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India should go for FTA with Central Asian Countries

1. Introduction

Regionalism found place in the agenda of India's trade policy only in the mid-1990s when it was amply demonstrated that regionalism is the faster way to increase trade through eliminating/reducing various trade barriers among the participating countries. The slow pace at the multilateral negotiations under the aegis of the World Trade Organisation (WTO) significantly encouraged countries to enhance efforts for regional/bilateral free trade agreements (FTAs). Furthermore, Article XXIV of the WTO also legally permits member countries to go for regional/bilateral free (preferential) trade agreements.

Bilateral trade agreements (since the early 1990s) are fast becoming the centerpiece of foreign trade policy in countries as diverse as Chile, China, Japan, South Africa and Switzerland. Regional integration projects between governments – whether The Common Market (MERCOSUR) in South America, the Economic Community of West African States (ECOWAS) in West Africa, the Gulf Cooperation Council (GCC) in the Middle East or the Association of Southeast Asian Nations (ASEAN) in Southeast Asia – are struggling to “keep up” and provide some kind of ‘alternative’ to both the slow progress at the WTO and the fractionalism of bilateral FTAs. Meanwhile, the world’s most powerful governments, like the US and the European Union (EU) are competing more and more to sign bilateral/regional deals with the same countries in order to serve their distinct interests inclusive of geopolitical and military agendas. Many commentators are now arguing that FTAs (mostly by powerful countries like the US and the EU) often have little to do with trade and much to do with securing spheres of political influence and control.

Despite knowing that regionalism this time is here to stay for long, India, being a champion of multilateralism, adopted a guarded approach to regionalism. However, the proliferation of bilateral/regional trade agreements across the globe prompted India to also engage in bilateral and

regional preferential trading arrangements (PTAs), which, of late, is in line with its broad objective to double the percentage share of global merchandise trade within the next five years. The Indian PTAs bandwagon started rolling out only in 1993 when a modest attempt was made by the formation of South Asian Preferential Trade Agreement (SAFTA). However, the engagement with PTAs acquired some serious attention only after 1998 when India signed bilateral FTAs with Sri Lanka (1999), Thailand (2004), Singapore (2005) and PTAs with MERCOSUR (2004) and Chile (2005). All these PTA/FTAs are now operational.

The seven member countries¹ of South Asian Association for Regional Cooperation (SAARC) signed the Agreement on South Asia Free Trade Area (SAFTA) in January 2004. Negotiations on all aspects of SAFTA were concluded and the tariff liberalisation programme has been operationalised since July 01, 2006. The Framework Agreement on a Comprehensive Economic Cooperation Agreement (CECA) with ASEAN; Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC); South African Customs Union (SACU); Gulf Cooperation Council (GCC) and an Afghanistan FTA on goods, services and investment are all under negotiation. Joint Study Groups have been set-up for FTA feasibility with respect to China, Japan, South Korea, Malaysia, Indonesia and other countries.

However, until now India has effectively implemented only five or six PTAs, and the volume of trade within these PTAs constitute a very small proportion of the country’s total trade. This is primarily because there has neither been much substantive theoretical debate/research on the issues related to PTAs/RTAs in the country, nor any substantial empirical research estimating trade creation/diversion and tariff revenue loss/gain emanating from such agreements. Various commentators have stated that the lack of domestic preparedness on the part of various stakeholders is obstructing the fulfilment of the stated objectives of PTAs.

Issues relating to Rules of Origin (RoO) and items to be included in negative list have been/are posing problems for existing and ensuing PTAs. Such problems get compounded in multiple-membership PTAs.

