

China-India Brief

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Guest Column

Soft Balancing and the Slow Demise of the Shanghai Cooperation Organisation

By Ian Hall

On July 4, 2023, India's Prime Minister Narendra Modi hosted a Shanghai Cooperation Organisation virtual leaders' summit. Much of the **commentary** about the meeting concentrated—not unreasonably—on the fact that it was held online and not in person. No official explanation was given for the decision to convene a virtual summit. But an Indian government source did suggest, in a briefing to a prominent journalist, that **scheduling was not the reason** why the meeting was shifted online.

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The *China-India Brief* is a bi-monthly digest focusing on the relationship between Asia's two biggest powers. The Brief provides readers with a key summary of current news articles, reports, analyses, commentaries, and journal articles published in English on the China-India relationship. It features a Guest Column weighing in on key current issues in China-India relations.

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It is not hard to work out, of course, why a virtual summit was preferred and even welcomed by some of the participants. The diplomatic calendar is **increasingly crowded**. An in-person meeting would have entailed two complex trips to India for Xi Jinping and Vladimir Putin in the space of three months, with the Group of Twenty summit pending in September. The Russian leader would likely have been relieved not to travel for other reasons too, given **recent events at home** and some **embarrassing and prickly exchanges** with Central Asian leaders at the last meeting in Samarkand in September 2022. An online conversation also spared the host awkward personal encounters with both Xi and Pakistani Prime Minister Shehbaz Sharif, amid ongoing tensions between New Delhi and both **Beijing** and **Islamabad**.

These strains were evident at the summit. In his **opening remarks**, Modi delivered thinly veiled criticisms of both China and Pakistan, alluding to Belt and Road Initiative (BRI) projects in what India considers occupied territory in Kashmir and Islamabad's alleged support for transnational terrorism.

Limited Agenda

The format and testiness of the New Delhi leaders' summit are arguably not, however, the most interesting aspects of India's just-completed stint as the organisation's chair. More intriguing is India's strictly limited SCO agenda, pursued over the last ten or so months since the Uzbekistan meeting.

This **agenda** has five elements: start-ups and innovation, traditional medicine, youth empowerment, digital inclusion, and recognising a shared Buddhist heritage. All these elements have been present, of course, in the Modi government's domestic and foreign policies over the past decade, and the Indian Prime Minister has spoken with enthusiasm about each. But none can reasonably be considered substantive in terms of the core aims of the SCO. They are 'soft power' or cultural initiatives at best—hardly hard-edged.

To understand the flimsiness of this agenda and what it implies about India's involvement with the SCO, it is worth recalling what the original members—especially China and Russia—have long wanted the organisation to do, in terms of security and economic cooperation, and geopolitical balancing.

Power and Purpose

The SCO grew out of an earlier grouping, the so-called **Shanghai Five**, formed in 1996 by China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. Its initial purpose was to resolve long-standing border disputes, build confidence, and establish habits of cooperation. The participants soon found **further common cause**, agreeing in 1998 to work more closely together to address religious fundamentalism, terrorism, and cross-border organised crime. In 2001, the Five were joined by Uzbekistan and the grouping was institutionalised as the SCO, while a formal Charter was agreed a year



later. Mongolia obtained observer status in 2004 and then India, Iran, and Pakistan in 2005.

As the SCO evolved during the 2000s and into the following decade, and various border disputes were resolved, the organisation's focus broadened. The members held their first joint military exercise in 2003 and pledged further military cooperation. A year later, they established the so-called Regional Anti-Terrorist Structure (RATS). In parallel, initial commitments to cooperate on trade developed into deeper collaboration on infrastructure projects, as well as an **Inter-Bank Consortium** formed in 2006 to finance them.

By this point, in the mid-2000s, it had also become clear that China and Russia were keen to see the SCO as an instrument for balancing the power and influence of the United States (US). In 2005, an American

application for observer status at the organisation was **rejected** and, at the same time, a call was made for the closure of US military bases in Central Asia. It was no coincidence that the SCO began to expand at the same time, as Beijing and Moscow increasingly conceived the organisation as an instrument for **deepening ties** with other Asian states, including India, Iran, and Pakistan, and weakening New Delhi and Islamabad's connections with Washington.

Sino-Indian Competition

It took until 2015, however, before the SCO agreed to admit India and Pakistan and two more years before they completed the process. And by then, the geopolitical context had changed. In the intervening decade between application and accession, concern mounted in New Delhi about China's power and intentions, as its behaviour towards its neighbours—including India—**grew more assertive**. By

the time the Modi government came to power in 2014, Sino-Indian relations were clearly deteriorating. China had cajoled and coerced New Delhi over multiple issues, including its **refusal to sign up** to the BRI, and Chinese influence was increasingly felt in South Asia and the Indian Ocean region.

These bilateral tensions escalated into a dangerous crisis on the Sino-Indian frontier just days after the 2017 SCO summit in Kazakhstan—the same summit at which India became a full member. At Doklam, in a disputed part of Bhutan, Indian troops confronted soldiers from the People’s Liberation Army who were building a road. A **seventy-three day standoff** followed, in which Beijing made multiple open threats of military punishment against India. New Delhi responded with a decisive move towards the US, **reviving the Quad** in late 2017, along with Australia and Japan, and working more concertedly with Washington and its allies across the Indo-Pacific.

Almost from its accession into the grouping, India also began to use the SCO to push back against pressure from Beijing. At the Qingdao summit in June 2018, Modi not only **refused to include India** in the organisation’s endorsement of the BRI, but also pointedly outlined a different vision to the notion of ever-increasing integration inherent in Xi’s concept of a **Community of Common Destiny**. The Indian Prime Minister argued that the SCO should instead stand for security, economic

cooperation, connectivity, unity, respect for sovereignty and territorial integrity, and the environment—a list conveniently captured by the acronym **SECURE**. Connectivity projects must “respect the sovereignty and territorial integrity of nations,” Modi **argued**, leaving unspoken New Delhi’s view that part of BRI, the **China-Pakistan Economic Corridor**, does not.

Soft Balancing and the SCO

India’s gossamer-thin agenda for its time as SCO chair is best viewed in this context of Sino-Indian competition, inside and outside the organisation, which has markedly intensified in the five years since the Qingdao meeting. The PLA encroachments leading to the Galwan clash in May 2020 was the **point of no return**, with India flipping its long-standing strategy for managing the border dispute on its head in its aftermath. Since then, New Delhi has refused to work with China in any substantive area, arguing that Beijing **must revert to the status quo ante** before cooperation can resume in any form or forum.

Deflecting the SCO into discussions about start-ups, ayurvedic remedies, and digital inclusion—however intrinsically important these issues might be—was calculated and deliberate. It was simply a form of **‘soft balancing,’** intended to offset Chinese power and to frustrate Beijing’s ambitions within an organisation for which it had high hopes. It is hard to see where the SCO goes

from here, barring dramatic improvements in India's relations with both China and Pakistan. It may linger on, **thanks largely to RATS**, since all its members remain concerned about militant Islamism across the region and especially in Afghanistan. But if India's SCO agenda is any guide to the SCO's future, it will likely become another BRICS—a talk shop devoid of common purpose.

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