



# RESETTING INDIA'S ENGAGEMENT IN CENTRAL ASIA: FROM SYMBOLS TO SUBSTANCE

Policy Report  
January 2016

**Bhavna Dave**

**RSiS**  
Nanyang Technological University

S. RAJARATNAM  
SCHOOL OF  
INTERNATIONAL  
STUDIES

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## EXECUTIVE SUMMARY

Indian Prime Minister Narendra Modi's visit in July 2015 to all five Central Asian Republics (CARs), followed by his visit to Ufa, Russia, to attend the joint summit of the Shanghai Cooperation Organisation (SCO) and BRICS (the grouping of Brazil, Russia, India, China and South Africa) as well as the informal summit of the Eurasian Economic Union (EEU), promise a new phase in India's comprehensive engagement with the region. The revitalisation of its role in Central Asia comes after decades of inaction and inertia, punctuated by ceremonial displays of goodwill and cordiality. Hampered by lack of physical connectivity and transport links to the region, India is developing alternative channels for accessing Central Asia via Iran and Afghanistan. The obvious aim is to expand economic activities, particularly trade with Central Asia, but there is also the need to boost India's energy security and strategic position.

India is carving out its strategic role in the region as a neighbour, regional power and a global actor within the regional parameters set by China's economic pre-eminence, Russia's geopolitical dominance, and the declining influence and credibility of the West.

Although a "late starter", India has the advantage of deploying its soft power and neutral but favourable image in the region to strengthen bilateral ties in several niche areas – IT, knowledge transfer, enterprise, innovation, medicine and health, culture and tourism – as well as in the spheres of transport connectivity, energy security and strategic cooperation.

India's efforts to become a visible strategic actor depend on its ability to establish a close strategic bilateral partnership with the CARs, advance greater security cooperation with Russia by building on its close ties with Moscow and develop closer collaboration with China's infrastructural development initiatives in Central Asia. India also needs to go beyond its preoccupation with Pakistan.

As a new member of the SCO, while also seeking partnership with the EEU, India has the potential in the longer term to become an impartial third vector. It can do this by consolidating its status as a normative power with the capacity to make the requisite technological and financial investments in energy and transportation infrastructure, facilitate vital security arrangements and enhance its standing in the global arena by pushing for transformation of norms and institutions of international governance.

# INTRODUCTION



Source: Wikimedia Commons

Prime Minister Narendra Modi’s visit in July 2015 to all 5 CARs was a decisive shift from the clichéd iterations of deep historical connections and friendship to a new economic and strategic engagement of India with the region. This was the first comprehensive visit by an Indian prime minister since P.V. Narasimha Rao went on a goodwill tour of the CARs in 1993 and 1995.

Modi’s six-day tour, followed by a visit to Ufa in Russia to attend the SCO-BRICS summit, which confirmed India and Pakistan as full members from 2016, was a fresh unveiling of India as a

regional and global power, and was noted by the international media. The Deutsche Welle noted the visit as scripting a new chapter in India’s relations with the region, whereas the Telegraph went on to describe it as designed to challenge China’s dominance.<sup>1</sup> Its key outcome was upgrading India-Central Asia relations to a new level by expanding cooperation in the trade, infrastructure, and energy sectors, making India visible as a neutral third vector, poised to deploy its soft power in a regional geopolitical and economic terrain dominated respectively by Russia and China.

<sup>1</sup> “India’s Modi sets sight on Central Asia,” Deutsche Welle. <http://www.dw.com/en/indias-modi-sets-sights-on-central-asia/a-18566797>; James Kilner, “Modi in unprecedented grand tour of Central Asia”. The Telegraph, 12 July 2015. <http://www.telegraph.co.uk/news/worldnews/asia/india/11735255/Modi-tours-Central-Asia-in-Great-Game-move.html>

## Background: Goodwill without Depth

India's "noticeable absence"<sup>2</sup> in its northern neighbourhood has been an enigma, given the strength of its historical ties to the region and a close strategic partnership all through the Soviet years. While all major and middle ranking powers in the neighbourhood and beyond—from Japan, South Korea to Turkey, Iran and even Pakistan – expanded economic, trade, political and cultural partnership with Central Asia and established their specific niches, India stayed disengaged, distant though deferential. India-Central Asia relations remained stuck in ceremonial displays of cordiality, expressions of goodwill through ritualistic evocations of common denominators such as Silk Road, Sufism, the Mughal connection (few in India know that the term is a distortion of "Mongol") and celebrations of Soviet-era camaraderie. The tremendous popularity of Hindi films, Central Asians' regard for movie icons Raj Kapoor and Mithun Chakravarty and adoration for Jawaharlal Nehru and Indira Gandhi sustained the fiction of close relations in the actual absence of any significant people-to-people ties, particularly the lack of interest in the region on the part of India's policymakers, business, media and intelligentsia.

India's lack of visibility in the region stems first from the lack of geographical connectivity and a transportation network. India has been seeking alternative access to the region via Iran across the Caspian Sea and via rail links through Afghanistan through the construction of an International North South Transport Corridor (INSTC). But prolonged delays and half-hearted measures have tarnished India's reputation for delivering results,<sup>3</sup> a stark contrast to China's single-minded pursuit of the Silk Road infrastructural development project, now embodied in the One Belt One Road (OBOR) initiative.

