India, China, and the Shanghai Cooperation Organization (SCO)
Bilateral Relations, Geopolitical Trends, and Future Trajectory
About this report

This report assesses the impact of current geopolitical trends on India’s engagement with the Shanghai Cooperation Organization (SCO) in the broader context of People’s Republic of China’s (PRC) long-term aims vis-à-vis the SCO, and deteriorating Sino-Indian bilateral relations.

In the wake of India’s two-front threat from PRC and Pakistan, and its larger policy towards Central Asia, this paper examines the role the SCO can play in stabilizing the current churn in India-China relations, as well as India’s view of its role in the SCO. The report explores India’s strategies vis-à-vis addressing its continental and maritime security concerns through a multi-alignment policy that requires engagement with forums such as the SCO and the Quad. The report also focuses on India-Russia relations in the context of India’s Central Asia policy and the ongoing Russia-Ukraine conflict.

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Authors

Dr Gaurav Saini – Co-Founder, Council for Strategic & Defense Research, New Delhi.

Dr Happymon Jacob – Associate Professor, School of International Studies, Jawaharlal Nehru University, New Delhi; Founder, Council for Strategic & Defense Research, New Delhi.

Research Support

## Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<tr>
<td>BRI</td>
<td>Belt and Road Initiative</td>
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<td>BRICS</td>
<td>Brazil, Russia, India, China, and South Africa</td>
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<td>CA</td>
<td>Central Asia</td>
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<td>CAD</td>
<td>India-Central Asia Dialogue</td>
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<td>CARs</td>
<td>Central Asian Republics</td>
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<td>CCAP</td>
<td>Connect Central Asia Policy</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>CSTO</td>
<td>Collective Security Treaty Organization</td>
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<td>CCIT</td>
<td>Comprehensive Convention on International Terrorism</td>
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<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>EEU</td>
<td>Eurasian Economic Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GMA</td>
<td>Gissar Military Aerodrome</td>
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<td>IU</td>
<td>Islamic Jihad Union</td>
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<td>IMU</td>
<td>Islamic Movement of Uzbekistan</td>
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<tr>
<td>INSTC</td>
<td>International North South Transport Corridor</td>
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<tr>
<td>JCPOA</td>
<td>Joint Comprehensive Plan of Action</td>
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<tr>
<td>LAC</td>
<td>Line of Actual Control (b/w India &amp; China)</td>
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<tr>
<td>MEA</td>
<td>Ministry of External Affairs, Government of India</td>
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<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<tr>
<td>PAP</td>
<td>People’s Armed Police</td>
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<tr>
<td>PLA</td>
<td>People’s Liberation Army</td>
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<tr>
<td>Quad</td>
<td>Quadrilateral Security Dialogue</td>
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<td>RATS</td>
<td>Regional Anti-Terrorist Structure</td>
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<td>RIC</td>
<td>Russia-India-China Forum</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<tr>
<td>TAPI</td>
<td>Turkmenistan, Afghanistan, Pakistan, and India Gas Pipeline</td>
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India’s continued engagement with the SCO can be viewed as one way of improving connectivity with the Central Asian region. Predominantly, the Indian strategic community believes that India still stands to gain more from being in the SCO than being outside of it, especially given the grouping’s significance in today’s context. Being out of SCO would have meant, in one sense, being cut out of a China-dominated region.

SCO membership was intended to provide India with better visibility in the Central Asian region, help neutralize extremist elements originating from the region, and building ties in trade, connectivity, and energy. Much of this has not happened, at least not yet. While connectivity initiatives such as the TAPI and the INSTC continue to be mired in delays, India has been able to use its interactions at the SCO to strengthen its relations with Central Asian Republics. The recently initiated India-Central Asia Dialogue is a case in point.

In India, the SCO is viewed today as a China-dominated forum. During the early years of India’s membership, there was misplaced optimism that the SCO would provide a platform for India to constructively engage with China and Pakistan. This optimism was short-lived and has now completely dissipated.

The SCO has played no direct role in de-escalating India-China tensions. However, continued membership is seen to increase India’s policy space and maximize its options vis-à-vis China.

India’s engagement of the SCO and other multilateral forums must also be viewed as resulting from a flux in Indian foreign policy under the Modi government. India’s bid for membership of the SCO was symptomatic of the need to soften the impact of a shift away from ‘strategic autonomy’. This new ‘multi-alignment’ policy was an outcome of a changed geo-political context and India’s regional security and economic interests.

India’s simultaneous engagement with the Quad and the SCO must be interpreted in this light. India’s active engagement with both the SCO and the Quad is viewed as the coupling of its historical non-alignment tendencies (assuaging Russia while tilting towards the U.S.) with the need to contain China. It is expected that India will have to continue following its “zig-zag” course, balancing its historical friendship with Russia, American demands, and strategic necessities in the neighborhood and beyond.

India hopes that the U.S. will continue to be understanding towards the Indian strategy of engaging Russia in the Eurasian continental sphere in the wake of the U.S. withdrawal from Afghanistan and the aggression displayed by China. Strategic analysts in New Delhi believe that, at the end of the day, it will help both Washington and New Delhi if the Indian engagement of Russia in the region could create potential rifts between Moscow and Beijing.

Russia remains central to explaining India’s membership of the SCO. Russia, a traditional partner of India, remains its biggest supplier of defense equipment and is perceived to be unlikely to use Pakistan against India, like China does. Membership of the SCO allows India to be part of this regional grouping where India can rely on Russia to keep China and Pakistan in check, carry out its multi-alignment policy, and assuage Russia’s concerns about India’s tilt towards the U.S. In addition, Central Asia is traditionally Russia’s sphere
of influence where it has stakes in not letting the region slip completely into China’s hands.

- In the context of the Russia-Ukraine war, India has found itself in a tight spot. India has had to make the difficult choice of either condemning Russia and supporting the economic sanctions being put in place by the western liberal order, or securing its own interests shaped by defense dependencies and geostrategic needs. It seems that India's current calibrated response is a function of managing the threat from China, and India’s continental anxieties, through a close relationship with Russia. As the pressure on India increases to condemn Russian excesses in the current conflict, India might have to find innovative options to stand its ground. However, in the near-term, India is unlikely to completely cut ties with Russia. While the existing process of reducing dependencies on Russian defense equipment may be hastened, this again would not mean that India will start looking at Russia as a pariah state or demote its importance in its own strategic calculations vis-à-vis Central Asia and China.

- China had intended that the SCO emerge as an alternative regional arrangement where it could develop an image as a “responsible major power” and build a regional order carrying along multiple regional countries rather than bank only upon regular partners to undermine U.S. supremacy in the region. By stressing the fact that the SCO is a forum where different political values can co-exist in the pursuit of common goals, China wants to project that shared values are not essential for successful international organizations, and normalize deep engagement with nations that are not liberal democracies. This feature of the SCO is perhaps the most significant.

- Notwithstanding the fact that China has mostly maintained a highly beneficial economic-centric approach at the SCO, the forum is heavily influenced by China’s centrality, and has helped China exclude extra-regional states. Eventually however, China has started to focus more on security aspects and has used the SCO’s counterterrorism focus to further its security interests, arms trade, and, to some extent, expeditionary capabilities in Central Asia.

- The future of the SCO looks bright from China’s perspective. The initiation of the China-Central Asia Dialogue, the India-Central Asia Dialogue and the revival of the RIC may indicate a weakened SCO. However, the fact that both India and China can maximize their options vis-à-vis countries in Central Asia on a bilateral level, speaks to the real value of the SCO. This grouping therefore has helped establish a framework, supported by some core values, that has managed conflict among smaller Central Asian countries, and ensured that the competition for influence among larger member states remains peaceful.

- Notwithstanding the general state of India-China relations, the SCO will continue to prosper. Its mandate is intentionally limited to encourage cooperation at the bilateral level. This is likely to continue. The most crucial element for the SCO’s future is the state of bilateral relations between Russia and China. Until these two members view their interests as overlapping vis-à-vis the U.S., and can manage their differences amicably, the SCO is likely to remain on its present trajectory.
1. Introduction

2017 was a critical year for India’s foreign policy. In June of that year, India was granted full membership at the Shanghai Cooperation Organization (SCO). Since then, Prime Minister Modi has attended all four annual meetings of the Council of Heads of State of the SCO. Indian delegations led by senior officials have participated in close to 70 SCO-related meetings. These interactions have covered: trade cooperation, economic connectivity, counterterrorism, cultural and religious exchanges, technical and scientific cooperation, anti-corruption, legal reforms, and one anti-terror exercise where India sent around 200 military personnel. These instances are indicative of India’s growing interest in the SCO’s agenda and Central Asian geopolitics.

Since 2017, India has also activated many multilateral forums, including previously dormant ones—Quadrilateral Security Dialogue (Quad) and Russia, India, China Forum (RIC)—and new ones like the India-Central Asia Dialogue (CAD). While the Quad is at the heart of India’s contemporary maritime grand strategy; SCO, CAD, and to a lesser extent, the RIC, are key aspects of the country’s continental grand strategy today.

Interestingly, this perceptible shift in India’s foreign policy coincided with Chinese ingresses in the South Asian region in general, and along the Line of Actual Control, in particular. Relations between India and China were agreeable up until India’s SCO integration. Shortly thereafter, tensions boiled over on the India-China-Bhutan tri-junction at Doklam. The Doklam standoff, never fully resolved, can be viewed as the beginning of the ongoing antagonism between India and China. While there have been around 400 transgressions/faceoffs each year on an average along the Line of Actual Control (LAC) between India and China, the territorial transgressions by the People’s Liberation Army (PLA) in 2020 was unprecedented in its scope and manner. The scale of the intrusions, the complete disregard to bilateral agreements, and the resultant combat casualties have signaled a more antagonistic direction to future India-China ties. From India’s perspective, China’s growing aggressiveness on the LAC heralds the end of Beijing’s peaceful rise, and the age of cooperative co-existence may well be over.

