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India And Central Asia: Towards A New Great Game – Analysis

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Central Asia has been a strategic concern to India ever since the colonial era. The region rose to an immense significance in the 19th Century due to the Great Game when it was feared that the Russians would invade British India through Central Asia. On the top of this, the unmapped territory of the region added to British fears regarding the extent of Russian inroads into Central Asia. Thus, began the scramble for the Central Asian landmass. By late 19th Century, the Russians had occupied vast swathes of the region and the southern reaches of their conquered territories reached to southern Tajikistan, touching the Wakhan corridor (which borders the present northern borders of Pakistan Occupied Kashmir). However, the looming threat of World War I united these hitherto archenemies and the tense situation was defused. Post-World War I, the Central Asian region was well absorbed into the Soviet Union.

Nevertheless, the collapse of the Soviet Union in 1991 did not only mark an end to the Cold War, but it was also a defining moment for Central Asia, whose constituent regions obtained new identities as independent republics. These were namely, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan. Their frontiers touching the northern areas of Iran and Afghanistan also make their borders very much a part of Central Asia. The new geopolitical and economic potential that was unleashed in the post-Cold War phase suggests that it is now the need of the hour to engage more deeply with Central Asia, and to tap the region's energy reserves to ensure its economic growth. Also, there is a need to ensure a direct overland access to Central Asia, as the absence of an overland linkage has resulted in sub-optimal benefits for India. On the other

hand, China has converted its geographical proximity with Central Asia into a geopolitical and a geo-economic success that will be discussed as a comparative analysis via-a-vis India.

Huge oil-gas reserves and hydroelectricity generation potential are converting the region into an energy hub that has the potential to meet the region's growing global energy requirements, especially India whose economic engine needs more energy to maintain a stable growth rate.

The article discusses the relations between India and Central Asian republics with a greater focus on the economic, energy and geopolitical linkage that is being manifested as a new "Great Game." The combination of Central Asia's geographical positioning along with its energy endowments, pipeline politics and international infrastructure corridors passing through make it a indispensable region.

Two factors make Central Asia an unavoidable region:

1. Central Asia borders Russia to its north, China to its east, Europe to its west and South Asia to its south.
2. Energy endowments and relatively underdeveloped economy, combined with its geographical positioning have given rise to a new era of the Pipeline politics and infrastructure corridors.

RELATIONS BETWEEN INDIA AND CENTRAL ASIA

After attaining independence, India was left devoid of any overland route connecting it to Central Asia. The direct access routes that existed were those of the traditional Silk Route, in which India was disconnected from Central Asia after Pakistan was formed. Added to this, Kashmir, which served as a linking region, lost its connectivity to Central Asia due to two developments. The first was the Pakistani occupation of the Kashmiri territory of Gilgit-Baltistan, which bordered Afghanistan on its northwest and Chinese Xinjiang (an import transit route to Central Asia). The other was the coming of the Chinese Communist party to power, which ended Silk Route trading between Ladakh and Kashgar (present day Xinjiang, China).

The independence of India coincided with the beginning of the Cold War, following which the Indian leadership allied itself to the Soviet Union owing to socialist leanings and geographical proximity. Since these republics were part of the Soviet Union, the interaction was not significant as all of New Delhi's dealings were undertaken through Moscow. Still, the economic engagement was so shallow that, by the time Soviet Union disintegrated and the New Central Asian republics formed a union, "the markets of the constituent parts of the new Commonwealth of Independent States accounted for only 1.5% of India's exports in 1992".¹

"India's immediate objective was to establish direct interaction with each of these new states. A major Indian initiative to establish contacts with the political leadership of Central Asia had been conceptualized a few months before the dissolution of the Soviet Union in December 1991. This resulted in India hosting the first visit of President of Uzbekistan in August 1991, followed up in quick succession by visits by President of Kazakhstan, in February 1992, President of Kyrgyzstan in March 1992, President of Turkmenistan in April 1992, and the visit of Prime Minister of Tajikistan in February 1993. Each of these visits resulted in the creation of a legal framework for interaction between India and the new Central Asian states"²

POST-COLD WAR INTERACTION: ENERGY AND ACCESSIBILITY

Kazakhstan has 12% of the world's uranium resources and became the leading uranium producing country in 2009. By 2011, Kazakhstan was the world's largest uranium producer. With the fourth-largest gas reserves in the world, Turkmenistan is also vital energy hub. The Caspian region of Turkmenistan is endowed with huge oil and gas reserves.

