

India's Strategic and Economic Interests in Central Asia

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ABSTRACT

Ever since the independence of Central Asian countries, they became the playground for New Great Game being played among major nations. Central Asia region is economically and strategically very important to the outside world having huge hydrocarbon resources. The big nations want to have greater influence in the region and India being not too far from it also has some stakes there to fulfill its security and economic needs. There are good prospects for India in the region provided that it must adopt a policy which is more pragmatic and realistic to the emerging power scenario in the region.

One important geopolitical consequence of the demise of the Soviet Union was the rise of intense political and commercial competition for control of the vast energy resources of the newly independent and vulnerable states of the Caucasus and Central Asia. Central Asian hydrocarbon resource reserve makes this region strategically very important for developing and developed countries of the world. India is no exception to that. It has stakes in the region which include geopolitical, strategic and economic interests. In this paper an attempt has been made to analyse India's interests in Central Asia viz-a-viz other major powers.

In this modern age, energy is the locomotive of development. In this connection, the geopolitical importance of Central Asia needs no further elaboration. The earlier competition between various powers was referred to as a "Great Game" which restarted now between Russia, China and United States in the form of "New Great Game" to fill the power vacuum in Central Asia left over by the dissolved Soviet Union. The "New Great Game" features an intense struggle among all the major outside powers for spheres of influence and energy resources in Central Asia.ⁱ The 21st century may witness a possible conflict of interests in Central Asia. The societies in the region might face serious stresses, threats and challenges. With the present geopolitical confrontation in the Central Asian region, a new area of insecurity has been opened, one that encompasses different actors, Countries, multinational corporations, International Organizations, as well as non-state actors, such as terrorist networks and radical movements. This does not necessarily augur a coherent and stable regional framework for cooperation, thus widening the possibility of conflict and war over territory, resources, transit routes and energy pipelines.ⁱⁱ This region has become an area of immense importance to Europe, US, China, and Iran. The US is trying to undermine Russian and Iranian gains; China has committed billions of dollars for the development of Central Asian oilfields to fulfill its future energy demands. Europe wants to extend its influence by means of NATO expansion eastwards and through the Partnership for Peace (PFP) programme.ⁱⁱⁱ All this is likely to bring in high-stakes power politics in Central Asia. This obviously has implications and India must consider whether these developments are desirable or not. The question that concerns India is that any external influence in CARs will have

serious implications, direct or indirect for the countries of the region.

Over the centuries, Central Asia has been India's door to the outside world and has deeply influenced India's history, culture and polity. While the region south of the Himalayas has largely determined the mainstream features of Indian civilization, Central Asia has continued to exert influence on India in many an important way.^{iv} New Delhi has often described this region as its "extended neighborhood".^v It has always been closely connected with Central Asia and the close contacts continued during the soviet period as well due to India being an ally of the former USSR. Remnants of Buddhist monasteries have been found in many towns of Central Asia. During the medieval period, travelers and merchants further consolidated the bonds of relationship between the peoples of the two regions.^{vi} The region provided the link in the shape of the fabled silk route between china and India and Europe till the discovery of sea routes in the fifteenth century. India and Central Asia has number of common interests and can cooperate in many areas. Their relations, based on a shared commitment to open and progressive societies, secularism and democracy, and improving the lot of the common people have been reinforced by similarity of views in the fight against terrorism, drug trafficking and in many other areas of security.^{vii}

In this emerging strategic equation in Central Asia, India has been exploring the strategic space between the U.S., the European Union and NATO on the one side, and Russia and China on the other.^{viii} Russia remains the major outside power in Central Asia, and wants to stay that way, looking with a jaundiced eye on U.S. and Chinese influence in the area. High oil prices and an assertive leadership in Moscow are likely to strengthen Russia's determination to remain "number 1." The "hub and spokes" economic ties that prevailed in the Soviet period left a powerful legacy.^{ix} Most economic ties are still with or through Russia, and trade with other countries is correspondingly less important. Most foreign direct investment continues to come from Russia. Moscow is perceived by the secular Central Asian leadership as a reliable ally against terrorist Islamic groups, and has been working actively on this issue with them. A regional anti-terrorism Centre was established in Tashkent, in cooperation with Russia. The rivalry