Hostilities aside, there have been instances of cooperation, too. In 2018, after the Wuhan Summit, and following discussions between PM Modi and Chinese President Xi Jinping, the two countries agreed on collaborative projects in Afghanistan in sectors such as health, education

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1 On 16 June 2017 Chinese troops with construction vehicles and road-building equipment began extending an existing road southward in Doklam, a territory which is claimed by both China as well as Bhutan. On 18 June 2017, about 270 Indian troops armed with weapons and bulldozers crossed the Sikkim border into Doklam to stop the Chinese troops from constructing the road. The road would approach a region that extends eastward approaching India’s highly strategic Siliguri Corridor. Eventually on 28 August 2017, both countries confirmed the withdrawal of troops from the area.
and food security. In October 2019, the two leaders met again in Mamallapuram, Tamil Nadu, discussing trade and the importance of fighting terrorism and extremism in the region. However, in May 2020, Indian and Chinese forces were engaged in face-offs in eastern Ladakh and the Galwan Valley, with skirmishes resulting in casualties on both sides. The Galwan clash also prompted India to carefully evaluate the bilateral economic relationship. New Delhi decided to impose additional security clearances on Chinese businesses and FDI in India while also banning around 200 Chinese apps.

However, India’s participation at the SCO remained largely unaffected by increased friction along the Line of Actual Control (LAC). This was not brought up at the SCO until after the July 2021 meeting between the SCO’s Foreign Affairs Ministers, when the MEA announced that the Indian and Chinese ministers exchanged views on the current situation on the LAC in Eastern Ladakh and broader issues in India-China relations.

So, what exactly has been the purpose of India’s SCO membership? What can be gleaned from India’s continued engagement with the SCO at a time when India-China relations are undergoing a fundamental reset?

This study assesses the impact of current geopolitical trends, and deteriorating Sino-Indian bilateral relations, on India’s engagement with the SCO in the broader context of China’s long-term SCO aims.

The study is set in the backdrop of geopolitical trends such as increasing US-China competition; multilateral efforts to curate the Indo-Pacific as a site of China’s containment; coupled with

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increasing pushback on China’s predatory geo-economic practices in Asia\(^\text{11}\) and beyond\(^\text{12}\); allegations of mismanagement of the SARS COV-2 virus\(^\text{13}\); and the ongoing border standoff with India\(^\text{14}\); all of which have brought the PRC’s claims to global leadership under question. In such a scenario, the relevance of organizations like the SCO increases immensely for the PRC. Intended to help the PRC in its geopolitical maneuvering and ideological packaging necessary for its ‘peaceful rise’\(^\text{15}\), the SCO, over two decades of its existence, has secured China’s geo-economic interests in Central Asia (CA)\(^\text{16}\), and attempted to establish a China-led “new regionalism”.\(^\text{17}\)

The study involved extensive survey of official Chinese statements, social media handles of key Chinese officials, and Chinese social media and news platforms (since 2016), to gain an understanding of the nature, content and patterns of expectations espoused from India’s participation in the SCO. In addition, a content analysis of prescriptive literature published by members of the Indian strategic community since May 2020 helped assess the changes in India’s expectations of the SCO.

In the first section, the report looks at the SCO and discusses trends in its agenda. The following two segments spotlight China’s and India’s engagement and objectives with the SCO. The fourth and fifth section analyze two aspects that explain India’s continued engagement with the SCO and its future. The fourth section, India’s multi-alignment foreign policy, is meant to clarify what could be seen as contradictions in India’s foreign policy to an outsider. The final section, on the legacy of India-Russia relations, forms a critical lens that can help make sense of how India views its immediate interests in the current geopolitical churn thereby explaining India’s continued engagement with the SCO.

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\(^\text{16}\)Battams-Scott , George (2019), How Effective Is the SCO as a Tool for Chinese Foreign Policy?, E-International Relations. Online: https://www.e-ir.info/2019/02/26/how-effective-is-the-sco-as-a-tool-for-chinese-foreign-policy/
2. Shanghai Cooperation Organization

In 2017, the SCO expanded to include India and Pakistan. It currently has eight member states, two observer states, six dialogue partners,¹⁸ and has established relationships with other international and regional organizations.¹⁹ In Sept 2021, the process of granting Iran full membership was initiated.²⁰

The Shanghai Five, a precursor to the SCO, was founded in 1996 with China, Kazakhstan, Tajikistan, Russia, and Kyrgyzstan, as members. Predominantly aimed at peacefully resolving border disputes and decreasing military tensions (both legacies of the Soviet Era²¹), the Shanghai Five was crucial for addressing Russian and Chinese anxieties about the overflow of conflict from these states to their respective bordering territories.²²

Through the Agreement on Confidence Building in the Military Field in the Border Area,²³ signed in 1996, and a subsequent agreement in 1997, the grouping laid the foundations for mutual trust, regulation of military activities along each other’s borders, “good-neighbourliness and friendship” (mutual non-aggression without obligations for mutual defense),²⁴ and future cooperation.

When in 2001, the Shanghai Five became the SCO with Uzbekistan as an additional member, its spirit of mutual non-aggression was carried forward with the agreement being binding until 2020. Uzbekistan’s inclusion, a country that did not share a border with China, indicated a shift from the initial focus on border stabilization. New items on the SCO’s agenda were codified in the SCO

¹⁸SCO has six dialogue partners, namely the Republic of Azerbaijan, the Republic of Armenia, the Kingdom of Cambodia, the Federal Democratic Republic of Nepal, the Republic of Turkey, and the Democratic Socialist Republic of Sri Lanka.
²⁴“Agreement between the Russian Federation, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, and the People’s Republic of China on Confidence Building in the Military Field in the Border Area,” Shanghai, April 26, 1996, via the United Nations General Assembly.
2.1 Trends in the SCO’s agenda

Over the years, the SCO’s agenda has closely resembled China’s core interests in the region. To a certain degree, the SCO’s agenda has also mirrored Russian interests. However, a review of the activities of the SCO reveal that China may have gained the most from this grouping.

Recent developments—such as the initiation of the China-Central Asia dialogue, India-Central Asia dialogue and the revival of the Russia-China-India forum—may lead one to conclude that the SCO has failed in monopolizing the great game in Central Asia. It could also be interpreted that Russia and China have fallen short of projecting the SCO as a multilateral arrangement based on a different (better) set of norms in comparison to other western forums. However, such interpretations could be misleading. The SCO’s limited agenda has helped establish a framework, supported by a set of core values, that have managed conflict among smaller Central Asian countries, and ensured that the competition for influence (in the Central Asian region) among larger member states, i.e., China, Russia, and India, remains peaceful.

The SCO’s agenda has evolved with progress in bilateral relations between each of the member countries. Initially aimed at regional economic integration resulting from political stability and peace amongst the member states, there has been a perceptible shift towards regional security. However, the outcomes of cooperation under the SCO framework have been distributed unevenly. Successful in embedding BRI in four Central Asia member states of the SCO, China has managed to increase its influence across various domains under the benign garb of regional

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25“Charter of the Shanghai Cooperation Organization” (《上海合作组织宪章》), June 7, 2002, art 1, via the United Nations Treaty


integration. Similarly, the SCO’s RATS mechanism has primarily benefitted Russia and China. Its counter-terror exercises have allowed China to engage closely with security forces from Central Asian states, eventually expanding its training partnerships, increasing its military presence, arms exports, and surveillance capabilities. 2014 onward, China has gradually increased bilateral military exercises with each of the Central Asian states outside of the SCO framework to match Russia’s military influence via the Collective Security Treaty Organization (CSTO). This shift is likely to intensify with the U.S. withdrawal from Afghanistan.

Bilateral disputes, except for the ones between Central Asian member states, have been consistently discouraged from disturbing the SCO’s agenda. India and Russia have consistently pushed against any efforts by Pakistan to bring bilateral issues to the SCO.28 The only reflection of these at the SCO has been a continued reference to their peaceful resolution (bilaterally) and respect for each other’s sovereignty under the larger rubric of the Shanghai Spirit.29

This approach of the SCO, i.e., a minimalistic agenda that puts in place a framework for engagement at the bilateral level, has assured its sustainability. Though it has benefited China the most in terms of actual tangible outcomes, the SCO’s charter has allowed for a new form of regionalism where loose alliances are allowed to grow without insisting on political and ideological uniformity.

3. India and the SCO

India’s entry into the SCO (along with Pakistan) was, to some extent, a function of the subtle Russia-China competition for influence in Central Asia, both of whom wanted their traditional partners onboard. Russia, wary of China’s increasing economic clout in its traditional sphere of influence, wanted a historical ally like India to counterbalance China. China saw India’s SCO membership as an opportunity to entangle India in a regional grouping which could either incentivize India to stay away from anti-China groupings, or isolate India by castigating its proximity to extra-regional powers.

