

CHAPTER-7

GEO-POLITICAL ANALYSIS OF ASIAN COUNTRIES

7.1 INTRODUCTION

The proposed grid shall be passing through many Asian countries. Therefore the geographical conditions, political situation, inter and intra relationships in and between neighboring countries, and influence of major powers on decisions of target countries etc are very important, and need to be studied for assessing the probable associated risks.

Asian Gas Grid is conceived as a Cross Border Gas Pipeline(s) emanating from or passing through the following countries:

- Afghanistan
- Bangladesh
- China
- India
- Iran
- Kazakhstan
- Myanmar
- Pakistan
- Turkmenistan
- Russia

The above countries are either net positive in energy resources, or capable of meeting some energy needs of those in the above list of net energy deficient countries. Countries like Bangladesh, Myanmar, Iran, Turkmenistan, Indonesia, etc have either adequate or surplus gas reservoirs; whereas countries like India and China who are future super powers in South-Eastern region of the world, are trying to be self-sufficient in energy with help from gas rich countries. The third category is countries that are more or less dependent on other countries for gas as a major source of energy.

7.2 GEO-POLITICAL ANALYSIS OF AFGHANISTAN

Geographical Location & Climate

Afghanistan is located as a strategic cockpit in the center of Asia. The country is landlocked and mountainous, containing most of the Hindu Kush. There are

four major rivers that flow through the country: Amu Darya, Hari River, Kabul River and the Helmand River. The country also contains a number of smaller rivers, lakes, and streams.

Afghanistan has a total 5529 km of land borders, with the longest being the Durand Line, which is a 2,640 km border to the south and southeast with Pakistan. This is followed by a 936 km border with Iran to the west. The nation is also bordered by the Central Asian states of Tajikistan (1,206 km), Turkmenistan (744 km), and Uzbekistan (137 km) in the north. It has a further 76km border with China on its far northeastern frontier. The Hindu Kush mountains that run northeast to southwest, divides the northern provinces from the rest of the landlocked country. The highest peaks are in the Wakhan corridor that leads to the Pamir Knot.



Exhibit 7.1 Afghanistan

The remarkable feature of the Afghan climate is its extreme range of temperatures within limited periods. The least daily range in the north is during the cold weather, the greatest in the hot season. For seven months of the year (from May to November) this range exceeds 30°F (17 °C) daily. Waves of intense cold occur, lasting for several days, and one may have to endure a cold of 12 °F below zero (-24 °C), rising to a maximum of 17 °F (-8 °C). On the other hand, the summer temperature is exceedingly high, especially in the Oxus region, where a maximum of 110 °F to 120 °F (45 °C to 50 °C) is not uncommon.

Internal Political Scenario

- Afghanistan is a politically unstable country. Traditionally it has been a tribal (jirga) ruled state that has never accepted a strong central

government. Its ethnic mix consists of Pashtuns who are about 45-48% of the population, but it has significant Tajik, Uzbek and Hazara minorities who overall constitute a majority. The government is a coalition of sorts comprising all the ethnic entities. A notable feature is that the major ethnic areas are well defined and are run by warlords who do not accept central authority

- The politically Islamic fundamentalist Taliban ruled for over a decade over the country. Now a fragile democratic government rules the country, supported by UN mandated NATO military force, led by the USA, that drove out the Taliban post 9/11 in 2001
- Afghanistan is badly affected by terrorism. Osama bin Laden led Taliban groups continue to be active in Afghanistan, thanks to cross border sanctuaries in tribal areas of Pakistan. Their attacks have increased in strength and periodicity over the southern and eastern parts of the country
- The country is in a state of war against Taliban, and the Afghan government with NATO military forces is taking steps to reduce and deny any attack inside the country. But these have not ceased, and the US and NATO Governments are threatening to take the battle into the tribal areas of NWFP in Pakistan.
- The battle against terror and the Taliban are hampered by high corruption levels and lack of infrastructural improvement over the past 6 to 7 years. There is also lack of local support due to communication and religious-cultural factors

Impact of Major Powers Politico-Strategic Decision Making

United States has major influence over the activities of Afghanistan. For long US had held Afghanistan a key to its plans to secure control of the vast landlocked oil and gas reserves of Central Asia. However, oil and gas were not the principal reason why the US attacked Afghanistan. The primary motive of the US attack was to destroy Osama bin Laden's sanctuary in Afghanistan. Another, rather more pecuniary objective was also on the agenda, the search for an alternative government in Kabul. With the Taliban out of Kabul and the establishment of a new Afghan government, one criterion on Washington's mind will be how best to make Afghanistan secure for a couple of billion-dollar pipeline investments.

