

THE U.S.'S GREATER SOUTH ASIA PROJECT: INTERESTS OF THE CENTRAL ASIAN COUNTRIES AND OF THE KEY NON-REGIONAL ACTORS

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I n t r o d u c t i o n

At the end of 2005, the U.S. changed its approach toward Central Asia as a region. Until very recently, in keeping with current practice, the White House administration looked at Central Asia as a separate region related to Russia and the CIS countries and consisting of five former Soviet republics: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. But in the new approach lobbied by the U.S. State Department and based on an essentially new regional conception,

Central Asia is part of South Asia as a single super region we are calling Greater South Asia.

In our research, we will carry out an analysis of the Greater South Asia project from the viewpoint of the interests of the Central Asian countries. At the same time, we will study the influence of this project on the four other key players in Central Asia, whose interests will be affected by the implementation of this project: Pakistan, India, Russia, and China.

The Greater South Asia Project and the Interests of the Central Asian Countries

Implementation of the Greater South Asia project has both positive and negative consequences for the Central Asian countries. The positive aspects are the assistance it will render in stabilizing the situation in Afghanistan, the appearance of another transportation and energy corridor, and the decrease in dependence of the Central Asian countries on Russia and China. The negative consequences of implementing the Greater South Asia project include an increase in the drug flow in the short term, Islamic radicalization of the Central Asian states under the cultural "cultural" influence of Afghanistan and Pakistan, and erosion of the concept of Central Asia as a separate single region.

By initiating the Greater South Asia project, the U.S. is pursuing its own interests. At the same time, some of these interests coincide with the national interests of the Central Asian countries. One of the main tasks of the Greater South Asia project is to help stabilize the situation in Afghanistan, which is controlled by Washington. And whereas this U.S. control over Afghanistan arouses ques-

tions, stabilization of the situation in this state is unequivocally in the interests of the Central Asian countries.

Three of the five Central Asian republics, Tajikistan, Turkmenistan, and Uzbekistan, have a common border with Afghanistan. Tajikistan's border with Afghanistan is 1,206 km long,¹ Turkmenistan's is 744 km,² and Uzbekistan's 137 km.³ In this respect, Afghanistan's problems are also affecting these countries, which was particularly noticeable during the civil war in this state.

Afghanistan was a source of the weapons and Islamic "volunteers" that flowed into Tajikistan during the civil war in the latter, which greatly promoted escalation of this conflict. There are bases of radical organizations in Afghanistan aimed at destabilizing the situation in Central Asia, such as the Islamic Movement of Uzbekistan (IMU). The subsequent invasions by IMU militants of the Central Asian countries (1999-2000) showed the extreme danger of being neighbors with a failed state that has become a refuge for extremists.

The military campaigns and subsequent activity of the anti-terrorist coalition helped to disperse and weaken these formations, and also made Afghanistan a less favorable country for the deployment of such organizations. In particular, the Islamic Movement of Uzbekistan lost one of its leaders—Juma Namangani—and was forced to move from Afghanistan to the South Vaziristan province of Pakistan.⁴

Another security problem in the Central Asian countries was caused by Afghanistan becoming a leading producer of raw opium and its derivatives during the civil war. According to U.N. data, during the civil war in Afghanistan, the areas set aside for growing opium poppy steadily grew: in 1986, they covered approximately 30,000 hectares, in 1993, approximately 60,000 hectares, and in 2000, 80,000 hectares.⁵ As a result, by 2005, 89% of all the opium sold on the world black market was produced in Afghanistan.⁶

At the same time, according to experts, between 25% and 30% of all the drugs produced in Afghanistan are transited through the Central Asian countries⁷ (whereby some of the drugs "settle" in these states as well). This is leading to an increase in their consumption in these countries, which at present amounts to an index equal to 1% of the region's entire population.⁸ This is extremely worrying, particularly against the background of similar indices for Europe—0.75%, Western Europe—0.41%, and Asia—0.32%.⁹

In so doing, the transit of drugs through Central Asia is leading not only to an increase in their consumption in the region, but also to an increase in corruption in the power bodies. As a result, top-ranking officials and representatives of the power-related and law enforcement structures are frequently involved in the drug transit and sale business. This Central Asian problem is particularly urgent for Tajikistan, but similar trends are also being observed in other countries of the region.

¹ See: *The World Factbook, Tajikistan*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/ti.html>], 5 August, 2006.

² See: *The World Factbook, Turkmenistan*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/tx.html>], 5 August, 2006.

³ See: *The World Factbook, Uzbekistan*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/uz.html>], 5 August, 2006.

⁴ See: "Byvshie soratniki Tahira Iuldasheva rasskazyvaiut o tom, chto takoe "Islamskoe dvizhenie Uzbekistana" segodnia," available at [<http://www.asiaplus.tj/news/1/5187.html>], 5 August, 2006.

⁵ See: "U.N. Warns of Afghan 'Drug State,'" *BBC*, 18 November, 2004, available at [http://news.bbc.co.uk/2/hi/south_asia/4022197.stm#map], 5 August, 2006.

⁶ See: *World Drug Report 2006*, United Nations Office on Drugs and Crime. Vol. 1: *Analysis*, p. 12, available at [http://www.unodc.org/pdf/WDR_2006/wdr2006_volume1.pdf], 5 August, 2006.

⁷ See: *Strategic Program for Central Asia for 2004-2007*. Regional Representative Office of the UNODC in Central Asia, available at [<http://www.unodc.org/uzbekistan/en/spf.html>], 5 August, 2006.

⁸ Ibidem.

⁹ Ibidem.

