

# **POLICY COMPASS**

**Mandate of Multipolarity:** 

# The Shanghai Cooperation Organisation and India's Calculus

By Romain Le Dily



24 September 2025





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# **Romain Le Dily**

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#### 24 September 2025

#### **Executive Summary**

#### What The Summit Decided

The Tianjin meeting was the Shanghai Cooperation Organisation (SCO)'s biggest so far and produced practical steps. Leaders approved 24 documents (including the Tianjin Declaration and a plan through 2035), created two new security centres, backed an AI cooperation plan, began work toward an SCO Development Bank, and simplified outside participation to a single "partner" status.

#### **What India Did**

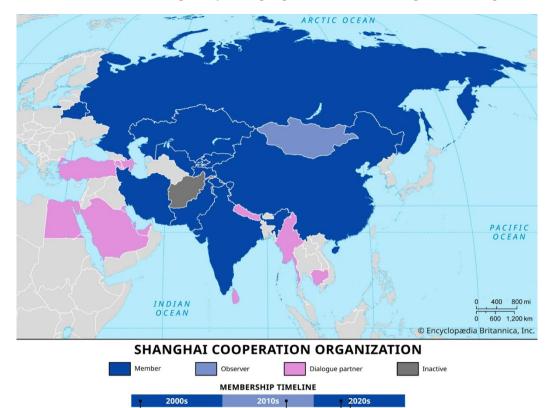
India used the summit to lower risk without picking sides, Modi met Xi for the first time in China since 2020 to restart flights, ease visas, and resume border talks; he reinforced energy ties with Russia to keep cheap oil flowing; and he avoided any moves that would provoke the United States.

#### **What It All Means**

China is rallying coordination among developing countries, Russia is testing ways to trade and pay with less reliance on the dollar, and China–Russia–India showed a pragmatic working relationship, delivering small, but useful gains now while India keeps its options open for later.

# **Key Picture: Map of SCO Members**

"Briefly put Modi used the summit to signal a limited reset with Beijing and to demonstrate continuity with Moscow, without committing to any binding alignment that would antagonize Washington."



Source: Britannica, September 2025

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#### 1. Background

Tianjin, historically termed "the ferry where the emperor passes", hosted more than Emperors during the 25th Heads of State Council of the Shanghai Cooperation Organisation (SCO) on 31 August-1 September 2025. As a matter of fact, attendance exceeded twenty heads of state and government alongside ten international organisations, making it the SCO's most extensive leaders' meeting to date. Substantively, the summit advanced two strategic narratives: Beijing's institutionalisation of Global South coordination and Moscow's effort to dilute Page | 4 Western diplomatic and economic isolation. Within that frame, India's participation was of paramount importance for its Prime Minister Modi: Delhi pursued incremental de-risking through connectivity and energy assurances while preserving leverage on unresolved border and technology constraints and managing exposure to US tariff actions.

Currently led by Secretary-General Nurlan Yermekbayev, the SCO convened its 10 member states: Belarus, China, India, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan, Uzbekistan with Mongolia participating as an observer. The "SCO+" outreach brought a broad guest list at leader level, including Armenia and Azerbaijan, and representatives from Vietnam, Egypt, Indonesia, and Turkey for instance. Heads of major regional and global bodies like the UN, the ASEAN, and the CSTO also attended. Institutionally, the summit granted the Lao People's Democratic Republic Dialogue Partner status and conferred observer status for the SCO with the Commonwealth of Independent States (CIS), underscoring a continued widening of the organisation's ranks, further feeding into Global South narrative.

#### 2. Outcomes of The Summit

Substantively, the summit's outcomes can be summarized as follows. Chair Xi Jinping positioned the SCO as a global institution prioritising stability, prosperity, and respect for sovereignty and territorial integrity, explicitly avoiding Ukraine and the ongoing conflict<sup>1</sup>. On process, leaders approved 24 documents, notably the Tianjin Declaration<sup>2</sup> and a Development Strategy to 2035<sup>3</sup>; they also launched two security initiatives, the SCO Anti-Drug Centre<sup>4</sup> and the Universal Centre for Countering Challenges and Threats<sup>5</sup>, moving the bloc's security architecture to a more encompassing level. Economically, the most concrete step was a political decision to establish an SCO Development Bank<sup>6</sup>. In parallel, Russia proposed joint SCO bonds and a joint payment/settlement and depository infrastructure to reduce dollar exposure<sup>7</sup>.

On participation and format, one should notice Armenian and Azerbaijani participation at the highest level, while an institutional reform merged "observer" and "dialogue partner" into a single "SCO partner" status, signalling a broader, but still measured, external engagement framework. Additionally, the AI and digital agenda advanced via endorsement of an AI cooperation roadmap8 (Chengdu, 12 June 2025), indicating that emerging tech will remain a headline of SCO theme in the future.

Finally, the summit showcased a pragmatic and warm entente among China, Russia and India: convergent rhetoric on multipolarity and sovereignty, and a mutual willingness to enable transactional cooperation. For Delhi, Tianjin was less about high level meetings of an increasingly international organization, but rather about risk-management and optionality.