India has, of late, realised the importance of Central Asian countries, which are abundant in energy resources, especially in natural gas, oil and uranium. India being deficient (both in quantity and quality) in these very resources with enormous existing and potential demand for economic growth, should make concerted efforts for economic cooperation with the Central Asian countries, in order to close in on this energy-deficiency. Currently though looking at India's meager trade with these countries, there seems to be little possibility to work out such a proposition. However, geo-politic-economic and strategic considerations signify the desirability of a bilateral FTA by India with these Central Asian countries. From an economic point of view an FTA with Central Asian countries would go a long way in meeting our ever-increasing energy demand. The duty-free imports of energy resources (a la FTA) would help domestic industry to reduce its cost of production thereby enhancing its international competitive advantage. Politically, such an effort would improve India's political and diplomatic relations with strategically located Central Asia.

In this paper we argue in favour of an FTA by India with Central Asia. Efforts towards achieving this goal must be intensified, at least by initiating an agreement with Kazakhstan, with which India has maximum trade and which is also endowed richly in energy resources. Moreover, both countries have cordial political relations and have been helping each other at international forums.

2. India's Relations with Central Asia

India has had historical and cultural ties with Central Asian countries for centuries. This vast and fascinating part of the world comprises the five ex-Soviet Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (collectively known as Central Asian Region, or CAR). Central Asia is a regional entity with an overall area of about 4 million square kilometers and a population of 57 million. The region's largest country in terms of territory is Kazakhstan, which occupies over 67 percent of the total area, while 45 percent of the region's population lives in Uzbekistan.

The famous Silk Route, connecting China (Asia) to the Mediterranean (Europe) through Afghanistan, Iran, Jordan, had a diversion road passing through some

northern parts of the Indian sub-continent (including Pakistan which was separated from India only as recently as 1947) and Afghanistan. Much of the trade in the northern parts of the Indian sub-continent was carried through this route in ancient and medieval periods.

At present Central Asia does not figure prominently in India's international trade. The total trade (exports plus imports) between the two parties is just below the half a billion dollar mark. India's total exports stood at US\$162983.90mn and total imports at US\$251562.26mn during 2007-08. India's exports to the five countries combined were worth US\$232.31mn, which is just 0.142 percent of India's total exports. India's imports to these countries stood at US\$112.09mn, which is just a meager 0.044 percent of India's total imports for the same year. Table 1 provides country wise Indian exports and imports for 2007-08. It is clear from the table that nearly three quarters of India's total trade (exports and imports combined) is captured by two countries, viz. Kazakhstan and Uzbekistan. Kazakhstan alone makes up more than half (55 percent) of India's total trade with the region.

Thus, at present CAR accounts for less than one percent of India's trade. But there is considerable potential for increasing trade. Both India and Central Asia have economic complementarity in terms of resources, manpower and markets. Indian products like tea, drugs, pharmaceuticals and fine chemicals have already established a foothold in the Central Asian market. However, the region with over 55 million consumers has huge potential in many other areas that are yet to be tapped. Among the potential areas for increased trade and investment are: energy and mining, power generation, telecommunication equipment, healthcare and medical industry, agri-business, tourism, IT sector, food processing and packaging, housing and construction, banking and financial services.

Table 1: India's Trade with Central Asian Countries (2007-08)

Country	Exports	Imports	Total Trade	Share (in US\$)
Kazakhstan	111.91	76.83	188.74	54.80
Kyrgyzstan	31.58	0.91	32.49	9.43
Tajikistan	12.42	9.69	22.11	6.42
Turkmenistan	36.08	8.58	44.66	12.97
Uzbekistan	40.32	16.08	56.40	16.38
Total	232.31	112.09	344.40	100.00

Source: Ministry of Commerce, Government of India, Export-import Data Bank, 2007-08

3. India's Current and Future Energy Situation

Although commercial energy in India has grown rapidly over the last two decades, a large part of India's population does not have access to commercial energy. India has one of the lowest levels of per capita energy consumption. India consumed 439 kg of oil equivalents (kgoe) of primary energy per person in 2003, compared to 1090 by China, 1094 by Brazil and 5805 by Saudi Arabia; while developed countries consumed even higher amounts per capita: 7835 kgoe by US and 3906 by UK. World annual energy consumption stood at 1688 kgoe per capita. India accounts for only around 3.4 percent of total world primary energy consumption.

