

India-Pakistan-Afghanistan Energy Cooperation and Role of China

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ABSTRACT: *India, Pakistan and Afghanistan, three neighbouring countries are part of the South Asia and members of SAARC (South Asian Association for Regional Cooperation). Energy cooperation among the three countries have subject to various complexities. It is related not only to India, Pakistan and Afghanistan's relations but also includes the role of countries like China, Iran and other Central Asian countries. They have also concerns for cooperation in this region. As all three countries are energy deficit, they are trying to establish links with neighbouring energy surplus countries of Iran, Turkmenistan, Tajikistan, Kyrgyzstan etc. On the other side, China is a country that has also large economic and security concerns in this region. China views Afghanistan as a bridge for increased economic influence in the Central Asian region and has planned to develop the Silk Road Economic Belt linking China to Europe through Central Asia and the Middle East.*

Key Words: *India, Pakistan, Afghanistan, China.*

Introduction

Cooperation in the energy sector is an important element of the opportunities for the region. In the energy sector, there is an almost complete absence of energy infrastructure, despite strong complementarities in energy resource endowments and in the balance and pattern of energy production and consumption, which give rise to significant but unexploited opportunities for energy trading and integration across these countries. History has not been kind to Afghanistan, which is one of the least developed countries in the world, with a distorted economy heavily dependent on opium and basic agricultural production, weak institutions, and poor governance. Today there is an opportunity to overcome the legacy of the past and reverse the furious circle of political violence and economic regression, into accelerated economic development and political stabilization. This will require a concerted effort of Afghanistan's people, politicians and entrepreneurs, international donors, and Afghanistan's neighbors. No doubt obstacles are a lot, but there is a rare degree of alignment of interest and shared objectives between the country and its neighbors in creating a politically stable and economically more prosperous Afghanistan, contributing to political stabilization and economic development in the region of South Asia. The country and the region should take advantage of this opportunity. The alignment of regional interests and win-win opportunities for trade and cooperation should be particularly strong in the energy sector. Afghanistan links the areas of energy surpluses (Central Asian Republics and Iran) with those of energy deficit (Pakistan and India). Thus, it is in a position to facilitate regional energy trade, especially in natural gas and electricity, for the benefit of the region, as well as derive significant gains for its own economy from energy imports and transit. The country can indeed emerge as a facilitator of low-cost delivery of energy resources from Central Asia to the rapidly growing energy markets of South Asia. For example, the tangible benefits of the first cross-regional, Central Asia – South Asia, electricity trade project (dubbed as CASA-1000) and TAPI gas pipeline could be significant, but the “intangible” ones – the spillover effects on the non-energy sectors, environment and other fields for furthering energy cooperation, etc. - could be much larger. The power-transmission lines of a project named CASA 1000, scheduled to be completed in 2020, which will bring hydropower from Tajikistan and Kyrgyzstan over Afghanistan's mountains to Pakistan (Vucetic and Krishnaswamy, 1-11).

From few years, TAPI has been one of the main agenda items at every major conference on Afghanistan and also an integral part of the American ‘New Silk Road Strategy’ (Ahmed and Bhatnagar, 2007, 171). In the present scenario, due to China's slowdown and the cut down of Russian gas purchases, the market dynamics of the Central Asian gas market are changing significantly. Turkmenistan exports gas to China, Russia and Iran. Both Russia and Iran have reduced their imports as they want to increase their own output. This made China the sole export market for Turkmen gas. These factors have pushed Turkmenistan to develop alternatives. And South Asia might be that alternate in this changing geo-economics (Sachdeva, 2015, 1). Therefore, despite uncertainties about Afghanistan's future, India-Pakistan ties, Afghanistan-Pakistan tensions and a slowdown in global energy markets, the TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline finally took off. TAPI is designed to transport 33 billion cubic metres of gas annually to South

Asia for a period of 30 years. From Turkmenistan's Galkynysh gas field, the pipeline will enter Afghanistan to pass through Herat and Kandahar and the Pakistani cities of Quetta and Multan, before reaching India at Fazilka in northern Punjab province. Turkmenistan, Afghanistan and Pakistan also signed a MoU for a power transmission line. The line will be constructed parallel to the TAPI gas pipeline. There are also plans to connect the four countries by a parallel fibre optic cable. For this reason Ghani called it a "super highway of cooperation and coordination that will connect again South Asia and Central Asia together". The project would immensely contribute to the economy of Afghanistan and integrate the economies of South and Central Asian regions. If the project is completed successfully, it could bring together India's 'Connect Central Asia' policy and China-Pakistan Economic Corridor (CPEC) of the Chinese 'One Belt One Road' project (Reyaz, 2015, 1-3).

