

Economic and Strategic Interest of China and India in Central Asia

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Abstract

Politically, economically, strategically and geographically Central Asia is regarded as the Heart of Asia. This region is the hub of the natural resources. It becomes a battle ground of those states which have interest in its hydrocarbon reserves. China being the neighboring country of Central Asian Republics and being an industrially advanced country is in dire need of the oil and gas reserves of Central Asia. India being the agricultural and industrially flourishing and bloom state is eager and trying to secure its correspondence with Central Asian Republics. The paper examines the ongoing competition between China and India for the resources of Central Asia. It argues that like the “Great Game”, in the “New Great Game”, the Sino-India competition includes competition for access to resources, the development of military alliances and the use of strategic relationships with other powers to restrain the rise of the opposing nation. In this article, both China and India are described as competitors in this region for each other irrespective of different problems and obstacles.

Key words: *Landlocked region, Resources, Great Game, Strategic Interests, Economic Interests, Shanghai Corporation, Obstacles.*

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Introduction

Central Asia, as a landlocked region is open to the influence of its neighbors, especially when those neighbors at different times have been empires or great powers which include Greeks, Arabs, Turks, Persians, Chinese and Russian. They all have encroached on and transformed the Central Asian region politically, economically and culturally. The modern republics of Central Asia have appeared on the map of the world after the collapse of Soviet Union in 1991. So the Central Asia comprises of five states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. These five states share some common features as well as certain differences.¹

These states have common history and culture but they differ in their ethnic issues, economic condition and in foreign relations. Russia's role in 1990's has shaped its influence in Central Asian States.² Russia has remained the most important state to have its influence on domestic and international policies of Central Asia. Demise of USSR and appearance of Central Asian Republics (CARs) on the world map have changed the geo political scenario of the region. These states got importance due to its hydrocarbon resources. These states possesses oil and gas resources more than that of Middle East as well as having those metals which are otherwise not found anywhere in the world.³

Due to landlocked characteristic and being old part of USSR, most of the routes are having their convergence towards Moscow and after independence these states are in a process of exploring and establishing new land, Sea and Air routes to outside world.

New Great Game

The British and Russian empires used Central Asia as a chess board in imperial rivalry which existed between them in order to pursue their expansionist policies. "During late 19th and 20th centuries, the Central Asian region including Afghanistan was a zone of major contest between British-Indian Empire and Russian Czars. These powers were struggling for establishing their hold in the region, which was termed as the Great Game of that time".⁴ Russia and Britain were trying to contain each other in Afghanistan and Central Asia and demarcate the border between Afghanistan and Central Asia in 1884 in order to terminate the Great Game.

The great game was waged for blocking Russian and British further expansion but the new Great Game is being played for the access to the resources or wealth of Central Asian Republics. The players have increased from two to many which include Russia, USA, China, Afghanistan, India, Pakistan, Iran and some of the European countries. Central Asia having energy reserves which are the need of all power players of Great Game. Russia has potential to re-surge; USA is acting as a sole super power and struggling to retain its status of world hegemon. China being raising power and aiming to attain its economic giant status. India has huge market and aims to rise as regional power. Iran aims to dominate the Gulf as a regional power.

Afghanistan is also important for the flow of resources from Central Asia to international world. Pakistan being a country on the cross roads of Central and South Asia is an important state for possessing warm water ports and land routes for energy

transportation to India and China and East Asia and Africa. Pakistan is also sharing borders with Afghanistan, China, India and Iran.