At present, only military and economic assistance from outside actors, such as the U.S. and the EU states, is stabilizing Afghanistan and preventing it from returning to a state of civil war. One of the goals of the Greater South Asia project is to help stabilize Afghanistan by means of economic measures. It is obvious that this goal is in the interests of the Central Asian countries concerned about having a stable and prosperously developing southern neighbor.

The next aspect is related to the fact that the Greater South Asia project is based on creating transportation and energy corridors passing through Afghanistan. It is presumed that the Central Asian states will be able to export their energy resources, raw materials, and commodities to the markets of India and Pakistan, as well as to the world markets. In this respect, it would be expedient to take a closer look at the three main aspects of the mentioned corridors: oil and gas pipelines, high-voltage power transmission lines, and motor roads.

Table 1

**Proved Oil and Gas Reserves in Kazakhstan,
Turkmenistan, and Uzbekistan**

Country	Oil (billion barrels) ¹⁰	Gas (tcm) ¹¹
Kazakhstan	9	1.84
Turkmenistan	0.55	2
Uzbekistan	0.59	1.87
Total	10.14	5.71

Table 2

**Proved Oil and Gas Reserves
in India and Pakistan**

Country	Oil (billion barrels) ¹²	Gas (tcm) ¹³
India	5.8	0.85
Pakistan	0.28	0.76
Total	6.08	1.61

¹⁰ Compiled on the basis of *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

¹¹ Compiled on the basis of *World Crude Oil and Natural Gas Reserves, 1 January, 2005*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iea2004/table81.xls>], 5 August, 2006.

¹² Compiled on the basis of *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

¹³ Compiled on the basis of *World Crude Oil and Natural Gas Reserves, 1 January, 2005*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iea2004/table81.xls>], 5 August, 2006.

At present, Kazakhstan, Turkmenistan, and Uzbekistan possess the main oil and gas reserves in Central Asia, so they should become the key hydrocarbon suppliers in the southerly direction. In this respect, let's take a look at the proved oil and gas reserves in these countries.

According to the Greater South Asia project, India and Pakistan should become the main consumers of Central Asian energy resources in South Asia. We will shed light on the question of demand in these states for Central Asian oil and gas below. However, a comparison of Tables 1 and 2 already shows that the proved hydrocarbon reserves in Central Asia with a population of approximately 60 million people is several times higher than similar reserves in India and Pakistan with a population of 1,261 million people.¹⁴

At present, the most likely project for exporting hydrocarbons from Central to South Asia is the Trans-Afghanistan gas pipeline. According to its feasibility report drawn up by the Asian Development Bank, the cost of the pipeline, which is designed to deliver 33 bcm of gas a year, will amount to approximately 3.3 billion dollars. The 1,680-km gas pipeline will stretch from the Turkmen gas field of Dauletabad to the population settlement of Fazilka on the border of Pakistan and India.¹⁵

Pakistan Prime Minister Zafrulla Han Jamali and heads of Turkmenistan and Afghanistan Saparmurat Niyazov and Hamid Karzai signed an agreement as early as December 2002, which stipulated the legal conditions for the companies intending to invest in the project, security issues, and transit fees.¹⁶ But implementation of the project came to a halt due to several factors, the main ones of which were destabilization in Afghanistan, Turkmenistan's lack of reliability as a potential gas supplier, and the existence of a competing project for building a pipeline to transport gas from Iran.

It should be noted that when answering journalists' questions at a press conference in Islamabad on 5 April, 2006, U.S. Assistant State Secretary for South and Central Asian Affairs Richard Boucher said that the U.S. was "trying to support" the Trans-Afghanistan gas pipeline project "as best we can," while expressing concern about the gas pipeline from Iran.¹⁷ While the Trans-Afghanistan gas pipeline project fully "fits into" the Greater South Asia project, the gas pipeline project from Iran is not only vying with it, but is also strengthening the position of the U.S.'s regional rival—Iran.

On 18 May, 2006, the Indian Cabinet of Ministers adopted a decision on Delhi joining the Trans-Afghanistan gas pipeline project, which was a significant step, since until that moment, talks on this project were going on between Afghanistan, Pakistan, and Turkmenistan in a trilateral format.¹⁸ This decision by the Indian government is of immense significance for implementing the entire project due to the fact that Pakistan's domestic market alone is not enough to sell all the gas planned for delivery via the Trans-Afghanistan gas pipeline.

In this context, one fact should be noted related to the proposal prepared by the Indian Oil and Gas Ministry for the Cabinet of Ministers on the eve of the mentioned meeting. As the influential

¹⁴ Calculated on the basis of the *CIA World Factbook*, available at [<https://www.cia.gov/cia/publications/factbook/index.html>], 5 August, 2006.

¹⁵ See: "Zavershena razrabotka TEO stroitelstva transafganskogo gazoprovoda," *Turkmenistan.ru*, 17 January, 2005, available at [http://www.turkmenistan.ru/?page_id=3&lang_id=ru&elem_id=5880&type=event&highlight_words=%D0%A2%D0%AD,%D0%A2%D1%80%D0%B0%D0%BD%D1%81%D0%B0%D1%84%D0%B3%D0%B0%D0%BD%D1%81%D0%BA%D0%BE%D0%B3,%D0%B3%D0%B0%D0%B7%D0%BE%D0%BF%D1%80%D0%BE%D0%B2%D0%BE%D0%B4&sort=date_desc], 5 August, 2006.

¹⁶ See: "Central Asian Leaders Seal Deal on Trans-Afghanistan Pipeline," *Radio Free Europe*, 27 December, 2002, available at [<http://www.rferl.org/newsline/2002/12/6-SWA/swa-271202.asp?po=y>], 5 August, 2006.