The land route through Pakistan is the simplest way of moving goods between India and Afghanistan. By giving India overland access to Afghanistan, Pakistan could garner sizeable revenue by charging transit fees on the movement of goods. Ideally, trade and transit arrangements among the three countries could also ease some of the massive challenges facing the international community in reconstructing Afghanistan. Nevertheless, as mentioned above, Pakistan allows the transit of Afghan goods to India over its territory, but not vice versa, in its efforts to check Indian influence in Afghanistan. Pakistan's refusal to provide overland transit facilities for Indian goods bound for Afghanistan and further to Iran and the Central Asian markets has forced India to take a longer and circuitous sea route via Iran (Ahmed and Bhatnagar, 2007, 169). Where India, Afghanistan and Iran are making Chabahar port to trade goods, China and Pakistan Gwadar port is also under process. Additionally, CPEC deepens the barriers to Indian access to the natural-gas riches of Central Asia. Because Pakistan denies transit rights to India, New Delhi cannot reach Afghanistan and by extension Central Asia directly by land (Kugelmann, Jan 9, 2018).

Role of China

Traditionally, Afghanistan has been a low diplomatic priority for China, and China did not have strong influence there. But recent years have found that as the U.S. is to withdraw its troops from Afghanistan and China's interests in the country are rapidly growing, Beijing has adjusted its stance from cultivated disinterest to growing engagement. Indeed, from a broader perspective, Afghanistan is an ideal channel for China to implement its "March West" strategy? to expand its economic and strategic influence to Central Asia, the Middle East and beyond (Hong, 2013, 1).

Since the 1990s China's demand for imported oil has increased. In response, China has launched a number of external initiatives to secure overseas oil supplies. First, it has strengthened its ties with oil producing nations in the Middle East, Africa, Central Asia, and Latin and North America. China's state oil companies are also actively seeking to invest in overseas energy ventures. Second, China is developing alternate oil land routes to reduce its reliance on the Straits of Malacca. Developing land routes for oil transport appears to be China's best option. China's expanding presence in Afghanistan is largely driven by energy geopolitics and its "Grand Western Development" strategy. Recent years witnessed that the U.S. is very publicly repositioning the majority of its fleet to the Asia Pacific, and tensions are mounting between China and its neighbors over sovereignty over the waters of the East and South China Sea. It has always been Beijing's fears that any armed confrontation in the maritime region could threaten supplies of imported energy (Hong, 2013, 17).

China's second major initiative in oil diplomacy is to avoid possible disruption to the route by the USA, Japan or India, as well as from terrorist attacks. China is allegedly following the so-called 'string of pearls' strategy building close ties along the sea-lanes from the Middle East to the South China Sea in order to protect China's energy interests and sea-lanes. These 'pearls' include Pakistan, Bangladesh, Burma, Thailand, Cambodia and the South China Sea. More importantly, China is considering an alternative oil transport route in South Asia. The alternative for China is the transport line from the Port of Gwadar in Pakistan, located near the mouth of the Strait of Hormuz, through a pipeline into Xinjiang. In 2001 China agreed to build a deep-sea port there, with total estimated costs of \$1.16 billion. Backed by strong ties with Pakistan, China can exercise considerable influence over the port. China can then transport oil from the Middle East (eg Oman) to Xinjiang, bypassing the Persian Gulf, the Indian Ocean, the Straits of Malacca and the South China Sea (Lai, 2007, 528-529).

Afghanistan is rich in terms of natural reserves. China is trying to gain access to these natural resources like Aynak copper and oil reserves, providing economic aid and thus improving political relations. Shanghai Cooperation Organisation (SCO) is playing a part in addressing security problems of Afghanistan. Now India and Pakistan is also full member of this organization. It has been described as an opportunity to provide a platform to settle disputes among members. China has a long relationship with Pakistan and Russia with India, and the thinking is that organizational efforts could ease tensions in South Asia. As China wants to

