

FICCI will represent Indian industry at SCO Business Council

NEW DELHI, June 9, 2017: FICCI congratulates Prime Minister Narendra Modi on the Indian membership to the Shanghai Cooperation Organisation (SCO). SCO Business Council welcomes FICCI as Business Secretariat from India following India's formal induction ceremony at historic SCO summit in Astana, Kazakhstan.

This came into force following the accession ceremony at the SCO summit of heads of state where India formally moved from observer status to full membership.

FICCI has been designated by the Government of India to represent Indian industry at the SCO Business Council once India's accession formalities will be completed today.

"We are excited to be a part of this multilateral grouping and contribute to its economic agenda. Business and economic connect would be an important aspect of India's full membership of SCO. We look forward to working with member countries for progress, prosperity and connectivity in the region" **said Mr Pankaj Patel, President FICCI.**

The Business Council is an important part of the SCO and will play an even more significant role with growing focus of the grouping on economic aspects. From a primarily Eurasian construct, SCO now expands its footprint in the Indian subcontinent with the induction of India as a full member. This is the first expansion since Shanghai five became SCO with the induction of Uzbekistan in 2001.

FICCI has been mandated by the Government of India to take on responsibility of the SCO business council India chapter. In this context, FICCI attended the SCO Business Council meeting in Astana on 7 June as an observer.

Mr Shiv Khemka, Vice Chairman, SUN Group with active involvement in the SCO member countries made a statement on behalf of FICCI at this meeting. He said: "SCO membership would not just enable us to come closer economically but to reconnect with our past shared ties of culture and commerce and build a strong edifice of security, connectivity and most importantly inclusive and sustainable development with mutual benefit to all" The membership to SCO ushers in a new era of regional co-operation and is a testimony to the Prime Minister's commitment to the "Connect Central Asia Policy", implemented during his tour of Central Asia in 2015-16 as well as with his recent visits to Russia and China.

Within SCO, India hopes to be a productive partner in building strong trade, transport, energy, digital and people to people links, capacity building and sustainable development initiatives. India's capacities in trade, investments, information and communication technology,

financial services, Space, S&T, agriculture, health care, small and medium scale industry can bring wide spread economic benefit to the SCO countries.

Currently, SCO accounts for 60% of the land mass of Eurasia, 27 percent of the global GDP and a quarter of the world's population. With India as its full member, SCO boundaries would stretch from the Pacific to Europe; and from the Arctic to the Indian Ocean.

FICCI MEDIA DIVISION

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Base Paper on India joining Shanghai Cooperation Organisation (SCO) & the SCO Business Council

History and Structure of Shanghai Cooperation Organisation (SCO)

The Shanghai Cooperation Organisation (SCO) is a permanent intergovernmental international organization which was declared on 15 June 2001 in Shanghai (China) by the Republic of Kazakhstan, the People's Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan.