Second, by continuing to see the Central Asian region through the lens of Indo-Soviet ties,

and as Russia's backwater, India has failed to appreciate the scale of transformation over the past decades, the complexity of the region's relations with Moscow and significant internal differentiation within the region. Unlike China, which has set up several institutes and think tanks dedicated to the study of various regions, including Central Asia, there is a shortage of Indian experts who combine linguistic skills (Russian and the relevant regional language[s]), academic training, cultural knowledge, and extended first-hand experience in the region.

Third, India has been unable to use its soft power and leverage in Afghanistan for forging closer all-round ties with the Central Asian states. The preoccupation with Pakistan and the continuing perception of the region as Russia's backyard account for the lack of attention to Central Asia, which is compounded by inaction and inertia in overcoming the impediments posed by lack of geographical connectivity.

In this backdrop, P. V. Narasimha Rao's visit to the CARs in the early 1990s (he visited Uzbekistan and Kazakhstan in 1993 and Kyrgyzstan and Turkmenistan in 1995 as Tajikistan was still embroiled in the civil war then) was in essence a goodwill mission. Affirming Central Asia as an area of "high priority", he described India as desiring "honest and open friendship and to promote stability and cooperation without causing harm to any third country."<sup>4</sup> This projected India as a benign neighbour and a time-honoured friend but offered no vision of the role it could play in promoting stability and easing the region's tumultuous post-Soviet transition.

All through the first decade of Central Asia's independence, India's impact remained limited to specific non-strategic niche areas of Indo-Soviet cooperation, such as technical assistance, pharmaceuticals, medicine, commerce, tourism, and cultural-educational ties. The "Look North" policy put forward in the late 1990s produced incremental shifts but its

<sup>2</sup> "India's Modi sets sight on Central Asia," Deutsche Welle. <http://www.dw.com/en/indias-modi-sets-sights-on-central-asia/a-18566797>; James Kilner, "Modi in unprecedented grand tour of Central Asia". The Telegraph, 12 July 2015. <http://www.telegraph.co.uk/news/worldnews/asia/india/11735255/Modi-tours-Central-Asia-in-Great-Game-move.html>

<sup>3</sup> C. Raja Mohan, "A passage to inner Asia," The Indian Express, 6 July 2015. <http://indianexpress.com/article/opinion/columns/a-passage-to-inner-asia/>

<sup>4</sup> Cited in Marlene Laruelle and Sebastien Peyrouse. 2013. Mapping Central Asia: Indian Perceptions and Strategies. Berlington, VTL: Ashgate. P. 162.

accent was on projecting India's influence as a "rising power" rather than on exploring avenues of tangible cooperation and engagement.

The "Connect Central Asia" policy launched in 2012, affirmed the critical importance of geographical connectivity, transportation and trade networks for forging a comprehensive partnership across the greater Central Asian region, including Afghanistan. Taking a leaf out of China's dynamic approach to the region, it envisaged a series of high-level meetings for revitalising the partnership and making India a prominent actor in the region. During his visit to the Tajikistan in October 2013, then Indian President Hamid Ansari called for the need "to develop and pursue individual policies with these [Central Asian] countries, bringing our interests on a converging platform."<sup>5</sup>

Overall, the sluggish Indian response was conditioned largely by domestic factors and the broader regional context. India's status and priorities in the 1990s and early 2000s were different: its economic growth was just about taking off, relations with the U.S. were tainted by the nuclear stalemate, ties with China were adversarial, mired in mutual suspicion, and the preoccupation with Pakistan was a constant refrain.

Both India and Central Asia have changed profoundly since the establishment of diplomatic ties in the early 1990s. The rapid rise and subsequent decline in the U.S. engagement in the region and the perceived failure of U.S.-led policies to either promote democratic norms or build security in Afghanistan and the greater Eurasian region are leading to Central Asia's reincorporation into Russia's geopolitical and normative space while China further strengthens its control over the economy, trade and transport infrastructure.

In this context, India is re-engaging with the region not only through strengthening bilateral relations, but also as a new member of the SCO, exploring avenues of cooperation with Russia-led EEU. Between Russia's geopolitical and military power and China's uncontested

economic hold, India is establishing its imprint as a third force by capitalising on the favourable image of its soft power derived from its economic dynamism, democratic credentials, technological prowess, innovation, entrepreneurialism, cultural syncretism and historical linkages.

## Modi's Visit: Objectives and Outcomes

Modi's Central Asia mission was an important breakthrough. It made India visible on the Central Asian political landscape with the world taking notice. Underlying high symbolism and festive ceremonies were fruitful agreements pointing to a long-term strategy, an action plan and practical measures aimed at addressing geographical constraints and India's own self-imposed limitations which have kept the relations in limbo over past two decades.<sup>6</sup>

The first broad objective of the visit was to take concrete steps for enhancing economic and trade links with emphasis on energy and transport connectivity. The second key aim was to enhance and deepen India's strategic engagement with the greater Central Asian region by building closer bilateral ties as well as multilateral partnerships to aid stability and development in Afghanistan.

