

(2020) Question: What are the opportunities and challenges for Pakistan as one of the new members of the Shanghai Cooperation Organization (SCO)?

(2020) Question: China-Pakistan-Russia cooperation will find a suitable support mechanism in the Shanghai Cooperation Organization (SCO). Elaborate.

(2010) Question: Pakistan provide natural link between the SCO states to connect the Euroasian heartland with the Arabian sea and South Asia. Explain.

Answer:

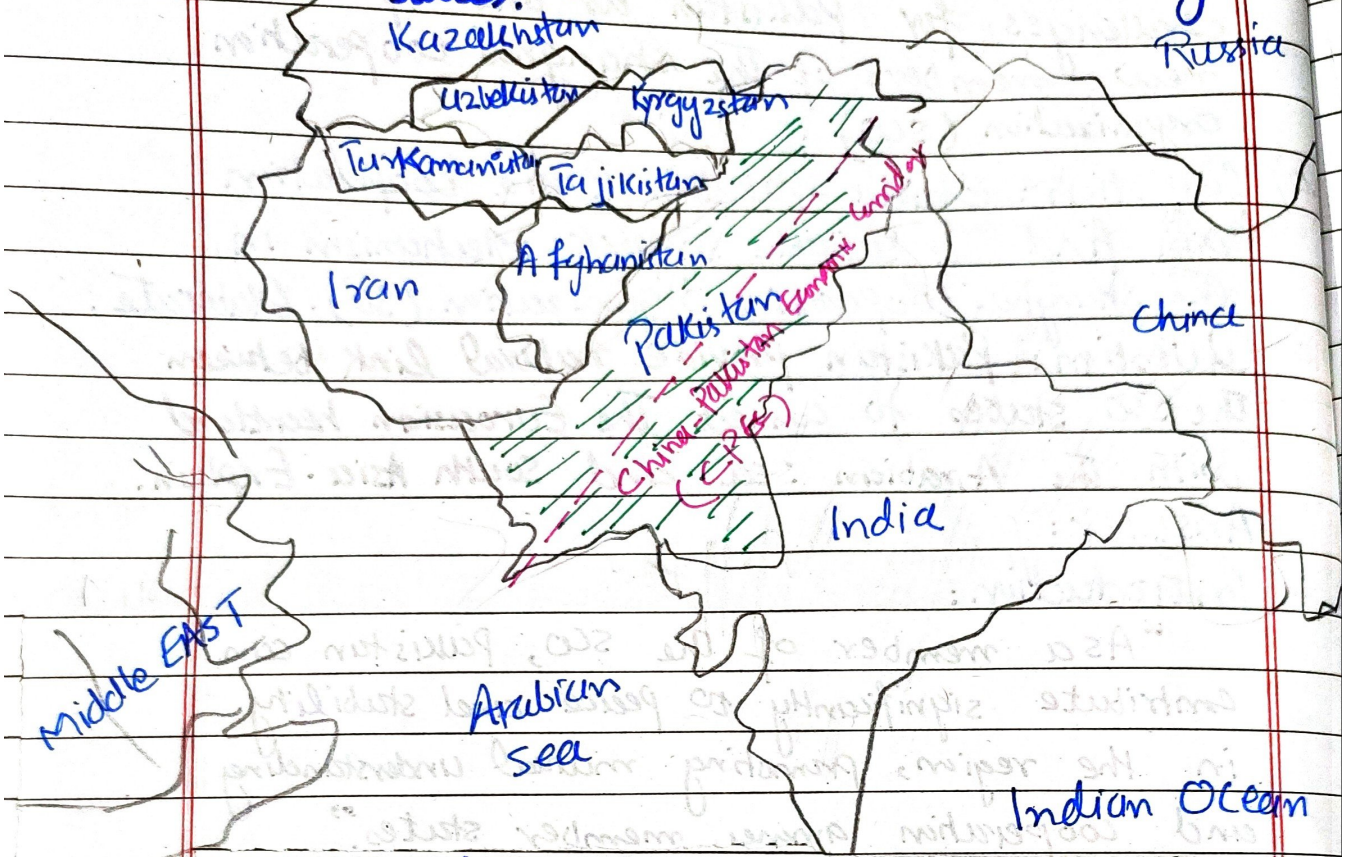
1 - Introduction:

"Pakistan's membership in the Shanghai Cooperation Organization (SCO) enhances its role as a bridge between South Asia, Central Asia and the Middle East."