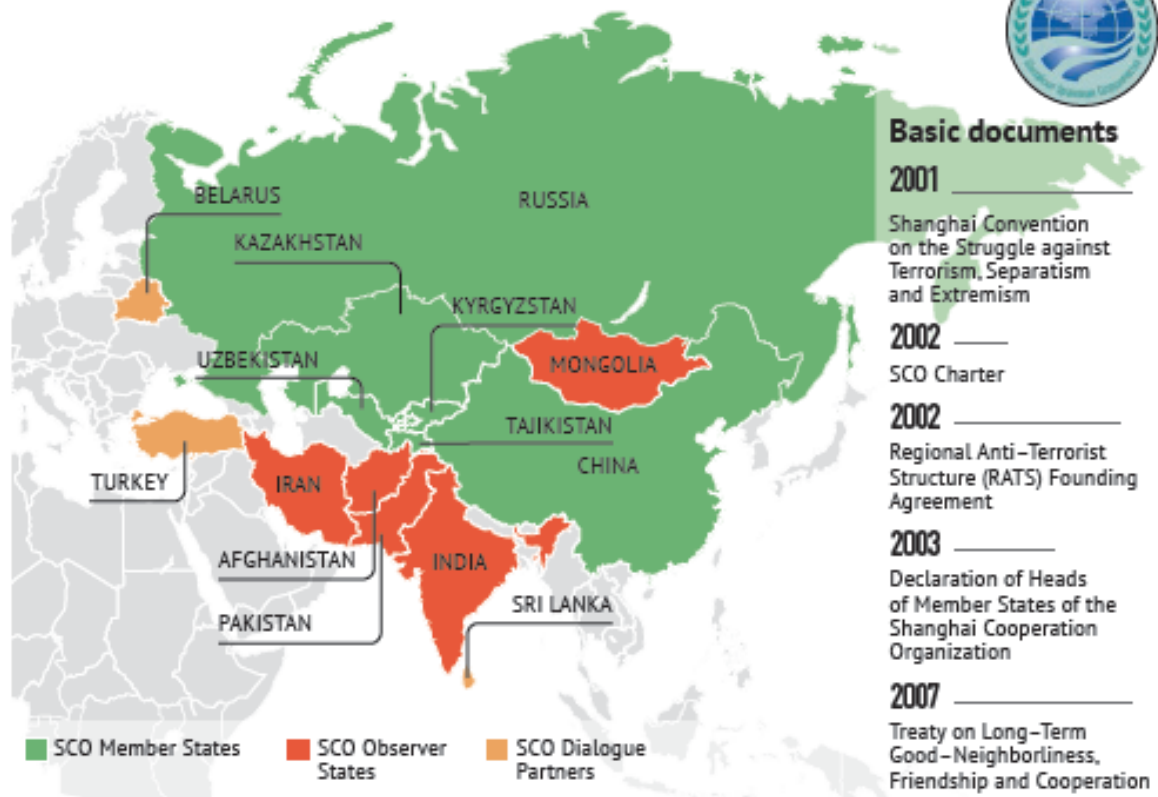
This grouping was initially known as 'Shanghai 5' which was set up in 1996 to build confidence building measures along the Sino-Central Asian frontier. All the nations mentioned except Uzbekistan were members of the Shanghai Five mechanism, a political association based on the Agreement on Enhancing Trust in the Military Area on the Border (Shanghai, 1996), and the Agreement on Mutual Reduction of Armed Forces in the Border Area (Moscow, 1997). The two documents created a mechanism of mutual trust in the military area in the border regions, and helped to establish genuine partnership.

After Uzbekistan joined the organisation in 2001, the group of five countries turned into the six countries and was renamed as the Shanghai Cooperation Organisation (SCO). The founding members of the organisation include Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Afghanistan, Belarus, India, Pakistan, Iran and Mongolia presently hold observer status while Sri Lanka, Turkey, Azerbaijan, Armenia, Cambodia and Nepal are dialogue partners in the SCO.

The main goals of cooperation include strengthening of mutual trust and friendly relations among the member states and to promote cooperation in areas of politics, trade, economy, research, 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.

Shanghai Cooperation Organization

The Shanghai Cooperation Organization (SCO) is a permanent intergovernmental international organization



Milestones:

- 1996** Foundation of the Shanghai Five (Russia, Kazakhstan, Kyrgyzstan, Tajikistan, China)
- 2001** Uzbekistan joins SCO
- 2001** June 15 – Shanghai Cooperation Organization Founding declaration signed
- 2002** Regional Anti-Terrorist Structure (RATS) gets a status of permanent SCO organ
- 2004** Mongolia became the first country to receive observer status in the SCO
- 2005** Iran, India and Pakistan became SCO Observer States
- 2009** Belarus and Sri Lanka were accepted as Dialogue partners in the SCO
- 2012** Afghanistan was accepted as Observer State and Turkey was granted a status of Dialogue Partner

Goals and Objectives:

- Strengthening of mutual trust and good-neighborly policies between member states
- Promotion of effective cooperation in politics, trade, economics, science, technology and culture, as well as education, energy, transport, tourism and environmental protection
- Advancement to a new democratic, fair and rational global political and economic order

Structure of SCO:

