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INDIA'S SHANGHAI COOPERATION ORGANISATION MEMBERSHIP: LOOKING FORWARD TO OPPORTUNITIES IN THE CASPIAN REGION

Ngangom Dhruba Tara Singh
Research Associate, CAPS

A joint meeting of representatives of the Shanghai Cooperation Organisation (SCO) Member States was held on March 1, 2016 in Beijing. Referring to the Ufa Summit of 2015, the SCO Secretary-General Rashid Alimov viewed admission of India and Pakistan in 2016 as one of the most important outcomes of the Summit and foresighted new opportunities.¹ Evolved from Shanghai Five, the member states were able to bring their interests together and cooperate on the issues related to the territorial dispute, determining border positions, and to demilitarize their border areas.² India's inclusion in the organisation has opened opportunities for India and the member countries to work as partners with common interests.

India in SCO

India's admission in 2016 into the organisation, reflects its independent stand

irrespective of those of the West. India's view on the organisation was reflected during the Head of State Summit in Beijing, where External Affairs Minister said: "India admires the Shanghai Cooperation Organisation (SCO) and values its contribution over the past decade, to peace, stability and prosperity in the region. As the SCO prepares for the next decade of its journey, we see a welcome process of introspection among members, on the challenges of the next decade and the role of the body in a fast-evolving world, strewn with multiple multilateral bodies, with intersecting agendas."³

Experts have identified India's interest in the SCO, mainly confined to Central Asia's natural resources. It is further viewed that India and Pakistan would not be the dominant powers in the SCO as both China and Russia will continue to that position.⁴ After India's induction into the organisation, its role should be seen as a partner

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nation, and not as a dominating power. India wouldn't have obtained the membership if Russia and China viewed its presence as a challenge. The admission of India is proof of both China and Russia's positive attitude and recognition of India's role in combating regional and international issues.

India's deficit hydrocarbon deposits are a major challenge for its economic growth. Its energy consumption is increasing rapidly; it rose by 7.1 percent in 2014.⁵ On the global scale, India holds 4.9 percent of global energy consumption. Oil (22%) and natural gas (7%) hold the second and third position in India when it comes to primary energy resources after Coal.⁶ They (Oil and Gas) contribute about 35% of primary energy consumption.⁷ By the end of 2013, Indian oil and gas proven reserves were very minimal compared to world's total share (0.3 percent and 0.8 percent respectively).⁸ India was the fourth largest importer of oil in the world in 2014⁹ and by 2035, it is anticipated that India would become the second-largest importer of oil after China. In future, the demand for energy will rise as oil will remain important fuel source with 93% of market share in 2035.¹⁰

India's appetite for energy (oil and gas) is simultaneous with the rise of the significance of the Caspian Sea region. Participation in the development of Caspian region resources under auspices of the SCO is an area that India needs to push hard. The area has been estimated at 48

billion barrels of proven oil and 292 trillion cubic feet of natural gas. Additionally, the US Geological Survey calculated 20 billion barrels of oil and 243 Tcf of natural gas in "as yet undiscovered, technically recoverable resources."¹¹ The proximity of Caspian littoral states can open opportunities to access the energy resources. Acknowledging Caspian region's potentiality, India in the SCO can propose the following strategies:

- India, along with other members, can initiate a unified energy strategy that would focus on basic requirements to secure, provide an affordable, uninterrupted flow of energy. It will also include the members presenting a single voice on matters related global energy and negotiating on regional energy issues.
- India can request for bifurcation of existing energy routes or propose new courses. The existing route in Central Asia, i.e., the Kazakhstan-China pipeline, can be bifurcate towards India. Alternatively, new energy routes from Russia to India (via the Caspian Sea and Iran); or from Azerbaijan to India (via the Caspian Sea, Turkmenistan, Afghanistan, and Pakistan) can be proposed.
- Oil and gas companies from the SCO member countries can form an energy consortium. It will undertake joint upstream, midstream and downstream development projects in the Caspian region.

As energy-hungry nations, cooperation should be given preference over competition. The rising energy appetite of India and China urge them to forget their differences and work towards cooperation in the region. Similarly, the conflict situation in Afghanistan and the energy potential of Central Asian countries requires India and Pakistan to open avenues for cooperation.

(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 The Shanghai Cooperation Organization, "On the way towards the SCO membership. R. Alimov met with Ambassadors of India and Pakistan to China", URL: <http://www.sectsc.org/EN123/show.asp?id=582>, Accessed on March 15, 2016

² Joseph Y.S. Cheng, "The Shanghai Co-operation Organization: China's Initiative in Regional Institutional Building", *Journal of Contemporary Asia*, Vol. 41, no 4, 2011

³ Ministry of External Affairs, "Statement by External Affairs Minister at the SCO heads of State Summit", URL: <http://www.mea.gov.in/bilateral-documents.htm?dtl/19755/Statement+by+External+Affairs+Minister+at+the+SCO+Heads+of+State+Summit> Accessed on March 15, 2016.

⁴ Lidia Kelly, Denis Pinchuk and Darya Korsunskaya, "India, Pakistan to join China, Russia in Security Group", URL: <http://www.reuters.com/article/2015/07/11/us-china-russia-idUSKCN0PK20720150711>, Accessed on March 15, 2016

⁵ British Petroleum, "BP Statistical Review of World Energy June 2015", URL: <https://www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf> Accessed on March 15, 2016

⁶ United States Energy Information Administration, "India: International Energy Data and Analysis", URL: https://www.eia.gov/beta/international/analysis_includes/countries_long/India/india.pdf Accessed on March 15, 2016

⁷ Make in India, "Oil and Gas", URL: <http://www.makeinindia.com/sector/oil-and-gas>, Accessed on March 15, 2016

⁸ British Petroleum, "BP Statistical Review of World Energy June 2015", URL: <https://www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf>, Accessed on March 15, 2016

⁹ Make in India, "Oil and Gas", URL: <http://www.makeinindia.com/sector/oil-and-gas>, Accessed on March 15, 2016

¹⁰ The British Petroleum, "Country insights: India", URL: <http://www.bp.com/en/global/corporate/energy-economics/energy-outlook-2035/country-and-regional-insights/india-insights.html>, Accessed on March 15, 2016

¹¹ United States Energy Information Administration, "Oil and natural gas is growing in Caspian Sea region", URL: <http://www.eia.gov/todayinenergy/detail.cfm?id=12911>, Accessed on March 15, 2016