The US government has for a decade strongly supported plans by US-led business groups for both an oil pipeline from Turkmenistan to the Arabian sea via Afghanistan, and a gas pipeline from Turkmenistan across Afghanistan to Pakistan.

Such pipelines would serve important US interests in a number of ways:

- Draw the Central Asian oil states away from the Russian sphere of influence and establish the foundation for a strong US strategic position.
- Thwart the development of Iranian regional influence by limiting Turkmenistan-Iranian gas links and thwart a plan for a Turkmenistan-Iran oil pipeline to the Arabian Sea.
- By diversifying US sources of oil and gas, and, increasing production sources, help keep energy prices at reasonable levels. This will simultaneously benefit US oil and construction companies with growing interests in the region. It would provide a basis for much-needed economic prosperity in the region, which might be a basis for long term political stability.

The US objectives however, have not factored not influenced the efforts and actions of energy hungry China. With its vast war chest of funds, China recently struck a major deal with Turkmenistan for supply of gas on long term basis via the new Kazakh-China pipeline, construction of which will begin soon.

For most of the 1990s the United States supported the Taliban's rise to power, both by encouraging the involvement of US oil companies, and by implicitly tolerating intervention by two of its key regional allies, Pakistan and Saudi Arabia, in their direct financial and military support for the Taliban. The added advantage for the US was that the Taliban, which is committed to a particularly primordial vision of Sunni Islam, was deeply hostile to Shia Muslims in neighboring Iran (as well as within Afghanistan).

A crucial condition for building the pipelines is political stability in Afghanistan, and for a time the US believed the Taliban could provide just that. The US would most likely have continued its support for the Taliban, and the construction of the pipelines would have got underway in the late 90s, had it not been for the Taliban's apparent tolerance of the former US-supported Osama bin Laden, and the Taliban's extremely repressive attitude to women and other social issues. Iran too believed that the US was behind Pakistani and Saudi support for the Taliban as part of a long-term plan to contain Iran. As so often earlier, US foreign policy based on the principle of "*my enemy's enemy is my friend*" helped generate the conditions that allowed the New York and Washington atrocities to be conceived.

The key to Central Asian politics is economic development in Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan and Kyrgyzstan, all of which are amongst the poorest members of the former Soviet Union. Most are authoritarian dictatorships of the most dismal kind. For the past ten years the

US has been wooing the governments of these countries, and opening the doors for profitable investment by US companies.

Conclusions

Geostrategic Situation

Afghanistan is situated in the middle of Asia. It is landlocked by Pakistan, Iran, Tajikistan, Turkmenistan, Uzbekistan and China. It has mountainous terrain and there are four major rivers in addition to number of smaller rivers, lakes and streams in the country. The temperature varies from -24° C to 50° C. In view of the type of terrain and temperature conditions, the pipeline has to be designed accordingly.

Political Situation

Internal political situation is unstable as it was ruled by Taliban for over a decade and is presently is under a democratic government. It is affected by terrorism and continues to suffer attacks by both Osama bin Laden and the Taliban very frequently.

External political situation. The US has major interest in shaping Afghanistan. On one hand it wants to secure access to oil and gas reserves of the region, and on the other hand it wants to destroy the hideouts of Osama bin Laden. As it is a strategic cockpit, with the shortest access to the sea for oil and gas reserves of the southern CIS states, the US is putting in all efforts to secure and stabilize Afghanistan before taking up any investments. The US has long encouraged a gas pipeline from Turkmenistan across Afghanistan to Pakistan.

To conclude, the Afghan politico-administrative landscape is still characterized by many conflicting ground realities:

- Ethnic friction, ineffective central authority
- Intra-warlord rivalries
- Poor infrastructure and slow speed of reconstruction and development

US military operations against the Taliban and Al-Qaeda remnants have led to civilian casualties and anti-American sentiments. This could also continue in the future. In this scenario, there is doubt whether any investor would take the risk in an extremely unpredictable, inhospitable and unsafe Afghan environment, no matter how positive the feasibility report is regarding the gas pipeline from Turkmenistan across Afghanistan to Pakistan.

AGG through Afghanistan can be feasible with firm resolve of the present Afghan government to utilize every possible means to bring about peace, stability and reconstruction of their motherland. Only thereafter would international investors be forthcoming for the TAPI project (which is to be extended up to India) and other mega projects. Undoubtedly, TAPI project carries huge economic returns to all its stakeholders and will provide a huge impetus to growth and confidence-building in a conflict-prone region.

