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Statement by Ambassador Khalid Mahmood, Chairman and Director General, Institute of Strategic Studies, Islamabad. (ISSI), Pakistan (11 May, 2017).

On Cooperation in the field of trade and economy, transport, and communications, investment, tourism, science, and technics within the framework of the SCO: Problems and solutions

Honourable Moderator

Distinguished Ladies and Gentlemen,

The world cannot be understood completely by simply relying on the yardstick of globalization that gives birth to the global community. The regionalization process is equally dominant with the emergence of regional organizations and regional society along-with the globalizing tendency of the present day world. The world arena allows for both regionalization and globalization to coexist in a sometimes competing and sometimes mutually supporting relationship.

Since its establishment in 2001, the SCO has grown as an organization in terms of members, geographical jurisdiction, international stature, organizational character, strength, and efficiency. Collectively the SCO members and observers govern a large portion of the world's landmass and resources and more than half of world's population. They also collectively hold significant hard power and are striving to create a regional security foundation.

Today the SCO has evolved to promote peace and stability among its members through cooperating in the domains of security, politics, trade and cultural understanding.

In a sign of growing maturity, the Organization has now begun to cooperate across a wide spectrum, encompassing education, tourism, environment, culture, science and technology and economic portfolios.

To its credit, the SCO is making great progress in becoming an interactive forum for economic, social and cultural cooperation similar to ASEAN and other regional organizations, but challenges remain. Despite being geographically close, the rich diversity in members' history, backgrounds, language, national interests, style of government, wealth and culture are still posing problems regarding smooth cooperation among member states in the field of trade, economy, transport and various other domains of significant nature.

In any 'multi-actor realm' making progress may be a more challenging hurdle than the initial decision to work together. The SCO still faces some rigorous challenges in its quest for increasing regional trade, improving access to world markets and consolidating members' energy potential.

Relentless efforts are required by SCO member states to overcome the hurdles in the way. More time, effort and investment should be dedicated to project of building highways, constructing pipelines to transport energy resources and developing railway lines to facilitate transportation. The deepening of financial cooperation, significant mining investments, expansion of energy cooperation and the provision of an important political and legal foundation may help to consolidate mutual economic integration, understanding, and stability.

Improving communication technology between states to facilitate better communication seems like a reasonable idea. Negotiations and communication between members need to be made easier. It is for consideration whether modifying the existing consensus principle of decision-making to allow joint programmes to go ahead, even if some members are unwilling to take part, will motivate economic progress. Developing a Free Trade Agreement (FTA) is another consolidation measure that would provide members with an easier flow of goods,

finances and services and help enhance regional integration, in communication, infrastructure and other economic activities. Because of China and Russia's growing mutual confidence, early implementing such an initiative before 2020 would be a major step forward.

The idea of creating a SCO Bank has been floated in recent times. The creation of such an institution appears to be a much needed mechanism for financing multilateral project, managing FDI, increasing funds available for investment and better realizing the economic potential of member countries. Improving living conditions and tackling the widespread poverty that exists in most member states is a worthwhile humanitarian exercise and would positively impact member states in the longer term. This, in turn, will help increase the SCO member's internal trade and overall benefit the economy of the region.

To realize the full potential of the SCO, SCO member states, Chinese and Russian stakeholders in particular, must work together, build trust and share their points of views with greater transparency. They need to comprehend the mutual benefits they can enjoy by coming together.

This growth will take time and needs a strong commitment by the leadership. If the SCO's new economic goals can be sustained and supported financially by China and Russia then the opportunities for economic growth, energy security and success among all members will improve significantly.

Of course, to continue to grow, regional cooperation needs to be supported by relevant, enforceable regional laws and policies.

Despite the difficulties, the SCO has been able to facilitate some significant achievements, including a definite improvement in security stability throughout the region, as well as growth in regional cooperation. To overcome the major challenges listed here the SCO needs to examine its organizational charter and refine its policies and procedures. It must continue to expand people-to-people and cultural

exchanges to cement existing relationships and enhance involvement of younger generation.

Meeting the challenges of expanding membership, increasing trade and stronger economic interaction must be complemented by increased commitment from all members, if the organization is to mature further. Developing better communication mechanisms, both face to face and by using more advanced technology, will aid the facilitation of programs and policy implementation, and improve education through the sharing of ideas.

The Shanghai spirit characterized by mutual trust, mutual benefit, equality, cooperation, respect for diversified civilizations and common development is alive in the SCO. To achieve the evolution of SCO into a strong international organization that aids economic development on a par with ASEAN or APEC, strong leadership will need to be provided by governments and officials in all member countries, especially China and Russia.

Adoption of SCO Development Strategy adopted at UFA SCO Summit was an important milestone. It calls for creating within SCO favourable conditions for sustainable growth for trade and investment cooperation, developing and implementing joint infrastructure projects, as well as strengthening business cooperation with the engagement of the SCO Business Council and SCO Interbank Association. Let our all energies be focused on the realization of these goals as fast as we can. The Strategy's linkage with the OBOR-Silk Road Economic Belt initiative will surely have a multiplier effect and accelerate this process. In this regard Pakistan's entry in SCO is significant. Pakistan's geo-strategic location, its central position in China Pakistan Economic Corridor (CPEC) would provide shortest sea outlet to the landlocked Central Asian States through the Gwadar port.

To conclude, as Pakistan looks forward to formally joining SCO as full member, I affirm our strong commitment to the purposes, principles

and spirit of the SCO. We will concert our efforts with other member states in promoting mutual cooperation in all areas of SCO's concern.
