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Abstract: *The Shanghai Cooperation Organization (SCO) has evolved into a pivotal regional platform that integrates security, economic, and strategic cooperation among Eurasian states. This paper investigates Pakistan's economic participation with the SCO, focusing on its potential to promote regional connectivity, financial integration, and long-term growth. The study highlights how Pakistan's geostrategic position, particularly through the China-Pakistan Economic Corridor (CPEC), can be leveraged to facilitate trade, investment, and energy cooperation with Central and South Asian partners. This is based on a comprehensive analysis of SCO financial mechanisms, multilateral trade initiatives, and infrastructure projects. The study emphasizes the importance of institutional frameworks, such as the planned SCO Development Bank and multilateral currency swap agreements, in strengthening economic resilience and lowering reliance on foreign financial systems. The study also investigates the role of digital innovation, industry, and cross-border infrastructure in alleviating developmental gaps, assisting landlocked member nations, and maintaining regional stability. While intra-regional rivalries, political difficulties, and limited financial mechanisms provide problems, Pakistan's aggressive participation indicates the SCO's revolutionary potential as a tool for economic integration, regional cooperation, and geopolitical influence. The findings imply that merging economic, infrastructure, and cultural activities inside the SCO framework can strengthen Pakistan's position as a key hub in Eurasian commerce and development, while also boosting long-term regional prosperity and security.*

Introduction

The Shanghai Cooperation Organization (SCO) has emerged as a pivotal platform for regional collaboration in Eurasia, encompassing dimensions of security, economic development, and socio-cultural exchange. Founded to combat transnational challenges such as terrorism, separatism, and extremism, the SCO has steadily expanded its scope to include economic integration, trade facilitation, and financial cooperation among member states. For Pakistan, the organization represents a strategic

opportunity to capitalize on its geostrategic position, foster regional connectivity, and stimulate economic growth through multilateral projects such as the China-Pakistan Economic Corridor (CPEC), energy cooperation initiatives, and financial mechanisms under consideration, including the proposed SCO Bank and Development Fund. This paper investigates the economic consequences of the SCO for Pakistan, examining how membership in this regional framework might improve trade, infrastructure development, financial resilience, and long-term growth while also contributing to greater regional stability and integration

Background to Economic Overview

First Era of development of Pakistan's Economy

Since July 2018, the survey has been conducted in Pakistan. The primary goal of the research was to examine Pakistan's economic development and political instability from 1947 to 2018. Nineteen papers were retrieved from the internet, properly assessed, the situation was examined, and the findings were discovered. According to the findings, political instability is a significant issue that hinders Pakistan's economic development. Different ethnic and regional groupings make up Pakistan's economy, and each one cares for its own community but not for the country as a whole. The economic expansion of Pakistan did not go as planned. Due to unforeseen circumstances, three Marshal Laws were implemented, and as of right now, no unity has been achieved and various groups have assaulted one another. After passing the Objectives Resolution in 1949 and becoming Pakistan's first prime minister, Liaqat Ali was killed in 1951.

He fought for a new constitution but was unsuccessful. Before 1956, President Sikandar Mirza and Governor General Ghulam Muhammad disbanded many assemblies. Nine years later, in 1956, the Pakistani Constitution was drafted, but the country's situation remained unfavorable, and a unit play was also shown. Therefore, Ayub Khan imposed martial law in 1958, changed the constitution in 1962, ruled for ten years, and created a unit at that time. His time saw somewhat greater economic progress, but in 1968 there was a disturbance and General Yaha Khan took power.

When elections were conducted in 1971, Zulfiqar Ali Bhutto won in West Pakistan and Mujibur Rahman in East Pakistan, but chaos was caused in both wings over power sharing. In a similar vein, violence broke out in both wings, and India invaded East Pakistan, causing it to split off into what is now Bangladesh. After that, Zulfiqar Ali Bhutto became prime minister of Pakistan, a position he held for five years while also amending the constitution in 1973. While agitation was initiated by the nation's opposition parties, which created an adverse atmosphere, elections were conducted and elected for another five years. In 1977, Ziaul Haq declared martial law for the second time, which lasted for 11 years. Junejo became prime minister of Pakistan in 1985 when he filed for election on a non-party basis during his time, and General Zia strengthened his hold on power by amending the national constitution via the Assembly. In 1988, when Junejo was on a foreign trip, he used his authority to fire Junejo. However, Zia was bombed to death on an airplane in 1988. Following an election, Benazir was elected Pakistan's prime minister. She served as prime minister for a few years until the president dissolved his parliament because of unforeseen circumstances.

Politics of Sit-In or Dharna

After a re-election, Nawaz was elected prime minister of Pakistan for a few years. However, General Pervaiz Musharraf declared martial law on October 12, 1999, and ruled for nine years. The assembly was dissolved by the president once more, and Nawaz was elected prime minister of Pakistan for a second time. Following an election in 2008, Zardari was elected President of Pakistan, and Yusuf Raza Gilani was appointed Prime Minister. However, the courts accused Gilani of corruption, and Raja Pervaiz Ashraf of

the People Party was sworn in as Prime Minister of Pakistan. During his whole term as president, Zardari's administration failed to enhance economic development in line with the Pakistan Five Year Plan's goal. Nawaz Sharif was elected prime minister of Pakistan for the third time in 2013. PTI began a 126-day movement in Islamabad to overthrow the Nawaz Sharif government at the commencement of the Nawaz administration. He served as Pakistan's prime minister for four years, during which time the CEPC project was accepted. While his administration started off well and had interesting economic development, he was dismissed by the judiciary in the Panama case in 2016, and Abass Haqqani took over as prime minister of Pakistan for a year.

Political stability and economic development

On the basis of mentioned problems the study recommend that political stability is required for the economic growth development of Pakistan, Unity in the country is requested for pushing the economic growth, Peace and security are necessary for uplifting the economic growth, Good investment environment is required for economic growth improvement, High education and skill is required for boosting the economic growth, Saving by government and Pakistani community is compulsory for economic growth uplifting, Fair election process is required for economic growth pushing and political stability, Research based Universities should be made in the country for economic growth enhancement and for political stability, Interest rate should be kept only 4% for the speedy investment of production for economic growth increasing, Poverty should be controlled at grass root level, Environment should be cleaned for foreign investor, investment should be stopped outside the country, Police department and Judiciary should be strengthen in Pakistan for control of crimes in the country for stable government, Regional disparity and ethnicity should be controlled in the country for political stability. Political stability will result in this manner, which will boost economic development and make the nation rich in the long run.

The foundation of economic instability

Political instability in Pakistan began after the country was officially recognized on the international map on August 14, 1947. Due to linguistic and regional differences, the best constitution was not created, despite their best efforts to create one that would aid in the nation's progress. Different languages were spoken in various provinces. The East and West Wings were separated by a thousand kilometers. Ulema sought to create a constitution that was solely focused on Islam and disregarded minorities. While Urdu has been designated as Pakistan's official language, the Bangali community aspires to establish Bangali the country's official language. Pakistan's first prime minister was Liaqat Ali Khan. Since he claimed that Pakistan was created for Islamic purposes, he enacted the Objectives Resolution in 1949 and primarily addressed Islam. Due to unforeseen events in Pakistan, Ayub Khan used his authority and imposed martial law in 1958 after a final draft was approved in September 1955. The actual constitution was drafted since 1956. Economic development and political stability are closely related to one another. Economic development will outpace political instability in the government if the nation is politically stable. Pakistan still does not have a stable government.

Causes of political instability in Pakistan

The political parties clash with one another, creating an uncomfortable atmosphere in Pakistan. The army declared Marshal Law three times. The assemblies were dissolved a great number of times. The government's instability prevented the economy from reaching its growth targets. Every program failed. The nation did not adopt enough planning. The nation has issues with unemployment. In the nation, price increases were noted. Political unrest prevented any projects from being finished on schedule. Similar to China and the United States, political unrest did not contribute to economic progress.

Pakistan's buying power was determined to be lower than that of other nations in the globe owing to poor planning, and insecurity prevented any foreign investments from entering the country. The research ultimately came to the conclusion that political stability is necessary for nations to have rapid economic development. Economic growth cannot be enhanced without political stability.

Due to instability, they experienced periods of crisis and conflict and failed to prepare for profitable commerce that would improve their nation's trade balance and spur economic progress. Freeman said that politicians don't care about the nation's economic development; they simply consider the next election. Pakistan's economic development is still in its traditional stage since they invested time and made plans just for their party and their own benefit, disregarding the needs of the general populace. Three times, martial law was enforced over the nation due to unforeseen events. The army arrived, took control of the nation, and paved the way for their own interests. They also spent time and established their own courts to manage the government while the Qaid Azam's goals remained unmet. Following independence, there were a number of upheavals, and the monarch solely used his time for pleasure rather than creating a suitable growth plan for the nation's advancement. The previous rulers ignored democracy in favor of concentrating primarily on literature, the arts, and music. Pakistani rulers also used this kind of technique when the British arrived and created a control democracy in the nation.

According to Aziz (2001), Pakistan's political organization is extremely weak, and after elections they form a coalition government that consistently puts pressure on the winning parties. We must strengthen our political system and institutions, create a dynamic and sustainable growth, eradicate corruption, provide prompt justice, improve employment, take steps to control the population, look for consensus-based political solutions, and resolve ethnic, sectarian, and religious fault lines. Every party member act in their own best interests and is indifferent to economic expansion and national cohesion.

The 1971 debacle

They create that kind of national development policy, which simply serves to increase assembly members' wealth. Despite their efforts, they are unable to meet the national goal. People were dissatisfied with the previous run, and they rebelled against the administration and began to agitate. East Pakistan was also divided in 1971. Since the West Wing was only working for West Pakistan at the time and not East Pakistan, the East Wing members were dissatisfied and began to agitate, which ultimately led to Bangladesh. The assembly works for the Party's self-interest rather than the interests of the country. These days, Baluchistan, Sindh, and KPK are also experiencing this kind of predicament. Punjab has a larger population overall than the other provinces. Additionally, there are more seats in the national legislature than in any other province. Because Punjab has more seats than the other provinces in the national assembly and advantages are consistently given to Punjab at the expense of other provinces' national rights, the center primarily concentrates on Punjab's growth. These days, every province aims to become its own nation, which undermines national cohesion.

IMP, World Bank and financial assistance for Pakistan

The nation will eventually become affluent and healthy as a result of the enhanced economic development. They will be able to provide loans to other nations in the globe instead of relying on the globe Bank and IMF to cover their financial deficiencies when their financial condition improves. Prior to the global crisis, Pakistan had a more flexible investment policy, which attracted more international and domestic investment. However, as a result of the high cost of doing business, Pakistan lost both foreign and domestic investment following the global recession.

Political instability, a worsening state of law and order, high interest rates, and frequent power and gas outages were the primary causes. Pakistani society saves a relatively small percentage of its power—

roughly 13 to 14 percent—compared to its use. Small company owners were overlooked while powerful individuals received more loans. The primary cause is the increased interest rates that banks charge. It is evident that Pakistani Bank charges an interest rate of 12.5%, while Japan charges 0.1 percent, India charges 4.7 percent, and China charges 5.31 percent. Japan has a higher investment rate than other nations, therefore low interest rates are crucial for boosting investment, which in turn increases employment, boosts the nation's yearly rate of economic development, and brings wealth.

Many Pakistani manufacturing entities suffered losses as a consequence of the high interest rate. The element that harmed Pakistan's commercial and industry sectors was terrorism. In response to suicide attacks in Pakistani towns and cities, the army launched an operation on the militants' northwest. Attacks by militants seriously harmed the KPK's and the tribal regions' marble industries. According to data from the All-Pakistan Marble Mining Processing Industry and Exporters Association, the community lost 50,000 employments as a result of the closure of 300 marble plants and 250 that were about to collapse. Pakistan's economic development is negatively impacted by political instability as well. Businessmen in the Zardari period are uneasy as a result of the corruption charges involving several current ministers, consultants, and members of parliament. The administration agreed to raise the electricity rate by 18 percent in two stages, 12 percent in January and 6 percent in April, in response to the IMF's demand. In the Zardari period, this action has led to subpar performance in Pakistan's industrial zone. Pakistan's industrial and commerce operations have suffered greatly as a result of this high tariff. Similarly, at this time, the export-oriented sector failed to deliver its goods to overseas consumers on time, and as a result, they shifted their orders to other countries in the area. Poor infrastructure raises costs. However, the manufacturing sector has been disrupted by the 35% tax rate. Red tape and lengthy processes were the main obstacles in commerce at this time, and some members of the affluent class were excluded from paying taxes. It is difficult to get licenses, NICs, gas, electricity, and water connections, among other things.

The officials handled the investors poorly. Five major categories have been associated with several obstacles, ranging from land acquisition and site development to executive and financial restrictions and tax-related issues. Investors that launch firms within 18 months are regarded as "lucky." For the last ten years, bankers have ruled our nation, and the financial sector has benefited from this. Tight monetary policy resulted in a fall in GDP growth. The primary cause of the decline in the nation's industrial production is the excessive interest rates. Since our exporters are having a lot of trouble because of the high cost of manufacturing, the observers have also said that they have no competitive advantage. Reducing interest rates to one digit will benefit the economy in many ways, including lowering operating costs, boosting business and industrial activity, facilitating easy credit and lending for trade and industry, encouraging better investment and exports, and increasing government tax revenue. Political instability creates additional challenges for the development of a multiethnic nation with a diversified population. All societal segments get their fair share and are content to be a member of a multiethnic community in a politically secure state, which eventually contributes to the development of the country. When things are steady, people feel empowered and work hard to advance the country. When there is instability, the opposite occurs; individuals get dissatisfied and helpless, lose faith in institutions, and prioritize their personal interests above those of the state, which eventually causes society to become divided.

The establishment of political parties is directly impacted by political stability, which is essential for achieving nation-building goals including political progress and national integration. The fluctuating levels of political stability are the cause of the development. Maintaining peace, concord, long-term

constitutional satisfaction, government institution preservation, and possession order may all be considered crucial. Tahir (2011) found that Pakistan's constitutional struggle caused political instability and that the country was unable to overcome its 63-year-old system of feudal, tribal, and sectarian segregation. Some of the factors that fueled the non-democratic elements, such as the army, in the political process were the country's territorial disputes and border conflicts with India, socioeconomic disparities within the nation, the struggle for power among the provinces, and the early death of Pakistan's founder, Muhammad Ali Jinnah. Pakistan gained its independence thanks to the Muslim League, but the nation's internal democracy was a complete failure.

Between 1947 and 1956, when there was no constitution, the military was used to meddle in politics, and the court gave tyrants a legitimate means of seizing power. All looked for political stability in order to preserve the legitimacy of the state and to keep society together. Political stability is essential to steady economic development. Without political stability, the country has never succeeded, and unstable governments incite conflict among the nation's many groups, an issue that is particularly severe in Pakistan. Political instability has grown to be a significant issue, particularly for emerging and disadvantaged nations. This issue is linked to the nation's economic expansion. Seher (2016) found that there is a wealth of empirical data showing a negative correlation between political instability and economic performance and development across nations and historical periods. Political unrest discourages private investment and encourages corruption and poor governance. Pakistan is going through a protracted era of political unrest, which is hurting the country's economic development. Pakistan's political stability was not established by the parliament.

The current coalition government has left democracy utterly dissatisfied. Stories of corruption and poor governance, which have undoubtedly damaged Pakistan's government and environment, are nevertheless often featured in print and electronic media. The conflict between the Nawaz Government and Imran Khan, the Army Public School event, suicide attacks in various regions of Pakistan, and several other incidents have weakened the government and fostered political instability. However, the nation began to see a decline in investment, a slowdown in economic development, a rise in unemployment, millions of people falling below the poverty line, women and children dying in stampedes over a few kilograms of Atta, a weakening currency rate that fueled inflation, and a rise in public debt. Foreign investors have lost faith in Pakistan as a result of the country's unstable financial support and declining balance of payments. In summary, political instability has led to poor administration and the destruction of a rather stable and thriving economy in recent years. Lucian (1971) said that "regionalism is always potential source of danger which may ultimately undermine the federal system's maintenance capability". According to Laghari (1991), "centralization of authority, national integration, social mobilization, economic development, political participation, and social welfare have created a disturbance in the political order." Macridis and Brown (1912) found that the issues of legitimacy and identity are closely related: "In the process of political socialization, people generally get more sense of national identity in stable systems, which also provide the legitimacy of authority. The legitimacy of the authority is actually associated with 'the performance capacity of the system and the feelings of the people towards the authority.'"

According to David (1965), economic growth is possible if the nation has stable institutions. According to Samuel (1968), the division of East Pakistan and the current dire circumstances in Sindh and Baluchistan serve as excellent illustrations of this. Samuel (1971) found that the nature of a federal crisis is largely dependent on "the rate, volume as well as the content of the regional demands." This problem has also been brought about by the widespread diffusion of communication, which has awakened isolated

communities and ultimately assisted in rebuilding the sense of unification that the political system must inevitably experience whenever its basic forms are significantly changed. He clarified that the army had declared martial law in Pakistan three times and ruled for thirty years as a result of the democratic government's instability. When the political parties failed to fulfill their promises of future good deeds, the populace began to rebel against the government, which led to instability in Pakistan. Everyone in charge of Pakistan proposes constitutional amendments for their own gain rather than for the sake of the country, which negatively impacts economic development, creates an uncomfortable atmosphere in Pakistan, and sometimes sparks a virtual civil war. This issue may be linked to widespread protests against General Ayub Khan's administration and the effects of improper influence on some seats in the 1977 elections under the tenure of Zulfikar Ali Bhutto. In these circumstances, the military often steps in to maintain control over the federation's authority. The insertion of one unit in 1956, Ayub Khan's presentation of the 1962 constitution, Zulfikar Ali Bhutto's repeated constitutional revisions, and the mistreatment of General Zia-ul-Haq under the 1973 constitution are all closely linked events in Pakistan. This kind of extrapolation is rather prevalent in emerging nations.