According to China, the induction of India and Pakistan would create a grouping where it could appeal for diplomatic support for various regional projects to further restrict U.S. participation. Many members of the grouping are part of China’s BRI (except India), further linking them to China. Therefore, despite concerns surrounding India-Pakistan and India-China relations, China thought that new members like India and Pakistan may be engaged structurally at some level through the SCO rather than being denied space in the organization.30

India wanted membership because the SCO could enhance trade and investment opportunities. Around this time, the SCO was raising its economic integration agenda through free trade zones and mechanisms for the free movement of goods, services, and technologies among SCO member states. Further, India’s goal of energy security was better served by closer relations with the energy-rich nations of Central Asia, and in particular Russia and Kazakhstan, two major energy producers outside of the Organization of the Petroleum Exporting Countries (OPEC).31

At the time of India’s membership, there was optimism in the Ministry of External Affairs (MEA) that increased engagement with multilateral forums would help position India as a re-emerging power willing to contribute to regional stability and prosperity. This reflected PM Modi’s approach to India’s foreign policy. This was also the time when India and China were engaged in summit diplomacy to address the trade deficit and strengthen mechanisms for timely resolution of the border issue. All this initial euphoria was soon corrected by China’s aggression along the Line of Actual Control (LAC). As this realization set in, India’s objectives shifted from treating the SCO as a forum where India and China could work together, to one that could be utilized to improve its relations with Central Asian states. Being at the SCO also meant showing the smaller Central Asian States that India was committed to a regional organization with them at its center.32

Over the years, India’s major focus at the SCO has been economic33 and cultural outreach,34 impartial application of the SCO’s counter-terrorism agenda, pushback on China’s BRI due to its implications on India’s sovereignty and territorial integrity (through the China Pakistan Economic Corridor), and some soft-power related initiatives. India has refrained from most of the military exercises as it does not perceive any direct benefits from such exercises, since they mostly cater to Chinese and Russian security imperatives. In October 2021, India assumed directorship of the RATS mechanism. India’s efforts since have shown an inclination to diversify the RATS agenda by focusing on issues such as Cyber Terrorism, Ransomware, and Digital Forensics to reflect India’s concerns.35

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32Mohan, C Raja. (2022, February 2), CSDR lecture and interaction – India and the Geopolitical Game.
33India’s Initiatives in SCO. (2021, July 30). Retrieved from https://www.eoibeijing.gov.in/eoibeijing_pages/NDg,
34India’s Initiatives in SCO. (2021, July 30). Retrieved from https://www.eoibeijing.gov.in/eoibeijing_pages/NDg,
dia-as-chair-of-regional-anti-terrorist-structure-of-sco-holds-seminar-on-cyber-security
3.1 India’s objectives at the SCO

i. Counterterrorism vis-à-vis Pakistan (short to medium term)

India could not have stayed out of an organization that included Pakistan and was heavily influenced by China and Russia. India wanted to join the SCO more out of a fear of exclusion than a need for inclusion. As an observer, India had witnessed the SCO’s focus on counterterrorism. India saw this as an opportunity to raise the issue of Pakistan’s use of sub-conventional means. Since joining the SCO in 2017, India has doubled down on this counterterrorism agenda within the SCO alignment. It has regularly raised the matter of Pakistani complicity in state-sponsored terror, publicly emphasizing that any meaningful regional counterterrorism initiative cannot function without addressing this fact.

India has used the SCO to garner support for its draft Comprehensive Convention on International Terrorism (CCIT), currently being discussed by the Sixth Ad Hoc Committee of the United Nations. Just like at other multilateral forums, at the SCO too, India foregrounds Pakistan-sponsored terrorism, and garners support for its draft CCIT which would thwart terrorist actors from receiving “support, sustenance and safe havens in another country”. While on the one hand India has been disappointed by generic statements from both China and Russia on Pakistan’s complicity in state-sponsored terror against India, it has been able to get its draft CCIT endorsed by the SCO.

ii. Diversifying interests in Central Asia (long term)

India and Central Asia have shared deep cultural links in trade, commerce, and people-to-people contact dating back two millennia. Relations remained steady during the Cold War as India maintained cordial relations with the USSR. In fact, India was among the few states to have a consulate at Tashkent in the erstwhile Central Asian region of the USSR. Since the past decade, India has taken renewed interest in the Central Asian region owing to its energy needs, strategic position, and China’s rising influence in the region.

In June 2012, India unveiled its ‘Connect Central Asia Policy’ (CCAP) at the first meeting of the India-Central Asia Dialogue in Bishkek, Kyrgyzstan. The policy was set up to cover cooperation in areas as varied as regional connectivity, information technology, education, people-to-people contact, and medicine, among others. While large scale projects, such as the Turkmenistan, Afghanistan, Pakistan, and India (TAPI) gas pipeline and the International North-South Transport Corridor (INSTC), were attempts at connecting India to Central Asia, India’s overall approach has reflected India’s general policy direction – i.e., soft power. Therefore, the Connect Central Asia Policy had called for “setting up universities, hospitals, information technology (IT) centers, an e-network in telemedicine connecting India to the Central Asian Republics, joint commercial

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ventures, improving air connectivity to boost trade and tourism, joint scientific research, and strategic partnerships in defense and security affairs.\textsuperscript{39}

After three years of dormancy, the policy was reinvigorated in 2015 by PM Modi who visited all five Central Asian states in the same year. The major reason for this thrust was diversification of energy resources to meet the growing needs of India’s burgeoning economy. India already is a destination for higher education for Central Asian students because of the lower cost of education as compared to European and American universities. Similarly, Central Asia has witnessed an influx of Indian students for research purposes.\textsuperscript{40} The Indian Council for Cultural Relations (ICCR) has been a channel in renewing India’s ancient mutual cultural linkages with the Central Asian region. The ICCR organises cultural conferences and provides scholarships to students of Central Asian Republics to study Indian arts and culture.\textsuperscript{41} Until 2012, under the Indian Technical and Economic Cooperation (ITEC) programme\textsuperscript{42}, India allocated 435 slots to Central Asian countries. This is the most successful programme and was appreciated by Central Asian countries.\textsuperscript{43}

While the two large projects – TAPI and INSTC – have seen minimal progress due to numerous factors\textsuperscript{44}, India has continued engaging both bilaterally and multilaterally with the region. Most significant of the bilateral engagements are the agreements with Kazakhstan\textsuperscript{45} and Uzbekistan\textsuperscript{46} on the supply of uranium, and the MoUs related to defense and technical cooperation with Kazakhstan, Kyrgyzstan, and Turkmenistan\textsuperscript{47}. Multilaterally, India has engaged with the region


\textsuperscript{42}Indian technical and economic cooperation. ITEC. (n.d.). Retrieved from https://www.itecgoi.in/index

\textsuperscript{43}https://apps.apple.com/us/app/teleprompter/id1420515755


through the SCO, the Eurasian Economic Union (EEU), and the India-Central Asia Dialogue. While these attempts have been made, delays in completion of the INSTC have meant that India’s trade with the region has stagnated at 2 billion USD.

In the wake of the U.S. withdrawal from Afghanistan, India’s interests in Central Asia have grown substantially. India is concerned that China, Pakistan and to some extent, even Russia, may try and form a bloc in Central Asia. India fears this would eventually cut it off from the region and impose a Chinese form of strategic encirclement in connivance with Pakistan. This fear is accentuated by U.S. withdrawal, and the return of the Taliban in Afghanistan with Pakistani help. The fact that India’s relations with Central Asia went through a dramatic change over the past seven years shows that it was preparing for a post-American Central Asian region and exploring ways to sustain its relations after American withdrawal. Some of these anxieties are visible in India’s efforts to improve its military engagements with Central Asian states. For instance, during the visit of the Kazakh Defense Minister to India in 2021, the two sides decided to carry out defense-related joint production and co-development. Similarly, in Tajikistan, India has refurbished the Gissar Military Aerodrome (GMA) Air Force base at Ayni near Dushanbe.

In this context, it is also important to note that India has appointed Defense Attaches in all the five Indian missions (India has Defense Attaches only in select countries). Most of these developments are recent and there is agreement in Indian strategic circles that India has finally begun to secure its strategic interests in Central Asia.

While India may have always viewed Central Asia as important, meaningful engagement with the region has not always been uniformly pursued. India’s SCO membership is viewed as an element to bring uniformity and continuity to India’s Central Asia engagement. At the SCO, India repeatedly emphasizes its close historical ties with Central Asian states. India’s rationale regarding the SCO and Central Asia is that limited immediate benefits of joining the SCO will be compensated by improved bilateral cooperation with Central Asian Republics. The energy-rich Central Asian states have been a long-term priority for India, and its Chabahar Port, International North-South Transport Corridor, and Ashgabat Agreements all depend on improved relations and connectivity with Central Asia.
The SCO and the India-Central Asia dialogue are part of an effort to improve India’s connectivity with the Central Asian region. This dialogue, and multiple bilateral agreements with Central Asian countries, also reflects the realization of the SCO’s limitations, especially as India recalibrates its relationship with China and is diversifying its interests in the region.

iii. Managing relations with China (long term)

India’s SCO membership was, to a certain extent, driven by the need to manage relations with China. At the time of India’s membership, there was a concerted effort to insulate India-China relations from the border dispute, deepen the trade relationship while narrowing the increasing trade deficit.

At the SCO, India has often endorsed joint statements, but certain core differences have otherwise defined India-China SCO engagements. For instance, India has repeatedly refused to endorse the BRI at SCO summits. In 2018, Chinese Premier Li Keqiang and Russian Prime Minister Dmitry Medvedev met in Beijing for the 23rd annual meeting between Chinese and Russian heads of government, where the two sides agreed to enhance trade and economic ties. After the meeting, a press release by the Chinese Ministry of Foreign Affairs said that China would “synergize the Belt and Road Initiative and the Eurasian Economic Union.” As a result of this, India skipped the 2019 meeting of the Eurasian Economic Union, organized by the SCO at Xi’an in China.53

So, while the SCO may have given India a platform to express its displeasure with China at a regional forum, its utility in managing relations with China has been limited.

