



IDSa POLICY BRIEF

Exploring India – Kazakhstan Transport Linkages

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Economic growth in the Asian region and emerging opportunities for inter-regional trade are creating a demand for viable transport connectivity, land-linking arrangements, and important transit services. However, due to geographical and geopolitical attributes, India and Central Asian countries have been confronted with a range of constraints which have hitherto inhibited a full realization of two-way trade and commerce. The problems of distance have been substantially compounded by the instability factor in Afghanistan and Pakistan. The situation seems unlikely to change in the near and medium term.

While it is important to pursue connectivity through the North-South Corridor or over-land route through Iran and Afghanistan, an out-of-box idea crystallizing now is

to restore the ancient Silk Route that traditionally linked India and Central Asia through China's Xinjiang province.

It is intrinsically clear that any viable future long-distance transport grids, including energy pipelines from resource rich Siberia and Central Asia to India, would not be realized without them transiting through Western China. Xinjiang Uygur Autonomous Region (XUAR) becomes the hub for any mode of transportation. It needs to be underscored that China and Central Asian countries have facilitated various transit transport systems to overcome their inter-regional trade problems. A web of transport connectivity has been developed by XUAR, which has 16 Class A ports and 11 Class B ports connecting with eight countries.

India and Kazakhstan could explore different variants of transport connectivity which are realistically attainable if a schematic approach is adopted. Among the several inchoate thoughts, the road that directly follows an alignment in a north-south direction along the existing railway lines and roads in Kazakhstan, Western China and India include: *Almaty, Korgas, Yinning, Kuqa, Aksu, Kashgar, Yarkand, Yecheng* (along the Xinjiang-Tibet Highway No. 219) *Mazar, Shahidulla, Sumxi, Derub, Resum, Shiquanhe, Gar, Kailash, Burang, Lepu-lekh*. The total distance is less than 3,000 kilometres as compared to the over 5,000 kilometre long route via Iran. Importantly, the route under consideration (Kazakhstan, China, India) already exists and it is only a matter of cross-border connectivity.

From the point of view of feasibility, a linkage through Ladakh in Jammu & Kashmir is arguably the shortest, but China's sensitivity to any engagement in Jammu & Kashmir may rule out that option. Alternatively, while also considering the topographical factor, Lipu-Lekh Pass in Uttarakhand, which has been opened for border trade with China since 1992, could be an entry point. Refurbishing of

the road connecting to Shipkila in Himachal Pradesh and Lipu-Lekh in Uttarakhand are already in progress under the Special Accelerated Road Development Project (SARDP).

On the positive side, the proposed route involves only one country (China) as a land-link between India and Central Asia, as compared to the longer western routes traversing through Iran and Afghanistan. Though the route via China would be seasonal, its reactivation would have a symbolic significance, essentially for reviving the traditional Silk Route that was vibrant until 1947. Importantly, the route passes through relatively stable Xinjiang as compared to the turbulent areas of Pakistan, Afghanistan, and South Central Asia. Additionally, India cannot be viewed as a factor of instability and therefore poses no threat to Xinjiang in terms of religion or ideology.

Significant trade volumes exist for markets in India, China, and Central Asia. The value of India-Kazakhstan trade has increased to US \$370 million this year. Kazakhstan's annual trade with Western China is over \$10 billion. If implemented, the route will cut down transportation costs of food/fuel supplied to India's forward areas. Similarly, it would

reduce the delivered costs of imports in Western China. Besides, China could earn considerable revenue from transit fees. Conceivably, arrangements for swap deals with China could also be worked out gradually.

The route needs to be viewed from a strategic consideration rather than the economic angle alone. Importantly, it could help counterpoise Pakistan's plan for an 800 kilometre long railway from Gawadar to Kashgar. Besides, India would gain access to the transcontinental transport corridors *Western Europe - Western China* which are being developed by Eurasian countries under various facilitation agreements. Moreover, any resultant gains and prosperity could only trigger major development actions in the pockets of discontentment i.e. Tibet, Xinjiang, Kashmir.

On the negative side, the feasibility in terms of geopolitics, especially China's willingness to cooperate, is a major factor. The issue of territorial disputes between India and China would certainly come in the way. However, these apprehensions could be mitigated through the intervention by Central Asian countries. In fact, Kazakhstan holds several key leverages vis-à-vis China should it wishes to exercise them to push the idea.

Recommendation and Action Plan

- The proposed route could possibly be the shortest as economically feasible and steps should be taken to materialize it. Initially, a country-specific linkage approach could be adopted. However, it would require a regional approach at a later stage to make it more viable. For example, Russia and other Central Asian states should be involved in the cooperation efforts.
- It would also be necessary to embellish the idea of widening its scope to include strategic commodities such as oil, gas, uranium and minerals to enhance the volume movements. But, to start with, the route could only be opened for transit trade. For its part, India could upgrade the existing Lipu-Lekh and Shipkila border trade to transit trade, apart from improving the infrastructure at the two border points.
- To begin with, Kazakhstan should be asked to take up the matter with the Chinese government. Kazakhstan, China, and India could consider using the existing facilitation agreements for transit transport at the multilateral, bilateral, trilateral, and sub-regional

levels. The proposal could also be perused within the Shanghai Organization Cooperation (SCO) framework, as well as under the Asia Cooperation Dialogue (ACD) mechanism. Several intergovernmental agreements on the Asian Highway Network already exist under the UN-ESCAP programme.

- India, China and the Central Asian republics should develop a sub-regional framework agreement designed to facilitate cross-border transit trade along the measures adopted by

ASEAN, Greater Mekong Sub-region, TRACECA, ECO, BIMSTEC, and others.

- India and Kazakhstan already have a Joint Working Group on Transport which should be activated to include the above proposal so that exploration process and implementation could be initiated early. It is pertinent that a trilateral (India, Kazakhstan, China) joint study group is set up urgently for undertaking a feasibility study.