In order to legitimize their power, the leaders attempt to appeal to the emotions of the people by promising them a better future. There will eventually be an authority issue if these pledges are not kept. The introduction of "guided democracy" by Ayub Khan, which ultimately contributed to his collapse, followed suit. In Pakistan, family dynamics and inheritance form the basis of leadership. In reality, being a leader begins at the bottom and works its way up, with social welfare work as the first step before joining politics. Because they are the sons or daughters of leaders and have leadership in their genes, individuals in Pakistan have always been seen as leaders. The allure of family leadership is well-liked by Pakistanis who lack formal schooling. Since Pakistanis base their decisions on their feelings and the charisma of leaders, the country's lowest literacy rate has been a significant factor in helping them make the best decision.

Breakdown of leadership and a lack of education

The two main causes of Pakistan's political instability are the breakdown of leadership and a lack of education. Pakistan's experience makes it clear that a stable and high-quality political system is necessary for leadership, and that leadership cannot exist without high-quality education. Since language, religion, and ethnicity are delicate topics in diverse societies—as has been discussed—the function of the leader takes precedence over all other considerations in these situations. Particularly in a state and society such as Pakistan, where different ethnic groups and sects coexist and all of these people united under a common religion and set of aspirations that they were unable to have in a united India where other religions prevented them from coexisting peacefully. The issues of legitimacy and identity began when Pakistan's leadership structure divided into sub-national/ethnic, provincial, and religious/sectarian levels. Over time, these issues became more severe. These several degrees of leadership obscure the idea of national leadership. The crisis of legitimacy and identity was sparked by this leadership fragmentation, which became worse over time.

People begin to question their existence and identity when they are dissatisfied with the acts of political parties and the government, which leads to a negative perception of the government and all systems. For a freshly formed state, the experience of army control is worse than that of a politically stable state. Every aspect of life in Pakistan was to be established and steered with the creation of a new state, including politics, which was misguided by frequent military interventions. He added that while all of these undoubtedly contribute significantly to political instability, the researcher will only address and emphasize the first two issues—the identity crisis and the legitimacy crisis—in this brief paper, taking

Pakistan into consideration. There are several ways to understand the identity crisis in relation to the political process. Generally speaking, it reflects nationalistic feelings and the desire of the populace to coexist in one location. It suggests that a person's sense of affiliation with the political system is the root cause of their identity dilemma. "When a community guides that it had once unquestionably accepted as physical and psychological definitions of its collective self are no longer acceptable under new territorial conditions," an identity crisis takes place during a period of political transition. Aziz said that a dictatorship and political leadership are two distinct types of governance. While in a dictatorship, they establish the rules without consulting anyone and impose them directly on society, which complies with their orders and governs the nation's system. In political leadership, they discussed the issue with each other in the assembly.

Indian Muslims fought to create their nation and wanted to create their own society based on Islamic ideals, where real democracy would prevail. When they were successful in creating the nation of Pakistan. Various political alliances formed organizations for power sharing after they failed in their objective to implement a truly democratic government in the nation based on Islamic values. While the Pakistani nation failed to establish true democracy, the army and dictators ruled the country for a long time. Pakistan's current state is still uncertain, and its economic development is still lagging behind that of wealthy nations. Currently serving as Pakistan's prime minister, Imran Khan aspires to real democracy, although opposition to his administration has been sparked by other political parties. According to research by Michael (1971), certain governments, including those in China, Egypt, and Czechoslovak, has comparatively stable political structures. The flexibility of two institutions—the state and society—can be used to gauge the degree of political stability. One area's variance will have an impact on another. Notwithstanding the social system's evolution, it has the ability to adapt in a manner that readily addresses the many obstacles of political growth.

Pakistan and many other underdeveloped countries in Asia and Africa are perplexed about how to deal with the issues of social welfare, economic growth, political participation, national integration, and authority concentration that have all arisen concurrently in these states' political structures. In his research, Lucian (1971) clarified that identifying the reasons behind political instability in emerging nations might help us better understand political stability. According to Leonard Binder, there are five problem areas that many governments face while attempting to keep their political systems stable. These areas are: "Identity crises, legitimacy Crisis, diffusion crisis, Participation crisis and distribution crisis". He also told that latter on this crisis's affected the economic growth of the country negatively. Akram discussed the era of Pakistan economy. The first era was the initial stage for the development of Pakistan Economy. Wind fall gain made by the mercantile class after the Korean War since 1952. The state sector was in the embryo stage. Management was processed with little industry, few services and no manufacture. The trial of bureaucracy was that to keep Pakistan on its feet (1947-58).

Second Era of development of Pakistan Economy

Second era of Pakistan started. In this era 5 million people were below the poverty line. Capitalist and Private sector economy played significant role in the development of Pakistan. Growth rate in 1960 was high. It was the interesting era as a best performance of economic growth and the economic growth was 20% per year. It was the era of Ayub Khan and considered the decade of development. It was the first military government in Pakistan started in 1958 and ended in 1968. The east Pakistan was separated in 1971. The inflation, decentralization, economic policy was more illiberal and it was the major root cause of low economic growth in this era. The Zulfikar Ali Bhutto government was started in 1971 and ended in 1977. Mr. Ziaul Haq came in 1977. He applied strict Islamic rule in the country and

election held without party basis and Junjio became Prime Minister of Pakistan since 1985 and then dismissed by General Ziaul Haq in 1988 without any cause. It was the second military rule in the country. In his era the Afghan war was started till Russian defeat. He helped the Afghan Mujahideen and USA have also provided fund to Pakistan. The economic growth performance was better. In his era the Kalshan Cope culture was developed. He strengthened the Taliban in the region.

On one side he brought money from the foreign while destroyed the whole universe of the region. He was killed along with some Generals in the plane since 1988 and his eleven-year period was ended. Then two parties' democratic governments were run while ended in 1999. In this era Pakistan became seventh nuclear power in the world and first Muslim powered in the world. Banzir and Nawaz carried out six nuclear tests. Nawaz Sharif announced the test on May 30, 1998 and it was the third democratic era. (1988-1999). General Muscari took control on 12 October 1999 and imposed Martial Law in the country. It was the third Military Government of the Era. Terrorism in his era was on the Peak; Malnourished children percentage 38%; without sanitation access was 39%, without safe drinking water was 12%; without health service access was 45%; Population below poverty line was 34%; Illiterate adult female was 72% and adult both male and female literacy was 57% ; economic growth was 7% in 2006-7 and it was 4% in 2009-10. In his era higher education commission of Pakistan established; through this way majority poor people got the admission in the foreign universities through scholarship; Pakistan external debts was \$56 Billion as of June, 2010. It was 38.86 billion at the end of March 2007. Election was held in 2008 and Asif Ali Zardari became president of Pakistan and Yousaf Raza Galani became Prime Minister of Pakistan.

He was charged in corruption in 2012 by Judiciary and Raja Pervaiz Ashraf of People Party took oath as the Prime Minister of Pakistan. Nawaz Sharif became Prime Minister of Pakistan in 2013 while he was dismissed by the court in Panama Corruption case and Abas Haqqani appointed Prime Minister of Pakistan. The economic growth rate of GDP was higher in the era of Nawaz Shari while it was low in the period of Asif Ali Zardari while before Zardari in the era of Pervez Musharaf was also better than Zardari Government. Election was held on 25th July 2018 in Pakistan the figure 1 indicates that the GDP growth rate in 2008 was 4.99 percent while in 2009 the growth rate of GDP was 0.36 and in 2010 the growth rate was 2.58 percent. Similarly, the growth rate in 2011 was 3.62, in 2012 was 3.84 percent while in 2013 was 3.68. Subsequently in 2014 the growth rate was 4.05 and in 2015 the growth rate was 4.04 percent while in 2016 the growth rate was 4.71 while average GDP growth rate in Pakistan was 4.91 percent however from 1952 until 2016, reaching an all-time high of 10.22 percent in 1954 and 20 percent in 1960 while a record lowest rate was -1.80 percent in 1952.

(<https://tradingeconomics.com/pakistan/gdp-growth>). Gill et. al (1999) recorded that in 1960 the agriculture annual growth rate was 6.77 percent, in 1980 it was 6.14 percent, while in 1990 the agriculture growth rate was 0.12 percent. Similarly, 1996-97 was 0.35 percent. So, from 1990 to 1997 was a bad declining rate of agriculture growth in Pakistan.

Located at the intersection of Central Asia, the Middle East, and South Asia, Pakistan offers the most cost-effective strategic connection between the energy-scarce region of South Asia and the resource-rich Persian Gulf and Central Asia. In comparison to Iran and Turkey, Pakistan provides the quickest path to China and the CARs. Landlocked Afghanistan is now undergoing rehabilitation and restoration, and it also passes through Pakistan. Furthermore, China, Afghanistan, and the CARs have relatively better opportunities for both their own and international trade thanks to the deep-water Gwadar port's connections to major cities via coastal highways and a planned or under construction network of motorways and rail. The existing transportation needs of both local and regional/international transit

commerce, which is mostly aimed towards Afghanistan from Karachi port, are hardly met by Pakistan's current transportation infrastructure. The transit commerce from both our close and far neighbors is expected to significantly rise if the area has some form of peace again, placing further strain on the transportation supply chain and demand. Therefore, it is essential to assess Pakistan's transportation system's effectiveness in order to improve its ability to handle the difficulties of possible transit commerce over its borders. Since the beginning of the twenty-first century, geoeconomics has dominated political and strategic orientations; the protection of economic interests has compelled changes in historical political tendencies. The economic interdependence between the US and China in spite of conflicting geopolitical goals is a good example. Being the most economically active area in the world, South Asia as a whole would decide the chances for world peace and prosperity.

Pakistan's SCO membership may lead to a number of opportunities for two parties to engage in profitable economic collaboration. By constructing oil and gas pipelines (TAP) and a road-rail connection up to Gwadar, CPEC and BRI to TAPI, economic possibilities will seek to materialize the commerce and energy corridor as soon as feasible. Pakistan also seek possible collaborations in areas of science, technology, trade, agriculture, heavy machinery, and the free flow of capital as well as business. Improving bilateral ties with India is another most important political necessity for Pakistan to build a strong economy and connects to the regional players of SCO. Pakistan may utilize the SCO platform to address long-standing outstanding disagreements with India, particularly the central issue of Jammu & Kashmir, business and trade by admitting to the organization's principles that seeks regional connectivity and trying to minimize the hostilities among member states. It is envisaged that the SCO would be crucial in persuading both parties to stop playing "blame games" and focus their resources on finding peaceful solutions to problems. In turn, India will benefit from Pakistan-Indian bilateral ties by having access to Central Asia via Lahore, Kabul, and eventually being able to join the game changing economic "New Silk Road initiative".

Pakistan may be able to strengthen its ties with China and enhance its bilateral ties with the Central Asians Republics via the SCO forum. Pakistan will have an advantage in this respect thanks to the Economic Cooperation Organization (ECO). With Pakistan joining the SCO, new avenues for collaboration with other nations in the area will become possible. Additionally, it would lead to improved diplomatic efforts and a respectable position in international society.

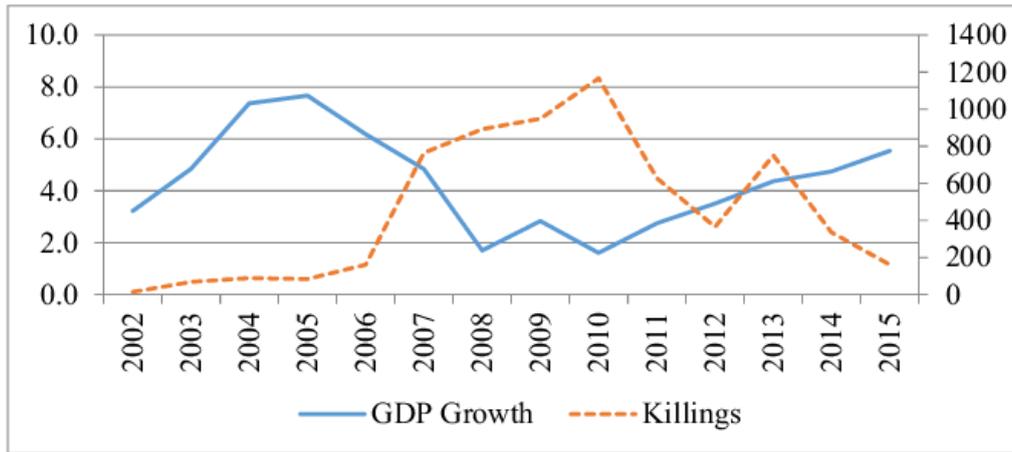
Economic impacts of Pakistan strategic conundrum

Keeping strategic equilibrium in her ties with China and the United States is Pakistan's biggest geopolitical and geo strategic concern. Pakistan needs additional caution in order to achieve geopolitical objectives that center on economic growth and actively engage the SCO nations. In contrast to the Cold War period, the US and China's respective "Long War vis-à-vis Rising Peacefully" ideas combine the forces of "conflict and peace," creating a new discourse in the global order. Thus, the true problem for Pakistan is to chart a practical diplomatic path for achieving economic objectives while maintaining strategic balance between United State and China. In the current regional and global political turmoil, Pakistan plays a role on highly unique position.

Pakistan's geopolitical conundrum of "war economy"

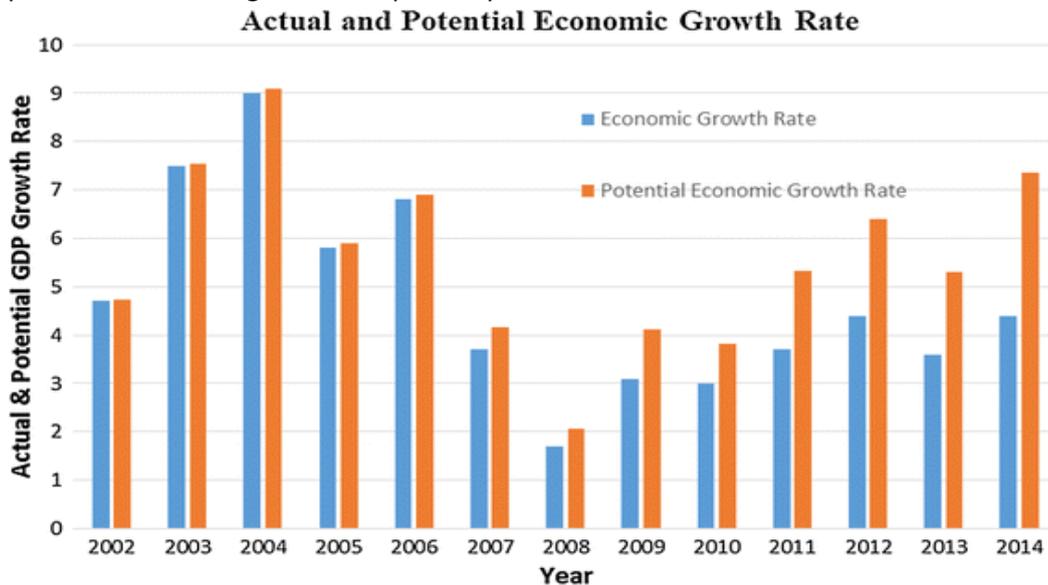
It is true that Pakistan's foreign policy has difficulties in securing a legitimate position in the new global order due to conflictual geographic location and steadily melting economic situation. Pakistan has seen significant internal and external anguish in the ten years or more after the horrific events of 9/11 that has badly affected its economic growth and led the scholar to term its economy as "War economy" and Pakistan as "Police state". Pakistan thus struggled for long time for a legitimate position in international

society where its efforts in the fight against terrorism are recognized and its economic issues addressed. (Iqbal T. a., 2020) The graph below highlights the complex relation of Pakistan’s economic growth and political instability caused by its role as a “frontline state” in war on terror.



Pakistan’s economic potential and terrorism

Pakistan is one of the worst victims of terrorism and is viewed with mistrust by other countries, even though it is a key player in the worldwide fight against terrorism. Pakistan has been the frontline target of terrorism, extremism, and militancy as a result of its strong participation in the fight against terrorism its economy suffered heavily and lacks the confidence of market exploration despite having a huge capacity of economy building. In order to improve its reputation outside, Pakistan's efforts to counter these trends needed to be shown in their entirety. Pakistan must display its commitment appropriately in order to overcome these difficulties and alter its reputation from geopolitical player to geo-economic giant of south Asian region using different platforms like the SCO. The graph below suggests the potential economic growth hampered by terrorism.



The most important prerequisites for overcoming domestic shortcomings and failures are governance, law and order, and socioeconomic fairness, and political stability that provides confidence for investors to set up big companies and invest their capital. Table 4 illustrates the effects of terrorism on economic growth.

Table 4. Effect of terrorism on economic growth.

Channel variables	Effect of terrorism on channel variables	Effect of channel variables on economic growth	Effect of terrorism on economic growth
Foreign direct investment	–	+	–
Domestic investment	–	+	–
Government spending	+	+/-	+/-
Net effect			+/-

Table 1 statistically shows the Pakistan's direct and indirect cost from terrorism since 2002 to 2014.

Table 1. Direct and indirect cost of terrorism (2002–2014).

