

# AN ANALYSIS OF FACTORS & THEIR INTERACTIVE EFFECTS IMPEDING ECONOMIC LINKAGES & INTEGRATION OF CENTRAL & SOUTH ASIA

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## Abstract

*The paper looks into the factors which have prevented large-scale or desirable level of economic integration between South and Central Asian economies and analysing the cost of this lack of economic integration in the backdrop of immense potential of inter-regional trade, energy supply from the former to the latter and opportunities of the overall economic integration and development. Even after three decades of the Central Asian Republics' (CARs) independence, South Asian countries, particularly Pakistan, India and Afghanistan, have failed to access and utilize the vast hydrocarbon reserves and economic opportunities offered by Central Asia by linking their economies to the latter. Central Asia once served as an important commercial hub of the old Silk Route and is a vital intersection in Belt & Road Initiative (BRI) which not only aims at connecting China with West Asia, South Asia and Europe but also all-out interregional connectivity.*

**Keywords:** South Asia, Central Asia, Connectivity, Economy, Integration

## Introduction

The end of the Cold War gave birth to the Central Asian Republics - Uzbekistan, Tajikistan, Turkmenistan, Kazakhstan and Kyrgyzstan along with Azerbaijan. This new family of independent states hold massive reserves of natural resources. Especially, huge hydrocarbon reserves concentrated mainly in Kazakhstan, Turkmenistan and Uzbekistan, opened doors for the World in general and nearby states in particular to take

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advantage of these precious resources. The region, place between the three great civilizations—Islamic, Christian and Buddhist—occupies central position on Eurasian landmass and possessing massive reserves of hydrocarbon gives it great strategic and economic importance.<sup>2</sup> Potentially one of the most important economic regions of the World because of its colossal hydrocarbon reserves and underdeveloped consumer markets, Central Asia remains largely economically less explored. In 2020, Expert Centre for Eurasian Development (ECED) team conducted its second study to assess the investment attractiveness, in which various Central Asian countries displayed impressive improvement in macro and microeconomic indicators for investors. Owing to their economic potential the CARs have attracted the attention of the World leading powers—Russia, China, the US and Europe—as well as South Asian states particularly Pakistan, Afghanistan and India. In particular the colossal oil and gas reserves of Central Asia are a great attraction to all the energy-deficient countries of South Asia.<sup>3</sup> Central Asia has proven oil reserves between 15.30 billion barrels, and 7.0 per cent of world's total gas reserves. Central Asia was once the hub of ancient Silk Route, which served as a main link between China-South Asia with Europe and West Asia. Contemporaneously, the CARs are well positioned to play the same role in the China's Belt & Road Initiative (BRI), Beijing 21<sup>st</sup> century vision to revive the ancient Silk Route.<sup>4</sup> In other words, the CARs have become too much important for inter-regional connectivity not only between South-east Asia and Caucasus and Europe but also between Russia, Caucuses, the Middle East and South Asia. Noticeably, China, Russia and Turkey, which are situated to the Northeast, North, and South West of Central Asia respectively, have taken relatively greater benefits which Central Asian could offer economically so far. Contrarily, South Asian countries particularly Pakistan, India and Afghanistan have not been able to get any worthwhile benefits out of the economic opportunities and the energy resources which Central Asia offers by meaningfully linking their economies to the latter in the post- Soviet era. This is despite of the fact that both Central and South Asia have a long history of inter-regional economic interaction. Statistically speaking, the volume of mutual trade between the two regions is far less than it is between other regions of the World. In 2019 China's total trade with CARs amounted to nearly US \$46,483 million. In the same year the volume of trade of CARs with Russia amounted to USD \$ 28,640 million and with European Union to US \$14,396 million; whereas with other countries it is as follows: Turkey US\$ 8, 500 million, Iran (\$4

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<sup>2</sup> Dashdorjiin Bayarkhuu, "Geopolitics of the New Central Asia," *World Affairs: The Journal of International Issues* 8(1), (2004), 53–76. <https://www.jstor.org/stable/48504969>.