7.3 GEO-POLITICAL ANALYSIS OF BANGLADESH

Geographical Location & Climate

Bangladesh is located in the low-lying Ganges-Brahmaputra River Delta. Bangladesh is flood-prone because it lies in the delta of three great rivers, the Ganges, Brahmaputra and Meghna, which together drain 175 million hectares. The alluvial soil deposited by these rivers has created some of the most fertile plains in the world. Bangladesh has 58 trans-boundary rivers, making water issues politically complicated to resolve, in most cases, as the lower riparian state to India. Most parts of Bangladesh are less than 12 meters (39 ft) above sea level, and it is believed that about 50 percent of the land would be flooded if the sea level were to rise by a meter (3 ft) due to global warming.



Exhibit 7.2: Bangladesh

Bangladesh's terrain is mostly flat and slightly hilly in the southeast. The climate is tropical with a mild winter from October to March, and a hot, humid summer from March to June. A warm and humid monsoon season lasts from June to October and supplies most of the country's rainfall. Natural calamities, such as floods, tropical cyclones, tornadoes, and tidal bores occur almost every year. These are combined with the effects of deforestation, soil degradation and erosion. Cox's Bazaar, south of the city of Chittagong, has a beach that stretches uninterrupted over 120 kilometers (75 miles).

Bangladesh is located in a tectonically active area. Much of the country including Chittagong, Sylhet, Dhaka, Rangpur, Bogra, Mymensingh, Comilla, Rajshahi are very vulnerable to major earthquakes.

Historically, significant and damaging earthquakes have occurred in and around Bangladesh, and damaging moderate-magnitude earthquakes occur every few years. The country's position adjacent to the very active Himalayan front and ongoing deformation in nearby parts of South-East Asia expose it to strong rocking from a variety of earthquake sources that can produce tremors of magnitude 8 or greater. Large earthquakes occur less frequently than serious floods, but they can affect much larger areas and have long-lasting economic, social, and political effects.

Liquefaction is another source of earthquake related damage. During sustained strong shaking, poorly consolidated, water saturated sediments can liquefy and lose their ability to support loads. The foundation and supports of structures built on liquefiable sediments can fail, causing immense damage or destruction. Much of the country is of loose sandy soil and most of it remains in saturated condition round the year, thereby being vulnerable to liquefaction in case of sustained ground motions. The soil here is much less fertile than the annually replenished alluvium of the surrounding floodplain.

Latest climate models suggest that flooding in the country is set to increase by up to 40 per cent this century as global temperatures rises. Each year, roughly a fifth of Bangladesh is flooded, and climate change is forecast to exacerbate the problem as sea levels rise, monsoons become wetter and more intense cyclones lead to higher tidal surges. The unusually high monsoon rains, coupled with the high amount of melt water from the Himalayas are the major causes for the severity of flooding. Another reasons for the flooding is that trees that usually intercept rain water are indiscriminately cut down for firewood and habitation.

Internal Political Scenario

Bangladesh was formed in 1971 after liberation from Pakistan with the help of India. Unfortunately Bangladesh could not develop friendly relations with India. When it comes to political ties with India, the differences between the two mainstream parties in Bangladesh (Awami League and Bangladesh Nationalist Party - BNP) are noticeable. The bipartisan consensus that exists towards China or the other countries is absent vis a vis India. Long before the liberation war of 1971, the Awami League had developed close ties with India and its current leadership is regarded to be Indo-phile. Its secular disposition, apprehensions over rising Islamic feelings in Bangladesh, and appreciation of India's security concerns present the Awami and its leaders in a favorable light.

Several Awami leaders, whether they are in power or out of office, have visited India often, maintained contacts and interacted with our leaders.

The present political situation can be summarized as under:

- Bangladesh is a politically unstable country, presently ruled by a military-technocratic dictatorship that threw out the two squabbling widows heading the established political parties. The military government recently released both the leaders and allowed them to lead the political process once new elections are allowed.
- Bangladesh is affected by terrorism. There is a rising tide of fundamentalism, stoked by immense poverty, crippling population, lack of land and resources, and the feeling of being hemmed in by the two neighbors with whom it shares boundaries viz India and Myanmar.
- Bangladesh has been the focus of the international community because of rising incidents of Islamic militancy in the country. The militants, although too weak to pose an immediate military threat, could be the source of external interference and internal instability.

Relation with Neighboring Countries

India-Bangladesh Relations

Recently, relations between India and Bangladesh have hit a low patch. This stagnation in relations is due to a variety of reasons – border problems and illegal infiltration, postponement of the SAARC summit, as well as a general feeling on both sides that several major issues are not being given the importance they deserve. Among these issues, the most important for India are security-related issues, which includes arms trafficking, movement of illegal migrants posing demographic challenges, transit, and the tripartite gas pipeline. The most important issues on the Bangladeshi side are sharing of the waters of the joint rivers and the river linking project, trade, and a variety of border-related concerns, including smuggling.

