SPECIAL REPORT

The 25th Shanghai Cooperation Organization (SCO) Summit, 2025

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Executive Summary

The Shanghai Cooperation Organization (SCO) is a regional political, economic, and security organization that facilitates cooperation on trade, connectivity, energy, and regional stability. As of 2025, it has 10 members including China, India, Russia, Pakistan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Iran, and Belarus.

The 25th Shanghai Cooperation Organization (SCO) Summit was held from 31 August- 01 September 2025 in Tianjin, China. It brought together over 20 heads of state and leaders of major international organizations. Under the chairmanship of Chinese President Xi Jinping, member states approved 24 documents, including a central Tianjin Declaration and a “Development Strategy” through 2035. The summit was a showcase of multilateralism and highlighted a vision for a new global order favoring the Global South. The summit also saw a potential reset in bilateral ties between India and China amid the existing strain in relations.

This report aims to highlight the key outcomes of the summit, its geopolitical and economic Implications and a focus on the India- China relations. The report also aims to put forward the strategic and economic impacts from a U.S. perspective.

Key Outcomes of the (SCO) Summit 2025:

Strategic Declarations: The key outcome of the summit is the adoption of the Tianjin Declaration and long-term frameworks including:
- a Development Strategy for 2026–2035 thereby setting long term political and economic priorities for the organization.
-a Cooperation Programme (2026–2030) to counter extremist ideologies within the region, and
-an Energy Cooperation Roadmap until 2030 to strengthen collaboration in the energy sector.

Institutional Expansion: Approval to create an SCO Development Bank to finance regional infrastructure and promote growth and social development.

Digital & Technology Cooperation: Four new SCO centers have been launched, focusing on security threats, combating transnational crime, enhancing cybersecurity, and anti-drug efforts. China also announced new cooperation platforms in energy, digital technology, AI, education and vocational training. China has further pledged ¥2 billion (US$280.1 million) in grants to SCO member states and ¥10 billion (US$1.4 trillion) in loans to SCO member banks, underlining economic support.

Membership & Partnerships: The merger of 'observer' and 'dialogue partner' categories was agreed, bringing the SCO community to 25 countries (10 members, 15 partners). As a result, the organization approved Laos as a new Dialogue Partner and granted observer status to the Commonwealth of Independent States (CIS).

Culture. The city of Cholpon-Ata, Kyrgyzstan was designated as the new Cultural Capital of the SCO for 2025–26).

Special Focus: India–China Relations

Amidst the key outcomes and developments, India- China Relations took the center stage at the SCO Summit. Prime Minister Modi's Tianjin visit – his first to China in seven years was hailed by both sides as a reset in bilateral ties. Modi and Xi "termed their countries 'development partners, not rivals'," pledging to resolve differences peacefully. Amid escalating US tariff disputes, the engagement signaled a strategic bid by both nations to reconfigure ties while navigating a shifting global trade order. They agreed to resume direct passenger flights (suspended since the pandemic), though no timeline has been set, and reopen land border trade. China also assured cooperation on critical supplies (e.g. rare earths, specialized fertilizers, tunneling equipment) to India. Tourist visa issuance for Chinese nationals resumed, and the Hindu Kailash-Mansarovar pilgrimage was reinstated earlier in 2025.

Economic Engagement: Both leaders promoted deeper economic ties. China indicated willingness to invest in India's growth sectors – for example, in electric vehicles and to expand Chinese firms' market access in India. They pledged to expand trade and investment cooperation to 'stabilize global commerce.' India reaffirmed support for regional connectivity (including the Chabahar Port and the International North-South Transport Corridor) to diversify trade routes. In sum, bilateral trade initiatives and supply-chain cooperation were prioritized, taking into consideration the US-imposed tariffs.

Special Focus: India–China Relations

Existing Tensions: Despite the bilateral reset, caution is required since structural disputes persist. The U.S- India strain amid the high tariffs could be the driving force for the potential India-China thaw. The revived agreements on flights, visas and trade are tentative (timelines unspecified). India's Prime Minister Narendra Modi's reference to China-India ties as one which "should not be seen through a third country lens" highlights India's caution of external (US) influence. The summit deliverables were essentially facilitating mobility and trade while India's fundamental concerns (border disengagement, trade deficit, Chinese backing of Pakistan) remain largely unaddressed. Hence, although the two countries seek to restore normal relations on their border and build economic ties, the outcomes of India-China bilateral engagements could appear more tactical and rhetorical than strategic.

