

# The Expansion of the Shanghai Cooperation Organization SCO

15 April 2023

## Summary

The Shanghai Cooperation Organization SCO with headquarter in Beijing was founded in 2001 as successor of the Shanghai Five group from 1996. The SCO stepwise expanded by new member states and in 2022/23, Saudi Arabia, Qatar and Egypt got the status of dialogue partners; United Arab Emirates, Bahrain, and Kuwait may follow soon. The SCO is an inter-governmental organization based on the principle of non-interference in sovereign states' internal affairs formulated as 'Shanghai Spirit'. The SCO has an institutional structure with a Secretariat, a Regional Anti-Terrorism Structure (RATS, Tashkent), regular meetings, multi-national military exercises (Peace Mission) and it supports economic cooperation between member states. The SCO is an alternative global governance model to the alliance model of the West (NATO, EU, Quad) and covers now most of the Eurasian landmass and approximately 40% of the world population, but it is not a military alliance and does not aim to integrate the member states into supranational frameworks. The initial focus on security later shifted to economic issues and now also to energy policy. As various member states have their own geopolitical agenda (e.g., China, Russia, India, Iran and so on), Western analysts sometimes doubt the relevance of the SCO, but it allows its member states a **diversification and balancing** of their security-related, economic, and diplomatic activities, by this getting more political freedom of action.

The SCO activities are well aligned with Chinas 'circle of friends' and partnership concept of foreign policy and many SCO states have a bilateral partnership with China, e.g., Saudi-Arabia and Iran. Based on this, the co-incidence of the SCO expansion and the trilateral agreement from 2023 between China, Saudi-Arabia, and Iran to restore the Saudi-Iranian relations is not surprising. The United Arab Emirates also have good relations to China and are now restoring their relation to Iran as well.

In summary, the current SCO expansion is a further step to a multipolar world order and is challenging the security architecture of the United States for the MENA region.

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# 1 Overview

## 1.1 Overview, History, and Guiding Principles

The *Shanghai Cooperation Organization (SCO)* with headquarter in Beijing was founded in 2001 as successor of the *Shanghai Five* group from 1996.

In 1996 and 1997, China and four post-Soviet neighbors (Russia, Kazakhstan, Kyrgyzstan, and Tajikistan), since that time known as *Shanghai Five*, signed two treaties on demilitarization and confidence building in disputed border regions<sup>1</sup>. In the following years, the principles were developed that guide the SCO until today. In 1997, China and Russia signed a declaration on a multipolar world order and the *Shanghai Five* agreed on the principle of non-intervention into other states' internal affairs. After the group was successful in practice, Uzbekistan joined in 2001 when the SCO was founded as new international organization for security, political and economic cooperation<sup>2</sup>. The working languages are Chinese and Russian. The SCO was founded in the same year as the 9/11 terrorist attacks in the United States, with an increased concern over the so-called three evils (terrorism, separatism, and extremism), a series of suicide attacks in Russia and the activities of armed groups along the border between Uzbekistan and Kyrgyzstan<sup>3</sup>.

The SCO is based on the *Shanghai Spirit* model of intergovernmental relations with the principles of nonalignment, openness to the rest of the world, mutual trust and benefits, equality, consultation, respect for diversified civilizations, and mutual development<sup>4</sup>. In line with this, the *SCO Charter* was signed in 2002 with the aims of “strengthening mutual trust and neighborliness among the member states; promoting their effective cooperation in politics, trade, the economy, research, technology and culture, as well as in education, energy, transport tourism, environmental protection, and other areas; making joint efforts to maintain and ensure peace, security and stability in the region; and moving towards the establishment of a democratic, fair and rational new international political and economic order”<sup>5</sup>. The charter states that members are not legally bound to implement specific cooperation projects; interested members can proceed and others may join later<sup>6</sup>, i.e., flexible partial participation was guaranteed from the start.

The SCO has two institutional structures: the *Permanent SCO Secretariat* in Beijing and the *Regional Anti-Terrorist Structure (RATS)* in Tashkent, also known as *Regional Anti-Terrorism Center (RATC)*.

The SCO stepwise expanded by new member states and in 2004, the new membership level of *observer state* was introduced<sup>7</sup>. Observer states can attend public meetings of the Council of Ministers of Foreign Affairs of the Organization and leaders of various departments, and participate in discussions<sup>8</sup>. India and Pakistan joined in 2005 as observer states and in 2017 as full members, Mongolia as observer state in 2004, Iran as observer state in 2005 and as full member since 2023, Afghanistan in 2012 as observer state (but the Taliban rule is not yet officially recognized) and Belarus as observer state in 2015.

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<sup>1</sup> Yuan 2022

<sup>2</sup> FCO 2015

<sup>3</sup> FEF Mongolia 2022

<sup>4</sup> Qingguo 2005

<sup>5</sup> Cited by Pandey 2022

<sup>6</sup> Kirton et al. 2022

<sup>7</sup> Seiwert 2023

<sup>8</sup> Seiwert 2023

From 2004 on, the SCO established relations with international organizations, in particular the *United Nations UN* in 2004, the *Association of Southeast Asian Nations ASEAN* in 2005, the *Collective Security Treaty Organization CSTO* in 2007<sup>9</sup> and others.

