

# The Risks and Rewards of SCO Expansion

Authors: [William Piekos](#), Program Coordinator, Asia Studies, and [Elizabeth C. Economy](#), C.V. Starr Senior Fellow and Director for Asia Studies

July 8, 2015

On July 9–10, the [Shanghai Cooperation Organization \(SCO\)](#) will hold its fifteenth summit in Ufa, Russia. At this meeting, the regional grouping—composed of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan—will start the process of expansion for the first time with the inclusion of India and Pakistan. An expanded membership will confer greater legitimacy on the SCO and yield security and economic benefits for its members. However, the risk that India and Pakistan will prevent the organization from being effective is equally great, and is leading some Chinese and Russian officials to question the wisdom of expansion.



Heads of

state pose for a picture before a session of Shanghai Cooperation Organization (SCO) summit in Bishkek, September 2013. (Photo: Reuters/RIA Novosti)

## Deepening Cooperation

Though frequently compared to the North Atlantic Treaty Organization (NATO), the SCO, as described by both China and Russia, is a "partnership instead of alliance." Russian Foreign Minister Sergey Lavrov has stated that the SCO is a major component of the new, "[polycentric world order](#)," but the SCO is dominated by China and Russia. The organization also espouses many of the same foreign policy tenets as Beijing, including mutual benefit, nonintervention, and nonalignment. Moreover, Chinese and Russian fear of "color revolutions"—the democratic, largely nonviolent uprisings that overthrew several post-Soviet governments in the 2000s—shapes the overall mission of the organization. As China's public security minister, Guo Shengkun, [commented at an SCO security conference](#) in 2014, "External forces are using the social-economic contradictions and problems . . . to overthrow the authorities and are trying to provoke a new wave of color revolutions."

The primary focus of the SCO is the enhancement of regional security. The Regional Anti-Terrorist Structure (RATS) coordinates activities, such as information sharing and confidence building, to combat the "[three evils](#)" of terrorism, extremism, and separatism. The organization's 2014 summit, in Dushanbe, Tajikistan, highlighted mutual security concerns, such as terrorism, missile defense, and the drawdown of the International Security Assistance Force (ISAF) in Afghanistan. ISAF's withdrawal will likely encourage the SCO to expand RATS's mission as regional powers seek to prevent instability in Afghanistan from spreading beyond its borders. Over the past year, China hosted the SCO's [largest-ever series](#) of military drills, and China and Russia conducted [joint naval exercises](#) in the Mediterranean.

Economic integration is also growing. Moscow has proposed connecting the Russian-led [Eurasian Economic Union \(EEU\)](#)—a trading bloc composed of Armenia, Belarus, Kazakhstan, and Russia—with China's [Silk Road Economic Belt](#), a series of investments stretching across Eurasia and South Asia. Beijing and Moscow have already agreed to a \$400 billion gas deal, and Russia is now China's largest source of natural gas. SCO members are also beginning to expand cooperation on development and infrastructure issues, including resolving transnational water disputes, expanding transportation integration, and deepening cultural exchanges.

The most significant development from Dushanbe, however, was the finalization of the process for accepting new members, which will be chosen from current observers. Among them, India, Iran, and Pakistan have submitted applications. In June 2015, ahead of the Ufa summit, SCO foreign ministers approved procedures for India and Pakistan to accede as full members. [United Nations sanctions](#) on Tehran will prevent Iran from becoming a full member.

"While expansion may hinder the organization's ability to act decisively, it will give the SCO the opportunity to revolutionize itself into a more comprehensive institution capable of connecting and integrating a broad swath of Asia."

India and Pakistan have much to gain and little to lose from assuming full membership in the SCO. On the security side, both countries hope to pursue their interests in Afghanistan and Central Asia. Pakistan, in particular, could profit from its close relationship with China and leverage its position as a hotbed of extremism to solicit security and economic support from the SCO. Membership "**would enhance Pakistan's stature** in the diplomatic ranking in the region," argues EastWest Institute scholar Najam Abbas. The SCO "might be able to play a facilitating role in dealing with the Kashmir dispute with India," Abbas adds. For India, as former Indian ambassador Phunchok Stobdan **notes**, joining the SCO "is about increasing [India's] stakes in Central Asia." Moreover, Stobdan adds, India should join so that the SCO is not used "as a smokescreen by inimical forces, including Pakistan, to drum up support for anti-India activities." The SCO could also serve as a neutral arena for New Delhi and Islamabad to discuss their border disputes and other issues of mutual interest.

For both nations, the economic imperative of joining the SCO is also clear. As China continues to "**march west**," India and Pakistan will benefit from Beijing's economic largesse and closer ties to energy-rich Central Asia. Greater connectivity with China could help boost their exports and economic development. Increased economic cooperation could also help allay New Delhi's fears that Beijing **seeks to encircle India** and create a more collaborative environment despite tense Sino-Indian relations.

### **The Rewards of Expansion Are Great...**

The expansion of the SCO offers current members a number of benefits. According to *Xinhua*, a Chinese state-owned news agency, the expansion of the SCO would "**infuse fresh vigor** into the group's future development and boost its influence and appeal on [sic] the international arena." In addition, the admission of India and Pakistan would improve the connectivity and integration of the broader region. Moreover, the addition of India, the world's largest democracy and third-largest economy, confers a new level of international legitimacy on the organization, while Pakistan, as a hub of regional and global terrorism, is a crucial partner to the SCO in stemming the tide of extremism throughout the world.