<sup>3</sup> Amrith Dhaka, *South Asia and Central Asia, Geopolitical Dynamics*,. (Jaipur: Mangal Deep Publications, 2005)

<sup>4</sup> Jack Farchy, "China Seeking to Revive the Silk Road," *Financial Times*, (May 10, 2016). <https://www.ft.com/content/e99ff7a8-0bd8-11e6-9456-444ab5211a2f>.

billion) and the US (\$3 billion) with no South Asia country having any significant trade volume with the CARs. Even in an otherwise largely underdeveloped African region, counting on different measures, the inter-regional trade has been estimated at between 0.2 and 4 percent of total trade of both regional to all non-regional destinations.<sup>5</sup>



<https://2009-2017.state.gov/s/d/rm/rls/perfrpt/2009performancesummary/html/139632.htm>

The Central and South Asia are different in terms of size and resource base. While South Asia has no match for huge oil and natural gas deposits of CARs, in terms of population South Asia is nearly 28.23 per cent larger than Central Asia. In order to increase the level of economic intercourse the Central Asia Regional Economic Cooperation (CAREC)—a group comprising of the CARs, Afghanistan, Pakistan, China, Azerbaijan and Mongolia—envisioned the construction of a 25000 km of railway corridor under the concept *CAREC Railway Strategy 2017-2030*, in order to improve rail service quality for enhanced regional cooperation. However, there has not been any significant progress in this regard leading to establishing effective links and beginning large-scale economic integration between the two regions. This situation makes Central and South Asia the least economically integrated regions of the World.<sup>6</sup>

The establishment of inter-regional economic linkages and resultant extensive economic integration between Central and South Asia could not be meaningfully carried out due to a host of factors. Inherited colonial era

<sup>5</sup> Montague Lord, “*Regional Economic Integration in Central Asia and South Asia*,” Munich Personal RePEc Archive (MPRA) 66436. (September, 2015). <https://mpra.ub.uni-muenchen.de/66436>

<sup>6</sup> Ibid.

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border disputes among some states have been pivotal causes of stunting regional economic integration. The interminable conflict and war in Afghanistan, and its resistance to accept Durand Line as an international border on the one hand and the rivalry between India and Pakistan on the other hand have been the most important factors which have impeded the linking and integrating of Central and South Asia economically. In this regard, the incessant conflict in Afghanistan springs as a vital factor because turmoil-ridden Afghanistan sets apart the CARs from the South Asia. To further east, mistrust between Pakistan and Afghanistan and deep-entrenched rivalry between Pakistan and India have also greatly prevented large-scale economic intercourse between the two regions. Iran interest to provide the alternate missing link to the landlocked Central Asia towards the sea and thereby competing for a favourable influence in the region has also been an important factor in this regard.<sup>7</sup> The United States interest in guiding and dictating the opening of CARs and their economic integration on its terms and the Chinese and Russian policies, which have either been less favourable for integration or have had focused on one's benefit but to the exclusion of all other stakeholders, have also been significant stumbling blocks to economic integration of Central and South Asia. In order to have a vivid and valid understanding of the factors impeding linking and integration of Central with South Asia and vice versa, the analysis of each of them is necessary.

### **Conflict & War in Afghanistan**

The most important factor which has prevented the linking and integration of Central and South Asian economies has been the arguably interminable war and conflict in Afghanistan. Even after America's twenty years' war on terrorism and its forces complete withdrawal from the war-ravaged country in August 2021 and the Afghan Taliban recapturing of power in its aftermath Afghanistan by end of 2023 is far from politically and economically stable rather the security situation is alarming there. Afghanistan is situated on the crossroads of both the regions therefore as long as the conflict continues there, inter-regional economic cooperation and integration is well-nigh impossible. It is important to note that the CARs got their independence largely but not entirely due to the successful anti-Soviet resistance of Afghan *Mujahideen* funded by US and Saudi Arabia and executed by Pakistan under the umbrella of Operation Cyclone. But before the CARs could establish as sovereign, modern states and tune up their command economies to open free-market systems and allowing relatively free trade with the neighbouring, regional and cross-regional states, the international war in

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<sup>7</sup> Christine C. Fair; Jalil Roshandel; Sunil Dasgupta; P.R Kumaraswamy, "*The Strategic Partnership Between India and Iran (Special Report 120)*," (The Woodrow Wilson International Center for Scholars Asia Program, April 2004), 4. [https://www.wilsoncenter.org/sites/default/files/asia\\_rpt\\_120rev\\_0.pdf](https://www.wilsoncenter.org/sites/default/files/asia_rpt_120rev_0.pdf)