Economic Implications for India: Business sectors on both sides stand to gain from eased connectivity. Logistics and tourism industries could see resumption of flights and border trade (potentially boosting cargo flows and tourism revenues). Chinese investment particularly in infrastructure, clean energy, and electric vehicles (EVs) may present new opportunities for joint ventures or technology partnerships, though Indian firms remain cautious of dependency on Chinese capital. While on the other hand industries sensitive to Chinese competition (e.g. consumer electronics, certain manufacturing inputs) may face increased rivalry if market barriers fall.

The US Perspective: Strategic and Economic Impacts

In the United States, the Tianjin summit was closely watched as a barometer of shifting alliances. President Trump publicly reacted with alarm, tweeting: "Looks like we've lost India and Russia to deepest, darkest, China. May they have a long and prosperous future together." His trade adviser Peter Navarro criticised Modi for aligning with the SCO leaders. US media described the presence of the three leaders of Russia, India and China – Vladimir Putin, Narendra Modi and Xi Jinping respectively as a counterweight to U.S. domination in a unipolar world. It was also seen as symbolic to an emerging alternate global order that could challenge US primacy. The military parade in Beijing was seen by some as an implicit show of force thereby further fueling American anxieties about Sino-Russian defense ties.

Economic implications: Moves toward local currency use, a SCO bank, or tighter economic coordination among members could marginally reduce channels where the U.S. can exert economic pressure

Strategic Implications: Some consider that it was Trump's own policies (high tariffs on Indian goods and aggressive rhetoric against New Delhi) that contributed to driving India closer to China and Russia. Experts have further advised Washington not to overreact or be too much concerned since the SCO is not an outright "anti-American" alliance and that persistent India-China mistrust will limit or even prevent any bloc cohesion. Hence, the summit week – with Indian, Chinese, Russian leaders drawing closer together may be seen mainly as a symbolic milestone highlighting China's diplomatic reach, rather than an initiation of binding agreements against the United States

Risk Analysis: Geopolitical and Economic Implications

The summit's outcomes carry both opportunities and risks for regional stability and global business. Key potential risks include:

High Likelihood

US–India Strain: Sustained damage to US–India partnership (trade/tariff retaliation, reduced defense coordination).

High Likelihood

Power Realignments: Strengthened China–Russia–India axis altering global trade/finance norms.

Medium Likelihood

Sino-Indian Discord: Renewed border or political tensions between India and China.

High Likelihood

Central Asia Shift: China's deepening role in Central Asia (infrastructure and finance).

Business Impact

Opportunities

Infrastructure & Finance: Potential for and advantage in SCO-financed projects.

Energy & Commodities: New investment prospects in cross-border energy networks.

Technology & Digital: Growth potential for IT services and digital markets and solutions.

Aviation & Tourism: Reopening of India–China air routes benefits airlines, freight firms, and travel operators.

Supply Chains: SCO-backed connectivity projects could reduce costs for overland trade routes.

Risks

China-Centric Governance: SCO Bank and digital standards may prioritize Chinese firms and reduce transparency.

Regulatory Fragmentation: Dual compliance systems (Western vs. SCO norms) may increase operating costs.

Financial Exposure: Push for local currency settlements may complicate USD-dependent transactions.

Geopolitical Tensions: India-China tensions remain unresolved; sudden flare-ups can disrupt gains.

Assessment

The 2025 SCO Summit can be seen as less about breakthrough agreements and more about signaling a geopolitical shift. It marks a step toward regional economic realignment under Chinese influence.
While opportunities in infrastructure, energy, and digital sectors may be impactful and yield good results, businesses must not ignore the rising regulatory fragmentation and geopolitical uncertainty. Businesses may anticipate a more fragmented, multi-standard global order. Firms that adapt to dual systems of finance, regulation, and trade will remain resilient, while those reliant on a single bloc may risk being sidelined.

Hence, the SCO Summit 2025 can be seen as an evolving platform for China's regional influence. While India may have come closer and shared warm gesture with China during the Summit, it may still avoid deeper alignment with Beijing as mistrust with China remains, considering the past and existing strain in relations.

For the U.S., the SCO is not a direct threat but reflects the slow erosion of Western dominance in Eurasia. The U.S. risk lies less in an immediate anti-Western bloc and more in a gradual shift of norms, finance, and influence toward SCO-led mechanisms.

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