In 2005 the SCO has rejected an application for observer status by the United States in 2005. The American application was rejected as it does not share any borders with member states of the regional organization<sup>10</sup>, but apparently the SCO tried to avoid influence by the United States and wanted to keep them out: in the same year, the US was asked by the SCO to remove any troops from SCO member states, which was applicable for Kyrgyzstan and Uzbekistan where US military bases were established during the Afghanistan war from 2001. American forces left Uzbekistan in 2005, and its only Central Asian airbase in Kyrgyzstan in 2014<sup>11</sup>.

In 2008, a new lower membership level was introduced, the *dialogue partner* level for “any country or organization that agrees with the purposes and principles of the SCO can become a dialogue partner.”<sup>12</sup> Based on a memorandum determining the areas of interaction, the *dialogue partner* can participate in meetings of heads of ministries, working groups, and scientific and expert meetings related to the areas of cooperation outlined in the memorandum. The level is attractive, as this allows interactions with the SCO without too strict obligations, i.e., a **diversification** of geopolitical orientation. In 2010, Sri Lanka got this status, Türkiye in 2013, Cambodia in 2015, Nepal, Azerbaijan, and Armenia in 2016. However, *observer states* and *dialogue partners* do not influence the organization’s decision-making which is an incentive to achieve full membership.

In 2010, the membership criteria were then defined as follows: “member states should be situated to the region of Eurasia<sup>13</sup>; maintain diplomatic relations with all member states of the organization; have observer state or dialogue partner status; maintain active economic and humanitarian relations with the member states; have no international commitments in the security field which are in conflict with the relevant international treaties and other documents of the organization; have no armed conflict with any state; consciously fulfil its obligations under the UN Charter and comply with the recognized norms of the international community and not be under *United Nations Security Council (UNSC)* sanctions”.<sup>14</sup>

It is noteworthy that this addresses UNSC sanctions, but **not** sanctions imposed by the United States and the Western allies<sup>15</sup>. China has signed an agreement with Iran in 2021 and receives oil. The full membership of Iran and the restoration of its relations with Saudi-Arabia and the United Arab Emirates in 2023 which will also include new trade indicates that the “SCO family” (as they call themselves) may not be willing to simply accept Western restrictions anymore.

In September 2022, Saudi Arabia, Qatar, and Egypt got the status of *dialogue partners*, United Arab Emirates, Bahrain, Kuwait, Myanmar, and the Maldives were approved as future *dialogue partners* at the same time, their status will be granted (confirmed) soon.

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<sup>9</sup> MEA 2022

<sup>10</sup> Seiwert 2023

<sup>11</sup> Jiang 2022

<sup>12</sup> Seiwert 2023

<sup>13</sup> Egypt is typically perceived as African country, but it has with the Sinai region a relevant Eurasian part as well.

<sup>14</sup> SCO, “Shanghai Hezuo jieshou xin chengyuan tiaoli” (“Regulations on the admission of new members to the SCO”), June 11, 2010, Tashkent, Art. 1, Par. 2 cited from Seiwert 2023, page 3

<sup>15</sup> Anderson 2022

The map below shows the status in April 2023. It is noteworthy that the SCO now covers most of the Eurasian landmass (or in terms of geopolitics, MacKinders “World Island”<sup>16</sup> is now mainly covered by the SCO).

Furthermore, the integration of the Gulf Peninsula as dialogue partners expands the SCO now over parts of the Mediterranean Sea (Türkiye), the Suez Channel (Egypt), the Strait of Hormuz (Saudi Arabia, Qatar, and Iran; United Arab Emirates, Bahrain and Kuwait will join soon) and most parts of the Asian trade and shipping routes which is a challenge for the security architecture of the United States for the Middle East/North Africa (MENA) region.



**The SCO in April 2023**

**Author:** By Firdavs Kulolov - Own work, CC BY-SA 4.0,  
<https://commons.wikimedia.org/w/index.php?curid=122554920>

Not all SCO initiatives were successful yet: a *SCO Free Trade Area* was not implemented as the smaller members would then be exposed to the strong Chinese economy. Also, there was no expansion or integration of the Russian organizations *Collective Security Treaty Organization CSTO* and the *Eurasian Economic Union EEU*. In the recent years, a *SCO Development Bank* and an *SCO Development Fund* were discussed<sup>17</sup>.

## 1.2 Institutional Structure and Activities

In brief, the SCO is a non-Western platform to articulate alternative viewpoints and interests of the Eurasian countries, but it is not a military alliance, does not aim to integrate the member states into supranational frameworks and does not intervene in member states. The initial focus on security later shifted to economic issues and now also to energy policy.

The SCO has two institutional structures: the *Permanent Secretariat* in Beijing and since 2004 the *Regional Anti-Terrorist Structure (RATS)* in Tashkent in Uzbekistan<sup>18</sup>.