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Afghanistan transmogrify into a bloody civil war; former anti-Soviet *Mujahideen* groups started fighting each other. The civil war and subsequent Taliban regime in Afghanistan and indigenous Islamic radical groups practically prevented the CARs, surrounded to the north by Russian Federation and to the east by China, to link up with relatively free market economies of South Asia. The missing link meaning Afghanistan failure to provide a bridge between Central and South Asia has had also prevented vast economic links between the CARs and the free economies of South East Asia and the Middle East. The Global War on Terror (GWOt) ended a brief period of Taliban rule. During its rule (1996-2001) Taliban hosted global terrorist groups like the Al Qaeda, which carried out terrorist attacks on September 9, 2001 on the US mainland, and in its response Washington along with its North Atlantic Treaty Organization (NATO) allies ousted the Taliban regime and occupied Afghanistan in November 2001. Following the twin towers catastrophe, the US launched the GWOt on Al Qaeda and other radical groups across the World. The war on terror further dwindled the thin chances for the economic initiatives and embroiled regional states of Central and South Asia in war on terror as the region turned into primary theatre against terrorism perpetrated in the name of Islam. Due to ethnic divisions, religious schisms, and unsettled border disputes turned this part of world into both vital breeding ground for terrorists and pivotal theatre for counter insurgency operations. Further, the GWOt with its main theatre in Afghanistan accompanied by political instability, in absence of visionary leaders (like once Robert Schuman in 1950s for Europe)<sup>8</sup> and total dependence on foreign aids have also hampered huge initiatives for linking and integration of Central Asia with South Asia.<sup>9</sup> As mentioned above, the war and conflict in Afghanistan, which predates the emergence of the CARs and which persisted all through the existence of these countries has been the most important stumbling block in the linking of Central Asia with South Asia because none of the South Asia countries save Afghanistan shares border with CARs. The 80-miles (128 km) long and 16 kilometers wide (although width of Wakhan corridor varies at different points) bottleneck land strip of Afghanistan called Wahkhan separates Pakistan from Tajikistan. Even after 2003, when Afghanistan restored its statehood through a new constitution, thanks to US-NATO occupation of the country, the turmoil-ridden country has had remained key stumbling block for South and

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<sup>8</sup> Robert Schuman, French foreign minister, presented Schuman Declaration on 9 May 1950. It proposed the creation of a European Coal and Steel Community, whose members would pool coal and steel production. He was one of the founders of the European Union, and the Council of Europe.

<sup>9</sup> Shahrbanou Tadjbakhsh, "Central Asia and Afghanistan: Insulation on the Silk Road, Between Eurasia and the Heart of Asia, *PRIO Paper*, (Oslo: PRIO (2012). <https://www.prio.org/publications/7214>

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Central Asian states to realize the dream of connectivity and take advantage of each other's economic potential.

Surprisingly, after two and a half years of the US and the NATO forces withdrawal from Afghanistan in August 2021 the process of economic integration between Central and South Asia is far from having started in its true sense. A key element is that Afghanistan is not economically a self-sufficient or self-sustainable state and has not developed an advanced economy<sup>10</sup>, which it has never historically been. In this situation Afghanistan is unlikely to play its due part as a bridge between Central and South Asia for the foreseeable future. To put it other way Afghanistan without having any substantial industrial base and its failure in reviving and modernizing its agriculture, which will require Central Asian energy to run industries and markets as well as markets of South Asia to sell industrial goods and agriculture products, would be least interested in serving as a link between Central and South Asia. The narrowed policies of Afghan Taliban regime since August 2001 have yet again made Afghanistan extremely politically unstable and vulnerable for chaos. Against this backdrop establishing vast economic linkages and integration of Central Asia with South Asia would be quite difficult. Suffice to say that without peace and vast economic progressive initiatives and vision by Kabul the dream of Central-South Asian connectivity cannot be materialized.

### **CARs Weariness to Integrate Lest Security & Political Implications**

The conflict and crisis in Afghanistan particularly the rise and proliferation of Central Asian Muslim extremist groups there, under the tutelage of the Afghan Taliban, have had made CARs weary<sup>11</sup> of open linkages and economic integration with South Asia. The Afghan Taliban past hosting of Central Asian terrorist and militant groups like the Islamic Movement of Uzbekistan (IMU) and Islamic Jihad Union (IJU) made the CARs afraid of economic intercourse with Afghanistan lest its security implications.<sup>12</sup> Initially, Taliban regime had patronized these terrorist groups and later in 2015 these groups declared allegiance to the Islamic State. Here it is important to note that Central Asia shared 2387 km border with Afghanistan, including poorly defended borders of Turkmenistan and Tajikistan accompanied by increasing insurgency in northern Afghanistan makes the