Strategic and Economic Interests of India in Central Asian Republics

India is a secular and global biggest democracy. Its economy is growing on a fast scale. India is a second thickly populated country having third largest standing army, the fourth largest air force and the fifth largest navy in the world. India wants to get a permanent membership in UN Security Council and looking forward to achieve the status of regional and global power. When in 1991 USSR was disintegrated it was alarming for India to see an Islamic block which would be inclined towards Pakistan. Since then India with the help of USSR fairly managed its ties with Central Asian Republics. "Counterterrorism cooperation has been the main security concern for India with regard to Central Asia, and cooperative security initiatives have already begun with Tajikistan, Uzbekistan, Kyrgyzstan, and Kazakhstan".⁵

India became successful in attracting Central Asian Republics towards herself. For India it was important to have good relations with Afghanistan in order to access the resources of Central Asia. 9/11 incident and US invasion of Afghanistan has provided an opportunity to India to explore and develop her relations with Afghanistan and the Central Asian Republics. The US installed anti- Taliban government in Afghanistan further favoured India to have good relations with Afghanistan. From Afghanistan India is successful to have cordial relations with Central Asian Republics. India is trying to undermine the interests of its rival states, Pakistan and China. India has its economic as well as political interests in this region. India is preventing any major strategic gains to China and keeping a check on its influence in the region. India also wants to capture arms, export market of Central Asia and reduce Chinese influence in arms industry. In terms of India's energy security interest in this region as "Central Asia contains vast hydrocarbon fields both on-shore and off-shore in the Caspian Sea."⁶

India is significant to Central Asia due to its rising economic and military power and its foreign policy towards this land locked region. Before 1990's India was not in a position to get hold in this region because of the Russia influence in the area. It is the rule in the international system that states move towards a specific angle and seeks its curiosity where she finds the best consequences as recently from the India's government point of view it is highlighted that "it refuses to lay down a quota for importing oil (and presumably gas) from any country, including Iran. Instead, India will buy oil (and, again, presumably gas if not other energy sources) from wherever it gets the best deal".⁷

Even the Chinese political leaders made a large number of deals and promises in making its climax reach in this region where as such India lacks but in the present condition India is making its great efforts and contributions in having the best appropriate result being a part of Central Asian Republics. Somehow, apart from TAPI, Oil and Gas Corporation (ONGC), India is by and large a user of the foreign air base called as Ayni Air Base or Gissar Air Base which is a military Air base in Tajikistan located in the west of Dushanbe (capital of Tajikistan). This is an important military air craft base. This military station served for the Soviet Union during the

Cold War era. Consequently, Tajikistan showed quite positive and favourable response in a way that not only in the past but also in the future Russia would be the only one to get benefit and user of this military air center, this gives a clue for the cooperative and unanimous relations between each other.⁸

Indian policy is to inundate oil from the Central Asian republics and achieve more economic stability in the Indian market. If there would be no compromise on Jihad and terrorism, it would be a success for Indian government especially in fighting for the issue of Kashmir. There is also scope for India to assist Central Asian states in developing small and medium-scale enterprises.⁹ It is the apprehension of Indian government that rise of Taliban in Afghanistan could spring up to the progress of fundamental and far-reaching changes in Islamic societies. It could also bring radical political and social reforms all through Central Asia. Additionally, the strategic and economic reach of India lies in the “development of strong ties with the countries of Central Asia along the energy and security vectors”.¹⁰ India is also supported by Tajikistan and Kazakhstan as India’s tender and proffer to get a seat in UN Security Council.¹¹

Indian interests in the region are as following,

- Tap the energy resources of the region.
- Pursue economic and geostrategic goals.
- To prevent the possibility of emerging Muslim block and also to make a check on Pakistan’s influence there.
- To protect Indian Interest, within conflicting interest of different players like USA, Russia and China.¹²
- India is also trying to contain China as China is a big Asian power.
- To prevent China’s influence in Central Asian Republics, India is also improving its relations with Afghanistan and Iran. India is providing training assistance to Afghanistan armed forces, India is welcoming Afghan students, media is collaborating with Afghan media, and numbers of Indian Journalists are working there. India has also offered them assistance in information technology IT sector. India is also capturing Afghan market for the export of cheaper Indian goods against China. From Afghanistan India can easily create insecurity problems for China.
- In Tajikistan at Farkhor India has established her military base and also providing assistance in service and repair of military equipments.
- Kazakhstan is strongly supporting Indian membership in Shanghai cooperation organization (SCO) while China is supporting Pakistan’s membership. India is cooperating in oil and gas industry, military, pharmaceuticals and information technology IT industry.
- India is interested to set up a software training and development center in Kyrgyzstan.
- India is attempting to boost trade and commercial ties with Uzbekistan. India has constructed road link from Chahbahar Port to Afghanistan, Mazar-i- Sharif and further to Uzbekistan. The main purpose of doing it is to prevent China from getting major advantage of CPEC and Gwadar Port. It is clear that India wants to prevent China’s strategic interests in Central Asian Republics. In this regard India has signed North-South Corridor Agreement with Iran and Russia in September 2000. This