It is important to encourage people-to-people contacts at all levels, which was also a critical factor in the improvement of Indo-Pak relations. The commencement of a train link between Kolkata and Dhaka is a good beginning. Since 1997, Bangladesh has been working towards an agreement with its neighbors for establishing a 901.23 km (560 mile) pipeline to transport natural gas from Myanmar via India to its territory. In January 2005, the Bangladesh government approved the project, contingent upon India and Myanmar according trade concessions and other stipulations. The pipeline is still a dream.

While relations between India and Bangladesh have been at odds, it is undeniable that if both sides make a concerted effort, relations can be improved in a relatively short period of time. In other words, the damage is repairable. Indian investment in Bangladesh is just beginning, but there is no reason why it should not be of a larger scale than it has been till date. It is necessary for the two sides to engage in some creative thinking, starting with the signing of a bilateral agreement, for promoting more Indian investment in Bangladesh, and foster a more mutually beneficial relationship between the two neighbors. India today enjoys a growth rate close to 8 percent, while it is around 5 to 5.5 percent in the case of Bangladesh. By fostering good relations with India, Bangladesh will benefit by enhancing its growth rate.

Impact of Major Powers on the Country's Decision Making

U.S. Interests

The United States has three key interests:

- It wants to eliminate the use of Bangladesh by extremists as a sanctuary, a danger that has become more pronounced in recent years as the quality of governance declined in Bangladesh.
- The United States seeks to energize development in a country whose remarkable anti-poverty achievements are at risk from corruption and the resulting ineffectiveness of recent elected governments.
- The US wants to preserve and expand Bangladesh's constructive international role, including substantial contributions to international peacekeeping.

US independent oil and gas major Unocal, which is being taken over by California rival Chevron-Texaco, is ramping up production at its second gas field in Bangladesh. It had earlier agreed to take a leading role in meeting the South Asian nation's demand. The US-based Unocal Corporation is currently gearing up to develop the Moulavi Bazar natural gas field in Bangladesh through two of its subsidiaries. The project would enable the provision of 100 million cubic feet of gas per day to the domestic market. However, the company must still sign a gas purchase agreement with *PETROBANGLA*, the national Oil and Gas Corporation. The company has meanwhile forecast that it could begin production within a year.

Bangladesh could not remain out of the ambience of changes happening globally and regionally. With the changed South Asian geo-strategic scenario, Bangladesh's geopolitical importance increased to due at least three factors.

- First, Bangladesh began to be referred to as the third largest Muslim country in the world and as the second in the region.
- The second factor is Bangladesh's location within the 'geo-strategic frontier' of India, South Asia's most powerful country.
- The third is Bangladesh being in close proximity with China, Asia's largest power, considered a strategic rival of both the US and India. China is the major supplier of weaponry, and is now among its top two trading partners.

The prevailing geo-strategic environment poses a challenge to Bangladesh's national security aspects, particularly economic development, energy security and military growth. This leads to the following:

- Availability of international funds or loans will affect the country's decision making. Bangladesh is one of the poorest countries in the world.
- Influence and pressure by the US to allow UNOCAL to access its energy sources, and the anxiety of Bangladesh to safeguard availability of this critical energy resource for as long as feasible.
- US companies can invest in the project, but there will be other players including China who will certainly intervene in their own energy interests.

Conclusion

Geological Situation

Bangladesh is located in the in the low-lying Ganges-Brahmaputra River Delta or Ganges Delta. It is highly flood-prone as it lies in the delta of three great rivers, the Ganga, Brahmaputra and Meghna. The terrain is basically flat and slightly hilly in the south-east. The neighboring countries are India and Myanmar.

Bangladesh is highly affected by natural calamities, such as floods, tropical cyclones, tornadoes, and tidal bores resulting in deforestation, soil degradation and erosion. It is also located in a high tectonically active zone. In view of regular natural calamities, there are long lasting economic, social, and political effects. Further, liquefaction of is a strong phenomena in the country which causes damage to structures and foundations.

Political Situation

Internal political situation in Bangladesh is unstable and affected by terrorism. There are rising incidents of Islamic militancy in the country. The militants,

although too weak to pose an immediate military threat, could be the source of external interference and internal stability.

External political situation: the relations between India and Bangladesh have hit a low patch due to variety of reasons. Most important for India are some security issues – arms trafficking, movement of illegal migrants, transit, and the tripartite gas pipeline. On the other hand, the most important issues for Bangladesh are sharing of waters of the joint rivers, the river linking project, trade, and a variety of border-related concerns, including smuggling. If Bangladesh had allowed the gas pipeline to traverse their country, Myanmar gas would not have been taken by China.

