

BUILDING A STRATEGIC PARTNERSHIP WITH KAZAKHSTAN (*A Blueprint for India's Central Asia Policy*)

Phunchok STOB DAN

Senior Fellow at the Institute
for Defense Studies and Analyses (IDSA)
(New Delhi, India)

I Indo-Central Asian Relations

India has not been able to make significant inroads into Central Asia, a region of vital strategic importance. Central Asia had a considerable impact on the polity and economy all through Indian history. Trade routes linking ancient *Uttara-Paath* to the Silk Road also carried Indian religion, philosophy and science beyond to Inner and Eastern Asia.¹ The British India's security and frontier trade policy with East Turkistan and Afghanistan is well known. People of Central Asian republics always looked toward India with fondness even while they were under Russian dominance or even when they became part of the Soviet system. The Soviet disintegration created fresh opportunities, with new states also looking toward India for political and economic sustenance. By opening missions in the five capitals, providing substantive development aid and technical support, several Prime Ministerial visits and cooperation agreements in diverse fields, India evolved its "extended neighborhood" policy but somehow it could not transcend its nostalgia for Soviet times.

While Pakistani diplomacy in the region throughout the 1990s aimed at averting India's reach to Central Asia, India was compelled to tread with caution lest the spread of Islamic fundamentalism and the Pakistani exploitation of the regional environment become detrimental to India's interests. India supported a number of regional initiatives including India-Iran-Turkmenistan tripartite railway-line

¹ In the ancient Indian literature the land beyond the Himalayas from Pamir up to Arctic was described as *Uttar-Kuru*. Radha Kumud Mookerji citing Vedic literature mentions about countries *Uttara-Kuru* and *Uttara-Madra*, the ruler of which was known as *Virat* (see: *Fundamental Unity of India*, Hindustan Cellulose & Paper Co. Ltd. Bombay, 1954; see also: B.B. Kumar, "Central Asia: The Indian Links," *Dialogue*, Vol. 3. No. 4, April-June 2002).

project which provided Central Asia a direct land route access to the Persian Gulf.² This rail link, commissioned in 1997, is for various reasons yet to bear full fruition. Notwithstanding the political

Table

India's Trade Relations with Central Asian States (US\$ Million)

Country		2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Kazakhstan	Export	50.08	45.70	46.88	74.81	79.40
	Import	14.04	7.39	12.73	9.26	15.35
	Total Trade	64.12	53.09	59.60	84.07	94.75
	%Growth		-17.19	12.26	41.05	12.70
Uzbekistan	Export	9.39	6.53	5.08	15.14	19.66
	Import	10.58	17.27	20.54	27.70	29.43
	Total Trade	19.98	23.80	25.62	42.84	49.08
	%Growth		19.14	7.63	67.22	14.58
Kyrgyzstan	Export	17.59	10.97	14.67	38.20	49.10
	Import	4.43	0.56	0.47	0.54	0.62
	Total Trade	22.02	11.52	15.13	38.74	49.72
	%Growth		-47.67	31.31	156.05	28.33
Tajikistan	Export	3.55	1.22	8.65	4.47	6.25
	Import	0.54	1.34	0.08	3.95	3.98
	Total Trade	4.10	2.56	8.73	8.42	10.23
	%Growth		-37.47	240.69	-3.54	21.49
Turkmenistan	Export	2.71	4.35	10.29	19.21	14.63
	Import	1.12	1.95	5.40	9.34	10.69
	Total Trade	3.83	6.30	15.70	28.55	25.31
	%Growth		64.26	149.31	81.86	-11.35
Region	Total Trade	94.05	97.27	124.78	202.62	229.09

Source: Department of Commerce, Export Import Data Bank, Countrywise, Ministry of Commerce, New Delhi.

² See: P. Stobdan, "Regional Issues in Central Asia: Implications for South Asia," *South Asian Survey*, Vol. 5, No. 2, 1998 (Sage Publications, New Delhi).

goodwill, India has not been able to make commercial progress in Central Asia or has achieved significant stakes in region's strategic mineral and energy resource. India's total trade with the region is only about \$230 million (see the table). The recent failure of bid for PetroKazakhstan by OVL-Mittal combine only reinforced the impression that India lacks a clearly defined Central Asia policy. Influential circles feel that India's policy is directionless, uncoordinated, unfocused and devoid of an overall strategic intent.³

Regional Power Game

The region is increasingly becoming a recurring subject of geopolitical and economic significance for regional and global players. The post 9/11 systemic has particularly entailed major powers seeking military presence and a share in energy concession in the region. U.S. activism in the region has invited responses from Russia which considers the area as its traditional sphere of influence. Together with China, Russia is doing everything possible to blunt the U.S. influence in the region.⁴ It is time that India gears up to seize the opportunities in Central Asia and replay its historical role.

