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Comparing India's and China's Approaches in Central Asia

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Key Points

• In the early 1990s, India did not show much of an interest in Central Asia. China, however, right since the Soviet disintegration has considered Central Asia as significant to its national security and territorial integrity.

• India’s Central Asia policy has been focused on Afghanistan situation since the mid-1990s. India views Central Asia as a region to contain terrorism from Afghanistan and Pakistan, while China is overwhelming the region with its economic growth.

• India’ approach to regional organisations in Central Asia has been lukewarm, while China took the lead in forming and sustaining the Shanghai Cooperation Organisation (SCO).

• Two landmarks signified India’s changing approach. In November 2003 India agreed to renovate and upgrade the Ayni air base in Tajikistan. In August 2005 Indian state-owned company ONGC combined with Mittal Industrial Group to form ONGC Mittal Energy Limited (OMEL) to acquire energy assets in Kazakhstan.

NB: The views expressed in this paper are entirely and solely those of the author and do not necessarily reflect the views of the OSCE Academy in Bishkek or the GCSP.
Introduction

Following the break-up of the Soviet Union and the resulting chaos in Central Asia (inter-ethnic problems, Russophone emigration, the Tajik civil war, economic difficulties and a difficult and long transition process towards a free market economy based on private property and individual entrepreneurship), India did not have much of an interest in Central Asia. Though the then Prime Minister of India visited the region in 1993 and announced some small credit lines, he expressed little enthusiasm to bolster relations with Central Asia. With a friendly government in Afghanistan (1992-96), India’s focus shifted to intensifying relations with other parts of the world. It was only after the Taliban assumed power in Afghanistan and the possibility of Pakistan gaining “strategic depth” in that country became suddenly very real that Central Asia became an important region in India’s foreign policy. Thus, India’s Central Asia policy has been focused on Afghanistan since the mid-1990s.

In contrast, China, since the collapse of the Soviet Union in 1991, has considered Central Asia as significant to its national security and territorial integrity. To preempt any resentment in Central Asia over boundary issues that could have implications for China’s volatile northwest region, Beijing moved quickly to resolve the border issue with the three Central Asian states (Tajikistan, Kyrgyzstan and Kazakhstan) as well with Russia. In the process it not only settled the disputed borders but also undertook confidence-building measures, which helped deepen relations with the countries of the

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1 In 1993, during P.V. Narsimha Rao’s visit to Uzbekistan and Kazakhstan and in 1995 to Kyrgyzstan and Turkmenistan, India proposed an aid package of US$10 million to each of the newly independent states. Tajikistan was offered a credit of $5 million in 1993. After opening a credit line to Turkmenistan worth $5 million in March 1995, India again extended another credit line of $10 million in September of the same year.
region. The whole process resulted in the evolution of a regional organization, the SCO, with China at the forefront.

The anti-Soviet position of China during the Cold War and the 1969 war with the USSR over the border disputes had severely dented China’s image in the former Soviet republics. One impetus for China to engage Central Asia was the need to remove the negative image that had survived the Soviet collapse and gain a degree of respectability. It succeeded in initiating the Shanghai-Five process that not only helped erase the memories of the 1969 border conflict with the former USSR but also ushered in a series of confidence-building measures including border settlements with Russia and the three Central Asian states. With the creation of the SCO in 2001, China has already gained the acceptance as a major economic and security partner that plays a stabilizing role in Central Asia. China’s more recent approach has been to increase its influence in the region via greater economic engagement. The SCO has been especially helpful in this regard by roping Russia into a cooperative framework.

Economic and security engagement

The results of the two contrasting APPROACHES are evident. China today is the largest trade partner of most Central Asian states. India’s trade with the region compared to China is comparatively miniscule and so are its investments. Compared to India’s trade turnover of $366.73 million with Central Asia in 2008, Iran’s was nearly $1.8 billion and China’s exceeded $28.18 billion. Even in a country like Tajikistan, where India is reported to be using an airbase facility for its Afghanistan-related humanitarian and infrastructure projects, bilateral trade is abysmally low, totaling only about $30 million in 2009. During Indian President Pratibha Patil’s visit in September 2009, Tajikistan invited India to explore the huge hydro power potential in the country as part of efforts to intensify bilateral economic cooperation and explore new areas of partnership between the two

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2 P. Stobdan, “Proposals to establish the Takshila university for the study of Indo-Central Asia culture to promote world peace in the 21st century”, POLICY BRIEF: India, Buddhism and Geopolitics in Central Asia: Regaining Centrality, Institute of Defence Studies and Analysis (IDSA), New Delhi, 25 June 2010.

http://www.idsa.in/system/files/PB_IndiaBuddhismandGeopoliticsinCentralAsia.pdf

3 Direction of Trade Statistics (DOTS), IMF, 2009.
sides. The Tajik president, Emomali Rahmon pointed out that Tajikistan has about 400 projects that require foreign direct investment, but India has been relatively ambivalent regarding the prospects.