The per capita consumption of electricity is the most common criterion used to evaluate the level of economic development of a country and by this criterion India's position denotes a low level of development. India's per capita electricity consumption in 2003 stood just at around one-fifth of the world average (553 against 2429 kgoe), while it was just 40 percent of the Chinese level, 29 percent of the Brazilian level and just 4 percent of the US level².

The Expert Committee on Integrated Energy Policy (Planning Commission, 2006) has projected that a scenario of sustained 8 percent annual economic growth rate over the next two decades could be achieved, given an import dependence for energy (ranging from 29 to 59 percent) in 2031-32 (see Table 3 for fuel specific requirements).

On comparing energy demand and the available resource base, it is abundantly clear that our hydrocarbon resources would be grossly inadequate to meet our future needs. It is essential to have a long-term energy policy with clear and aggressive energy diplomacy in order to secure reliable and adequate foreign sources of supply of energy.

India has so far been dependent for its (65 percent) oil imports on highly unstable and uncertain sources such as Iraq and other Middle Eastern countries. The growing dependence of the country on energy imports has important security implications. India's energy security issue involves matters such as declining quality, international pressure to shift to cleaner fuels, and foreign exchange vulnerability from dependence on a single region (Middle East) for oil. It is now well accepted that India needs to diversify both its source of oil imports and its energy consumption portfolio. The choices available to India to strengthen its self-sufficiency are: increased domestic oil and gas base; improved efficiency of energy use; and diversify energy import options.

Table 2: Commercial Energy Requirements, Domestic Production and Imports for 8 percent Growth for year 2031-32

Fuel	Range of Requirement in Scenarios (R)	Assumed domestic Production (P)	Range of Imports (I)	Import (percent) (I/R)
Oil (MT)	350-486	35	315-451	90-93
Natural Gas (Mtoe) including (CBM)	100-197	100	0-97	0-49
Coal (Mtoe)	632-1022	560	72-462	11-45
(TCPES)	1351-1702	-	387-1010	29-59

Mtoe= Million Tonnes; Mtoe= Million Tonne of Oil Equivalent; CBM= coal bed methane;

TCPES= Total Commercial Primary Energy Supply

Range of imports is calculated across all scenarios as follows:

Lower bound=Minimum requirement-Maximum domestic production

Upper bound= Maximum requirements-Minimum domestic production.

Source: Government of India Planning Commission (August 2006) "Integrated Energy Policy: Report of the Expert Committee", Table 3.8, p.45.

There is always a preferable choice to enhance the domestic oil base as well as its efficient use. But the possibility of both the alternatives has limited scope at present. The obvious choice of alternative falls on the last option, i.e. to diversify import destination. Besides the Gulf region, India can get energy sources from the Caspian region, Southeast Asia, Australia, Africa and Europe. Russia is a major source of energy to the Asia Pacific region. However, to transport gas from there, India will need to construct a 3,700-km long pipeline whose commercial feasibility continues to be debated. Compared to other regions, transportation of energy sources from the Gulf continues to be cheaper.

The CAR has adequate reserves of all kinds of energy resources which are still largely untapped. Furthermore, CAR countries have also recently embarked upon an aggressive policy for exploration, development and export of these resources. They are now progressively opening up their energy sector for foreign investment. Thus, it is an opportune time for India to vigorously pursue increased economic cooperation with them.

In addition, India does not have the required cooperation from its neighbouring countries like Pakistan and Bangladesh to route its gas import pipelines through these countries. In the last ten years or so there have been serious efforts towards construction of two gas pipelines: Iran-Pakistan-India (IPI)³ and Turkmenistan-Afghanistan-Pakistan-India (TAPI), but negotiations were held back intermittently on certain issues and the gas pipelines have yet to see the light of day.

