The official accession of India and Pakistan as formal member states to the Shanghai Cooperation Organization (SCO) in 2017 is an epoch-making event in the SCO’s development, signifying that the organization has entered a thriving and vigorous new period. In this context and as China is advancing its major-country diplomacy with Chinese characteristics for a new era, the SCO successfully held its 18th Meeting of the Council of Heads of Member States in Qingdao, China on June 9-10 this year. This is the fourth time that China hosted the SCO summit as rotating presidency, and also the first summit held after the SCO enlargement. The summit adopted several important documents including the Qingdao Declaration, agreed on the joint concept of building a community of shared future for mankind, worked out a blueprint for future cooperation, and injected strong vitality and driving force for the SCO’s future development, thus becoming a milestone in the organization’s history.

At present, the SCO is at an important historical juncture of tremendous development and great transformation, facing opportunities as well as difficulties and challenges. Generally speaking, the SCO still has room for further development, with huge potential and bright prospects. We should evaluate and manage the SCO from a strategic height with the aim of building a community of shared future for mankind, continue to give full play to the Shanghai Spirit guided by the concept of innovation, strengthen cooperation in security, economic and people-to-people exchanges as well as external relations,

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and invigorate the SCO to promote a more prosperous Eurasian region.

**The SCO in a New Period of Development**

The year 2018 marks the 17th anniversary of the SCO’s establishment. Over the past 17 years, adhering to the Shanghai Spirit of “mutual trust, mutual benefit, equality, consultation, respect for cultural diversity and pursuit of common development,” the SCO member states follow the principles of mutual respect for independence, sovereignty and territorial integrity, non-interference in each other’s internal affairs, no use of force, equality and mutual benefit in managing internal relations, and adhere to an open diplomatic line of non-alignment and not targeting other countries and regions. They have thus coped effectively with various threats and challenges, maintained regional socioeconomic stability and development, and benefited all member states with peaceful co-existence and common prosperity. The SCO has developed from the initial six members to a big family of eight member states, four observer states and six dialogue partners. Its aggregate economic output and population account for over 20% and 40% of the world’s total respectively, becoming the world’s largest and most populous comprehensive regional organization. The SCO has set up a new type of regional cooperation, which transcends the Cold War mentality and sets a good example.

The SCO’s history can be traced back to the meeting mechanism of “Shanghai Five,” which started in 1996 and evolved into the current SCO. Since the establishment of the five-country meeting mechanism, the SCO has undergone the following four stages of development.

The first stage (1996-2001) is the rudimentary preparation stage. This stage witnessed the establishment and development of “Shanghai Five.” As the forerunner of the SCO, the meeting mechanism provided necessary conditions and laid a solid basis for the founding of the SCO. First, the five countries of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan, in the spirit of equal consultation and mutual understanding and accommodation, took the opportunity of Soviet disintegration and launched negotiations to
resolve their border disputes left over by history. On April 26, 1996, the heads of state of the five countries held their first meeting in Shanghai, marking the establishment of the five-nation meeting mechanism and the very beginning of the SCO. Second, from 1996 to 1997, China signed agreements with the other four sides respectively on deepening military trust and reducing military forces in border regions, and successfully resolved boundary issues with the four states along the 7,593-kilometer-long border, heralding the beginning of multilateral contacts and exchanges among the five countries. Third, the “Shanghai Five” continued to grow. Since April 1997, the bilateral talks between China as one party and Russia, Kazakhstan, Kyrgyzstan or Tajikistan as the other party evolved into multilateral talks among the five countries, and the subject of negotiations gradually expanded from border security to regional security and economic cooperation. In addition to meetings among heads of state, the talks developed into many regular consultation and coordination mechanisms for prime ministers, and ministerial officials in charge of foreign affairs, national defense, public security, national security and border defense. In July 2000, Uzbekistan participated for the first time in the five-nation summit as an observer, signaling the enlargement of membership.1