Years	\$ billion	Rs. billion	% change
2001-02	2.67	163.9	–
2002-03	2.75	160.80	3.0
2003-04	2.93	168.80	6.7
2004-05	3.41	202.40	16.3
2005-06	3.99	238.60	16.9
2006-07	4.67	283.20	17.2
2007-08	6.94	434.10	48.6
2008-09	9.18	720.60	32.3
2009-10	13.56	1136.40	47.7
2010-11	23.77	2037.33	75.3
2011-12	11.98	1052.77	–49.6
2012-13	9.97	964.24	–16.8
2013-14	7.7	791.52	–22.8
2014-15	9.24	936.30	20.0
2015-16	6.49	675.76	–29.8
2016-17	5.57	572.60	–15.7
2017-18	2.07	223.32	–62.2
Total	126.79	10762.64	

Source: Pakistan Economic Survey year book 2015–2016.

Table 2 suggests the Pakistan's loss by sector due to persistent terrorist attacks.

Table 2. Losses by sector due to terrorist attacks.

Sectors	Years		Total (\$Billions)
	2014–15	2015–16	
Exports	1.08	0.80	1.88
Compensation to victims	0.04	0.01	0.05
Physical infrastructure	0.12	0.07	0.19
Foreign investment	4.56	2.04	6.60
Privatisation	0.01	0.00	0.01
Industrial output	0.02	0.01	0.03
Tax collection	2.94	2.32	5.26
Cost of uncertainty	0.03	0.01	0.04
Expenditure overrun	0.40	0.28	0.68
Others	0.04	0.02	0.06
Total losses	9.24	5.56	14.80

Source: Pakistan Economic Survey year book 2015–2016.

The SCO's laws in this regard are very detailed when it comes to addressing the terrorism, extremism, political instability and economic growth of member states. Russia and China, its two main members or otherwise known as "big brothers", seem to be in a good position to expand its economic influence through BRI project the most iconic economic project of the 21st century for regional economic connectivity and industrial growth. It is believed that Pakistan's admittance to the SCO is a prerequisite for Pakistan's economic development and regional connectivity. In light of these factors, Pakistan's SCO participation seems very strategic and timely for regional economic motivation. Let's focus on the first mega project of CPEC that is highly praised as a game changing for Pakistan economy (Bilquees, 1987).

The China-Pakistan Economic Corridor (CPEC)

The word "China-Pakistan Economic Corridor" (CPEC) seems to be a futuristic expression that arose from the conviction that developing people-to-people interaction will not only make the socio-economic growth of a larger area possible, but also feasible. When partner governments are committed to pursuing a higher degree of peaceful cooperation, such a development is likely to take place. CPEC, the centerpiece project of the international Belt and Road Initiative (BRI), offers a ground-breaking

framework for regional connectivity with the goal of economic regionalization in today's globalized world. Its win-win approach to building geographic ties results in an integrated area of growth, peace, and shared destiny. Since it raises the stakes of regional economies by minimizing rivalries or irritants and maximizing the common good, the increasing involvement of regional governments in the CPEC project is a beneficial development (Iqbal I. , 2023).

By overcoming such barriers that impede the flow of goods, services, money, people, and ideas, territorial cooperation and regional integration benefit countries and Pakistan urgently need it. In actuality, these inequalities impede social and economic development, especially in emerging nations that are exhausted by geopolitical conflicts. A region's socioeconomic growth is hampered by the strategic variations across states, which are influenced by geographic locations, administrative practices, and infrastructural deficiencies that have largely contributed to its economic underdevelopment. Through integrated infrastructure, CPEC offers its user-states a plethora of chances to promote regional economic connectivity. By encouraging regional integration of commodities, services, and markets with an unbroken flow of commerce, money, people, and ideas, it motivates them to get over excessive divides (Niaz, 2022).

In order to produce a greater amount of commerce and economic activity, it also encourages collaboration among nations by providing them with institutional and physical infrastructure based on sea transportation systems and railway-road networks. CPEC is often associated with the potential for a revolutionary project that demonstrates its dedication to accomplishing shared goals. Speaking at the Saudi Arabian Investment Forum, Prime Minister Imran Khan said that "CPEC is a great opportunity for Pakistan."

Special Economic Zones:

One of the largest markets, China, is accessible to us via CPEC. We are creating Special Economic Zones (SEZs) that welcome investment from all around the world as a result of CPEC. China is an enormous market, and the China-Pakistan Economic Corridor (CPEC) would link the two countries, which are strategically positioned in the globe. Under the principles of liberal institutionalism, the Chinese leadership is equally committed to advancing multilateral collaboration in the construction of CPEC (Khan E. M., 2013).



Chinese President Xi Jinping's special address makes it abundantly evident that "*We should advance our shared interests and achieve common development.*"

In order for the benefits of its growth to benefit both the people of Pakistan and the people of other nations in our area, we should utilize CPEC to propel our practical collaboration with an emphasis on Gwadar Port, energy, infrastructural development, and industrial cooperation. Within the framework of Chinese multilateralism, this study aims to investigate the theoretical aspects of the China-Pakistan Economic Corridor (CPEC), including liberal institutionalism and regional integration. Recently, the US has shown its unilateralism by refusing to carry out its obligations as a superpower on a global scale (Dar, 2021).

One example is when the United States stopped supporting the World Health Organization (WHO) under the guise of COVID-19. Therefore, the multilateral method to advancing and developing international norms and institutions for the wellbeing of people is often discouraged by unilateralism (Jaishankar, 2016).

Chinese interest in multilateral organizations

China, on the other hand, is wishing to promote multilateral globalization via liberal institutional ideals that are influenced by regionalism. With CPEC as a focal point, this study delves further into the scholarly debate around the relevance of internationalist paradigms in the One Belt One Road (OBOR) plan. The problem, which is gradually erupting from Chinese multilateralism in the evolving world order scenario, is analyzed using a straightforward qualitative research methodology. The best way to structure and modify the international system is the subject of liberal internationalist views. They contend that the best ways for nations to seek and create supranational political institutions (like the EU) and international organizations (like the UN) are via diplomacy and multilateralism. They see using violence as a last option and not as a viable option. A key component of contemporary international reformist frameworks is liberal institutionalism. It makes the assumption that national and international organizations are crucial in promoting cooperation and peace among nation-states (Joseph S. Nye, 1968).

Focus on liberal internationalism and Kantian Peace

An alternative to the realist view of international relations, "liberal institutionalism" places a strong focus on international institutions, global governance, and shared objectives that allow nations to work together. Hedley Bull, a professor of international relations, examines how international society operates on the basis of shared objectives and interests while talking about the function of international organizations in world events. Immanuel Kant offers the possibility of long-term collaboration in his essay "Perpetual Peace." Therefore, maximizing absolute advantages via collaboration and soft power is the main goal of liberal institutionalism theory. It also considers the concept of the Complex Interdependence Theory, which was proposed by Joseph Nye and Robert Keohane. This theory contends that states and their fortunes are closely related to one another. In a similar vein, liberal thinkers think that economic integration and commerce promote peace and reduce the likelihood of violence. (Joseph S. Nye, 1968)

Liberal Institutionalism and Neo-functionalism

The Economic Opportunity Cost, one of the most well-known theories, postulates that economic interconnectedness lowers the likelihood of conflict. Economically linked nations' political leaders and decision-makers often restrain their inclination to use force to settle disputes. Stated differently, governments refrain from engaging in war because of the socioeconomic benefits and costs associated with commerce. At the regional level, this succinct explanation of liberal institutionalism is equally

feasible. Liberal Institutionalism and Neo-functionalism are two theories that may describe regional integration, despite the fact that it is a complex intertwined singularity. The idea of European integration and the role played by supranational organizations such as the European Commission in promoting regional integration are explained by both theories. These theories contend that collaboration in one sector creates incentives to open cooperation in other areas; this is known as the "Spillover Effect," and it holds true despite Brexit, the UK's unilateral approach. Economically integrated units are interacting more, and the supranational body (organization) established to oversee this integration looks for ways to accelerate the integration process (Perkins, 1985).

CPEC as an opportunity of Kant's perpetual peace

Therefore, with some adjustments, the ideas of liberal institutionalism and opportunity cost still apply to CPEC and its potential for regional connection. Like previous economic corridors, the goal of CPEC is to link neighboring nations for trade, industry, and commerce in order to achieve the shared goal of socioeconomic progress. For Pakistan, CPEC is a strategic asset that might provide much-needed economic investment meant to boost its economy. In addition to being the quickest commercial route to the Arabian Sea, China's CPEC offers an alternate route to the Middle East and Europe as well as a means of escaping the Malacca Strait. CPEC offers Afghanistan and the landlocked Central Asian Republics more trade and economic opportunities than ever before to boost their economies. In order to maximize the absolute benefits for a peaceful and successful area, it seems that each and every nation in this region requires CPEC, a regional connectivity arrangement that aids in maintaining regional cooperation and confidence. Increased economic activity and highway-railroad networks are having an influence on regional connectivity as a result of China's multilateral approach to progress the CPEC project under the BRI (Bhargava, 1995).

CPEC as a tool of Economic integration

Economic corridors and other cross-border initiatives that are carefully coordinated across the area encourage gradual and useful regional integration by fostering trust and capacity development. Through mutual understanding and multilateral collaboration, CPEC offers a foundation for enhancing the region's capabilities to provide sufficient advancement in socioeconomic growth. "Multilateralism is generally considered to comprise certain qualitative elements or principles that shape the character of the arrangement or institution," according to the Encyclopedia Britannica. In addition to the benefits that China and Pakistan stand to gain, the China-Pakistan Economic Corridor (CPEC) project is a dynamic institutional arrangement that will allow the region to embrace new values and standards while pursuing regional development through an integrated network of multifaceted infrastructure in order to achieve a shared future. In order to achieve significant economic growth, increase market efficiency, share the costs of public goods or large infrastructure projects, promote participatory policy-making, serve as an anchor for social reforms, construct various building blocks for global integration, and reap a number of other non-economic benefits, including peace and security, CPEC is significant for regional multilateralism.

Sectors for investments

Potential sectors for such international collaboration and development include trade, commerce, energy centers, logistic hubs and flows, and regional connectivity based on transportation infrastructure. Diverse investment opportunities, the creation of Special Economic Zones (SEZs), financial cooperation, agricultural support, socio-economic development (including poverty reduction, education and vocational training, medical facility expansion, and water supply management), tourism (including coastal tourism), human resource development, interpersonal interactions, increased livelihood

opportunities, and improved security and stability of the area are some of the other contributing factors. Without a question, this kind of regional context encourages multilateralism on the international scene with established values of trust and collaboration, working towards shared goals. The UN's manifesto, which calls for "building in cooperation with other peace-loving nations a world order dedicated to a secure and lasting peace which will afford assurance that all men in all the lands may live out their lives in freedom from fear and want," is substantially similar to these ideals.

Only when there is an atmosphere of peaceful coexistence, which is essential for international collaboration, can such shared goals be afforded. By boosting the effectiveness of international institutions, discouraging unilateralism, building regional infrastructure, guaranteeing socioeconomic development, establishing air, road, and maritime networks, and ensuring the free flow of investment, particularly in developing regions, it reflects China's multilateral approach to reorganizing the world order in a way that benefits everyone. The US unilateral approach is now being criticized by Chinese foreign policy for steadily undermining the potential for multilateralism, which is essential to upholding the global order.

Investment package for Pakistan

The "China-Pakistan Economic Corridor" proposal, valued at \$46 billion, is not only a network of roadways from Kashghar in China to the Gulf States via Gwadar in Pakistan. It is considered a transformative initiative with significant implications. Pakistan stands to gain a wide array of commercial opportunities, in addition to energy projects, via the China-Pakistan Economic Corridor (CPEC). It is the most esteemed outcome of Pakistan's historical importance as a country. However, it is important to acknowledge the contribution of Pakistan's foreign policy thinkers, who have always considered the mutual interests of China and Pakistan. Upon the completion of the China-Pakistan Economic Corridor (CPEC), China will get the most efficient and direct access to the markets in the Middle East, Africa, and Europe. While Pakistan may see this access as a recent development, China perceives it as a way to further its long-term strategic goal of dominating the United States in the stated regions.

BRI and Regional Connectivity

Over the years, China has transformed its foreign engagement to enhance its global interconnectedness. The United States see China as a threat to its prospective global supremacy. Chinese ambitions include not just economic interests but also affect the dynamics of geopolitical interactions. China's global strategy is based on principles such as development and collaboration. Liberal institutionalism underscores the need of liberal institutional frameworks to ensure state cooperation. China persists in shaping the global order and is at the forefront of international diplomacy. China leads in global decision-making due to its multibillion-dollar One Belt One Road initiative and Asian Infrastructure Investment Bank. Beijing is establishing new institutions centered on China. China initiated the Belt and Road Initiative in 2013, a comprehensive strategy aimed at using Chinese resources to support infrastructure development in many countries. Beijing's audacious and progressive global policy reinforces President Xi's administration's objective of reinstating China's previous grandeur. OBOR is sometimes termed the "New Silk Road" and is rapidly emerging as one of the most ambitious development initiatives ever conceived. The OBOR framework is bifurcated, including the Maritime Silk Road and the overland Silk Road Economic Belt, extending from East Asia to Europe. Collectively, they are known as OBOR, an alternative designation for BRI. This is a graphic depiction of the BRI.



China harbors significant aspirations for the Belt and Road Initiative (BRI). To date, more than 65 nations, representing around 35% of global trade, over 66% of the global population, and about one-third of the world's GDP, have committed to the initiative and shown a willingness to participate. The \$68 billion China-Pakistan Economic Corridor (CPEC), connecting China to Pakistan's Gwadar Port on the Arabian Sea next to the Persian Gulf, is regarded by observers as the greatest project under the Belt and Road Initiative (BRI) to date. China is motivated to enhance the economic connections of its hitherto neglected western and southwestern areas with the global community. Facilitating partner countries in enhancing their exports and addressing their infrastructure needs will foster regional development by generating new employment opportunities and encouraging sustained regional growth. The Belt-Road initiative has five principal priorities: financial integration, seamless trade, infrastructure connectivity, policy collaboration, and human interaction.

Expansion of BRI

China is spearheading the Belt and Road Initiative (BRI), which seeks to enhance regional connectivity, accelerate economic development, and establish what seems to be the greatest single infrastructure project in history. The advantages of the BRI are equally allocated across member states and extend beyond just Chinese wealth. Trillions of dollars have been allocated to this initiative, primarily in the sectors of energy, transportation, media communication infrastructure, modernized industrial zones, and technical capacity enhancement. As of January 2017, over 40 nations and international organizations have entered into cooperation agreements, with the number continuing to increase, as stated by Chinese President Xi Jinping.

Over 100 nations and organizations have positively reacted to the Belt and Road Initiative. Currently, activities tied to the Belt and Road Initiative exceeds \$900 billion in value. ADB projects that the cost of the project would exceed \$22.6 trillion by 2030. Nonetheless, the Chinese multilateral strategy for

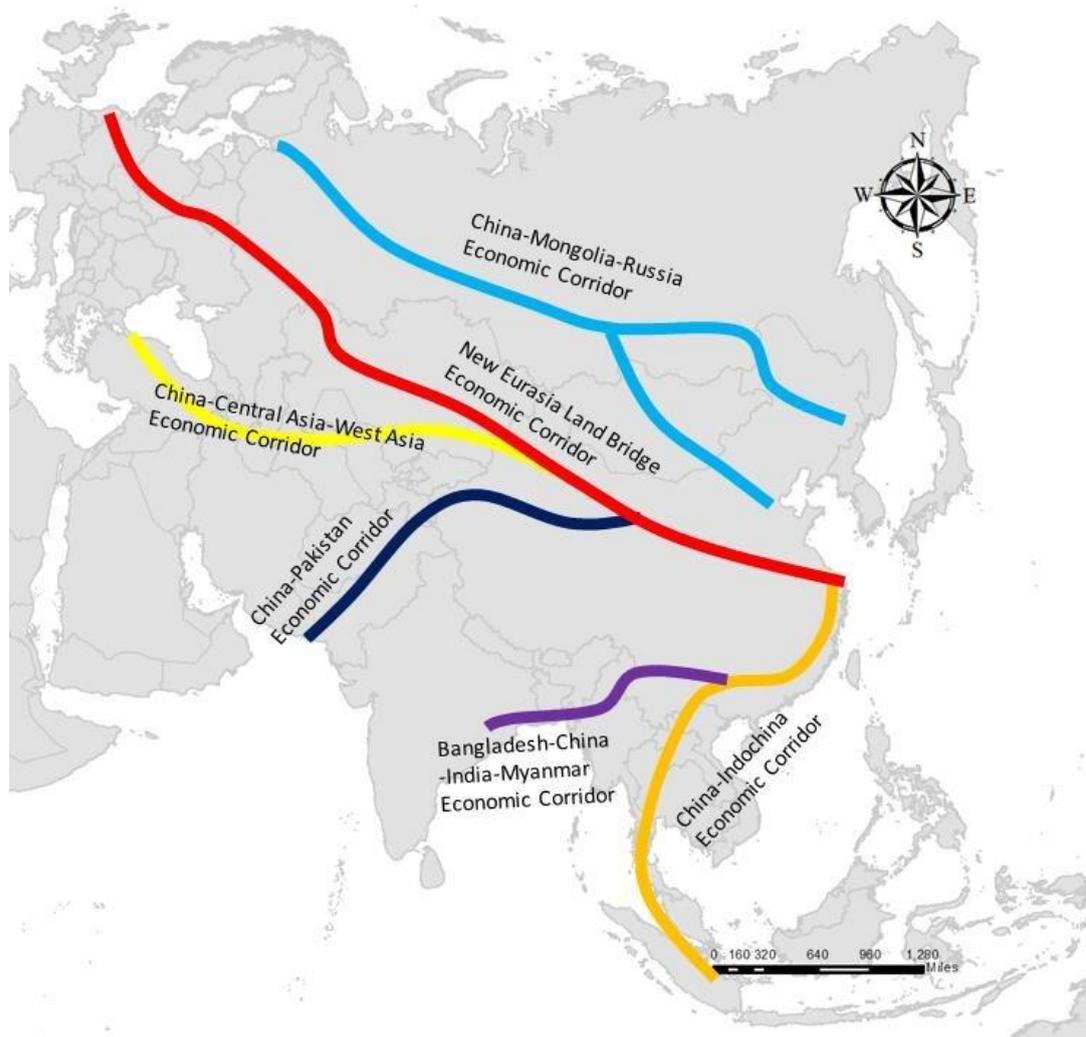
regional integration based on liberal principles of peaceful coexistence has garnered much positive reaction about the Belt and Road Initiative. The liberal internationalist perspective acknowledges China's use of the Belt and Road Initiative (BRI) to foster development in regions such as the Global South, particularly in Africa.

