

India and the SCO

by Arun Sahgal and Hemant Krishan Singh

Introduction



This policy brief examines the rationale for India's entry into the SCO, the outcomes of the Qingdao SCO Summit (June 9-10, 2018) and their implications for India.

India's participation in the 18th SCO Summit held at Qingdao, China, marks its formal integration with Central Asia, a region with which India has deep historic and cultural linkages. While India has long considered Central Asia as part of its "extended neighbourhood", since the breakup of the former Soviet Union there has been a prolonged drift in India's relations with the region. Many explanations have been offered for this, chief among these being shifting Indian priorities, poor direct connectivity (including on account of adversarial relations with Pakistan) and decades of turbulence in Afghanistan. India has taken its time to recognise the rapidly changing geopolitical and geoeconomic realities of Central Asia and their consequences.



Leaders attend the signing ceremony at SCO 2018 (Source: X News)

IN THIS ISSUE

"India and the SCO"

Authors:

Brig. Arun Sahgal (Retd.), PhD.

Senior Fellow

and

Ambassador Hemant Krishan Singh

Director General

DPG Policy Brief is produced by the Delhi Policy Group, an independent and autonomous, not for profit think tank which focuses primarily on strategic issues of critical national interest.

In keeping with the growing dynamism of India's foreign and security policy, the DPG has expanded its focus areas to include India's broader regional and global role and the strategic partnerships that advance India's rise as a leading power. To support that goal, the DPG undertakes research and organizes policy interactions across a wide canvas, including strategic and geo-political issues, geo-economic issues and defence and security issues. DPG does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2018 by the Delhi Policy Group (DPG)



Ambassador Hemant Krishan Singh

Director General

India's renewed interest in the region is driven by strategic imperatives. China's unprecedented economic rise and its ambitious Belt and Road Initiative (BRI) is propelling regional integration and driving closer economic and political alignment of Central Asian nations with China, including through the SCO. Russia's economic decline has only facilitated the process of China assuming this regional primacy. India can hardly afford to stand by as China's growing relations with its Central Asian neighbours begin to strategically encircle India. Second, and equally important, has been India's growing need as a rising economic power to seek access to the energy resources of the region.

SCO: Inception to Expansion

Since its inception as the "Shanghai Five" group in 1996, the SCO (founded in 2001) has remained a restricted Eurasian club dominated by China, with limited impact both in terms of efficacy and profile. Achievements of the SCO have mainly been a function of China's bilateral initiatives.

In the past, the SCO has also been held back by a deep undercurrent of strategic competition between Russia and China that has only narrowed following an understanding reached between Presidents Putin and Xi in 2015 for ensuring synergy between Russia's Eurasian Economic Union (EAEU) and China's OBOR (now BRI).

The Ukraine crisis and resultant Western sanctions on Russia, together with a sharp decline in oil prices, have led Central Asian countries to look for additional markets. Anxiety over growing Sino-Russian proximity has further compelled regional states such as Kazakhstan and Uzbekistan to seek diversification beyond their immediate neighbours.



The Prime Minister, Shri Narendra Modi with the President of Russian Federation, Mr. Vladimir Putin, at the Signing Ceremony of the Shanghai Cooperation Organisation (SCO) Summit (Source: Press Information Bureau)

Tightening US sanctions against Russia and US-China trade disputes that could snowball into a major confrontation are now giving fresh impetus to Sino-Russian ties. However, their perspectives in the SCO remain distinct. Russia views the SCO's utility in ideological terms, first as a counterpoise against Western domination and second as part of Russia's growing economic engagement with China to counterbalance denial of trade and investment opportunities by the West. China, on the other hand, treats the grouping as a vehicle for expanding its geopolitical and geoeconomic interests, with arteries for enhancing trade with Europe as the centrepiece.

India's admission as a SCO member was supported by Russia, while China has ensured that Pakistan is inducted into the organisation at the same time. President Xi Jinping's Silk Route Economic Belt (SREB), or the re-named "Belt and Road Initiative" (BRI), has played a part in propelling SCO's enlargement, mainly to support China's connectivity projects for broader market access and integration.

SCO's expanded membership now comprises China, India, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Pakistan as full members and Afghanistan, Iran, Mongolia and Belarus as observers.

India's entry into the SCO can provide fresh vitality to the grouping. The world's largest democracy joining the SCO lends greater legitimacy to a grouping thus far dominated exclusively by former and current Communist states. India's geographical size, its 1.2 billion population and USD 2.3 trillion economy makes the SCO one of the larger regional organizations in the world.

It also brings a broader context to the challenges of extremism, radicalisation and separatism facing the region. The presence of both India and Pakistan, despite their bilateral issues, brings into play the serious security challenges facing Afghanistan since the US drawdown in 2014. The rising regional footprint of ISIS, terrorist incidents in China's Xinjiang province and continuing attempts to destabilise Afghanistan require fresh thinking with regard to the management of the region-wide threat of terrorism.

India as a SCO Member

India's formal admission into the SCO last year (June 9, 2017) also comes amidst the ongoing global rebalancing and the complex geopolitical undercurrents marked by growing China-US tensions and a serious US-Russia standoff. Earlier, the pretext for China to keep India out of the SCO had appeared to be to maintain its exclusive domain and not admit a country viewed as having greater proclivities towards the West and the East than towards Eurasia.