The second stage (2001-2004) is the initial set-off stage, focusing on internal building. The first step is the founding of the SCO. On June 14-15, 2001, six heads of state from China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan held first talks in Shanghai and signed the Declaration on the Establishment of the Shanghai Cooperation Organization, which formally declared the SCO’s birth. The Declaration specified the purpose of strengthening friendly cooperation, maintaining and safeguarding regional peace, security and stability, and promoting the establishment of a new democratic, equitable and reasonable international political and economic order, and put forward the Shanghai Spirit of “mutual trust, mutual benefit, equality, consultation, respect for cultural diversity and pursuit of common development.” The second step is to set rules and regulations. As

the basic and guiding document, the Charter of the Shanghai Cooperation Organization stipulated clearly a series of major issues such as the purpose, tasks, principles, cooperation direction, organization and funding of the SCO and the process of member admittance and withdrawal, as well as the SCO’s external relations. At the same time, the Shanghai Convention on Combating Terrorism, Separatism and Extremism was signed, which clearly defined the “three forces” and set the principles and approaches of cooperation, as well as the rights and obligations of all parties, thus laying the basic legal foundation for effective security cooperation among member states. The third step is mechanism building. On May 29, 2003, the SCO Secretariat was established as a permanent administrative body to provide organizational and technical support for activities within the SCO framework. In 2004, the Executive Committee of the Regional Anti-Terrorist Structure was launched in Tashkent as another standing body in the SCO.2

The third stage (2004-2017) is the growth and expansion stage. During this period, the SCO advanced internal building and membership enlargement at the same time, with the first successful enlargement as the hallmark. First, the SCO underwent continuous expansion for the 13 years. With Mongolia’s enrolment as an observer state at the Tashkent summit on June 17, 2004 initiating the SCO’s enlargement process, India and Pakistan’s formal accession to the SCO on June 9, 2017 signaled the fulfillment of the organization’s first enlargement of formal membership, making the SCO the largest transnational body in the Eurasian region. Second, the SCO strengthened its basic legal and institutional system. The Treaty on the Long-Term Good Neighborliness, Friendship and Cooperation of the SCO, signed at the Bishkek summit on August 16, 2007, clearly defined the principles, rights and obligations in cooperation in the fields of security, economy, legislation, environmental protection, natural disaster relief and emergency response, as well as people-to-people exchanges. It displayed the strong resolve of all member states in their commitment to a peaceful, cooperative,

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prosperous and harmonious region and to maintaining friendship for
generations to come. This also marked another important achievement in the
SCO’s foundational legislation. In July 2015, the Ufa summit approved the
SCO Development Strategy until 2025 and established the basic strategy and
cooperation direction for the next ten years. Following the Convention on
Combating Terrorism in 2009, the SCO heads of state signed the Convention
on Countering Extremism in 2017, further consolidating the legal basis for
security cooperation. During this period, in addition to the Council of
Heads of State and the Council of Heads of Government, regular meeting
mechanisms were set up one after another for security council secretaries,
heads of foreign affairs, law enforcement, economic relations, disaster relief,
culture, education, health and border defense, chief prosecutors, supreme
court presidents and state coordinators. Third, all-round cooperation was
carried out. In political and security fields, member states unanimously called
on the United States and other countries to set a deadline for withdrawing
military bases in Central Asia at the Astana summit on July 4, 2005. At the
same time, joint military exercises against terrorism were held regularly. In
the economic field, prime ministers of the six countries signed the Outline
on Multilateral Economic and Trade Cooperation at the SCO Beijing summit
on September 23, 2003, which clearly stipulated the basic objectives, tasks,
priorities and concrete measures for implementation within the framework
of SCO economic cooperation. At the 2004 heads of government summit,
the plan for implementing multilateral economic and trade cooperation
was approved involving 127 projects in 11 fields. At the 2014 Dushanbe
summit, the heads of state signed the SCO Intergovernmental Agreement on
Facilitation of International Road Transport, signifying a phased progress in
the SCO’s economic cooperation. In terms of people-to-people exchanges,
member countries signed successive cooperation agreements and programs in
education, culture, health, science and technology and tourism. In 2009, the
SCO University was officially launched.