As far as the US is concerned, it has three interests in Bangladesh – to eliminate Bangladesh being used by extremists, energize, and develop Bangladesh's constructive international role. US based Unacol Corporation is currently engaged in developing natural gas fields in Bangladesh. The US is also eager that more American companies should invest.

Bangladesh has enough gas reserves to meet its demand, but at present not inclined for export, hence it may not play an active role in the AGG. In the long run, however, its reserves can sustain production for up to 50 years and being a poverty-stricken country it cannot afford to be out of globalization of gas market.

In case Bangladesh allows use of its resources and connectivity to India, then both countries would move forward to achieving energy security. Effective and appropriate regional cooperation could thus be one possible means to ensure long-term energy security for the South Asian region in general and Bangladesh in particular. If Bangladesh were to cooperate with India, it would not only lead to realization of a South Asian energy grid, but also facilitate multilateral cooperation between countries at the regional levels. India should therefore strategically woo Bangladesh at least on the issue of laying the gas pipeline, so as to have energy as well as financial benefits (to Bangladesh) by selling the gas as well as levying transit fee in lieu of allowing the pipeline to pass through the country. In doing so, India can take advantage of better relations with the US. But the biggest question is whether the US will like to have India as an "Energy Secure" country.

7.4 GEO-POLITICAL ANALYSIS OF CHINA

Geographical Location & Climate

The geography of China stretches some 5,026 kilometers across the East Asian landmass. Towards the east it hugs the East China Sea, Korea Bay, Yellow Sea, and South China Sea, seacoast fringed with offshore islands

between North Korea and Vietnam. The land is a changing configuration of broad plains, expansive deserts, and lofty mountain ranges, including vast areas of inhospitable terrain. The eastern half of the country is a region of fertile lowlands, foothills and mountains, deserts, steppes, and subtropical areas. The western half of China is a region of sunken basins, rolling plateaus, and towering massifs, including a portion of the highest tableland on earth. The climate of China is extremely diverse, subtropical in the south, to sub-arctic in the north. Monsoon winds, caused by differences in the heat-absorbing capacity of the continent and the ocean, dominate the climate. Alternating seasonal air-mass movements and accompanying winds are moist in summer and dry in winter.



Exhibit 7.3 China

China's northernmost province of Heilongjiang has a sub-arctic climate, while its southernmost point, Hainan Island (an island away from mainland China), has a tropical climate. Temperature differences in winter are great, but in summer the diversity is considerably less. For example, the northern parts of Heilongjiang Province experience an average January mean temperature of below 0°C, and the reading could drop to minus 30°C. In July, the average mean temperature in the same area could exceed 20°C. By contrast, the central and southern parts of Guangdong Province experience an average January temperature of above 10°C, while the July mean is about 28°C.

Precipitation varies regionally even more than temperature. South of the Qinling Mountains, China experiences abundant rainfall, most of it coming with the summer monsoons. To the north and west of the range, however, rainfall is uncertain. As one moves farther north and west one, it becomes scantier and more uncertain. The north-west has the lowest annual rainfall in the country and no precipitation at all in its desert areas. China experiences frequent

typhoons (about five per year along southern and eastern coasts), damaging floods, monsoons, tsunamis, and droughts.

China contains a variety of forest types. Both the north-east and north-west reaches contain mountains and cold coniferous forests. Subtropical forests, which dominate central and southern China, support an astounding 146,000 species of flora, as well as the famous giant panda, golden monkey and South China tiger. China's coastline is approximately 18,000 km long, extending from the Bohai Gulf, which freezes in the winter, to the tropical waters of the South China Sea.

Internal Political Scenario

- China is politically stable country. It is ruled by a communist led government but their communism is more pragmatic, tempered by market capitalism, and hence progressive, as evidenced by the recently concluded Olympic games in August 2008.
- China's authoritarian political system seems to be already opening up toward political liberalization.
- China's one-party political system will not change in any fundamental way. This view holds that China will remain an authoritarian regime over the long term. The Chinese people seem to desire stability most (political-economic) and are prepared to give up individual freedom, unlike in the US-European model, in their search for economic development and well being. The present Chinese government enjoys extremely high levels of political support.
- Being an export led economy with a large public sector, the present global economic meltdown could cause both serious threats and challenges internally, but create opportunities to position itself economically once the crisis ends. China takes a long term strategic view of all issues, and in this difficult period proposes to spend at least USD \$560 billion on future infrastructure to keep internal demands and jobs going. They are prepared to invest further if necessary. China is helped by immense foreign exchange holdings and an economy that is current account surplus.
- China has traditionally used trade and diplomacy to project its interests, and enjoys extremely close relationship with ASEAN, Pakistan, Bangladesh, bordering CIS states, and both the Koreas. In typical Confucian tradition, it uses the enemy's enemy to buffer it in conflict situations with potential rivals for power and influence, intervening strategically if the circumstances are propitious. India and Japan are perceived to be future potential competitors and adversaries.