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<sup>10</sup> Paul Fishstein; Murtaza E. Amiryar. "Afghan Economic Policy, Institutions, and Society Since 2001 (Special Report 383)," (The United States Institute of Peace , October, 2015). [https://www.usip.org/sites/default/files/SR383\\_Afghan-Economic-Policy-Institutions-and-Society-Since-2001.pdf](https://www.usip.org/sites/default/files/SR383_Afghan-Economic-Policy-Institutions-and-Society-Since-2001.pdf)

<sup>11</sup> Shabbir A. Khan, "Pakistan's Policy Towards Central Asia: An Evaluation Since 1991." *Central Asia No. 65*, (Peshawar: Area Study Centre, 2009).

<sup>12</sup> Gabriel Domínguez, "Why Central Asia is increasingly worried about Afghanistan." *Deutsche Welle*, (November 04, 2015)

region vulnerable to spill over effects of conflict and war in Afghanistan. The Taliban second takeover of Afghanistan has further triggered these concerns and worries of the CARs. On the other hand, the CARs have been apprehensive of having links with Pakistan and India and beyond through the weak and unreliable Afghanistan. The CARs leadership seems to have calculated that in absence of peace and political stability in Afghanistan, such linkages and integration could be counterproductive. It is also important to note that since their independence in early 1990s most of the CARs have been ruled by corrupt dictatorial and authoritarian regimes<sup>13</sup> led by leaders, socialized under the closed Soviet state-society system. Consequently, the region remained less hospitable ground for the promotion of democracy. Resultantly, they have been less inclined to the idea of linking and integrating with countries and regions, which have had open societies and democratic political systems.<sup>14</sup> In addition to its negative political and social implications for the authoritarian regimes of CARs the concomitant security implications greatly contributed to make the CARs desist from having economic links and ultimate integration with South Asian states. Nevertheless, the potential benefits of economic linkages and integration with South Asia especially the littoral states of the region for the landlocked CARs are so huge that large-scale economic integration with South Asia cannot be ignored for long.

### **Pakistan Strategic Interests & Compulsions Overriding Economic Aims**

The first purely South Asian country, which has been a stumbling block in the process of economic intercourse and ultimate integration of the Central and South Asia, is Pakistan. It has been the long-cherished desire and even a compulsion due to its long-drawn rivalry with its far bigger and militarily and economically stronger eastern neighbour, India, to make Afghanistan its *Strategic Depth*<sup>15</sup> or *Strategic Backyard* rather a virtual dependency. The traditional Pakistan rivalry with India, has had overshadowed the country's policy to take economic advantage out of the Central Asia<sup>16</sup> and let other countries of the two regions, particularly India, to take benefit out of each other. According critics, Pakistan's unofficial policy of backing Afghan insurgents like Taliban (after the militia's emergence in 1994 and rise to

<sup>13</sup> Graeme Gill; Roderic Pitty, *Power in the Party: The Organization of Power and Central-Republican Relations in the CPSU*, (London: Macmillan, 1997)

<sup>14</sup> Robert M. Shelala; Nori Kasting; Anthony H Cordesman. "Us And Iranian Strategic Competition: The Impact of Afghanistan, Pakistan, India, and Central Asia," (Centre for Strategic & International Studies, June, 2013)

<sup>15</sup> Amin Saikal, 'The Regional Politics of the Afghan Crisis', in *The Soviet Withdrawal from Afghanistan*, eds. Amin Saikal and William Maley. (Cambridge: Cambridge University Press, 1989), 121

<sup>16</sup> Shabbir A Khan, "Pakistan's Policy Towards Central Asia: An Evaluation Since 1991," *Central Asia 65*, (Peshawar: Area Study Centre, 2009).