The *Permanent Secretariat* implements organizational decisions and decrees, documents (such as declarations and agendas), functions as a document depository for the organization, arranges specific activities within the SCO framework, and promotes and disseminates information

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<sup>16</sup> Ó Tuathail et al. 1998

<sup>17</sup> Venkatesh 2022

<sup>18</sup> Senkyr 2022

about the SCO<sup>19</sup>. Each Member State has a Permanent Representative to the SCO. The SCO Secretary-General is elected to a three-year term.

While the SCO is focused on minimal obligations and formalization, the number of agreements steadily increased over time. In 2016, India signed the *Memorandum of Obligations (MOO)* to obtain the status of Member of SCO. As per the obligations under MOO, India had acceded to 34 (!) SCO Agreements including the SCO Charter and Shanghai Convention on Combating Terrorism, Separatism and Extremism and 3 additional SCO Agreements that entered into force after signing the MOO<sup>20</sup>.

While little is published about the RATS activities, it is quite active. Between 2011 and 2015, under RATS coordination, SCO members prevented 20 terrorist attacks, averted 650 crimes of a terrorist or extremist nature, neutralized 440 terrorist training camps and 1,700 members of international terrorist organizations<sup>21</sup>.

The SCO has multi-level decision bodies which decide by consensus. All bodies are intergovernmental, i.e., consists of national representatives only. The bodies included the Council of Heads of State as the top decision-making body, the Council of Heads of Government, the Council of Ministers of Foreign Affairs, Meetings of Heads of Ministries, and the Council of National Coordinators to coordinate the multilateral cooperation of member states within the framework of the *SCO Charter*<sup>22</sup>. In addition to these, there are mechanisms for regular meetings of Heads of Parliament, Ministers of Defense, Emergency Situations, Economy/Trade, Transport, Culture, Education, Health, Justice, Supreme Courts, Prosecutors General, Secretaries of National Security Councils, etc.<sup>23</sup>

The SCO conducts regular military exercises called *Peace Mission* with troops from SCO members. The *Peace Mission* exercise 2021 in Russia included 4,000 soldiers from China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan, India, and Pakistan<sup>24</sup>.

A key challenge for the SCO institutions and future policy is the fear of the original members to become less relevant through the SCO expansion; in 2018, the SCO stated that the proportion of the membership dues and representatives of new members such as India and Pakistan cannot exceed those of the lowest among the founding members which is Tajikistan. However, this bears the risk to create “second class members” and may need to be further discussed in future<sup>25</sup>. The large diversity of cultures among SCO members may impact of the organization’s ability to find cohesion and to work towards a common identity and values<sup>26</sup>.

The lack of binding military commitments by China and in the SCO has advantages: China cannot be suddenly involved into crises of other states, e.g., it was not urged to join Russia’s fight against the Ukraine in 2022. The disadvantage is the lack of mandatory security guarantees: when in Central Asian states had border clashes for water resources, the SCO observer states Armenia and Azerbaijan went to war or when China and India had a violent border dispute in the so-called Doklam standoff<sup>27</sup>, the SCO did not intervene. The SCO established a *Contact Group on Afghanistan*, but its impact on the Taliban takeover in Kabul

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<sup>19</sup> MEA 2022

<sup>20</sup> MEA 2022

<sup>21</sup> Kirton et al. 2022

<sup>22</sup> MEA 2022

<sup>23</sup> MEA 2022

<sup>24</sup> Senkyr 2022

<sup>25</sup> Seiwert 2023

<sup>26</sup> Pandey 2022

<sup>27</sup> This is a territorial dispute in the Doklam region in 2017, also known as Sikkim stand-off. While only a few kilometers are disputed, this territory in the Sikkim-Bhutan-Tibet tri-junction is important for the control of vital Himalaya trade and transportation routes which explains the fighting of local border troops.

in August 2021 was marginal<sup>28</sup>. The American system of alliances and coalitions with more rules and higher levels of commitments provides a clearer security policy, but members need to trust the given promises what is sometimes doubted by Gulf States and Asian allies.

On the other hand, the view of the United States as bloc-building state gives not the full picture. In practice, United States act flexibly as well. In military practice, the US Army is building positive working relationships with other countries outside the alliances by common exercises. In 2022 for example, United States had common military exercises and trainings with 15 nations including Mongolia in the *Khaan Quest* exercise, Singapore in the *Tiger Balm* exercise, Kuwait, Jordan, Bahrain, Morocco, Tunisia, Ghana, Senegal and so on<sup>29</sup>.

### 1.3 The SCO Energy Policy

The initial focus on security later shifted to economic issues and now also to energy policy. The energy policy does not only focus on securing the sources of oil and gas, but also on the physical security of the transportation routes which is vital for the growing economies of the SCO areas, in particular for China.