develop a strong relationship with Afghanistan, it will possible only when the region remain stable. More likely, traditional realpolitik will play a part in maintaining order. Bilateral relations between China and Pakistan are already dense, with the China-Pakistan Economic Corridor (CPEC) a major part of the Belt and Road Initiative (BRI), described as “the most significant and far-reaching initiative that China has ever put forward.” Given this strategic importance for China, a stable Pakistan is vital. An SCO with only Pakistan as a member would isolate India and increase the potential for aggression; an SCO that includes both is one less threat to manage (Fulton, Feb 24, 2018). Thus China’s interests in Afghanistan are tied to its economic investments in the country, and concerns that instability in Afghanistan will encourage separatists in its western Xinjiang province. Some evidence suggests that the Uighur-separatist group East Turkestan Islamic Movement (ETIM) has been trained, armed, and sheltered by Al-Qaeda and the Tehrik-i-Taliban Pakistan (TTP). As China pursues an enhanced economic presence in Afghanistan it is concerned about a simultaneous increase in attempts by these terrorists to sabotage Chinese investments. Likewise, Beijing has signaled concerns that ETIM terrorists could cross the mountainous Sino–Afghan border to launch attacks in Xinjiang and elsewhere. Therefore, China’s economic development strategy is directly linked to stability in Afghanistan for its security reasons. China has pledged increased economic and development assistance to post-transition Afghanistan and has also agreed to play a role in promoting political reconciliation in Afghanistan. China views Afghanistan as a bridge for increased economic influence in the Central Asian region and has planned to develop the Silk Road Economic Belt linking China to Europe through Central Asia and the Middle East. The New Silk Road initiative could expand China’s economic footprint in Afghanistan beyond its current investments in mining and raw materials. Even though China maintains that it has no desire to fill the U.S. void in Afghanistan, but it committed to the development of a strategic cooperative partnership with Afghanistan, and is a sign of long-term, strategic Chinese involvement in the region. At present, Chinese commercial assistance for projects in Afghanistan is \$260 million. Future development projects include a transport and electrical power network, construction of residential communities, development of mineral resources, joint Sino–Indian schools and hospitals in Afghanistan, and a multitude of smaller bilateral initiatives (Hong, 2013, 12-14). Even recently, during the two-day informal summit on 27-28 April, 2018, India and China agreed for the first time to implement a joint economic project in war-torn Afghanistan. It induced a lot of hope to explore regional market. It will send the signal that cooperation can prevail over competition (Hindustan Times, May 1, 2018).

No doubt, China has also strengthening its defense capabilities because of its problems of governance. But it causes concerns for China’s neighbors also with whom it has maritime or territorial disputes, including India. Because, over the years, China has also taken advantage of its geographical neighborhood in Central, South, and South East Asia to rewrite geopolitical realities through either establishing road, rail and pipeline connections, or planning new ones. The Chinese investors have on their laptops figures of Afghanistan’s untapped deposits; copper, iron ore, gold, oil, gas, massive vein of rare earth elements including critical lithium (estimated \$1 trillion dollars worth) which are imminently suited for their needs. Billions of dollars have already been spent in mining and China’s visitors to Kabul are invariably seeking mining privileges. Several road, railway, pipeline projects are underway to link Western China to Afghanistan through Kyrgyzstan and Uzbekistan. True, Afghans have shown aversion to investments. Surely, they have no particular likings for the Chinese, for they represent a blotchy or alien culture – danger to Islam. But same was said about the Chinese in Central Asia as well. The fear was that non-Muslim outsiders extracting underground riches would invoke powerful resource nationalism. China has high stakes in the Afghan stability, for they need a peaceful environment to achieve high growth in the next two to three decades. The chaos could bring negative consequence and for China the stabilizing efforts in Xinjiang have not been easy. So the logic of establishing links with Afghanistan makes sense. China has successfully experimented this with Pakistan for decades. In the changed context, China and Afghanistan needs each other. China well knows about Afghanistan’s political instability, its lack of governance, the threat of Islamic extremists and flow of drugs etc posing threat to its Western region. The current Chinese reforms aim to preclude social and political unrests from aggravating in the Western region. Surely, India’s own Afghan policy has not been designed to counterbalance anyone but for reasons not only of helping Afghan people, but also for India’s own security. After the withdrawal of American and NATO troops, attention is to the urgency of the pursuit of cooperation in the security sphere between India, Pakistan, and other neighbours of that country. So what may be necessary is a three party dialogue between India–Afghanistan–Pakistan not only for energy cooperation rather to address security concerns also (Ranganathan, 2014, 11-12). The three countries (Afghanistan, Pakistan, and India) have an unprecedented high stakes in each other’s stability, ranging from the economic sphere to politics and security. Therefore, the three countries need to enter into a completely

different set of relationship with each other, which determines the destiny of any of the three countries, one way or another. The role of China can be view as a balancer trying to engage with both India and Pakistan simultaneously to ease tensions in the region so that it can keeps her interests in Afghanistan.

Conclusion

In all, energy cooperation among India, Afghanistan and Pakistan more or less depends on the kind of relations among these countries. The Indo-Pak conflicts are well known to everyone, Afghan-Pak and Afghan-India relations are also highly concerns for this and one more important reason remains the role of outside powers in this region. In this paper, the focus was not only on India, Pakistan and Afghanistan rather also on China's role for energy cooperation in this region. China has economic as well as security concerns in Afghanistan. China knows well stability is essential for the security of her investments in Afghanistan, for the realization of their trade and other ambitions in Afghanistan. In spite of that China views Afghanistan as her sphere of influence. No doubt, Indo-Afghan relations are good and they together with Iran making Chabahar port to trade goods. China is also come more close to India by exploring partnership in Afghanistan. On the other side, China- Pakistan Gwadar port is also on the way. In this context, there is huge uncertainty of energy cooperation in this region. Still, the projects, for example TAPI and CASA are also under process. But these would be proves large steps towards energy cooperation in this region, if they have completed successfully. Whatever the ramifications of this energy cooperation, but one thing is clear that it will definitely benefit the South Asian region and will boost the 'spill over'.

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