- The Heads of State Council
- The Heads of Government Council
- Council of Foreign Ministers
- Meetings of heads of Ministries and Departments
- The Council of National Coordinators of SCO Member States
- Regional Anti-Terrorist Structure
- Secretariat
- Interbank Consortium
- Business Council

The Heads of State Council (HSC) is the supreme decision-making body in the SCO. It meets once a year and adopts decisions and guidelines on all important matters of the organisation. The SCO Heads of Government Council (HGC) meets once a year to discuss the organisation's multilateral cooperation strategy and priority areas, to resolve current important economic and other cooperation issues, and also to

approve the organisation's annual budget. The SCO's official languages are Russian and Chinese.

In addition to HSC and HGC meetings, there is also a mechanism of meetings at the level of heads of parliament; secretaries of Security Councils; ministers of foreign affairs, defence, emergency relief, economy, transport, culture, education, and healthcare; heads of law enforcement agencies and supreme and arbitration courts; and prosecutors general. The Council of National Coordinators of SCO Member States (CNC) acts as the SCO coordination mechanism. The organisation has two permanent bodies – the SCO Secretariat based in Beijing and the Executive Committee of the Regional Anti-Terrorist Structure (RATS) based in Tashkent. The SCO Secretary-General and the Director of the Executive Committee of the SCO RATS are appointed by the Council of Heads of State for a term of three years. Rashid Alimov (Tajikistan) and Yevgeny Sysoyev (Russia) have held these positions, respectively, since 1 January 2016.

The SCO Secretariat, based in Beijing, is the main permanent executive body of the SCO. Bringing together the colourful and distinctive cultures of Central Asia, Russia and China, it promotes mutual assistance and team spirit among staff and provides reliable support on the basis of a stable administrative system that has taken shape over 15 years. The Secretariat is headed by the Secretary-General. Nominated by the Council of Ministers of Foreign Affairs and approved by the Heads of State Council, the Secretary-General is appointed from among citizens of the SCO member states on a rotating basis in Russian alphabetical order for a single three-year term with no possibility of extension. Deputy Secretaries-General are nominated by the Council of National Coordinators and approved by the Council of Ministers of Foreign Affairs. Officials of the Secretariat are hired from among citizens of the SCO member states on the basis of quotas.

The SCO Secretariat coordinates the activity of the SCO and provides informational, analytical, legal, organisational and technical support. The Secretariat coordinates the organisation's cooperation with observer states and dialogue partners in line with SCO regulatory and legal documents, works with states and international organisations on issues related to the organisation's activity, and concludes agreements to that end with the consent of the member states. The Secretariat also works with non-governmental organisations within the SCO framework in accordance with the legal documents regulating their activity. In addition, it organises and coordinates the activity of the SCO Observer Mission in presidential and/or parliamentary elections, as well as referendums.

The Secretariat holds regular briefings for representatives of print and internet media, prepares and publishes a news bulletin, and manages its website. With the

consent of the member states and within budgetary limits, it recruits experts on the basis of limited-term contract to conduct research on issues of concern to the SCO, and organises workshops and conferences. The Secretariat carries out preliminary legal and financial assessments of draft treaties and regulations drawn up within the SCO framework, acts as the depositary of documents adopted within the SCO framework, and certifies copies of such documents and forwards them to the member states as well as to the SCO RATS as applicable. The Secretariat provides organisational and technical support for meetings and/or sessions of SCO institutions in accordance with relevant regulations and in cooperation with the state hosting the meeting.

India to Join as full member of SCO

In this context, the Shanghai Cooperation Organisation (SCO) is set to expand its grouping for the first time since its formation 15 years back in 2001. The expansion is set to take place at Kazakhstan's Capital Astana in June 2017. India applied for membership in September 2014 and later at the summit held in Ufa, Russia in July 2015, the SCO decided to include India and Pakistan as permanent members of the organisation. India signed the Memorandum of accession on 24 June 2016 at Tashkent along with Pakistan to become a full SCO member. While process will take a few months SCO will formally welcome India as full member by the 2017 Summit in Astana, off course along with Pakistan.