power in 1996) and before it Hizb-e-Islami Afghanistan (HIA) of Gulbadin Hikmatyar in early 1990s so that a purely pro-Pakistan dispensation could be brought to rule in Afghanistan has had contributed partly to the unending conflict in Afghanistan. Now since, Afghan Taliban recapturing of powers in 2021 the regime support to largest anti-state Pakistani militant-terrorist network, Tehreek-e-Taliban Pakistan (TTP), has had compelled Islamabad to withdraw support from Afghan Taliban consequently preventing the conflict and crisis in Afghanistan to end there. Rather the conflict theatre in Afghanistan has over the last two decades has extended towards north-western Pakistan bordering Afghanistan. The end of the Cold War opened the doors of Central Asia to extra-regional countries for economic engagement but Pakistan remained involved in harbouring proxies in Afghanistan, the impact of which reverberated in Central Asia in shape of several terrorist attacks. The peace and economic dividend at the end of the Cold War that benefited many countries lost by Pakistan unnoticed.<sup>17</sup> Pakistan's post-Soviet occupation of Afghanistan in 1979 policy has been influenced by India's traditional antagonism towards Islamabad because in its animosity with Delhi Pakistan could only remain secure if its backyard—Afghanistan—must not pose any problem to Pakistan. Then Afghanistan with its traditional irredentist claims on Pakistani territory, if let to rule by anti-Pakistani groups and individuals, the situation could be strategically nightmarish for Islamabad. Here it may also be mentioned that the biggest issue between Islamabad and Kabul has been the latter, legally extremely weak, irredentist claims on Pakistani territory, which has made Islamabad always weary of Afghanistan.<sup>18</sup> Thus regarding Afghanistan, Pakistan's policy has been solely influenced by defence and strategy in which geo-economics have been of least significance. Pakistan has paid a very heavy price for this policy in terms of plummeting GDP growth rate and flight of international and domestic capital. As there has been a little shift in Pakistan's policy from geostrategic aims towards geo-economics, announcements to the contrary notwithstanding, other South and Central Asian countries due to their profound desire to take advantage of each other's economy started devising plans to connect bypassing Pakistan. This has also been a big setback to Islamabad. All the regional states including India, Afghanistan, Central Asian countries as well as Russia have been weary of Pakistan considering that if Pakistan is given a central role in linking the Central and South Asian economies it would bestow huge importance and strategic bargaining power on Islamabad. But it is a fact that without Pakistan willing and cooperating Central and South Asia could not

<sup>17</sup> Ahmed Rashid, "Pakistan and the Taliban," in *Fundamentalism Reborn? Afghanistan and the Taliban*, ed. William Maley, (New York: New York University Press, 2001), 38

<sup>18</sup> Louis Dupree, *Afghanistan*, (Princeton: Princeton University Press, 1980), 553

be linked to Central Asia. Moreover, Pakistan could provide the shortest route for CARs to the Indian Ocean and beyond.

### **India Dilemma to Get Advantage Out of CARs**

India is the largest of the economies among the Central and South Asian states. Simultaneously, it is also projected with 11.5% growth as the fastest-growing economy of the World in 2021 even surpassing the growth rate of China, the second largest economy on the globe. In order to sustain high-level of economic growth India desire to export heavily to the CARs and to import latter gas and oil.<sup>19</sup> For these very reasons since long India has been desirous of linking its economy to that of Central Asia because India is an energy-deficient country and the oil and gas reservoirs of Central Asia could provide it the much-needed energy particularly to sustain its economic growth. On the other hand, India finds commercial interest, and harbours desire to play a larger role to counterbalance the Chinese influence in the region.<sup>20</sup> Indian deep interest of getting herself economically linked to Central Asia has remained far-fetched because of the anti-India posture by Pakistan. The China-Pakistan nexus further reduces India's possibilities in the Central Asian region<sup>21</sup> and both Islamabad and Beijing are going to give New Delhi a run for its money.<sup>22</sup> Nevertheless, Pakistan is not solely responsible for India's failure to link up with Central Asia and, but Delhi is itself also to blame for a number of reasons in this regard. Firstly, India has been recalcitrant to enter into meaningful interlocutions with Pakistan to settle the long-standing disputes between both the countries and initiate a new era of economic cooperation.<sup>23</sup> Secondly, India has not only most often been trying to bypass and sidestep Pakistan in the process of integrating its own economy with that of Central Asia<sup>24</sup> but also sought to halt Islamabad and to prevent Central Asia from offering Pakistan the "strategic depth" it lacks.<sup>25</sup> This has been a myopic policy or poor economic diplomacy because

<sup>19</sup> Christine C. Fair; Jalil Roshandel; Sunil Dasgupta; P.R Kumaraswamy, "The "Strategic Partnership" Between India and Iran," *The Woodrow Wilson International Center For Scholars Asia Program Special Report 120*. (April 2004), 4. [https://www.wilsoncenter.org/sites/default/files/asia\\_rpt\\_120rev\\_0.pdf](https://www.wilsoncenter.org/sites/default/files/asia_rpt_120rev_0.pdf)

<sup>20</sup> Aryaman Bhatnagar, "The Afghan Factor in the India's Approach to Central Asia," Observer Research Foundation, 78 (2014)

<sup>21</sup> Sonam Dixit, "Central Asia South Asia Interface: Issues and Challenges of Cooperation," *IPC*. (2015)

<sup>22</sup> Arif Rafiq, "How China and Pakistan Are Beating India in the New Great Game," *The National Interest*, (June 12, 2015)

<sup>23</sup> Ibid.