PM Modi outlines his vision for regional peace and prosperity at SCO 2018 (Source: India TV)

Following Prime Minister Modi's "informal" summit meetings with Presidents Xi (April 27-28, 2018) and Putin (May 21, 2018), a greater willingness to engage India was on display at the SCO Summit. Growing familiarity between the Indian and Chinese leaders, who have not missed a single opportunity to meet at major multilateral summits, appears to have generated a better understanding of each other's core interests, despite continuing differences. In particular, the Wuhan "informal" summit in April this year has raised the prospect of relative peace and tranquillity along the disputed Line of Actual Control.

India's membership of the SCO makes the regional organization a more inclusive forum that comprises all major stakeholders, enabling the SCO to potentially emerge as a more substantial grouping that can focus meaningfully on regional security, counter-terrorism and connectivity.

Summit Outcomes

Leaders of the eight member countries attending the SCO Summit signed off on as many as 22 documents, which included a five-year action plan on implementing the Treaty on Good Neighbourliness, Friendship and Cooperation among the

SCO states, which is seen by some as a possible framework that can help reduce India-Pakistan tensions.

Prime Minister Modi strongly urged SCO leaders to form a regional front against terrorism and resist attempts to threaten peace, security and sovereignty in Afghanistan.

An important document in which India played a key role was the SCO declaration on counter-terrorism and de-radicalisation, which called for a three-year action plan to combat terrorism and separatism. However, the part of this declaration calling for non-interference in the internal affairs of other countries in countering terrorism and extremism carries mixed signals as it could be construed as constricting India's response options as a longstanding victim of cross-border terrorism from Pakistan. The declaration also adopted a five-year action plan to deal with the fast growing menace of drug production and trafficking, something that India will welcome given the burgeoning drug problem in border states like Punjab.

From the perspective of China as the host country for this SCO Summit, the timing was particularly opportune. President Xi was able to extol the advantages of the multilateral trading system based on the rules of the WTO, which stood in stark contrast with the recent G-7 Summit which witnessed public bickering among Western leaders, with the US eventually refusing to endorse a joint communique with its closest allies.

The SCO Summit also provided an opportunity for the leaders of Russia and China to boost their economic and political ties against the backdrop of the US National Security Strategy, which has clearly called out the two nations as revisionist states and potential challengers to US power and influence. In that sense, the summit enabled both countries to project their combined strategic influence, particularly in the heart of Eurasia and extending to its important peripheries, from the Indo-Pacific rim to the borders of Central Europe.

Implications for India

For India, the SCO can become an important platform to expand its outreach to the Eurasian heartland as part of a "Connect Central Asia Policy". In furtherance of this policy, PM Modi outlined his vision for the region through the acronym of SECURE – Security for citizens, Economic development, Connectivity, Uniting people

and regions, Respect for sovereignty and territorial integrity and Environmental protection. He also pushed for greater people-to-people engagement between India and other members of the SCO and underlined India's desire to double the number of tourists from the region. New Delhi is planning to organise a SCO food festival as well as a shared Buddhist heritage exhibition in India.

Predictably, India stood alone in not joining other SCO countries in endorsing China's BRI initiative. Prime Minister Modi, while affirming India's support for regional connectivity projects, underscored that such projects must be inclusive, sustainable and transparent and must respect the sovereignty and territorial integrity of nations.

Modi-Xi Meeting

In their bilateral meeting on the sidelines of the SCO Summit, Prime Minister Narendra Modi and his Chinese counterpart President Xi Jinping maintained the "Wuhan spirit" and firmed up important agreements. The first among these related to sharing hydrological data on the Brahmaputra River. The second enabled the export of non-Basmati rice to China, giving some impetus to economic relations which have been clouded by China's huge trade surplus with India. The third agreement permits Indian pharmaceutical companies to register for high quality pharma products in the Chinese market.



PM Modi and China's Xi Jinping discuss ways to further strengthen ties in Qingdao. (Source: DNA)

Conclusion

India's strategic interests and geographical location underpin its role as both a continental and a maritime power. India's entry into the SCO forum thus complements its growing engagement across the maritime spaces of the Indo-Pacific. Both dimensions signal a posture of strategic independence.

On the one hand, India is deepening its strategic partnerships with the US and other like-minded countries in the Indo-Pacific. On the other, it has maintained its engagement with Russia and China through multilateral initiatives that now include both the SCO and BRICS. As a regional balancer, India's objective must be to carve out its own space in terms of political influence and economic connectivity. That said, India will inevitably face a host of conflicting interests and challenges within the SCO, from regional and global issues to connectivity initiatives and combating terrorism. India's diplomacy will be tested as it will find itself frequently at odds with some of the other SCO members.

Delhi Policy Group

Core 5A, First Floor, India Habitat Centre
Lodhi Road, New Delhi 110003

Phone: +91 11 48202100

Website: www.delhipolicygroup.org

Email: dg@dpg.org.in; dgooffice@dpg.org.in

DPG POLICY BRIEF
Volume III, Issue 9
June 2018