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# THE SCO'S PROMISES AND PERFORMANCES ON THE POLITICAL, ECONOMIC & SOCIAL FRONT

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22 November, 2025

**CRCSF PUBLICATIONS**



## **POLICY BRIEF**

November 2025

This policy brief summarizes the findings of an analytical review on the political, economic, & socio-cultural performance of the Shanghai Cooperation Organization (SCO). It is designed for stakeholders including foreign ministries, embassies, diplomats, parliamentarians, strategic communities, development agencies, & regional cooperation platforms.

### **OVERVIEW**

In the aftermath of the Cold War, Eurasia entered a period of turbulence. Newly independent Central Asian republics confronted fragile statehood, while terrorism, separatism, and extremism exploited institutional vacuums. Against this backdrop, China, Russia, Kazakhstan, Kyrgyzstan, & Tajikistan chose dialogue over drift, forming the “Shanghai Five,” a pragmatic coalition aimed at containing the “three evils,” stabilizing contested borders, & fostering coordinated security.

Then again in 2001, the global politics had shifted toward hyper-globalization, new security threats emerged, & the original framework evolved into the Shanghai Cooperation Organization (SCO). At this critical juncture, the SCO presented itself not just as a security pact but as a broader vision: a platform for political dialogue outside Western pressure, a hub for economic connectivity across Eurasia’s vast land routes, & a cultural bridge aimed at shaping a shared regional identity. Its founding treaty carried an ambitious message, that lasting stability could emerge not from military blocs, but from a distinct philosophy of mutual trust, equality, & cooperation known as the “Shanghai Spirit.”

Two decades later, this promise stands both illuminated and shadowed. The SCO commands half of humanity, yet its capacity is tested by great-power rivalry. It has orchestrated major counter-terrorism operations, yet struggles to translate economic declarations into functioning projects. It champions cultural understanding, yet its social initiatives remain peripheral. And as its membership has expanded, most dramatically with India & Pakistan, the cooperative rhythm has slowed, forcing the organization to rethink how consensus works in an era of sharpened geopolitical edges.



This policy brief enters the debate where the literature is thinnest: a comparative, outcome-oriented evaluation across all three pillars: political, economic, & sociocultural. It raises important & timely questions that need attention, which are:

- What measurable gains has the SCO achieved since 2001? □
- Do institutions such as RATS, inter-ministerial summits, and economic working groups aim to deliver or simply declare?
- Which structural weaknesses hinder follow-through: financing, secretariat capacity, or lack of project appraisal mechanisms?
- And can a consensus-based organization survive intensifying great-power competition, identity fragmentation, and the altered cooperation landscape that results from expansion?

These questions are central to the SCO's continued growth. They will determine if the organization solidifies its role as a stabilizing Eurasian pillar. This brief argues that the SCO's journey is one of ongoing progress. It is an evolving story of potential being realized, a story that now invites focused strategy, pragmatic adaptation, and the collective will to consolidate gains and build a more impactful future.

### **Political Priorities and Security Realities**

Security remains the SCO's most visible success story, but it also reveals the limitations built into the organization's design. Member states have developed a level of coordination that truly matters through the Regional Anti-Terrorist Structure (RATS), which includes real-time intelligence flows, harmonized watch-lists, and annual counter-terrorism drills that translate political commitment into action. These efforts have yielded measurable results, including high-profile drug interceptions. Recent joint operations with the UNODC resulted in the seizure of 69 tons of heroin and 75 tons of precursor chemicals, demonstrating the SCO's ability to act decisively when urgent circumstances meet collective will.

Yet beneath these successes lies a fragile strategic foundation. Member states lack a unified understanding of what constitutes the core regional threat. Russia is concerned about Central Asian spillovers, whereas China is focused on fostering regional economic integration and ensuring the security of critical development corridors.

## **Economic Growth And Imbalances**

The Shanghai Cooperation Organization (SCO) harbors ambitious economic goals, evidenced by surging intra-bloc exports, reaching US\$725 billion in 2024, and a projected combined GDP of \$70–82 trillion by 2025; however, this growth is structurally constrained by an underdeveloped governing architecture, specifically lacking a common framework for trade liberalization, investment, or financial coordination, a gap highlighted by the fact that infrastructure relies primarily on bilateral projects (like China's BRI) & trade is heavily skewed toward China & Russia, leading to imbalanced trade flows among member states. To unlock its full potential, the SCO must transition from ambition to structural action by implementing key policy recommendations, including establishing a SCO Development Bank or Fund for multilateral financing, negotiating a regional investment protection framework, & harmonizing trade policies toward a preferential trade zone that protects smaller economies.