The objective of China's Belt and Road Initiative is to connect more than 65 countries, therefore enhancing global multilateralism. Western scholars and policymakers who see it as a "walled world" are also bewildered by this tremendous undertaking. Through the BRI, China is solidifying its status as a significant force and altering the regional dynamics in Asia. China's assertive grand strategy seems dedicated to altering the institutional structure and norms of global governance for the collective benefit. Despite criticisms that the Belt and Road Initiative serves as a mechanism of neocolonialism, China is using complex multilateralism to expedite its initiatives while instituting new standards, values, and norms of globalization. While the BRI contests US hegemony, the global liberal order remains unthreatened. A liberal institutionalist perspective posits that the Belt and Road Initiative (BRI) seeks to externalize China's surplus wealth and industrial capacity while fostering more globalization.

The role of BRI in enhancing regional connectivity

Economic corridors function as essential connections between economic centers or nodes, often situated in metropolitan regions. This strategy analyses regional transport routes as a mechanism for fostering social and economic development within the areas they serve, in addition to facilitating the movement of goods and services. An economic corridor encompasses a defined geographic area along a crucial transportation route, prioritizing bilateral initiatives, particularly at border crossings between several countries, and focuses on infrastructure design and development to optimize benefits for all parties involved. The six international corridors that comprise the Belt and Road Initiative are

- A) The Eurasia Land Bridge;
- B) The China-Mongolia-Russia Economic Corridor;
- C) The China-Central Asia-West Asia Economic Corridor;
- D) The China-Indochina Peninsular Economic Corridor;
- E) The China-Pakistan Economic Corridor (CPEC); and
- F) The Bangladesh-China-India-Myanmar Economic Corridor.



Maritime Silk Road

The 21st Century Maritime Silk Road in the South and the Silk Road Economic Belt in the North are linked by the China-Pakistan Economic Corridor (CPEC), a 3000 km corridor in South Asia extending from Kashghar, China, to Gwadar, Pakistan. The Gwadar seaport functions as a pivotal Centre for a regional network encompassing road, railways, telecommunications, energy supplies, general shipping, and maritime services. It is integral to the China-Pakistan Economic Corridor (CPEC), which aspires to evolve into a contemporary deep-sea port and ultimately transform into an oil city featuring petroleum refining zones, along with a connection to the Gwadar-Kashghar oil pipeline, which accounts for nearly 17% of China's oil imports. The CPEC projects include the exploration of industrial cooperation potential, the acceleration of digital transformation, and the establishment of an enhanced community of shared progress. The China-Pakistan Economic Corridor (CPEC) would enhance regional economic activity by connecting China to the Persian Gulf and the Arabian Sea, so directly benefiting billions of people in the Middle East, South Asia, Central Asia, Southwest Asia, and China.

CPEC is very important for this region because to its forward-looking approach, since neither China's rise to prominence nor Pakistan's economic stability is tolerable to its regional adversaries. India has condemned China's increasing alignment with Pakistan via the China-Pakistan Economic Corridor (CPEC), contending that it maintains an aggressive posture in constructing the road across Gilgit-Baltistan as part of the initiative. The United States, India, Japan, and Australia have established a quadrilateral

security alliance in the Indo-Pacific region to curtail Beijing's ascent. Moreover, there exists anti-CPEC propaganda nationwide, which generates apprehensions over potential job losses and the decline of regional manufacturing sectors. China and Pakistan saw CPEC as a mechanism for regional integration and a method to connect regional economies via Pakistan, serving as a conduit for both regional and international trade within a challenging geostrategic landscape. The benefits of CPEC include infrastructure enhancement, resolution of energy challenges, and boost of domestic and foreign investment, increase in trade volume, job creation, industrialization, and tourism development. It also serves as a potential commercial route, both nationally and globally.

The significance of Pakistan to the whole area has escalated because to CPEC advancements. The implementation of CPEC will be advantageous for other regional nations, while China and Pakistan would be the primary beneficiaries. Beijing and Islamabad are inviting surrounding states to participate in the CPEC project. The participation of surrounding nations in CPEC would improve its functionality while simultaneously benefiting their national economies and socioeconomic conditions, hence fostering regional peace and stability. Member countries may priorities regional connectivity differently due to disparities in their connection gaps, fiscal constraints, or power dynamics. Nonetheless, evaluating the impact of regional cooperation on economic activity, social development, income inequality, and the flow of speculation and commerce may be challenging. The advantages of enhancing road infrastructure may be eclipsed by strategic challenges on the periphery. To guarantee that regionalism is inclusive and that social, ecological, and administrative risks are manageable, it is essential to adapt local reconciliation strategies and frameworks.

Liberal institutionalism refutes the pragmatic notion that global politics primarily constitute a power struggle dominated by military considerations. It contends that, rather than envisioning a hostile environment, a region-based institutional framework is preferable, allowing governments to directly address global administrative problems and avoid using power as an unproductive instrument for development strategy. CPEC, as a flagship initiative of the BRI, is founded on the principle of mutual interests and goals, seeking to sustain enduring engagement among regional governments to optimize absolute benefits via soft power and cooperation. The China-Pakistan Economic Corridor (CPEC) provides an institutional framework that can enhance mutual trade advantages for all associated economies in a systematic manner, fostering the socioeconomic advancement of the region collectively, in accordance with the Complex Interdependence Theory, which posits that the fates of states are closely interconnected.

Pakistan is addressing its energy shortfall via the China Power Hub Generation Company (CPEC). The 1,320MW coal-fired power station of CPHGC has aided Pakistan in eradicating its energy shortfall. Given the existence of other such development programs, CPEC offers a secure pathway to stability and advancement in the region. The recent \$400 billion Sino-Iranian investment agreement illustrates China's intentions to enhance regional connectivity with Iran, Afghanistan, Central Asian Republics, the Middle East, and Turkey. It will alleviate tensions among regional states and foster trade and development in the area. Despite the current little trade among Pakistan, Iran, and Turkey, the extension of CPEC into Southwest Asia—particularly between Iran and Turkey—will operate as a unifying element. Extensive infrastructure development projects that promote regional growth will ultimately lead to enhanced socioeconomic advancement.

CPEC has undoubtedly facilitated the elimination of barriers hindering Pakistan's economic growth and has generated job opportunities for the youth. Substantial advancements have occurred in the financial outlook, hence attracting further foreign investment. This project will significantly impact Iran,

Afghanistan, Central Asia, Turkey, and the broader region, as well as Pakistan and China. Several decades before, China's economic advancement benefited its neighboring countries; nowadays, it impacts worldwide development. The dynamics of international financial flows and trade illustrate how China's liberalization has reinforced connections with the global community. The China-Pakistan Economic Corridor (CPEC) is a novel initiative in international relations, seeking to establish profitable linkages with regional neighbors.

The Government of Pakistan established the CPEC Authority to enhance geographical connections via improved road, rail, and air transport systems, promote free trade and interpersonal interactions, cultivate understanding through academic, cultural, and regional knowledge, increase trade and business activity, and encourage cooperation through this mutually beneficial development model. CPEC provides a progressive institutional framework for regional integration, prioritizing balanced socioeconomic development. This initiative demonstrates that the China-Pakistan Economic Corridor (CPEC) serves as a conduit for interdependent regionalization via a comprehensive liberal institutional framework and effective communication within the globalized world.



Source: https://www.researchgate.net/figure/Map-of-Pakistan-showing-the-China-Pakistan-economic-corridor-and-related-projects-Map_fig3_373372600

Regional Integration, CPEC and Pakistan's economy

Gwadar Port is the warm-water port that is nearest to the energy-rich Central Asian states. Gwadar was developed as a maritime port with access to warm waters and was acquired from Oman in 1958. China Overseas Port Holding, a Chinese company, now has control of the port under a leasing agreement that lasts for 43 years. The primary component of the China-Pakistan Economic Corridor (CPEC) is the port. Gwadar exemplifies Pakistan's geographical importance since it is the nearest deep-sea port to the landlocked Central Asian Republics. The Pars Gas Field is located in the Persian Gulf. The "Persian Gulf" is created by the convergence of the "Strait of Hormuz" and the "Gulf of Oman,"

which may be reached via Pakistan's Gwadar Port. The countries surrounding this gulf include Iran, the United Arab Emirates, the Kingdom of Saudi Arabia, Bahrain, Qatar, Kuwait, and Iraq. The Gwadar port offers access to the Persian Gulf, allowing entry to a number of countries, most of which possess abundant petroleum resources. The Pars Gas Field, situated in the Persian Gulf, is the largest natural gas deposit globally and is jointly owned by Qatar and Iran. Pakistan's near proximity to extensive natural resource reserves makes it geographically relevant, particularly in light of the country's persistent energy requirements.

Pivot to Asia

This larger area is anticipated to be significantly impacted by Russia's "Pivot to Asia," its much improved relations with China, and her efforts to build cordial ties with neighboring nations like Pakistan. Nonetheless, the US and China will continue to play a crucial part in each other's lives due to their close dependence on one another for both global stability and economic progress. The Pakistan-China Equation Pakistan acts as China's insurance policy, providing an alternate connection that avoids potentially hostile chokepoints, when seen through the lens of China's rising worries about the US Asia Pivot Policy, which emanates a constant danger to her international commerce and energy/economic lifeblood. Additionally, the proposed oil pipeline from Gwadar to China is expected to save more than 7580 miles (3626 miles compared to 11206 miles via Dubai, Shanghai, and Central China); at the moment, the Straits of Malacca import 80% of China's oil and is probably going to increase China's Completion For almost 33% of China's present container traffic headed for Europe, the Middle East, and Africa, the Pakistan Economic Corridor (CPEC) is predicted to cut journey times by 50% to 85% and 70 million containers with Europe alone⁷; commerce with these areas is projected to be worth over USD 1 trillion; see Annexure A8 for details. However, Pakistan's ability to manage the amount of transit commerce would determine its share, which would include 10–15% of Chinese trade.

Connecting to Central Asia

In Indian the goal of the policy is to redirect all efforts to avoid Pakistan, rendering it obsolete, by reestablishing Afghanistan as a commercial center, fostering tighter military ties, and engaging in proactive diplomacy by taking use of contacts at organizations like the SCO and Eurasian Economic Community. The conflict of interests is confirmed by allegations of Indian participation in acts of terrorism in Balochistan. Pakistan is the most economically feasible route for energy flow, particularly from the CARs, and for Indian commerce with the CARs and Afghanistan. The projected potential transit trade of oil and gas via Pakistan is between USD 10.4 and USD 10.7 billion. Trade via Iran could not be as sustainable or profitable. Compared to Iran (4500 km) or Turkey (5000 km), Pakistan provides the shortest land route to the CARs for access to the Arabian Sea for their commerce, which is 2600 km via Afghanistan. A profitable alternative to Afghanistan is provided by the CPEC, which has been expanded to include Tajikistan, Kyrgyzstan, Kazakhstan, and Uzbekistan. The route has been in existence since 2004 as part of a quadrilateral trade agreement between China, Kyrgyzstan, Tajikistan, and Kazakhstan. With a length of 750 km (almost half of TAPI's 1700 km) to reach Islamabad, TKPI (Termes, Kabul, Peshawar, Islamabad) is an alternative project of TAPI. The realization of energy projects like TKPI and TAPI for the flow of gas to South Asia is still dependent on peace and security in Afghanistan.

Gwadar Port

The Gwadar deep seaport provides two routes to the north/south and east/west markets. Long-term mutual economic growth, regional economic integration, the construction of infrastructure that benefits both parties, and cooperative measures to address shared challenges and enemies are the overlapping and shared main interests of China and Pakistan. Gwadar stands out in the global maritime scene as a

viable alternative to Dubai due to its closeness to vital SLOCs, its location outside the Strait of Hormuz choke point, and its significance to the new great game as part of the so-called String of Pearls. It offers China energy supply diversification, security, and improvement. Oil tankers now take 20 to 30 days to go from the Gulf to Shanghai; however, they can circumvent choke areas like the Straits of Malacca and take substantially less time (perhaps less than a week) by passing via Gwadar. Given that it offers a land-based oil supply port under a reliable ally, the port is probably going to benefit China more than Pakistan in the strategic area. With a population of over 196 million, Pakistan is a potential market despite its importance to its neighbors, both close and far away. It requires energy to support its industrial expansion (oil-related imports make up the majority of its imports), but it also produces high-quality food, fruits, sports equipment, medical devices, textiles, leather products, cement, and other necessities for the global economy.

Prospects

Pakistan's geostrategic importance

it is surrounded by developing hubs of global economic activity and sits between areas that are resource-rich and energy-starved; it is also a regional transit trade center and energy corridor, which serves as Pakistan's entryway to what may be the greatest flow of trade and commerce in the world. Mutual economic progress necessitates economic cooperation with neighboring nations, particularly China and India. Additionally important are the prospects for commercial connections with Iran, Afghanistan, and the CAR.

- Greater awareness among regional nations about improving economic integration and regional connectivity, as seen at SAARC, SCO, and other regional summits. Investment Effects on the Transportation Sector the greatest levels of economic activity and growth are often associated with high density transportation networks and facilities. While an inefficient transportation system leads to slower economic growth, fewer (often missed) opportunities, rapid inflation, and a lower standard of living, an efficient system guarantees improved market access, lower production costs, more job opportunities, a higher standard of living, more investments, etc. When considering Pakistan as a transit trade center and energy corridor, investments in the transportation sector are expected to have a significant influence on regional commerce. To illustrate the magnitude of the effect, a few estimations are reprinted below:
 - Eighty percent of China's entire commerce with Central Asia comes from the Xinjiang area. The Eurasian land bridge is expected to reduce transportation time by more than half and cost \$110 per ton, compared to the approximately \$167 per ton and 45-day sea route across Asia Pacific to Europe. The trip would be shortened from around 26,000 kilometers to 6379 kilometers.
 - Over the next 10 years, India's commerce with Europe, the Commonwealth of Independent States (CIS), Iran, Afghanistan, and Pakistan are probably going to surpass \$500 billion. Even if just 20% of Indian commerce goes via Pakistan, it would still likely generate over \$100 billion a year.

Pak-Iran Gas Pipeline

In an extremely difficult context, Pakistan and Iran have agreed to revive the Iran-Pakistan-India (IPI) pipeline project in an effort to address Pakistan's escalating energy crises and bilateral economic ties. Natural gas seems to be the greatest alternative for Pakistan, because coal is not a very viable option due to global warming and oil costs are too expensive. Natural gas from Iran's Southern Pars oilfield is intended to be transported to Pakistan and India via the IPI pipeline, sometimes referred to as the "Peace Pipeline. "One Because of their rapidly growing populations and levels of industrialization, Pakistan and India lack enough natural gas to meet their growing energy needs. Because of its physical

location, Iran, which is abundant in natural gas, is the most promising supply in the area. Although Iran possesses the second-largest gas reserves in the world behind Russia, its growth as a gas exporter has been hampered by its strained ties with other nations, US sanctions, and pipeline building delays. The construction of the IPI pipeline, the sanctions the US has threatened to apply on Pakistan for moving forward with this project, and the effects this would have on the political environments of the participating nations will be the main topics of this study.

IPI pipeline

The India-Iran (II) pipeline was the name of the IPI pipeline in its early stages. The concept of a natural gas pipeline from Iran to India was initially put out in 1989 in New Delhi by R. K. Pachauri, the Director General of the Tata Energy Research Institute (TERI), and Ali Shams Ardekani, the acting Deputy Foreign Minister of Iran. India believed that purchasing natural gas from Iran was the best way to meet its growing need. India and Iran intended to build an undersea pipeline via the Persian Gulf, avoiding Pakistan. A report to determine the viability of a 3000m deep-sea pipeline avoiding Pakistan's exclusive economic zone was requested from Snamprogetti, an Italian company. India and Iran realized that a deep-sea pipeline would be an impractical investment and cause too many technical challenges as a consequence of the study's findings and other considerations. India, which was prepared to raise its investment, wanted Pakistan to stay out of the conflict but also wanted Iran to guarantee India oil supplies in the event that the pipeline's supply was disrupted.

Cost and benefit rational of the project

The pipeline began to be referred to as the IPI pipeline in January 2005 as a result of bilateral discussions between India and Iran and Pakistan. India agreed to participate in trilateral discussions in December 2005. Pakistan pledged security and stability for the gas pipeline after realizing that its development would benefit the country as a whole. The IPI pipeline, which would span 2700 kilometers from Southern Pars in Iran to Karachi and Multan in Pakistan and then on to New Delhi in India, was anticipated to cost \$7.5 billion when discussions on it started in 1994. Interest in the IPI pipeline, its construction, and its politics have increased in tandem with the anticipated exponential growth in natural gas demand. Pakistan has not yet begun building its portion of the pipeline, which is around 1000 km long and runs from the border along the Makran Coastal Highway to Nawabshah.