The fourth stage (June 2017 to date) is the consolidation stage. The
accession of India and Pakistan greatly enhanced the SCO’s influence,
and started the integration between the two major regions of Central Asia and South Asia. The Qingdao Declaration, among many other important documents adopted at the SCO Qingdao summit, entrusted the organization with new lofty missions and historic responsibilities and will push the SCO to a new height. First, the Shanghai Spirit remains highlighted as the core value for the SCO, and at the same time, the idea of building a community of shared future for mankind becomes consensus. Second, the SCO puts forward its propositions for global governance, emphasizing the need to build a more equitable and balanced international order based on equal, collective, comprehensive, cooperative, and sustainable security, and promoting a new type of international relations featuring mutual respect, fairness and justice and win-win cooperation. Third, the blueprint for future cooperation is drawn with the adoption of a five-year implementation outline for the Treaty on Long-Term Good Neighborliness, Friendship and Cooperation and a three-year cooperation outline for combating the “three forces,” as well as the release of a joint statement on trade facilitation and a series of important cooperation approaches. All this has laid a roadmap for the SCO’s future development. Fourth, new breakthroughs are made in pragmatic cooperation. The member state leaders at the Qingdao summit approved the proposition of environmental protection cooperation, and set strategic objectives for maintaining ecological balance and achieving green and sustainable development. At the same time, the SCO adopted the 2018-2023 Anti-Drug Strategy and an Action Plan to implement it, as well as the SCO Concept to Prevent Abuse of Narcotic Drugs and Psychotropic Substances, thus taking a significant step on the drug control issue.

New Opportunities and Challenges for the SCO

At present, profound and complicated transformations are taking place in the world as well as in the region. At this important juncture for major development and great changes, the SCO is facing new opportunities for upgrade and progress.
China, as a major country with a significant role in the SCO, pursues major-country diplomacy with Chinese characteristics for a new era. China puts forward the strategic goal of building a new type of international relations and building a community of shared future for mankind. It points out the direction of the SCO’s development, and endows the organization with lofty missions. All this helps upgrade the organization’s objectives. At the Qingdao summit, Chinese President Xi Jinping put forward a major initiative to build an SCO community of shared future. He elaborated in a systematic way five concepts concerning development, security, cooperation, civilization and global governance, which enriches the Shanghai Spirit in a new era and serves as an important guidance for the SCO to build a community of shared future. At the same time, China puts forward the Belt and Road Initiative as the “Chinese solution” to economic cooperation within the SCO region, which injects strong impetus into the SCO’s development while helping improve its weaknesses, activates economic cooperation among member states, and lessens pressures for membership enlargement, to ensure a sustainable development of the organization. As the largest economy in the SCO, China serves as a strategic guide and active architect to the organization, providing sustained impetus and solid guarantee for its growth. President Xi Jinping, during the Qingdao summit, announced a series of important measures to support the SCO cooperation, including training 2,000 law enforcement personnel in the next three years, providing 3,000 training opportunities for human resources development, setting up an RMB 30 billion equivalent special lending facility within the framework of the SCO Inter-bank Consortium, establishing a committee of legal services for SCO member states, and a demonstration area in Qingdao for China-SCO local economic and trade cooperation. All the measures show China’s responsibility and strong support to the SCO.

Russia, as one of the SCO’s two engines, is facing constant pressures from the United States and other Western countries, so that its reliance and dependence on the SCO are increasing. President Vladimir Putin is determined to revitalize Russia’s economy in his new term, and he needs the SCO to provide a safe and favorable external environment. The United States’
identification of both China and Russia as strategic competitors for the first time in its national security strategy has objectively boosted closer relations between the two countries, enhanced the bilateral cooperation within the SCO, and contributed to raise the SCO cooperation to a higher level.

In recent years, member states from Central Asia have seen their relations greatly improved. They have shown stronger aspirations for cooperation, and made initial breakthroughs in resolving border and water resources disputes, which have plagued the countries concerned for many years. This creates a healthy atmosphere for overall cooperation in the SCO. Positive progress has been achieved in alignment and cooperation between the Silk Road Economic Belt and the Eurasian Economic Union (EEU). China and the EEU have signed an agreement on economic and trade cooperation, thus providing a favorable condition for economic cooperation among SCO member states.