Further, the SCO has in no direct way acted as a forum for de-escalating India-China border tensions. India officially joined the SCO shortly before the Indo-China crisis in Doklam, demonstrating its ineffectiveness in providing a buffer between the rivals. All efforts for resolution have remained strictly in the realm of bilateral engagement. Therefore, India’s participation in Eurasian alignments like the SCO is part of a ‘continued engagement’ approach towards China, ensuring it remains in dialogue with China even in the face of a deteriorating bilateral relationship.54

iii. Safeguarding interests in Afghanistan (long term)

After the U.S. withdrawal from Afghanistan in August 2021 and the Taliban’s ascendance to power, concerns regarding the revival of the Islamic State and Islamic terrorism in general has incentivized the reopening of U.S. bases in Central Asia. However, both China and Russia have

made it amply clear that while they acknowledge these potential challenges, a regional, non-U.S. approach is most preferred.\textsuperscript{55}

China’s intention to impact the future of U.S. involvement in Afghanistan was visible since 2005, when it pushed the SCO to establish the SCO Contact Group on Afghanistan. Later in 2012, China pushed for and ensured Afghanistan’s observer status at the SCO. Most recently, at the Heads of Government meeting in Sept 2021, Chinese President Xi said, “We SCO member states need to step up coordination, make full use of platforms such as the SCO-Afghanistan Contact Group and facilitate a smooth transition in Afghanistan.”\textsuperscript{56} While most experts agree that the SCO has until now not been able to impact the situation in Afghanistan,\textsuperscript{57} the forum does have the potential to play a crucial, future role in engaging the Taliban simply because of the level of dependencies that both China and Russia have been able to create among its Central Asian members.\textsuperscript{58}

Though India has until now been kept out of the SCO’s contact group on Afghanistan, it sees its engagement with the SCO as a channel to address some of its own anxieties vis-à-vis Afghanistan. To address this, India has sought close cooperation with Russia. India-Russia consultations started in a major, though indirect, way in 2018 when India sent Amar Sinha, who served as Ambassador to Afghanistan from 2013-16, and T.C.A. Raghavan, a former high commissioner to Pakistan, to the Moscow-format talks.

The recent visit of Nikolay Patrushev, Secretary of the Security Council of Russia, to New Delhi to discuss concerns on drug trafficking, Islamic fundamentalism, and instability in Central Asia with Ajit Doval, India’s national security advisor, was a key event. This was the result of the agreement between Modi and Putin to establish a permanent bilateral channel to discuss Afghanistan. Reports indicated that in late August, Putin called Modi to discuss developments in Afghanistan, and they agreed to set up a “permanent bilateral channel” in the wake of the Taliban takeover of the country.

More recently, India held the ‘Delhi Regional Security Dialogue on Afghanistan,’ in which the NSAs of Russia, Iran and two Central Asian countries participated. This increased coordination between India and Russia on Afghanistan is both useful and likely to continue. However, how much the Russians will invest in this channel, in the face of the potential opposition from China and Pakistan, is something one will have to wait and see. Put differently, will Moscow invite New


Delhi to the future iterations of the ‘Moscow format talks on Afghanistan’ or the ‘Extended Troika’ meetings? For the moment, it is unlikely to happen.

But what is significant to note is that both Moscow and Washington, D.C. are now constantly and seriously consulting India on the Afghan question more than ever. More importantly, with the U.S. out of Afghanistan, there is more scope for Russia-India cooperation in that country. Both India and Russia, as well as the Taliban, have interests in ensuring that India continues to be engaged in Afghanistan. Both Russia and India share concerns about extremists and terrorists finding haven in Afghanistan and operating against their interests from Afghan soil, and the Taliban will be keen on Russian and Indian assistance and aid given the country’s economically precarious situation.

4. China and the SCO

The SCO’s importance for China is in line with several of its immediate and long-term objectives. While some of its immediate objectives have been fulfilled, others have either proved difficult to achieve under the SCO structure or are still being pursued. In addition, certain spin-off effects and changes in Chinese foreign and domestic policy, as a response to geopolitical events and trends, have added new potentialities to China’s SCO engagement.

The following discussion captures perceptions of Indian and international strategic thinkers on these objectives and their possible impact on the future of the SCO.

4.1 China’s objectives within the SCO

i. Stability and political alignment in Central Asia/South Asia (immediate to medium term)

The SCO charter codified peaceful resolution of border issues and mutual non-aggression. Under this Shanghai Spirit, since the foundation of the SCO, subsequent agreements have resolved “disputes between Kyrgyzstan, Tajikistan and Uzbekistan on border issues and the Ferghana Valley enclaves”59. Through the SCO, China assumed the role of impartial peace-broker, a position that Russia did not enjoy, and enabled the aforementioned outcomes.

Recently, after nation-wide protests60 rocked Kazakhstan, Wang Wenbin, a spokesperson for China’s Foreign Ministry, told reporters that members of the SCO were, “willing to play a positive role in stabilizing the situation” as, “safeguarding member states’ and regional stability has always been the principle and mission of the Shanghai Cooperation Organization.”61 He went on

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to say that, “As its neighbor and permanent comprehensive strategic partner, China is willing to offer all necessary support to Kazakhstan to help it overcome recent difficulties.” President Xi also appreciated Kazakhstan’s President Kassym-Jomart Tokayev’s “series of measures to counter terrorism and defend stability.”

Government crackdowns on the protests resulted in internet shutdowns, arrests of around 8000 protestors, 44 deaths, and approximately 353 injured. At the request of the Kazakh president, Russia sent a small number of peacekeeping soldiers to help “stabilize” the country under the auspices of the Collective Security Treaty Organization (CSTO).

This response from China and Russia revealed the role that these two countries envisage for themselves in Central Asia. It is also telling of the SCO’s purpose and its current limitations. Based on the idea of non-interference with the internal political dynamics of a member country, the SCO charter essentially allows Russia and China to sustain regimes amicable to their interests. Additionally, the mainstreaming of the so-called “three evils” agenda allows for a free pass to curb dissent and incarcerate political opposition. Instances of China successfully using established SCO channels to contain dissenting Uyghur activists based in member countries further illuminate China’s SCO objectives. The 2019 Chinese defense white paper therefore describes the SCO as a “community of common human destiny”, a phrase used to link the group with the Chinese Communist Party’s (CCP) goal of building a Sinocentric global order.

The expansion of the SCO to include India and Pakistan could be interpreted in this light. Both obtained observer status in 2005, indicating the grouping’s aspirations in bridging South Asia with an otherwise Central Asian grouping. When the criteria for membership were finalized in 2010, there were eight rules, including that a member state should not be in “armed conflict” with other states or have any sanctions imposed by the UN Security Council. Even after 2010 there...
was little clarity amongst members about the necessity and circumstances for expansion. Pakistan applied for membership in 2010 and India in 2014, and both started their membership process in 2015, after years of strife between Russia and China over who’s ally would join first. Pakistan’s inclusion was backed by China, to bring in a close partner as well as one with significant stakes in the Belt and Road Initiative (BRI). The China Pakistan Economic Corridor (CPEC) was a major incentive in bringing Pakistan into the fold of an otherwise Central Asian grouping. The SCO is also an acceptable platform for China to bring up concerns over terrorism with Pakistan, an issue that is relevant to the CPEC. India’s inclusion was primarily pushed by Russia, keen to dilute Chinese influence in the SCO. There have also been claims that China orchestrated India’s and Pakistan’s entry into the SCO to cripple the grouping so that it could proceed to act unilaterally. While the expected gains from India’s membership of the SCO cannot be compared to those of Central Asian states, certain Indian experts believe that China’s agreeableness to India’s membership was designed to soften the perceptions of such a Sino-centric global order. Such a strategic grouping was aimed at checking U.S. predominance in the greater Central Asian and South Asian regions.

ii. Three evils - terrorism, separatism, and extremism (short to medium-term)

Combatting the “three evils”–terrorism, separatism, and extremism–have always been a core objective of the SCO. A central concern of China, this objective was added to the SCO’s agenda at China’s insistence. China’s concerns around Uyghur radicalization, particularly in its western Xinjiang region, has made counterterrorism a critical element of its engagement with the SCO. Additionally, countering terrorism and extremism has been gaining salience for China as the BRI’s assets and investments are prone to threats from terrorism in the region.

The past two decades have seen China’s fears of instability and terrorism grow due to developments in Central Asia. There are concerns that popular uprisings in Uzbekistan and Kyrgyzstan in 2005 could inspire dissent and subversion in China. Violence involving Uyghurs and minority Han residents in Urumqi (incidents that China classified as Uyghur terrorism), and instances of Uyghurs joining the civil war in Syria, have also substantiated these fears. Now with the U.S. withdrawal from Afghanistan, and the fear of a resurgence of Islamic State Khorasan

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70Ibid
(ISK) and other radical elements, it is crucial to safeguard China’s economic interests in Central Asia and Pakistan.  

RATS is seen as an effective mechanism against the “three evils” by SCO member states. However, its functioning is opaque. RATS is aimed at enhancing “coordination of non-military actions relevant to addressing the common sub-state security threats” that pose challenges to regional stability and thereby threaten China’s core interests in Central Asia. The RATS database of suspected terrorists and organizations is only available in Chinese and Russian languages, thereby exposing its centrality to Chinese and Russian interests. Though India too has endorsed the effectiveness of the RATS mechanism, real outcomes vis-à-vis terror groups based in Pakistan have been limited. This highlights the real objectives of the SCO’s focus on counterterrorism. China has successfully used the forum to enhance cooperation among Central Asian states with a clear goal of stabilizing its western periphery.

iii. Managing relations with Russia (medium to long-term)

The SCO is dominated by China, and to a lesser-degree Russia. This perception exists in China and the West, as well as in India. Russia’s centrality to the SCO is well accepted in Chinese narratives. When India and Pakistan became members of the SCO, there were concerns about their rivalry affecting the organization. However, a consistent Chinese narrative was that the India-Pakistan

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rivalry will be unable to stifle the organization, like at SAARC, because the SCO is dominated by “China and Russia”.\textsuperscript{82}

China is aware that Central Asian Republics (CARs) are witnessing a major rebalancing of power with Russia’s declining influence in the world. Its own broad vision for regional connectivity is driven by a need for energy resources from the area and supported by ample reserves to back up its vision. Through commercial investments, loans, and the Asian Infrastructure Investment Bank (AIIB), China finances this crucial leg of its Belt and Road Initiative (BRI) without making demands for political reform like the West. China also knows that Russia cannot match its resources, especially in the light of piling sanctions.\textsuperscript{83} Therefore, it views the SCO as a useful framework for avoiding any antagonism with Russia, which still considers post-Soviet states as its sphere of influence.\textsuperscript{84} SCO’s counter-terrorism exercises have also acted as a confidence-building measure between Russia and China.