In January 2009 Kazatomprom signed an agreement with India's Nuclear Power Corporation (NPCIL) to supply 2100 tonnes of uranium to India for the time period 2010-2014. "An Agreement between ONGC Videsh Limited and KazMunaiGaz on the purchase of 25% stake in the Satpayev Oil Block in the Caspian Sea was signed in Astana in April 2011"⁵. In 2014, Uzbekistan, one of the world's top ten uranium and gold producers, also signed up to supply 2,000 metric tonnes of Uranium ore concentrate to India over the next four years (2014-2018)⁶.

The TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline is said to be a game changer in the regional Balance of Power.

TAPI

The original project started on March 15, 1995 when an inaugural memorandum of understanding between the governments of Turkmenistan and Pakistan for a pipeline project was signed⁷. The project didn't start due to the instability caused by Taliban the proposed pipeline passes through Afghanistan. In April 2008, Pakistan, India and Afghanistan signed a framework agreement to buy natural gas from Turkmenistan⁸. In 2010, an intergovernmental agreement was signed to begin the work. "The Turkmenistan-Afghanistan-Pakistan-India Natural Gas Pipeline (TAPI) Project aims to export up to 33 billion cubic meters (bcm) of natural gas per year through a proposed approximately 1,800-kilometer (km) pipeline from Turkmenistan to Afghanistan, Pakistan and India"⁹.

However, issues like political instability in Afghanistan, agreement over pipeline transit fees and consortium have stalled the progress. The cost in building the pipeline is estimated to be about \$10 billion, which too has become a stumbling block. Added to this, is the lack of a foreign commercial partner for the project.

The latest development is that the Turkmen President has ordered state companies Turkmengaz and Turkmengazneftstroi to begin building the Turkmen section of the pipeline, the Turkmen state media reported in November, 2015¹⁰.

This project, if implemented, will not only diversify India's energy import basket, but also lead to de-escalation of conflict between India and Pakistan.

INTERNATIONAL NORTH-SOUTH TRANSPORT CORRIDOR

India (along with Russia) devised a new route to reach Central Asia and Russia via Iran. The International North-South Transport Corridor (INSTC) is a multi-modal transportation corridor that was approved in 2000 by the signing of an intergovernmental agreement in St. Petersburg between India, Russia and Iran. On January 18, 2012, a meeting of the INSTC member countries to discuss modalities for moving forward on the INSTC project was held in New Delhi. During

this meeting, it was pointed out that support of countries like Turkmenistan, Uzbekistan, Kyrgyzstan and Turkey will be sought in order to complete the missing links in the North–South corridor¹¹.

The Bandar Abbas port and Chabahar port in Iran are the gateways for India into the Central Asian markets. The Bandar Abbas port is connected via rail to Bandar Anzali (a port located in Southern Caspian Sea) from which the freight will be shipped to the Northern end. The northern end of the port will be linked to the Turkmen Kazakh rail line which will transport the freight in Turkmenistan and Kazakhstan. The freight destined for Russia would be transported to St. Petersburg, which is the terminal point of the corridor.

“The proposed international corridor INSTC is expected to slash time for transportation of cargo to Russia from India to about 30 days, just half of the time presently taken.” It is expected that cargo by this route would reach Russia in about 25-30 days as against the present route through Suez which takes about 45-60 days. In May, India and Tajikistan agreed to enhance connectivity between them including through the INSTC and other regional transit arrangements to boost trade.”¹² Further, According to the officials working for the INSTC project, “it could also serve as the route for Southeast Asian countries to send their cargo to Europe instead of the Suez Canal route to cut down on both cost and time”.¹³

There is also a likely possibility of connecting the INSTC with the “Ashgabat Agreement Project” of 2011 which is a railroad “transit pact established in 2011 between Uzbekistan, Iran, Turkmenistan and Oman”¹⁴.

“The Foreign Trade Policy of India, 2015-20, has highlighted the importance of the International North-South Transport Corridor (INSTC) in expanding India’s trade and investment links with Central Asia.”¹⁵

The importance that India attaches to INSTC is evident from the fact that India was quick to sign the Chabahar port project in May, 2015 even before the Iranian nuclear deal was finalized. Although the Government of India signed the deal in 2003, the international pressure on Iran due to its nuclear programme stalled the deal. However, the deal has got a new push in 2015 with the Indian government investing \$195 million to upgrade the port.

