

# IDSA *Backgrounder*

## India's Membership in Shanghai Cooperation Organisation: An Appraisal

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### *Summary*

This Backgrounder evaluates the possible advantages and challenges stemming from India's membership in SCO.

On June 9, 2017, India became a full member of the Shanghai Cooperation Organisation – a grouping one of whose primary objectives is to ensure stability on the borders of its members.<sup>1</sup> This development came amidst India's border standoff with China in the Sikkim sector and on-going ceasefire violations on the Line-of-Control with Pakistan, the two other members of the SCO. In the wake of these developments, many have questioned the wisdom of India joining an organisation where it could possibly face strong resistance from both China and Pakistan. In this context, this Backgrounder evaluates the possible advantages and challenges stemming from India's membership in SCO.

India's disconnect with Central Asia came with Partition and the loss of direct geographical links. Although Central Asia is highly endowed with natural resources, the ongoing conflict in Afghanistan and Pakistan's denial of transit prevent India from directly accessing these resources and deepening economic ties with the countries of the region. This is an important factor that led India to seek membership in SCO.

## Advantages

India being an energy deficient country with increasing demands for energy, it is an assured market for the resource rich Central Asian countries and Russia.<sup>2</sup> SCO membership could help advance talks on the construction of stalled pipelines like TAPI (and possibly IPI later) which is of considerable importance to India's natural gas needs. Another development related to India's energy requirements is the proposed Russian idea of an 'Energy Club' for deepening interactions between producers (Russia, Kazakhstan, Uzbekistan and Iran) and consumers (China, Tajikistan, Kyrgyzstan, India, Pakistan and Mongolia) while shaping a common energy system in both the regional and global contexts.<sup>3</sup> Within this framework India and Russia are exploring a possible hydrocarbon pipeline route through North-West of China.<sup>4</sup>

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<sup>1</sup> Abhishek Srivastava, "How India can benefit from joining Shanghai Cooperation Organisation," June 23, 2016, at <http://www.dailyo.in/politics/shanghai-corporation-organisation-foreign-policy-narendra-modi-central-asian-republics-tashkent-terrorism-security/story/1/11346.html>

<sup>2</sup> Ashok Sajjanhar, "India and the Shanghai Cooperation Organization," June 19, 2016, at <http://thediplomat.com/2016/06/india-and-the-shanghai-cooperation-organization/>

<sup>3</sup> "SCO Energy Club: structure ready for international interaction, not Shanghai Six's elite club," at <http://infoshos.ru/en/?idn=13913>

<sup>4</sup> B. K. Sharma & R. K. Sharma, "India's SCO Membership – Challenges and opportunities," at <http://usiofindia.org/publications/OccasionalPapers/IndiaSCOMembershipChallengesandOpportunities.pdf>

For their part, Central Asian countries provides India with a market for its IT, telecommunications, banking, finance and pharmaceutical industries.<sup>5</sup> Thus, membership in SCO will help deepen economic ties between India and the Central Asian countries and eventually even result in a Free Trade Agreement with the Eurasian Economic Union.

SCO also provides a stage to India for achieving some of its foreign policy goals. Membership in SCO is likely to help India fulfil its aspiration of playing an active role in its extended neighbourhood as well as checking the ever growing influence of China in Eurasia.<sup>6</sup> SCO also provides a platform for India to simultaneously engage with its traditional friend Russia as well as its rivals, China and Pakistan.<sup>7</sup> Moreover, SCO membership would also enable India to hinder any attempt of Pakistan to use the SCO forum for mobilising support for its anti-India activities.<sup>8</sup> Further, it will help India engage the Central Asian Republics (CARs) on a regular basis every year, something which has proved rather difficult in a bilateral format.<sup>9</sup> Finally, as a member of an organisation whose influence is growing steadily, India would be able to attain a robust position in the world.

There are also other advantages that could accrue to India from its membership in SCO. Firstly, Pakistan, which too enjoys historical and cultural links to Central Asia, would be able to deepen its own relationship with the CARs. This, combined with the fact that CARs are also part of the Organisation of Islamic Cooperation (OIC) which has backed Pakistan on the Kashmir issue,<sup>10</sup> could lead Central Asian countries to be more sympathetic towards Pakistan's position. In this case, however, a regular dialogue with CARs through the platform of SCO could hamper any such attempt by Pakistan. In addition, India would be able to mobilise opinion against Pakistan's use of cross border terrorism.

Secondly, India's presence in SCO would also ensure that China does not dictate terms in Eurasia. This is also the concern of Russia which is in a state of a 'soft competition' with China in Central Asia.<sup>11</sup> This is one of the reasons why Russia

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<sup>5</sup> S.K. Swain, "India and SCO: Challenges and Opportunities," *World Focus*, 34 (12) December 2013, pp. 159-64.

<sup>6</sup> Poonam Mann, "India's Membership in the Shanghai Cooperation Organisation: Opportunities and Challenges," *Journal of Air Power and Space Studies*, 11(2), April-June 2016 pp. 125-44.