While China is beginning to dominate the region economically, India still perceives Central Asia from a security perspective, primarily related to stability in Afghanistan. Though there have been some recent changes in this approach due to India’s energy security needs and a more active foreign policy, Central Asia has yet to acquire the same level of priority in India that China accords to this region.

The security dimensions of China’s engagement include denial of any support to separatist forces in Xinjiang from Central Asia, demilitarization of the border and anti-terrorist cooperation. The creation of SCO has served the security and economic interests of China. The pipeline from Turkmenistan via Uzbekistan and Kazakhstan to China is symbolic of China’s growing economic thrust into the region. According to Alexander Jackson, senior editor of the Germany-based “The Caucasian Review of International Affairs (CRIA)”, as Russia’s economy contracts under the impact of global recession and the cost of maintaining its energy monopoly in the Caspian region increases, China is well placed to play a larger role and secure strategic assets.

Federico Bordonaro, a Rome-based analyst with the “Power and Interest News Report”, argues that the existing Sino-Russian axis is nothing more than a tactical alignment against some US moves. In the medium term it is the Sino-Russian competition that is set to take a more important place in the relations between the two countries, due to the fact that Beijing’s search for energy in the region directly affects Russia’s strategic energy interests. Though for the time being, shared strategic interests of Russia and China have taken precedence over the emerging economic tension, it is not clear how long it will last. According to Fyodor Lukyanov, editor in chief of the Moscow-based journal “Russia in Global Affairs”, there is going to be increased soft competition as China becomes more successful in Central Asia and Russia begins to resent being a junior partner to China in the

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region. Bordonaro says the energy game in Central Asia is going to be zero-sum because resources flowing to China will be denied to Russian and Europe. Central Asian states like Kazakhstan, Turkmenistan and Uzbekistan have become increasingly adept at playing this scenario to their advantage.

According to Alexander Cooley, a political scientist at Columbia University, China is taking advantage of the Afghan war and Russia’s financial woes to secure its own position in Central Asia. In 2009, as a result, for the first time, China’s net trade with Central Asia exceeded that of Russia and the trend is likely to persist in the future. Thus, China is slowly but steadily encroaching upon the Russian sphere of influence. It is prepared to initiate steps that would minimize the influence of other powers like Russia and the US in Central Asia. For example, many experts consider the decision of the SCO at the Astana Summit in July 2005 to demand a timetable for withdrawal of US forces in Central Asia to be a Chinese move. Other moves include China’s attempt to push the SCO as the major regional organization vis-à-vis the Collective Security Treaty Organization (CSTO), building energy infrastructure that draws Central Asian states away from Russian influence, and using the Sino-Pak alliance to the geopolitical disadvantage of India - like building the deep sea port at Gwadar in Pakistan which can be used by the Chinese navy if required; offering to invest in the Iran-Pakistan-India (IPI) pipeline when India is bargaining hard on price of gas, transit fees and security issues related to the pipeline (by implication this would reduce India's financial clout in the project); and linking India’s membership in the SCO to that of Pakistan in the name of consensus.

Throughout the spring of 2008, former Pakistani President General Pervez Musharraf and his government frequently courted Chinese leaders to join the pipeline project, a pitch that Musharraf also tied to an earlier proposal of establishing a corridor linking Pakistan to China through rail, road and fiber optics. According to Stephen Blanc, if China did become a full partner in the IPI pipeline that would offer it another opportunity to build on Beijing’s so-called strategy of building what has been called a “string of pearls” across the Indian Ocean. Chinese officials have publicly stated their desire to turn the Chinese-built Pakistani port of Gwadar into an energy hub. China also has

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7 Cited in Brian Whitmore, Ibid.
8 Cited in Brian Whitmore, Ibid.
substantial interests in overland transport links in Pakistan through the Karakorum Highway and participation in the IP pipeline would extend those interests deeper.\textsuperscript{10}

**Approach to regional organisations**

India’s approach to regional organisations in Central Asia has been just as lukewarm as its approach to economic ties. While China took the lead in forming and sustaining the SCO, India neither took any such initiative or show interest in SCO until recently. India had the best chance of joining the organization in 2001 during the formation of the SCO by Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Most member states were in favour of India joining the Organisation. Pakistan, which was all along supporting the Taliban in Afghanistan, was on the defensive after the 9/11 terrorist bombings in the United States.

India’s support to the anti-Taliban Northern Alliance had made it a closer partner of Russia and the Central Asian states. No other aspiring member like Iran or Afghanistan had a better chance than India, which did not push for membership early on. Though the new membership guidelines were formulated in the June 2010 Tashkent Summit of the SCO, it would be difficult for India to gain membership given China’s reluctance and the aspirations of others, like Pakistan and Iran, which many members would be worried to incorporate. Russia and the Central Asian states may have no problem with India and Mongolia joining the SCO.