Parthsarthy and Kurian (2002)⁴ have recommended that the possibility of developing an energy grid linking the Russian Federation, China and India (RCI) need to be examined. The grid would be developed through gas pipelines that could carry the natural gas resources from Siberia and Central Asian countries like Kazakhstan to the Indian and Chinese markets. However, it seems unlikely that the Chinese government would allow India a pipeline corridor across the line of control on the China-India border for security reasons. Since 1992, China has consistently denied Indian requests for a corridor to construct an India-Central Asia railway line through Western China, chiefly for security reasons.

4. Energy Resources of CAR

Central Asia has a significant and diversified energy resource base, though it is unevenly spread across the territory. Along with the extensive explored recoverable reserves of hydrocarbon fuel, the region has significant hydro energy potential, large uranium deposits, and also good opportunities for developing renewable energy sources. Proven natural gas reserves within Azerbaijan, Uzbekistan, Turkmenistan and Kazakhstan equal more than 236 trillion cubic feet. The region's total oil reserves may reach more than 60 billion barrels of oil – enough to service Europe's oil needs for 11 years. Some estimates are as high as 200 billion barrels. In 1995, the region was producing only 870,000 barrels per day (44 million tonnes per year [Mt/y]). Data on the resource potential of the Central Asian region energy system are given in Table 3.

Kazakhstan has great export potential of all major energy sources, i.e. coal, oil, gas and uranium except hydro energy, while Uzbekistan and Turkmenistan are richly endowed in oil and gas.

5. Problems Associated with CAR

One of the main problems is that Central Asia is isolated. The region is bound on the north by the Arctic Circle, on the east and west by vast land distances, and on the south by a series of natural obstacles – mountains and seas – as well as political obstacles, such as conflict zones or sanctioned countries. The lack of direct road, rail or sea link is one of the biggest practical problems in India's economic interaction with CAR.

The existing pipeline infrastructure to transport surplus oil of Central Asia was built under Moscow-centric Soviet period, and was used mainly to supply oil to north and west toward Russia with no connection to the south and east. Depending wholly on this infrastructure to export Central Asian oil is not practical anymore. Russia currently absorbs large quantities of this oil and is unlikely to be a significant market for energy in the future. Moreover, Central Asia also lacks the capacity to deliver it to other markets. A practical solution to this problem would be to construct new routes, especially towards the south and east of Asia.

Two major energy infrastructure projects, which are being built, namely, Caspian Pipeline Consortium (CPC) and Azerbaijan International Operating Company (AIOC), would transport oil towards Black Sea and towards the Mediterranean. Even if these two pipelines are built they will not have enough total capacity to transport all the oil expected to flow from the region in the future; nor would they have the capability to move it to the right markets; thereby creating a need for other export pipelines.

The Central Asian countries will have to take into account the essential factor in planning any new pipelines, i.e. they must be located in a way such that they would be able to serve the markets that are most likely to need these new supplies in the future. Just as Central Asia was the meeting ground between Europe and Asia in centuries past, it is again in a unique position to potentially service markets in both these regions, if export routes to these markets can be built.

With respect to building new pipelines towards Western Europe and Central and Eastern Europe, these markets are highly competitive and any additional demand of oil by these regions will be supplied by Russia. Moreover, natural gas is gaining strength as a competitor in these regions. The domestic Newly Independent States (NIS) will have weak demand for oil.

Table 3: Explored Reserves of Energy Resources (2006)

	Coal (billion tonnes)	Oil (million tonnes)	Gas (billion cubic meters)	Uranium (thousand tonnes)	Hydro energy (billion KW h per year)
Kazakhstan	34.1	4800	2000	601	27
Kyrgyzstan	1.34	11.5	6.54	-	52
Tajikistan	0.67	5.4	16.8	-	527
Turkmenistan	-	85	2900	-	2
Uzbekistan	1.95	82	1850	83.7	15
CAR	38.06	5183.9	6773.34	684.7	623

Source: R.A. Zakhidov (2008), "Central Asian Countries Energy System and Role of Renewable Energy Sources", Institute of Energy and Automatics of the Uzeb Academy of Sciences.