GEOPOLITICS OF PORT CONNECTIVITY: GWADAR VERSUS CHABAHAR PORT

Central Asia, being a landlocked region can be accessed to India from Afghanistan and Iran. This made Iran a focal point in India’s link to Central Asia. Hence, the only disadvantage Central Asia faced was its landlocked geography and hence no access to any of the sea based ports. This shortcoming is all set to be filled by China and India. On one hand, the China Pakistan Economic Corridor (CPEC) was unveiled in April 2015, whereby the Karakoram Highway (which links Islamabad to Xinjiang) will be extended southwards to the Gwadar Port in Balochistan. Xinjiang’s proximity to Central Asian Borders means that freight docked at Gwadar port can be transported to Central Asia via Xinjiang and vice versa.¹⁶

Also, Central Asian oil can be transported to Gwadar to be shipped for export. Chinese authorities are presently supervising the development of the Gwadar Port. Incidentally, the Chabahar port lies just 70 kilometres west of Gwadar and is seen as India’s strategic response to

China. Unlike the CPEC, which runs through a very high altitude, the INSTC has a direct connectivity to Chabahar port, which is relatively stable compared to Gwadar region which is marred by the Baloch insurgency.

THE CHINESE CHALLENGE: MARITIME SILK ROAD AND PIPELINE CONNECTIVITY

Following the Soviet disintegration, China was the first nation to establish economic ties with the Central Asian countries. The Chinese, compared to India, have massive investments in the region. For instance, Chinese investments in Kazakhstan amount to \$3 billion, which are in the form of pipelines, rail and road connectivity. China has now become the largest trade partner of Kazakhstan and Turkmenistan, the second-largest trade partner of Uzbekistan and Kyrgyzstan, and the third-largest trade partner of Tajikistan. Chinese engagement with Central Asia is evident from the fact that “In 2000, China’s trade with Central Asia was about \$1 billion and by 2013 it had ballooned to \$50 billion”¹⁷. Compared to this, India’s present trade figure with Central Asia amounts to a mere \$1.4 billion.¹⁸

Kazakhstan, owing to its sheer geographical size and energy reserves was the first country on China’s focus. “China and Kazakhstan started energy cooperation in 1997, marked by an intergovernmental agreement covering diverse means of collaboration in oil and gas fields, including an oil pipeline between western Kazakhstan and China’s Xinjiang which became operational in 2005”¹⁹.

The Central Asia-China Gas Pipeline starts at Turkmen-Uzbek border and runs through central Uzbekistan and southern Kazakhstan before reaching China’s Xinjiang region. Currently the gas pipeline has three lines in parallel, each running for 1,830 kilometres²⁰. The construction of a fourth pipeline, which passes through Tajikistan, is under progress.

In 2013, China unveiled its Silk Road Economic Belt project whereby it aims to build infrastructure and freight corridors (railways and roadways) which would further link to Europe. In 2014, China has pledged \$40 billion under “Silk Road Fund” for this project. The first sign of the China’s grand plans have been manifested through the successful completion of the Yiwu (a city in Zhejiang Province of China) to Madrid freight railway corridor. “The longest rail link in the world and the first direct link between China and Spain is up and running after a train from Yiwu in coastal China completed its maiden journey of 8,111 miles to Madrid. En route it passed through Kazakhstan, Russia, Belarus, Poland, Germany and France before arriving at the Abroñigal freight terminal in Madrid”²¹. Through the Central Asian doors, China seeks to transform the Eurasian landmass into a unified economic belt, and reaching its ultimate destination, that is the European countries

INDIA’S CONNECT CENTRAL ASIA POLICY (2012) AND RENEWED FOCUS ON CENTRAL ASIA

India kick-started its Central Asia policy with the beginning of the First India-Central Asia dialogue in 2012, summed in a speech delivered by Minister of State External Affairs, Shri E. Ahmed, which aimed at engaging with the region deeply through economic, social and cultural ties. Following this announcement, several significant initiatives followed.

Moreover, following the Indian Prime Minister's visit to Kazakhstan this July, the 2009 uranium deal was renewed under which Kazakhstan will supply India with 5,000 metric tons of nuclear fuel for the time period from 2015-2019 22.

In July 2015, the visit of Prime Minister of India to the Central Asia was a renewed strategic engagement and reminiscent of former Prime Minister Jawaharlal Nehru who visited the five Central Asia states (former Soviet regions). The recent visit had a three-fold focus: energy, exports and countering China's inroads in the region²³. One of the key issues raised was a renewed proposal for these republics to connect with the INSTC.

A developed and integrated Central Asia is not only favorable for India's economic and geopolitical calculus, but also for the stability of Eurasia — as well as for the South Asian region. The new Great Game has begun as India and China engage for connectivity with Central Asia, as well as a scramble for its resources.