(Foreign Office Pakistan - September 2019)

The statement emphasizes Pakistan's potential to make substantial contributions to peace and stability in the region as a member of the Shanghai Cooperation Organization (SCO). As a key member, Pakistan has the opportunity to enhance its diplomatic and economic ties with other member states like China, Russia and Central Asian countries. The SCO serves as a platform for Pakistan to engage in dialogue and cooperation on various regional issues including security, counter-terrorism and economic development. However, along with these opportunities, Pakistan also faces challenges such as balancing its relations with India and Iran, navigating geopolitical tensions and addressing internal security concerns. Nonetheless, Pakistan's participation in the SCO highlights its commitment to regional cooperation and addressing common challenges for mutual benefit of all member states.

2. Strategic Linkage: Pakistan Role in Connecting SCO States:



a. Historical Origins:

- **Shanghai Five (1996):** The SCO's roots lie in the "Shanghai Five," a confidence building group formed in 1996 by China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Their initial aim was to address border security concerns and promote regional stability in the wake of the Soviet Union's collapse.

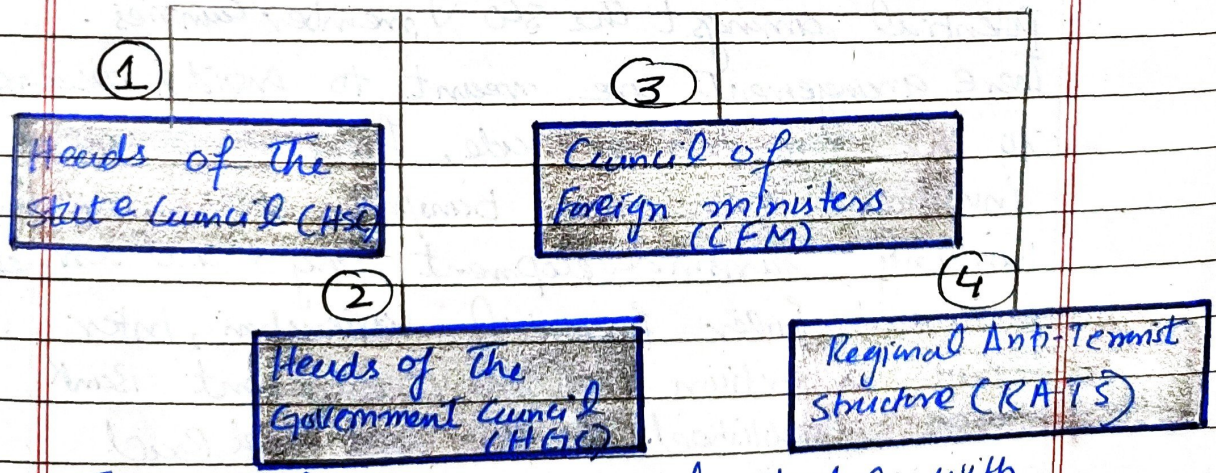
- **Expansion and Transformation (2001):** In 2001, Uzbekistan joined the Shanghai Five and the group formally transformed into the SCO. This expansion signified a broader vision of fostering cooperation beyond security, encompassing political, economic, and cultural spheres. In 2017, both India and Pakistan joined SCO. In 2023, Iran also became its member.

Pakistan serves as a crucial link

between the Shanghai Cooperation Organisation (SCO) states, facilitating connectivity between the Euroasian heartland and the Arabian sea as well as south Asia. Pakistan provides vital transit routes for trade, energy and infrastructure projects among SCO member states.