## **Social and Cultural Cooperation, From Potential to Reality**

Over the past decade, the SCO has built a distinct social & cultural identity. Recently, it has conducted Inter-Civilization Dialogue, 2025 in Tianjin, which gathered more than 300 delegates, which demonstrates that member states are prioritizing cultural exchange as a golden stick, to build a Eurasian castle of community with shared future. Moreover, youth engagement is a smart initiative of SCO to improve coordination through young, creative. Since 2009, eight youth camps have brought together 1,200 participants, that helped countries to understand each other culture on first hand. While, the 2021 Youth Affairs Agreement has transformed scattered activities into a coordinated pipeline. Entrepreneurship programs, supporting 50 innovators in 2024 and generating 20 cross-border agreements, signal that youth networks are translating into real economic linkages.

Women's leadership initiatives, including the 2024 Qingdao Forum with 150 delegates, have strengthened visibility for women-led economic & cultural projects, helping diversify who represents the region in public diplomacy. Intellectual cooperation has also advanced: the Tianjin Initiative on Civilization Diversity & the joint report on a shared digital future show that states are beginning to articulate common values & shared technological goals.



Even the cultural heritage exhibition of 16 UNESCO World Heritage Sites, from Samarkand to the Forbidden City, reminds member states that they collectively safeguard nearly 15 percent of global heritage, a reservoir of soft power with few equals.

Yet these achievements remain pockets of progress rather than a coherent strategy. Their impact is evident, expanded youth networks, new business partnerships, strengthened women's leadership, and growing academic dialogue, but they are not integrated into a long-term vision.

To elevate people-to-people cooperation from activity to strategy, the SCO must move beyond event-based diplomacy toward institutionalized cultural infrastructure. This includes a permanent SCO Cultural Cooperation Fund to ensure predictable financing; a rotating annual SCO "Cultural Capital" to anchor year-round programs; harmonized youth entrepreneurship tracks that link incubators, competitions, and start-up mobility; and a digital platform connecting universities, researchers, and cultural institutions across the region. Such measures would transform scattered exchanges into a continuous ecosystem, one capable of deepening societal trust, consolidating a shared Eurasian identity.

### **Geopolitical and Structural Challenges to SCO Cohesion**

- **The Vexing Conundrum of Great-Power Rivalry**

The SCO is fundamentally complicated by its composition, which includes three nuclear powers (China, Russia, and India) navigating an increasingly fragmented global order. Rather than unified strategic alignment, the organization acts as a high-stakes arena where members are often having contradictory, security and economic interests. China and Russia view the SCO as a platform to promote a multi-polar world order and a counterweight to the U.S.-led Western system. However, India's distinct strategic interest clash with the group's agenda. These overlapping interests often complicate decision-making and delay implementation of joint initiatives, limiting the SCO's ability to act cohesively on regional security and economic projects.



- **Decision Paralysis from Asymmetrical Expansion**

When India and Pakistan joined in 2017, they brought their bitter rivalry right into the group. This rivalry has since paralyzed the group's core mission of fighting terrorism, as security issues become political weapons, blocking joint exercises and shared intelligence.

Furthermore, with China and Russia dominating the economy, the smaller Central Asian states feel they lack a real voice to set the agenda. This power imbalance creates distrust and slows down crucial shared projects, especially those for regional connections.

- **SCO's Operational Roadblocks**

The SCO has ambitious goals, but its operational structure is weak, leading to a constant gap between its promises and its actual achievements. The central office (Secretariat) and related bodies lack the power and expertise to effectively track and manage complex projects across so many different countries. As a result, the organization is constantly criticized for having more talk than action, more rhetoric than results.

Crucially, the SCO lacks the tools needed for large-scale action, such as a dedicated development bank or a common investment fund. Without such financial infrastructure, high-level policy agreements fail to materialize as scaled-up, tangible infrastructure and industrial projects across the region.

- **Economic Fragmentation and Imbalance**

Even though trade between SCO members is growing, China's trade with partners hit a substantial \$296 billion in the first seven months of 2025, but this success is very uneven and fails to benefit everyone equally. The region suffers from economic fragmentation because there are no common rules or agreements, like a free-trade framework. This allows the benefits to flow primarily to the largest economies. This imbalance creates structural deficits for smaller nations. For example, Pakistan's trade deficit with SCO members widened to \$11.7 billion in the year 2024, mostly due to imports from China. In short, the lack of harmonized rules prevents the formation of a resilient regional economy, instead deepening the dependency of smaller members on the bloc's largest players.





- **Underdeveloped Socio-Cultural Legitimacy**

The SCO's focus remains heavily tilted towards 'high politics', security and elite-level economic agreements, under-utilizing the 'soft power' necessary to foster deep regional integration. Initiatives promoting youth, academic, and cultural cooperation remain largely peripheral to the strategic agenda. The failure to fully cultivate a shared Eurasian identity and build meaningful engagement with civil society and the private sector inhibits the organization's ability to build popular legitimacy and transparency. This limits the SCO's resilience and its effectiveness in countering narratives that portray it merely as a vehicle for the strategic interests of its major powers.