Relation with Neighboring Countries

China-Indonesia relations

Though Indonesia's relations with China were initially low due to past ideological differences, it is improving significantly. Indonesia's suspicion of China was fueled by the latter's support of the Communist Party of Indonesia.

A memorandum of understanding was signed by the Indonesia-China Energy Forum. This was followed by Petro China's moves to secure oil fields in Indonesia. China's National Offshore Oil Corporation has also invested in Indonesia's energy sector. It is estimated that there is an 83 percent export overlap between Indonesia and China.

Indonesia envisages that the rapid economic growth in China will provide many opportunities not only to Indonesia, but also to other Southeast Asian countries. The relations between Indonesia and China in trade, economy and investment have a very bright future. Sino-Indonesian cooperation in the energy field is fruitful and promising.

One-fourth of Indonesia's its trade with China is derived from energy and it will continue its cooperation with China. In case Indonesia state oil company, Pertamina, succeeds in its bid to become Guangdong's LNG supplier, the company would have price competitiveness and provide sufficient resources. China needs LNG sources to diversify and have a degree of independence from large suppliers via pipelines.

Relations with Other Neighbors

The relations between India and China due to border issues are cool, but trade is booming at approximately US\$38 billion. China does not have warm relations with Russia, as both are superpowers with a long common border, though the dispute is now resolved. With other neighboring countries, however, the relations are conducive although, there is competition between the countries in terms of trade and business. China's growing presence in the region does not greatly restrict the interests either of Russia or the United States, since the developmental needs of the region is vast. However, China has slowly become the dominating regional power, and the trade and manufacturing centre in the Asian region. Its interests will dominate the energy security policies and flow of resources in the region. China is an energy deficient country, and will remain so in the foreseeable future, despite enormous efforts to develop and procure both internal and external energy sources.

Russia is the biggest global hydrocarbon supplier and direct neighbor of China. China receives about 80 percent of its oil imports by sea from the Middle East, which is a high risk situation. Therefore, the commissioning of the Kazakh-

China oil pipeline is of great importance for it. Russia had initially proposed to use this line to deliver its oil to China from Western Siberian fields, but it now plans to supply it from Eastern Siberian fields via a new pipeline. There is no agreement on pricing, and this is holding up the finalization of the deal. The Kazakh pipeline will probably be augmented with gas flows from Turkmenistan, which is laying a link pipeline to link the Kazakh pipeline.

Impact of Major Power's on China's Decision Making

China is a politically stable country ruled by the communist party. China had become increasingly concerned that the "three forces" - international terrorism, religious extremism, and ethnic separatism - were posing a growing threat to the security and stability of both China and Central Asia. Further, domestic energy shortage also contributed to China placing relations with the region at a higher priority level. A stable security situation in the region was viewed as essential for building energy transport links to China.

The extent to which China relies on soft power in northeast Asia is different from that with in Southeast Asia or in Africa and Latin America. China, Japan, and South Korea tend to be peer competitors in trade and business. Its relations with Vietnam are, however, currently correct but not friendly, though trade has led to normalization after past hostilities. With other Southeast Asian nations, the relations are very good.

As far as trade and investments are concerned, however, international interaction cuts both ways. Japan and South Korea are clearly more dependent on China, though the reverse is also true. The question is whether this economic interdependence, combined with other interaction, effects political relationships, or whether the opposite is the case; and whether increased political and diplomatic relations are affecting trade and investment flows.

China's growing diplomatic, economic, and security influence in Central Asian states can be viewed as enhancing their development and stability. Chinese interests are not hegemonic but are limited to mainly market and security-related goals. China's growing presence in the region does not greatly restrict the interests of Russia or the United States, since the developmental needs of the region are vast.

The growth of regional trade and transport, and growing Chinese exports to Japan and to the United States caused a rise in negative sentiment towards China. However, for Japan the growth of exports to China seems to dampen this effect. An earlier negative political stance by China towards Japan has changed with Japan showing growing importance to China. The large imbalance in trade with the United States is, however, causing tension to rise in the United States.

China provides the Southeast Asian and Central Asian states more freedom of choice in their trade relations with Russia and other countries. Observers, however, view the growing Chinese presence as ultimately harmful to the independence and development of the Central Asian states. They view China's growing influence comes at the expense of Russian and U.S. influence. Given Russia's traditional hegemonic role in the CIS region, these analysts stress that Russian and Chinese policy will inevitably clash. Many observers are of the view that Russia would ultimately lose some or most of its influence in the region.