In a meeting with Tajik President Emomali Rahmon in Tashkent, Hon'ble Prime Minister Narendra Modi said, "the partnership will help protect the region from threats of radicalisation, violence and terror and drive its economic growth.

SCO together with India and Pakistan will encompass 40% of the world's population. China which leads this security grouping expressed its view that admission of India and Pakistan into the SCO as its new members will improve and contribute positively to the security and stability of the region. The SCO summit organised in 2016 at Tashkent kick-started all procedures in accordance with the memorandum of obligations signed during this summit for both India and Pakistan.

According to various media sources, China is hopeful that India and Pakistan can enhance mutual trust and improve relations through dialogues under the SCO grouping's umbrella. Given that India did not attend the Belt and Road Forum held recently signals its reservations about CPEC-China Pakistan Economic Corridor, the forthcoming SCO summit in Astana at Kazakhstan might open new doors for the two countries.

India to join SCO Business Council; History of SCO Business Council

In this context, Indian government has mandated FICCI to take part in the Shanghai Cooperation Organisation Business Summit to be held on 7th of June 2017. This summit is organised by the SCO Business Council. The Business Council of the Shanghai Cooperation Organisation was founded on June 14, 2006 in Shanghai. During Shanghai Summit in June 2006 the heads of state underlined the significance of founding the Business Council for further development of the SCO and were confident that it would become an effective mechanism for the promotion of business partnership in the SCO region.

The founding session of the Business Council was attended by representatives of the Council's national branches from the Republic of Kazakhstan, the People's Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan. During the session the parties signed the documents which regulate activities of the Council and its permanent body - the SCO BC Secretariat based in Moscow. From 1 January to 31 December 2017, The SCO Business Council Board is chaired by the BC National Board of the Republic of Kazakhstan. The Kazakhstan Entrepreneurs' Forum, an association of legal entities, is one of the largest and most active public associations in the Republic of Kazakhstan. The Forum assists in the activities and development of all forms of private economic initiative and entrepreneurship.

The Council was created in accordance with the decision of the SCO Heads of State Council. It is a non-governmental body which brings together the most influential members of the business communities of the six countries with the aim of boosting economic cooperation in the framework of the Organisation, establishing direct links and dialogue among business and financial circles of the SCO member states, assisting practical promotion of multilateral projects determined by the heads of government in the Program of Trade and Economic Cooperation. Annual Session is the highest body of the Business Council which sets priorities and formulates main targets for its activity, decides on important issues concerning links with business associations from other states.

The SCO Business Council is an independent institution capable of taking advisory decisions and giving expert assessments on the involvement of members of the business communities of the SCO member states in trade, economic and investment interaction in the framework of the Organisation. Another important feature of the Business Council is that alongside the priority areas of multilateral cooperation such as energy, transportation, telecommunications, credit and banking the Council pays

special attention to interaction of the SCO member states in education, science, new technology, healthcare and agriculture.

Proceeding from the dynamism and interest of the business communities the BC closely cooperates with economic ministries and departments of governments. In 2006, special working groups in charge of cooperation in healthcare and education as well as interaction in creating SCO Energy Club were created.

Currently the special working group on healthcare is conducting selection of projects aimed to set up a structure in the SCO framework similar to the World Health Organisation (the working title is "SCO WHO") which would work in the interest of improving medical services in the SCO member states, developing disease-prevention capabilities, satisfying the needs of population in high-tech medical treatments.

The Business Council puts special emphasis on the following projects aimed at providing help to population through:

- compulsory and voluntary medical insurance;
- elimination of the consequences of emergency situations (envisaging creation of a Joint Centre for Catastrophe Medicine);
- prevention of the spread of infectious diseases on the territory of the SCO member states (bird flu, SARS, tuberculosis);
- launch of a special high-tech project "Telemedicine" for population of remote and outlying regions of the member states;
- creation of a system of doctor's assistant and obstetrician aid posts;
- creation of recreational facilities and spa resorts on the territory of SCO member states, primarily in Russia, Kazakhstan, China and Kyrgyzstan.