Two key processes coinciding with the visit bolster the prospects for a comprehensive Indian engagement. The first was the lifting of international economic sanctions on Iran which is a major conduit in the India-initiated project of building connectivity with the Central Asian states via sea route from the Chabahar port being built by India and by rail route from Chabahar through Afghanistan to landlocked parts of Central Asia. Second, the accession of India and Pakistan as full members of the SCO, announced at the joint SCO/BRICS forum in Ufa which Modi attended along with the informal summit of the EEU, establishes India as a firm player in Eurasia. The SCO membership of India and Pakistan comes into effect at the 2016 summit in Tashkent.

<sup>5</sup> <http://www.thehindu.com/news/national/chinas-aid-to-tajikistan-does-not-clash-with-indias-interests-says-ansari/article4627846.ece>

<sup>6</sup> "Can Modi reconnect India with Central Asia?" <http://www.bbc.co.uk/news/world-asia-india-33421552>.

## 1. TRADE, ENERGY COOPERATION AND TRANSPORT CONNECTIVITY



*Shri Narendra Modi, Prime Minister of India, and Mr Gurbanguly Berdimuhamedov, President of Turkmenistan, at the Signing Ceremony of the Agreements in Ashgabat, Turkmenistan on 11 July 2015. (Courtesy: PIB India)*

### Expanding Trade and Energy Cooperation

India's insignificant economic and trade relations with the region, hamstrung by lack of physical connectivity, are not an accurate measure of its standing in the region. But economic and trade ties are important in making India visible as a soft power and a vital strategic actor. India's trade with the Central Asian region has reached US\$2 billion now, as the volume has doubled over last few years. But it is less than 0.5 per cent of India's overall trade volume, and a fraction of the region's over US\$100 billion trade with China, less than a sixth of the region's trade with Turkey and less than a quarter of its trade with Iran. India's private investment remains trifling at just about US\$30 million.

Kazakhstan, as the most prosperous, reform-oriented economy in the region, enjoying a close partnership with Russia, China, and a growing stature in the West, is the largest and most reliable economic and strategic partner of India.<sup>7</sup> The trade volume between both countries reached an all-time peak at US\$1.3 billion in 2014, up from US\$500 million in 2012 and \$670 million in 2013, thanks to cooperation in crucial sectors such as oil and gas, atomic energy, IT, agriculture and pharmaceuticals.<sup>8</sup>

President Nursultan Nazarbaev hailed Modi's visit as offering a roadmap of partnership based on similarity of objectives and agendas and called for further Indian investments in the energy, IT, space research and technology sectors.<sup>9</sup> Kazakhstan is also keen to promote

<sup>7</sup> Altay Sandybaev, "O sotrudnichestve s Indiei rassuzhdayut s pozitsii poiska 'balanca'" ["Debating cooperation with India in the quest for a 'balance'"]. Radio Azattyq, 8 July 2015. <http://rus.azattyq.mobi/a/27116329.html>

<sup>8</sup> "Itogi vizita prem'era Modi v Tsentral'nuyu Aziyu: India aktiviziruet sotrudnichestvo so stranami regiona." [Summing up the visit of Prime Minister Modi to Central Asia: India activates partnership with the region]. Fergana.ru. 13 July 2015. <http://www.fergananews.com/news/23627>

<sup>9</sup> "Kazakhstan i Indii podpisali paket dokumentov o sotrudnichestve," ["Kazakhstan and India sign a packet of documents on cooperation,"] 7 July 2015. <http://newskaz.ru/economy/20150707/9049138.html>

a diversification of its economy and is seeking to extend cooperation in sectors such as transportation, telecommunications, petrochemicals, food processing, pharmaceuticals, mining sector, and real estate.<sup>10</sup> Its enormous land expanses are attractive for large-scale commercial farming and there is considerable scope for concluding land lease agreements with India given Kazakhstan's small population and the quest for establishing food security.

India has made a belated but firm imprint on the hydrocarbon landscape of Kazakhstan by concluding vital nuclear and oil exploration deals. The 2011 agreement on nuclear cooperation signified a major advance in India's strategic engagement in the region. A fresh four-year deal on supply of 5000 tons of enriched uranium to India will provide fuel for India's 21 operating nuclear reactors and marks a new phase in bilateral cooperation in the energy sphere. It was only in 2011 that ONGC Videsh Ltd (OVL), the overseas branch of the state-owned Oil and Natural Gas Corporation (ONGC), obtained a 25 per cent share of the Satpaev oil block in the North Caspian with Kazakhstan owning the remaining 75 per cent. After numerous delays, drilling began in the Satpaev block in which India has pledged US\$400 million for exploration. India has already spent US\$13 million to sign the deal, US\$80 million as a one-time assignment fee to KazMunaiGas (KMG) and US\$150 million in exploration. While OVL estimates a peak output of 287,000 barrels per day, mounting costs, slump in oil prices and differences with the Kazakh government have slowed efforts by Western investors to expand offshore production of oil and gas.<sup>11</sup> Falling global oil prices and the lifting of sanctions on Iran make Kazakhstani oil less attractive in the short and medium-term

but India requires a long-term perspective and planning in order to enhance the security of energy supply.

