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SCO Summit 2025: A New Chapter in the Global Order

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Policy for Present, Gains for Posterity, Reducing Deficit, Producing Results

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by

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Introduction

The 2025 Shanghai Cooperation Organisation (SCO) Summit in Tianjin marked a pivotal moment in the ongoing transformation of the global order. Against the backdrop of intensifying U.S.–China rivalry, the Russia–Ukraine conflict, and the West's contested dominance over financial and governance structures, the summit signaled a deeper shift toward multipolarity — a system defined by multiple power centers and regional cooperation blocs. Key developments included proposals for a joint SCO Development Bank, alternative payment systems, increased economic connectivity, and a collective stance against unilateral sanctions and "bloc politics."

China, as host and driving force, used the summit to project leadership in reshaping governance norms, championing sovereignty, and advancing de-dollarization efforts. However, internal divisions, governance challenges, and external pushback remain significant hurdles. For Pakistan, the summit presents both opportunities — in trade, connectivity, and regional diplomacy — and strategic imperatives, including balancing relations with the West while deepening integration into Eurasian networks.

1. The Shifting Global Order: Multipolarity and Regional Blocs

The post–Cold War era of U.S.-led unipolarity is rapidly giving way to a multipolar global system. This transformation is driven by the relative decline of Western dominance, the rise of new power centers, and a proliferation of regional blocs shaping global governance and economic flows.

China and India now account for a growing share of global GDP, and by 2030 they are projected to be among the largest economies globally (International Monetary Fund [IMF], 2024; World Economic Forum [WEF], 2024). The United States remains a major power, but its influence is increasingly contested by coalitions such as BRICS, the SCO, and ASEAN-led frameworks that are advancing alternative visions for global governance (Carnegie Endowment for International Peace [CEIP], 2025).

Strategic rivalry — particularly between Washington and Beijing — is another major force reshaping the system. Trade wars, technological competition, and sanctions regimes have accelerated a broader trend of "strategic diversification," where states seek to reduce their dependency on any single hegemon (Brookings Institution, 2024).

Regional platforms are becoming vehicles for this strategic autonomy. The SCO, initially formed in 2001 as a security forum, has evolved into a comprehensive political and economic alliance representing over 40% of the world's population and roughly 30% of global GDP (SCO Secretariat, 2025).

A parallel transformation is occurring in global governance institutions. Many states argue that bodies like the IMF, World Bank, and WTO no longer reflect current power realities or adequately address the needs of the Global South. This disillusionment has fueled the creation of new institutions — such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank — and now, within the SCO, proposals for joint financial mechanisms and payment infrastructures (Reuters, 2025).

Finally, the fragmentation of financial and technological systems — including moves to bypass the U.S. dollar and create sovereign digital currencies — is embedding multipolarity not just geopolitically but geo-economically. The SCO's emphasis on "multipolar cooperation, not bloc confrontation" in its Tianjin Declaration reflects this growing consensus among non-Western states for a more equitable and sovereign-centered order (SCO Tianjin Declaration, 2025).

2. China's Role in the Emerging Global Order

China's leadership was central to the outcomes of the 2025 SCO Summit. As the summit host and the largest economy in the bloc, Beijing shaped the agenda around three strategic priorities:

- **Economic and financial alternatives:** China championed the idea of an SCO Development Bank and promoted initiatives for a shared payments system to reduce reliance on Western financial networks (Global Times, 2025).
- **Normative influence:** President Xi Jinping called for a "just and multipolar international system," criticizing "Cold War mentalities" and unilateral sanctions (Xinhua News Agency, 2025).
- **Connectivity and technology leadership:** China proposed expanded Belt and Road cooperation, new digital infrastructure projects, and collaborative ventures in green technology, AI, and energy transition (Center for Strategic and International Studies [CSIS], 2025).

Through these steps, China positioned the SCO as a central pillar of its broader strategy to shape the rules, standards, and institutions of the emerging global order — not merely as a challenger to the West, but as a co-architect of a more pluralistic system.

3. Key Messages from the SCO Summit 2025

- **Institutional evolution:** The SCO is transitioning from a security-focused grouping to a comprehensive economic, political, and technological platform (Reuters, 2025).
- **De-dollarization and financial autonomy:** Proposals for joint bond issuance, cross-border payment mechanisms, and a regional development bank reflect a deliberate effort to reduce exposure to U.S.-led financial systems (Al Jazeera, 2025).
- **Sovereignty and multipolarity:** Member states reaffirmed principles of non-interference and respect for sovereignty, rejecting bloc politics and unilateral sanctions (Xinhua News Agency, 2025).

- **Technological cooperation:** The summit highlighted collaboration on AI, digital economy, and clean energy — sectors that will define future strategic competitiveness (CSIS, 2025).
- **Security continuity:** Traditional areas like counter-terrorism, border security, and regional stability remained central to the SCO agenda (SCO Secretariat, 2025).

4. Major Challenges Ahead

- **Divergent strategic interests:** Differences between key members — particularly China, India, and Russia — continue to hinder consensus on institutional reforms and collective priorities. Border disputes, competing regional ambitions, and differing perceptions of global alignments create internal friction that slows policy implementation (CEIP, 2025).
- **Economic integration gaps:** The SCO region faces disparities in income, technology, and infrastructure. This uneven development constrains economic cohesion and complicates the formation of joint financial instruments such as the proposed SCO Development Bank (Brookings Institution, 2024).
- **Governance weakness:** Many SCO states face institutional capacity deficits and overlapping national regulations, making unified mechanisms for finance, connectivity, or digital integration politically and technically challenging (Brookings Institution, 2024).
- **Climate and technological vulnerabilities:** Climate change threatens food and water security, while uneven technological adoption risks widening the digital divide across the bloc.
- **External pressures:** Western sanctions and diplomatic isolation of certain member states complicate financial cooperation within the SCO framework. Efforts to create alternative payment systems may invite countermeasures, increasing market volatility (Reuters, 2025).
- **Consensus paralysis:** Without visible progress on trade facilitation, connectivity, or climate strategies, the SCO risks being viewed as rhetorical rather than functional (CSIS, 2025).

5. Strategic Implications for Pakistan

For Pakistan, the SCO's evolving role presents both opportunities and strategic imperatives:

- **Economic and trade opportunities:** Integration with SCO supply chains and financial systems could diversify Pakistan's trade and investment options (Dawn, 2025).
- **Connectivity dividends:** Participation in new infrastructure, energy, and digital initiatives — particularly through the Belt and Road — could accelerate Pakistan's economic growth.
- **Strategic balancing:** Islamabad must balance deepening ties with China and Russia with long-standing relations with the West.
- **Policy alignment:** Pakistan should advocate inclusive governance within SCO institutions and align domestic frameworks with regional standards to maximize benefit.

Conclusion

The 2025 SCO Summit was more than a diplomatic gathering — it was a signal that the era of uncontested Western dominance is ending. Multipolarity is now a strategic reality, and regional blocs like the SCO are emerging as key architects of this new order. For Pakistan and other mid-sized states, proactive engagement — coupled with strategic caution — will be essential to navigate this rapidly changing landscape.

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