

India and Central Asia: Need for a Pro-active Approach

Arvind Gupta

Dr Arvind Gupta is Director General at the Institute for Defence Studies and Analyses (IDSA), New Delhi.



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Summary

India has traditionally attached great importance to its relations with Central Asia. But, unfortunately, the relationship faces several constraints including the lack of direct access to Central Asia; the unstable situation in Afghanistan and a problematic India-Pakistan relation.

I. Introduction

In the post cold war period, the Central Asian countries have engaged themselves in nation building and consolidation of their statehoods. The pessimistic scenarios feared in the early nineties of Central Asia disintegrating have not fortunately been realized. No state has become a failing state. On the contrary, countries like Kazakhstan have made great strides. At the same time, the Central Asian countries continue to face daunting socio-economic and security problems. The relations among themselves are far from smooth. Issues like water security, borders, environmental degradation and migration have become acute. Religious extremism & fundamentalism pose serious challenge to regional stability.

CAR track record on socio-economic development is mixed. Kazakhstan with its vast mineral resources has done better than the others. Kyrgyzstan and Tajikistan lag behind the others in socio-economic development. Uzbekistan and Turkmenistan remain closed and controlled societies. Uzbekistan sees itself as a leader in Central Asia but it has problems with its neighbours, namely, Tajikistan and Kyrgyzstan.

Religious extremism, fundamentalism and terrorism continue to pose challenges to Central Asian societies as well as regional stability. The Fergana Valley remains a hot spot of fundamentalism. Central Asian republics face serious threat from illegal drug trade emanating from Afghanistan. Instability in Central Asia can spill over into sensitive regions like Xinjiang.

Traditionally, Central Asia has been an arena of "great game". The modern version is being played out even today. Russia, China, US, Turkey, Iran, Europe, EU, Japan, Pakistan, India, Afghanistan have all substantial security and economic interests in the region. In order to maximize their geo-political advantage and also to ensure that their national interests are safeguarded, the Central Asian countries have engaged with the rest of the world through a variety of channels and institutions.

Central Asian countries are land locked and have looked for building connectivity to global markets. They have sought to revive the ancient Silk Route. Their connectivity with Russia remains the most dominant feature. In the recent years, new connectivity has been built with China as reflected, for instance, in the Kazakh-China gas pipeline. New infrastructure has been built facilitating Central Asia's connectivity with rest of the world.

The deepening engagement with China is a relatively recent feature. China has built bilateral as well as multi-lateral relations with Central Asian countries. China conducts its relations both bilaterally and through the Shanghai Cooperation Organization (SCO). China's primary thrust has been to make use of Central Asia's vast mineral resources for its economic development; to supply the much needed consumer goods to Central Asia and to protect itself against the threat of "separatism, extremism and terrorism" arising out of Central Asian territories. China has sought to build connectivity of various kinds with the Central Asian countries. Slowly, the Central Asian countries are developing a kind of dependency on China which may not be in their long-term interest.

China is following a strategic approach to Central Asia. It has offered \$ 10 billion grant and aid to SCO members. It is squarely focusing on trade, energy and infrastructure cooperation. It has linked Central Asia with China's western regions. On 1st August 2012, China Central Asia Gas Pipeline Project was launched. Within the SCO framework, China and Russia have carried out a number of anti-terror military exercises starting from 2001. China's total trade with Central Asia amounts to \$ 46 billion in 2012.

Russia regards CARs near abroad. It has floated a number of institutions including the CSTO, EURASEC etc. to maintain and further develop its ties with the Central Asian countries. It also hosts a large number of economic migrants from Central Asia. Russia provides the established outlet to the Central Asian countries. Central Asians gas exports for instance, to Europe are through Russian network of oil & gas pipelines. Central Asian countries fall squarely within the Russian security parameter. However, the relationship between CARs and Russia is not smooth. The CARs are also looking for diversification of their ties. As a result, their engagements with China, the US and NATO have grown in the recent years.

The **US** has used Central Asia to achieve its logistical and military objectives in Afghanistan in the past decade or so. Central Asian countries have provided land and air routes to the US for supplies to Afghanistan. These routes will also be used when the US withdraws from Afghanistan. Kyrgyzstan and Tajikistan and Uzbekistan have been direct beneficiaries. The withdrawal of the US troops from Afghanistan would result in dilution of the US influence in Central Asia.

Several other actors have developed stakes in the Central Asian region. These include Iran, Turkey, European Union and even Japan. Central Asia's mineral resources and Central Asian markets are important motivations in the policies of these countries.

Afghanistan and Af-Pak region pose security challenge to the cohesiveness of Central Asian Region. Drug trade and extremism emanating from an unstable Afghanistan and Afghanistan-Pakistan region is a concern which Central Asian countries have not been able to handle effectively. The SCO is getting active in Afghanistan but the effectiveness of its engagement is questionable. SCO has not been able to come out with any credible regional initiative on Afghanistan.

Central Asia also faces a variety of environmental challenges. The shrinking of the Aral Sea illustrates the ecological fragility of the region. Water scarcity and its unsustainable use have created problems among Central Asian countries.

II. India and Central Asia

India has traditionally attached great importance to its relations with Central Asia. But, unfortunately, the relationship despite close historical & cultural contacts has not progressed to the desired extent. The key constraint India faces is the lack of direct access to Central

Asia. The unstable situation in Afghanistan and a highly problematic India-Pakistan relation have deprived India from the benefit of relations with Central Asia. The Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI) would be a game-changer if it materializes. However, despite some positive developments like the signing of an inter-governmental agreement, realization of TAPI is still some distance away.