In stark contrast to the other three markets, the Asia/Pacific region has a rapidly increasing demand for oil and expected significant increase in population. It is likely that their demand for oil would be doubled by 2010. The key question is how the energy resources of Central Asia can be made available to satisfy the energy needs of nearby Asian markets. There are two possible solutions with several variations.

The export routes from CAR to Asia may take two routes: East to China or South to Indian Ocean. Going to China means a prohibitively long 3000 kilometre pipeline to Central China and an additional 2000 kilometres connecting the main population along the coast. Even with these formidable challenges the Chinese government has undertaken construction of a pipeline from Kazakhstan to China.

South to the Indian Ocean would mean a shorter distance to growing markets. A more economically viable solution is to build a pipeline south from CAR to the Indian Ocean. One obvious potential route would be across Iran. However, this position is foreclosed for foreign companies (mainly Americans) because of US sanctions against Iran. This is one of the reasons (apart from controversial issues related to transit fee and Pakistan's wavering stand on passage through its soil) for non-implementation of the much hyped Iran-Pakistan-India (IPI) gas pipeline project.

The other alternative possible route is across Afghanistan, which has its own unique challenges. Afghanistan has been suffering from the activities of terrorist groups like the Taliban, for many years now. In spite of this, a route through Afghanistan appears to be the best option with fewer technical constraints. It is the shortest route to the sea and has a relatively favourable terrain for a pipeline. The route through Afghanistan is the one that would bring Central Asian oil closest to Asian markets and thus would be the cheapest in terms of transporting the oil.

A recent study by the World Bank⁵ states that the proposed pipeline from Central Asia across Afghanistan and Pakistan to the Arabian Sea would provide more favourable netbacks to oil producers through access to value markets than those currently being accessed through the traditional Baltic and Black Sea routes.

Turkmenistan's Dauletabad field has vast natural gas reserves that can be marketed to Pakistan and possibly to India. A Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline has been envisaged but due to political reasons not much progress has been made in this project. Kazakhstan is also well endowed with natural gas reserves.

6. India Moves Ahead

India had special access to the USSR in terms of closer political, economic and cultural relations during the Cold War era. These very relations stopped India from

developing closer relations with the Central Asian nations in the initial years after their independence from the USSR. More recently, India is moving closer to CAR with India's inclusion in the Shanghai Cooperation Organisation (SCO)⁶ in 2005 as an 'observer'. Although India's move for closer ties with the CAR has been delayed and somewhat slow, it is making up for time lost with proactive diplomacy. During the Press Conference on June 05, 2002, Prime Minister Vajpayee stated:

"Historically, this extended neighbourhood of ours has been very close to our hearts. It is linked to India through ties of history, culture and spiritually....India wishes to strengthen her ties with all the countries of the region, imparting a multi-dimensional character to them. I would call it the new 'Silk Route Initiative' of India's foreign policy. It will seek to build a new Silk Road of Friendship and Cooperation between India and Central Asia".

India's engagement with Central Asia, both politically and economically, is on the rise, but without greater access to the countries in the region. New Delhi cannot take optimal advantage of the region's rich natural resources such as oil and gas, uranium and minerals without improving connectivity with these countries. Making this observation at a seminar organised by the Confederation of Indian Industry (CII) in New Delhi, ambassadors from Central Asia and government officials have called for speeding up the modalities for the functioning of the North-South Transport Corridor to improve connectivity. An agreement to this effect was signed by India, Iran and Russia as late as May 2005, but not much progress has been made so far. The movement of high-volume goods continues to be a problem along this corridor. India faced this obstacle while moving high-volume material to Tajikistan for humanitarian relief. Hopefully the North-South Transport Corridor will overcome trade obstacles and reduce cost of goods movement across India and Central Asia. Apart from facilitating trade and commerce, the North-South Corridor also has a strategic aspect as it bypasses India's dependence on Pakistan and Afghanistan to secure overland access to Central Asia.