Turkmenistan's enormous gas reserves and relative proximity hold even greater promise for India. The 1,800 km long projected TAPI pipeline from Turkmenistan to Afghanistan, Pakistan and India, estimated to supply about 30 billion square metres of gas a year to India, can also bring enormous benefits to Turkmenistan. Despite active backing by the U.S. and the Asian Development Bank, little progress has been attained due to the volatility in Afghan and Pakistani sections of the proposed pipeline.

Renewing the plea to develop the TAPI pipeline, Modi described it as "the most significant initiative" of India's relationship with Turkmenistan. Aspiring to become a regional transport hub on the strength of its outlet to the Caspian Sea, forging close ties with Iran and Turkey and growing energy cooperation with China, Turkmenistan is keen to promote TAPI as well as to implement the "Ashgabat Agreement", signed in its capital in 2011 between Uzbekistan, Turkmenistan, Iran, Oman and Qatar. It seeks to establish a new international transport and transit corridor linking the 5 countries, including developing the shortest trade corridor between the Central Asian countries and Iranian and Omani ports and rail links running through Kazakhstan, Uzbekistan, and Turkmenistan, inaugurated earlier this year, to connect further to Iran.

Negotiations on India signing the Ashgabat Agreement and developing the TAPI pipeline and Turkmenistan joining the India-led INSTC have gathered pace with External Affairs Minister Sushma Swaraj stopping over in Ashgabat in October 2015 en route to Russia.<sup>12</sup>

<sup>10</sup> "Kazakhstan i Indii podpisali paket dokumentov o sotrudnichestve," ["Kazakhstan and India sign a packet of documents on cooperation,"] 7 July 2015. <http://newskaz.ru/economy/20150707/9049138.html>

<sup>11</sup> "PM Narendra Modi launches OVL oil block project in Kazakhstan," The Economic Times, 7 July 2015. [http://articles.economictimes.indiatimes.com/2015-07-07/news/64178283\\_1\\_satpayev-oil-block-ovl-satpayev-vostochni](http://articles.economictimes.indiatimes.com/2015-07-07/news/64178283_1_satpayev-oil-block-ovl-satpayev-vostochni)

<sup>12</sup> "India, Turkmenistan ink 7 pacts, agree to combat terrorism together," The Indian Express, 11 July 2015. <http://indianexpress.com/article/india/india-others/indiaturkmenistan-ink-7-pacts-pm-modi-for-early-operation-of-tapi/>. On Sushma Swaraj's brief stopover at Ashgabat, see <http://www.indiandefencereview.com/indias-central-asia-connect-may-lie-through-ashgabat/>



*Indian Foreign Secretary S. Jaishankar addressing the 6th Coordination Council Meeting of International North South Transport Corridor in New Delhi on 21 August 2015. (Courtesy: MEA/Flickr)*

Keen to get TAPI off the ground, President Gurbanguly Berdymukhamedov has ordered Turkmengaz and Turkmengazneftstroi to begin Turkmenistan's section of the pipeline and complete it by 2018. However, both countries need to renegotiate TAPI's planned pricing scheme to "reflect the new realities" of the global slump in oil prices and the availability of Iranian oil.<sup>13</sup>

Keeping India's options open, Modi also hinted at exploring the possibility of a land-sea route through Iran for the pipeline: the option of a Turkmenistan-Iran-India (TII) pipeline seems more plausible with the removal of sanctions on Iran.<sup>14</sup> By signing agreements for cooperation in the areas of chemicals and fertilisers, health and medicine, including yoga and traditional medicine, tourism, defence and science and technology with Turkmenistan, India is also using its soft power for forging a closer energy partnership.

India has the potential to play a vital role in

developing the hydropower sector of Tajikistan. With over 80 per cent of its territory being mountainous, Tajikistan possesses nearly 4 per cent of global hydropower generation potential, but most of it remains untapped.<sup>15</sup> The Soviet-built infrastructure, still under Russia's indirect control, is in need of massive renovation though Russia has been unable to bring in financial investment and technological know-how. India has spent US\$20 million in grants towards the modernisation of the Varzob-1 Hydro Power Station and is exploring further collaboration in the hydropower and solar energy sectors in which Russia has a decisive say regarding any external investment.

The deep historical ties, as well as the affection held in Uzbekistan for India have not paved the way for an advance in economic and trade partnership due to unattractive investment conditions in Uzbekistan and lack of initiative by India. The total trade turnover between India and Uzbekistan was US\$315.9 million in 2014 and is projected to increase with better connectivity between the two states. Uzbekistan

<sup>13</sup> Sanjeev Choudhary, "India to renegotiate TAPI gas prices." *The Economic Times*, 9 November 2015 [http://articles.economictimes.indiatimes.com/2015-11-09/news/68134142\\_1\\_turkmenistan-mmscm](http://articles.economictimes.indiatimes.com/2015-11-09/news/68134142_1_turkmenistan-mmscm)

<sup>14</sup> Casey Michel, "Modi in Central Asia: Goodbye TAPI, Hello TII?" *The Diplomat*. <http://thediplomat.com/2015/07/modi-in-central-asia-goodbye-tapi-hello-tii/>

<sup>15</sup> Kailash K. Prasad and Rani D. M. "India – Tajikistan Bilateral Brief," India Development Cooperation Research (IDCR) Project, Bilateral Brief no. 5, 5 December 2013 (last updated 15th May, 2014). Available at <http://idcr.cprindia.org/blog/india-tajikistan-brief-0>.

is eager to establish cooperation with India in security spheres - defence, counter-terrorism, and cyber-security - alongside with medical and educational spheres, particularly IT, knowledge transfer and cultural ties.