¹⁷ See: Press Conference in Islamabad, Pakistan. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher in Pakistan, available at [<http://www.state.gov/p/sca/rls/rm/2006/64319.htm>], 5 August, 2006.

¹⁸ See: "India to Join U.S.-Backed Gas Pipeline Project," *The Hindu*, 19 May, 2006, available at [<http://www.hindu.com/2006/05/19/stories/2006051919811600.htm>], 5 August, 2006.

Indian newspaper *Indian Express* reported on 11 May, 2006, in a letter to the country's Oil and Gas Ministry on this question, Indian Foreign Minister said that this step, which goes "beyond pure energy needs..., would also be in tune with the latest U.S. strategic thinking for the (Central Asia) region."¹⁹

The next issue is exporting electric energy from the Central Asian countries in the southerly direction. Turkmenistan's and Uzbekistan's oil and gas reserves can be used to generate electric energy. At the same time, Kyrgyzstan and Tajikistan, which do not possess such resources, have significant hydropower potential.

Tajikistan and Turkmenistan are already exporting electric energy to Afghanistan, while Uzbekistan is beginning to build a power transmission line to this country costing approximately 198 million dollars.²⁰ But the export potential of the Central Asian countries is not being fully realized because there is no network of energy transportation routes. As Tajikistan President Emamoli Rakhmonov emphasizes, Tajikistan is ready today to export 1.5 billion kW/h of electric energy, but since there are no high-voltage power transmission lines, it cannot realize this potential.²¹

Taking into account the needs of the Central Asian countries and Afghanistan, as well as in full correspondence with the conception of Greater South Asia, Pakistan, Afghanistan, Tajikistan, and Kyrgyzstan reached an agreement in Islamabad on 10 May about building a power transmission line, which will pass through Jelalabad and Kabul.²² It is presumed that the World Bank will play the leading role in investment in the project costing 700 million dollars for building a power transmission line 900 km in length and 1,000 MW in capacity.²³ As a PRIME-TASS report emphasizes, this project is being actively supported by the U.S.²⁴

The Greater South Asia project also presumes the creation of transportation corridors passing through Afghanistan, in particular, the Almaty-Karachi motorway. As a result of this, in addition to the Northern Corridor passing through Russia, and the Western passing through the Caucasian countries, a new Southern transportation corridor will appear, which will pass through the South Asian states.

The Central Asian countries are landlocked countries that do not have direct access to the World Ocean. This problem is especially urgent for Kyrgyzstan, Tajikistan, and Uzbekistan, which do not have access to the Caspian Sea. As a result, when transporting their export and import commodities, these countries depend on other states. In so doing, this dependence is not only an economic, but also a political issue.

From the economic viewpoint, diversification of transportation routes will allow the participants of economic relations to choose the most expedient ways to transport their commodities. From the political viewpoint, this is making it possible to reduce dependence on countries through which other routes pass. The latter is particularly urgent in a situation when the key routes for transporting goods from Central Asia pass through Russia, which is striving to increase its influence in the region.

As a result, if a new transportation corridor appears through the South Asian countries, the competitiveness of goods from Central Asia will increase due to the reduction in transportation expenses,

¹⁹ "Iran Pipeline Not Easy, Delhi Turns to Turkmen Gas Fields," *The Indian Express*, 11 May, 2006, available at [<http://www.indianexpress.com/story/4187.html>], 5 August, 2006.

²⁰ See: "Kabul kupit elektroenergiu v Uzbekistane," *Afghanistan.ru*, 9 January, 2006, available at [<http://www.afghanistan.ru/doc.xhtml?id=4879>], 5 August, 2006.

²¹ See: "Tadjikistan gotov k eksportu elektroenerгии v Afghanistan," *Afghanistan.ru*, 16 January, 2006, available at [<http://www.afghanistan.ru/doc.xhtml?id=4938>], 5 August, 2006.

²² See: "Pakistan, Afghanistan, Tajikistan i Kirghizia dogovorilis o stroitelstve 900-km linii elektroperedachi," PRIME-TASS, 10 May, 2006, available at [<http://www.prime-tass.ru/news/show.asp?id=590531&ct=news>].

²³ Ibidem.

²⁴ Ibidem.

and the states themselves will become less dependent on other transit countries, including Russia. In this respect, we can talk about creating one more transportation corridor in the southerly direction, which is also in the interests of the Central Asian states.

A geopolitical consequence of successful implementation of the Greater South Asia project was to make the U.S.'s position in the region stronger and Russia's and China's weaker. Taking into account Russia's ambitions and the growing might of the PRC, with which three of the five Central Asian states have common borders, the presence in the region of a third power might deter the possible hegemonic strivings of the mentioned countries. In this respect, we can say that this factor is also in the interests of the Central Asian states.

The creation of transportation corridors through Afghanistan, including the Almaty-Karachi motorway, along with the increase in freight flow, will inevitably entail a short-term increase in the drug flow being transited from Central Asia to Russia and Europe. We have already mentioned the threats which this transit poses not only to the mentioned countries, but also to the Central Asian states. In this respect, the Central Asian countries and international community must be ready to oppose this trend.

At the same time, it should be noted that the Greater South Asia project, if successfully implemented, although promoting an increase in the transit of drugs in the short term, could become a factor assisting its decrease in the long term. This is explained by the fact that the Greater South Asia project is oriented toward Afghanistan's economic development, which entails reinforcement of the state institutions and, due to both factors, a reduction in drug production.