The *SCO Energy Club* initiated by Russia was founded to serve these goals as a platform for energy producers, consumers, and transit countries to discuss problems and issues of common concern and had its first meeting in 2017. The memorandum was signed in Moscow by Russia, Afghanistan, Belarus, Kazakhstan, China, Mongolia, India, Tajikistan, Türkiye, and Sri Lanka.<sup>30</sup>

The SCO members are also important for nuclear energy. Kazakhstan has the world's second highest reserve of uranium, and it was by far the biggest producer of uranium in 2021, accounting for almost half of the global total amount while Uzbekistan was the fifth largest producer of uranium<sup>31</sup>.

China's orientation to the Middle East/North Africa (MENA) region can also be explained with the growing proportion of oil imports which in the last two decades increased from a few percents to 45% until 2021<sup>32</sup>. Already in 2015, Qatar launched the first renminbi clearing hub in the MENA region, primarily to settle payments in China's currency for exports of oil and gas<sup>33</sup>. In November 2022, China's *Sinopec* and *Qatar Energy* agreed to a 27-year *Liquid Natural Gas (LNG)* supply deal<sup>34</sup>.

In 2021, the value of China's bilateral trade with the *Gulf Cooperation Council (GCC)* states and Iran was US\$248 billion. This was four times greater than the GCC trade with the US<sup>35</sup>. The stepwise inclusion of Gulf States to the SCO will increase the influence of the SCO on the expense of Western states.

The Western States are however aware of the challenges. The geopolitical response is the **decarbonization strategy** which has an environmental and a strategic dimension<sup>36</sup>. The decarbonization means to reduce the use of fossil energy to reduce the carbon dioxide output which is a main driver of the climate change. This should happen by using and producing electric energy from alternative sources which are renewable energies and nuclear power, e.g., like Sweden which uses both renewable energy and nuclear power. This also includes the

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<sup>28</sup> Venkatesh 2022

<sup>29</sup> US Army 2023

<sup>30</sup> Panedey 2022

<sup>31</sup> Jiang 2022

<sup>32</sup> Blanchard et al. 2023

<sup>33</sup> CRS 2023b

<sup>34</sup> CRS 2023b

<sup>35</sup> Loft et al. 2022

<sup>36</sup> National Intelligence Estimate 2021

development and promotion of e-mobility, i.e., electric cars. Also, carbon removal technologies are under investigation<sup>37</sup>. The switch should also significantly reduce the massive capital transfer from the West to the oil and gas producers. The geopolitical difference is also known as difference between ‘**Electro states**’ and ‘**Petrostates**’. The fight against **plastic pollution**, e.g., caused by microplastic, is part of the strategy as plastic is an oil product.

But this is not really a dichotomy between the West and the SCO. Both sides continue to use fossil energy, but even the classic Petrostate Saudi Arabia is now supporting nuclear power and China is meanwhile massively engaged in the electric car market to compete with the leading US company *Tesla*. While decarbonization is on the top of the political agenda of the United States and the European Union, they are aware that there is still a long way to go, it will take at least until the 2030ies, if not even to the 2040ies<sup>38</sup>.

## 2 Geopolitics and the SCO

### 2.1 Diversification and Balancing

The Shanghai Cooperation Organization is not a bloc organization. It offers an opportunity to increase political maneuver space by diversification of security-related, economic and meanwhile also energy relations. Furthermore, it allows even China as largest power, a foreign policy of balancing between rivals and to promote multilateralism<sup>39</sup>. Many countries test hedging strategies in their foreign policy by pursuing diversification, balancing, and bandwagoning<sup>40</sup>.

In the SCO, competing countries like Russia and China which are both influential in Central Asia can follow overarching (overlapping) interests. After an initial phase, where security was the key topic, this is now centered on economic opportunities, but the energy relations are increasingly important as well. Despite various internal disagreements, the SCO has been successful with respect to intraregional trade and investment<sup>41</sup>. As a result, China's trade within the SCO increased around 20 times from 2001 to 2020<sup>42</sup>. A still ongoing security issue between China and the Central Asian States is the Xinjiang Uyghur region, which is culturally and historically connected to the Central Asian States<sup>43</sup>.

Russia is present with its own security architecture, the *Collective Security Treaty Organization CSTO* and the *Eurasian Economic Union EEU* which have a higher level of commitment than the SCO as the interaction model preferred by China<sup>44</sup>, but the SCO is both for Russia and China a counterweight against the West and the United States in particular. For this reason, it is not surprising that Russia and China rejected United States application for *observer status* in 2005 and asked United States to give up their military bases in Kyrgyzstan and Uzbekistan. Russia prioritizes security cooperation and protects its interests in the energy sector, but also supported India's integration into the SCO to get a balance with China with its very large economy and population<sup>45</sup>. For China, India's and Pakistan's membership is attractive as they are covering a strategically important region. Pakistan offers trade and transportation routes for China. During the Ukraine conflict with the subsequent Western sanctions, Russia redirected its focus to Asia, e.g. by using the Chinese equivalent to the Western SWIFT interbanking

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<sup>37</sup> National Intelligence Estimate 2021

<sup>38</sup> National Intelligence Estimate 2021

<sup>39</sup> Baabood 2023

<sup>40</sup> Zangiabadi 2022

<sup>41</sup> Nijhar 2022

<sup>42</sup> Achmad 2022

<sup>43</sup> FEF Mongolia 2022

<sup>44</sup> Barrios/Bowen 2023

<sup>45</sup> FEF Mongolia 2022



system and to sell oil to India. While Russia's armed conflict is not supported by the SCO, China supports Russia diplomatically in the *United Nations Security Council*.