The intensive diplomatic efforts by India resulted in the signing of some economic cooperation agreements. Recently India has taken several trade initiatives. The Indian government has signed a framework agreement in the field of oil and gas exploration and production with Kazakhstan, Uzbekistan and Turkmenistan. On April 26, 2009 India (Gas Authority of India – GAIL) and Uzbekistan (Uzbekneftegaz) signed seven Memorandums of Understanding (MoUs), including in the fields of petroleum and natural gas. The Government of India is currently funding various development assistance programmes in Central Asia. Apart from establishing IT centres in Kyrgyzstan, Tajikistan and Turkmenistan, the Indian government has also undertaken some projects in the food processing sector and is also renovating a mini-hydel plant 'Varzob' in Tajikistan. Apart

from funding some rural development projects in Armenia, India has extended generous humanitarian assistance to Kyrgyzstan and Tajikistan in the wake of natural disasters.

7. India-Kazakhstan FTA

Inviting Kazakhstan's President Nursultan Nazarbayev to India as a chief guest at the 2009 Republic Day Parade was a strategic and diplomatic move by India, designed to unravel several predicaments that have so far stemmed India's entry into Central Asia, despite being active in the region since 1992. Kazakhstan's President Nazarbayev is the most dynamic leader amongst all former Soviet Republics who has successfully transformed his country into a vibrant modern state through his strategically skilful geopolitical manoeuvrings. An outwardly Russian ally, President Nazarbayev plays a delicate triangular balancing game of engaging Russia, the US and China in the energy and geopolitical competition⁷.

In Central Asia, Kazakhstan is the most abundant in energy resource, having 89 percent of CAR's coal; 93 percent of its oil; 30 percent of its gas; and 88 percent of its uranium. Kazakhstan has in the past blocked the Oil and Natural Gas Corporation (ONGC)-Mittal's joint bid for a US\$4.18bn takeover of PetroKazakhstan in favour of China in 2005.

The time is ripe for India to undertake negotiations with Kazakhstan (and with other Central Asian countries via Kazakhstan) for a FTA as lately Astana (capital city) has been seeking reciprocity from New Delhi, asking the latter to back Kazakhstan's accession to the WTO. On an earlier occasion, Kazakhstan was among the first countries to support India at the International Atomic Energy Agency (IAEA) meet at Vienna and it is also backing India's candidacy at the UN Security Council⁸.

Negotiations for a FTA should assume greater urgency with India eyeing uranium supply after the Nuclear Supplies' Group (NSG) waiver. Kazakhstan has 1.5 million tonnes or 17 percent of world's uranium reserves (second after Australia) and is the third largest producer (4,360 tonnes annually) after Australia and Canada. By 2010, Kazakhstan will become the largest producer (15,499 tonnes annually) equivalent to 32 percent of world's total production. Astana provides an opportunity for New Delhi to make strategic entry in the Eurasia region. Importantly, Kazakhstan attaches no strings to a nuclear commercial deal with India unlike Australia and Japan that insist on India sticking to a test moratorium or signing the Non-Proliferation Treaty (NPT).

Kazakhstan follows an active policy of foreign joint ventures. Therefore, a deal with Kazakhstan is attractive for India in terms of fuel supply and a possible joint venture in setting up reactors. Kazakhstan wants to attract investment for refurbishing its vast military industrial complexes dating back to the Soviet era. Kazakhstan is also

among the world's five largest grain exporters. It produces over 15 million tonnes of wheat and offers enormous opportunity for commercial agro-industrial complexes.

Like India, Kazakhstan has a pluralistic ethnic structure and a constitution adhering to a secular ordering. Important world powers are projecting Kazakhstan as crucial to regional stability. President Nazarbayev is also promoting security cooperation in Asia through a dialogue process popularly known as the Conference on Interaction and Confidence Building Measures in Asia (CICA), which may culminate into a pan-Asian dialogue. India too is subscribing to this idea and has in fact partnered the process of drafting the CICA documents and is also preparing to hold its next ministerial meeting in New Delhi.