The Special Working Group on Education is considering the formation of a coordinating centre on the basis of existing national universities which will assist the efforts of higher education institutions in every SCO member state to open training and refresher courses for specialists in various economic sectors. The development of cooperation in this field will promote mutual understanding, social and cultural interaction, further modernization of science and education in the SCO member states. In order to stimulate effective business relations within the SCO and achieve economic targets, on August 16, 2007, the SCO Business Council and the SCO Interbank Consortium signed a cooperation agreement. The SCO Business Council activities are a component of the work done by the government bodies of the SCO member states on pursuing the List of Measures of Further Development of Project Activities within the SCO for the Period of 2012-2016, which outline the priorities for economic cooperation in the coming decade.

To achieve the set targets, throughout 2013 several events were held within the SCO Business Council. Thus, the national bodies and the Secretariat of the SCO Business Council organised six conferences on the prospects of developing relations on the territory of the SCO in the financial sector of the economy and on the introduction of high technology, investment, and transport and logistics areas. Five meetings, three round tables and three conferences were also held and synchronised with the major events held by the SCO Business Council in the aforementioned period.

The major direction of the business companies' cooperation involved projects in energy and IT, as well as in infrastructure and transport development in the SCO member states. The meeting of the Board of the SCO Business Council is the supreme body of the SCO and is held once a year.

Following the results of the meeting of the Board of the SCO Business Council, priority areas were determined. So, following the results of the 2016 Session, the following directions and projects were singled out in Tashkent:

- Creation of the systems of multifunctional congress and exhibition centers of the SCO, on the example of projects in Bishkek, Moscow, Hangzhou, Daqing, Dushanbe;
- Creating a network of resort and recreational clusters, in member countries, observers and partners in the SCO dialogue; Support for a pilot project for the creation of a cluster in the North Caucasus (Russia), Shuchinsk-Borovo resort zone (Kazakhstan), Cholpon-Alta (Kyrgyzstan).
- Development of a project on the formation of a joint research center for alternative medicine for the further establishment of rehabilitation (health) clinics on the basis of alternative (traditional) medicine, under the auspices of the SCO, the creation of a register of centers and specialists practicing alternative medicine;
- Assistance in the development of projects using the Internet, including the project of the mobile application "Business-Men" and the investment site "OASIS", as well as similar projects;
- Establishment of e-commerce sites for the SCO and the formation of a single interregional Eurasian electronic trading platform;
- Establishment of a multi-profile University in Shenzhen (PRC) for training and retraining of personnel for the implementation of economic projects of state business structures of member countries, observers and partners in the SCO dialogue.
- Assistance in the formation of industrial parks and sites; Cooperation in the field of high technologies;

- Creation of additional mechanisms for financial activities of the SCO. As a pilot project, to assist in the development of the Roadside Infrastructure Development Fund;
- Forming an information database of investment projects and promising areas of activities of the SCO;
- Formation of the energy discussion platform of the SCO for the exchange of experience;
- Realization of projects in the field of agro-industrial production, etc.

The Business Council of the SCO annually holds a Business Forum, which discusses the most pressing issues of interaction between the business communities of the SCO countries in priority areas. The Forum platform serves to strengthen trade, business, investment, and production relations between member countries, observers and partners in the SCO dialogue.

Suggestions for India's economic engagement with the SCO members and SCO Business Council

There has been a constant and regular flow of trade in goods and more importantly, exchange of ideas and cultural influences between India and all member States of SCO. India's membership of SCO will further promote cross-country trade and investments within the SCO. India has had a deep connect with members of SCO at the bilateral and multilateral levels including BRICS Business Council, of which FICCI is the Secretariat in India. In Central Asia, we have built our ties on the edifice of shared history and culture to unlock new vistas of prosperous partnership. Our membership of the Shanghai Cooperation Organization provides a strong institutional link to our engagement with Central Asian nations.

The leaders of India and Russia recently celebrated the 70th anniversary of the establishment of diplomatic relations in St. Petersburg on the side-lines of the SPIEF summit. Similarly, India enjoys good rapport with China. President Xi Jinping visited India in October 2016 to participate in the BRICS Summit in Goa. The two leaders also met along the sidelines of the SCO Heads of States Summit in Tashkent on June 23, 2016.