between the U.S. and Russia in Central Asia may enable China to emerge as a clear winner in the New Great Game. At the same time, Russia, China and India have been having triangular meetings at the Foreign Minister level to enhance strategic cooperation. This is viewed by some as an attempt by Russia and China to wean India away from American influence, while others interpret it as India's attempt to move towards its cherished goal of strategic autonomy. The Indo-U.S. civilian nuclear deal has given a big boost to the strategic relationship between the two nations, and is likely to lead to heightened military and technical cooperation. Both the United States and India have important interests in Central Asia because of its strategic location and its oil, gas and hydroelectric potential. Both share goals of preventing instability and insecurity in the Central Asian states and the prevention of terrorism. The United States continues to seek access to the region's energy and to promote the economic and political reforms necessary to insure long-term regional stability. Hence, the U.S. favours multiple transport routes for energy and other exports, including west through Azerbaijan, Georgia, and Turkey, and south through Pakistan to India. Only in this manner can these come efficiently to world markets and only this process can insure the real independence of the countries of the region. India has been keen to diversify its economic, technical and military relations. Therefore, it is quite possible to evolve a U.S.-India strategic equation for a common approach to Central Asia, since the interests of both powers are congruent. On the other hand, if the U.S. government exhibits a more accommodative attitude towards the Russian Federation, U.S.-Russia-India cooperation is also in the realm of possibility.^x It needs to be noted that India and Russia have renewed an existing Military Technical Cooperation Agreement for ten years beyond 2010.

China, with its growing economic and military clout, is likely to follow a path of unilateralism in Asia while advocating multilateralism on the global level.^{xi} China, in all its pronouncements and strategic behaviour, considers America as a worthy peer and competitor to be emulated in the long term. Also, China is more likely to use both Russia and India to achieve its strategic designs in Central Asia.^{xii} Increasing politico-strategic-economic cooperation between the Central Asian Republics and China has enormous implications for India.

India considers Central Asian republics as its extended neighborhood and thus has strategic, security and economic interests in the region. India is one of the stakeholders in Central Asia. India has a common interest with Central Asian governments in stopping the spillover of Islamic fundamentalism from Pakistan and Afghanistan into Central Asia and preventing the region from becoming a conduit for radical religious ideologies with the potential to destabilize the border regions of Uzbekistan, Tajikistan, Kyrgyzstan, China, and India. India and Pakistan are players in this competition for outside influence. Both are interested in energy. Pakistan wants to capitalize on its Islamic ties. It probably does not think of Central Asia as an area for "strategic depth" in a military sense – that concept flourished in the 1990s but Pakistan's military leaders seem to have concluded that it is unrealistic. But Pakistan clearly wants to limit India's influence – and vice versa. A major factor for both countries is the region's presence

on Afghanistan's western border. Until the time of the Taliban, Afghan governments had close relations with India, and Pakistan looked on Afghanistan as an extension of the Indian threat. The replacement of the Taliban by a government centered on the Northern Alliance, with strong Tajik connections, revived Pakistan's fears of excessive Indian influence in Afghanistan. India urgently seeks a strong strategic position in Afghanistan. Its relationships with the Central Asia, while they do not involve the same intensity or resource commitment, are in part intended to reinforce this.^{xiii}