# 3. India's Actions

#### 3.1 India and China

With China, the deliverables were narrow but substantial. Modi and Xi held their first in-person meeting in China since the 2020 border crisis9, agreeing to resume direct flights, ease visa issuance, and restart structured border talks. These are actionable confidence building measures that lower the transaction costs of doing business through bilateral relation's stability. Eventually, and despite the absence of long-term evolvement of the Line of Actual Control dispute<sup>10</sup>, or current India's technology screening of Chinese firms<sup>11</sup>, it remains a tangible display of attempting to stabilise the relationship at a transactional level.





This open display was accompanied by a precise and efficient rhetoric. In his plenary remarks, Prime Minister Modi pressed the SCO to act against terrorism and its financing, reiterated "Security, Connectivity, Opportunity" as Delhi's vision towards the SCO, and re-stated that any "connectivity must uphold the principles of sovereignty and territorial integrity"12. This precise formulation keeps India's objections to BRI related projects (such as alignments via Pakistan-occupied territory) on the record while leaving room for practical cooperation elsewhere. It also maintains Delhi's long-standing effort to reform the UN, while considering the SCO as a global Page | 5 actor capable of ensuring an inclusive world order, supporting the Global South narrative.

#### 3.2 India and Russia

With Russia, the emphasis was on both energy and finance. Modi's meeting with President Vladimir Putin reaffirmed the "time-tested" <sup>13</sup> bilateral relation, of essence for Delhi considering India's reliance on discounted Russian crude which helps curb inflation and supports economic growth<sup>14</sup>. Against the newly escalated U.S. tariffs (25% plus an additional 25%) on Indian goods over Russian oil, the SCO's push to explore a Development Bank and member-led payments/depository infrastructure<sup>15</sup> is strategically convenient for Delhi: it suggests a potential future without forcing nor rushing an immediate decoupling from dollar systems. India can support feasibility workstreams, or remain passive, while judging later whether the governance and compliance standards meet its financial thresholds and geo-economical goals.

#### 3.3 India and the US

With the United States, Delhi calibrated its participation to avoid crossing U.S. red lines even as it sat alongside Washington's principal challengers. India stayed within the SCO international order framing: opposing "unilateral coercive measures" without endorsing any explicitly anti-U.S. framings and limited itself to feasibilitystage economics rather than binding de-dollarisation schemes. The emphasis of India's own messaging remained on sovereignty, connectivity and counterterrorism, which neither contradicts its U.S. agenda nor requires new concessions in Tianjin's documents. Against the backdrop of Washington's tariffs on Indian goods, Delhi refrained from retaliatory rhetoric within the SCO process, while maintaining its steady course in relations with Russia. Here, it is worth mentioning that India once yielded to US pressure over Iran oil purchase<sup>16</sup>, but Indian position seem to be clear after this summit: it shall continue its imports from Russia, albeit paying a heavy price for it17.

Simply put, Tianjin offered India a platform to de-risk two critical relationships simultaneously, stabilising ties with China and deepening the energy-price hedge with Russia, while keeping its strategic spectrum of options wide, particularly with the US. The approach is incremental by design: small, bankable gains now; continued leverage and room to manoeuvre later.



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#### **NOTES**

<sup>1</sup> State Council of the People's Republic of China, "Full Text: Tianjin Declaration of the Council of Heads of State of the Shanghai Cooperation Organization," Gov.cn, September 1, 2025, <a href="https://english.www.gov.cn/news/202509/01/content\_WS68b584acc6d0868f4e8f53c8.html">https://english.www.gov.cn/news/202509/01/content\_WS68b584acc6d0868f4e8f53c8.html</a>.

<sup>2</sup> Kremlin, "Supplementary Information: Meeting of the Council of Heads of State of the Shanghai Cooperation Organization," Kremlin.ru, September 1, 2025, <a href="http://en.kremlin.ru/supplement/6376">http://en.kremlin.ru/supplement/6376</a>.

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<sup>&</sup>lt;sup>3</sup> State Council of the People's Republic of China, "Full Text: SCO Development Strategy to 2035," Gov.cn, September 1, 2025, <a href="https://english.www.gov.cn/news/202509/01/content\_WS68b55b1bc6d0868f4e8f53bd.html">https://english.www.gov.cn/news/202509/01/content\_WS68b55b1bc6d0868f4e8f53bd.html</a>.

<sup>&</sup>lt;sup>4</sup> Permanent Mission of the People's Republic of China to the United Nations, "Wang Yi Attends SCO Summit in Tianjin," UN.China-Mission.gov.cn, September 3, 2025, <a href="https://un.china-mission.gov.cn/eng/zgyw/202509/t20250903">https://un.china-mission.gov.cn/eng/zgyw/202509/t20250903</a> 11701370.htm

<sup>&</sup>lt;sup>5</sup> TASS, "SCO Countries Adopt New Security Initiatives," Tass.com, September 1, 2025, https://tass.com/world/2010361.