corridor is basically to connect Mumbai with St Petersburg, via Tehran and Moscow. Mumbai will be linked with Bandar Abbas Port of Iran by maritime transport, after that it will move along road and rail networks to connect Bandar Abbas Port with Caspian Sea ports of Bandar Anzali and Bandar Amirabad via Tehran. From Caspian Sea it will be shipped to Russian Port.¹³ This route will bypass the Afghanistan-Pakistan route. India is trying her best to hold her feet strong in Afghanistan for two reasons, firstly to put Pakistan under her check and to strengthen her relations with Central Asian Republics for strategic and economic purposes. India is further strengthening her position and trying to keep herself at par with China.

China's interest in Central Asia

China's ingress and access towards Central Asia is much highest at the peak as compared to India, this can be visualized clearly from the two main strategies applied by the Beijing, Firstly its winning approach in energy value in terms of both oil blocks and oil business and organizations and secondly, China by using its technological skill in order to have reach in energy footing and framework also in the industrialization which came up in the outcome of mutual and logical interdependence between the two regions.

China has become an important player on the Central Asian landscape since 2000s. Until then, the region had been mainly divided between the United States and Russia. Today, the future of Central Asia lies in its ability to avoid the destabilizations and to contribute to the economic prosperity of Asia-Pacific with the help of China. In less than two decades, China has been able to make a huge and multiform entry in Central Asia. On the bilateral diplomacy level it has managed to prove itself a loyal friend and has been able to turn the Shanghai Cooperation Organization (SCO) into a structure valued by its members. Beijing has also become an important player in infrastructure and hydrocarbon sector as well as trade.¹⁴

The overall engagement of China with CARs can be divided into four major and coinciding categories. First, the strategic importance of CARs and its possible implications on global events are recognized by China. Second, China is well aware of the fact that an important role can be played by CARs in future economic development of China, as the region has the potential to supply huge energy resources.¹⁵ Third, China has political and security interest in the region. It wants to make sure the individual states of Central Asia grow in a way that does not become a threat for China, such as by establishing radical Islamic governments in these states. Lastly, China recognizes that bilateral relations as well as multilateral approach to cooperation in achieving their common objectives.¹⁶

China got entry into energy market of Central Asia in 1997. China's National Petroleum Corporation (CNPC) acquired a 60.3% stake in Kazakhstan's Aktobe Munai Gas. It got access to an exploration block and three oilfields in Kazakhstan. While India acquired a 25% stake (smaller than China) in a single oil bloc, Satpayev, for the very first time in 2011. China's CNPC was bidding against major established oil corporations. CNPC cleanly outbid every competitor. The Kazakh government was short of money, so cash along with bonus was paid by the company to the strapped Kazakh government. It also conducted feasibility studies on a pipeline from

Kazakhstan to Xinjiang, offering an alternative route to the Kazakhs which were non-Russian. The path to a fast and remarkable range of acquisitions and partnership for China was made easy due to this development.¹⁷

To build energy security in Central Asia, two pronged strategy was followed by China. Initially, energy assets, oil companies and oil blocks, both were acquired by it. Secondly, for involvement in the industry and energy infrastructure of the region, China used its technological expertise, therefore; it resulted in the creation of mutual interdependence between the two sides. India was unable to compete with china in both the cases. It is worth mentioning that Xi Jinping, the new Chinese premier, undertook a tour of Central Asian republics immediately after assuming office. He signed mega energy agreements and promised large investments in the region. The presence of India in the region is much less as compared to China. China is the largest trading partner of four of the five Central Asian states.