China is using the Shanghai Cooperation Organization (SCO) as a linchpin for its energy policy. Russian and Chinese oil giants are winning long-term energy contracts. Following the Chinese giant CNOOC's failed attempt at acquiring Unocal last year, Beijing is on the lookout for major takeover targets in Kazakhstan. Recently commissioned 988-kilometer-long Atasu-Alashankou pipeline will pump 10 million tons of Kazakh crude to China every year. Kazakhstan and China has also mulled cross-border gas pipeline connection. The sale of PetroKazakhstan to China was technically a commercial deal, but geopolitics certainly factored pushing India's ONGC away. China is going to win many more upstream opportunities in Kazakhstan in the longer term.

The Chinese and Russian assertion comes against the backdrop of the crises in Kyrgyzstan (March 2005) and Uzbekistan (May 2005). Moscow and Beijing supported Tashkent's accusation that the events were engineered by U.S. and Western sponsored NGOs. This provided the SCO an opportunity to issue dateline in July last to quit on the U.S. airbase in the region. Tashkent especially told Washington to leave its Karshi-Khanabad air base in 180 days.⁵ The Russian military has already returned to its old garrisons in Kyrgyzstan and Tajikistan. Moscow has recently secured military agreement with Uzbekistan as a major ally and China, by committing \$6 billion in aid, has rescued Uzbekistan from its difficulties since the Western support ended after the Andijan crisis.⁶

In response, the other powers notably Japan, EU and U.S., which lack access to the region, seek deepening of regional integration within by committing investment and aid for developing infrastructure, transport and energy networks. The idea is to lessen dependence on exports and instead create a regional market. The U.S. recent decision to club Central Asia with the Bureau of

³ See: P. Stobdan, "Central Asia and India's Security," *Strategic Analysis*, Vol. 28, No. 1, Jan-March 2004.

⁴ On 5 July, 2005, the SCO issued a declaration calling for the United States to set a timeline for its withdrawal of military forces from the region (see: *Kommersant-Daily*, 5 July, 2005; see also: [http://www.sectsc.org/news_detail.asp?id=649&LanguageID=2]).

⁵ On 29 July, Uzbek President Islam Karimov informed the United States that it has 180 days to vacate the Karshi-Khanabad air base it has used to support operations in Afghanistan since late 2001.

⁶ Uzbek President Islam Karimov visited China in May end 2005. It was his first trip abroad since the bloody crackdown on protesters in Andijan. Beijing announced that it "strongly" backs Uzbekistan's response to the events of 13 May. Uzbek opposition parties said around 1,000 people died after security forces opened fire on protesters. Uzbek authorities say 169 people—troops, civilians, and militants—were killed in the clashes. China and Uzbekistan signed a \$600 million joint oil venture during his visit (see: *People's Daily* and [<http://www.rferl.org/featuresarticle/2005/5/8AEC6277-B0A6-450A-8E08-CBCE0B4688B2>]).

South Asian Affairs certainly reflects the new geopolitical thinking. It indicates that U.S. will pursue a policy of disentangling the region from the Russian and Chinese fold and instead work toward reviving the historic links between Central and South Asia. The focal point of this is to locate Afghanistan in an enduring regional framework. It may also create a constructive basis for Indo-Pak cooperation. U.S. officials expect India to be the linchpin of this policy and work for mitigating the SCO's influence.⁷ The U.S. unveiling of a strategic partnership with Kabul and its support for Afghanistan's entry⁸ into the SAARC plus Washington's own desire for an observer status in the SAARC points to the beginning of a new interlocking process underway.⁹ However, critical to this would be Pakistan's willingness to offer transit facilities. General Musharraf has been talking about Pakistan's potential role of a trans-national transport bridge. Islamabad is beginning to see the benefits, both economic and political, of playing bridge role in reshaping the landscape involving South Asia, Afghanistan and Central Asia. Similarly, Hamid Karzai too advocates a tri-polar structure for economic cooperation and to access Central Asia.¹⁰ All three stand to gain especially by stimulating the energy field.

Central Asia Plus India: New Framework for Dialog

Given the new strategic situation and recognizing the expanding role of Central Asia and Caspian on the world energy scene, it is imperative for India to define its goal clearly and devise a meaningful response. It may mark the beginning of a new policy outlook toward the region.