The U.S. project is also aimed at augmenting the flow of people and ideas within Greater South Asia. But, taking into account the level of consciousness and political culture of the residents of Afghanistan and, to a certain extent, of Pakistan, this exchange of ideas will entail an increase in the level of Islamic radicalization for Central Asia. In this respect, the Central Asian states should be prepared for this turn of events.

And last but not least, the new American project means a spread among political and academic circles of the idea of a Greater South Asian super region. At the same time, this will result in erosion of the concept of Central Asia as a single region.

With respect to the aforesaid, we can say that this trend is capable of becoming one of the factors reducing Central Asia's integration potential as an integrated region independent of foreign actors. In this sense, the U.S. project is acting in the same way as the EurAsEC and SCO projects, which are being lobbied by Russia, as well as China, and are also essentially attempts to draw Central Asia into their own economic and political expanse.

The Greater South Asia Project and the Interests of Pakistan and India

The Greater South Asia project allots the Central Asian countries the role of energy resource and raw material suppliers to South Asia and the world markets, as well as consumers of goods from South Asia and the world markets. It is presumed that the Central Asian states, which do not have access to the World Ocean, will show an interest in one more transportation and energy corridor, which this project plans to build. In our opinion, in addition to the U.S. itself, Pakistan and India, which are key South Asian countries, will benefit in particular from the new Greater South Asia project.

At present, Pakistan is an oil importer—in 2004, it imported approximately 109 million barrels of the 133 million it needed.²⁵ In so doing, according to the Energy Information Administration of the U.S. Department of Energy, the proved oil reserves in Pakistan currently amount to 289 million barrels.²⁶ So based on this data, we can say that without outside deliveries and at the current level of consumption, the proved oil reserves in this country may be exhausted in 2.1 years. As for gas, Pakistan is relatively self-sufficient—in 2003, it produced as much blue fuel as it consumed—23.8 million cubic meters.²⁷ The proved reserves of natural gas in Pakistan are quite large—759.7 bcm,²⁸ which at the current level of consumption will be enough to last for approximately 32 years.

At the same time, Pakistan's economy is developing at a rather rapid rate, amounting to approximately 7% of the GDP in 2004 and 2005,²⁹ which is one of the reasons for the predicted increase in oil and gas consumption.³⁰ Taking into account its insignificant oil reserves, Pakistan placed special emphasis in its economy on the use of gas, as a result of which 49 percent of energy resource requirements in this country are currently covered by gas.³¹ What is more, Pakistan occupies third place in the world among countries which use gas as fuel for cars, and intends to intensively use natural gas as a source for producing electric energy.³²

Pakistan President Pervez Musharraf said in May 2005 in an interview with *Financial Times* that his country already needs additional energy resources. "We are short of energy. We want gas immediately. Our industry is suffering; investment coming to Pakistan is suffering, so Pakistan's interest is to get gas fast. Iran is the fastest source,"³³ he said. Pervez Musharraf said this when commenting on the current situation with the three gas pipeline projects—to Pakistan and India from Turkmenistan, Iran, and Qatar, the implementation of which is currently being reviewed by the interested sides. This makes it clear that Pakistan is interested in receiving energy resources from Central Asia.

As a result, it can be said that due to implementation of the Greater South Asia project, Islamabad will reap both geo-economic and geopolitical benefits. First of all, if the energy projects are implemented, Pakistan will gain access to the energy resources of Central Asia. A transit flow will pass through the state, and its ports will be activated for handling freight to be exported from Central Asia and Afghanistan and imported into these countries. It is obvious that thanks to this Pakistan will not only receive economic benefits, but also ensure an increase in its influence in Central Asia and Afghanistan.

During U.S. President George Bush's visit to Pakistan at the beginning of March 2006, President Pervez Musharraf made it understood that official Islamabad intended to support Washington's Greater South Asia project. The Pakistani president has positioned his country as a U.S. ally in implementing Washington's plans to create an infrastructure, communication lines, and energy corridors passing through Afghanistan and thus linking South and Central Asia.

During a joint official lunch with the U.S. president on 4 March, 2006, Pervez Musharraf said: "...Strategically located at the crossroads of South Asia, Central Asia and West Asia, Pakistan has the

²⁵ Calculated on the basis of the *World Factbook, Pakistan*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/pk.html>], 5 August, 2006.

²⁶ See: *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

²⁷ See: *The World Factbook, Pakistan*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/pk.html>], 5 August, 2006.

²⁸ *Ibidem*.

²⁹ *Ibidem*.

³⁰ See: *Country Analysis Briefs, Pakistan*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/emeu/cabs/Pakistan/Full.html>], 5 August, 2006.

³¹ *Ibidem*.

³² *Ibidem*.

³³ V. Burnett, "Energy: Three Routes to Meet Rising Demand for Gas," *Financial Times*, 31 May, 2005.

potential to become the hub of economic activity and a catalyst for progress of a larger neighborhood. We are determined to pursue this destined role and are implementing plans for the development of infrastructure, communication and energy corridors. The strategic partnership that we have affirmed today will contribute toward our success in realizing our common aspirations for peace and development in this critically important region of the world.”³⁴

As U.S. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher said on 5 April, 2006 at a press conference in Islamabad, Pakistan and the U.S. have already discussed Afghanistan’s role as a transportation corridor. In his words, “I first heard these ideas discussed by President Musharraf a few years ago with Secretary Powell.”³⁵ From this we can conclude that both countries have already held talks on issues relating to the current Greater South Asia project.