Kyrgyzstan is struggling to consolidate its nascent democratic institutions amid the increase in Russian military, economic and political control and waning of Western interest in the country's democratic process. The acknowledgement by Modi that the smallest of all CARs is an equal partner with India in terms of advancement of democratic norms was vital to the fledgling Kyrgyz parliamentary democracy. The Election Commissions of both countries signed agreements on cooperation in the field of elections and conduct of referendums through the use of advanced IT software in legislative processes and parliamentary procedures.<sup>16</sup>

As India tries to carve out its niche in areas where China and Russia have already set standards, norms and expectations, India's strategy has been to focus on its strengths in sectors such as small business and enterprise, digital connectivity, pharmaceuticals, medicine and health, construction and service. India's efforts to forge a close strategic partnership rest on how it deploys its soft power by offering cooperation and aid in capacity building, knowledge transfer, people-to-people contact, and bolstering its developmental and humanitarian assistance.

### **Transport Connectivity: Complementarity and Beyond the Great Game**

Lack of physical connectivity with the region, protracted conflict with Pakistan, and extensive involvement in Afghanistan have constrained

India's engagement with Central Asia despite its growing energy demand and the proximity with the energy-abundant states.

Modi renewed India's commitment to establish physical connectivity through building the INSTC, which will lower the costs by 30 per cent and distance by 40 per cent and boost India's trade and investments in the energy sector. He also punctuated it by calling for developing "a vast network of physical and digital connectivity that extends from Eurasia's northern corner to Asia's southern shores."<sup>17</sup> With India, Russia and Iran signatories to the INSTC cooperation agreement in September 2000, India is now seeking the active participation of the Central Asian states in developing the route.

Work on the INSTC is to begin in early 2016 to link the Indian port of Mumbai to Iran's Bandar Abbas where the route goes overland to Baku in Azerbaijan and along the Caspian Sea to Astrakhan in Russia, proceeding finally to Moscow and other parts of Europe.<sup>18</sup> Sanctions on Iran and dithering on the part of India had slowed the pace of construction and completion of the Chabahar port and the 900 km railway line connecting it to the mineral-rich Hajigak region in Afghanistan (where Indian companies have secured a huge iron mining concession) via the Baluchi-speaking region of Iran.

Given the enormous logistical and strategic challenges, risks and costs, India needs to offer strategic planning, timely action, active diplomacy and enormous investments to execute the project. A stark contrast to India's INSTC is China's US\$46 billion infrastructure investment in Pakistan, announced during President Xi Jinping's visit to Islamabad in April 2015. China is upgrading the Gwadar port on Pakistan's Arabian Sea coast, located about 80 km east of Chabahar, and building highways,

<sup>16</sup> <http://www.ca-portal.ru/article:20254>

<sup>17</sup> Anil Sasi, "10 years on, SCO decides to induct India as full member," The Indian Express. 11 July 2015. <http://indianexpress.com/article/business/business-others/10-years-on-sco-decides-to-induct-india-as-full-member/#sthash.g2oTeq6r.dpuf>

<sup>18</sup> Ria Novosti, 18 August 2015. <http://ria.ru/interview/20150818/1191198664.html>

railways and pipelines in a 3000 km-long economic corridor to link Gwadar to Kashgar in Xinjiang province in western China. This makes India's INSTC "the tortoise to China's OBOR hare."<sup>19</sup>

While INSTC has a geopolitical and economic rationale, India needs further infrastructural investments and a vision which rises above geopolitical competition and regional rivalries. Entering into competition with China or ignoring its pervasive imprint on the Central Asian region

is neither possible nor desirable. In other words, India's quest for connectivity requires continuing bilateral agreements with Iran, Turkmenistan, and Afghanistan as well as cooperation with China's Silk Road projects. After a lukewarm initial response, India joined the China-led US\$100 billion Asian Infrastructure Investment Bank (AIIB) in June 2015, pledging \$8 billion. It is the second largest share-holder after China in the AIIB, which is to become operational in early 2016.

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<sup>19</sup> Micha'el Tanchum, "Modi and the Sino-Indian Game for Iranian Gas: The Indian prime minister makes his opening move in a mini 'Great Game'." *The Diplomat*, 17 July 2015. <http://thediplomat.com/2015/07/modi-and-the-sino-indian-game-for-iranian-gas/post-sanctions>.

## 2. SECURITY AND STRATEGIC COOPERATION



*Shri Narendra Modi, Prime Minister of India, and Mr Emomali Rahmon, President of Tajikistan having a tête-à-tête in Dushanbe, Tajikistan on 13 July 2015. (Courtesy: PIB India)*

### Security Partnership and Soft Power

Accustomed to seeing the Central Asian region through a Soviet and Russian-centred perspective, India is beginning to pay attention to the region in its own right to forge deeper bilateral and multilateral cooperation on stability and security enhancing measures in Afghanistan. However, the role and extent of its security engagement in Central Asia remain delimited by Russia's priorities and interests in the region.