\textbf{iv. Economic integration and energy security (medium to long-term)}

For China, the underlying aim of the SCO has been to garner a security guarantee for the BRI. China has successfully\textsuperscript{85} entangled Central Asian states economically to further its BRI goals.\textsuperscript{86} Back in 2014, China touted the “Agreement on the Facilitation of International Road Transport among the SCO Member States” since it worked well with its economic agenda and BRI objectives. Chinese scholars view China’s economic contributions to the SCO as part of its role in providing economic public goods to the region, while noting Russia’s reluctance.\textsuperscript{87} They emphasize that the area covered by the SCO “overlap” with that of the BRI.\textsuperscript{88} China also views its engagement with the Central Asian region as an opportunity to diversify its energy supplies and

\begin{itemize}
  \item \textsuperscript{82}Long, X. (2017, June 12). Beijing’s goodwill shown in India joining SCO. Retrieved from https://www.globaltimes.cn/content/1051282.shtml
  \item \textsuperscript{87}Sheng, Y. (2017, June 6). SCO to expand as Xi attends summit. Retrieved from https://www.globaltimes.cn/content/1050352.shtml
\end{itemize}
reduce its dependence on the Middle East. As Central Asian states need financial and technological support to actualize their energy resources, China has emerged as a significant source of investments in the energy sector, holding up to 4 trillion USD. SCO has served China's interests primarily because of the strong bilateral economic ties between China and other member states.

The SCO has promised action on several items such as:


- An Economic Development Strategy for the SCO Region until 2030, the SCO Inter-Bank Consortium Roadmap to address economic slowdown due to Covid-19.

- Concept for the SCO Economic Forum (17 September 2021, Dushanbe).

- SCO Consortium of Economic Analysis Centres.

- China-SCO Local Economic and Trade Cooperation Demonstration Zones.

- Creation of the SCO Development Bank and the SCO Development Fund, SCO Business Council; creation of the SCO Special Working Group on Startups and Innovations.

- Agreement between the SCO Governments on International Road Transport Facilitation (12 September 2014, Dushanbe).

- Concept for Cooperation between Railway Administrations of the SCO Member States (2 November 2019, Tashkent).

- Develop and adopt an Economic Development Strategy for the SCO Region until 2030.

But China has been able to utilize the SCO's mandate more than others. China's total trade with Central Asian countries in 2019 stood at around 50 billion USD, almost twice that of Russia's. India's trade on the other hand stood at around 2.7 billion USD in 2020. In addition, as of November 2020, the total trade turnover of the SCO countries is 6 trillion USD, while intra-SCO trade stands at 305 billion USD, i.e., 5%. This is comparable with the dismal intra-SAARC trade at 5%, and compares poorly with the African Union's 16%, ASEAN's 27%, and the European Union's 50%.

Hence the focus on economic cooperation and trade is yet to reflect the global ambitions of the SCO as an alternative regional organization and a reliable grouping for member states. The economic mechanisms being put in place through the SCO are yet to be equitable. China has been

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successful in embedding the BRI through the SCO and, to a certain extent, even uses the SCO to
virtue-signal on its economic vision for the region, thereby insulating the BRI from criticism.

v. **Decentralization of international multilateralism (medium to long-term)**

At the United Nations General Assembly in 1997, China and Russia presented a “Joint Declaration
on a Multipolar World and the Establishment of a New World Order,” an early indication of their
common resentment of, and intentions to reconstruct, Western dominance in the international system.
This is the foundation of Sino-Russian cooperation in the SCO. This includes their collaboration in
international institutions and their desire to reshape global governance—in ICT standards, over
financial systems, and over development banks—to accelerate the shift of power from the
transatlantic to the East.94

The SCO is based on the principles of “mutual trust, mutual benefit, equality, mutual consultations,
respect for cultural diversity, and a desire for common development”. Its external policy is conducted
“in accordance with the principles of non-alignment, non-targeting any third country, and
openness.”95 China has asserted that these values negate the argument that the SCO seeks to be “the
Asian NATO”. It simply puts forth the format for an alternate regional grouping where different
political values can co-exist in the pursuit of common goals, unlike in the West. China repeatedly
emphasizes that the SCO is tolerant of "vast diversity" among its member states. It has argued that
shared values are not essential for successful international organizations and normalized deep
engagement with nations that are not liberal democracies. This “shared values” pitch is perhaps
meant to blunt the common barb against the SCO that it is "a club of authoritarians", and it is
possible that India's inclusion was meant to dilute that image.97

Indian experts98 believe that China wants to develop an image of a “responsible major power” and
build a regional order carrying along multiple regional countries, rather than banking upon

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93Virtue signalling is the practice of issuing statements to demonstrate one's moral bona fides that is divorced from
undertaking a course of action that is likely to bring about the desired outcome.
In this case, China virtue signals to the West that the SCO acts as a forum for economic integration of Central Asia and
therefore benefits SCO member states. However, the dismal state of intra-SCO trade when compared to African Union,
ASEAN or the European Union contradicts China’s claims.
94Stronski, P., & Ng, N. (2018, February 28). Cooperation and Competition: Russia and China in Central Asia, the
cy.com/2013/01/30/the-league-of-authoritarian-gentlemen/
tasiaforum.org/2014/10/17/the-future-of-the-shanghai-cooperation-organisation/
98Panda, J. P. (2012). Beijing’s Perspective on Expansion of the Shanghai Cooperation Organization: India, South Asia,
jstor.org/stable/42704802
select regular partners to undermine U.S. supremacy in the region. The SCO is also symbolic of Beijing’s evolving foreign policy. Historically, China has preferred bilateralism over multilateralism. Even the Shanghai Five, the predecessor of the SCO, was a bilateral arrangement between China and Russia, with the three Central Asian countries to one side. While the Shanghai Five was meant to promote security CBMs, the SCO has progressed into the economic arena. The Chinese foreign policy approach now considers multilateralism and multilateral bodies as elements of an organizing principle that is in line with the processes of globalization. Chinese and Russian approaches to multi-polarity imply closer relations between BRICS countries (including India), than with nations outside of BRICS.

Therefore, Chinese and Russian interests find common ground in the creation of an alternative multilateral framework that has helped both countries in pushing out extra-regional actors from the region. Both countries also worry about political influence that the U.S. and NATO could exact in the region, especially in effecting regime change. China used the SCO to do this in 2005 whereby Chinese pressure led to the Uzbek government giving U.S. forces 180 days to vacate their temporary facilities and cease operations from its territory. Similar pressure from Russia could be held accountable for the winding down of U.S. temporary bases in Kyrgyzstan in 2014.

vi. Strategic objectives (long-term)

On China’s long-term strategic objectives with the SCO, three lines of thought can be identified in international literature:


During a summit of the Shanghai Cooperation Organization (SCO) in early July 2005, fellow SCO members China and Russia supported Uzbekistan’s position and helped draft a final statement that said it was necessary for “members of the anti-terrorist coalition” in Afghanistan to set a timeline for the withdrawal of their militaries from bases in SCO member countries.


U.S. troops had been based at Bishkek’s Manas air base from 2002 until 2014 and were there for two revolutions and some horrifying interethnic violence in June 2010. The Kremlin became angry with Akaev’s successor, Kurmanbek Bakiev, because of his promise to Moscow in 2009 to close down the U.S. base in exchange for Russian financial assistance. Bakiev then renegotiated the cost of leasing the base with the United States, enraging Moscow. Bakiev was chased from office in 2010, and U.S. troops remained for four more years. But that experience in Kyrgyzstan -- and very strong opposition from Moscow -- might be why the U.S. officials in The New York Times report did not mention Kyrgyzstan as a possible location to “reposition forces.”

The first believes that the SCO was meant to ensure the security of China’s economic interests through regime stability in Central Asia.

The second argues that engagements at the SCO were meant to establish China’s regional primacy in Central Asia.

The third, non-dominant line of thought, argues that China has progressively moved from an economy-driven agenda to a security-driven agenda at the SCO. This is most visible from China’s use of the SCO’s counter-terrorism exercises as a test bed for refining the PLA’s overseas expeditionary prowess.

Of the three, most Indian strategic thinkers have argued that, in general, China seems to have taken a more economic-centric approach with the SCO, as opposed to the more security-related focus of Russia. The Chinese, while supporting Russian areas of focus (like targeting regional and transnational threats), are careful not to project the SCO as a military unit or being anti-Western in nature. China has maximized its security interests, in terms of intelligence-sharing and counterterrorism exercises, with individual nations in Central Asia, and views the SCO as a mechanism to promote the stabilization and reconstruction of Afghanistan. Shaping the SCO to counter NATO or the West is not a realistic notion for China, as it would threaten its bilateral relations with Europe, and especially with the United States. Indian analysts also believe that China’s focus on the SCO’s dynamism is in tandem with a decline in influence and credibility of the Russian-led Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO). This approach also enables China to display to the West that it has control over Central Asia. Ever since the SCO’s inception, joint military and law enforcement exercises have served to complement Beijing’s long-term efforts to bring stability within and around Xinjiang. Further, from the Indian perspective, the SCO does not “appear to be an emergent military alliance in the region as it has neither established active military and defense-industrial cooperation, nor offered its members a collective security guarantee.”