A rising and confident India should launch a new policy initiative in the framework of **Central Asia + India** to raise the current level of bilateralism to a greater regional dialog on an institutionalized basis. This must be qualitatively a new step. While the cultural and technical exchanges and similar image-building activities must continue, India must look at the hard reality and concretize our multifaceted goals.

The new policy outlook could do well if India emphasize less on finding a common cause with Russia or Iran, and instead recognize the hard reality of envisioning a partnership with China, Pakistan and Afghanistan on the region. Such an approach will complement India's economic integration process with South, West and Southeast Asia. Besides, it will generate regional stability and promote closer India-Central Asia cooperation in regional and international fora.

The policy outlook should seek to offer a new orientation of what India could offer to the otherwise West and Eastward looking Central Asia. India needs to articulate persuasively

- i) The techno-economic-security potential of India, which could be accessed in a cooperative, mutually beneficial partnership,
- ii) India's modernizing and stabilizing influence, its liberal-democratic values, building civil societies, managing pluralistic structure and ethno-religious harmony,

⁷ India has important role in Central Asia (rediff.com) [<http://specials.rediff.com/news/2006/mar/29sid1.htm>]. Ambassador Richard Boucher, who replaced Christina Rocca as the new Assistant Secretary of State for South and Central Asian Affairs, said the expanded bureau with the addition of Central Asia, has opened up new opportunities and that India has a "very important role to play" in this region.

⁸ The SAARC leaders on 14 November, 2005 admitted Afghanistan as a full member of the South Asian regional body. Besides, China and Japan got "observer status" to the SAARC.

⁹ In May 2005, President Bush and President Karzai jointly announced creation of a Strategic Partnership between the United States and Afghanistan, with the mutual goals of enhancing the long-term security, democracy and prosperity of Afghanistan.

¹⁰ "Afghan President Hamid Karzai during His Visit to New Delhi on 9-10 April Called for a Tri-Polar Structure for Economic Cooperation," *Hindustan Times*, 10 April, 2005.

- iii) The need for an inter-dependent «energy community» of suppliers and consumers, as their desire for diversifying energy export routes corresponds with India's quest for diversifying imports,
- iv) Willingness for a partnership in setting up downstream production facilities instead of exporting raw materials out of the region through expensive pipelines,
- v) India's for them will also be a countervailing factor vis-à-vis China.

Central Asia + India dialog process would complement the objectives of other organizations like the SCO, the Eurasian Economic Community (EEC), the Central Asian Regional Economic Cooperation (CAREC) and others. The EU and Japan have already instituted schemes for regional integration.¹¹ Moreover, it will complement the wider Asian economic integration process currently underway through the multilateral institutions of cooperation.

While complementing the objectives of others, India's initiative may also play a positive role in moderating their aims. The SCO is indubitably expanding beyond Central Asia, but it may face several challenges ahead, such as:

- i) the SCO's current popularity is mainly related to shared perception on internal insecurity (threat to regimes). China and Russia are pursuing a regime security policy,
- ii) the atmosphere of lurking suspicion in the region may get widen with Pakistan and Iran joining as observers,
- iii) Iran's future, Pakistan's role and the Afghan instability could pose several challenges. Pakistan's proliferation activities and the possibility of WMD falling into the hands of fundamentalists could cause serious concern,
- iv) fervent anti-U.S. stance will impede the SCO, and if it shapes into any politico-military alliance, Mongolia could opt out of the organization,
- v) prospect for a strong opposition upsurge in Uzbekistan in the medium term, with the Western support, should not be ruled out. India's engagement with the Uzbek regime requires a closer attention.

India's initiative could provide an abstemious effect on the overall regional configuration process, something that Central Asians desire, but to be realistic, India cannot match the leverages enjoyed by Russia and China, which are more intrinsic in terms of security interest, ideological convergence and economic complementarity. However, India stands to gain a greater say in the SCO by addressing particularly the security issues including terrorism. Our approach should contrast the policies of Russia and China that insist on maintaining the status quo against the desire for a gradual change. If the trend of limiting the influence of the U.S. and EU continues, India will have a greater role to play in moderating the developments to ensure that the SCO does not shape into a military bloc which will be detrimental to regional peace and security, especially for the Afghan reconstruction efforts.