Due to the geopolitical and geo-economic advantages Pakistan may gain as a result of carrying out the Greater South Asia project, it is a natural ally for Washington in its implementation. It is extremely likely that it was largely Islamabad that lobbied putting this project into practice. So implementation of the Greater South Asia project can be called in some sense “a step by the U.S. toward Islamabad.”

In 2003, India consumed 846 million barrels of oil a year,³⁶ thus ranking eighth on the list of oil consumer countries,³⁷ and imported 762.8 million barrels of black gold. At the same time, proved oil reserves in this country, according to the Energy Information Administration of the U.S. Department of Energy, amount to 5.8 billion barrels.³⁸ On the basis of this data, it can be said that without outside deliveries, proved oil reserves could be exhausted within 6.8 years. In relation to gas, the situation in India is better. The state produces as much gas as it consumes—27.1 bcm in 2003.³⁹ Proved gas reserves amount to 853.5 bcm.⁴⁰ India has enough at the current level of consumption to last for 31.5 years.

At the same time, India’s economy is developing at a rapid rate, amounting annually to an average of 7 percent of the GDP.⁴¹ In this respect, it is expected that India’s oil consumption will grow to 3.1 million barrels a day by 2010 from 2.5 million barrels a day in 2005.⁴² Gas consumption in India is also growing, whereby the growth rates exceed the consumption level of any other type of fuel. Amounting to only 0.63 trillion cubic feet in 1995, in 2003, gas consumption in India had already risen to 0.96 trillion cubic feet (around 27 bcm), and it is expected that by 2010 it will rise to 1.4 trillion, and to 1.8 trillion by 2015. But it is forecast that gas production in India will not be able to keep up with the growth in consumption, so the country will be forced to import it from abroad.⁴³

As Indian Prime Minister Manmohan Singh said in an interview with *Financial Times*, “energy security is of critical importance to India... It is second only in our scheme of things to food securi-

³⁴ See: “Bush, Pakistan’s Musharraf Outline Bright Future for Alliance,” available at [<http://usinfo.state.gov/sa/Archive/2006/Mar/04-804574.html>], 5 August, 2006.

³⁵ See: Press Conference in Islamabad, Pakistan.

³⁶ Calculated based on the *World Factbook, India*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/in.html>], 5 August, 2006.

³⁷ See: “Rank Order—Oil Consumption,” in: *The World Factbook*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/rankorder/2174rank.html>], 5 August, 2006.

³⁸ See: *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

³⁹ See: *The World Factbook, India*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/in.html>], 5 August, 2006.

⁴⁰ Ibidem.

⁴¹ Ibidem.

⁴² See: *Country Analysis Briefs, India*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/emeu/cabs/India/Full.html>], 5 August, 2006.

⁴³ Ibidem.

ty.”⁴⁴ As Stephen Blank wrote in his article “India’s Energy Offensive in Central Asia,” “India’s dependence upon secure oil and gas supplies represents a vital national interest, as manifested in its energy firms’ quest for equity holdings in Russian, Angolan, Sudanese, Venezuelan, and, most of all, Iranian energy fields, or for major deals with states like Iran.”⁴⁵

Talking on 7 April, 2006 before the members of the Indian Confederation of Industries, Richard Boucher mentioned the possibilities offered by the Greater South Asia project, including ensuring India’s energy security. He said, “I see numerous opportunities for links that can bring power, roads, communications and trade all the way from Kazakhstan to Pakistan and India.”⁴⁶ At the same time, in his words, “the South Asian region will benefit from the positive development of the countries of Central Asia. As Central Asia develops, India and others stand to gain a great deal in opening up new markets and trade routes with Central Asia.”⁴⁷

In so doing, Boucher also used the image of a new “open” Afghanistan in India. “Imagine the day when one can travel and bring goods and services from India, through Pakistan and Afghanistan, to Central Asia. We would welcome India’s participation in endeavors that reinforce Afghanistan’s newfound status as an open corridor, rather than a barrier that separates South Asia from Central Asia,” he said.

In his speech, Boucher also talked about the possibility of India becoming a regional leader and mentioned one thing he did not talk about in Pakistan—democratization. “Bringing your experience in development, democracy, education and other fields is another important way for India to show regional leadership to the benefit of all,” he said. In this way, it becomes clear that Washington is looking at the possibility of activating India’s “democratic” potential in the Greater South Asia region. This step appears logical from the viewpoint of the U.S. administration’s policy in democratization and India’s long-term successful experience in this area.

As Stephen Blank writes, at present “India still shows interest in participating in a gas pipeline from Turkmenistan through Afghanistan and Pakistan,”⁴⁸ whereas in Kazakhstan “it has formally bid for immediate participation in the Tengiz and Kashagan oil fields and the Kurmangazy and Darkhan exploration blocks. India is also interested in nine other exploration blocks in and around the Caspian Sea.”⁴⁹ In so doing, in mid-2005, India tried to buy the Canadian PetroKazakhstan Oil Company, which operates in Kazakhstan, for 3.6 billion dollars. But India’s interests clashed with China’s in this transaction and the latter won the “contest” after offering 4.2 billion dollars for this facility.

As a result, from the geo-economic viewpoint, we can talk about India’s interest in energy resource deliveries from Central Asia and, consequently, interest in the U.S.’s Greater South Asia project.

However, from the geopolitical viewpoint, the answer to the question about the extent to which implementation of the Greater South Asia project is in India’s interests is not very clear. On the one hand, participation in the project will allow India (in cooperation with the U.S.) to strengthen its position in the Central Asian Region and Afghanistan. At the same time, this will make it possible to weaken the influence of China, which is competing with India, in the region. What is more, joint

⁴⁴ E. Luce, “Head to Head in the Quest for National Energy Security: India’s Overseas Competition with China has an Effect on Diplomacy,” *Financial Times*, 17 November, 2004.