Recently, western analysts have raised concerns around the SCO’s counter-terrorism exercises “being an important tool for the institutionalization of Sino-Russian defense ties without establishment of a formal alliance”, “improving the proficiency of the members’ security forces, demonstrating new skills, learning about other SCO forces and their capabilities, reassuring the organization’s Central Asian members about their security requirements,

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providing opportunities to cultivate bilateral contacts with other SCO members, and signaling to outside powers, especially the U.S. However, there is very little discussion in India on some of the other concerning aspects of China’s achievements through these drills. Aspects such as the expansion of China’s military outposts, establishment of new training institutions for security forces, as well as building partnerships between existing training institutions, have not been viewed as a direct threat to Indian interests in Central Asia. This is partly because India’s interests in the Central Asian Region are mostly economic and energy-related. India does not seek any security-related role in the region and believes that the contest for security influence is primarily between Russia and China.

Military Excersises in Central Asia 2004-2009

Another concerning trend for India has been a perceptible shift in China’s approach to military exercises in Central Asia. China has used the SCO to enter the Central Asia military landscape in a manner that prevents opposition from Russia. Post 2014, exercises outside the SCO framework between China and other Central Asian states have increased. In 2019, China also launched ‘Cooperation 2019’, a series of drills that builds interoperability of local paramilitary with China’s People’s Armed Police (PAP). There are growing concerns that China has begun to use the Central Asia exercises to test and finesse the People’s Liberation Army’s (PLA) power projection and expeditionary capabilities.113

President Xi’s 2015 announcement that military diplomacy would be a critical element of China’s foreign policy did not go unnoticed in India.114 Under this new approach, China has not only increased its defense exports but has also provided military equipment as gifts to countries in Central Asia.115 While Russia remains the dominant defense exporter to Central Asia, China has increased its arms sales to 18 percent from 1.5 percent between 2010 and 2014.116 This increase has been noticed both in Russia and India, with both exchanging a non-paper that explores ways of increasing India’s defense exports to the region.117

Gradually, China has been able to build on each of its bilateral efforts without alarming Russia. Some early indications of a fork in the road for China and Russia are perhaps visible with the former launching the China-Central Asia dialogue in 2021.118 While Russia already has existing mechanisms beyond the SCO, this dialogue was the first for China. As a response to this, India

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recently hosted Central Asian leaders for the India-Central Asia Dialogue in December 2021. Given these developments, as far as China is concerned, it has been successful in gradually enhancing its influence using the SCO to project a non-threatening image backed up by an economic agenda.

5. India’s Multialigned foreign policy

Since 2017, India has activated many multilateral forums, including ones previously dormant, like the Quad and RIC, along with new ones like the India-Central Asia Dialogue (CAD). The Quad was reactivated in 2017, the same year India officially joined the SCO. In November 2021, External Affairs Minister S Jaishankar chaired the 18th meeting of the Foreign Ministers of the Russia-India-China (RIC) grouping. During the many meetings, the trio addressed a range of issues including counterterrorism, multilateralism, climate change, and cooperation. The talks, which do not deal with any bilateral issues, took place even as the Indian army and People’s Liberation Army (PLA) soldiers continued their 19-month standoff at the Line of Actual Control (LAC).

In explaining why India engages with the RIC, along with the BRICS and SCO, scholars argue that these groupings complement India’s bilateral relations with Russia and China. Others claim that India’s participation in such Eurasian alignments is part of a ‘continued engagement’ approach towards China, ensuring India remains in dialogue with China even when bilateral relations continue to worsen. There is also the continuing imperative to weaken the Russia–China partnership through Indian participation in the same Eurasian forum.

To a certain degree, India’s participation in the RIC serves as a symbolic gesture of its commitment to a multi-aligned hedging approach, as opposed to an exclusive alignment. Further, India’s lack of success in advancing its counterterrorism agenda in the BRICS and SCO is seen as a reason for India’s decision to reactivate the RIC in 2018, as another platform to push its counterterrorism agenda.

Therefore, India has looked to maximize its policy space by engaging with multiple regional and extra-regional forums. While there may be overlap in terms of India’s objectives at these forums, India has maintained clear lines of communication at each one of them. This is evident from India’s continued and simultaneous engagement with the Quad and SCO.

While the Quad deals with India’s maritime neighborhood, the SCO is part of a larger Central Asian engagement policy aimed to assuage India’s continental insecurities. In addition, the Quad’s focus on the China challenge in the Indo-Pacific is overtly political, and more security-oriented, than the economic and socio-cultural initiatives India focuses on at the SCO.\footnote{Haider, S. (2021, September 17). Retrieved September 23, 2021, from https://www.youtube.com/watch?v=9C3b4miAbt0}

Since the initial quadrilateral meeting between Japan, Australia, U.S., and India in the spring of 2007,\footnote{https://warontherocks.com/2017/11/rise-fall-rebirth-quad/} India was self-admittedly a cautious member of the Quad. More than a decade later, it is a driving force because of the growing China threat and the pull of its democratic partners, particularly the U.S. Owing to its relative strategic vulnerability vis-a-vis China, compared to other members of the Quad, India is more sensitive to the risks of aggravating a security dilemma with China without a comparable improvement in its strategic position. India aims to minimize perceptions of the Quad as a U.S.-led containment coalition and has therefore preferred to cast the Quad in a more open, multilateral, and inclusive light, and prioritizes appeals to ASEAN centrality, etc. While India relies on Russian arms imports to a large degree, it seeks to acquire high-end defense platforms and nurture better cooperation in intelligence and technology sharing with its Quad partners, particularly the U.S.\footnote{Smith, J. M. (2021, June 25). How to Keep India All-In on the Quad. Retrieved from https://foreignpolicy.com/2021/06/25/india-quadrilateral-security-dialogue-us-australia-japan-china-russia/}

The Quad had provided a forum for India to position itself as an “equal partner” among “like-minded” countries. It enables India to address Asia’s power asymmetry with China while balancing Indian interests more prominently between U.S.-led and China-led schemes in the Indo-Pacific. That said, India does not want to assign this grouping with a deliberate and explicit strategic intent that could be construed as anti-China. If the U.S.-led or Quad countries’ scheme of things is valuable to New Delhi’s strategic interest in the Indo-Pacific, cooperating with China as a partner equally serves its domestic economic interests.

Therefore, India has subscribed to a strategic ‘alignment minus alliance’ policy. This entails working within a U.S.-led framework while maintaining China as an economic partner. India’s approach towards the region is based on its choice to be strategically autonomous and maintain an exclusive relationship with each one of these players. This is the core of New Delhi’s approach towards the Quad. India’s notion of a regional order in the Indo-Pacific is associated with the “Beijing Consensus”, but without distancing greatly from the “Washington Consensus.” The “Beijing Consensus” offers an alternative developmental model – one that is aimed towards emerging economies of the developing world. Infrastructure development and connectivity are part of this alternative developmental model advocated by China. India’s association with China within the framework of the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB), and the SCO, suggests that India is embracing the “Beijing Consensus” while still
finding strategic consonance with the “Washington Consensus”, in line with its developing multi-alignment approach.\textsuperscript{124}

Though India has shown equal interest in the Quad and SCO, the reasons are very different. Participation at the SCO is aimed at not being left out of a regional grouping that includes both China and Pakistan and maintaining its relations with Russia.\textsuperscript{125} With the Quad, India’s slow balancing of China is the predominant objective.

Being part of non-U.S. regional forums like the SCO and more recently the ‘Regional Security Dialogue’ allows India to have a seat at the table, which it consistently did not have over Afghanistan throughout the Doha negotiations. Being part of the SCO allows India to build issue-based cooperation with China and Russia in Central Asia even as it has an ongoing standoff with China along the LAC. India’s engagement with the BRICS and SCO on one hand, and the Quad on the other, might appear mutually exclusive at first glance. Upon deeper consideration, one finds that the two serve entirely different purposes in two distinct parts of the world.

Because of the multilateral and democratic decision-making structure of the SCO, India can ensure that its interests are not hampered, while at the same time serving as India’s strategy to blunt Chinese order-building if it goes against India’s interests. Therefore, while India’s membership in these organizations may seem contradictory to the casual observer, that is not the thinking in New Delhi, which sees merit in multi-alignment.

6. Managing legacy relations with Russia

Outside of its relationship with the U.S., India considers its relationship with Russia to be of highest importance despite a decline in recent years.

Russia has been the lead supplier of defense equipment to India. Since 2010, Russia has been the source of nearly two-thirds (62\%) of all Indian arms imports, and India has been the largest Russian arms importer and has accounted for nearly one-third (32\%) of all Russian arms exports, according to SIPRI. Between 2016 and 2020, India accounted for nearly one-quarter (23\%) of Russia’s total arms exports, and Russia accounted for roughly half (49\%) of Indian imports.\textsuperscript{126} More so, according to The Military Balance 2021, India’s present military arsenal is heavily stocked with Russian-made or Russian-designed equipment. The sale of advanced weapons and technology at attractive rates to India, and the ability to have a high share of India’s defense import budget, makes for deeper mutual influence.

\textsuperscript{125}Haider, S. (2021, September 17). Retrieved September 23, 2021, from https://www.youtube.com/watch?v=9C3b4miAbt0
India is closer to the U.S. today than ever before in its history. However, even as India’s ties with the U.S. have improved over the past two decades, leading to some unease in Moscow, it has not come at the cost of its ties with Russia. In fact, since 2018, also the period during which India’s engagement with the Quad intensified, its defense partnership with Russia almost quadrupled from 2-3 billion USD to 9-10 billion USD, making Russia one of India’s top defense partners. This growth has reflected India’s anxieties vis-à-vis China. In such a scenario, India has chosen to rely on a legacy defense partnership due to its dependence on the Russian defense-industry complex.