India's initiative must factor the regional underpinnings. It must include rebuilding of Afghanistan. The improvement in the Kazakh-Uzbek relations is a positive sign. Both desire Afghanistan's integration into Central Asian economic space. Afghanistan's entry into the CAREC,¹² SAARC,

¹¹ "The Growing Importance of Japan's Engagement in Central Asia," available at [http://www.pinr.com/report.php?ac=view_report&report_id=442&language_id=1].

¹² The Central Asian Regional Economic Cooperation (CAREC) Program is an ADB-supported initiative to encourage economic cooperation in Central Asia that began in 1997. The primary objective of the CAREC Program is to promote economic growth and raise living standards in its member countries by encouraging regional economic cooperation. The Program concentrated on financing infrastructure projects and improving the region's policy environment in the priority areas

and creation of SCO-Afghanistan Contact Group¹³ would have positive influence for stabilizing Afghanistan.

India's initiative must also include the factor of impeding any possible role by U.S. or Pakistan to ever become arbitrator of future changes, singly or jointly, in Central Asia, particularly in (a) restricting the SCO's influence, (b) infusing Islamic fundamentalist tendencies for the long term containment of Russian, Indian or Chinese influence. NATO's entry into Afghanistan, which is rather in proximity to J&K, is another factor that needs monitoring. While India foresees no real differences with U.S. policy in the region, it calls for continuous caution that America refrains from establishing cohabitation with the Islamic forces.

The region is likely to remain fluid in its orientation for quite some time to come. Though the countries necessarily remain sensitive to their relations with Russia and China, they have shown tendencies to fluctuate regularly along with their interests and vulnerabilities. India's potential role of playing the balancer is well recognized. It is a fact that India enjoys a ready psychological acceptance in the region, as compared to the utter distrust felt toward China.

Need for a Look-North Policy

Central Asia + India initiative needs to be framed in a broader context and should be consonant with our Pakistan and China policy. India needs to trace its steps with deliberation as it prepares to engage with this region in a closer manner. The exposure of Jammu and Kashmir must become part of the initiatives. This can be done by rediscovering the lost instruments and re-launching our frontier diplomacy beyond the Himalayas. India needs to factor Xinjiang-Uighur Autonomous Region (XUAR) in our Central Asia calculus. XUAR is centrally located in the Eurasian continent. It has border with Kazakhstan, Russia, Mongolia, Kyrgyzstan, Tajikistan, Pakistan, Afghanistan and India. XUAR directly borders with the J&K. In fact, India was a legitimate Central Asian player until the 1950s. India had a Consulate in Kashgar and an active trade corridor existed across Ladakh-Xinjiang frontier. Today the dynamics within the SCO and China's "go-west" mentality is transforming both Tibet and Xinjiang as a major hub of trans-Asian and trans-Eurasian economic activity to promote regional cooperation. It has built 16 Class A and 11 Class B ports. India should aim at joining the network while making J&K as a springboard for India's entry into the region.¹⁴ The process could inevitably spur economic prosperity, as well as help diminish the current level of political standoff in the state. Certainly, such a step risks J&K's exposure to China with security implications. However, in return India stands to gaining access to China's equally vulnerable Xinjiang province where the Uighurs share closer affinity and warmth with Indians than with the Chinese.

of transport, trade facilitation, trade policy, and energy. The Program consists of ADB's member countries in the Central Asian region, namely: Afghanistan, Azerbaijan, People's Republic of China (focusing on Xinjiang-Uighur Autonomous Region), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan. CAREC is also an alliance of multilateral institutions comprising Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Program, and World Bank. Afghanistan participated for the first time in the Ministerial meeting of the CAREC in Bishkek in November 2005, available at [<http://www.mof.gov.af/english/CAREC.htm>].

¹³ Protocol on establishment of SCO-Afghanistan contact group between Shanghai Cooperation Organization and Islamic Republic of Afghanistan was established with the purpose of elaborating proposals and recommendations on realization of cooperation between the two on issues of mutual interest. It was signed on 4 November, 2005 in Beijing, available at [http://www.sectsc.org/news_detail.asp?id=649&LanguageID=2].

¹⁴ See: P. Stobdan, "India-China Cooperation in Central Asia: Evolving a Look-North Policy," *Security and Society*, Center for Strategic and Regional Studies, University of Jammu, Vol. 2, No. 1, Summer 2005.

This aspect needs to receive adequate attention possibly in the SCO forum. The Chinese, seeing the economic interests, will not be averse to cross-border trade. The Governor of XUAR, during his visit to India proposed to start flights from Urumqi to Delhi.¹⁵ The matter needs to be pursued further since India's air connectivity to landlocked Central Asia needs to be improved considerably. The re-opening of Indian Consulate in Kashgar, which was closed in the mid 1950s, should get consideration. India's primary geopolitical purpose should indicate not containment of China or any other power but to promote regional cooperation. This will alter the self-defeating and zero-sum approach to regional polity.