Politically and strategically Kazakhstan provides a link between various international strategic-military alliances. Kazakhstan is deeply engaged with the North Atlantic Treaty Organisation (NATO) politically while maintaining a security alliance with the Russian-led Collective Security Treaty Organisation (CSTO). It is also deeply engaged with the EU without disconcerting Russia and China. Kazakhstan also enjoys clout in the world's Islamic body, the Organisation of the Islamic Conference (OIC), which will chair its ministerial conference in 2011. Therefore, it makes sense for India to seek a closer partnership with Kazakhstan to mitigate Pakistan's mischief *vis-à-vis* India.

The Kazakh elite traditionally favoured a formal alliance with India. But it was India that lacked the will to play an active role in Central Asia despite the cultural goodwill we enjoyed in the region. Both Kazakhstan and India share an old relationship through Buddhist and Sufi links. It needs to be reinvigorated in keeping with contemporary realities to help realise the common objectives of both countries.

President Nazarbayev's visit to India should mark the beginning of India's new diplomatic charter in Central Asia. It is a region vital for our geostrategic interests.

8. Conclusion

The political-economic-strategic factors do favour a FTA by India with the Central Asian countries, at least to start with Kazakhstan. There is a desire on both sides to enhance political-economic-strategic cooperation. India needs energy resources to accelerate its economic growth while Kazakhstan and other Central Asian countries to embark upon receiving foreign direct investment (FDI) for exploration, production and export of their latent energy resources. India should take the initiative to start negotiations for a FTA with Kazakhstan and thus, rewrite the history of economic-cultural cooperation between the two countries in order to facilitate future cooperation between India and Central Asia.

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Endnotes

- 1 The seven members of SAFTA are: India, Pakistan, Sri Lanka, Bangla Desh, Nepal, Bhutan and Maldives. Afghanistan was given the membership of SAARC (SAFTA) as its eighth member at 14th summit held at New Delhi, on April 03-04, 2007.
- 2 These data show that India has one of the lowest energy intensities of output i.e. India appears to be quite efficient in transforming energy into output
- 3 After 14 years of delayed negotiations over the Iran-Pakistan-India (IPI) gas pipeline project, Pakistan and Iran have finally signed the initial agreement in Tehran on May 24, 2009. The IPI project was conceived in 1995 and after almost 13 years India finally decided to quit the project in 2008 despite facing a severe energy crises. Pakistan was also facing severe criticism from the US over any kind of economic deal with Iran. Official sources say that the sudden change of stance from the Pakistani government and the pace of developments at the project suggest that the strong US opposition has softened. (reported in Dawn on 25 May 2009).
- 4 RIS-DP#69/2004
- 5 http://www.house.gov/international_relations/105th/ap/wsap212982.htm
The SCO is an intergovernmental mutual-security organisation founded in 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Except for Uzbekistan, the other countries had been members of the Shanghai Five, founded in 1996, after the inclusion of Uzbekistan in 2001, the members renamed the organisation. India was included as an observer in July 2005 along with Iran and Pakistan, Mongolia obtained observer status in 2004. Though Iran and Pakistan have applied for full membership, India and Mongolia are still reluctant to apply for full membership. While Russia wants India to become full member, China backing up Pakistan for its full membership.
- 6 P Stobdan, 'Courting Central Asia', Times of India, January 27, 2009.
- 7 More recently a three-day (May 21-23, 2009) mega trade exhibition-India Expo 2009 was organised jointly by India Trade Promotion Authority (ITPA), Indian Embassy in Kazakhstan and India-CIS Chamber of Commerce and Industry in the commercial city of Kazakhstan, Almaty, where 71 premier Indian companies in the fields of oil and gas, thermal power, nuclear energy, petrochemicals, pharmaceuticals, agriculture and food participated to promote their products in the fastest growing economies in Central Asia. The exhibition provided an excellent opportunity for Indian and Kazakhstan businessmen to forge one-to-one contact and promote and enhance economic cooperation. The expo came four months after Kazakhstan President Nursultan Nazarbayev visited India in January to give fresh impetus to bilateral relations in political and commercial spheres.

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