Iran has already built more than 900 km (out of 1100 km) of the pipeline on its territory at a cost of \$700 million. The estimated cost of the 42-inch-diameter pipeline is \$1.65 billion. The estimated cost of building the pipeline in Pakistan is \$1.2 billion, and a 70:30 debt-to-equity ratio would be used to finance the project. For the project, Pakistan is depending on both foreign and domestic investment. It is considering the governments of Sindh and Balochistan, Pak Petroleum, Oil and Gas Development Company, Sui Northern Gas Pipelines, and others as domestic investors, as well as Petronas of Malaysia and Gazprom of Russia as significant foreign investors. If India were to join the project as originally intended, the IPI pipeline would be a wonderful method to create economic interdependence between Iran, Pakistan, and India. Significant regional collaboration will result from the pipeline. A pipeline from Pakistan into India would reduce the cost of gas for Pakistan itself and result in transit payments of around \$600 million to \$700 million yearly, thus there are benefits for Pakistan beyond dependency. The Indian Oil Ministry estimates that the country's natural gas consumption would rise from 189 million standard cubic meters per day in 2011 to 473 mmscmd by 2016–17. India would have to import 55% of its natural gas needs as its local production cannot satisfy the necessary level. For this reason, everyone who was originally engaged in the creation and construction of the IPI pipeline benefits. However, a number of problems, including tensions between the US and Iran, Pakistan and India, and

Chinese and Russian interests, have delayed the pipeline's completion and are now making matters more complicated. Nearly 13 years after the pipeline deal's inception, India itself withdrew from the agreement in 2008. Following India's withdrawal, Pakistan looked to China for financial support and investment in the project. Pakistan's Prime Minister Yousaf Raza Gilani met with the Iranian vice president and the Chinese deputy premier in an attempt to persuade China to invest once again. Strong friends, Pakistan and China have pledged to support one another "in all circumstances" and uphold each other's sovereignty and territorial integrity. Gilani's visit to China at the Boao Forum for Asia (BFA) thereby renewed optimism over China's participation in the IPI pipeline.

American concerns on the IPI projects and Pakistan's position

Although Pakistan is now negatively impacted by American threats of fresh sanctions on Iran, moving forward with the pipeline project seems to be of the highest importance. Pakistan claims that it is prepared to go on with the IPI project in spite of strong pressure from the US and the withdrawal of China and India. This is because the project is crucial to addressing Pakistan's escalating energy crises. Concerned by the events, Pakistan engaged specialists to research the sanctions placed on Iran. Following a conversation with Prime Minister Yusuf Raza Gilani, it was determined that if Pakistan were to proceed with the pipeline project, as it intends to do, Russian and Chinese assistance would be very beneficial, and that Gazprom, the Russian energy behemoth, should be contacted. If China and India decide to rejoin the project, the IPI pipeline may help improve Pakistan's ties with these countries. Due to the interconnectedness of resource transportation, re-engaging New Delhi in the agreement might assist settle the water conflict between India and Pakistan as well as enhance ties across the region.

The US sees the IPI pipeline as a political problem, while Pakistan sees it more as an economic one. Pakistan should remember that neither the Kerry Lugar Bill nor the IPI pipeline in general is connected to the sanctions imposed on Iran. The United States will decide whether to implement the penalties. Pakistan should also remember that Turkey, a major NATO partner of the United States, already has a working pipeline with Iran and has not yet been subject to sanctions. The majority of Pakistani political figures has expressed support for the IPI pipeline and believes that Pakistan should consider its own interests rather than give in to pressure from the US. Nawab Zulfiqar Ali Magsi, the governor of Balochistan, publicly opposed Western pressure and indicated his interest in the pipeline that would be built in the region. The pipeline is expected to provide stability and economic prosperity to the Baloch people.

Because of the IPI pipeline's significant regional significance, decisions pertaining to it affect nations other than Iran, Pakistan, and India. For example, China and Russia will also be impacted. The United States' sanctions on Iran, particularly against its central bank, are very concerning. While nations like China, India, and Russia believe that real conversation and talks with Iran would be a preferable course of action, the European Union supports the latest sanctions. It is seen to be a significant confidence-building measure (CBM) if the United States does not impose such sanctions on Pakistan, its partner in the "War on Terror." One issue that is uncertain is if Pakistan would really go forward with the project. Some nations have fled in fear of the new penalties, while others are perplexed by their choices. Due to its constantly growing energy demands, India is now reevaluating its decision to withdraw from the IPI pipeline project after obtaining nuclear energy guarantees from the US. Given President Asif Ali Zardari's recent visit to India, which was emphasized because of the enhanced goodwill it brought, this may force it to examine the IPI pipeline. The IPI pipeline, which Pakistan's previous Prime Minister Shaukat Aziz referred to as a "win-win proposition for Iran, Pakistan, and India," would be a fantastic solution for both countries to address their severe natural gas crisis. All three participating nations benefit

economically and in terms of development.

Political instability has grown to be a significant issue, particularly in emerging and impoverished nations. It is causing issues for the nations' progress. This study's primary goal is to identify the causes and effects of Pakistan's political instability. The variables influencing political stability are the main focus of the qualitative study being conducted. Pakistan is one of the few countries in the world where political unrest has significantly hampered economic progress, even though the country has an abundance of resources. In conclusion, learn how political instability impacts a nation's economic, social, and political spheres, including economic development, the state of law and order, the educational system, and the creation of political conflict among foreign investors. All of these issues can only be resolved by political stability. There are at least three methods to characterize political instability. The first is to describe the prosperity of a change in administration or regime. A third approach focuses on policy instability rather than regime instability, such as when fundamental policies, like property rights, are subject to frequent changes. The second approach focuses on the prevalence of political upheaval or violence in a society, such as assassinations and protests. In one form or another, political instability has been a common occurrence throughout human history, coinciding with the rise and fall of political regimes and institutions. Since ancient times, political philosophers have quickly tackled the perplexing issue of political stability. Concepts of the state are evolving, as are new forms of governance and the connection between the state and the person. Concern for civil liberties and individual rights is expanding, as is the expectation for freedom, liberty, and a free society. This ongoing quest for an ideal and long-lasting system of governance has resulted in all of these political experiments as well as several more. No government can be completely immune to this as the ideal of a flawless one has not yet been discovered. However, this will-o-the-whisp study must be abandoned. Because of the extraordinary historical acceleration of modernization and progress in communication and technology during the last century, the form and pattern of political instability have undergone tremendous change.

Since World War II, for example, both new and old governments have seen severe chaos, violent transformation, and sometimes even complete collapse of their political systems. France Germany, Italy for instance, Sweden, Denmark, Norway, Portugal, and Spain have all had significant post-World War II growth. Establishing and maintaining stable national governments is a challenge that often fails. Therefore, for those engaged in the theoretical and methodical analysis of this phenomenon, political stability stands out as a buffering topic and a subject of considerable concern. Pakistan is among the nations that have suffered greatly as a result of the political unrest. Disagreements between different institutions, a lack of pluralistic norms, and animosity between diverse socioeconomic circumstances are the root causes of political instability in any country or Pakistan has been in the epicenter of political instability since its inception. Pakistan's political party was so poorly organized that it was unable to resolve important issues pertaining to government. Because of the increasing political instability, the military and civilian bureaucracy became the dominant elite in 1958.

Pakistan's democratic system has alternated between civilian and military governance at various points in its political history since gaining its independence. Due to political instability, civil-military conflicts, political corruption, and the military establishment's repeated attacks on civilian governments, martial law was imposed nationwide in 1958, 1977, and 1999 under the leadership of Chief Marshal Ayyub Khan, Zia ul Haq, and Pervaiz Musharraf. Failed to see any democratic transfer of power from one democratically elected government to another once its mandate was ended. Pakistan's previous attempts to transition to democracy have been halted by the military. Both democratic and military governments have ruled the country for the past ten years, with political unrest and instability

frequently leading to the overthrow of democratically elected civilian governments, which ultimately precipitated the 1947 military coup in 1958. Between 1947 and 1958, seven different Pakistani prime ministers were either removed or resigned, demonstrating that neither extreme of the political spectrum has been able to secure an absolute majority. Both right-wing conservative and left-wing socialist governments have held power in Pakistan at different times.

These are nations who, despite their outward independence from wealthy nations, are deeply reliant on their former colonial rulers and are unable to pay back the debts they have taken out from the International Monetary Organization. Repayment is the most difficult since, as we are all know, the weight and the cost of repayment alter a much. We are all aware that economic growth and spending on things like health and education are impossible without financial resources. Because of this political leader's increased borrowing to suit their needs, there are no investments or job opportunities, and the cycle continues. Because most people in this country are uneducated and don't know how to escape, the authorities take advantage of them and use a number of strategies to manipulate them. When a monarch disobeys, foreign lords who have become corrupt and want to keep their position of authority fulfill their role. The populace was often used by foreign forces to incite unrest in an attempt to overthrow him. The new leader has been seen to adhere to the same values that led to the former one's dismissal. Over 70 years have passed since the present situation began. These are the items that individuals want to get rid of. This is the cause of the political instability that is prevalent in most emerging countries.

Political Unrest and Economic Development

Political instability will always cause disruptions to economic activity. Governments often change, are unstable, and may be short-lived under conflictual circumstances (such as in Pakistan). For years, imports, foreign investment, and international commerce are all affected, and these days, even loans have more limitations. Pakistan's role in the fight against terrorism in Afghanistan Pakistan's economy is still suffering. If one nation is unable to satisfy expectations, other countries will step in to support economic development, which undermines faith in the international community. Political instability's effects on foreign policy the main goal of foreign policy is to build relationships with other countries based on shared interests. When your economy is failing, you are in a worse position to bargain, and it becomes more difficult to accomplish the goals.

Coin of power; Politics or economy

Politics is all about acquiring power, but in practice, power is the economy. If you apply for loans or anything else, you are pressured to accept tougher conditions (like those now in the IMF). Political Unrest and the State of Law-and-Order No, we live in a global community where the media has brought attention to people's rights, whether they are political or social and social media exposes different types of mistreatments from across the globe, putting more and more pressure on the government. Therefore, maintaining peace and order has a negative impact on the economy as well, although it is a contributing factor to all of the previously mentioned causes. Sociopolitical Problems and Political Instability Problems that emerge in society as a consequence of political upheaval are known as social political problems. Instability in industrialized nations is mostly caused by a number of concerns, including community problems that impact low-income groups, lack of representation in government, violations of human rights by the government, and campaigns against violence.

Economic development and SCO spirit of development

In the spirit of unity and pragmatism, the Shanghai Cooperation Organization (SCO) has achieved remarkable results in the three pillars of security cooperation, economic cooperation, and cultural and

people-to-people exchanges over the two decades since its founding. It has been described as "setting an example for a new type of international relations that features mutual respect, equity, justice, and win-win cooperation" and as "a major constructive force in the Eurasian region and global affairs."

Economic cooperation has been a key component of the SCO's steady development, as it has been instrumental in the development of economic ties throughout the region aimed at shared prosperity. This has continuously added endogenous momentum to regional cooperation and established the SCO as a model of cooperation among emerging economies. From 2001 to 2021, the SCO countries have overcome numerous challenges and actively sought to explore new areas of cooperation and innovation, the patterns of cooperation under the general framework of the Treaty on Long-Term Good Neighborliness, Friendship, and Cooperation, with particular guidance from the Program of Multilateral Trade and Economic Cooperation.

Legal foundation of Regional economic cooperation

This has resulted in significant progress in the areas of technology, trade, investment, finance, and connectivity. All of this has significantly improved the nations' citizens' quality of life and the region's overall economic performance, increasing the SCO's clout in the global economy. A stronger framework for regional economic cooperation First, the SCO's regional economic cooperation has a steadily strengthened legal foundation. The first SCO agreement in this area was the Memorandum on Basic Goals and Directions of Regional Economic Cooperation and Launching the Trade and Investment Facilitation Process, which was signed in September 2001. The SCO countries have signed a number of documents in the years since to strengthen the legal basis for regional economic cooperation.

Multilateral Agreements

These include the Program of Multilateral Trade and Economic Cooperation (2003), the Action Plan for the Implementation of the Program of Multilateral Trade and Economic Cooperation (2004), the Joint Initiative on Accelerated Multilateral Economic Cooperation to Overcome the Global Financial and Economic Crisis Impacts and Ensure Further Economic Development (2009), the SCO Mid-Term Development Strategy (2012), the SCO Development Strategy until 2025 (2015), the List of Measures for Further Development of Project Activities within the SCO for the Period 2017-2021 (2016), a revised Program of Multilateral Trade and Economic Cooperation (2019), and the Action Plan for 2021-2025 on the Implementation of the Program for Multilateral Trade and Economic Cooperation.

A wide range of topics have been addressed by other cooperation agreements that the SCO nations have signed, including finance, e-commerce, transportation, energy, tourism, agriculture, customs, and ecological and environmental protection. As a consequence, the SCO's profitable economic collaboration has been supported by strong legal foundations. The second is the ongoing improvement of the SCO's intergovernmental cooperation structures. The SCO's primary mechanism for intergovernmental cooperation, the Council of Heads of Governments (Prime Ministers), is in charge of establishing the organization's multilateral cooperation goals and strategies, addressing the fundamentals and pressing problems of economic cooperation, and approving the SCO's yearly budget. Council sessions that led the in-depth development of regional economic cooperation had been conducted by the end of 2020. A series of coordination mechanisms have been established for ministries responsible for finance, research and technology, agriculture, transportation, economics and commerce, and central banks.

The Commission of Senior Officials in Charge of Trade and Economic Cooperation is responsible for promoting cooperation in pertinent areas, as are seven special working groups on energy, modern information and telecommunications technologies, quality inspection, e-commerce, investment

promotion, transit potential development, and customs. The achievement of regional economic cooperation goals has also been successfully aided by the three non-governmental cooperation mechanisms of the China-Eurasian Economic Cooperation Fund, the Business Council, the Economic Think Tanks Alliance, and the Interbank Consortium. Third, a new area of development is the economic cooperation amongst the local governments of the SCO nations. It was explicitly proposed during the inaugural Euro-Asia Economic Forum in 2005 to create a platform for SCO local cooperation.

The SCO established the China-Kazakhstan Horgos International Border Cooperation Center, the Yangling Agricultural Hi-tech Industry Demonstration Zone, the China-India Pharmaceutical Manufacturing Industrial Park in Fangchenggang, Guangxi, and the China-SCO Local Economic and Trade Cooperation Demonstration Zone in Qingdao to promote local cooperation among its member nations.

These reflect the ongoing efforts of the SCO to investigate new avenues for local collaboration. The SCO local cooperation mechanism was formally launched on October 29, 2020, with the inaugural Forum of Regional Leaders of SCO Member States, which took place online. The establishment of the Russia center in the China-SCO Local Economic and Trade Cooperation Demonstration Zone thus far aims to create a new platform and bridge for local cooperation between the two nations. The SCO local cooperation mechanism's inception and gradual transition from idea to implementation have solidified the foundation of SCO economic ties. Trade size in the SCO area has hit a record high, according to regional trade data.

As to the United Nations' commodity trade database, the combined trade volume of the six founding members of the SCO exceeded US\$112.5 trillion in 2019, up from a mere US\$672 billion in 2001. Additionally, the frequency of commercial connections among the SCO nations has increased over time. Bilateral commerce between all member states reached US\$306.3 billion in 2019. The amount of trade between China and other SCO nations increased 20-fold to US\$258.8 billion in 2019 from the original US\$12 billion. The COVID-19 epidemic caused a little drop in regional commerce in 2020, but it has since regained its increasing speed in 2021.

By the end of 2020, China was the top commercial partner for India, Pakistan, Kyrgyzstan, Uzbekistan, and Russia. It was also Kazakhstan's second-largest trading partner and Tajikistan's fourth-largest. For 11 years in a row, it has also maintained its position as Russia's top trade partner. Moreover, in the first 11 months of 2020, commerce with other SCO nations made up about 90% of Tajikistan's total international trade volume.

4 In 2020, Uzbekistan's trade with China was US\$6.4 billion, while its trade with Russia totaled US\$5.6 billion. Second, the SCO area now has more complementary trade. In the bilateral commerce between China and other SCO nations, China mostly imports energy, minerals, agricultural products, and wood while exporting textiles, clothing, and mechanical and electrical goods. This shows a strong complement of trade. A third of China's imports from other SCO nations in 2019 were natural gas, while 15–20% of its overall imports were crude oil. Ferrous and non-ferrous metals, natural gas, and oil are among Kazakhstan's top imports.

India is a major supplier of minerals, chemicals, metal products, and agricultural goods to China. China mostly purchases lumber, agricultural goods, cotton yarn, grain, mineral sands, and raw materials for textiles from Pakistan. With a proportion of 49.5 percent and 48.5 percent, respectively, of the total value of its exports, China's top exports to Russia and Kazakhstan in 2019 were textiles and mechanical and electrical goods. In addition, 46 percent and over one-third of China's exports to India and Pakistan, respectively, were mechanical and electrical goods. Third, cross-border internet commerce has grown significantly. Chinese e-commerce behemoths have been working together on projects in SCO nations in

a number of different areas and styles. In Russia, for instance, Ali Express Russia, a joint venture established by Alibaba and its Russian partners to conduct cross-border e-commerce, has emerged as the most well-liked e-commerce platform among local customers. With its advanced e-commerce infrastructure, Ali Express Russia claims to have up to 10,000 registered Russian businesses, greatly enhancing local e-commerce in Russia. The collaboration between China and Central Asian nations in e-commerce is also continuously undergoing innovation. Alibaba, for instance, has been educating small and medium-sized businesses in Kazakhstan about e-commerce and attempting to establish collaboration between its Cainiao Smart Logistics Network and Kaz post, as well as between its Alipay and Kazakh telecom's electronic payment mechanism.