⁴⁵ St. Blank, “India’s Energy Offensive in Central Asia,” *Central Asia—Caucasus Analyst*, 9 March, 2005, available at [http://www.cacianalyst.org/view_article.php?articleid=3117&SMSESSION=NO], 5 August, 2006.

⁴⁶ See: *The U.S.-India Friendship: Where We Were and Where We’re Going*. Speech by U.S. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher in New Delhi, available at [<http://www.state.gov/p/sca/rls/rm/2006/64230.htm>], 5 August, 2006.

⁴⁷ Ibidem.

⁴⁸ St. Blank, op. cit.

⁴⁹ Ibidem.

implementation of economic projects will allow India to improve relations with Pakistan, thus weakening its ties with China.

On the other hand, the Greater South Asia project can be viewed as contradicting Russia's interests, with which India has smooth relations. What is more, the latter is interested in further cooperation with the Russian Federation. In so doing, India is looking at the possibility of having an influence on Central Asia along with Russia within the framework of the Shanghai Cooperation Organization, in which it became an observer in 2005. At the same time, if India's activity within the SCO is blocked by China, it can place the emphasis on the Greater South Asia project.

The Greater South Asia Project and the Interests of Russia and China

The project can be viewed as opposing the regional interests of two key outside players in Central Asia—Russia and China, since it essentially leads to a weakening of their positions in the region. In particular, this conclusion can be drawn from the words of U.S. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher during a press conference in Islamabad on 5 April, 2006: “They (the Central Asian countries.—*A. Ya.*) need outlets and options, don't want to be stuck between two big powers.”⁵⁰

According to the estimates of the Energy Information Administration of the U.S. Department of Energy, at present Russia has 60 billion barrels of proved oil reserves, which amounts to 4.6% of world proved reserves of black gold.⁵¹ In terms of gas reserves, the Russian Federation occupies an even stronger position. According to *Oil and Gas Journal* and *World Oil*, Russia possesses proved reserves of gas in volumes between 47.6 and 66.26 tcm, respectively.⁵² In so doing, according to the named sources, Russia provides between approximately 27.8% and 33.7% of the world proved gas reserves.⁵³

In 2004, Russia exported 1.87 billion barrels of oil and 157.2 bcm of gas (primarily to the European markets) and imported 27.3 million barrels of oil and 12 bcm of gas.⁵⁴ In so doing, the Russian Federation occupies second place in the world both in terms of amount of oil produced and its export.⁵⁵

At the same time, Russia's gas monopolist Gazprom is showing a definite interest in purchasing gas from Central Asia and in implementing joint projects in this region. Russia is particularly interested in cooperating with Turkmenistan and Uzbekistan in this sphere. In April 2003, Russia and Turkmenistan entered a 25-year agreement that envisages Russia purchasing between 60 and 70 bcm of gas a year beginning in 2007.⁵⁶ At the beginning of 2006, Gazprom and Turkmenistan came to terms

⁵⁰ See: Press Conference in Islamabad, Pakistan.

⁵¹ Calculated on the basis of *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

⁵² *Ibidem*.

⁵³ *Ibidem*.

⁵⁴ See: *The World Factbook, Russia*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/rs.html>], 5 August, 2006.

⁵⁵ See: *Top World Oil Producers 2004*, the Energy Information Administration of the U.S. Department of Energy, available at [http://www.eia.doe.gov/emeu/cabs/topworldtables1_2.html], 5 August, 2006.

⁵⁶ See: I. Torbakov, “Russian-Turkmen Pacts Mark Strategic Shift for Moscow in Central Asia,” *Eurasianet*, 15 April, 2003, available at [<http://www.eurasianet.org/departments/insight/articles/eav041503.shtml>], 5 August, 2006.

on deliveries of 30 bcm of gas in 2006 and up to 50 bcm over the next three years.⁵⁷ In Uzbekistan, Gazprom and the Uzbekneftegaz State Company entered an agreement which envisages purchasing Uzbek gas until 2012. In the agreement, the sides also came to terms on Gazprom initiating several projects in Uzbekistan under Joint Production Share conditions.⁵⁸

As Arkady Ostrovsky writes in an article entitled "Oil and Gas Bring Influence," published by the *Financial Times*, "Gazprom's production has been stagnant for the past five years and its three largest gas fields, which account for two-thirds of its output, are all in decline. Meanwhile, Gazprom has put aside plans to develop super-giant fields in the Yamal peninsula at least for another 10 to 12 years. It argues that it is cheaper to buy gas from Central Asia than develop its own fields given the artificially low price for gas domestically. This tactic also removes Central Asian countries as potential competitors for Gazprom in the export market."⁵⁹

Gazprom could permit itself this tactic under conditions of essentially total control over the deliveries of gas from Central Asia. Due to the fact that the transportation of natural gas by methods other than via pipelines is expensive and requires very large investments, the Central Asian countries depend on Russian Gazprom's Central Asia-Center pipeline system, which it inherited after the collapse of the U.S.S.R. Turkmenistan, Uzbekistan, and Kazakhstan were compelled to pump most of their export gas through Russia's pipeline system.

In this context, it should also be noted that most of the oil from Central Asia at present is transited through Russia, in particular through the pipeline of the Caspian Pipeline Consortium with a throughput capacity of 560,000 barrels of oil a day.⁶⁰

From the geopolitical viewpoint, Russia's control over the transportation arteries via which oil and gas are delivered from Central Asia provides it with significant levers of influence on the above-mentioned countries. What is more, due to this, Russia has the opportunity to influence European consumers of Central Asian energy resources. It is obvious that from the viewpoint of energy security, Europe is interested in reducing its dependence on Russia. In turn, the Central Asian states are also interested in reducing their dependence on Moscow in this "sensitive" question.