Tajikistan, which borders Afghanistan, China, Uzbekistan, and Kyrgyzstan, is a critical hub in Indian and Russian-led efforts to stabilise Afghanistan. Tajikistan's leadership has periodically expressed its concerns about the worsening security climate in Afghanistan and the rising extremist threats within the country. While the Central Asian region is vulnerable to Islamic terrorism from the resurgent Taliban and the Islamic State of Iraq and Syria (ISIS), its leaders have also utilised the threat to intensify

repression, tighten control and extract support from neighbouring powers.<sup>20</sup>

Under a bilateral agreement with Russia as well as the CSTO (Collective Security Treaty Organization, headed by Russia, with Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan as members), Russia's 201st Motor Rifle Division comprising 7,000 troops (additional troops were sent earlier this year), is to remain in Tajikistan until 2042 and use facilities in Dushanbe, Kulob, and Qurghonteppa. Since the end of the bloody civil war in 1993-95 in which Russia brokered a peacekeeping deal, Tajikistan has continued to depend on Russia to combat threats from militant Islamic groups in Afghanistan and Pakistan as well as insurgencies and security challenges in the Rasht Valley and more recently in Gorno-Badakhshan region. With almost half of Tajikistan's economy depending on remittances from its migrants in Russia (almost one million Tajiks, out of a population of 8 million, work in Russia), the latter is the de facto provider of its security.

<sup>20</sup> Cholpon Orozbekova, "Central Asia and the ISIS Phantom: The region's leaders have been playing up the ISIS threat. How real is it?" *The Diplomat*, 2 October 2015. <http://thediplomat.com/2015/10/central-asia-and-the-isis-phantom/>

Until the mid-2000s, the Indian Air Force operated the Farkhor air base, 130 km southeast of Dushanbe, in collaboration with the Tajik Air Force to send supplies to the Northern Alliance in Afghanistan in fighting the Taliban. There was also a military hospital at Farkhor which has been closed. India has since been offering training to Tajik pilots and military personnel and has established a military hospital in another location inside Tajikistan.

Despite widespread anticipation that talks will also centre on India's interest in renting the air base at Ayni, located 15 km west of Dushanbe, there was no official word on the issue. India has spent US\$70 million since 2007 on modernisation of the military aerodrome at Ayni which had served as a key Soviet base during Moscow's involvement in Afghanistan. Official Tajik sources said that the Ayni air base was not a topic for discussion during Modi's visit. India's silence on Ayni has fuelled rumours about differences between India and Russia over the terms for the use of the military facility, which are said to have thwarted India's bid to obtain a military base.<sup>21</sup> Notwithstanding pervasive speculation within India and beyond, there is "no evidence that such a base exists or is even in the works."<sup>22</sup>

While a secondary player in the Central Asian military and security sphere, India is more visible as a provider of developmental aid to Tajikistan. Though Tajikistan has received the bulk of Indian development assistance to Central Asia over the past decade, it is a fraction of what India offers to Afghanistan or to other states in Africa.<sup>23</sup> The India-Tajik Friendship Hospital which opened in 2014 in Qurghonteppa in Khatlon province has 73 Indian doctors working and training Tajik staff. Earlier, India donated two million doses of polio vaccine to Dushanbe in 2010 to combat the polio epidemic. India offers training programmes for officers, medical personnel, and scholarships for students to study in India and has built hotels and a major

fruit processing plant, and renovated hydro power stations which have enabled Tajikistan to provide electricity to Afghanistan.<sup>24</sup> However, the technical assistance and aid have not been well utilised due to deeply entrenched corruption and the absence of the rule of law.

Whatever role India may play in the provision of military assistance to Tajikistan, including some form of security presence, will be in coordination and agreement with Russia and will not encroach on the latter's sphere of influence. Any enhanced Indian strategic role in Tajikistan, be it in modernising the hydropower sector, renting the Ayni airport base, or building a road connection also requires a delicate balance between securing the consent of Russia and also acting normatively in light of the deeply entrenched corruption and coercion in the country.

Modi welcomed Kyrgyzstan's accession to the EEU – a clear recognition of the country's security and economic re-alignment with Russia. Kyrgyzstan was the only country to have both U.S. and Russian military bases within a short distance from each other (in Manas and Kant respectively) since 11 September 2001. The termination of the rental agreement between the U.S. and Kyrgyz governments on the Manas Transit Centre, which was the primary air supply hub for the U.S. and International Security Assistance Force (ISAF) efforts in Afghanistan, has led to a revitalisation of Russia's military role in the region. The Russian-operated air base at Kant is now part of the CSTO forces for enhancing security in the light of the withdrawal of U.S. troops from Afghanistan. Kyrgyzstan and India enhanced defence and security cooperation with an agreement on holding joint military exercises and India offering training of Kyrgyz military officers for UN peacekeeping work, and medical assistance for the military hospital of the Kyrgyz Ministry of Defence. India also strengthened its niche as a soft power through an agreement on establishing 3 tele-

<sup>21</sup> Stephen Blank, "Russian-Indian Row over Tajik Base Suggests Moscow Caught in Diplomatic Vicious Cycle." Eurasianet.org. 10 January 2008. <http://www.eurasianet.org/departments/insight/articles/eav011108f.shtml>

<sup>22</sup> Catherine Putz, "Will There Be an Indian Air Base in Tajikistan? A decade-old rumor springs to life again with Prime Minister Modi's trip to Tajikistan." The Diplomat. <http://thediplomat.com/2015/07/will-there-be-an-indian-air-base-in-tajikistan/>

<sup>23</sup> "India-Tajikistan Bilateral Brief."

