

## **India's Central Asia Ambitions Outfoxed by China and Russia<sup>1</sup>**

Micha'el Tanchum

Over one year after the announcement of its “Connect Central Asia Policy,” New Delhi has been sidelined in four of the five Central Asian republics. India's revamped Central Asian initiative is partly directed at counter-balancing Chinese and Pakistani influence in the region. But attempting to accomplish this goal while maintaining strategic autonomy from Moscow and Washington, a traditional Indian position, has proven to be highly problematic.

At present, Moscow has essentially shut India out from Kyrgyzstan, with Russia providing the first installments of a \$1 billion military aid package to Bishkek. This follows the strategic setback that India suffered in 2010 when it lost use of the Tajikistan Ayni airbase to Russia. And in the two larger, energy-rich nations of Kazakhstan and Turkmenistan, New Delhi has also been sidelined by China's assertive energy policy.

In early September this year, India's loss of an 8.4 percent stake in Kazakhstan's Kashagan oil field to the Chinese National Petroleum Company (CNPC) was a major blow to its goal of developing long-term partnerships in energy development with the Central Asian republics. India's Oil and Natural Gas Corporation had originally concluded an agreement in November 2012 to purchase an 8.4 per cent interest in Kazakhstan's Kashagan oil field, pending Astana's approval. The Kashagan field is considered to be the largest oil discovery in the last thirty years and is the world's most expensive oil extraction project. New Delhi viewed the \$5 billion stake in Kashagan as a significant

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foothold in Kazakhstan's oil industry. About one month before the second round of New Delhi's India-Central Asia Dialogue, the Indian government announced it had received positive signs from Astana that it would approve the sale.

But in July this year, the Kazakhstan Ministry of Oil and Gas preempted the proposed sale. Instead, the Kazakhstani state-owned energy firm KazMunaiGas bought the stake in the Kashagan field and then sold an 8.33 per cent interest to China's CNPC for the same sum of \$5 billion. The head of KazMunaiGas informed the press that CNPC had promised up to US\$3 billion to cover half the cost of Kazakhstan's financing of the second phase of Kashagan's development. In a public display of China's diplomatic triumph, Chinese President Xi Jinping visited Astana in early September to sign the acquisition agreement with Kazakh President Nursultan Nazarbayev, which formed one out of twenty-two agreements concluded between China and Kazakhstan whose total value was \$30 billion.

India has been similarly outmaneuvered by China's energy and trade diplomacy in Turkmenistan. New Delhi had placed great hopes on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, which is intended to transport gas from Turkmenistan across Afghanistan and Pakistan to the Indian town of Fazilka close to the Indo-Pakistani border. However, construction of the pipeline has still not begun. Meanwhile, China has also inaugurated the operations of Turkmenistan's Galkynysh gas field, the world's second-largest gas field. A highly symbolic accomplishment for China, the Galkynysh field was developed by a CNPC-led consortium without the participation of any major Western energy companies. Although the TAPI pipeline was originally intended to transport gas from Turkmenistan's Dauletabad field, the Galkynysh field now provides Beijing with significant influence over the future of the TAPI pipeline project. Perhaps tellingly, Turkmenistan did not send a delegation of experts to New Delhi's June 2013 India-Central Asia Dialogue.

Therefore, unless New Delhi wishes to partner with Moscow in counterbalancing Chinese advances in Central Asia, India's only remaining option is to develop a strategic partnership with Uzbekistan. The two countries share vital strategic interests. As Afghanistan's Central Asian neighbor to the north, Uzbekistan will play a crucial role in a post-NATO Afghanistan. Like India, Uzbekistan is keen to prevent the resurgence of Pakistani-sponsored Islamist proxies in Afghanistan. The success of India's grand North-South Transit Corridor (NSTC) initiative will also depend on Uzbekistan's cooperation as its northern outlet to Central Asia. The corridor would run from a future Indian-constructed port in Chabahar, Iran, to the Indian-built Zaranj-Delaram highway across Afghanistan.

But Uzbekistan has currently moved to deepen its ties with Washington. In June 2012, Uzbekistan's President Karimov withdrew his country's membership in the Russian-led Collective Security Treaty Organization (CSTO) and has been pushing for closer ties with NATO. In that case, India's insistence on strategic autonomy, based on a moribund legacy of non-alignment, would probably place a brake on relations with Uzbekistan.

India's "Connect Central Asia Policy" was supposed to bolster New Delhi's NSTC initiative. However, the network of energy and security relations created by China and Russia in Central Asia will probably result in India's NSTC being supplanted by a Shanghai Cooperation Organization (SCO) managed trade and transport corridor, stretching from the Pacific to the Baltic. New Delhi's poor maneuvering in Central Asia, a region critical for its security as well as its energy and trade needs, also raises serious questions about India's ability to be a partner in future regional arrangements elsewhere in Asia.

*Micha'el Tanchum is a Fellow at the Department of Middle East and Islamic Studies, [Shalem College](#), Jerusalem, and at the [Truman Research Institute for the Advancement of Peace](#), The Hebrew University of Jerusalem. Dr. Tanchum also teaches in the Department of East Asian Studies, Tel Aviv University.*

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