The accession of India and Pakistan adds new vitality to the SCO. It provides a new and important platform for China-Russia-India interaction and cooperation, carves out new broad markets and sea routes for Central Asian countries, and helps the two major regions of Central Asia and South Asia to make best use of their respective advantages and move towards cooperation and integration. A new landscape with cross-regional markets and connectivity is taking shape.

At the same time, however, it should be noted that the current internal and external situation facing the SCO is also undergoing complex changes, posing challenges to the organization’s future development.

Regarding the external environment, the United States’ new National Security Strategy, the first under the Trump administration, clearly labeled China and Russia as “revisionist powers” and strategic competitors, elaborated on an “Indo-Pacific Strategy,” and put forward a series of tough measures to increase pressure and containment on China and Russia. For instance, the US repeatedly challenges China’s bottom line on sensitive issues such as Taiwan and the South China Sea, and in particular exerts maximum pressure on trade issues. On Russia, the US has also maintained pressure through sanctions.
about Ukraine and Syria issues. Even within the SCO region, the US, applying a divide-and-conquer strategy, has dished up a new strategy on Afghanistan, and aggravated India-Pakistan rivalry by supporting India and suppressing Pakistan.3 On the Iranian nuclear issue, Trump’s outright withdrawal from the nuclear deal, reinstatement of sanctions and threat of force against Iran has led to a more turbulent and risky regional situation. In the Central Asian region, the US continues to promote the “C5+1” multilateral dialogue mechanism and cooperation projects to win over regional countries. The United States’ frequent actions around the world and specifically in this region have challenged Chinese and Russian efforts to maintain and safeguard regional strategic stability and consolidate the SCO’s cohesion, complicating situation in the SCO region. Meanwhile, the Afghan issue remains unresolved, the ISIS

is constantly infiltrating into the region, and terrorist, separatist and extremist forces are still stirring up trouble repeatedly. All this pose severe threats to regional security and stability and cast shadow over the SCO countries.

Internally, the accession of India and Pakistan is a new test to the SCO’s intrinsic model. First, the organization’s regional positioning needs to be redefined. When the SCO extends to South Asia with India and Pakistan joining, it needs to decide whether to position itself as a Central Asian or a Eurasian organization, and it needs a clear-cut elaboration on its objectives and direction of development in the future. Second, the current operational mechanisms and regulations need to be readjusted. With the membership increasing from six to eight, new plans and designs are required to bridge internal differences and minimize pressures on coordination and decision-making brought about by enlargement. At the same time, the current legal system also needs to keep pace with the times. Revision and improvement are necessary according to the new situation after enlargement. Third, the SCO’s organizational function needs restructuring and upgrading. How to coordinate the various cooperation in security, economy and culture under new historical conditions after the enlargement, and how to effectively improve the SCO’s efficiency and implementation to benefit all members and avoid becoming a “talk shop,” are also test for internal cohesion and integration capabilities of the organization.

The SCO is now at a new critical juncture. Despite the difficulties and challenges for the organization, they are temporary and partial. From the perspective of development, the SCO has greater opportunities in future, so that the organization, instead of going downhill, will enter a faster track of growth and reach a new historical height.

**Future Direction and Path of the SCO’s Development**

Over 17 years of development, the SCO has proved its strong vitality through its dynamic performance. There is great potential for its further development and improvement in the future. From a strategic and long-
term perspective, the SCO should keep up with the times, proceed from international and regional situation as well as regional reality, and firmly carry forward established policies and principles to ensure that the organization advances continuously along the right path.

**Determine a well-defined direction of development and strategic objectives.** As a new-type international organization established in the post-Cold War era and free from the Cold War mentality, the SCO should uphold the Shanghai Spirit, unswervingly adhere to basic principles of non-alignment, non-confrontation and no aiming at third parties, and refrain from forming exclusive small blocs, playing up geopolitical rivalry or becoming a geopolitical tool. It should establish a new type of cooperation featuring partnership instead of alliance and dialogue instead of confrontation, promote a new type of international relations based on mutual trust, fairness and justice, and win-win cooperation, and work to build an SCO community of shared future. At the same time, the SCO should actively carry out exchanges and cooperation with other countries and undertake greater responsibilities in global governance, so as to make the international political and economic order more just and reasonable, and forge itself into an important force in maintaining world peace and development and improving global governance.