II

Building a Strategic Partnership with Kazakhstan

Uzbekistan, undoubtedly, is the key to Central Asia's overall regional dynamics; it is Kazakhstan that should deserve our immediate attention. The country, largest in Central Asia, is of key interest to every major world power. It has emerged as the most prosperous, most stable, most secular (despite Muslim majority population), most free economy and most democratic in the entire post-Soviet space. Kazakhstan is progressively expanding its influence on the regional and global level. The following highlighted points deserve attentions:

Geostrategic Significance

Kazakhstan occupies a pivotal space in the heart of Eurasian continent, covering 2.7 million square kilometers (90 percent of India's size and world's ninth largest state) and has a population of only 15 million people. It is strategically located between Russia, China and unstable Islamic states. It is a converging point of Western, Chinese and Islamic civilization.

A Key Energy Supplier

Kazakhstan's potential oil reserves are on a par with Kuwait that will make it the world's major alternative energy supplier in the next 10 years.

- **Current Oil Reserves:** 35 billion barrels (twice as much as the North Sea);
- **Projected Reserves:** 100-110 billion barrels by 2015 (*would be in World's top 3*);

¹⁵ The governor of Xinjiang, Ismail Tiliwaldi visited India in October 2004 to promote investment and bilateral interaction with India. Though largely ignored by the Indian media, the visit was of some significance—evidence of the deepening relationship between India and China. It is the first time in several decades that a leader from Xinjiang has visited India. Vibrant trade relations between India and Xinjiang date back centuries. Tiliwaldi's visit focused on economic issues. It was decided with the Confederation of Indian Industry to study the feasibility of laying a natural-gas pipeline from Xinjiang to India. Tiliwaldi expressed interest in a land link with India. India and Xinjiang have identified four areas for potential cooperation—agriculture and food processing, traditional medicine and herbs, energy and oil production, and tourism.

Energy Pipelines



- **Current Gas Reserves:** 2 trillion cubic meters;
- **Projected Gas Reserves:** 5 trillion cubic meters by 2015;
- **Production:** 61 million metric tons a year, 150 million metric tons by 2015.

Strategic Minerals/Assets

- Third-largest producer of uranium, after Australia and Canada. Extracts 4,360 tons annually, 15,000 tons by 2010 to make it the world's largest supplier. *China's National Nuclear Corp. (CNNC) has a 30 percent stake in Kazakhstan's KazAtomProm Company;*
- Second largest phosphorus reserves;
- Second largest copper ore reserves;
- 31.8 billion tons of proven coal reserves;
- 9.1 billion tons proven & 15.4 billion tons of potential iron ore reserves;
- Exports 80 percent of oil, 90 percent of minerals and 50 percent of gas;
- Among the world's five largest grain exporters;
- **Baikonur** cosmodrome launched more than 1,100 space vehicles, tested over 100 ICBMs. A new complex **Baiterek** is being developed for space tourism. **Semipalatinsk** conducted over 500 nuclear test explosions; enriched uranium plant at **Ust-Kamenogorsk**; rapid neutron reactor site in **Aktau**; large stock of ICBMs and nuclear warheads until 1996;
- Likely to get the OSCE Chairmanship in 2009.

Economic Miracle

In a short time, Kazakhstan has become not only a regional but a global economic force. Its early introduction of privatization and macroeconomic reforms plus the abundant natural resources have attracted foreign investments of \$42 billion so far. It is already a leading oil producer and exporter. The economy has been robust and per capita GDP has more than tripled since 1999 to \$3,700 and expected to increase to \$9,000 by 2012. The GDP is likely to double roughly every seven years that will allow Kazakhstan to overtake the levels of many wealthy countries.¹⁶ The country has maintained a high growth of roughly 10 percent since 2001. It has a successful and credible financial and banking sector (third largest bank assets in the CIS). It has a vast agricultural and industrial base and plans to diversify the economy beyond the energy sector. Industry would share 40 percent of GDP by 2010. The country plans to spend \$3.3 billion into the agricultural sector. The country is looking up and it is already becoming the envy of its neighbors.