<sup>7</sup> B. K. Sharma & R. K. Sharma, "India's SCO Membership – Challenges and opportunities." n. 4.

<sup>8</sup> S.K. Swain, "India and SCO: Challenges and Opportunities." n. 5.

<sup>9</sup> Poonam Mann, "India's Membership in the Shanghai Cooperation Organisation: Opportunities and Challenges." n. 6.

<sup>10</sup> "Organisation of Islamic Cooperation backs Pak, asks India to cease atrocities in Kashmir," at <http://indianexpress.com/article/world/world-news/organisation-of-islamic-cooperation-backs-pak-asks-india-to-cess-atrocities-in-kashmir-3040409/>

<sup>11</sup> B. K. Sharma & R. K. Sharma, "India's SCO Membership – Challenges and opportunities." n. 4.

always backed India and Iran's admission into SCO whereas China brought in Pakistan to strengthen its own hand.<sup>12</sup> Moreover, India would be able to offset China's Belt and Road Initiative, India by mobilising support for the International North South Transport Corridor (INSTC).

Thirdly, the Eurasian powers are bound to play a major role in Afghanistan's security affairs. Russia, China and Pakistan have already started engaging the Taliban which is of concern to India.<sup>13</sup> It is important that India does not get left out of the evolving situation in that country and SCO membership could help in this regard. India would also benefit from the Regional Anti-Terrorist Structure (RATS) based in Tashkent, which would help gain vital intelligence inputs on the movement of terror outfits, drug-trafficking, cyber security and Public information of the region.<sup>14</sup> Also, the annual joint military exercise among members would help India gain valuable new military operational insights.<sup>15</sup>

## Challenges

Firstly, since China and Russia are co-founders of SCO and its dominant powers, India's ability to assert itself would be limited and it may have to content itself to playing the second fiddle. <sup>16</sup> In addition, India may also have to either dilute its growing partnership with the West or engage in a delicate balancing act.

Secondly, except India, all the other members of SCO have endorsed China's BRI initiative. India's primary concern is related to the China Pakistan Economic Corridor (CPEC) which passes through Pakistan Occupied Kashmir (POK), a region over which India claims sovereignty but which has been under Pakistan's occupation since 1947. In this regard, if in future the economic policies of SCO come to be associated with the BRI network of roads and transportation, then India would face a dilemma and even a policy setback.

Thirdly, given the state of relations between India and Pakistan, many assume that the spotlight would shift away from Central Asia towards tensions in South Asia,

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<sup>12</sup> Ibid.

<sup>13</sup> Parth Sarthi Suhag, "Russia's engagement with Taliban," June 21, 2017, at [http://www.idsa.in/idsacomments/russias-engagement-with-the-taliban\\_pssuhag\\_210617](http://www.idsa.in/idsacomments/russias-engagement-with-the-taliban_pssuhag_210617)

<sup>14</sup> Phunchok Stobdan, "SCO Membership Is a Stepping Stone, India's Real Destination is Central Asia," June 6, 2017 at <https://thewire.in/144241/what-india-can-expect-from-shanghai-cooperation-organisation/>

<sup>15</sup> Sumit Kumar, 2016. "The Significance of the SCO's Full Membership for India," July 12, 2016, at <http://www.claws.in/1606/the-significance-of-the-scocs-full-membership-for-india-sumit-kumar.html>

<sup>16</sup> Poonam Mann, "India's Membership in the Shanghai Cooperation Organisation: Opportunities and Challenges." n. 6.

thus making regional cooperation hard to foster.<sup>17</sup> Many anticipate that just like SAARC, India-Pakistan rivalry would be a significant threat to the proper functioning of SCO too. In this case, with the rising tensions and numerous cease-fire violations on the Line-of-Control (LoC), it is hard to assume how the two neighbours would adhere to the idea of “good-neighbourliness” prescribed in Article 1 of the SCO charter. Moreover, though, SCO charter prohibits the raising of bilateral issues, a conflict situation involving Kashmir might compel Russia and China to interfere to prevent any detrimental impact on the SCO.

Finally, with regards to RATS, India might face difficulties as the Indian understanding of terrorism is different from the other members of SCO. For SCO, terrorism coincides with regime destabilisation; whereas for India it is related to state sponsored cross border terrorism.<sup>18</sup> SCO's targets are groups like East-Turkestan Islamic Movement (ETIM) and Al-Qaeda, whereas groups like Lashkar-e-Taiba, Jaish-e-Mohammad, Harkat-ul-Mujahideen, Afghan Taliban and Haqqani Network do not come under the ambit of the SCO anti-terror structure.<sup>19</sup> Though obviously a challenge, India's permanent membership would enable it to generate greater understanding among members for its perspective.

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<sup>17</sup> Phunchok Stobdan, “SCO Membership Is a Stepping Stone, India's Real Destination is Central Asia” n. 14.

<sup>18</sup> B. K. Sharma & R. K. Sharma, “India's SCO Membership – Challenges and opportunities.” n. 4.

<sup>19</sup> Ibid.

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