However, this legacy relationship does face some challenges, primarily the growing closeness between Russia and China. According to a RAND report on Russia-China ties, since 2014, China-Russia relations have witnessed increased military, political, and economic cooperation, a trend which is expected to persist marked by aggressive U.S. posturing towards Russia, and its pivot to Asia to balance China. The foreign policy establishment in India is aware of this trend in Russia-China relations, and its possibly hazardous implications for India-Russia defense cooperation, against the backdrop of military tensions with China. An example of this realization is the fact that India’s Defense Minister, Rajnath Singh, flew to Moscow in June 2020 in the immediate wake of the Galwan clashes to procure additional Russian fighter jets and armaments. Many analysts questioned the urgency of the visit and argued that a part of the purpose was to ensure that Russia’s supply of defense equipment to India would continue to flow unhindered in case of broadening Sino-Indian conflict. Outside the government, responses to the Russia-China joint statement on the sidelines of the Winter Olympics 2022 are still doubtful of a Russia-China military alliance in the future.

As far as India’s intensified cooperation with the U.S. and its long shadow on India-Russia ties is concerned, India’s thrust on maintaining strategic autonomy in pursuit of its national interest means that it is not going to place all of its eggs in the U.S. basket.

While security cooperation between India and the U.S. has increased, it is mostly to counter China’s rise. Even though the two have a convergence of views on China, there are divergences

on a wide range of issues from Central Asia, Iran, Afghanistan, and perhaps most importantly, Russia.

In many ways, India’s ties with the U.S. and the Quad on one hand, and Russia on the other, are not mutually exclusive where the pursuit of one is detrimental to the other. India could act as a counter-weight to Russia’s close embrace of China, but also provide the space for Russia to hedge against increasing Chinese dominance in Central Asia, Russia’s traditional sphere of influence.\(^\text{132}\)

Officials in New Delhi believe that the U.S. withdrawal from the region (Afghanistan), and the return of the Taliban in Afghanistan, will bring India and Russia closer. In an unfriendly neighborhood—populated by China, Pakistan, and to some extent Iran and Taliban-led Afghanistan—the only country New Delhi can turn to is Russia. This realization is likely to drive Russia-Indian relations in the months and years ahead.

India realizes that it doesn’t have the capacity to stand alone in Central Asia against the combined forces of Pakistan and China. By courting Russia—its traditional partner who is also close to China and getting closer to Pakistan—to help re-establish its presence in Central Asia, India is seeking to work with the region’s strongest power, and potentially create a rift between China and Russia in the region.\(^\text{133}\) This explains the growing amount of coordination with Moscow in recent months. The two countries recently exchanged a ‘non-paper’ on how to increase their joint engagement in Central Asia.\(^\text{134}\) Reports indicate that the non-paper has several plans to improve cooperation, including joint defense projects in Central Asia through existing Soviet-era defense factories in some of the region’s republics.\(^\text{135}\) The non-paper also reportedly discusses potential trilateral defense exercises among India, Russia, and willing partners from among the Central Asian Republics.\(^\text{136}\)

India, therefore, is likely to follow a dual strategy vis-à-vis Russia and the U.S. With the U.S., it is likely to intensify its relations in the Indo-Pacific to address the China challenge. India’s Afghanistan and Central Asia policy, as well as its need for military equipment, are likely to shape its Russia policy. New Delhi will also look to Moscow to cool tensions with Beijing as needed.


There is a growing awareness in certain sectors of the Indian government that Western sanctions on Russia will have major implications for India, especially if the war is prolonged in Ukraine.\textsuperscript{137} India has set up an interministerial panel to study the actual impacts of these sanctions on the Indian economy and suggest policy options to mitigate the same.\textsuperscript{138} The impact of the sanctions could be experienced in the following three sectors:

\begin{itemize}
  \item \textbf{Economy}
  
  Western sanctions on Russia will have a serious impact on various sectors of the Indian economy. In 2021, India's non-military imports from Russia were around 8.6 billion USD and consisted primarily of oil, fertilizers, coal, precious stones, and precious metals. India's exports, which totaled 3.3 billion USD, included mainly tea, coffee, electronics, iron and steel, auto parts, and pharmaceutical products.\textsuperscript{139} Supply-chain disruptions, increased oil and freight costs, and closure of ports will impact India's retail inflation.\textsuperscript{140}

  The conflict has already impacted the value of the Indian Rupee, which has crashed to its lowest ever – more than 77 INR to the USD, thereby making imports more expensive in general. If the war continues, the decreasing value of the Rupee will strain India's foreign exchange reserves. In a worst-case scenario, India will have to start worrying about a balance of payments crisis.

  There is an additional concern about incoming payments to Indian exporters. Incoming payments amounting to around 400 million USD due to Indian exporters might be held up since many Russian banks have been blocked from accessing the SWIFT system. Indian exporters are also realizing that many Russian buyers do not have the ability to make payments in any foreign currency or from a third-party or country.\textsuperscript{141} The Reserve Bank of India (RBI) is in discussions with the Indian government to explore Rupee-Ruble trade for Indian importers and exporters. However, the RBI governor has assured that such an effort will be sensitive to the sanctions
\end{itemize}


\textsuperscript{140}ibid

\textsuperscript{141}ibid
imposed by Western countries.\textsuperscript{142} The RBI’s challenge remains balancing the needs of Indian businesses and the impact of Western sanctions.

There is also a concern that the U.S. could sanction Indian corporations or financial institutions for doing business with Russia. India and Russia have been working towards increasing bilateral investment to 50 billion USD and bilateral trade to 30 billion USD by 2025.\textsuperscript{143} In December 2021, during President Putin’s visit to India, the two sides signed a record 28 MoUs as part of their “Special and Privileged Strategic Partnership” to widen the scope of cooperation to new areas.\textsuperscript{144} They also decided to finalize negotiations on the Bilateral Investment Treaty to protect mutual investments.\textsuperscript{145} Continued sanctions on Russia will impact negotiations on the Bilateral Investment Treaty.

However, during the 2014-2019 period, bilateral trade settled in Rupee-Ruble exchanges went up by five times. Such a mechanism has already been set up in 2019 to avoid sanctions under Countering America’s Adversaries Through Sanctions Act (CAATSA).\textsuperscript{146} Therefore, it seems that both sides will soon identify a potential bank to conduct these transactions, similar to what India did with Iran earlier, to minimize the impacts of sanctions.

\textbf{ii. Defense}

There are some concerns as to whether the “Countering America’s Adversaries Through Sanctions Act (CAATSA)” will apply to India since it is in the middle of purchasing S-400 missile defense systems from Russia. The U.S. had, prior to the onset of the current Russia-Ukraine conflict indicated to New Delhi that it would consider giving India an exemption from the sanctions given the positive state of India-U.S. relations and because India needs those systems to defend itself against China.\textsuperscript{147} The weapons systems have already started arriving in India, but the sanction waiver has not come through yet. On March 4, 2022, the U.S. Senate Foreign Relations Subcommittee on South Asia was informed that the President is yet to enforce the law and is considering whether to apply or waive sanctions on India.

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\textsuperscript{143} Tea Board of India, Moscow. Embassy of India, Moscow (Russia). (n.d.). Retrieved April 13, 2022, from https://www.indianembassy-moscow.gov.in/overview.php
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\textsuperscript{144} T. P. T. (2021, December 7). These are the 28 agreements India, Russia signed at summit-level talks. ThePrint. Retrieved from https://theprint.in/diplomacy/these-are-the-28-agreements-india-russia-signed-at-summit-level-talks/777650/
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\textsuperscript{145} Ibid.
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\textsuperscript{147} While Section 231 (a), CAATSA provides that the U.S. President "shall" impose at least five types of sanctions mentioned therein, on a person that "engages in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation", Section 231 (b) further provides that the President "may" waive the application of the said sanctions by providing a "written determination" to the appropriate congressional committee.
\end{flushleft}
Though there is confidence that the U.S. President will not use this as leverage against India\textsuperscript{148}, the impact of sanctions on India’s other defense purchases from Russia are beginning to show. In early March, a senior U.S. official told the Senate Foreign Relations Committee that India has cancelled MiG-29 orders, Russian helicopter orders and anti-tank weapon orders. However, there is no official confirmation from the Indian side.\textsuperscript{149} Notwithstanding the purchase of new weapons systems from Russia—given that over 60% of India’s military hardware is Russian—the continued need for spare parts, including from sanctioned Russian entities, could emerge as a challenge in the months ahead, especially as it comes in the middle of a military standoff with China.

The sanctions could also threaten India’s defense production and export capabilities. In late January 2022, India signed a 370 million USD deal with the Philippines to supply the BrahMos supersonic cruise missile, produced under an India-Russia joint venture.\textsuperscript{150} The Indian Ambassador to Manila Shambhu Kumaran recently specified that while India is aware of the possible challenges posed by sanctions on Russia, the deal with the Philippines is purely bilateral, and India will be able to meet its commitments under the deal.\textsuperscript{151} While the Indian establishment may be confident that production of the BrahMos will not be impacted, experts believe that it will be the worst hit by sanctions.\textsuperscript{152} India has also been in talks with Russia to co-produce more defense equipment at Soviet-era factories in Central Asia.\textsuperscript{153} If the war continues and sanctions are able to impact India’s defense exports, this could jeopardize the 5 billion USD (by 2025) export target set by India’s Ministry of Defense.

### iii. Geo-economics


The missile is produced by the BrahMos Aerospace Private Limited, a joint venture of its Defence Research and Development Organization (DRDO), India, and the NPO Mashinostroyeniya (NPOM) of Russia.


There is a strong feeling in New Delhi that one of the unintended consequences of Western sanctions is the strengthening of China-Russia relations in the economic domain. New Delhi is closely monitoring, and has mixed feelings about, de-dollarization attempts led by countries such as China and Russia. On the one hand, de-dollarization of global trade (or at least minimizing the dependence on the dollar) is viewed positively, as it would decrease the potential weaponization of the global economic order, therefore giving countries in the South more policy space to secure their economic interests. On the other hand, in the long term, an alternative system that is independent of the dollar would most likely be led by China.