Conclusion

Geologic and Geographical Situation

China has a number of neighboring countries – Russia, Mongolia, Kazakhstan, Kirghizstan, Tajikistan, Afghanistan, Pakistan, India, Nepal, Bhutan, Myanmar, Laos, Vietnam, North and South Korea. On the eastern side it is surrounded by various seas - East China Sea, Bohai Sea, Yellow Sea and South China Sea, between North Korea and Vietnam. There are broad plains, expansive deserts and lofty mountains including inhospitable terrain.

In the northern parts the temperature varies from -30°C to 20°C , whereas in the central and southern parts the temperature varies between 10°C to 28°C . Qinling Mountains experience abundant rainfall. In north and west range rainfall is uncertain. In the further north and west rainfall becomes scantier and more uncertain. China experiences frequent typhoons (about five per year along southern and eastern coasts), damaging floods, monsoons, tsunamis and droughts.

North-east and north-west reaches contain mountains and cold coniferous forests. Central and southern China had subtropical forests.

Political situation

Internal political situation: China is politically stable and is ruled by a communist led government which is progressing. China's authoritarian political system is already evolving towards political liberalization. The one party political system, however, will not change in any fundamental way and China will remain an authoritarian regime over the long term.

External political situation: Presently the relation between Indonesia and China has improved a lot and they have even signed an Energy Forum. Japan and South Korea too are getting closer to China. The growing diplomatic, economic, and security influence by China in Central Asian states has enhanced their development and stability.

Keeping in view, the present relations between India and China, and the role of China in Myanmar, India must concentrate on areas where it has an edge over China. The AGG project will be beneficial to China to meet their huge energy demand. China will have a major role in this project, which will counterbalance the impact of U.S pressures if any, with the help of Russia and India. It may be noted that in the foreseeable future, even though oil and gas multinational majors from the US will be dominant players in the global energy market and determine spot prices and long/ short term futures, they will be constrained by the policies and interventions of the sellers and buyers – the focus being on maximizing global profits. But, in terms of demand requirements in the US and the developed economies, these may not rise much in the foreseeable future, as these countries increasingly opt for alternate energy technologies with less global warming impact. It is China along with India who will be the principal determinants and destination for the bulk of oil and gas flows worldwide.

7.5 GEO-POLITICAL ANALYSIS OF INDIA

Geographical Location & Climate

The geography of India is diverse, with landscape ranging from snow-capped mountain ranges to deserts, plains, rainforests, hills, and plateaus. Situated in southern Asia, the Indian subcontinent comprises the Indian plate and the northerly portion of the Indo-Australian plate. Most of India is a peninsula that protrudes into the Indian Ocean, with a coastline of over 7,000 kilometers (4,350 miles). The Indian peninsula is bound in the southwest by the Arabian Sea and in the east and southeast by the Bay of Bengal.

The fertile Indo-Gangetic Plain occupies most of northern, central, and eastern India, while the Deccan Plateau occupies most of southern India. To the west of the country is the Thar Desert which consists of a mix of rocky and sandy desert. India's east and north-eastern border consists of the high Himalayan range. The highest point in India is under a territorial dispute with Pakistan; according to India's claim, the highest point (located in the disputed Kashmir region) is K2, at 8,611 meters (28,251 ft). The highest point in undisputed Indian territory is Kangchenjunga, at 8,598 m (28,209 ft). The climate ranges from equatorial in the far south, to Alpine in the upper reaches of the Himalayas.



Exhibit 7.4 India

India is bordered by Pakistan to the north-west, China, Bhutan and Nepal to the north, Myanmar to the east and Bangladesh to the east of West Bengal. Sri Lanka, the Maldives and Indonesia are island nations to the south of India. Sri Lanka is separated from India by a narrow channel of sea formed by the Palk Strait and the Gulf of Mannar. Politically, India is divided into 28 states, and seven federally administered union territories. The political divisions generally follow linguistic and ethnic boundaries rather than geographic transitions.

The climate of India comprises a wide range of weather conditions across a vast geographic scale and varied topography, making generalizations difficult. Based on the Koppen system, India hosts six major climatic subtypes, ranging from arid desert in the west, alpine tundra and glaciers in the north, and humid tropical regions supporting rainforests in the southwest, besides the island territories. Many regions have starkly different micro-climates. The nation has four seasons: winter (January–February), summer (March–May), a monsoon (rainy) season (June–September), and a post-monsoon period (October–December).

Natural disasters cause massive losses of life and property in India. Droughts, flash floods, cyclones, avalanches, landslides due to torrential rains, and snowstorms pose the greatest threats. Floods are the most common natural disaster in India. The heavy southwest monsoon rains cause the Brahmaputra and other rivers to distend their banks, often flooding surrounding areas.