<sup>24</sup> Victor Mallet, "India to bypass Pakistan on the road to Central Asia," *The Financial Times*, (May 24, 2016)

<sup>25</sup> Laruelle M. ; Huchet J.François ; Peyrouse S. ; Balci B.; Cabestan J.P.; Kavalski E.; Roy M. Singh; B. Chaudhuri S. Singh; Sethi M.; Huasheng Z. ; Dash P.L. ; Sachdeva G.; Gayer L.; Castets R. "China and India in Central Asia A New "Great Game"?" Eds. Laruelle, M., Huchet, J., Balci, B. (Palgrave, Macmillan: 2010), 4.

Pakistan provides not only the missing link but the central link in the chain of dovetailing the Central and South Asian economies. While on the other hand, accessing Central Asia via the Indian Ocean for India bypassing Pakistan is a flawed approach that has proved unviable and has not worked so far. Thirdly, India's policy in Afghanistan instead of furthering its own economic and cultural interests, has been aiming more at discrediting Pakistan among Afghans and to build its own image thereof. Delhi frames situation primarily in terms of Sino-Pakistani encirclement.<sup>26</sup> This again is an example of poor diplomacy. Being a bigger economy and also relatively more concerned with her economic interests Delhi should have been more cautious in its approach in Afghanistan. Being bigger economy and aspirant to the great power status India must avoid zero-sum-game approach in Afghanistan and beyond. She must tread more careful path of positive-sum-game in order to assuage the insecurities of smaller states. In other words, she must behave like a leader rather than hegemon. For India the disputed region of Kashmir is also an important factor in its policy, which hampers integration process, towards Central Asia. As Kashmir is located on the doorway to the CARs, which makes it of stupendous strategic and economic importance from Indian standpoint.<sup>27</sup> Resultantly, Pakistan has been preventing Indian ingress to Afghanistan and Central Asia by denying her territory to transit Indian goods. In this regards, India is dependent on Pakistan and Peace with Pakistan will give India direct access to Central Asia.

India's foreign policy aim of reaching the Central Asian markets and energy reservoirs was given the shape of a policy in 2012 dubbed as *Connect Central Asia* and was reinforced in 2015 during the state visit of Prime Minister Narendra Modi to all five central Asian states between July 6 and 13. The Indian strategies in Central Asia under this policy were devised as pro-active-political, economic, strategic, security, people-to-people-engagement with the CARs accompanied by focus on energy and natural resources and close consultation on Afghanistan, both individually and collectively. The success of this policy rested largely on Iran through which Delhi wanted to reach Central Asia. However, this policy has not only been counterproductive to the larger aim of linking and integrating Central and South Asian economies but also has had practical issues. However, with every intention to have links with CARs and have strategies like '*Connect*

<sup>26</sup> Laruelle M. ; Huchet J.François ; Peyrouse S. ; Balci B.; Cabestan J.P.; Kavalski E.; Roy M. Singh; B. Chaudhuri S. Singh; Sethi M.; Huasheng Z. ; Dash P.L. ; Sachdeva G.; Gayer L.; Castets R. "*China and India in Central Asia A New "Great Game"?*" Eds. Laruelle, M., Huchet, J., Balci, B. (Palgrave, Macmillan: 2010), 4.

<sup>27</sup> Afsir Karim. "Strategic Dimensions of the trans-Himalayan frontiers," in *Himalayan Frontiers of India, Historical, Geo-Political and strategic Perspectives*, ed. K. Warikoo Afsir, (New York: Routledge, 2009), 58.

*Central Asia*', India could not be successful in this regard as is evident from the 2018 trade figures of paltry US \$1.5 billion Delhi was having with all CARs.

