



Centre for Air Power Studies (CAPS)

Forum for National Security Studies (FNSS)

116/16

INDIA AND CENTRAL ASIA – FINDING A WAY TO ONE-ANOTHER

Dr. Poonam Mann

Research Associate, CAPS

The absence of physical access has always been a major stumbling block in India-Central Asia relations. Complicated India-Pakistan relations have further dissuaded India's reach into the region. Consequently, despite having close historical, civilizational and cultural linkages, the relationship between the two has not lived up to its promise. In an attempt to redeem the situation, India has sought to take new routes. One of these is to enhance its engagement with regional and multilateral initiatives. The second route is to have close cooperation with friendly countries like Russia, Iran and Afghanistan, around the region.

In fact, last couple of years have seen some major strategic breakthroughs in this direction. For instance, Indian Prime Minister Narendra Modi's visit to all the five Central Asian republics (CARs) in July 2015 and to Iran in May 2016 brought the focus on connectivity and trade. Trade and transit issues were high on PM Modi's agenda. While interacting with the Presidents of these republics, on bilateral basis, he stressed the

need for deepening infrastructure links. Hence the emphasis was on speeding up the work on International North South Transport Corridor (INSTC), Iran-Turkmenistan-Kazakhstan (ITK) rail link, India's interests in joining the Ashgabat Agreement, and India's investment in Chabahar Port.

The INSTC - considered as India's gateway to expand trade and investment links with Central Asian republics and Eurasia- is a multi-modal transportation route that links Indian Ocean and Persian Gulf to the Caspian Sea via Iran and onwards to northern Europe via St. Petersburg in Russia. It envisages movement of goods from Mumbai (India) to Bandar Abbas (Iran) by sea, from Bandar Abbas to Bandar-e Anzali (an Iranian port on the Caspian Sea) by road and then from Bandar-e Anzali to Astrakhan (a Caspian Port in the Russian Federation) by ship across the Caspian sea, and thereafter from Astrakhan to the other regions of the Russian Federation and further into Europe by Russian railways.



The INSTC project was initiated by Russia, Iran and India in September 2000, in order to establish transportation network among the member states and enhance connectivity with land-locked CARs. Later, it was joined by another eleven countries, namely: Armenia, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkey, Ukraine, Belarus, Oman, Syria and Bulgaria (observer).¹ The progress on this project, however, had been very slow in the past. But, in 2014, for understanding the problem areas and to realize the full potential of the corridor, a dry run was conducted by the Federation of Freight Forwarder's Association in India (FFFAI), on the NhavaSheva-Bandar Abbas (Iran) - Baku (Azerbaijan) and the NhavaSheva - Bandar Abbas - Amirabad (Iran) - Astrakhan (Russia) route via Caspian Sea. The Dry run report pointed out that, "the proposed INSTC route via Bandar Abbas in Iran to Russia and CIS² destinations in transit through Iran could be the best route with optimal transit/ cost for the Indian exporters/ importers.³ Further, in 2015, the officials from India, Iran, Russia and other eleven countries had a meeting in New Delhi and approved draft transit and customs agreements for INSTC. This will provide the legal framework for moving freight on ship-rail-road route linking India, Iran, Russia, CARs and Europe.⁴

To operationalize this project, India is making attempts to fill in the missing links with cooperation from CARs. During PM's visit to Kazakhstan in July 2015, India agreed on

increased collaboration in the framework of International North South Transport Corridor (INSTC) and agreed that Kazakhstan-Turkmenistan-Iran (KTI) rail link, operationalized in December 2014, become a linked corridor of the INSTC⁵. The route links the Caspian Sea to the Indian Ocean through the Bandar Abbas and Chabahar ports in Iran. Also, Kazakhstan's national railway company, Kazakhstan TemirZholy (KTZ) signed a Memorandum of Understanding with SEZ Adnani Ports for building a port in Mundra (Gujrat). The importance of this port lies in the fact that once the link with Mundra Port and Bandar Abbas is ready, the goods can be transported via KTI rail link and this will be shorter and cheaper.⁶