For instance, the China-Pakistan Economic Corridor (CPEC) serves as a flagship project linking China's Xinjiang region to Pakistan's Gwadar port, providing access to the Arabian sea and creating a strategic trade route between China and the Middle East, Central Asia and beyond. Similarly, Pakistan's proximity to Afghanistan and Iran offers potential trade routes to landlocked Central Asian countries, further enhancing regional connectivity and economic cooperation within the SCO framework.

3. Structure of the SCO:



The SCO features a tiered structure with decision-making bodies and supporting institutions:

- 1- Heads of State Council (HSC): The highest decision-making body, comprising the heads of state of member countries. It meets annually to set strategic directions and approve major documents. Last meeting was held in July 2023.

2. Heads of Government Council (HGC): Meets twice a year to discuss and implement decisions taken by the HSC, focusing on economic and social cooperation.
3. Council of Foreign Ministers (CFM): Oversees the implementation of foreign policy decisions and prepares documents for the HSC and HGC.
- 4- Regional Anti-Terrorist Structure (RATS): Coordinates counter-terrorism efforts and intelligence sharing among member states.

4- Opportunities for Pakistan under SCO:

i- Economic Prospects:

a: Trade and Economic potential:

The Shanghai Cooperation Organisation (SCO) has recently issued 122 documents related to mechanisms and frameworks on building trade and economic potential amongst the SCO member countries. These arrangements are meant to provide assistance to the members on trade, financial transactions, investment mechanisms, transport, telecommunication, banking, tourism development, cargo and services. To build further financial cooperation, Inter Bank Consortium and SCO Development Bank were established. As the Belt and Road Initiative (BRI) is growing globally and except India, most of the SCO member countries are part of the BRI. Currently, there are 130 countries part of the initiative and investment ranges from \$1 trillion to \$8 trillion. Pakistan is part of BRI with EPEC as one

one of the most active corridors of BRI. Within this the port of Gwadar is offering significant, effective and beneficial outlets of trade for the states of Central Asia and all the member states of SCO. Under the umbrella of the SCO Pakistan can provide the member states of the SCO with preferential and special access to the port of Gwadar.

b- Energy security strategic Partnerships:

The mounting energy crisis of Pakistan requires immediate concern causing lack of economic development and progress. The membership of the SCO does provide Pakistan with an avenue for the sake of exploring various opportunities for importing gas as well as oil from Russia, Iran and several Central Asian countries, mainly Kazakhstan, Tajikistan, and Uzbekistan. SCO Energy club is an important opportunity within the forum to develop close linkages with the energy ecosystem in the regional countries. However, Pakistan energy needs have been supported by CPEC especially its first phase wherein huge mega energy projects were installed. Pakistan through SCO membership may improve its energy related collaboration with the countries in SCO.

c- Avenues for Agricultural development:

SCO presents a significant opportunity for Pakistan to address challenges in its agricultural sector, particularly in light of climate change impacts affecting the

cultivation of wheat and cotton. With declining yields and fluctuating production levels, Pakistan can look towards Central Asian states within the SCO, such as Kazakhstan and Uzbekistan, for agricultural cooperation and trade. These countries boast fertile lands and advanced agricultural practices, offering potential avenues for Pakistan to meet its domestic demands for food security and enhance agricultural productivity through knowledge sharing, technology transfer and trade partnerships.

d- Dedollarization Drive: SCO's Strategic Initiative

Russia's proposal in the 23rd Summit of SCO Council of the Heads of State (HSC) highlights the importance of reducing reliance on the US dollar in trade and investment transactions within the SCO region. To achieve this goal, SCO member states can explore various mechanisms such as establishing currency swap arrangements, facilitating direct currency exchanges, encouraging trade settlements in local currencies and promoting the use of digital currencies. To enhance dedollarization, SCO member states need to foster greater development of Inter Bank Consortium and SCO Development Bank within the region.