Iran which provides alternative access to Central Asia, is an important but unspoken factor in India-Central Asia relations. However, India-Iran relationship for the last decade or so has not progressed well. Mutual suspicion mars this relationship. The International North-South Transport Corridor (INSTC) which would pass through Iran, is still underdeveloped and requires huge investment. India has also been slow in realizing the potential of the strategic Chabahar Port in Iran. India will require making substantial investments in Iran to make the INSTC as well as Chabahar Port to provide short and effective access to Central Asia. This must be top priority in India's foreign policy.

India has proposed to invest US\$100 million in free trade zone in Chabahar. The Chinese are also getting interested in Chabahar and have announced Euro 60 million credit to Iran to upgrade the Port. The significance of Chabahar Port is that it will facilitate a transit route to land-locked Afghanistan. Despite direct road links, Pakistan does not allow transit facility from India to Afghanistan. Therefore, connectivity through the Chabahar Port could become an important route linking India to Afghanistan and Central Asia.

India has come up with a "Connect Central Asia policy" (2012), which includes elements such high level visits, strategic partnerships, comprehensive economic engagement, partnership in the development of energy and natural resources. Development of potential in medical field, education, e-networks, land connectivity etc. This policy was declared in 2012. The implementation of the policy needs to be speeded up. This will require allocation of definite resource for the implementation of the policy. Second, there must be an institutional mechanism for implementation.

It may be mentioned that IDSA had held a roundtable on "**India's Engagement with Central Asia: Exploring Future Directions**" on 10th July 2012. Some of the suggestions which came out of that seminar were: Relaxation of visa regimes; Establishment of a Central Asia university; Multilateral engagements; India Cultural Centre in Bishkek; Investment in International North South Transport Corridor; Cooperation in IT sector; Strengthening of tourism; Investment in agriculture sector; A trade route through Karakoram highway; India should tap the secondary markets in the energy sector; India should make CICA success; Joint science and technology projects; Full membership of the SCO; Doordarshan should be pro-active in airing cultural programmes; Joint expeditions in archeology.

India needs to change its approach to Central Asia and show greater pro-activity. We must shed piecemeal approach to Central Asia in favour of a holistic and long term approach. We must think big. India-Central Asia Trade is near \$ 700 million as compared

to China's \$ 46 billion. This will require dealing with Central Asia not only at the bilateral level but also at a collective level. India could consider setting up an India-Central Asia Forum (on the lines of India-Africa Forum) to deal with the region in a holistic fashion, to engage with them periodically with regularity and to identify projects which are of common interests. Monitoring an implementation mechanism should also be set up. It would be desirable to set up a Central Asia fund (say \$ 2 billion) to seed the various projects.

The best way forward would be to identify a few projects and implement them. A few suggestions are as follows:-

1. Develop Chabahar port on priority. India needs to move quickly to invest \$ 100 million. Find the resources. If the private sector does not come forward, let the task be completed by PSUs.
2. Invest in infrastructure in Iran to make INSTC effective.
3. Make efforts to join the SCO as full member.
4. To follow up the points mentioned in Connect Central Asia Policy with adequate resources and implementation mechanisms.
5. To institute and strengthen defence and security dialogue with Central Asian countries.
6. India is so far dealing with Central Asian countries on an individual basis. India should not simply be following the Russian or the Chinese leads in the SCO. Can a strategic dialogue forum be set up between India and CARs? Could there be a regular dialogue among the NSAs of all countries at one place?
7. Education and medical field provide an excellent opportunity for India to showcase its soft power. However, this will require considerable strengthening of infrastructure at home so that the Central Asians, who come to India, find it a hospitable and comfortable country.
8. A forum of India and CAR think tanks should be set up.

India Central Asia Fact Sheet

1. **Population of CARs** : 55 million
2. **Area of Central Asia** : 39,94,400 Sq.Kms.
3. **India Central Asia Trade** : \$ 746 million (2012-13)
4. **Central Asia China Trade** : \$ 46 billion
5. **Central Asia Russia Trade** : \$ 28 billion

Potential

Kazakhstan: Hydrocarbons, **Uzbekistan:** Minerals; **Tajikistan:** hydro-electric; **Turkmenistan:** Natural gas; **Kyrgyzstan:** Miscellaneous

India-CARs Transport Routes

INSTC : 7,200 km, INSTC is 40% shorter and 30% cheaper as compared to Suez Canal route.

Central Asia Persian Gulf Corridor :

1. This agreement was signed in April 2011 in Ashgabat where foreign ministers of five countries – Iran, Turkmenistan, Uzbekistan, Qatar and Oman met to discuss international and commodities transit cooperation.
2. The multilateral agreement will create a trade corridor that is likely to boost the transport of goods via railway, sea and land.

Chabahar Port Project :

1. Chabahar previously Bandar Beheshti, is an Iranian city and a free port (Free Trade Zone) on the coast of the Gulf of Oman.
2. It is located on the Makran Coast of the Sistan and Baluchestan province of Iran.
3. It is 700km away from the capital province, Zahedan & 2200km away from Tehran.
4. Distance from port to Milak on the Afghan border is 950km.
5. Distance from Port to Sarakhs on the Turkmen borders is 1827 km.
6. Distance to Pakistan borders is 120km.

Northern Iran Rail Project

1. Railway project will be 75 km long and will cost US \$400 million. (Qazvin-Rasht-Astara railway project)
2. The proposed corridor envisages creating a single railway from Europe through Russia, Azerbaijan and Iran to India and South-East Asia.
3. Qazvin-Rasht-75 is complete will be operational by 2015.
4. Rash-Astara feasibility study completed.