With Uzbekistan, the PM sought its support for joining the Ashgabat Agreement – a transit pact established in 2011 by Iran, Oman, Qatar, Uzbekistan and Turkmenistan to develop trade and transport with Iranian and Omani ports.⁷ The land component of the agreement includes rail links through Kazakhstan-Uzbekistan-Turkmenistan and Iran. However, Qatar had withdrawn from the agreement in 2013 and Kazakhstan would be joining it. Accession to the agreement would enable India to utilize this existing transport and transit corridor to facilitate trade and commercial interaction with the Eurasian region⁸ and would synchronize India's efforts to implement INSTC for enhanced connectivity.

In Turkmenistan, PM Modi shared India's concerns related to energy security and regional connectivity. Leaders from both the countries emphasized on the need for the speedy completion of TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline, as TAPI project forms a "Key Pillar" of economic engagement between India and Turkmenistan.⁹ The ground-breaking for the TAPI project in December, 2015, was a positive step in the right direction and gave a hope that "things will begin to roll".¹⁰ Speaking on the occasion, India's Vice-President Hamid Ansari also emphasized on the fact that the TAPI project would not affect India's plans to explore alternative pipelines for Iran via Oman in an undersea link, or the Iran-Pakistan-India project. He further added that "From India's point of view, we are going to be perpetually energy-short. For us, the choice is not between this source or that source, for us the option is every possible source...."¹¹ Also, PM Modi, expressed his gratitude for Turkmenistan's support to India in Joining the Ashgabat agreement.

The leaders of India and Tajikistan agreed on consultations over India's inclusion in the existing Pakistan - Afghanistan - Tajikistan Trilateral Transit Trade Agreement (PATTTTA), an arrangement aimed at facilitating trade between Tajikistan and the countries of South Asian region.¹²

Further, India's active collaboration to develop the Iranian seaport of Chabahar also

underscores a paradigm shift in India- Central Asia relations. The bilateral agreement will provide India the right to develop and operate two terminals and five berths with multipurpose cargo handling capacities in the port of Chabahar for ten years. Also the Trilateral Transport and Transit corridor agreement between India-Iran-Afghanistan, which will connect Chabahar with Afghan road and rail network¹³ is being considered as India's strategic connectivity endeavour.¹⁴ The Trade and Transit corridor agreement will enable India to establish connectivity with Afghanistan bypassing Pakistan, and further into Central Asia for the development of INSTC. Chabahar would be connected to Milak, close to the Afghan border and into Afghanistan through the Indian built Zaranj-Delaram highway. This section is a part of the broader INSTC project that links Eurasian nations, from Russia in the north and India in the South through Central Asia.

Further, India's potential participation in Eurasian Economic Union (EEU) would be an additional advantage. India and EEU (comprising Belarus, Kyrgyzstan, Kazakhstan, Russia, Armenia) are currently studying the feasibility of a Free Trade Agreement (FTA). Undoubtedly, an FTA with EEU would bring benefits for Indian economy. It will not only help in boosting India's trade with Eurasian countries but also help in improving connectivity.¹⁵

Above all, joining the Shanghai Cooperation Organisation (SCO) is an important move on India's part to get connected with Central Asian republics. The process of India's accession to SCO started with India signing the "Base Agreement", also called as "Memorandum of Obligations" in June, 2016, during the Tashkent Summit of SCO. There is a schedule laid down to sign up other documents (at least 30 sets of documents), that will happen as the year goes by and in June 2017, India would attend the SCO meet as a full member.¹⁶ The membership of SCO would create new opportunities for India to reconnect with the CARs and engage them regionally as well as bilaterally on issues of mutual interests.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ "International North-South Transport Corridor" (INSTC), at www.instc-org.ir/pages/Home_Page.aspx, accessed on 20th, October, 2016

² CIS stands for Commonwealth of Independent States.