Stabilizing Influence

Kazakhstan is a factor of regional stability. Its Constitution proclaims adherence to democratic and secular system, rule of law and rights to individual freedom. A unitary state with presidential form of government, it follows separation of power into legislative, executive and judicial branches. The country shares a strong affinity with India in recognizing ideological, political, linguistic and ethnic diversity. It promotes harmony among over 100 nationalities. Ethnic Kazakhs form less than 50 percent of country's population and 34 percent is ethnic Russian. Despite skepticism, Nazarbaev's proved adept in containing internal ethnic dissension and forestalling a civil war, which was not an unimaginable looking at what happened in similar circumstances in the Caucasus and the Balkans.

Kazakhstan had the world's fourth largest nuclear arsenal. Semipalatinsk was the world's second-largest nuclear complex where nearly 500 nuclear tests were conducted. Kazakhstan became the first state in history to opt for voluntary nuclear disarmament. Since 1996 it adheres to the international safeguards regimes and enacted a strong legislation for export controls.

Kazakhstan plays the anchor role in the region often threatened by extremist forces. Nazarbaev has initiated several dialog processes for security cooperation, including the U.N.-backed Conference on Interaction and Confidence Building Measures in Asia (CICA). India as one of the founding members ardently supported the CICA process. He has also initiated an Inter-faith Dialog to create confidence among societies.¹⁷ Nazarbaev's recent proposal for creating the Union of Central Asian States (UCAS) aims at strengthening regional integration by enhancing cultural ties, creating common market and combating common threats. Nazarbaev fears that the "failing state" syndrome in neighboring Uzbekistan and Kyrgyzstan could adversely impact Kazakhstan's development plans. He has lately embarked on a major diplomatic move to cuddle the neighbors for integration so that the political risks could be reduced.¹⁸

¹⁶ Since the start of 2005, Nazarbaev has spoken repeatedly about his aim to transform Kazakhstan into one of the "50 most competitive, dynamically developing countries in the world" within the next decade (*RIA Novosti*, Astana, 21 November, 2005). The most recent occasion came on 5 April, 2006 during a speech to the Russian State Duma. Nazarbaev told Russian MPs that average GDP growth over the past five years was roughly 10 percent, adding that the country aims to significantly accelerate growth. If all goes according to plan, Kazakhstan would achieve 350 percent growth by 2015 over the 2000 GDP level (see Nazarbaev full speech).

¹⁷ [<http://www.khabar.kz/eng/>].

¹⁸ See: G. Saidzimova, "Uzbekistan-Kazakhstan Summit is a Sign of Changing Times," *A EurasiaNet Partner Post from RFE/RL* 18 March, 2006.

The country is an indispensable ally in the struggle against Islamic terrorism and called for a unified global strategy in fighting terrorism; initiated several domestic measures to combat terrorism, including the accession to all twelve U.N. counter terrorism conventions, and organized the Fourth Meeting of the U.N. Counter-Terrorism Committee (2005).¹⁹

Stable Regime with Strong Leadership

Elections in December 2005 returned Nursultan Nazarbaev for a further seven-year term with over 90 percent of the votes. This confirms his dominant position in the Kazakhstan's politics. He has allowed a strong opposition and a free press besides rigorously holding international election standards. Most analysts view Nazarbaev simply unbeatable and that any popular Color revolution, as experienced by Ukraine, Georgia and Kyrgyzstan, is not inconceivable. The U.S. reacted with surprising softness to Nazarbaev's style of democratic practice and in fact it views Kazakhstan as a potential democratic model in the region. Obviously, the reason is more to do with the irresistible geopolitical charms that Kazakhstan offers. That is why; Washington viewed the election as a glass half full, instead of half empty.

Central Asian Machiavelli

Nazarbaev has emerged as the most charismatic and shrewd politician who has managed to steer major economic and diplomatic success. He is being applauded for transforming the country, known until recently as a dumping ground for Soviet prisoners, gulag camps, and nuclear tests, into a most sort after modern state with booming economy. Nazarbaev's adept foreign policy is being attributed mainly for the country's rising profile. He has been advocating the "Eurasia" concept and pursued a "multi-vector" policy to play major powers against each other, while, at the same time, engaging each of them in the energy competition. Kazakhstan has sought association and interests in both Eastern and Western organizations through membership in the SCO, CSTO, NATO, OIC, OSCE and others. For more than a decade now Nazarbaev, notoriously characterized as a sly fox in dealing with major powers, has skillfully scored the balancing game.