A recent Council on Foreign Relations (CFR) report noted that, in the past, India has expressed interest in jointly exploring with Russia and China an alternative to SWIFT that would allow it to trade with countries under U.S. sanctions. There have been talks about India considering linking with a financial messaging service developed by Russia (SPFS or System for Transfer of Financial Messages which is Russia's equivalent of SWIFT) after the invasion of Crimea in 2014. Reports also indicate that SPFS could eventually connect with China's CIPS (Cross-Border Interbank Payment System, the Chinese version of SWIFT). While India is not averse to SPFS as it would help evade sanctions on Russia, the difficulty arises from China's CIPS. Russia and China have also tried to garner support for de-dollarization at the SCO. For instance, two years ago, SCO members discussed the importance of using national currencies for trade among themselves and even deliberated on the possible establishment of a development bank and development fund.

India will find it difficult to trade with Russia because of U.S./Western sanctions, but if it continues to do so by using SPFS, it will end up supporting a China-led monetary system. There is a worry in India on the potential growth in China-Russia economic relations in the wake of severe sanctions on Russia. Even if China and Russia do get close economically, India is likely to continue its economic relations with Russia due to its own dependencies.

8. Conclusions and findings

- India’s continued engagement with the SCO can be viewed as one of its strategies to improve connectivity with the Central Asian region. Predominantly, the Indian strategic community believes India still stands to gain more from being in the SCO than being outside of it, especially given the grouping’s significance in today’s context. Being out of the SCO would have meant, in one sense, being cut out of a China-dominated region.

- SCO membership was intended to provide India with better visibility in the Central Asian region, help neutralize regional extremist elements, and build ties in trade, connectivity, and energy. Much of this has not happened, at least not yet. While connectivity initiatives

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156 Ibid.
such as the Turkmenistan-Afghanistan-Pakistan-India (TAPI) and the International North–South
Transport Corridor (INSTC) continue to be mired in delays, India has been able to use its
interactions at the SCO to strengthen its relations with Central Asian Republics. The recently initiated
India-Central Asia Dialogue is a case in point. Similarly, India's interest in growing its defense
partnerships with Central Asian countries, while working closely with Russia, is indicative of the kinds
of inroads that India has been able to build in Central Asia through the SCO.

In India, the SCO is today seen as a China-dominated forum. During the early years of India's mem-
bership, there was misplaced optimism that the SCO would provide a platform for India to
constructively engage with China and Pakistan. This optimism was short-lived and has now
completely dissipated. While India has been successful in expressing its concerns regarding
Pakistan's support and use of terror outfits, India has been unable to influence the SCO's counter-
terrorism agenda. The Regional Anti-Terrorism Structure (RATS), and its associated exercises, have
been China and Russia-centric. Therefore, India has only participated in one military exercise under
the aegis of the SCO and will continue to avoid participation in the future.

The SCO has played no direct role in de-escalating India-China tensions. However, continued
membership is seen to increase India's policy space and maximize its options vis-à-vis China. India
has used the forum to raise the issue of Chinese ingress and in some ways hold China accountable
through the SCO's “Shanghai Spirit”.

India's engagement in the SCO, and other multilateral forums, must also be viewed as resulting from
a flux in Indian foreign policy under the Modi government. India's bid for membership in the SCO
was symptomatic of the need to soften the impact of a shift away from 'strategic autonomy'. This new
'multi-alignment' policy was an outcome of a changed geopolitical context, and India's regional
security and economic interests. Since 2015, India has sought to generate a convergence of policy
agendas across multiple alignments while ensuring that formal mechanisms are avoided to maximize
the maneuverability of Indian foreign policy. Multi-alignment will ensure a continuation of dialogue
among countries, even when tensions are high, so that they may find at least one security area where
dialogue may be possible. This trajectory in Indian foreign policy is likely to remain for the
near future.

India's simultaneous engagement with the Quad and the SCO must be interpreted in this light. India's
active engagement with both the SCO and the Quad is viewed as the coupling of its historical
non-alignment tendencies: (assuaging Russia while tilting towards the U.S.) with the need to contain
China. It is expected that India will have to continue following its “zig-zag” course, balancing its
historical friendship with Russia, American demands, and strategic necessities in the neighborhood
and beyond. Defense pacts and military drills with the U.S., Russia and others are expected to contin-
ue, to seize maximum opportunities from its relations with global powers. India's new strategy of
engaging the Russian “Far East” is yet another indication that New Delhi will continue to engage
Moscow in the Asia Pacific despite the latter's vocal opposition to the Indo-Pacific construct.

New Delhi hopes that the U.S. will continue to be understanding towards the Indian strategy of
engaging Russia in the Eurasian continental sphere in the wake of the U.S.
withdrawal from Afghanistan and the aggression displayed by China. Strategic analysts in New Delhi believe that, at the end of the day, it would help both Washington and New Delhi if India’s engagement of Russia in the region could create potential rifts between Moscow and Beijing.158

- Russia remains central to explaining India’s membership in the SCO. Russia, a traditional partner of India, remains its biggest supplier of defense equipment. In addition, even as Russia-Pakistan relations improve, unlike China, Russia is unlikely to support Pakistan against India. Membership in the SCO allows India to be part of this regional grouping where India can rely on Russia to keep China and Pakistan in check, carry out its multi-alignment policy, and assuage Russia’s concerns about India’s tilt towards the U.S. In addition, Central Asia is traditionally Russia’s sphere of influence where it has stakes in not letting the region completely slip into China’s hands.

- In the context of the Russia-Ukraine war, India has found itself in a tight spot. Having had to make the difficult choice of either condemning Russia—and supporting the economic sanctions being put in place by the western liberal order—or securing its own interests shaped by defense dependencies and geostrategic needs, India has until now played its cards well. It seems that India’s current calibrated response is a function of managing the threat from China and India’s continental anxieties, through a close relationship with Russia. As the pressure on India increases to condemn Russian excesses in the current conflict, India might have to find innovative options to stand its ground. However, in the near-term, India is unlikely to completely cut ties with Russia. While the existing process of reducing dependencies on Russian defense equipment may be hastened, this again would not mean that India will start looking at Russia as a pariah state or demote its importance in its own strategic calculations vis-à-vis Central Asia and China.

- In many ways, India’s ties with the U.S. and the Quad on one hand, and Russia on the other, are not mutually exclusive where the pursuit of one is detrimental to the other. In the longer run, it may even prove to be in the interest of the Quad that India continues to engage with Russia. Not only will it act as a counterweight to Russia’s closer embrace of China, but also provide the space for Russia to hedge against increasing Chinese dominance in Central Asia, traditionally Russia’s sphere of influence.

- The U.S. withdrawal from the region (Afghanistan) and the return of the Taliban in Afghanistan will bring India and Russia closer. In an unfriendly neighborhood populated by China, Pakistan, and to some extent, Iran and Taliban-led Afghanistan, the only country New Delhi can turn to is Russia. This realization is likely to drive Russia-India relations in the months and years ahead.

- Indian strategic thinkers believe that China saw India’s membership of the SCO as an opportunity to entangle India in a regional grouping which could either incentivize India to stay away from anti-China groupings or be used to isolate India by castigating its closeness to extra-regional powers. For India, increased coordination with Russia at the SCO has remained key to avoiding such entanglement.

- China had intended that the SCO emerge as an alternative regional arrangement where it could develop an image of a “responsible major power” and build a regional order...
carrying along multiple regional countries rather than bank only upon regular partners to undermine U.S. supremacy in the region.

- By stressing the fact that the SCO is a forum where different political values can co-exist in the pursuit of common goals, China wants to project those shared values are not essential for successful international organizations and normalize deep engagement with nations that are not liberal democracies. This feature of the SCO is perhaps the most significant. Post U.S. withdrawal from Afghanistan, the role of the SCO has increased immensely. Both China and Russia, along with Central Asian countries, can engage the Taliban and maximize their interests in the region. Similarly, it remains to be seen how Iran’s membership of the SCO plays out against the backdrop of renewed negotiations on the Joint Comprehensive Plan of Action (JCPOA).

- Notwithstanding the fact that China has mostly maintained a highly beneficial economic-centric approach at the SCO, the forum is heavily influenced by China’s centrality, and has helped China exclude extra-regional states, particularly the U.S. China has been able to achieve all this while making sure that its relations with Russia have grown.

- However, China has started to focus more on security and has used the SCO’s counterterrorism focus to further its security interests, arms trade, and to some extent expeditionary capabilities in Central Asia. Such overtures, though enacted on a bilateral level, give China a free hand under the SCO’s charter. This is a major outcome for China, and its benefits have only just begun to appear, especially as the influence and credibility of the Russian-led Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO) are waning.

- The future of the SCO looks bright from China’s perspective. The initiation of the China-Central Asia Dialogue, the India-Central Asia Dialogue, and the revival of the RIC may indicate a weakened SCO. However, the fact that both India and China can maximize their options vis-à-vis countries in Central Asia on a bilateral level speaks to the real value of the SCO. This grouping therefore has helped establish a framework, supported by some core values, that has managed conflict among smaller Central Asian countries, and ensured that the competition for influence among larger member states remains peaceful. While this framework makes it possible for countries like India to maximize their existing outreach to Central Asia, the real and immediate benefits have mostly been for China.

- Notwithstanding the general state of India-China relations, the SCO will continue to prosper. Its mandate is intentionally limited to encourage cooperation at the bilateral level. This is likely to continue. The most crucial element for the SCO’s future is the state of bilateral relations between Russia and China. Until these two members view their interests as overlapping vis-à-vis the U.S., and can manage their differences amicably, the SCO is likely to remain on its present trajectory.
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