The cooperation in the SCO is also used for what is called 'de-dollarization', i.e., the states' reserves should be in currencies other than dollars and financial mechanisms have been established to trade outside the Dollar system<sup>46</sup>. An increasingly used currency is the Chinese Renminbi Yuan. Already in 2015, Qatar launched the first *Renminbi clearing hub* in the MENA region, primarily to settle payments in China's currency for exports of oil and gas<sup>47</sup>.

Mongolia is a landlocked country between Russia and China with close relations to both of them. However, Mongolia implemented after the end of the cold war its "Third neighbour" geopolitics which is a multi-pillar foreign policy that is balancing the relations to its two direct neighbor states with external relations, in particular to United States and Japan<sup>48</sup>. Mongolia has positive military relations with the United States and supported the US with troops in Afghanistan, Kosovo and Iraq<sup>49</sup>. Japan and US compete with China and the SCO with the *Free and Open Indo-Pacific strategy (FOIP)* and the Japanese *Partnership for Quality Infrastructure (PQI)*, a developmental assistance alternative to China's *Belt and Road Initiative BRI*<sup>50</sup>. Mongolia became the first observer state of the SCO, as supported by China and Russia, but Mongolia wanted to keep its balancing strategy and decided not to apply for full membership. At the same time in 2020, it decided not to become a member of Russia's *Eurasian Economic Union* which was offered by Russia, but it also gave up the plan to declare permanent neutrality. Mongolia supported India's membership as large democracy<sup>51</sup>.

For India, the SCO is an opportunity to intensify dialogue and relations with China and Pakistan, to get greater presence in Central Asia and to improve India's energy security, connectivity<sup>52</sup>, and counter-terrorism cooperation<sup>53</sup> in line with its *SECURE* policy (*Security, Economic cooperation, Connectivity, Unity, Respect for sovereignty and territorial integrity and Environmental protection*)<sup>54</sup>. India is also part of the BRICS group and is balancing its foreign policy by joining the US-led QUAD alliance at the same time<sup>55</sup>.

The Central Asian States that already formed the precursor group of the *Shanghai Five*, were and still are interested in security (border issues, counter-terrorism), but are meanwhile also focused on the economic opportunities. The Chinese *Belt and Road Initiative (BRI)* is quite important, but e.g., the *SCO Energy Club* provides alternatives for economic engagement. Turkmenistan is the only Central Asian country that is not the SCO: it has declared itself a permanently neutral country to avoid any involvement in the political affairs of its neighbors.

Türkiye (Turkey) which has an observer status in the SCO since 2013 despite it is full member of NATO is following its own geopolitical agenda which includes a balancing strategy between West and East to support its interests and to increase regional influence<sup>56</sup>. Türkiye provides military support to actors in Libya and Syria, has a military base in Qatar and a training camp

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<sup>46</sup> Anderson 2022

<sup>47</sup> CRS 2023b

<sup>48</sup> Lkaajav 2022

<sup>49</sup> FEF Mongolia 2022

<sup>50</sup> As a practical result of balancing, Mongolia was supported by both sides in road construction, e.g., the Chinese-built Moon Bridge (BRI funding) and the Japanese Sun Bridge (PQI project) in Ulaanbaatar (FEF Mongolia 2022)

<sup>51</sup> FEF Mongolia 2022

<sup>52</sup> For India, this also means to spread the knowledge and understanding of India to other SCO members. India has already translated 10 Indian literary classics in regional languages into SCO languages of Russian and Chinese in 2021 (Warikoo 2022). Further, India is active in SCO initiatives in traditional medicine and Ayurveda.

<sup>53</sup> Pandey 2022

<sup>54</sup> Venkatesh 2022

<sup>55</sup> Yuan 2022

<sup>56</sup> CRS 2023a, Senkyr 2022

in Somalia. It has leased a strategically very important port from Sudan for 99 years (which was formerly an Ottoman port) which is positioned below the Suez Channel. It has disputes with the NATO member Greece in the Aegean and Eastern Mediterranean seas, also with respect to Northern Cyprus and the related gas fields. It has a multi-fold strategy in the Russia-Ukraine conflict. It has a defense cooperation with Ukraine (e.g. the Ukraine got the Turkish *Bayraktar* drones), but denies to follow sanctions against Russia<sup>57</sup>. The relations to both sides enabled Türkiye to broker the *Grain Export Deal* between Ukraine and Russia in 2022 and again in early 2023.