### **Recommendations**

The Shanghai Cooperation Organization stands not merely at a crossroads, but at the dawn of its defining decade. Its journey from symbolic declaration to a true cornerstone of Eurasian stability demands a covenant of political will, guided by institutional courage and wisdom. The following five mandates offer the architecture for this evolution, transforming potential into palpable reality.

- **Establish the SCO 2030 Strategic Charter**

No vessel sails true without its star. The SCO must cease its incremental drift and anchor its purpose in a Strategic Charter for 2030. This must be forged through a solemn consultation that binds governments, parliaments, and civil society. Objective: Only this shared, credible long-term mandate can transcend the transient demands of national politics, ensuring that collective strategy remains unburdened by geopolitical tides and momentary discord. The Charter is the covenant of shared future, the definitive response to external skepticism.

- **Launch a Dedicated Financial Mechanism**

The most ambitious ideas for regional connectivity cannot materialize without reliable financing, and this remains one of the SCO's weakest links. A practical & research-backed solution is the creation of an SCO Development Fund or a Common Investment Bank. Regional experience shows why this matters: institutions like the Asian Infrastructure Investment Bank, New Development Bank have enabled



member countries to turn policy goals into funded infrastructure projects, from energy corridors to digital networks. The SCO lacks such a mechanism, which is why many of its commitments on transport, trade facilitation, & industrial cooperation remain slow or incomplete. Establishing a dedicated financial institution would give the SCO the capacity to support cross-border infrastructure, mobilize private investment, & ensure that policy declarations translate into implementable, bankable projects. It would provide a concrete test of the organization's economic intent and strengthen trust among member states by showing that resources match rhetoric.

- **Establish Structured Dialogue for Geopolitical Tensions**

A credible way to fix the SCO's recurring problems with cooperation is to create a formal geopolitical de-escalation mechanism, similar to successful models used by the Association of Southeast Asian Nations (ASEAN) or the Organization for Security and Co-operation in Europe (OSCE). These successful platforms prove that when rival nations meet in a predictable, rule-based setting, major crises are less likely and policy coordination gets better.

For the SCO, this means setting up mandatory meeting tracks multilateral and trilateral specifically for China, India, Russia, and Pakistan. This system would function as an early-warning system for rising tensions and a reliable space for crisis communication. The goal is not to solve deep-seated disagreements, but to stop them from blocking vital regional projects in connectivity, security, and trade. Embedding this simple, low-cost reform into the SCO's structure would quickly strengthen its decision-making and lead to more consistent regional messages.

- **Empower the Secretariat's Analytical Capacity**

The SCO can only move from promises to real progress if its Secretariat becomes a strong center for data and implementation. Evidence from regional bodies shows that institutions perform better when they use standardized data systems and transparent evaluation methods. For the SCO, establishing a small but specialized unit for project tracking, regulatory mapping and evidence collection would directly address the current gap in monitoring cross border initiatives.





It will give the member states reliable information on where cooperation is advancing & where it is stuck. Annual performance reviews based on clear indicators would replace guesswork with measurable accountability. This shift equips the SCO with the analytical power needed to guide complex regional initiatives & ensures that political commitments translate into visible results.

- **Integrate Societal Trust as a Core Strategy**

Regional blocs that endure, such as ASEAN, have shown that structured cultural & youth programs can soften political tensions & create long term cooperation pathways. The SCO can replicate this success by institutionalizing initiatives that already work informally across Eurasia. A rotating Cultural Capital, supported by permanent cultural forums, would provide continuous platforms for artists, educators and local industries to collaborate. Parallel youth entrepreneurship tracks linking business incubators & universities would create practical networks that survive political cycles. These mechanisms generate repeated interaction & shared outcomes, which research shows are key drivers of societal trust. Embedding such programs into the SCO's formal agenda converts public level engagement into a strategic resource that strengthens the organization's capacity to withstand geopolitical friction.

A stark contrast characterizes the SCO's current journey: it can act with force and precision, as evidenced by the joint seizure of 69 tons of heroin & 75 tons of precursor chemicals, but it frequently struggles to move with the strategic clarity that its size requires. Its economic future will be determined by the speed with which the newly proposed Development Bank or Fund converts big promises into real, visible cross-border projects. To prevent internal rivalries from derailing cooperation, the organization urgently demands a rule-based mechanism to defuse tensions before they escalate, which includes an early-warning system for great-power conflict. And if the SCO hopes to build lasting trust, it must anchor its cultural and youth initiatives in permanent institutions, not one-time events. And if the SCO wants to build long-term trust, it must anchor its cultural & youth initiatives in permanent institutions rather than one-time events: a cultural fund that can withstand political shifts & a youth incubator program that develops into a true pipeline of regional innovators. Finally, the SCO can only become a stable pillar of Eurasia if it prioritizes substance over symbolism, aligns its reforms with its goals, & ensures that its actions reflect the future it claims to envision.