By the end of 2020, the Kazakhstani trade authority aimed to assist 50 local businesses in registering on Alibaba in order to increase the market for Kazakhstan's exports.⁷ Regional investment cooperation improves people's livelihoods First, investment in the SCO area is increasing gradually. The SCO nations have become more appealing to foreign investors over time, according to data from the UN Conference on Trade and Development. Total foreign direct investment in the SCO nations was just US\$52.62 billion in 2001, but by 2019, it had risen to US\$231.56 billion.⁸ China has been increasing its investment in other SCO members at a fast pace. China saved the world economy twice, as SCO Secretary-General Vladimir Norov stated: first, when it initiated a massive investment program during the 2008–2009 global financial crisis, and second, in 2020, when it continued to be the world's largest overseas investor despite the global investment trend that was declining due to the coronavirus pandemic.

By the end of 2019, China's non-financial direct investment (FDI) stock in other SCO countries totaled US\$35.21 billion, or 1.6 percent of its total FDI stock. From US\$20 million and US\$1 million in 2003, respectively, China's non-financial direct investment in Kyrgyzstan and Tajikistan reached US\$1.55 billion and US\$1.95 billion in 2019, a 348.6-fold increase from US\$101 million in 2003. The two nations' biggest foreign investor today is China. In addition, over the last nine years, China has been the biggest foreign investor in Pakistan, the second-largest in Uzbekistan, and the fourth-largest in Kazakhstan respectively. Second, the sectors in which investments are made are continuously growing and improving. In the last twenty years, the SCO nations have focused on regional development challenges and collaborated on investments in infrastructure, energy, agricultural practices, and production capacity. Due in large part to the Belt and Road Initiative (BRI), investment has been increasing in manufacturing projects including building materials, autos, and home appliance assembly. This helps the relevant nations upgrade and undergo industrial transformation.

For example, China's investment in Russia has expanded to include a wider range of industries, including manufacturing, wholesale and retail, scientific research, high-tech services, and agricultural, after originally focusing on the oil, gas, and refinery sectors. With 37 industrial parks spread throughout other SCO nations, China has been shifting its investment priorities away from resource-intensive industries and toward manufacturing and processing, which has a beneficial impact on industrial agglomeration. Third, local residents' livelihoods have directly benefited from the investment initiatives. One of the projects built by Chinese companies was the Datka-Kemin power transmission line in Kyrgyzstan, which significantly addressed the issue of the nation's unequal distribution of power resources and power transmission. Locals now have access to the most cutting-edge healthcare in Central Asia thanks to the Osh Clinic Hospital in the southern Kyrgyz city of Osh. Today, the China-Kyrgyzstan-Uzbekistan Highway remains a vital, unobstructed route for international travel.

With its many bridges and tunnels, Tajikistan's Vahdat–Yovon Railway was inaugurated, bringing the country's northern and southern rail networks together after they had previously been divided. With the

completion of the Dushanbe No. 2 Thermal Power Plant, the Tajik capital's winter power outage is now a thing of the past. The Dangara Oil Refinery, the Istiklol Smelting and Industrial Park, the Zhongtai New Silk Road Agriculture and Textile Industrial Park, and the Gayur Sughd Cement have all contributed to Tajikistan's industrialization. To make the results of the collaboration more available to the local population, China has also been aggressively collaborating with its SCO neighbors in the agriculture sector. Notwithstanding the challenges presented by the COVID-19 pandemic, China is still promoting investment projects in the area and has significantly aided in the economic recovery and reopening of businesses in the affected nations. One example is the Navoi PVC project, which is the biggest of its kind in Uzbekistan and was constructed by Chinese firms. Diverse funding sources facilitate deeper financial collaboration. The SCO Interbank Consortium was formally established in 2005 with the signing of the Agreement on Interbank Cooperation (Consortium).

The Consortium has established many finance channels over the last 15 years that efficiently support the growth of the SCO, making it the most significant platform for regional financial cooperation. First, the Consortium has optimized the national economic systems of SCO nations by providing concessional loans that have improved their energy, hydraulic, communication, transportation, and power infrastructure. China is the main supplier of SCO nations' preferential loans. The China Development Bank (CDB) has loaned a total of US\$49.6 billion to SCO member states, observer nations, and dialogue partners for cooperative projects, according to recent figures. The CDB is the largest and most active member institution, having issued US\$8.7 billion in loans to member banks and partner banks of the Consortium, plus an additional 10 billion yuan in renminbi (or US\$15.4 billion). The CDB has also established a 30-billion-yuan special loan (or US\$4.6 billion) under the Consortium's framework. Second, in line with the idea of sustainable development, the Consortium has been creating mechanisms, funding projects, collaborating on planning, training staff, and conducting policy research to promote economic growth and the enhancement of people's quality of life in nations around the region. Additionally, local currency settlement and currency swaps are being aggressively promoted by the Consortium. So far, China has bilaterally exchanged local currencies with Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan for a total of US\$160.7 billion (US\$24.8 billion). In November 2020, the SCO Council of Heads of State published the Moscow Declaration, which reaffirmed support for spreading the use of national currency payments and raising their proportion in settlements between interested SCO member nations. The aforementioned Council meeting also included a discussion of the roadmap for a gradual shift to mutual payments in national currencies.

In the meantime, SCO countries' financial institutions have been depending on the Consortium and developing new models of financial cooperation, such as collaboration between the banking and insurance sectors and collaboration between banks and businesses. As an example, the China-Russia Financial Alliance, the first platform for collaboration and exchange between Chinese and Russian financial institutions, now comprises 68 member banks, 32 of which are Chinese banks operating in 12 important domestic provinces as part of the Belt and Road Initiative. Twenty-two of the 36 Russian member banks have their main offices in Moscow, while fourteen of them have branches in Siberia or the Far East of Russia. The Alliance encompasses cooperation in a number of sectors, including e-banking, foreign exchange transactions, capital settlement, local currency settlement, cross-border lending, and foreign currency banknotes. Additionally, the two nations have provided strong financial support for pertinent bilateral collaboration via the 2017 framework agreement on the establishment of an agricultural development fund and the US\$2 billion production capacity cooperation fund.

Additionally, China's Union Pay international payment system and Uzbekistan's national unified

settlement center are connected, which has improved the SCO members' expertise with settlement cooperation. Connection makes regional economic integration easier. Since the 2003 adoption of the Program of Multilateral Trade and Economic Cooperation, SCO economic cooperation has consistently focused on connection. The 2019 amendment to the Program gave interconnectedness among member nations even more priority on the agenda for regional economic cooperation over the next 15 years. The SCO nations have been promoting multi-dimensional interconnection of facilities on land, sea, and air as well as in the digital sphere, and they have been building their energy, transportation, and telecommunications infrastructure at a fast rate under the Program's guidance. Infrastructure related to transportation has expanded quickly.

The China-Europe Railway Express is a historic interconnectivity project that has advanced the mutually beneficial collaboration among the majority of SCO members in Central Asia. With a comprehensive load capacity utilization rate of 98.4% and 12,406 trains in operation in 2020—a 50% increase from the previous year—the "steel camel fleet" was instrumental in stabilizing global supply and industrial chains and bolstering the coordinated pandemic response of China and Europe. The China-Europe Railway Express has developed to a high standard thanks to the use of the "digital port" technology. In addition, the construction of cross-border roadways has emerged as a focal point of interconnection. Too far, China has established cross-border road transport routes with 27 nations, including members of the SCO. The time it used to move freight across 7,000 kilometers via a cross-border roadway has been reduced to around two weeks. With a growing number of international road transport options connecting China to the Caucasus, Russia, Mongolia, Central Asia, and eventually Europe, a new road-based logistics channel between China and Europe is emerging, utilizing the complementary benefits of air, sea, and rail transportation. SCO interconnection is expanding to include energy infrastructure. Over 335.9 billion cubic meters of natural gas have been transported to China since the Central Asian natural gas pipelines went into service in December 2009; at that time, this amounts to more than 15% of China's natural gas consumption.

The east-route natural gas pipeline between China and Russia, which was promoted by the leaders of both countries, has already begun operations. It will eventually extend more than 8,000 kilometers from Siberia in Russia to the Yangtze River Delta in China. Russia will provide the Chinese side with 1 trillion cubic meters of natural gas over the following 30 years, with an annual supply of 38 billion cubic meters when the pipeline is fully operational, as per the two nations' agreement. With this, the SCO nations begin a new phase of mutually beneficial collaboration on energy interconnection. Regional growth is also gaining additional impetus from the building of telecommunications infrastructure. China Mobile is advancing the land cable networks between China and Russia and Kazakhstan and Mongolia based on the current cable networks between Russia and Kazakhstan in an attempt to carry out the "Go West" plan. The land cable networks between China and Kyrgyzstan and Tajikistan are also being planned as part of a future Eurasian data transmission fast track. To improve digital connection between China's Xinjiang and the surrounding SCO nations, 17 new cross-border optical fiber cables have been constructed so far.

By "strengthening digital connectivity, creating new cooperation to stimulate growth, and enhancing investment attractiveness," the SCO Council of Heads of State's November 2020 statement on cooperation in the digital economy aims to "bring new prospects and opportunities to economic development." "Strengthening practical cooperation in the field of digital economy is conducive to enhancing the technological competitiveness of SCO member states and enhancing economic and social well-being," the statement continued. As a significant global organization in the Eurasian region, the

SCO's sustainable growth depends on the economic cooperation of its member nations, which strive for shared prosperity and continuously give regional cooperation a boost from within. The SCO has made it a top priority since its founding to "follow the trend of economic globalization and regional economic integration, develop regional economic cooperation under the SCO framework, enhance the economic power of regional countries, and increase the whole region's status in the world political and economic structure." Economic cooperation under the SCO framework has produced positive outcomes over the years. The SCO economic partnership has blazed a new path that honors regional development circumstances amongst the complex global and regional landscape.

A comprehensive regional cooperation organization that encompasses the biggest territory and people, the SCO was established via a convoluted and laborious process centered on political mutual confidence with the Shanghai Spirit at its heart. The success of the SCO, which was founded on the Eurasian continent in the years after the Cold War, depends on the high level of political confidence among its member nations, which is also necessary for seamless economic cooperation within the organization's framework. The SCO's commitment to the Shanghai Spirit is the foundation of its political mutual trust. It is essential for SCO member states to understand current trends and establish cordial and cooperative relationships in the complex post-Cold War regional and global environment. Ultimately, the Shanghai Spirit—which promotes equality, mutual trust, mutual benefit, consultation, respect for the variety of cultures, and the pursuit of shared development—is responsible for the SCO's exceptional vigor and momentum of collaboration. Beyond antiquated notions like the clash of civilizations, the Cold War, and the zero-sum mentality, it has ushered in a new era of international relations and garnered growing support from the global community.

Driven by the Shanghai Spirit, the SCO nations have been steadfastly dedicated to regional economic cooperation with an open mind, establishing the framework of SCO economic cooperation through a number of international agreements. Since September 2001, when the SCO's first chiefs of state met, the member nations have consistently promoted economic cooperation as a shared priority. Prior to 2005, measures for economic cooperation were primarily established to demonstrate mutual confidence among the member nations. Utilizing the heads of state's summit and subsequent discussions, such as those between the ministers of commerce and transportation, guidelines for increasing SCO economic cooperation have been proposed one after the other, with pertinent arrangements established. Three main documents currently make up the policy foundation for economic cooperation under the SCO framework: 1) the 2001 Memorandum on Basic Goals and Directions of Regional Economic Cooperation and Launching the Trade and Investment Facilitation Process; 2) the 2003 Program of Multilateral Trade and Economic Cooperation; and 3) the 2004 Action Plan for the Implementation of the Program of Multilateral Trade and Economic Cooperation. On this foundation, the Commission of Senior Officials in Charge of Trade and Economic Cooperation, many ministerial coordination mechanisms, and special working groups have been formed.

The SCO economic cooperation progressively moved from macro-level strategic planning to more focused, micro-level areas of attention after 2005. This necessitates further development and involves a number of non-governmental organizations. SCO financial cooperation has been made easier by the establishment of the SCO Interbank Consortium in October 2005 by a number of member state banking institutions. The SCO Business Council, which was created in June 2006, has significantly improved and synchronized trade and economic cooperation amongst SCO nations across a range of industries. The member states have made the most of the SCO framework's intergovernmental and non-governmental channels over the past decade and a half. They have also advanced practical cooperation in energy,

transportation, agriculture, and communications, with successes in these areas as well as in responding to the financial crisis. All decisions have been taken based on enough political trust between the member states, whether it is in the execution of particular cooperative initiatives or the creation of an economic cooperation architecture for the SCO.

It was formerly thought that one of the main obstacles to international economic cooperation was the complex tensions between SCO nations in terms of history, culture, faiths, social structures, and practical interests. But with the SCO in existence, these nations have been able to engage in multi-level conversations and exchanges that have improved mutual trust and allayed fears. In a world that is becoming more complex, economic collaboration has a strong basis thanks to the strong political mutual trust fostered by the Shanghai Spirit. SCO member states are mostly developing nations in transition, and they all have boosting the national economy and the standard of living for their citizens as a top priority on their agendas. The member nations of Central Asia, for instance, were just recently granted the status of independent states. In both regional and global economic systems, these nations are disadvantaged due to their poor economic growth, lack of financial input, and immature industrial structure. If not directly addressed, economic backwardness will undermine all efforts to promote national stability and growth since it is the primary source of the political, security, religious, and cultural impasses that the nations are now confronting.

Alternatively, Central Asian nations are willing to support regional economic growth via some suitable methods since they have abundant energy reserves and a number of other productive features that allow them to integrate into the global economic and commercial network. The traditional way for developing nations to interact with the global economy in the age of globalization is to jointly create regional economic integration organizations or mechanisms. For several SCO member nations situated in the Eurasian hinterland, this is particularly true. By fostering a more open free trade market and fortifying economic ties with nearby nations, these nations can integrate their productive factors according to their unique comparative advantages, unleashing their economic potential and ultimately contributing to their shared development. The SCO members have been experimenting with various types of economic cooperation over their two decades of involvement because of their vast disparities in resource endowment and their complex interest connections.

Russia views the SCO primarily as a tool for resolving regional security issues, but it is more likely to promote regional economic cooperation through the Eurasian Economic Union (EEU) and other regional economic organizations made up primarily of former Soviet states due to its traditional trade ties with Central Asian nations. The SCO member states have been going through a lengthy process of coordination and investigation to accurately define the organization's role in regional economic development. In addition, a number of non-Central Asian nations have been establishing cooperation mechanisms in the region in an effort to entice participation from regional nations. The SCO has achieved practical results in a number of particular sectors, but has fallen short of a breakthrough in regional economic integration due to the cooperative efforts and proactive coordination of its member nations. The SCO itself has also built a platform that allows its members to make early financial investments, coordinate top-level policy, and efficiently communicate economic information. Over the last 20 years, the most significant endogenous factor for SCO economic cooperation has been the shared desire for regional economic growth, which has also been the primary driver of relevant results. Leading the SCO in economic cooperation China, a key force in the post-Cold War world economy, is well aware of the importance of economic cooperation to the SCO's long-term stable growth.

It understands how important it is for the SCO area to have sustained economic growth. Since the SCO's

founding, China has been a strong supporter of multi-level economic cooperation within its framework and has worked hard to boost SCO economic cooperation across a range of areas. The two decades of SCO economic cooperation have been significantly influenced by China's leadership, which is most evident in the three areas that follow. First, China is a key supplier of concepts and principles for SCO economic cooperation. China proposed the fundamental tenets of SCO economic cooperation at the first SCO heads of government meeting in September 2001, which include "respecting market rules, upholding equality and mutual benefit, stressing mutual openness, focusing on actual results, and working for long-term cooperation and common development." Other SCO member states accepted the Chinese proposal, which established a solid basis for future cooperative practice. China has continuously supported the idea of globalization and economic integration within the framework of the SCO in the twenty years since, and it has urged all member nations to unite behind the goal of shared growth based on equality and mutual gain.

China encourages the other SCO nations to join the World Trade Organization (WTO) and further integrate into the world economy. Second, China actively supports SCO projects and free trade frameworks. In the course of economic cooperation, China has been actively looking for a workable plan for regional economic integration and investigating free trade arrangements at a higher level inside the SCO. China has shown its will and sincerity in promoting regional economic cooperation by investing heavily and making huge efforts. Early on in the SCO's existence, China organized its forces to carry out pertinent study and discussions and made a number of ideas for mechanism-building. China established many significant economic cooperation agreements inside the SCO, including the Interbank Consortium and the Business Council. In light of the shifting economic landscape in the area, China has proposed regional development programs like the SCO Development Bank and the SCO Development Fund in recent years. In addition, China has offered detailed recommendations for the SCO nations' economic cooperation in a number of areas. In fact, China has been the driving force for SCO economic collaboration. Third, China has made significant contributions to SCO economic cooperation via a variety of platforms, including the Belt and Road Initiative.

China has made significant investments in the energy, transportation, and infrastructure sectors of other member states while taking into consideration their unique circumstances in order to promote regional economic integration and hasten the economic growth of these nations. With important financial, technical, and commercial resources, this has stimulated regional economic growth. China helped those SCO nations in need by providing a range of financial aid in the aftermath of the global financial crisis, enabling them to escape financial difficulties. When China officially introduced the BRI in 2013, other SCO nations responded enthusiastically. While China and Russia agreed on the synergy between the BRI and the EEU, the Central Asian member states combined their domestic development objectives with the BRI in a sequential manner. All of this has ushered in a new phase of SCO economic cooperation and provided further impetus to Eurasian economic cooperation. China is committed to promoting more economic integration in the area and advancing the SCO economic cooperation agenda despite the complex and unstable global and regional circumstances. As evidence of the commitment, Chinese President Xi Jinping pledged during the most recent SCO summit to "improve connectivity and further integrate our industrial, supply, and value chains for unimpeded economic circulation in the region" and "create greater synergy of the Belt and Road Initiative with national development strategies as well as region-wide cooperation initiatives like the Eurasian Economic Union."