³ "International North- South Transport Corridor(INSTC)-Dry Run Report 2014", at commerce.nic.in/publications/INSTC-Dry-run-report-Final.pdf, accessed on 20th October, 2016

⁴ "Dipanjan Roy Choudhary," INSTC draft approval: Big Step forward on India-Iran-Russia Corridor", economictimes.indiatimes.com/news/politics-and-nations/instc-draft-approval-big-step-forward-on-India-Iran-Russia-Corridor/articles/ow/48766349.cms, accessed on 20th, October, 2016

⁵ "Tej Kadam :India-Kazakhstan Joint Statement," at mea.gov.in/outgoing-visit-detail.htm?25437/

Tej+Kadam+india++Kazakhstan+Joint+Statement, accessed on May12, 2016

⁶ "Kazakhstan eyes terminal at Mundra to give fillip to bilateral trade", at www.thestatesman.com/news/business/Kazakhstan-eyes-terminal-at-mundra-to-give-filip-to-bilateral-trade/106535.html, accessed on 19th, October, 2016

⁷ "India, Uzbekistan ink pacts to boost cooperation", *The Hindu*, July 7, 2015, www.thehindu.com/news/national/prime-minister-narendra-modi-visit-to-uzbekistan/article/7392482.ece, accessed on May 12, 2016.

⁸ "India to accede to the Ashgabat Agreement," at <http://pib.nic.in/newsite/printrelease.aspx?rclid=138309>, accessed on May 12, 2016.

⁹ "Joint state between Turkmenistan and India during the Prime Minister's visit to Turkmenistan", at <http://www.mea.gov.in/bilateral-documents.htm?dtl/25456/joint-statement-between-turkmenistan-and-India-during-the-Prime-Ministers-visit-to-Turkmenistan>, accessed on May 10, 2016.

¹⁰ "Afghanistan, Pakistan, India join Turkmenistan in breaking ground on gas pipeline", www.thehindu.com/news/international/Afghanistan-an-pakistan-india-join-turkmenistan-in-ground-breaking-on-gas-pipeline/article7983529.ece?utm_source=internalRef&utm_medium=relatednews&utm_campaign=Relatednews, accessed on 18th, October, 2016

¹¹ "Sahasini Halder," TAPI is a dream come true for India: Ansari", www.thehindu.com/news/national/tapi-is-a-dream-come-true-for-india-energy-needs-vp-hamid-ansari/article7988061.ece?utm_source=internalRef&utm_medium=relatedNews&utm_campaign=RelatrdNews, accessed on 19th October, 2016

¹² "Joint Statement between the Republic of Tajikistan and the Republic of India," at pmindia.gov.in/en/news-updates/joint-statement-between-the-republic-of-tajikistan-and-the-republic-of-india/, accessed on May 12, 2016

¹³ "India to develop Iran's Chabahar port", www.thehindu.com/news/national/india-to-develop-irans-chabahar-port/article8637558.ece, accessed on 19th October, 2016

¹⁴ "Monish Gulati," India-Iran Agreement on Chabahar is a Strategic Opportunity-Analysis", *Eurasia Review*, www.eurasiareview.com/11062016-india-iran-agreement-on-chabahar-is-a-strategic-opportunity-analysis/, accessed on 19th October, 2016



¹⁵RichaSekhani," What does the FTA with EEU has in store for India?", at <http://www.financialexpress.com/fe-columnist/what-does-the-fta-with-eeu-has-in-store-for-india/90167/>, accessed on 13th October, 2016

¹⁶ India was admitted to the Shanghai Cooperation Organisation as an observer at the 2005 Astana Summit. Since then, India has been regularly participating in all the SCO activities as an observer. It submitted its application for the full membership of the organisation in Dushanbe Summit, September, 2014. The Ufa summit of the SCO, in July, 2015, approved India's candidature as a full member. For more Details, see, Poonam Mann," India's Membership in the Shanghai Cooperation Organisation: Opportunities and Challenges" *Journal of Air Power Studies*, vol.11, no.2, Summer, 2016, pp 125-144