This was and is recognized both in Europe and in the U.S., which is showing an interest in everything concerning the world energy resource market and is striving for global hegemony. As a result, Europe launched the INOGATE project, which is aimed at helping to transport oil from the Caspian Region through the Caucasian countries, as well as at reducing dependence on Russia in this way, both for itself and for the Central Asian and Caucasian states. Similar developments with respect to the U.S. were the Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline projects, which are part of the Western energy corridor.

The Greater South Asia project is aimed at creating a southern energy and transportation corridor linking Central Asia with the South Asia. As a result of this, the landlocked Central Asian countries will acquire another access route to the world energy and trade markets. In this respect, the Greater South Asia project is an analogue to the Western energy and transportation corridor passing through the Caucasian states and linking the Central Asian and Caucasian countries with Turkey and Europe.

It is obvious that implementation of the mentioned projects will lead to partial reorientation of the energy and transportation flows, as well as a reduction in Russia's role as a transit state. As a result

⁵⁷ See: "Gazprom budet zakupat u Turkmenii do 50 mlrd kub. m gaza ezhegodno," *RosBiznes Consulting*, 19 April, 2006, available at [http://top.rbc.ru/index.shtml?news/policy/2006/04/19/19004430_bod.shtml], 5 August, 2006.

⁵⁸ See: "V 2005 godu Rossia zakupit u Uzbekistana 5 mlrd kubometrov gaza," *Gazexport*, available at [<http://www.gazexport.ru/default.asp?pkey1=0000200017&id=1077184>], 5 August, 2006.

⁵⁹ A. Ostrovsky, "Oil and Gas Bring Influence," *Financial Times*, 21 April, 2006.

⁶⁰ See: *Country Analysis Briefs, Caspian Sea*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/emeu/cabs/Caspian/Full.html>], 5 August, 2006.

of this, not only will Russia's revenues from this transit decrease, but so will its influence on the Central Asian countries. At the same time, Russia could also lose its position in the gas industry of Turkmenistan and Uzbekistan, which is fraught with undermining Gazprom's long-term plans related to anticipated gas deliveries from Central Asia. In this way, from both the geo-economic and geopolitical viewpoint, if the Greater South Asia project is successfully implemented, the Russian Federation will face the risk of a drop in its revenues and influence in Central Asia.

According to the Energy Information Administration of the U.S. Department of Energy, China's oil reserves amount to 18.2 billion barrels.⁶¹ Oil production in the PRC amounted to 1.27 billion barrels in 2004, and consumption to 2.29 billion barrels a year;⁶² while this country covered the remaining difference of 1 billion barrels by means of import. In this context, it should be noted that in terms of volume of consumed oil, China ranks second in the world at present after the U.S.,⁶³ after surpassing Japan in terms of this index in 2003.⁶⁴ In this way, on the basis of the available data, it can be said that at its current oil consumption without outside deliveries China would exhaust its proved reserves in 7.9 years.

According to *Oil and Gas Journal* and *World Oil*, the proved gas reserves in China amount to 1.5 and 1.45 tcm, respectively.⁶⁵ Gas production in the PRC amounted to 35 bcm in 2003, and consumption to 33.44 bcm (while 2.79 bcm were exported).⁶⁶ In this way, at the current consumption level, China has enough gas reserves to last for 43.4-45 years.

The PRC economy is developing at a tempestuous rate: in particular, in 2005, the country's GDP increased by 9.3%. Correspondingly, an increase in the consumption of energy resources is expected in view of this economic growth. The U.S. Department of Energy forecasts that China's oil consumption will reach 5.18 billion barrels, and import will increase to 3.97 billion barrels by 2025.⁶⁷ What is more, the PRC is also using more natural gas, as a result of which its gas consumption is expected to double by 2010.⁶⁸

In this respect, China is currently running an active campaign to ensure its energy future. This issue is a key one on the agenda of the talks between PRC President Hu Jintao and the leaders of various states, beginning with Russia, where Beijing intends to develop gas fields and from where it wants to obtain gas via two new pipelines,⁶⁹ and ending with Nigeria, where the leadership of the two countries entered an agreement in the "investment in exchange for oil concessions" format, whereby Chinese investments amount to approximately 4 billion dollars.⁷⁰

One of the three leading Chinese state oil companies—the Chinese National Petroleum Company (CNPC)—already has oil concessions in Azerbaijan, Canada, Venezuela, Sudan, Indonesia, Iraq, and Iran.⁷¹ At the same time, the CNPC attempted to purchase one of America's leading oil compa-

⁶¹ See: *World Proved Crude Oil Reserves, 1 January, 1980—1 January, 2006 Estimates*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iealf/crudeoilreserves.xls>], 5 August, 2006.

⁶² Calculated on the basis of the *World Factbook, China*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/ch.html>], 5 August, 2006.

⁶³ See: "Rank Order—Oil Consumption," in: *The World Factbook*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/rankorder/2174rank.html>], 5 August, 2006.

⁶⁴ See: *Country Analysis Briefs, China*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/emeu/cabs/china.html>], 5 August, 2006.

⁶⁵ See: *World Crude Oil and Natural Gas Reserves, 1 January, 2005*, the Energy Information Administration of the U.S. Department of Energy, available at [<http://www.eia.doe.gov/pub/international/iea2004/table81.xls>], 5 August, 2006.