China got considerable influence in the region due to its considerable economic development and long land border with the Central Asian states. The diplomatic relations between China and CARs developed in 1992. Since then, the overall trade of China with these states has increased over a many-fold.¹⁸

The major source of foreign investment and the most famous economic player in the region is now China. Resultantly, China has been enabled to dominate the Central Asian region against India in terms of building transport and infrastructure networks, acquisition of energy, investment and trade. The overall trade volume of India with the five Central Asian states was estimated at \$500 million in 2012.¹⁹ While the overall trade volume of China with the five Central Asian republics amounted to approximately \$46 billion during the same year.²⁰

In the sphere of energy, China has regularly beat India when it comes to secure energy acquisitions. India lost out in June 2013 when its transaction to buy a major stake in the huge Kashagan oilfield from a US company was blocked by Astana. Instead, it was purchased by the Government of Kazakhstan and then handed over to China. From Turkmenistan, China is already receiving 40 bcm of natural gas on annual basis. If the China's pipelines from Kazakhstan and Uzbekistan are added to it, the figure projected to rise much higher. It is apprehended in New Delhi that if India would try transport natural gas through TAPI (Tajikistan-Afghanistan-Pakistan-India pipeline) from Central Asia, China would resist its attempts. The inability of India to compete with China in Central Asia is also visible in the revival of Silk route policy of China. It is a transport networks which will help China to have an easy access to Central Asia.

China's and India's role in Shanghai Cooperation Organization

Shanghai cooperation organization (SCO), an internationally recognized intergovernmental organization based on political, economic, security, regional and mutual cooperation, established on 15 June 2001 by six member states namely China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. It has five observers such as Pakistan, India, Iran, Afghanistan and Mongolia. However, Sri Lanka, Turkey and Belarus are acting as a symposiums in shanghai cooperation organization.

The Shanghai Cooperation Organization is one of the tools at the disposal of China not only for bringing stability in the region, but also increasing its own influence. It is an intergovernmental security organization composed of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. It is obvious that SCO is motivated by China.²¹

In the historical perspective there occurred a long-term hostile and conflicting situation between Russia and China in terms of border sharing which resulted as a multipartite issue after the independence of the former Soviet republics in 1991, and in 1996 the so-called three Central Asian's states such as Kazakhstan, Kyrgyzstan and Tajikistan along with Russia and China inscribed Shanghai Agreement on Confidence Building in the Military Field in the Border Area. Later on in 1997, Agreement on Reduction of Military Forces in the Border Areas was signed by these states which created a stage of mutual borders among these five states. This mutual regime border gave the title for this organization as a Shanghai Five. Ultimately one of the other state of Central Asia, Uzbekistan which has no border closer to China but became a member of SCO for its security regional integration in the world.

The 'Shanghai Five' was created by China in 1996. It was converted into SCO in 2001 which includes both China and Russia. Perhaps Russia has only been accepted the creation of this multilateral organization in order to monitor the expansion of China into the region. With the passage of time SCO has certainly acquired a more independent role in the region. This has added to influence of China in the region and resultantly the trust of Russia in the SCO has become diminished.²²

China is the main contestant in the region. Since the collapse of Soviet Union, it has been waiting to fully enter into the Central Asian region with multiple objectives. While using the SCO as a multilateral vehicle, China has been trying to pursue its interest to promote multiple engagements of economic, security and cultural links. In fact, Russia's monopoly over the energy exports of Central Asia has been rapidly challenged by China.²³ Transport of oil, gas, uranium and other minerals to different town of China has been facilitated in the recent years through huge development of infrastructure which includes building of pipelines, roads, and railways.²⁴

The SCO continued to be a forum for discussing trade and security related issues during 2000s. The security issues include counter-narcotics and counter-terrorism.²⁵ In SCO Russia and China were the key players. As time passed it became clear that the growing economic predominance of China was increasingly changing significantly and at the moment is attaining critical political influence.²⁶

In order to counter terrorism and drug trafficking, China wants to utilize the SCO for strengthening security cooperation with Central Asia. Thus, it will enable China to guarantee the security of supplies of energy, and ensure the safety of citizens of China working in Central Asian countries.²⁷