**Have a clear positioning as a regional organization.** In the course of its development, the SCO’s positioning as a regional organization has not been clearly defined, which, to a certain extent, has affected the efficiency and influence of the organization, and turned it into somewhat a “talk shop.” A realistic and objective positioning of the organization is necessary. While the SCO expands from Central Asia to include South Asia after the recent enlargement, Central Asia should remain, as it has been in the past, the core region for cooperation, and should not be marginalized, since it is the root for the SCO’s existence and development, and the converging point of interests among all parties. However, the SCO also has to take reality into consideration, and should not become inward-looking and self-isolated. Taking into account the evolving situation and pragmatic requirement, the
SCO should be positioned as a Eurasian regional organization with Central Asia as the center and the periphery of Central Asia as an extension. This will provide the SCO with a well-defined regional support and help prevent dilution of the organization. In the coming period, the SCO should focus on strengthening internal building and deepening cooperation among member states, while slowing down the process of enlargement.

**Revise and improve legal documents.** The Charter of the Shanghai Cooperation Organization, the Treaty on Good Neighborliness, Friendship and Cooperation, and the Convention on Combating Terrorism, Separatism and Extremism constitute the basic legal framework of the SCO. The basic principles must be strictly followed, but timely supplements and revisions have also to be conducted according to the evolving situation and pragmatic needs in order to improve and empower the documents. New provisions should also be made on decision-making and voting processes, the disciplinary system in case of rule violations and the conflict mediation mechanism. Meanwhile, provisions regarding membership enlargement need to be improved so that a strict, standard, enduring and operational enlargement process would be in place.

**Carry out institutional reforms based on effectiveness and efficiency.** A comprehensive evaluation of the existing institution should be conducted, with relevant agencies streamlined and new agencies carefully created to prevent the organization from overstretching and becoming hard to manage. The authority of the standing body must be consolidated, and funding as well as staffing should be expanded according to new situation after enlargement to ensure efficiency.

**Focus on priorities and firmly promote regional cooperation.** In the security area, it should be a priority of the Afghanistan issue to resolutely crack down on religious extremist forces and exert sustained heavy pressure on them. The new concept of equal, collective, comprehensive, cooperative, and sustainable security also needs to be actively practiced to build a long-lasting security community. In the economic realm, the SCO needs to implement the principle of achieving shared growth through discussion
and collaboration, actively carry out the Belt and Road Initiative, increase cooperation between the Silk Road Economic Belt and the EEU, step up synergy of national development strategies among member states with the focus on rules alignment, and steadily push forward trade and investment facilitation. Multilateral economic cooperation should be carried out in an orderly and step-by-step manner with energy and transportation as breakthroughs. Contacts and exchanges with observer states and dialogue partners ought to be strengthened to jointly explore new approaches for cooperation. The connectivity between Central Asia and South Asia should be promoted to facilitate a huge trans-regional market. In the area of people-to-people exchanges, with the spirit of mutual respect, mutual trust, inclusiveness and mutual learning, communication among the peoples should be further advanced and cooperation enhanced in education, culture and science and technology, to gradually foster a stronger people-to-people bond.

**Build up a new type of international relations.** China and Russia, as the SCO’s two engines, need to step up strategic coordination, make concerted efforts in maintaining regional stability and development, and prevent any interference and disruptive activities from outsiders. China, together with Russia and India, should also have more coordination in the SCO, work hard to enhance trust and dispel misgivings, seek the greatest common denominator for cooperation, and minimize negative and adverse factors to achieve healthy interactions. The SCO ought to follow the principles of equality and consensus through consultation among countries both big and small, respect and take care of the vital interests and appeals of small and medium-sized countries, and create an example of equal co-existence and friendly cooperation.

In conclusion, following the landmark first enlargement, the SCO has embarked on a promising new journey. Although the road ahead has twists and turns, the SCO, with its advanced concepts and joint efforts of member states, will overcome all kinds of difficulties, fulfill established goals, and make greater contributions to regional stability, common development and global governance.