<sup>24</sup> [www.indianembassy.tj/ru/policy/policy.php?id=24](http://www.indianembassy.tj/ru/policy/policy.php?id=24)

medical centres in Osh, Issyk-kul and Talas regions in Kyrgyzstan offering distance learning and online consultations between Indian and Kyrgyz medical staff. This was followed by an agreement on establishing a “joint high mountainous bio-medical” research centre.

## Implications of India’s SCO Membership

For Central Asian states, wedged between China’s increasing economic might and Russia’s geopolitical clout which is driving them to join the EEU – a political and ideological entity without a clear set of economic policies – India is a welcome third pillar, enjoying a favourable image.<sup>25</sup> As the only democracy about to assume membership in the SCO, India’s entry can go on to dispel the representation of SCO as “anti-West” or as a foreign policy instrument of China.

Founded as Shanghai Five in 1996 by China with Russia, Kazakhstan, Kyrgyzstan and Tajikistan, it was an instrument for securing China’s western borders and promoting border security within the region by combating what China terms the “3 evils of separatism, religious extremism and terrorism”. Joined by Uzbekistan in 1998 and renamed Shanghai Cooperation Organisation, it has continued to expand its role, membership and widen its objectives. India applied for membership in 2005 acceding to Russia’s request whereas Pakistan applied in 2006 under China’s encouragement. While Russia had actively pushed for India’s membership, subsequent discussions within led to consensus on admitting both India and Pakistan together.

The impending pull-out of U.S.-NATO troops from Afghanistan also puts pressure on the SCO to extend its security umbrella. The membership of India (together with Pakistan) turns the SCO into a critical platform for achieving a

greater coordination among China, Russia and India on efforts to stabilise Afghanistan through economic, infrastructural and human development efforts while engaging Pakistan in the process.

Contrary to some depictions of the SCO as an “Eastern NATO”, China has opposed any possible military role for SCO in the region. SCO has set up the Regional Anti-Terrorist Structure (RATS) in 2004 in Tashkent, capital of Uzbekistan, to share intelligence on cross-border Islamic terrorist activities. It has also sought to establish cooperation on security, combating drug trafficking and terrorism across the region. However, the lack of trust among members, a broad and politicised definition of terrorism, and pursuit of divergent agendas by member states have limited multilateral security cooperation through RATS.

With India and Pakistan to participate as full SCO members in 2016 at the summit in Tashkent, the SCO focus is likely to shift to regional security matters, particularly on stabilising Afghanistan, and to countering the threat posed by ISIS to the region. As Russia and China, described as two “godfathers”, pursue their own specific interests while maintaining a strategic balance within the SCO,<sup>26</sup> India will need to define its priorities and display clear initiative if SCO is to turn into a viable framework of strategic cooperation.

Currently, the Russian-led CSTO, with a mandate to deploy Rapid Reaction Forces in any member state’s territory in case of any external or internal threat, is the only ostensible “security provider” in the region. Though Russia has boosted its military presence in Tajikistan in the last couple of years to combat drug trafficking and insurgencies within that fragile state,<sup>27</sup> the actual ability of the CSTO to deploy force remains limited. At the same time, Russia remains opposed to any long-term military presence of U.S. and NATO troops in

<sup>25</sup> Kazakhstan and Kyrgyzstan are members of the EEU (which also has Belarus and Armenia). Tajikistan may be next in line. Turkmenistan is not part of any Russia-led arrangements such as the Commonwealth of Independent States (CIS) or CSTO and espouses neutrality as its foreign policy doctrine.

<sup>26</sup> Jean Pierre Cabestan, “The Shanghai Cooperation Organization, Central Asia and the Great Powers, an Introduction” *One Bed, Different Dreams?* Asian Survey 53, 3 (May-June 2013): 423-35

<sup>27</sup> <http://www.silkroadreporters.com/2014/10/18/russias-growing-military-presence-tajikistan/>

Afghanistan. In contrast, China has shown a willingness to cooperate on security issues and is not averse to long-term U.S. presence in Afghanistan which helps safeguard the enormous Chinese investments there.

As of now, SCO remains a common framework, a loose alliance for strategic and economic cooperation for advancing common security interests as collective goods beneficial to the region. Lacking the means, capability or consensus to become a security umbrella, SCO is currently “walking on its two legs (Russia and China), in order to cycle”, to quote a Maoist saying.<sup>28</sup> India is potentially a third pillar which can contribute to securing better coordination with the U.S.-led efforts at stabilising Afghanistan and the greater Eurasian region.

### **New Beginnings: A Late Start Better than a False One**

“India is a day late and a dollar too short”, observed a Western diplomat in a private exchange with the author in 2004. Yet to see India’s lack of a meaningful engagement as a failure, as a “missed” opportunity, and rank it as a distant third regional actor behind the CARs’ two formidable neighbours traps the analysis within a zero-sum competitive logic. Such an analysis accentuates the limitations, rather than identifying the niche areas and potential for cooperation based on India’s strengths, norms and the depth of historical connections and goodwill.