⁶⁶ See: *The World Factbook, China*, U.S. Central Intelligence Agency, available at [<https://www.cia.gov/cia/publications/factbook/geos/ch.html>], 5 August, 2006.

⁶⁷ See: *Country Analysis Briefs, China*.

⁶⁸ Ibidem.

⁶⁹ See: A. Koliandre, "Russia Keeps China Energy Options Open," *BBC*, 21 March, 2006, available at [<http://news.bbc.co.uk/2/hi/business/4830768.stm>], 5 August, 2006.

⁷⁰ See: "China's Hu Urges More Africa Ties," *BBC*, 27 April, 2006, available at [<http://news.bbc.co.uk/2/hi/africa/4949688.stm>], 5 August, 2006.

⁷¹ See: *Country Analysis Briefs, China*.

nies, UNOCAL, for 18.5 billion dollars.⁷² This attempt, although it did not succeed due to opposition from America's power elites, nevertheless was evidence of the seriousness of China's intentions with respect to ensuring its energy security.

The PRC is carrying out a similar policy of active expansion in Central Asia as well. In this respect, China is being the most "energetic" in Kazakhstan, since this state is geographically close to it and probably has the largest oil reserves in the region. At the end of 2005, the CNPC purchased the Petro-Kazakhstan Company for 4.2 billion dollars, which is registered in Canada, but operates only in Kazakhstan and has the right to several fields in this republic. Whereby the interests of the Chinese state company first clashed with the interests of India's state Oil & Natural Gas Corporation,⁷³ then with Russia's LUKoil.⁷⁴ What is more, it should be noted that the PRC owns a 60% share of the local Aktobemunaigaz Company in Kazakhstan.⁷⁵ In December 2005, the Kazakhstan-China oil pipeline of 1,000 kilometers in length⁷⁶ and costing 700 million dollars,⁷⁷ intended for delivering approximately 73 million barrels⁷⁸ of oil a year to China's western provinces, went into operation.

At the same time, the PRC relatively recently stepped up its activity in relation to Turkmenistan, as well as Uzbekistan, which have significant hydrocarbon reserves. For example, during the Turkmen president's visit to China in April 2006, the sides signed an agreement on building a gas pipeline from Turkmenistan to the PRC.⁷⁹ In correspondence with this document, there are plans for Turkmenistan to deliver approximately 30 bcm of gas to China beginning in 2009.⁸⁰ It should also be mentioned that Turkmenistan granted the PRC the right to develop gas fields on its territory. In this respect, it is interesting to note Kazakhstan's proposal to build a gas pipeline to China, which could also be used to export Turkmen gas.⁸¹

In May 2005, during the Uzbek president's visit to the PRC, an agreement was signed between China's CNPC and the Uzbekneftegaz state company on the creation of a joint venture.⁸² In so doing, China agreed to invest 600 million dollars in this structure, which was created for exploring and extracting Uzbek oil.⁸³

We can be sure that the PRC has its own plans regarding Central Asia's energy resources. What is more, it should be kept in mind that China is increasing the export of its finished products to Central Asia. In this way, we can draw the conclusion that the Greater South Asia project will affect the PRC's interests from both the geo-economic and geopolitical viewpoint.

C o n c l u s i o n

Implementation of the Greater South Asia project will give rise to several positive consequences for the Central Asian countries. It will help to stabilize the situation in Afghanistan, create another

⁷² See: "Chinese Firm Abandons Unocal Bid," *BBC*, 2 August, 2005, available at [<http://news.bbc.co.uk/2/hi/business/4738939.stm>], 5 August, 2006.

⁷³ See: J. Bush, "China and India: A Race for Oil," *Business Week*, 5 September, 2005.

⁷⁴ See: "CNPC Secures PetroKazakhstan Bid," *BBC*, 26 October, 2005, available at [<http://news.bbc.co.uk/2/hi/business/4378298.stm>], 5 August, 2006.

⁷⁵ See: *Country Analysis Briefs, China*.

⁷⁶ See: I. MacWilliam, "Kazakh-China Oil Pipeline Opens," *BBC*, 15 December, 2005, available at [<http://news.bbc.co.uk/2/hi/asia-pacific/4530426.stm>], 5 August, 2006.

⁷⁷ See: *Country Analysis Briefs, China*.

⁷⁸ *Ibidem*.

⁷⁹ See: "Turkmen Gas will Go East," *Turkmenistan.ru*, 4 April, 2006, available at [http://www.turkmenistan.ru/?page_id=5&lang_id=ru&elem_id=7965&type=event&sort=date_desc], 5 August, 2006.

⁸⁰ *Ibidem*.

⁸¹ See: I. Gorst, "Scramble to Grab Central Asia's Gas," *Financial Times*, 5 May, 2006.

⁸² See: A. Yeh, "Uzbekistan Signs \$600m Oil Deal with China," *Financial Times*, 26 May, 2005.

⁸³ *Ibidem*.

transportation and energy corridor, and reduce dependence on Russia and China, all of which correspond to the national interests of the Central Asian states.

At the same time, implementation of the Greater South Asia project could have several negative consequences. In our opinion, an increase in the drug flow in the near future, Islamic radicalization of the Central Asian countries under the “cultural” influence of Afghanistan and Pakistan, as well as erosion of the concept of Central Asia as a separate region could be negative consequences of implementing this project.

When implementing this project, the U.S. intends to rely on Pakistan and India, sensibly presuming that these countries are interested in exporting energy resources from Central Asia, importing goods to its states, and increasing their regional influence. In so doing, putting this project into practice could weaken Russia and China’s regional positions by decreasing their economic and political influence in the region.