SCO has an Action Plan for implementation of the programme of multilateral trade and economic cooperation to realise the vision of the Development Strategy 2025. India looks forward to contribute to the achievement of these goals especially with respect to developing cooperation between entrepreneurs, SMEs and developing innovative technologies.

India's requirement for energy and resources and its vast and dynamic market will boost prosperity in the SCO region. As a part of the SCO energy club, India can

benefit from supply of energy from one of the world's largest energy producing regional grouping. The idea of setting up this structure was first voiced by Russian President Vladimir Putin at the SCO summit in Shanghai in June 2006. In the past decade, the SCO member states have repeatedly gone back to this initiative and held several forums devoted to the setup and activities of the Energy Club. The SCO Energy Club aims to deepen energy cooperation among member states, in addition to bolstering energy security and updating energy strategies. Apart from SCO's original members, Turkey, Afghanistan, Iran, Mongolia, Belarus and Sri Lanka are the members of the SCO Energy Club. Turkey will chair the Energy Club of the SCO in 2017, becoming the first non-SCO country to hold its term presidency.

The SCO Energy Club set up in 2014 brings together some of the world largest energy producers, namely Russia, Iran, Kazakhstan and Uzbekistan, with the world's largest energy consumers, China and India, in the same body from 2017 onwards. India will get a major boost in its quest for greater access to hydrocarbons available in the SCO region. Three major suppliers of energy-Russia, Kazakhstan and Turkmenistan have been playing a crucial role in the SCO energy club and India's membership will permit greater access to several projects in the region. India presently has oil deals with Russia and Kazakhstan and is currently working on a gas deal with Turkmenistan. The SCO platform is also said envisaged to help speedy implementation of the TAPI (Turkmenistan-Afghanistan-Pakistan-Iran) pipeline. The 1800 km long TAPI pipeline will originate from Turkmenistan and pass through Afghanistan and Pakistan before entering India which will be operational in 2018.

In the context of connectivity, we are already working with many of the SCO member countries on the International North-South Transport Corridor (INSTC), a multi-modal transportation network including Russia, Kazakhstan, Kyrgyz Republic and Tajikistan.

At an India-Eurasia Strategic Dialogue, held on the sides of St Petersburg International Economic Forum in June 2017, India stressed for early commencement and conclusion of Free Trade Agreement (FTA) talks with the five-nation Eurasian Economic Union (EAEU) to help scale up bilateral trade by as much as five- times to USD 62 billion in a decade. India's trade with these countries currently stands at about \$10 billion. EAEU members are Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan. A joint feasibility report on the proposed agreement was completed last year. It concluded that the proposed pact is feasible and mutually beneficial with substantial potential welfare gains and augmentation in trade in goods. India is keen on effective use of the INSTC that will cut transit distance between India and EAEU nations by 40 per cent, time taken for trade by 50 per cent and transport cost by 30 per cent.

India has recommended adequate focus be given to the operationalisation of the International North South Transportation Corridor (INSTC) and Green Corridor between India and the EAEU to take full advantage of the FTA.

In addition to the above mentioned strategies for India to work with SCO members, India can engage with the SCO Business Council through FICCI to achieve our common aim of:

- Strengthening mutual trade;
- Enhancing business opportunities;
- Building investments linkages;
- Promoting innovation; and
- and removing bottlenecks to intra-SCO commerce

Promoting economic and commercial engagement has been a foundational impulse in the creation of SCO. Indian industry can work pro-actively with SCO members both bilaterally and multilaterally under the umbrella of SCO and organizing several investment promotion and business match-making programmes to promote Indo-SCO economic relations. Apart from the bilateral engagement, India can from now onwards work together with counterpart business chambers in Russia, China, Tajikistan, Uzbekistan, Kyrgyzstan and Kazakhstan under the SCO umbrella in broadening their engagement

Some potential steps to create a roadmap for future engagement has been formulated by the member countries in the previous business council forums organised annually.