Russia seeks to gain global political legitimacy and recognition as a great power through SCO expansion. Russia's military foray into Ukraine and annexation of Crimea, the West's subsequent sanctions and ouster of Russia from the Group of Eight (G8), and Russian human rights abuses have caused a diplomatic rift in Russia's relations with the West that has forced Moscow to look elsewhere for international legitimacy. Organizations devoid of U.S. participation, such as the EEU, **Collective Security Treaty Organization (CSTO)**, and SCO, are ideal venues to gather non-Western partners. Even if the SCO becomes a divided talk shop, Russia will retain influence as a leading member of the multilateral body.



In addition, Western sanctions and the fall in the price of oil—Russia's primary export—have forced Moscow to search for markets beyond those of Europe. In the past, Moscow **hindered economic cooperation** among SCO members, but now the organization presents a convenient avenue for Russia to develop new markets. Moreover, Moscow, which currently holds the SCO's rotating presidency, will present the "SCO Development Strategy Towards 2025," the organization's long-term vision for regional economic integration, at the summit in Ufa. President Vladimir Putin **stated that** the SCO will work "actively on convergence between" the EEU and the Silk Road Economic Belt, in part to add legitimacy and resources to the fledgling EEU.

China, too, is poised to gain from India's and Pakistan's accession to the SCO. On the security side, Pakistan offers China and the SCO a valuable partner in the fight against the "three evils." Beijing harbors significant fears that extremism in Central Asia, Afghanistan, and Pakistan will bleed across its own borders. The impending withdrawal of ISAF from Afghanistan has only deepened such fears. Within its own borders, China already faces a rising extremist threat from members of Xinjiang's Uighur minority, some of whom are part of the **East Turkestan Islamic Movement (ETIM)**, who have lashed out at the ethnic-Han majority throughout China. Beijing's interests in adding to the SCO's security partners and building more extensive mechanisms for regional integration also indicate its desire to protect its economic interests in Central Asia.

The expansion of the SCO will help China fulfill its economic aspirations in both Central and South

Asia. In Central Asia, Beijing has pursued a raft of bilateral investment deals and continues to put in place or promise greater multilateral expansion, including the Silk Road Economic Belt and [Central Asia–China Gas Pipeline](#). These opportunities promise China greater access to Central Asian energy exports and to [reduce its dependence](#) on oil imports passing through the South China Sea and Strait of Malacca. In South Asia, China plans to invest heavily in the [China-Pakistan Economic Corridor \(CPEC\)](#) and the [Bangladesh-China-India-Myanmar \(BCIM\) Corridor](#). The inclusion of India and Pakistan enhances both of these regional integration projects and could buttress China's aspirations for regional leadership.

### **...But So Are the Risks**

The addition of India and Pakistan, however, poses risks to the cohesiveness of the SCO. India's democratic governance and close ties with the United States are markedly different from that of the SCO's authoritarian members. India could advocate for a higher standards of oversight and human rights in SCO counterterrorism and intelligence-sharing operations. The addition of a democratic state could force the SCO to abandon its anti–"color revolution" posture. Another risk is that New Delhi and Islamabad could import their long-standing animosity into the SCO, diminishing the prospects for broader regional cooperation and forcing Beijing and Moscow to choose between them.

Expansion could also dilute the ability of Beijing and Moscow to advance their respective economic and security aspirations through the SCO. As Barnard College scholar Alexander Cooley argues, [expansion could make the SCO](#) "even more of a symbolic organization rather than a vehicle for any kind of substantive regional integration or cooperative problem solving." The SCO may devolve into a talk shop that offers few tangible results like the Association of Southeast Asian Nations (ASEAN) and South Asian Association for Regional Cooperation (SAARC). At the 2014 Conference on Interaction and Confidence-Building Measures in Asia (CICA), Chinese President Xi Jinping [spoke of a new Asian security concept](#) ("Asia for Asians") and China's desire to become a leader in all of Asia, not just the Asia-Pacific. A fractured and indecisive SCO would do little to forward this initiative.

"New members could also dilute the ability of Beijing and Moscow to advance their respective economic and security aspirations through the SCO."

Russia fears that the expansion of the SCO could vault China into the driver's seat in Central and South Asia. Moscow has long dragged its feet on Chinese initiatives, such as calls to create an SCO-based regional trade agreement or an SCO regional development bank. As Beijing flexes its economic muscle through bilateral investments and larger institutions, such as the [Asian Infrastructure Investment Bank \(AIIB\)](#), Russia's political clout in Central Asia could wane. Meanwhile, China is wooing India, long a partner, if not ally, of Russia, as India simultaneously seeks more collaborative

relationships with the United States, Japan, and even Australia. And Pakistan, which already boasts close security ties with China, could fall further into Beijing's orbit.

The SCO is expanding its portfolio beyond border disputes and security cooperation to include a wide range of economic, political, and cultural issues. Adding India and Pakistan is an essential aspect of such an effort. For China, an expanded SCO advances both security and economic interests: Beijing will get two more allies in its fight against the "three evils" and deepen its economic ties to western neighbors, which are integral to China's growth strategy. Russia, meanwhile, sees the SCO's expansion primarily as a means to garner greater international legitimacy and to advance its anti-Western political agenda. Yet the addition of India and Pakistan could potentially impede progress on all of these issues. New Delhi and Islamabad have a history of deep animosity that could prevent the consensus-driven SCO from serving as an effective regional forum. While expansion may hinder the organization's ability to act decisively, it will give the SCO the opportunity to revolutionize itself into a more comprehensive institution capable of connecting and integrating a broad swath of Asia. The question remains whether China and Russia will share the spotlight with its new partners in this new, more diverse organization.

*This Expert Brief is part of a CFR project on the New Geopolitics of China, India, and Pakistan, supported in part by a generous grant from the MacArthur Foundation.*