ii- Political Opportunities:

a- SCO: Elevating Pakistan's Diplomatic Influence

The Shanghai Cooperation Organisation (SCO) presents Pakistan with a unique opportunity to

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enhance its diplomatic relations with Central Asian countries, as well as major powers like China and Russia. By strengthening ties with these nations within the SCO framework, Pakistan can leverage its collective influence to amplify its voice on various issues like Kashmir issue at international forums, including the United Nations (UN). Moreover, through coordinated efforts and dialogue within the SCO, Pakistan can advocate for shared priorities such as regional security, economic development and counterterrorism.

b. Building Bridges: Pakistan's Cultural and Educational Outreach

The Shanghai Cooperation Organisation (SCO) provides Pakistan with a significant avenue to bolster its culture with Central Asian nations and major powers such as China and Russia. Pakistan can engage in various cultural events and educational programs aimed at fostering mutual understanding and collaboration. These interactions not only deepen political relations but also contribute to the advancement of regional stability, economic prosperity and social development.

iii - Opportunities in terms of Security:

a. Counter-terrorism cooperation:

SCO is providing opportunity to Pakistan to raise its perspective and experience in its fight against three evils: Terrorism, Extremism and separatism on the platform of SCO Regional Anti-Terrorist Structure (RATS). This has remained

Pakistan's desire over the past many years to look out for the cooperation in these areas and foster better cooperation with countries in the region. Moreover, Pakistan has been able to refute all the negative propaganda of India about Pakistan on the issue of terrorism.

b- Regional stability: The issue of Afghanistan.

The Shanghai Cooperation Organisation (SCO) provides Pakistan and other member states with a platform to actively contribute to regional stability, particularly in context of Afghanistan, following the withdrawal of US troops. With Afghanistan being an observer state in the SCO, the organization presents an opportunity for member states to engage in diplomatic efforts aimed at promoting peace, reconciliation and stability in the region. In the 18th SCO summit held in Beijing ²⁰²¹, President Xi Jinping called for an actively engaged "SCO Afghanistan Contact" group for peace in Afghanistan. The SCO Afghanistan Contact group was established in 2005 on the initiative of President Putin to formally coordinate proposals for peace in Afghanistan at the institutional level.

C- Flexing strategic muscles: Military Exercises under SCO:

Since 2002, several joint multilateral military exercises have been organised under the RATS framework to build coordination amongst the security establishments of the

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of the countries. With the presence of Central Asian states and powerful regional players like China and Russia. Pakistan and India also joined these military exercises in 2018 for the first time after becoming full members. SCO has made the two nuclear antagonist states come together for the first time in their seven decades of bloody history to participate in these drills.

5- Challenges for Pakistan Under SCO:

i- Economic challenges:

a- Competing Energy Interests:

As a member of the Shanghai Cooperation Organization (SCO), Pakistan grapples with the challenge of competing energy interests among member states. For instance, Russia advocates for the Trans-Siberian railway to bolster connectivity between Asia and Europe while China favors the southern route across Central Asia. Additionally, Central Asian states have divergent interests regarding the exploitation of energy reserves, posing challenges to energy interests and economic integration.

b. Budgetary Constraints:

The SCO operates within budgetary constraints due to the limited financial resources available from member states. This limitation impacts the organization's capacity to fund Pakistan developmental projects and initiatives aimed at

poverty alleviation and economic revitalization.

c. Economic dependency on China and Russia:

Most of the Central and South Asian states look at China and Russia for economic development, expecting them to provide financial and economic resources. However, China and Russia's capacity to support the region is limited, constraining the SCO's ability to address economic progress effectively.

ii- Political challenges:

a. India and the United States opposition to CPEC:

Pakistan faces significant political opposition from various international actors, particularly India and the United States, regarding the China-Pakistan Economic Corridor (CPEC).

India perceives CPEC, particularly its passage through Gilgit-Baltistan and Pakistan administered Kashmir as a violation of its territorial integrity.