Economic cooperation is another major pillar of establishing strategic depth. As Indian economy grows, there would be ever increasing requirement of energy and natural resources to fuel and maintain the momentum of our growth. Discovery of large reserves of hydrocarbon deposits and other resources needed for sustaining economic growth also make the region immensely attractive for forging a mutually beneficial cooperative relationship.^{xiv} India remains an energy deficient country. In the first half of the twenty first century, it is estimated that India will become one of the top five consumers of energy. In order to fulfill the growing demands of its burgeoning population and expanding economy, India needs to look for alternative sources of energy, to augment those which it is presently acquiring from the Persian Gulf region.^{xv} India's growing need for energy coupled with its aspirations of becoming a regional power. The region has more than 6 percent of the world's proven oil reserves and almost 40 percent of its gas reserves. According to US department of energy estimates in June 2000, even if one did not count Russia's and Iran's regional assets, the rest of the Caspian region (Kazakhstan, Turkmenistan and Azerbaijan) has about 16-32 billion barrels of proven oil reserves, and another 206 billion barrels of possible oil reserves. The energy resources of the Caspian Sea region (which includes two Central Asian states – Turkmenistan and Kazakhstan) and rest of Central Asia is least unexplored and unexploited at present. The Caspian region's proven oil reserves (16-32 billion barrels) compared with 22 bb for the US and 17 bb for the North Sea. A proven gas reserve in the region was estimated at 23 -337 trillion cubic feet (tcf.), compared to reserves of 300 tcf in the USA.^{xvi} The opening –up of these resources to the outside world generated huge expectations among international oil companies. Although Central and South Asia have been geographically more connected through the ancient "Silk Road," the analogy has not been observed in practice during the past two decades. India, particularly, has displayed limited engagement with the Central Asian Republics. India lags significantly behind all the major players in the region (Russia, China, Iran, US and Turkey) in trading volumes with the Central Asian countries and has failed to exploit the vibrant consumer market. According to some estimates, there is a potential of \$450-500 billion in trade that India could conduct through Central Asia and Afghanistan by 2015 which could be achieved if the political economy of the region shows improvement. India procured its energy from Kazakhstan through swap deals via Iran. But this is not a permanent arrangement. One of the best options to procure Turkmen natural gas is the Turkmenistan-Afghanistan –Pakistan- India (TAPI).^{xvii} TAPI pipeline gained some momentum with Asian development bank backing the proposal and all the stakeholders evincing a keen interest to

realize the project.^{xviii} However, the security problems in Afghanistan and Pakistan have delayed the finalisation of this project. The pipeline route through Xinjiang is potentially the most viable and the shortest route between India and Central Asia. The "Silk Route Extension" (SRE), origination from Xinjiang, could come through the undisputed parts of Sino-Indian border along the Karakorm pass at Daulat Beg-Ulde into Nubra Valley. In the past, British India used the SRE to serve its political and economic interests in the region vis-a vis tsarist Russia and China.^{xix} Although China is developing infrastructure not for profit but rather to provide energy to the country, it does not have enough resources to develop the infrastructure alone. Therefore, China's pipeline development projects fit very well as a viable energy supply route for India to get Central Asian oil. Not only are discovered oil fields at a very short distance from Ladakh border but also a small land-portion of south west Xinjiang separates the link between Ladakh and the Central Asian republics of Tajikistan, Kyrgyzstan and Kazakhstan.

The Third Connect Central Asia Dialogue successfully organized on 10 October, 2014 in Dushnbe, Tajikistan, was yet another step towards building a long-term partnership with this region. The objective behind this regional conference is to have a regular annual dialogue forum among academics, scholars, government officials and business representatives from India and the CARs, with the aim of providing inputs to governments on both sides. In the First India-Central Asia Dialogue, a Track-II initiative organized on 12-13 June 2012 in Bishkek, Kyrgyzstan, E. Ahmad, Minister of State for External Affairs in

India, pronounced India's new "Connect Central Asia" Policy. He said: "India is now looking intently at the region through the framework of its 'Connect Central Asia' policy, which is based on pro-active political, economic and people-to-people engagement with Central Asian Countries, both individually and collectively."^{xx} The "Connect Central Asia" policy is a broad-based approach, which encompasses political, economic and cultural connections between India and the CARs. To improve connectivity to the region, India is working on the International North-South Transport Corridor (INSTC) among other options

The current developments in Afghanistan and the proposed western military pullout in near future raise serious questions on the stability of the region as a whole. No amount of prodding the private sector to participate in India-CAR trade can be possible unless the connectivity issue is resolved. In the absence of that investment would have to be restricted unless the government takes proactive unilateral initiatives with the optimism that one day the INSTC would fructify. Whether India transcends its risk aversion remains to be seen. However India can play a positive role in the Central Asian environment where regional states are hard put to maintain balances between other major players. Further, in the last decade, India's stature in the international order has risen thanks to its economic growth. India has also been pursuing policies to restore its traditional linkages with the region and to re-integrate itself with the immediate and extended neighborhood. However, the Indian establishment, which is used to viewing its engagement with the Central Asian states through the prism of its former ties with the USSR, will need to become more flexible if it is to master the ever-changing strategic scene.

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