Speaking ahead of the Tashkent Summit, Russia’s to envoy to India, Alexander Kadakin, said, ”Our position has all along been that we want India as a full-fledged member of the SCO. The criteria for new membership have not been worked out. But we believe India meets all the requirements to be a member”. Asked if Pakistan’s membership request would also be considered alongside India, he said, ”India and Pakistan are different in this regard. There is a certain limited criteria for the membership. If you ask me about India, I would say it falls in the 'yes' category," Kadakin said.\textsuperscript{11} However, since new membership has to be decided by consensus, China’s insistence on considering other countries like Pakistan while expanding SCO membership could hinder India’s chances of

\textsuperscript{10} Stephen Blank, “Will China Join the Iran-Pakistan-India Pipeline?”, \url{http://www.defence.pk/forums/economy-development/49647-will-china-join-iran-pakistan-india-pipeline.html}

\textsuperscript{11} “Russia backs India’s case for SCO membership”, *The Times of India*, 12 June 2010.
becoming a member. Thus India’s fate today is linked to that of other observers and that makes the task of joining the SCO as a full member difficult.12

The Af-Pak context

While India remains worried about the Af-Pak situation and is committed to preserve the present dispensation in Kabul which includes the former Northern Alliance elements that are strongly opposed to the Taliban, China is not greatly worried about the nature of the regime in Afghanistan. Lately China has emerged as a major investor there, with the state-owned China Metallurgical group investing a staggering $3.5 billion in Afghanistan’s Aynak copper field in 2006. Apart from this largest foreign direct investment in Afghanistan’s history, China is also reported to be constructing a $500 million electric plant. China would be well placed to exploit the large unexplored reserves of oil and gas in northern Afghanistan, iron ore deposits between Herat and Panjsher valley as well as gold reserves in the province of Badakshan, Takhar and Ghazni.13 In contrast, India has to constantly watch the Sino-Pak and Taliban-Pakistan moves in Afghanistan and seek ways to balance or counter it. India’s aid, assistance and reconstruction efforts are focused on Afghanistan and less on its extended neighbourhood, i.e., Central Asia, though India links Central Asia to its strategy in Afghanistan.

Even India’s Afghanistan-Central Asia strategy is handicapped by its problematic relations with Pakistan and US antipathy towards Iran. The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline cannot go ahead because of India’s reluctance to depend on Pakistan for supply of gas. Similarly, relations with Iran have soured after India twice voted against Iran at IAEA. While China develops relations with Iran, India is more reluctant to go ahead even with agreed projects. As a result, projects like the Iran-Pakistan-India (IPI) pipeline are on the back burner. Downturn in India’s relations with Iran has slowed down progress on projects like Chahbahar port, and the North-South transport corridor. For instance, the two present harbours at Chahbahar have a target of 12 million tons per year, but at present only have capacity for 2.5 million. The issue of

12 The SCO council of foreign ministers had in May 2010 cleared the draft procedure for expansion and it was to be taken up during the June summit. China, however, warned against expediting enlargement saying all decisions should be on the basis of consensus.

accelerating the work on the port was raised by the Indian side with their Iranian counterparts during the 16th Indo-Iran Joint Commission held in Delhi on July 8-9, 2010. While India is losing Iran’s cooperation on the pending projects, China is investing heavily in Gwadar port in Pakistan, which could serve both economic and military purposes. This port on the Makaran coast will enable China to have access to the Indian Ocean and to project its military presence into global petroleum shipping routes and the oil states of West Asia.

India depends solely on Iran for access to Central Asia, whereas China has adopted multiple access routes, through road and rail networks to some Central Asian states, and through Pakistan and Afghanistan. India’s only option through Iran has been hitting road blocks due to Iran’s international isolation and burgeoning Indo-US ties.

Beijing views Central Asian states as a critical buffer for stabilizing and developing its Xinjiang region, while India views Central Asia as a region to contain terrorism in Afghanistan and Pakistan. If India had delinked Central Asia from its South Asian strategy, there was a possibility that India’s growing influence in Central Asia would have complemented its Af-Pak strategy. By focusing on the other way round India has neither been a strong player in Afghanistan nor in Central Asia. It is a supplementary actor in Afghanistan to the US and NATO powers, and in Central Asia it is likely to have a limited influence compared to other regional players like Russia, China, Iran, and Turkey. However, the recent proactive policy of India in Central Asia marks a change in India’s approach that could mark a break out of the confines of its South Asia centric focus.