### **The Promise Iran Holds for Casa Linkages**

In the context of above-mentioned rivalry between Pakistan and India and mistrust between Pakistan and Afghanistan the only other country which could provide a missing link in integrating the Central and South Asian economies has been Iran. In case of Iran serving as a bridge between Central and South Asian region, as explained above, this would be the linking of merely India with CARs and this link would not be via a land route. The linking would be by sea because Iran does not border India or any other purely South Asian countries except Pakistan. Even the Iranian route from South Asia to Central Asia is impossible without Pakistan becoming part of it. Iran has had a long cherished plan to provide an outlet to the landlocked Central Asian countries through its seaports particularly Bandar Abbas and Chahbahar seaports. Another problem with Tehran is that though Iran has the potential to link up Central and South Asian economies but it does not have the financial resources to develop the infrastructure including the road and railway lines and the dry ports and seaports to handle a huge amount of cargo. In this respect Chahbahar port is critically important, located next to Gwadar seaport of Pakistan. Although the port has started handling the cargo but it cannot be developed fully. If completed Chahbahar port would not only curtail the dependence of the landlocked Afghanistan on Pakistani ports but also would be a lifeline for Kabul. Chahbahar route could also be a boon for India because through this route it could transport its industrial goods to Central Asian markets.

**An Alternative Route:** However, Iran, an extra-regional country could play an anchoring role in linking Central and South Asia economically bypassing Afghanistan provided Pakistan is given the guarantees of getting large-scale benefits in this case. Post-US withdrawal from Afghanistan has till now has heralded uncertainty, and political pundits anticipate possible civil war in absence of a meaningful intra-Afghan dialogue for a broad-based democratic government. The situation in Afghanistan is a bit difficult to improve in the foreseeable future. In such scenario, the linking of South and Central Asia through Iran could be a viable option. This would be more beneficial for the CARs and South Asian countries as well as Iran as the latter could also increased its trade manifold with Pakistan, India and Bangladesh and integrating itself into South Asia economically.

### **Great Power Interest & Implications for CARs Eco Integration with South Asia**

The policies of World great powers have also had their impact on the linkages and level of economic integration between Central and South Asian

countries. The US physical occupation of Afghanistan in the aftermath of 9/11 incidents has not been bereft of economic interests besides fighting the Al Qaeda.<sup>28</sup> While the terrorist attacks on the US mainland by Afghanistan-based Al Qaeda was a trigger for US occupation of Afghanistan, Washington since long eyed exploiting Central Asian energy riches more than any other country. In this connection she even established communication and extended tacit support to the Taliban regime when the latter had captured power in Afghanistan in 1996. Former President George W. Bush administration Secretary of Defence Dick Cheney, himself was an energy tycoon, had a full-fledged plan to pump out oil and gas reserves from the CARs via Afghanistan to South Asia to sell to energy-deficient India.<sup>29</sup> Thus the US has not been against the linking of Central and South Asia economically but it has had wanted to do it for her own interests which would compromise the larger economic and security interests of the two regional states.<sup>30</sup> Noticeably the US discouraged Pakistan from going ahead with plans to construct Iran-Pakistan pipeline and instead has been emphasizing on the Turkmenistan, Afghanistan, Pakistan, India (TAPI) to curtail Tehran's economic influence in the region<sup>31</sup> and because her companies were also interested and had stakes in the latter. Even todate Washington is seriously against the IP pipeline.<sup>32</sup> At the same time the US compelled Pakistan to sign a new transit trade agreement with Afghanistan in 2010 named as Afghanistan-Pakistan Transit Trade Agreement (APTTA) replacing the 1960s transit trade arrangement between the two countries. Under the terms of APTTA Afghanistan got the permission to send its exports to India via Pakistan.

### **Russia: The Wary Bear**

The energy-rich Russia had been trying to prevent linking and integrating the Central and South Asian economies because of the presence of the US along with its NATO allies in the region rather in its underbelly—the Central Asia. As long as the US exercised its influence over Kabul, Moscow was wary of integration of Central and South Asia because with incomparable financial and technological resources at America disposal. So the US was better poise than Russia to get maximum advantage of pumping out CARs oil and gas reserves. This potentially could have compromised and curtailed the Russian exports of hydrocarbons. Moreover, with CARs

<sup>28</sup> Pepe Escobar, "Pipelineistan" *The Asia Times Online*, (January 25, 2002)

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Robert M. Shelala; Nori Kasting; Anthony H. Cordesman. "*Us And Iranian Strategic Competition: The Impact of Afghanistan, Pakistan, India, and Central Asia*," (Centre for Strategic & International Studies, June, 2013)