There are certain principles which are followed by China in its dealings with Central Asia: To completely respect the path of development which the Central Asian states have selected for themselves. To back the political systems and the endeavor these

republics are making for their political systems. For resolving disputes with the countries of Central Asia the method of dialogue will be used.²⁸

Strategic approach has been followed by China towards Central Asia. A grant and aid of about US\$ 10 billion has been offered by China to SCO members. It has directly focused on cooperation in trade, energy and infrastructure. Central Asia has been linked with the western regions of China. Starting from 2001, a number of anti-terror military exercises have been carried out by China and Russia within the framework of SCO.²⁹ China has a privileged place in Central Asian region as a constituent member of SCO and it must be prepared to assert it. It could not be ready to let other player like India to dominate such a strategically important region.

Obstacles between India and Central Asian Republics

India is facing tough competition with China, Iran and Turkey in Central Asia as they are enjoying many advantages. These states and Russia also are trying hard to provide outlets to Central Asian Republics through them. India has no direct road and rail links with this region. But the Gwadar Port and proposed CPEC linking Central Asia with Arabian Sea and Pakistan through Karakoram Highway will be an opportunity for China to provide and out let to Central Asian Republics.

Iran has developed a road network with the help of India to link Central Asian Republics with Arabian Sea. To develop Chahbahar Port between the cooperation of India and Iran will further give more advantage to attract the resources of Central Asia. China and Pakistan should also cooperate with Iran for getting resources from Iran as well as from Central Asian Republics. Gwadar Port is likely to face tough competition from Iranian Port of Chahbahar. India can exploit this situation by strengthening Pakistan's rivalry with Iran. China needs to use her good offices to strengthen the relations of Pakistan with Iran and execute the agreed project of Iran-Pakistan-India (IPI) gas pipeline in near future or to divert that project from India to China.

Primarily, it requires to be realized that various transit and transport systems have already been facilitated by CARs and China for overcoming their inter-regional trade problems. Its old rail link with Kazakhstan has been reactivated by China since 1992. Under latest "Silk Road Economic Belt" project of China, numerous major road, railway, and pipeline projects are being launched passing through Xinjiang and then entering Kyrgyzstan, Uzbekistan, Turkmenistan, and Iran. Xinjiang Uygur Autonomous Region (XUAR) is developed as the hub for any kind of transport. In Xinjiang, the number of Class A ports is 16 and Class B ports are 11 linking with eight different countries.³⁰

Conclusion

Central Asia one of the wealthy state in the oil and gas production due to which the other outsider states are frequently staring with round eyes and keenly in gaining and attaining their objectives and goals from this region. The neighboring states are more curious about its outstretching for this particular land area. Both China and India have the individual goals and aims in getting more fascinating and nearer to this Middle Asian region. This create the phenomenon of geopolitics and despotism in the rough

form. It is the silent tussle between China and India that who gets more advantage and become prosperous in the post-2018 scenario. If we observe the overall relations between India and China, we can find that there is competition between India and China for the resources of Central Asia. The competition mindset to keep their traditional sphere of influence has also been displayed by both the countries in the Central Asian region. Competition is the initial driver on issues which are related to oil and gas. Based on history of mistrust and current competition, it can be concluded that in the coming decade, the rise of China and India will be accompanied with tension and suspicion. The Sino- Indian competition exists in the “New Great Game” and it could play the role of a catalyst for conflict between these two major emerging powers. While neither China nor India, nor would certainly any of the affected country want the “New Great Game” to lead to war. There is an expected risk that if left unchecked, misunderstandings and miscalculations could see the ‘Game’ get out of control. It would likely have profound consequences certainly for regional and global stability. It concludes that the long-term social and economic development of both China and India is obviously dependent on a favorable security environment. In this regard SCO is an excellent tool with China to influence the Central Asian Republics. Keeping in view the geographical connectivity and practical engagement, it seems that China is far ahead of India in achieving its political, economic and strategic interests in the region.

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