Nazarbaev recognizes multiple advantages of keeping good relations with Russia and has never abandoned its pro-Russian stance. Russia and Kazakhstan enjoy multifaceted cooperative relations ranging from space, energy and military to agriculture. Nazarbaev advocates a Moscow-led Eurasian Union for a free-trade zone to include Russia, Belarus and the Central Asian states. He keeps the option open to boost the existing oil export volume through the Caspian Pipeline Consortium (CPC) which will essentially challenge the U.S. backed Baku-Ceyhan pipeline. Russia's LUKoil alone has invested about \$3 billion in Kazakhstan's energy projects in the recent years.

Nazarbaev has lately turned to China to sale energy.²⁰ Beijing has invested over \$2.6 billion in Kazakhstan's oil sector since 1997. In 2005, China won a \$4.18 billion takeover of Petro-Kazakhstan Inc. defeating India's bid. The completion of the 3,100 kilometers pipeline will eventually carry 20 million metric tons of oil every year, to fulfill 15 percent of China's oil needs. The

¹⁹ [<http://www.kazakhembus.com/LinksandContacts.html>].

²⁰ See: "Sino-Kazakh Strategic Partnership Set Up," *China Daily*, 5 July, 2005 (see also: *Xinhua*, 6 July, 2005).

new pipeline by implications could foster faster Chinese commercial interests in the whole of Central Asia.

The Kazakh threat perception also includes the possible fallout of an Indo-Pak nuclear conflict. However, relations with two countries and also with Iran are being kept close in conformity with its multi-vector foreign policy. Kazakhs also remain apprehensive about any possible Russia-China-Iran-India alliances which may reduce the U.S. maneuverability.

Nazarbaev's multi-vector policy has also skillfully courted U.S. and maintains a substantive strategic partnership that helps contain the dual Russian and Chinese threats. Kazakhstan prizes its Islamic heritage and relations with Islamic world remain high on priority. However, it is extremely wary of Islamic fundamentalism. The country became first in the region to offer the U.S. landing rights after 9/11. Kazakhstan maintains important military-to-military relationship with the U.S. Despite being a Muslim majority state, it was the only country in Central Asia to have contributed troops to Iraq to help with de-mining and restoring water supplies.

The U.S. discourages Kazakhstan using the Russian or Iranian routes. The centerpiece of U.S. policy has been to promote the east-west Baku-Ceyhan pipeline that includes Turkey but excludes Iran. Nazarbaev, in principle, has agreed to take part in it; however in the current scheme of things, he remains cool toward Washington. But this is typical of Nazarbaev's diplomacy. He seeks political admiration and wants U.S. to play geopolitics with him. Inter alia, speculations include Kazakhstan gaining new importance with Uzbekistan fallen out of U.S. favor (U.S. closed its airbase in Uzbekistan on 22 November, 2005). Kazakhstan's role is expected to become crucial in any future U.S.-led invasion of Iran. Lately, Kazakhstan hosted the visits of U.S. Secretary of State Condoleezza Rice, Energy Secretary Samuel Bodman and Agriculture Secretary Mike Johanns, as well as former President Bill Clinton and numerous congressional delegations. Rice described Nazarbaev as "a reformer and agent of change" and that Kazakhstan should take "a leadership role" in the region. She said, "Kazakhstan is poised and ready to break a path for a new Silk Road, a great corridor of reform... A strong and prosperous and democratic Kazakhstan will once again energize the global transmission of learning, and trade and freedom across the steppes of Central Asia. This nation has a glorious past and it is destined for a hopeful future. Kazakhstan's greatest days lie ahead of it. And the United States wants to be your partner." The U.S. recognizes the recent setbacks and as such it may think seriously about making a major diplomatic effort to regain the clout. Given the kind of stakes in the energy contest and the U.S. strategic interests in the region (proximity to China, Russia and the Islamic world) the possibility of a high level visit from the U.S. to Astana in the near future should not be ruled out.

Similarly, without hurting Russia and China, Kazakhstan enjoys partnership with the NATO and EU. An individual partnership plan with NATO envisages a mutually beneficial military-technical and political cooperation. For EU, energy security tops its agenda. The Caspian potential prospective particularly galvanizes EU's attention for a strong Euro-Kazakh partnership. The EU also eyes for steel industry, nuclear safety and nuclear-fusion research in Kazakhstan. European majors are active in the region and the EU is Kazakhstan's second-largest trade partner. In this energy game, Kazakhstan accepts American radars to monitor the Caspian Sea security. While its integration with EU is a long way off but the two shares a sense of geopolitical continuity and most importantly common values and shared perception on security and environmental issues. Kazakhstan strives for chairing the OSCE in 2009.