SCO Financial System, Banks and Financial Mechanism

Even though the Shanghai Cooperation Organization is one of the world's top security organizations, the

current shifts in global integration processes require that financial elements be included in all integration projects. Therefore, the examination of the SCO financial mechanisms' possibilities plays a significant role in enhancing its capacity to carry out its duties. Although the SCO Bank is being actively considered, the Interbank Consortium is now the sole financial body under SCO. The study of the fictitious demand for the SCO Bank in Asia and its potential contribution to the growth of Asian nations in light of the SCO's goal to maintain regional peace and security are the main topics of the chapter. After NATO, the Shanghai Cooperation Organization (SCO) is the world's most potent organization in the realm of security and peace. The primary goal of its operations is to address regional security issues such as drug trafficking, terrorism, and war threats. Since the SCO operates in Central Asia, addressing poverty and regional development are the two main challenges that the organization will need to address in the next years. This claim is based on the theory that poverty increases the likelihood of engaging in criminal activity and enlisting individuals in criminal organizations. In the contemporary world, the only way to eradicate poverty at the regional level—like in Central Asia—is to work together on financial matters and provide assistance and support to the nations that are the poorest in the area.

The only alternative option to compel the growth of the local economy is via foreign direct investment (FDI) in socially significant sectors, since the IDA's strategy of giving credits and gifts seems to be ineffective. In this sense, the establishment of a new area of collaboration within the SCO—financial cooperation—will help the organization achieve its objectives, which include ensuring a peaceful and sustainably growing region. These study objectives are to assess the possibilities of the long-discussed SCO Bank project and to disclose the potential of the financial systems now associated with SCO. As a result, the authors must list the main reasons why Asia, which is home to the World Bank Group, the Eurasian Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, and the New Development Bank of BRICS, needs such a financial institution.

Presently, the Interbank Consortium is a fictitious association of the top banks in the SCO nations, offering financial resources to support economic growth. The organization's overarching goal is to boost the financial activities of the SCO member countries' banking industries and persuade the national banks of the designated nations to make investments in SCO member nations. Since it only performs its duties in a purely ceremonial capacity, this institution has no real significance for the current state of regional development. The absence of financial activity regulation in SCO is the main obstacle to the institution's continued growth. The China Development Bank provides the majority of the financial resources supplied to the SCO members, even if the SCO IBC recorded huge amounts of \$98 billion in 2017. The organization offers little to no support for the advancement of trade and economic cooperation within the framework of the SCO and has almost little influence on ensuring the region's sustainable economic growth. Nevertheless, there are a lot of opportunities for this collaborative path to flourish. First and foremost, the SCO IBC establishes a foundation for collaboration amongst the top commercial banks in the area, creating solid bonds and systems to reduce the costs of financial exchanges between the banks.

Second, even though it has little effect on the region's economic growth, the organization facilitates its member banks' access to the financial resources of other members, which is crucial during the trade war between the USA and China and during the sanctions imposed by the EU and the USA against Russia, particularly against the Russian banking industry, when financial tools of pressure will undoubtedly be used. Furthermore, the recently concluded agreement between China and Russia on the exchange of national currencies makes the SCO IBC much more effective since the major national banks will profit from the financial infrastructure that has been established amongst the institution's members.

Notwithstanding the advantages mentioned above, the organization is still a corporate non-transparent financial company whose operations have no bearing on the advancement of the SCO financial processes.

The problems and prospects of the SCO Banks

Asia is one of the world's fastest-growing continents, thus it goes without saying that Asian nations need financial resources to maintain this rate of growth. Since the development banks' activities are focused on assisting their members' economic growth, they provide one solution to this issue. ADB, NDB, AIIB, EDB, and the World Bank group are the five main development banks in Asia that take steps to promote the growth of nations worldwide. One of the primary arguments of this paper is that development banks are a mechanism for capital transfer between more and less developed economies because they are created in response to regional demand while the regional leader provides financial resources for the less developed nations. Let's determine the economic sectors in which the SCO Bank might operate and the need for each development bank in the area. The Asian tigers, or rapidly growing economies of Asia, led by Japan, created the need for the Asian Development Bank in the middle of the 20th century. To lessen the USSR's influence in Asia, the bank encouraged democratic principles and bolstered the economies of these nations. In order to promote high-tech projects and provide financial consulting services, the market economies of the rapidly emerging economies in the area require the bank's resources, which are primarily created by the nations that are members of a China-deterioration alliance.

The BRICS nations, which made their investment projects available to investors from other BRICS countries, were the primary demand for the New Development Bank of BRICS, which was established within the framework of the growth of BRICS financial cooperation. NDB therefore concentrates on projects in China, India, and Russia (within the effect). A relatively new yet significant tool for Asian financial cooperation is the Asian Infrastructure Investment Bank. The need for this institution arose from the lack of funding available to Asia's least developed nations taking part in the Belt and Road Initiative to upgrade their energy and infrastructure. China is the source of the financial resources. The Eurasian Development Bank operates throughout the Union's member nations and was established within the EAEU framework. The government corporate sector of the EAEU nations is the primary source of demand for its resources, which are mostly triggered by business demands and used in the growth of national firms, local infrastructure, and energy. Russia is the main source of this organization's financial resources. Nevertheless, the need for financial resources in Asia is still much more than what the institutions mentioned can provide. Through the technique in Fig., a matrix of supply-demand possibilities for the Asian nations may be formed by analyzing the supply and demand of development banks in Asia.

Japan is the most developed country in Asia, and the country's economy, the ADB, and the financial institutions of the Bretton-Woods system (IMF, WB, etc.) all contribute to its financial requirements. Asia's dynamically developing economies have access to a wide range of financial institutions, but LDCs have very few options. They can only obtain cheaper financial support from the AIIB for infrastructure and energy development, or relatively expensive credits from the World Bank or ADB. The LDC has considerably more requirements than the two domains mentioned. Their countries' underdeveloped core sectors are the foundation of their economic growth. Furthermore, the degree of crime in these nations is influenced by their economic progress. According to the authors, it is reasonable to establish an organization that will accomplish the goals of regional security through economic measures, since the BRI and other integration initiatives in Asia cannot avoid interactions with the LDCs. The SCO Bank may

become such an organization, as there is a regional demand for it in the area of combating poverty and thwarting security threats. It seems difficult to do more study on the SCO's present financial mechanisms until the organization and its connected structures make major changes to its information policy since they are weak and inadequately covered by information.

Due to a lack of a defined plan for its future growth and the objectives of its existing operations, the SCO IBC is unable to achieve its potential as a foundation for future banking sector cooperation. The SCO Bank is an organization that plays a vital role in Asian cooperation. It has a specific role in the system of Asian development banks, which is to combat strategic threats to the region and alleviate poverty by utilizing financial instruments and the economic development of Asia's least developed states. At the same time, it is noteworthy that the SCO Bank should be a development bank with particular features that enable it to operate in high-risk and low-return situations in an area with high crime rates, including financial crime. For this reason, it should be known as the financial security organization in Asia. Although it would need a substantial influx of financial resources from the member nations that are rapidly expanding, it will help shape a brighter future for Asia.

TAPI Project

The TAPI project, which is named after a gas pipeline, received backing from the Asian Development Bank. The objective is to provide the four previously stated countries with natural gas extracted from the Caspian Sea. Pakistan anticipates benefiting from the project because of its close proximity to this Central Asian Republic. Furthermore, it demonstrates India's reliance on Pakistan for obtaining access to the natural resources located in the Central Asian Republics (CARs). The project is anticipated to be operational by 2019, after the commencement of development in December 2015. The Iran-Pakistan Gas Pipeline, often known as the fifth pipeline, is a project aimed at transporting natural gas from Iran to Pakistan.

The project, sometimes known as the "Peace Pipeline," is a result of Pakistan's advantageous geographical position. Although the pipeline project had a formal opening in 2013, it is currently not functioning due to several unresolved concerns. Pakistan opted to abandon the project mostly because to the prevailing US hostility against Iran. However, with the implementation of the US-Iran nuclear agreement, the situation has undergone a significant transformation, and Iran is now exempt from stringent economic penalties. Nevertheless, Pakistan never fully relinquished the notion. This project seems to have a promising future. Oman and Pakistan have a maritime boundary. In the year 2000, Pakistan and Oman successfully resolved their maritime conflict by a settlement in accordance with the principles of the International Law of the Sea. Considering the fact that Pakistan and Oman have a maritime boundary, Pakistan's advantageous position may be comprehended in relation to its capability to access Oman's underwater energy resources. Water transportation provides a means of reaching the Persian Gulf and its coastal states. To summaries, Pakistan's geographic and geostrategic importance is evident, complex, and expected to increase in the future on the global stage. The country's new leadership has the potential to address social unrest, terrorism, corruption, economic development, and the need for enhanced sanitation, healthcare, and education facilities.

For theoretical discussions, regional integration is not a novel occurrence. The late 1950s European integration continues to be a useful example for examining the dynamics of integration. But after the end of the Cold War, when world politics underwent a significant upheaval, fresh examples have come to light. One viable theoretical framework for researching regional integration in Central and South Asia is Neo-Functionalism theory, which was created in the 1950s to investigate this integration phenomena. Even still, in the 1970s, a number of specialists deemed this hypothesis outdated. Nonetheless,

advancements in the 21st century demonstrate that it may still account for instances of regional integration in the modern day. Good examples include the integration of ASEAN in the late 1990s, instances of regional integration in Africa, and the more recent intra- and interregional integration of Central Asia. Ernst B. Haas contends in his paper, "The Uniting of Europe," that collaboration in a few policy areas made European integration feasible and increased regional integration (Haas, 1958). According to Jean Monnet, another well-known scholar on European integration, states would eventually integrate into additional policy sectors and experience more spillover if they were to succeed in integrating into one particular policy sector. According to him, "creating new goals is the process of integration". This theoretical foundation may provide the clearest explanation for Asia's continuing integration process. Where there are good opportunities for integration in Central Asia, South Asia, and other SCO member territories.

Neofunctionalism discussions concentrate on the structural and policy features of regional organizations. The process of regional integration is ongoing. The institutional and structural elements are progressively brought together. South Asia is the least connected region in the globe due to conflicts, territorial disagreements, and a competitive accumulation of weapons between its two main nations, Pakistan and India. The main hindrance to the economic integration of South Asia is the rivalry within the area itself. While Asian intra-regional commerce represents 57.3% of the entire trade in the area, intra-regional trade within South Asia only accounts for 5% of the total trade (Asian Development Bank, 2017). India has the second-largest population in the world, while Pakistan ranks fifth and Bangladesh ranks seventh. This makes the South Asian market very promising for intraregional economic integration. Furthermore, the establishment of infrastructure fosters a geographical linkage between the regions, which is essential for facilitating interregional integration. Pakistan plays a pivotal part in this matter. As members of the SCO, Pakistan and India have the ability to enhance both their bilateral and multilateral commerce in South Asia. In order to do this, it is imperative that they concentrate on reducing border tension. Once the first stage is finished, Pakistan's strategic geographic position might potentially provide access for other South Asian nations to Central Asia and the Middle East. China the Pakistan Economic Corridor will fulfill the second need for this infrastructure. The security of Afghanistan is vital for the integration of the region. Afghanistan needs both economic development and tranquility. Peace negotiations are currently under progress. Nevertheless, in the absence of economic advancement, the sustainability of peace is unattainable. During the 2017 Bao Forum meeting, China pledged a substantial sum of \$50 billion to Afghanistan as part of the China-Pakistan Economic Corridor (CPEC) (Irfan 2018). Afghanistan's participation in the China-Pakistan Economic Corridor (CPEC) would be of utmost importance from a geopolitical perspective. It will facilitate trade between the Middle East, Russia, and the Central African Republic across the Indian Ocean. The focus of regional integration in this instance is on Pakistan, Afghanistan, and the China-Pakistan Economic Corridor (CPEC). Over the last 15 years, the SCO has established strong connections with several regional and global organizations to facilitate collaboration on common problems and threats. During a conference in Manila held to celebrate the 50th anniversary of ASEAN, the secretary general of the SCO and ASEAN agreed to enhance their cooperation on significant regional issues. This sort of partnership may be created with other regional organizations in South and Central Asia in several domains. This engagement between regional groups will enhance stability and foster economic cooperation in the area. Enhanced cooperation among diverse regional groups might contribute to the establishment of stability and economic progress in the region. Regional issues need regional resolutions. Multiple regional organizations are focusing on collaboration in various areas, such as

promoting social and cultural cooperation among member states, restoring peace and stability, and boosting regional business. This sort of partnership with other regional and international organizations will significantly augment the SCO's ability to engage in regional cooperation for peace, stability, and economic prosperity. Members of the SCO, apart from their cooperation within the ASEAN region, are keen to create corridor links with countries in South Asia.

The process of globalization and heightened interregional interconnectedness has resulted in both economic prosperity and advancements. However, these developments have also given rise to various intricate issues, such as non-traditional security threats like terrorism, breaches in information security, and transnational crimes. The unconventional security concerns, which have substantial implications for global social, political, and economic development, have become more evident in the twenty-first century. SCO has developed a defensive system to address the increasing range of traditional and non-traditional security threats. The organization has established a framework for close cooperation amongst states in response to traditional security threats via collaborative military exercises. The security forces of the participating states, particularly the Central Asian state, were able to enhance their capabilities via these joint military exercises. This integration technique may meet two distinct categories of problems. Terrorism is the predominant and urgent issue across a vast region that includes Central Asia, South Asia, and the Middle East, extending from the Caspian Sea to the Indian Ocean. Security in this domain has both regional and global dimensions (Stewart and Frazier, 2012). The geographic centrality of Afghanistan has a substantial influence on the development potential of the three regions. The Taliban, al Qaeda, and ISIS present a significant security threat to the whole region. Afghanistan functions as a terrestrial bridge linking the three regions. The unpredictable security environment poses a substantial threat to regional cooperation for development (Warikoo, 2016). The presence of many radical Islamist organizations in both regions is a significant factor contributing to their destabilization. Therefore, in order to achieve economic integration in the region, it is crucial to have trade and commercial opportunities, as well as political stability and good security conditions. This measure will effectively reduce the growth of extremism and militancy, preventing their widespread influence over the whole Eurasian region. The three common risks found in all member states of the SCO are extremism, separatism, and terrorism. China is determined to resolve the separatist issue among the Uighurs in its western region that shares a border with Central Asia. China is actively striving to prevent Uighurs from encountering separatist and extremist groups originating from Central Asian countries. Indeed, the establishment of SCO was a primary cause of this issue. The objective is to promote the reduction of military presence at borders and the integration of neighboring regions, with the aim of building trust and confidence among the governments involved. India Pakistan Contest: Regional competition poses an additional hindrance to the development of tri-regional integration. Additional outstanding issues that need to be settled include the objections raised by India against China's Belt and Road Initiative and the China-Pakistan Economic Corridor. The Belt and Road Initiative (BRI) connects the Indian market with the whole region via the construction of an extensive network of roads, railroads, and promising opportunities (Butt & Butt, 2015). Forging a transportation network link with India will accelerate the integration process. Formulating a comprehensive strategy for achieving full integration in South Asia would be challenging, primarily due to the rivalry between India and Pakistan, the two major nations in the area. The SCO has the potential to address its bilateral conflicts and explore opportunities for comprehensive regional economic integration. A further challenge to linking India with Afghanistan and Iran is the establishment of a land route for trade between South Asia and the Middle East.

In 2000, India, Iran, and Russia entered into an arrangement called the North-South Corridor agreement. The purpose of this deal was to establish a connection between India and Europe, as well as Russia, by passing via Iran (Jha, 2017). The fundamental basis of this project is a transportation network that operates on both land and water, known as a bimodal network. However, having just a land route might potentially increase efficiency. Hence, it is imperative to use Pakistan as a means to connect Iran and India. This will enhance India's transit across Central Asia and Afghanistan. There is an opportunity to connect the China Central Asia, West Asia route of the Belt and Road Initiative, and the China Pakistan Economic Corridor with the planned Indian north-south route. The upper sections already possess existing infrastructure. Iran and Kazakhstan are already connected via Turkmenistan (Kemp & John, 2013). In the future, infrastructure will be developed to provide linkages between India, Pakistan, and Iran, therefore creating a unified transit route that spans over Central and South Asia. The enduring animosity between Pakistan and India hinders their economic integration, but their joint membership in the SCO might potentially improve the situation. Moreover, it would compel them to set aside their biases and seek a collaborative platform to promote interregional connectivity. Nevertheless, given the substantial involvement of China and Russia in the SCO platform, it is feasible to achieve these objectives. The SCO platform is the most effective strategy to avoid conflicts between two parties from obstructing the achievement of objectives involving other parties, such as the case of Pakistan and India in 2017. If regional states were able to construct extensive rail and road networks, the geostrategic and geoeconomic consequences would be significant. The Central Asian members of the SCO have effectively resolved their boundary disputes to develop a region characterized by peace and absence of conflicts. Internal discord within the Shanghai Cooperation Organization contradicts its core principles and undermines its efficacy. Thus, reducing the susceptibilities of political communities to economic, political, and security threats. While also recognizing South and Central Asia as distinct political, economic, and security groupings which uphold shared concerns, opportunities, dangers, and interests. Strong institutional frameworks and collaboration in one area of policy, such as security, might have a knock-on effect in other areas of the economy and politics, such as trade, energy, and other sectors. This overflow will make it possible for all SCO members to work closely together across a variety of industries. The central tenet of Neo Functionalist discourse is spillover. According to this perspective, governments' compliance with cooperation stimulates other connected industries. It is impossible to dispute the role supranational organizations play in the regional integration process. The Shanghai Cooperation Organization has become very significant in this sense due to its growing position in regional affairs.

