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Iran in the SCO: The background, context, and relevance

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Why in News:

Prime Minister Narendra Modi welcomed Iran as the newest member of the Shanghai Cooperation Organisation (SCO) at the virtual summit of the grouping recently

About SCO

The SCO was built on the 'Shanghai Five' grouping of Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan, which had come together in the post-Soviet era in 1996, in order to work on regional security, reduction of border troops, and terrorism.

In 2001, the Shanghai Five inducted Uzbekistan into the group and named it the SCO. India and Pakistan became its permanent members in 2017.

The organisation has two permanent bodies — the SCO Secretariat based in Beijing and the Executive Committee of the Regional Anti-Terrorist Structure in Tashkent.

Its primary objective was to enhance regional cooperation for efforts to curb terrorism, separatism, and extremism in the Central Asian region.

Afghanistan, Belarus, Iran, and Mongolia enjoy Observer status in the SCO, while six other countries — Azerbaijan, Armenia, Cambodia, Nepal, Turkey and Sri Lanka — have Dialogue Partner status.

Goals of SCO

The SCO describes its main goals as:

strengthening mutual trust and neighbourliness among the member states

promoting their effective cooperation in politics, trade, economy, research and 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.

The latter part of the statement which calls to build a "new international political and economic order" did not sit well with the U.S. and Europe, and has led to the SCO being dubbed as "anti-NATO" for proposing military cooperation.

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This concern was further heightened when heavy sanctions were placed on Russia for its actions in Crimea and China came to its aid, signing a \$400 billion gas pipeline agreement.

Since then, through the personal bond between Russian President Vladimir Putin and Chinese President Xi Jinping, the SCO has become a platform for Eurasian cooperation in a region rich with energy resources.

Has SCO dealt with bilateral issues?

India and Pakistan joined the SCO as observers in 2005, and were admitted as full members in 2017. Since 2014, India and Pakistan have cut all ties, talks and trade with each other.

However, both countries have consistently attended all meetings of the SCO's three councils — the Heads of State, Heads of Government, Council of Foreign Ministers. Despite the fact that India accuses Pakistan of perpetrating cross-border terrorism at every other forum, at the SCO, Indian and Pakistani armed forces take part in military and anti-terrorism exercises together, as part of the SCO-Regional Anti-Terrorist Structure.

Not only Pakistan, the SCO has also facilitated talks between India and China on the Line of Actual Control (LAC) border issue.

Iran and the SCO

The case for Iran's full membership of the SCO has been made for several years.

In 2016, the year after Iran signed the nuclear deal (called JCPOA) with Western powers led by the United States, Russia's President Vladimir Putin said, "We believe that after Iran's nuclear problem was solved and United Nations sanctions lifted, there have been no obstacles left [for Iran's membership in the SCO]

However, the US under President Donald Trump pulled out of the deal in 2018, and the agreement became ineffective. A year later, the US ended all waivers, curbing Iran's oil exports.

Changing geopolitical landscape of Iran

There have been major changes in the geopolitical landscape of late.

The chaotic exit of the US from Afghanistan has opened up space for Chinese influence and investments in the Central Asian region. China has drawn Pakistan more tightly in its strategic embrace, and grown ever more assertive on the global stage.

As the war in Ukraine has raged on, and the West's relations with Russia have plummeted to their worst-ever levels, Beijing has declared a "no-limits" friendship with Moscow.

Iran has reached out beyond traditional ally Russia. In March this year, it signed a China-brokered deal to re-establish diplomatic relations with its old regional rival, Saudi Arabia. A border market was opened at Iran's border with Pakistan in 2023, despite the fact that they have not shared close ties over the years.

For China, having Iran, with its abundant energy supplies, in the SCO is reassuring as it escalates the tussle with the US. In 2021, China and Iran signed a 25-year deal for cooperation in areas including oil. A Bloomberg report this year noted that private refiners in China, the world's largest importer of crude, are now buying more Iranian oil as competition for supplies from Russia rises in Asia.

Russia has every reason to have more allies on the platform. Belarus, Russia's close regional ally, is likely to sign a memorandum of obligations, which will subsequently lead to full membership

Significance of Iran's membership

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For India, that has built its connectivity strategy through Iran's Chabahar port, where it operates a terminal and through the International North South Transport Corridor that goes through Iran and Central Asia to Russia, the entrance of Iran in the SCO is an important milestone.

To begin with, Iran's presence ensures support for New Delhi's moves to circumvent land-based trade through Pakistan, which has blocked transit trade for India.

Uzbekistan President Shavkat Mirziyoyev said that Central Asian states that are double land-locked will seek to build a multimodal trade route via Afghanistan to ports in both Pakistan and Iran. It also allows India to conduct trade with the region while staying out of China's Belt and Road Initiative.

In addition, the induction of Iran, a historically close partner of India that has also suffered from terrorism emanating from Pakistan and Afghanistan will bolster India's push for an end to terror safe havens. Where the government may find some unease in a more vocal support for Iran is in the fact that the SCO is increasingly seen as an "anti-West" forum, and Iran, like Russia is under severe sanctions.

In addition, the U.S. has accused Iran of supplying weapons to Russia, and the expected induction of Belarus next year will only strengthen this image of the SCO, even as India strengthens ties with the Quad, making the Indian balancing act more difficult.

The Way Ahead

India and the US have elevated their partnership to unprecedented levels of cooperation and trust, and Prime Minister Narendra Modi has recently returned from an Official State Visit to the US during which the two countries signed important technology and defence agreements. US President Joe Biden has emphasised the democratic credentials of the two countries, and placed these in opposition to Chinese authoritarianism. In this context, India faces the task of maintaining a delicate balance as the dynamics of the SCO change