For the Middle Eastern countries, the SCO is a new opportunity to diversify their relationships through hedging strategies<sup>58</sup>. While the United States and Western allies have undoubtedly deep and long-standing security and economic relations to the Gulf States, the shift of the strategic focus of the US to the Pacific and other issues (details see Section 2.3) have raised questions whether the current security setting is sufficient. The Gulf States can pursue geoeconomic goals in the SCO and keep security guarantees by the US<sup>59</sup>. The SCO serves now Saudi-Arabia, Iran and Qatar as a dialogue system.

## 2.2 China's Foreign Policy and the SCO

China's concept of 'circle of friends' differs from the alliance and coalition building concept of the United States and the Western allies, such as the *Quadrilateral Security Dialogue (QUAD)*, the trilateral security pact between Australia, the United Kingdom, and the United States (*AUKUS*), the *Chip4 Alliance* between US, Japan, South Korea, and Taiwan<sup>60</sup> and the *Indo-Pacific strategy*<sup>61</sup>.

Since 2013, when Xi Jinping became President, China has focused on enlarging its 'circle of friends' who understand and support China with a priority on neighboring and major states and on developing a network of partnerships. In 2013, the *Belt and Road Initiative (BRI)*, formerly known as *One Belt, One Road (OBOR)* initiative (or as *New Silk Road* as reference to the historic silk road as most important Asian trade route), was set up and China engaged in meetings and various *Memoranda of Understanding (MoUs)* were signed with the states along the trade routes which reaches from China to Africa and Europe, but also into the Oceanian space. This includes cooperation in infrastructure, traditional and new energy, digitalization, trade, and non-traditional security like anti-drug trafficking and anti-terrorism<sup>62</sup>. This includes a land-based *Silk Road Economic Belt* extending from China to Central and South Asia, the Middle East, and Europe, and a sea-based *21st Century Maritime Silk Road* to secure the Sea Lines of Communication (SLOC) in the sphere of the Pacific, Southeast Asia, South Asia, and Africa<sup>63</sup>.

The BRI (silk road) was expanded by multiple projects, the *Health Silk Road*, the *Digital Silk Road* to promote e-commerce, digital currency, construction of fiberoptic cable networks, a data and research center, 5G mobile and cloud services, smart cities, artificial intelligence, cine, quantum computing, and the Internet of things, the *Green Silk Road* for ecologic development and sustainable growth, the *Space Silk Road* to support overland and maritime routes by providing global navigation services by the *BeiDou* Navigation Satellite System. Within the *Arctic Silk Road (Polar Silk Road/Ice Silk Road)*, China is meanwhile physically present in the Arctic region with research stations on Spitzbergen (Norway). It is noteworthy that the Silk

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<sup>57</sup> CRS 2023a, Senkyr 2022

<sup>58</sup> Achmad 2023, Baabood 2023

<sup>59</sup> Achmad 2022

<sup>60</sup> NZZ 2022

<sup>61</sup> Ekman 2022

<sup>62</sup> Jiang 2022

<sup>63</sup> Zulkifli/Bizikumarin 2022

Roads are also extended to the Oceanic region where China is increasingly active with diplomacy and economic initiatives<sup>64</sup>.

In 2017, China opened its first overseas military base, a naval support facility in Djibouti. The *People's Liberation Army (PLA)* conducted evacuation operations of Chinese citizens from Libya in 2011 and from Yemen in 2015<sup>65</sup>.

After a series of attacks on Chinese personnel and facilities in Central and South Asia, China set up a paramilitary base near the *Wakhan Corridor* by the Tajik-Afghan border, and China and Tajikistan have conducted joint border patrols and anti-terror exercises<sup>66</sup>.

China does not prefer formalized commitments, but is open for a large variety of economic, technological and security partnerships, which can include military exercises, but e.g., also diplomatic support for China's positions<sup>67</sup>. China is not only active in the SCO, but also in other fora, e.g., the G20 of the 20 largest global economies, or the *BRICS (Brazil, Russia, India, China, South Africa)* where these states seek for more influence on institutions that were previously dominated by Western economies, such as the *World Bank* or the *International Monetary Funds (IMF)*.

China is also more active in the United Nations and was heading in 2020 *the Food and Agriculture Organization (FAO)*, *the International Telecommunication Union (ITU)*, *the UN Industrial Development Organization (UNIDO)* and *the International Civil Aviation Organization (ICAO)*<sup>68</sup>. Further, it counters Western UN initiatives. When the Western states supported and signed on 22 June 2021 at the 47<sup>th</sup> session of the UN Human Rights Council a critical 'Joint statement on the human rights situation in Xinjiang', 69 states signed at the same day an opposing 'Joint statement at the Interactive Dialogue on High Commissioner's annual report'<sup>69</sup>. China also initiated *C+C5 (China plus five Central Asian countries)* meetings in 2020, partly as a response to the *C5+1 (USA plus five Central Asian countries)* mechanism<sup>70</sup>. The C+C5 is cooperating with the SCO in matters of security and trade<sup>71</sup>.