C o n c l u s i o n

Profound changes have taken place in Central Asia following Russia's membership into the CACO (2004), the forging of a Sino-Kazakh Strategic Partnership (2005), and more significantly, SCO's

assertion (strengthened by new observer states Iran, India and Pakistan) for U.S. military rollback from the region.

As an emerging power, India ought to be taking note of the fast changing strategic scenario in this vital region. While India defines its goal in Central Asia, it needs to take the potentials of Kazakhstan very seriously. During the past few years, bilateral relations between India and Kazakhstan have acquired a dynamic character with the increase in economic, political and cultural contacts. Kazakhstan shares close affinity with India in terms of political and economic commitment, shared values of secularism, democracy and plural structure. Both share full commitment to fight against terrorism and the Joint Working Group (JWG) on counter-terrorism could form the basis for cooperation in the SCO. Nazarbaev's plans for regional integration are similar to those of India, as well as in conformity with the process currently underway in Asia for the creation of the Asian Union. All these shared values plus the imperative for cooperation in energy field should become the cornerstone of India's partnership with Kazakhstan.

Bilateral Indo-Kazakh trade has reached to \$95 million but falls short of available potential. Indian entrepreneurs should take advantage of its free market regulations and a stable government. Opportunities are plenteous in areas such as modernization of refineries, services exports, pharmaceutical, IT software, biotechnology, banking, health and education services, defense industries, agriculture farming, textile etc. Like the Chinese, India should seek agriculture land on lease from Kazakhstan for commercial agriculture farming. The country has a number of the Soviet-time industrial units either lying abandoned or underutilized. Lakshmi Mittal's Midas touch on *Karmet* steel plant in Temirtau is a glaring example for what India could emulate at a bigger scale. India should tap its abundant mineral resources once the International North-South Transport Corridor is completed.

A meaningful Indo-Kazakh partnership should include cooperation in stabilizing Afghanistan. The improvement in the Uzbek-Kazakh relations is a good sign and it should help India to pursue a substantive goal in the region. The issue requires high consideration.

Like others, Kazakhstan is inclined to look after its own interests than those of any organizations engage it. However, it needs to be underlined that the Soviet legacy of thinking through a structured framework continues to dominate the mindset. Nazarbaev's achievements and popularity instills in him a sense of worth and as such seeks political recognition. It was not commerce but politics that decided the PetroKazakhstan deal in favor of China. Nazarbaev has never been opposed for giving India a favorable strategic presence in offshore projects but for New Delhi's reluctance in playing its potential cards assertively. Nazarbaev makes it clear that only those will have access to Kazakhstan's energy resources, uranium mines and mineral deposits which are willing to play his geopolitics. The matrix of Indo-Kazakh relations already is rich—it is essential that they be translated into a framework and given a strategic dimension.

The above-mentioned imperatives should demand the followings:

- i) Taking a cue from Premier Hu Jintao and President Putin, Prime Minister Manmohan Singh should visit Astana and propose for signing a Strategic Partnership with Nazarbaev which will make Kazakhstan the linchpin of India's policy goals in Central Asia. Prime Minister, during the CICA Summit-2006 in Astana should lay the ground framework for such a partnership.
- ii) It is time that India extends an invitation to a Central Asian leader to be the chief guest for the Republic Day celebration 2007. This gesture will surely go as a mark of our respect to the Central Asian independence which is still at a nascent stage. Nursultan Nazarbaev is the most appropriate leader to be the Chief Guest for the 2007 Republic Day celebration.
- iii) The year 2006 marks the 50th anniversary of the official visit of Jawaharlal Nehru and Indira Gandhi to Kazakhstan. Their visit in 1955 had left a deep imprint about India in Kazakh-

stan. Soon after her visit, thousands of girls born were named after Indira. Indira is now Kazakhized and it is a symbol of pride and power of women in Kazakhstan. It would be in the fitness of things to pay a visit by senior officials to Kazakhstan during this year which will provide a big boost to the Indo-Kazakh relations.

- iv) It would also be useful to resuscitate, by way of commemorating Mirza Muhammed Haidar Dulati (1500-1551), who was the Kazakh icon in Indian history and the Governor of Kashmir under the Mughul emperor Humayun.²¹ The Kazakhs have resurrected Haidar Dulati as their national hero. Dulati is an important reference value and a symbol of old linkages between India and Kazakhstan.

²¹ See: P. Stobdan, *India & Kazakhstan: Civilizational Explorations*, Heritage Publication, New Delhi, 2003.