The United States has also expressed concerns about Chinese strategic access to the Indian Ocean through CPEC-related developments,

attempting to dissuade Pakistan from deepening its ties with China and promoting alternative options for port development, such as Singapore's involvement in Gwadar.

This opposition poses a challenge to Pakistan's role as a member of the Shanghai Cooperation Organization (SCO) and its efforts to promote regional connectivity and economic cooperation.

b. Peaceful Resolution in Afghanistan:

The stability of Afghanistan is crucial for regional peace and security, as instability in the country can have far-reaching implications for projects like the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline and the China-Pakistan Economic Corridor (CPEC). Pakistan's support for the SCO's Afghanistan Contact Group reflects its commitment to promoting peace and stability in the region.

iii- Security Challenges:

a. Emergence of ISIS:

The emergence of the Islamic state of Iraq and Syria within the SCO bloc poses a grave security challenge. Political instability in Afghanistan provides fertile ground for ISIS to establish safe heavens and expand its operations. While Pakistan's military strength has been effective in combating terrorist groups like Tehrik-i-Taliban Pakistan (TTP). However, sleeper cells remain a concern. The potential for Afghanistan to become a safe heaven for ISIS due to governance challenges further complicates Pakistan efforts to counter the terrorist threat.

b. Security threats to CPEC:

Pakistan faces significant security challenges as a member of the Shanghai Cooperation Organization (SCO), particularly concerning the China-Pakistan Economic Corridor (CPEC). These challenges encompass both

traditional and non-traditional security. Traditional security threats, such as militancy and insurgency in Baluchistan pose challenges like maintaining investor confidence and the smooth implementation of CPEC projects. Moreover, non-traditional security threats, such as natural disasters (floods) pose risks to the stability of CPEC initiatives.

6. A way Forward:

a. Resolving competing Energy Interests:

Pakistan as a SCO member with strategic geographical significance can serve as a mediator and facilitator in fostering consensus building and cooperation to address competing energy interests among member states.

b. Utilizing SCO for Diplomatic objectives:

Pakistan can utilize SCO to advance its diplomatic objectives. Pakistan can raise the issue of India and the United States opposition regarding China-Pakistan Economic Corridor (CPEC) under the platform of SCO to garner support from fellow member states.

2. Pakistan's Role in De-dollarization:

Pakistan can play a significant role in promoting de-dollarization efforts within the SCO by advocating for increased usage of national currencies in trade and

economic transactions among member states. Day: _____

d. Pakistan's Role in Combating Terrorism:

Pakistan can play a pivotal role in combating terrorism within the SCO by sharing its expertise and experience in counterterrorism efforts. Pakistan can contribute valuable intelligence sharing, counterterrorism training programs and joint military exercise to enhance the capabilities of member states in combating extremist threats.

e. Pakistan's Role in Establishing Disaster Management Mechanism:

Pakistan can play a crucial role in establishing robust disaster management mechanism with the SCO to mitigate the impact of natural calamities and humanitarian crises in the region. Pakistan can share its own experiences in managing natural disasters such as earthquakes and floods to member countries and can contribute valuable insights and expertise to develop comprehensive disaster preparedness, response and recovery strategies.

7. Conclusion:

In conclusion, Pakistan's membership in the SCO presents a myriad of opportunities, ranging from economic growth to enhanced security cooperation. The potential for increased trade, energy security partnerships and diplomatic influence highlights the positive prospects within the organization. However, challenges such as competing energy interests, ^{international} political opposition

to CPEC and security threats from groups like ISIS pose significant hurdles. Despite these obstacles, Pakistan's active engagement and collaboration within the SCO could lead to a more stable and prosperous future for the region. As Winston Churchill once said, "The pessimist sees difficulty in every opportunity. The optimist sees opportunity in every difficulty." This sentiment encourages Pakistan to approach its SCO membership with resilience and optimism, leveraging opportunities to overcome challenges and contribute to regional stability and development.