In the MENA region, China systematically established and expanded partnerships in the previous years. The highest and closest level is a *comprehensive partnership*, followed by *strategic partnership* and *friendly cooperative partnership*. Currently, China has *comprehensive partnerships* with Saudi-Arabia, Egypt, Iran, United Arab Emirates and Algeria, *strategic partnerships* with Oman, Qatar, Kuwait, Jordan and Iraq and a *friendly cooperative partnership* with Bahrain. A special relation is established to Israel with an *innovative comprehensive partnership* which includes a large contract for the Haifa port<sup>72</sup>.

The *Ministry of Foreign Affairs of the People's Republic of China* meanwhile released *The Global Security Initiative GSI* which fits well with the principles of the SCO<sup>73</sup>. The core principles are to be: committed to the vision of common, comprehensive, cooperative and sustainable security, the respect of sovereignty and territorial integrity of all states, the purposes and principles of the UN Charter (which means that a cold war mentality, unilateralism, bloc confrontation and hegemonism contradict the UN Charter and should be rejected) and to take the legitimate security concerns of all countries seriously, to peacefully resolving disputes and

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<sup>64</sup> FEF Mongolia 2022

<sup>65</sup> Blanchard et al. 2023

<sup>66</sup> Jiang 2022

<sup>67</sup> Ekman 2022

<sup>68</sup> Ekman 2020

<sup>69</sup> Ekman 2020

<sup>70</sup> Jiang 2022

<sup>71</sup> Pandey 2022

<sup>72</sup> Loft et al. 2022, CRS 2023b

<sup>73</sup> FMPRC 2023 The Global Security Initiative GSI Concept Paper 21 Feb 2023

differences between countries through dialogue and consultation (and not by war or sanctions)<sup>74</sup>.

### 2.3 The Trilateral Agreement

After preparatory talks between Saudi-Arabia and Iran in Iraq, Oman und Jordan in 2021 and 2022, Saudi-Arabia, Iran and China signed an agreement in Beijing in March 2023, that Saudi Arabia and Iran will normalize their relations, in particular the diplomatic relations<sup>75</sup>.

According to Western sources, the Agreement includes additional unpublished protocols with respect to security policy. This was also indicated by the presence of top officials of the national security councils, intelligence representatives and members of the Revolution Guards<sup>76</sup>. The agreements include to suspend the Saudi-Arabian support of the Iranian opposition by its TV sender *Iran International*, of Kurdish groups and Mujahedin groups. In exchange, Iran will not support any attacks on Saudi-Arabia anymore and stop the support of the Houthi group in the Yemen conflict<sup>77</sup>. The Yemen peace negotiations already started in April 2023.

Also, flights and trade between both countries should be re-established then<sup>78</sup>. The China-brokered Trilateral Agreement between Saudi-Arabia, Iran and China is combined with the SCO expansion, the SCO energy policy and the partnership policy of China with Iran and the Gulf states. Based on this, the co-occurrence of the SCO expansion and the trilateral agreement from 2023 between China, Saudi-Arabia, and Iran to restore the Saudi-Iranian relations is not surprising<sup>79</sup>. The United Arab Emirates also have good relations to China and are now restoring their relation to Iran since 2022 as Kuwait does as well<sup>80</sup>.

The Western states like United States US and United Kingdom UK doubt the relevance and impact of the Agreement<sup>81</sup> and argue that the military security of the Gulf States is factually guaranteed by the strong presence of US and UK troops in several Gulf states<sup>82</sup>. Furthermore, the West is still leading in arms sales to the region and by this of technological relevance as well. The *US State Department* emphasized the importance of the US-Saudi relations in its recent strategy paper<sup>83</sup>.

However, things look a bit different from the Arabian perspective: the strategic US pivot to the Asia-Pacific region to compete with China raised concerns amongst US allies in the Middle East that US security may be less reliable<sup>84</sup>. This view was also supported by the withdrawal of troops from Syria and Afghanistan<sup>85</sup>. Saudi-Arabia had to deal with successive US administrations either reducing Saudi-Arabia's political maneuver space or signaling their intent to reduce regional security responsibilities<sup>86</sup>.

In particular, Saudi-Arabia's security policy saw various challenges: The conflict with Iran with attacks on Saudi-Arabia's oil infrastructure (with a lack of a relevant US response)<sup>87</sup>, the Yemen

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<sup>74</sup> FMPRC 2023 The Global Security Initiative GSI Concept Paper 21 Feb 2023

<sup>75</sup> Dienstbier/Engelkes 2023

<sup>76</sup> Dienstbier/Engelkes 2023

<sup>77</sup> Dienstbier/Engelkes 2023

<sup>78</sup> NZZ 2023

<sup>79</sup> Zaccara 2023

<sup>80</sup> China Daily 2023, Zaccara 2023

<sup>81</sup> Murphy 2023

<sup>82</sup> Satloff 2023, Loft et al. 2022 The US has bases in Kuwait, Saudi Arabia, Oman, the UAE, Bahrain, and Qatar with 13,500 troops in Kuwait, and 5,000 in Bahrain in 2021. The UK has military forces in Oman, Bahrain, Saudi Arabia, the UAE, Qatar, and Kuwait.

