissions from traditional energy sources.
- The SCO member states need to foster greater understanding and trust by encouraging academic, cultural, and tourism cooperation on a bilateral and multilateral basis to build stronger people-to-people ties.

\*\*\*\*\*

Prepared by:

**Mariyam Ehsan**

Project Associate

Institute of Policy Studies, Islamabad

For queries:

**Naufil Shahrukh**

General Manager Operations

Institute of Policy Studies, Islamabad

naufil@ips.net.pk | www.ips.org.pk