<sup>&</sup>lt;sup>6</sup> Bloomberg News, "China-Led Bloc Agrees to Set Up Development Bank in Win for Xi," Bloomberg.com, September 1, 2025, <a href="https://www.bloomberg.com/news/articles/2025-09-01/china-led-bloc-agrees-to-set-up-development-bank-in-winfor-xi">https://www.bloomberg.com/news/articles/2025-09-01/china-led-bloc-agrees-to-set-up-development-bank-in-winfor-xi</a>.

<sup>&</sup>lt;sup>7</sup> Reuters, "Putin Proposes SCO Joint Bonds, Payment Systems," Reuters.com, September 1, 2025, <a href="https://www.reuters.com/business/finance/putin-proposes-shanghai-cooperation-organisation-members-should-issue-joint-2025-09-01/">https://www.reuters.com/business/finance/putin-proposes-shanghai-cooperation-organisation-members-should-issue-joint-2025-09-01/</a>.

<sup>&</sup>lt;sup>8</sup> The Tribune, "At Tianjing Summit, India other SCO member countries commit to collaborate on AI," The Tribune India, September 1, 2025, <a href="https://www.tribuneindia.com/news/ai/at-tianjing-summit-india-other-sco-member-countries-commit-to-collaborate-on-ai.">https://www.tribuneindia.com/news/ai/at-tianjing-summit-india-other-sco-member-countries-commit-to-collaborate-on-ai.</a>

<sup>&</sup>lt;sup>9</sup> Financial Times, "Xi Jinping and Narendra Modi 'Partners Not Rivals' as Leaders Seek to Repair China-India Ties," Financial Times, September 1, 2025, <a href="https://www.ft.com/content/890c1986-e4b4-43d5-a2f6-ce319c510d23">https://www.ft.com/content/890c1986-e4b4-43d5-a2f6-ce319c510d23</a>.

<sup>&</sup>lt;sup>10</sup> Sushant Singh, "Line of Actual Control (LAC): Where It Is Located, and Where India and China Differ," The Indian Express, June 1, 2020, <a href="https://indianexpress.com/article/explained/line-of-actual-control-where-it-is-located-and-where-india-and-china-differ-6436436/">https://indianexpress.com/article/explained/line-of-actual-control-where-it-is-located-and-where-india-and-china-differ-6436436/</a>.

<sup>&</sup>lt;sup>11</sup> Aditya Kalra and Munsif Vengattil, "Xiaomi Says India's Scrutiny of Chinese Firms Unnerves Suppliers," Reuters, February 11, 2024, <a href="https://www.reuters.com/technology/xiaomi-says-indias-scrutiny-chinese-firms-unnerves-suppliers-2024-02-11/">https://www.reuters.com/technology/xiaomi-says-indias-scrutiny-chinese-firms-unnerves-suppliers-2024-02-11/</a>.

<sup>&</sup>lt;sup>12</sup> Ministry of External Affairs, Government of India, "English Translation of Prime Minister's Statement during the 25th SCO Summit (September 01, 2025)," MEA.gov.in, September 1, 2025, <a href="https://www.mea.gov.in/Speeches-Statements.htm?dtl/40075/English Translation of Prime Ministers statement during the 25th SCO Summit September 01 2025.</a>

<sup>&</sup>lt;sup>13</sup> Embassy of India, Moscow, "Our Partnership Is Time-Tested, Deep-Rooted and Exemplary," IndianEmbassy-Moscow.gov.in, n.d., <a href="https://indianembassy-moscow.gov.in/deep-rooted-and-exemplary.php">https://indianembassy-moscow.gov.in/deep-rooted-and-exemplary.php</a>.

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<sup>&</sup>lt;sup>15</sup> Reuters. "Putin Proposes Shanghai Cooperation Organisation Members Should Issue Joint Bonds, Payment Systems." Reuters, September 1, 2025. <a href="https://www.reuters.com/business/finance/putin-proposes-shanghai-cooperation-organisation-members-should-issue-joint-2025-09-01/">https://www.reuters.com/business/finance/putin-proposes-shanghai-cooperation-organisation-members-should-issue-joint-2025-09-01/</a>.

<sup>&</sup>lt;sup>16</sup> India Today, "India Crude Oil Realignment: How Russia Replaced Iran," India Today, June 23, 2025, <a href="https://www.indiatoday.in/diu/story/india-crude-oil-realignment-how-russia-replaced-iran-2745131-2025-06-23">https://www.indiatoday.in/diu/story/india-crude-oil-realignment-how-russia-replaced-iran-2745131-2025-06-23</a>.





<sup>17</sup> Archana Shukla, Roxy Gagdekar & Garikipati Umakanth, "'How will I pay workers?': Indian factories hit hard by Trump's 50% tariffs", BBC, August 25, 2025, <a href="https://www.bbc.com/news/articles/c98lr56mznjo">https://www.bbc.com/news/articles/c98lr56mznjo</a>.

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