<sup>83</sup> State Department 2022

<sup>84</sup> Loft et al. 2022

<sup>85</sup> Wenping 2023

<sup>86</sup> Satloff 2023

<sup>87</sup> Dienstbier/Engelkes 2023

war<sup>88</sup> and the missing breakthrough in the *Joint Comprehensive Plan of Action (JCPOA)* nuclear deal with the Iran. The United States supported an intra-Arab rapprochement in 2020 after Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt isolated Qatar since 2017 to close the *Al Jazeera* satellite network, to change relations with *Muslim Brotherhood* organizations, downgrade relations with Iran, and to end the deployment of Turkish military personnel in Qatar, but the agreement took place without achieving these goals.<sup>89</sup>

However, analysts agree that this does not mean that China or the SCO will or wants to replace the United States (and UK) as security partner of the Gulf States, but expand its influence to support the economic and energy policy<sup>90</sup>. The new orientation to the SCO aims to create alternatives to the United States and to create additional partnerships<sup>91</sup>.

Furthermore, there are long-standing religious tensions between Saudi-Arabia and Iran<sup>92</sup>, but the competition of Arab and Iranian actors for regional influence reached back to ancient times when the Roman Empire was still present. In other words, the religion is only a part of the issue and not the main driver. Skepticism remains and it is debated whether the Agreement is more tactical or symbolic in nature<sup>93</sup>, but as China is a very important trade partner of both sides, China's backing is seen as a guarantee that all sides will adhere to the agreement.

However, there are warning signs that the geopolitical shift of the Gulf States to the SCO could be relevant in future:

- The United States tried to convince the United Arab Emirates to remove Chinese *Huawei* technology from their communication networks due to security risks. To increase pressure, US threatened to stop the selling of the advanced F-35 fighter jets. In response, the UAE then cancelled the F-35 talks on their own<sup>94</sup>.
- Qatar, Egypt, and Saudi Arabia rejected the American request for an anti-Iranian alliance in July 2022, because for them partnerships, economic development, and diplomacy seemed to be better strategies towards Iran than US dollar dominance and regime change.<sup>95</sup>
- China is according to US foreign minister Anthony Blinken “the only country with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it”<sup>96</sup>.
- Looking beyond the Gulf States and the SCO, China and Russia are also expanding their influence in Africa where China will likely continue to expand its relations within the *China-Arab States Cooperation Forum (CASCF)* and the *Forum of China-Africa Cooperation (FOCAC)*.<sup>97</sup>
- Despite Russia seems to be occupied with the Ukraine conflict, it is spreading its influence as well. The Private Military Company (PMC) *Wagner* with its close relations to the Russian government is not only active in Libya, but also in the Central African Republic, Mali and may expand further to Burkina Faso, where the government currently tries to squeeze out French influence and troop presence.

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<sup>88</sup> Sameer 2023

<sup>89</sup> CRS 2023b

<sup>90</sup> Blanchard et al. 2023

<sup>91</sup> Abbas 2023, Blanchard et al. 2023, Alghannam 2023, Thayer 2023

<sup>92</sup> Segall 2023, Zimmt 2023

<sup>93</sup> Abbas 2023, Satloff 2023

<sup>94</sup> Asia-Nikkei 2021

<sup>95</sup> Anderson 2022

<sup>96</sup> Cited in Blanchard et al. 2023. Abbas (2023) argues that “great forces at work to break the American dominance in the world and that many states that were previously loyal to American security policy are contributing to the construction of an alternative world order in the form of the Chinese multilateral model.”

<sup>97</sup> Divsallar 2023

Overall, the diversification strategy of the SCO states reduces the influence of the United States and the West in the Gulf Region and while the United States and European Union are quite busy with the Ukraine and the Taiwan issue, their influence in the Gulf Region, but also in Africa is increasingly challenged and the Western countermeasures seem currently not sufficient to revert this trend<sup>98</sup>. This also affects the normative (value-based) dimension<sup>99</sup>.

### 3 Summary

The SCO is an alternative global governance (world order) model to the alliance model of the West (NATO, EU, Quad) and covers now most of the Eurasian landmass and approximately 40% of the world population, but it is not a military alliance and does not aim to integrate the member states into supranational frameworks. The initial focus on security later shifted to economic issues and now also to energy policy. As various member states have their own geopolitical agenda (e.g., China, Russia, India, Iran and so on), Western analysts sometimes doubt the relevance of the SCO, but it allows its member states a diversification and balancing of their security-related, economic, and diplomatic activities, by this getting more political freedom of action.

The SCO activities are well aligned with Chinas ‘circle of friends’ and partnership concept of foreign policy and many SCO states have a bilateral partnership with China, e.g., Saudi-Arabia and Iran. Based on this, the co-occurrence of the SCO expansion and the trilateral agreement from 2023 between China, Saudi-Arabia, and Iran to restore the Saudi-Iranian relations was not surprising. The United Arab Emirates also have good relations to China and are now restoring their relation to Iran as well. In summary, the current SCO expansion is a further step to a multipolar world order and is challenging the security architecture of the United States for the MENA region.

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<sup>98</sup> Jiang 2022

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