India’s “late start” stems from a combination of factors: geographic barriers, domestic preoccupation, lack of vision on its policy towards Central Asia, and regional and global factors. The India of the 1990s and early 2000s, which was in confrontation with the U.S., insecure with its neighbours and in an asymmetrical relationship with Russia in strategic and military affairs, could neither have constituted an independent vector in the region nor capitalised on the strength of its historical ties. Thus, a late start on a more secure footing with a clearer set of objectives serves it better

than an early involvement without an adequate capacity, plan and wherewithal to advance its objectives in the region.

As an aspiring global actor and an established regional power, seeking to establish deeper connectivity with the region and contribute to regional security and development, India will also need to rise above its preoccupation with Pakistan and anxieties over China while rendering strategic depth to its relations with all the Central Asian states. SCO can offer an additional diplomatic forum to engage with Pakistan, though the Modi government, akin to its predecessors, has hitherto preferred direct bilateral channels for talking to Pakistan.

India’s assets are its neutral but positive image in Central Asia, close and secure partnership with both Russia and the West, and growing cooperation with China. Analogous to its role in Afghanistan, India can build on its soft power, expand humanitarian-developmental assistance, and facilitate greater people-to-people contact in order to develop an independent strategic presence. India’s ability to become an impartial third vector also depends on its capacity to make the requisite technological and financial investments in the fields of energy and transportation infrastructure and facilitate vital security arrangements while enhancing its standing in the global arena by pushing for transformation of norms and institutions of international governance.

The improving relationship between Iran and the West following the nuclear deal is an opening which should give India an opportunity to demonstrate its strategic role in Central Asia. This means New Delhi must move speedily and purposefully to deliver what has been promised. Bureaucratic inertia has undermined India’s chance to play catch-up previously. Going forward, the ability of Narendra Modi to charm the younger and technologically savvy generation to support his forays into foreign policy and refurbish India’s credentials has to be substantiated. India’s strategic equity in Central Asia should not be eroded further by default.

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<sup>28</sup> Cabestan, *ibid.*

## POLICY RECOMMENDATIONS

- Lack of physical connectivity has been the number one barrier to India's engagement in the region. Bringing to fruition the existing projects on establishing physical connectivity with the Central Asian region is absolutely essential for India to become a critical actor in the region. A speedy completion of construction of the Chabahar port and railroad link through Afghanistan to Turkmenistan is central to the Indian-led development of INSTC.
- Boosting trade and commercial ties with the region should be on top of India's priorities because these links are vital to projecting its soft power. Various small-scale projects by Indian companies dotted throughout Central Asia need to be given a policy and strategic context, and where possible official support in implementation and timely completion. At the same time, India can achieve its objectives better through increasing developmental and humanitarian aid to the region and promoting closer people-to-people ties through education, knowledge transfer, medicine and health, culture and tourism sectors.
- India will need to display leadership in forging greater coordination and cooperation with Turkmenistan, Tajikistan and Uzbekistan in the efforts at stabilising Afghanistan. It needs to deploy both soft and hard power to gain access to Afghanistan through Tajikistan by increasing humanitarian and developmental assistance to the Tajiks and by reaching a quid pro quo with Russia on the common cause of combating extremism and terrorism.
- Sustained diplomatic efforts are needed for advancing the construction of TAPI by engaging in negotiations with all parties to ensure long-term security of energy supply. Membership of SCO offers a useful multilateral platform to engage in dialogue with Pakistan on this and other issues which will enable India to strike a workable relationship with Pakistan.
- India must draw on its all-round partnership with the U.S. to foster cooperation between the West, Russia, and China for enhancing stability and security in the region. Perhaps a beginning can be made through multilateral dialogue on energy and infrastructural development cooperation.
- India's engagement with SCO and AIIB is a positive start. Forging closer cooperation with China on the basis of complementarity of interests and objectives is critical for advancing India's connectivity projects in Central Asia.
- India needs to develop new initiatives and vision to work closely with China and Russia in shaping multilateral regional structures and incorporating Afghanistan in the broader framework. Likewise, it needs to engage in dialogue with EEU and identify areas of partnership in ways which also take into account the interests and well-being of Central Asian member states. Indian industry and entrepreneurs will benefit from economic liberalisation and market opening of the CARs.

## ABOUT THE AUTHOR

**Bhavna Dave** (PhD in Political Science, Syracuse University) is Senior Lecturer in the Department of Politics and International Studies at the School of Oriental and African Studies (SOAS), University of London. She also holds the position of Chair of the Centre of Contemporary Central Asia and the Caucasus at SOAS. She is the author of *Kazakhstan: Ethnicity, Language and Power* (Routledge: London, 2007) and editor of a four-volume reference collection, *Modern Central Asia* (London: Routledge, 2009), part of Routledge's series on Critical Issues in Modern Politics. Her current research and writing focus on labour migration and mobility processes in Eurasia with a particular focus on Russia and Kazakhstan, migration and development in the Russian Far East, geopolitics and alliances in Eurasia, and India-Central Asia relations.

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