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14 This, even though India has been financially assisting Iran in upgrading the Chabahar-Milak road within Iran and constructing a bridge to Zaranj, from where a road to Diloram in Afghanistan’s Nimroz province has already been completed. The road would facilitate the transport of Indian goods to Afghanistan and Central Asia through the Chabahar port. Indrani Bagchi, “India pressures Iran on key port”, The Times of India, 5 July 2010; “India, Iran discusses strategy in Afghanistan, Chabahar port”, Daily News and Analysis (DNA), 6 August, 2010; http://www.dnaindia.com/india/report_india-iran-discusses-strategy-in-afghanistan-chabahar-port_1419773; “India Keen to Develop Iran’s Chabahar Port”, Dredging Today.com, http://www.dredgingtoday.com/2010/07/27/india-keen-to-develop-iran's-chabahar-port/
**Proactive policy**

India’s Central Asia policy has shown new vigour in the last decade. India’s emergence as a global economic and nuclear power has allowed it to play an active role beyond its immediate neighbourhood, especially in Central Asia and Afghanistan. Two important landmarks signified India’s changing approach towards the region. The first was in November 2003 when the Indian Prime Minister visited Tajikistan and decided to renovate and upgrade the Ayni air base. Subsequent reports suggest that India has been using the Ayni facility for its reconstruction efforts in Afghanistan.\(^{15}\) The second was in August 2005 when Indian state-owned company ONGC combined with Mittal Industrial Group to form OMEL and made a serious effort to acquire energy assets in Kazakhstan. Though OMEL eventually lost to China’s state-owned CNPC in the acquisition of the Canadian oil company PetroKazakhstan, its bid of $3.9 billion was a huge effort by an Indian company at the time. From an insignificant $43.96 million trade turnover with Central Asian republics in 1996, India’s trade with the region increased to $366.73 by the end of 2008.\(^{16}\)

According to Blank, it is not just threat of terrorism or the need for reliable energy supplies that drove India to seek a greater Central Asian presence, but the realization that it has to break out of a purely South Asian position and upend what it discerns as joint Sino-Pakistani effort to encircle and threaten it. He concludes that India's presence in Central Asia is likely to rise and probably come into political and economic rivalry with that of other major Asian players, specifically China.\(^{17}\)

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\(^{15}\) According to reports (though officially denied), in 2006 the Indian air force deployed a fleet of MiG 29 fighter-bombers at Ayni air base, about seven miles from Dushanbe. This base could provide India with “a long strategic reach.” In Central Asia. R. Bedi, “Indian base in Tajikistan “Quietly operational”, Irish Times, 22 August 2002. However, Sisir Gupta says that India has no such ambitious plans except a squadron of Mi-17 VI helicopter at Ainy. While Russia is operating fighters from this base, New Delhi does not want to commit fixed-wing platforms for Ainy. In Sisir Gupta, “Tajik air base gives India its first footprint in Central Asia”, The Indian Express, 26 February 2007.


\(^{17}\) Stephen Blank, "India’s continuing drive into Central Asia", Central Asia-Caucasus Analyst, 14 January 2004.
Recommendations

• India needs to vastly upgrade its economic and cultural engagement in Central Asia and create regional linkages through existing infrastructure projects.

• Through greater economic involvement in Central Asia, India can look to forge closer integration of three Central Asian states (Tajikistan, Turkmenistan and Uzbekistan) with northern Afghanistan. The construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline will go a long way in developing this regional economic complex, where Indian goods and services can cater to the Central Asian and Afghan market.

• The Chahbahar route needs to compliment this integration by linking India and Iran with Central Asia through Afghanistan. The Chahbahar port facility should be completed as soon as possible, as should the land route through Iran. A Chabahar-Milak-Zaranj-Delaram highway will open up the Indian market to Afghan agricultural products and other exports. India will be better able to transport its goods, including humanitarian supplies, to Afghanistan and Central Asia.

• Another important project that requires greater urgency is the North-South Transport Corridor. This Route can link India-Iran-Russia and Central Asia for greater trade and transit of goods. In fact India’s greater economic engagement through the Chahbahar and the North-South Transport Corridor would create a larger regional complex involving India, Iran, Afghanistan, Central Asia and Russia. This would also improve regional peace and stability through development and inter-state cooperation.

• Another possible regional structure that should develop is India-China and Central Asia (especially Kazakhstan, Kyrgyzstan and Tajikistan). India must immediately start negotiations with China on access to Central Asia by a land route through China. Membership in SCO could help in this process and India should actively start dialogue with all the member states to resolve this issue.

• India’s strategy of greater engagement in Central Asia should have a wider focus and needs to break out of its South Asian constraints. This would imply looking at cooperation with other regional groupings and major powers in the region like the SCO, Russia, China and Iran. The ultimate goal is to make Central Asia and Afghanistan a region of greater international cooperation and not a theatre of a “New Great Game”.

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