<sup>32</sup> Zafar Bhutta, "No all-clear from US for IP gas pipeline project." *The Express Tribune*, (February 9, 2016)

integrating themselves with countries of other regions, this would have come at the cost of Russian influence in Central Asia and the reliance of CARs on Moscow. The economic integration with other region would have brought a degree of independence from its former colonizer, Russia. Therefore, Russia remained resistant to any economic linkage and integration of the Central Asia which was to bypass or attenuate its influence over its “Near Abroad”. Chinese trade, investment and infrastructural development projects have already outpaced Russia in the region. This has also served as an important impediment for the meaningful integration of Central and South Asian economically. Russia also fears the spread of Islamist militants from Pakistan and Afghanistan in the CARs and to Russia there from.<sup>33</sup>

### **China**

China, whose northwestern parts particularly the Xinjiang region, mostly populated by Turkic-origin Uighur Muslims, is practically part of the Central Asia, has its own interests in the linking and economic integration of Central Asia with South Asia. Closer economic links between Central Asia and South Asia is in tune with president Xi Jinping’s vision of Belt & Road Initiative (BRI)—Chinese grand strategy to connect China and Eurasia. In this Chinese “Westward March” Central Asia, Afghanistan and Pakistan acquire linchpin role because these countries share borders with China and connect it with the rest of world. The BRI’s three land based economic corridors, China-Central Asia-West Asia, China-Pakistan Economic Corridor, and Bangladesh-China-India-Myanmar, are planned to run through these countries. In an event that Central and South Asian economies are linked there would be extensive and multiple trading routes available and will enhance China’s economic and geopolitical stature. China is the largest producing economy of Asia and the second largest of the World and is ever-desirous of increasing its exports could capitalize on these routes both to exports Chinese goods to countries of these two regions and also through them to India and Europe. Therefore, she has not had and would not apparently try to stop regional integration between Central and South Asia but it also investing in infrastructure of these states to expedite the integration project. However, India openly objects over CPEC, flagship project of BRI, because it passes through Azad Jammu and Kashmir while denied to be the part of BRI.

On the other side, China does not want India’s getting itself deeply integrated with CARs. Despite of the fact that the bilateral trade between China and India in 2023 had reached US \$136.2 billion, the former won’t like the latter to export heavily to CARs as this would be at the cost of

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<sup>33</sup> Gabriel Domínguez, “Why Central Asia is increasingly worried about Afghanistan,” *Deutsche Welle*, (November 04, 2015)

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existing and potential exports of China to these countries. It is also noteworthy that in 2023 China's trade volume with CARs touched \$89.4 billion. So if Central and South Asia are linked up the volume of trade between the two regions would increase manifold and India has the potential to grab China's share. This would be slightly at the cost of China. Moreover, China is also competing for influence and economic benefits with Russia and US in CARs<sup>34</sup>, which has hampered her to get maximum advantage out of the economic potential of Central Asia. The great power competition for Central Asia resources has generated economic repercussions for smaller states like Pakistan in the region as well.

Moreover, China like India is also an energy-deficient country and this lack of energy could be supplied by next doors CARs. Beijing has already laid a web of oil and gas pipelines to Kazakhstan as well as the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline. Therefore, in case Central and South Asia link up particularly through oil and gas pipelines, in light of demand and supply rule, it can increase the CARs gas and oil prices for China.

### **Conclusion**

While there is great potential for linking and integrating Central Asia and South Asia economically the process is far from satisfactorily taken forward. The factors which have impeded linking and integrating both the regions include crisis and conflict in Afghanistan, Pakistan giving her strategic interests in Afghanistan and in South Asia precedence over her economic objectives, India's recalcitrance to come to terms with Pakistan on their outstanding political issues and its efforts to corner Islamabad in Central Asia and Afghanistan; Iran's disadvantaged geographical location between Central and South Asia; Washington aim to integrate two regions to its utter advantage to the exclusion of others, China's efforts to prevent India from having large economic stakes in Central Asia and Russia's endeavours to regain its Soviet imperialist era influence over the CARs. However, many, if not most, impediments to Central Asia economic linking and integration with South Asia could be removed because the stakes are indeed very high for all the countries of both the regions. But to take advantage of the situation each country has to gloss over its immediate vested economic interest for the strategic and long term benefits besides giving priority to geo-economics over geostrategic aims.

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<sup>34</sup> Sonam Dixit, "Central Asia South Asia Interface: Issues and Challenges of Cooperation,"(IPC, 2015).

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