In 1996, the Shanghai Cooperation Organization was first founded as the Shanghai Five. The original members were the People's Republic of China, Russia, Kyrgyzstan, Tajikistan, and Kazakhstan. "Shanghai Five" is also known as Shanghai Spirit since this conference assisted the participating nations in forging friendly ties and finding peaceful solutions to their border disputes. The participating nations want to see Shanghai Five's reach and scope increased. As a result, they founded the Shanghai Cooperation Organization in 2001. Later, Uzbekistan became a full member of the organization, which aided the member state in establishing an all-encompassing strategy for regional stability. In 2005, Pakistan, India, Iran, and Mongolia participated for the first time. India and Pakistan became full members of the Organization in 2017 (SCO 2017). In contrast, Mongolia, Iran, and Afghanistan are now observers. Its increasing relevance is shown by the SCO's membership spread in all directions and neighboring areas.

Trade agreements of Pakistan in SCO summits from 2017 to 2024

Create a Multilateral Currency Swap Arrangement: To allow member nations to trade in their own currencies and lessen their need on U.S. dollar transactions, the SCO should put in place a multilateral currency swap framework. Deeper economic integration and improved regional financial resilience would result from this project. Another option would be to include systems like the Asian Clearing Union (ACU).

Industrialization in the Second Phase of CPEC

China, a founding member of the SCO, has a special chance to enhance regional industrial cooperation by encouraging investment in Pakistan's Special Economic Zones (SEZs) as the CPEC enters its second phase. China can facilitate joint ventures and technology transfer in Special Economic Zones (SEZs) by using its powerful position within the SCO to host investment conferences and promote collaborations between Chinese and foreign companies.

Exploration of Oil and Gas for Energy Security

One of Pakistan and China's core areas of cooperation has been energy security. Extending cooperative efforts in oil and gas production, exploration, and infrastructure development is recommended. Both parties may diversify their energy sources by building oil refineries and storage facilities along the CPEC route. Collaborative Accredited Testing Establishments: The creation of cooperative testing facilities and recognized labs is essential to removing non-tariff obstacles. Trade, redundancies, and cross-border interactions will all be streamlined by SCO nations using a mutually accepted certification and accreditation system.

Promoting Regional Trade Integration

By creating a trade pact modeled after ASEAN's, the SCO, a non-political organization, has a unique chance to promote regional commercial integration. This would provide a strong foundation for cooperative progress by overcoming the constraints imposed by SAFTA and using the economic potential of member nations. Cross-Border Banking Channels: In order to establish official payment channels, it is advised that Pakistani banks open branches in the Central Asian Republics and invite reciprocal branches from these countries to open branches in Pakistan.

Actions to Strengthen India-Pakistan Trade Relations

Initiating discussions to return trade to pre-2019 levels are crucial to stabilizing India-Pakistan commercial ties. Taking advantage of the 2024 SCO Summit's momentum offers a chance to strengthen bilateral economic ties.

Joint Development of Renewable Energy Projects

In order to satisfy Pakistan's energy demands, Iran and Pakistan should work together on wind and solar projects, taking use of Iran's renewable energy potential. Diversifying energy sources and lowering reliance on fossil fuels will be accomplished by cooperative efforts in PV plants, wind farms, grid integration, and storage technologies.

Improving Connectivity with Central Asian Republics

The Tajik government and Pakistan's National Highway Authority and Ministry of Foreign Affairs must work together to build road infrastructure via the Wakhan Corridor in order to improve relations between Pakistan and the CAR nations. The TransAfghan Railway Project should also be accelerated by Pakistani authorities in order to provide a direct railway connection between Pakistan and Uzbekistan, with the possibility of a future connection to Tajikistan. Additionally, expanding flights between Islamabad and the CAR nations would improve relations and increase regional commerce.

Encouragement of Tajikistan's QTTA Membership

With China's help, Pakistan should encourage Tajikistan to join the QTTA, establishing it as a key export storage location for the CARs.

Initiatives for E-Commerce and Digital Trade

To expedite transactions, SCO nations must to give top priority to a cross-border e-commerce framework that incorporates digital payments, cyber security, and consumer protection. SMEs will benefit from lower entry barriers and increased market access via collaborative e-commerce platforms.

Trade Facilitation Taskforce between Iran, Russia, and Pakistan

To alleviate banking issues, improve collaboration in textiles, pharmaceuticals, and agriculture, and expedite barter commerce, form a task group of representatives from trade, government, and finance. The task force will be essential to guaranteeing food supply since Pakistan depends on Russia for its wheat.

Access to Gwadar Port and Warehousing

To promote exports to South and East Asia, Pakistani authorities should guarantee that SCO nations have easy access to Gwadar Port and CPEC infrastructure. Essential storage at Gwadar should be given top priority by the authorities in order to provide effective access to the Middle East and increase Pakistan's income.

Increasing Agricultural Cooperation with Belarus

Work together to increase agricultural output with Belarus, emphasizing technology sharing and Halal certification, A permanent display of Belarusian innovations in Pakistan would promote agricultural development on both sides. In order to promote collaboration among its member governments and improve regional security, the Shanghai collaboration Organization (SCO) was founded in 1996. Originally known as the "Shanghai Five," it was made up of Tajikistan, Russia, Kyrgyzstan, Kazakhstan, and China. Both the organization's membership and the range of its operations grew over time. After Uzbekistan joined in 2001, the organization changed its name to the Shanghai Cooperation Organization. The SCO now focuses on broader issues including economic cooperation, cultural interaction, and educational partnership in addition to security issues like fighting terrorism and separation. The SCO Charter's signing in 2002 and the awarding of observer status to nations like India, Pakistan, and Mongolia in 2002 are important turning points in its history that demonstrate its expanding influence over regional and international events. A significant turning point for the SCO was the admission of powerful nations like India and Pakistan as full members in 2017, which raised the organization's visibility internationally and cemented its position as a major actor in Eurasian geopolitics. Through cooperative projects like the "One Belt, One Road" program and by fostering trade and economic relations among its members, the group seeks to promote stability and prosperity in the area. The SCO stands apart from alliances like NATO because to its distinct nonmilitary stance, which prioritizes collaboration over conflict.

New SCO agreements in 2024

Since its founding on June 15, 2001, the Shanghai Cooperation Organization (SCO) has grown to be an essential forum for fostering regional cooperation. Founded by the "Shanghai Five" in 1996, the organization's primary goals were to prevent terrorism, oppose radicalization, and advance security, especially in Central Asia after the fall of the Soviet Union. Economic, political, and security cooperation among member nations became the main emphasis of the SCO as it developed into a larger cooperative platform over time. Since becoming a full member in 2017, Pakistan has been instrumental in furthering the organization's goals and actively promoting peace, prosperity, and connectivity in the area. Pakistan

was widely praised for its organizational efforts and solidified its place as a major actor in the region by successfully hosting the SCO (CHG) conference on October 15–16, 2024. At the 23rd meeting of the SCO's Council of Heads of Governments, which was held at the Jinnah Convention Centre in Islamabad, Prime Minister Shehbaz Sharif took center stage.

The summit emphasized Pakistan's contribution to the region's top leaders, including those from China, Russia, Kazakhstan, and Uzbekistan, and its ability to mediate important discussions between them. In his passionate speech, Prime Minister Shehbaz Sharif discussed important problems affecting the SCO area. He discussed everything from improving commerce and connectivity to strengthening energy infrastructure, counterterrorism efforts, military collaboration, and even the concept of establishing autonomous financial institutions for the SCO, including banking systems and common currencies. Pakistan's successful hosting of the SCO (CHG) summit showed how the nation is becoming more involved in mediating international talks to address urgent regional problems. Member states reiterated their commitment to upholding territorial integrity, sovereignty, and the non-interference principle in other nations' internal affairs during the summit.

The organization's role in advancing the Sustainable Development Goals (SDGs), strengthening economic cooperation, and tackling security challenges were the main topics of debate and developments during the summit. It also demonstrated the importance of the SCO's continuous efforts to increase trans-regional connectivity, especially via initiatives like the China-South Asia Economic Corridor (CPEC), which not only connects China and Central Asia but also increases economic prospects for SCO member nations. The meeting's increasing appreciation of Pakistan's organizational and hospitality abilities was another important component. International and regional leaders gave the event high marks, praising Pakistan for its seamless planning and for welcoming delegations from all around the region. Pakistan's reputation as a responsible global player that can unite disparate states to confront shared concerns was strengthened by its successful hosting of the SCO (CHG) conference. Additionally, it increased Pakistan's international prominence and strengthened its diplomatic influence in global fora. Important Takeaways from the 23rd SCO (CHG) Meeting:

Multilateral cooperation and respect for sovereignty

The need of respecting each other's sovereignty, territorial integrity, and non-interference in a state's domestic affairs was a major focus of the summit. The member states' commitment to upholding countries' autonomy to choose their own political, social, and economic trajectories was reiterated in the joint communiqué. Stronger international relations based on reciprocal benefits, non-use of force, and amicable conflict settlement are said to be built on this respect for sovereignty.

• World Unity for Peace, Harmony, and Development

The leaders of the SCO reaffirmed their shared support for the UN General Assembly's resolution adoption proposal, dubbed the "World Unity for a Just Peace, Harmony, and Development" initiative. This highlights the SCO's commitment to advancing novel approaches to international relations that are based on fairness and respect for one another, with the goal of establishing a "community with a shared future for mankind." The participants also emphasized solidarity in the face of global issues by coordinating their efforts with the worldwide appeal for "One Earth, One Family, and One Future."

• Economic Cooperation and Sustainable Development

The delegation leaders stressed the need of strengthening collaboration in important domains as technology, trade, investment, and green development. They emphasized how crucial it is to use the potential of the digital economy, e-commerce, finance, and banking systems to promote equitable and sustainable development within the SCO area. Achieving long-term prosperity was thought to depend

on the SCO Economic Development Strategy for 2030 and the Program of Multilateral Trade and Economic Cooperation. It offered a forum for talking about starting a "New Economic Dialogue" and looking into creative solutions to deal with global economic upheavals.

- **Digital and Technological Innovation**

The need of closing the "digital divide" and using the possibilities of international data sharing were the main topics of discussion during the conference. To encourage innovation and digital inclusivity, the SCO member states embraced the Concept for the Development of Digital Public Infrastructure. Delegation leaders emphasized the significance of electronic payment systems, e-government, and e-commerce as essential elements for the future growth of SCO member nations.

- **Energy Cooperation and Environmental Sustainability**

Future prospects for energy cooperation were also discussed during the summit. Through constructive collaboration between energy producers, transit nations, and consumers, the SCO members reiterated their commitment to building cross-border energy infrastructure and improving energy security.

- **Strengthening Financial Cooperation**

To support project operations in the area, the chiefs of delegations spoke about creating financial instruments like the SCO Development Fund and the SCO Development Bank. The possible establishment of a SCO Investment Fund to encourage financial innovation and boost economic development was also discussed. To further improve the region's financial independence, the summit also aimed to progressively increase the use of national currencies in mutual payments in order to lessen dependency on foreign currencies.

- **Collaboration in Culture and Humanitarianism**

The summit also focused on humanitarian and cultural relations, with leaders recognizing the value of promoting educational exchanges, cultural alliances, and people-to-people contact. The emergence of small and medium-sized businesses (SMEs) was seen to be a key factor in lowering unemployment and guaranteeing steady growth in the area.

SCO Prospects for the Future

The SCO has enormous potential for regional connectivity. Pakistan is playing a crucial role in promoting cooperation via regional efforts, especially those of the SCO, ranging from economic partnerships to cultural exchanges, as it prepares to enter the second phase of the China-Pakistan Economic Corridor (CPEC). Pakistan has enormous potential to demonstrate its capabilities and take the initiative in addressing important legal and logistical concerns within the SCO framework, particularly those pertaining to peace in Afghanistan.

- **Pakistan's Contribution to SCO Connectivity and CPEC Completion**

CPEC has been essential to Pakistan's participation in regional economic and infrastructural initiatives. Pakistan is becoming a major transit center connecting China, South Asia, and Central Asia because to CPEC. When it is finished, CPEC would provide double-landlocked SCO members like Tajikistan and Uzbekistan a crucial land connection that will give them direct access to the Arabian Sea via the ports of Gwadar and Karachi. Long-term peace initiatives in Afghanistan might be spearheaded by Pakistan. Pakistan's participation is vital since stability in Afghanistan is necessary for both regional security and the seamless functioning of CPEC.

- **Cultural and Educational Initiatives**

SCO has the potential to develop into a center for cultural connection that goes beyond commerce and economy. Pakistan is in a good position to lead efforts because of its rich history entwined with Central Asia. Cultural Deep cultural ties exist between Pakistan and SCO members like Uzbekistan, Kyrgyzstan,

and Kazakhstan because of historical connections including the introduction of Islam from Central Asia to the subcontinent and the beginnings of the Mughal Empire in the area. Pakistan may start cultural exchanges, joint exhibits, film co-productions, and interpersonal interactions that honor our common past via the SCO. Additionally, Pakistan might create joint institutions or research centers with member nations as part of SCO members' cooperation on educational exchanges.

Currency Exchange Agreements and Trade Facilitation

The adoption of currency exchange agreements is a key step in the SCO's economic integration. Such an agreement, which permits the direct exchange of currencies, has previously been inked by China and Pakistan. With Pakistan playing a key role in promoting a monetary deal for the whole region, this model may be extended across the SCO. These agreements might increase economic cooperation among member governments by reducing foreign currency risks and streamlining commercial procedures. Furthermore, the SCO nations do not yet have a single visa policy. Pakistan and other members suggest a single-visa system or a streamlined visa application procedure for SCO nations. This would encourage tourism and cross-cultural collaboration in addition to increasing commerce and commercial interactions. Simplifying visa procedures will also facilitate the flow of products and services, enabling more seamless trade channels within the region, since many SCO nations depend on intricate transit arrangements for cross-border commerce.

Resolving Landlocked SCO Members' Transit Issues

The existence of double-landlocked nations with no direct sea access, such as Tajikistan and Uzbekistan, is a major obstacle for the SCO. Through the Indian Ocean, Pakistan's ports of Gwadar and Karachi provide these nations vital access to international markets. Connecting these landlocked countries to CPEC and other regional infrastructure projects would need the development of improved transit lanes and infrastructure linkages, such as the Trans Afghan Railway. SCO should give top priority to putting in place systems that make it easier for these nations to access regional trade channels. Standardized customs procedures, transit agreements, and regional rail and road connections that guarantee smooth and effective transportation might all be part of this. With its expanding CPEC infrastructure, Pakistan may serve as the entry point for landlocked SCO members, providing them with access to its ports and integrated transportation systems.

- **Increasing Interpersonal Communication and Learning Exchanges**

Another area that is ready for cooperation is the development of human capital among SCO member nations. One important step in enhancing educational links would be discussions about establishing universities and vocational training facilities in partner nations using the SCO logo. Pakistan will need to build a workforce with the necessary skills to support the new services and businesses that will arise from improved connectivity as CPEC moves into its second phase.

Gwadar International Airport's Function

An important turning point for regional connectivity has been reached with the opening of the new Gwadar International Airport. By offering convenient access to markets in Central Asia and beyond, the airport would be a vital connection for Pakistan as well as the whole SCO area. It will make it easier for people, products, and services to move around, turning Gwadar into a regional center for investment and commerce. Gwadar's sophisticated infrastructure and strategic location make it an essential port for SCO members looking to reach international markets. Pakistan's SCO chairmanship gave it a chance to demonstrate its dedication to global collaboration on urgent problems including counterterrorism, economic policy, and environmental sustainability. Pakistan emphasized its ability to spearhead regional initiatives and support world peace and progress. Pakistan's international standing was further

enhanced by its successful hosting of the 23rd SCO (CHG) summit, which showed that it could lead significant multilateral debates and promote regional cooperation.

Conclusion

To sum up, the Shanghai Cooperation Organization (SCO) can offer Pakistan a multidimensional platform to improve its economic, strategic, and regional status. By joining the SCO, Pakistan can take advantage of its strategic location; enhance connectivity via such programs as the China-Pakistan Economic Corridor, and trade and financial collaboration with Central and South Asian countries. The fact that they have ordered mechanisms like the SCO Development Bank, multilateral currency swaps and investment funds explains why financial integration is increasingly playing a key role in ensuring sustainable regional development. The SCO offers Pakistan chances to diversify her economic foundation, help neighbors to develop their infrastructure, and overcome the reliance on external financial systems, by enhancing industrialization, energy security, digital innovation, and trade facilitation.

In addition, the SCO focus on multilateral cooperation, sovereignty and regional stability provides a conducive growth opportunity in the economies which are weak and unsettled like Afghanistan. The active form of engagement on connectivity in the region, education, cultural and energy relations made by Pakistan is a typical example of the convergence of economic and strategic goals under the SCO. Even though challenges still exist: intra-regional competition, political tensions, the necessity of strong financial and institutional tools, etc., the changing agenda of the organization provides Pakistan with the avenue toward an improved economic resilience, regional integration, and sustainable prosperity. The bottom line is that the SCO is not merely a security and political platform but a transformational economic empowering tool that can have the ability to change the economic trends of Pakistan in the region and globally in the coming decades.

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