Tropical cyclones, which are severe storms spun off from the Inter-tropical Convergence Zone, affect thousands of Indians living in coastal regions. Cyclones bring with them heavy rains, storm surges, and winds that often cut affected areas off from relief and supplies.

Internal Political Scenario

- India is a politically stable country ruled by a democratic government.
- At present, the country is ruled by the United Progressive Alliance led by the Congress party, which is a secular party with a focused development agenda. The government has so far delivered continuous GDP growth of more than 8 percent per annum. Other national parties are also equally concerned about the progress of the country.
- India is affected by terrorism emanating from Pakistan, but there are other significant internal terror groups that are both ideological and religious in orientation. There are border issues as well as the Kashmir issue affecting relations with Pakistan.

Relations with Neighboring Countries

India-Asia Relations

Two most important emerging countries, China and India have periodically clashed over the eastern and western sections of their border. China has been a close ally of Pakistan since its creation. This includes defence cooperation. China has supplied missile and nuclear technology to Pakistan but still refuses to recognize India as a nuclear weapons state.

China has also helped to build Pakistan's navy and is currently increasing the presence of its own navy in the Indian Ocean. India has historically been sympathetic to the cause of Tibetan exiles, including the Dalai Lama, who lives in India with his followers. However, such issues are currently being put aside largely, in pursuit of mutual economic advantage – although this does not mean that tensions might not recur in future.

In 2005 China recognized that Sikkim was 'part of India'. In exchange, the Indian Government accepted that Tibet was part of China.

China is wary of the US-India rapprochement that has occurred since the mid-1990s. Some claim this is partly motivated by the desire of both sides to balance Chinese power and influence. The Chinese have been very wary of the passage of the Indo-US nuclear deal that opens up new horizons for alternative nuclear power. Indo-US relations have entered a strategic phase, with defence and nuclear cooperation being bolstered to mutual economic benefit.

Relations with Japan, which were tense in the wake of India's 1998 nuclear tests, have improved considerably in recent years. In 2005 the two countries announced their own strategic partnership. Since then there have been a series of high-level meetings aimed at giving this partnership substance. A likely

component is energy cooperation. Japan sees India as an important counter-balance to China in Asia and wants to strengthen its political and economic relations with India. Japan has also been a strong advocate of India's involvement in the East Asia Summit process.

Japan characterizes its relationship with India as one based on shared values, as opposed to its historical cross-border tussles with China. Japan also places high priority on the role of India in maintaining the security of sea lines of communication in the South Asian region. In return for its support for the US-India civil nuclear cooperation agreement, Japan has called upon India to play a full part in international efforts to prevent Iran from becoming a nuclear weapons state, and also help dismantle North Korea's nuclear weapons program. With the increase in mutual trade the two countries have also committed themselves to achieving a Free Trade Agreement by the end of 2009.

After politico-economic neglect of the Southeast Asian region initially for about 40 years (to its detriment), India is strongly orienting itself to a look east policy. It is today a dialogue partner of ASEAN, with an option of associate status in a decade. A Foreign Trade Agreement with ASEAN is also close to finalization, and a negative list has been mutually identified and finalized, though agricultural products and rules of origin are sticking points holding up the treaty. Once signed, this treaty will have a major impact on the future of the AGG since it will be feasible to work out and harmonize a mutually beneficial arrangement in concert with China which is already an associate of the ASEAN. To sum up, there will be fewer obstacles to evolving a common energy policy framework as most countries are energy deficient, and the AGG will facilitate energy transfers efficiently.

Impact of Major Powers on Decision Making

The major powers which impact Indian policies are the US, Russia and China.

The confirmation of India's nuclear capability in May 1998 was probably designed not just to send a signal to its neighbor, Pakistan, but also to the US and China. The initial US response to the tests was to impose sanctions on India. However, since 2001 the US has sought to create a set of more balanced relationships with India and Pakistan, shaped in part by its pressing need for the support of both governments in the '*war on terror*'.

Improvement in bilateral relations was illustrated by the understanding reached in July 2005, whereby the US pledged to resume full civil nuclear energy cooperation and India undertook to separate its military and civil nuclear facilities and submit the latter to international inspections.

The move marked a break with three decades of US nonproliferation policy. Prior to the agreement, the US position had been that India, as a non-signatory to the nuclear *Non-Proliferation Treaty (NPT)*, should join the treaty as a non-nuclear weapon state. US Congressional approval was required for the introduction of a number of India-specific exceptions to national export controls. The recent agreement by India on the issue of nuclear treaty with the US will pave the way for mutual understanding.

Neither the US nor India want specific areas of discord to destabilize what is overall a much more positive relationship than was the case in the past. Defence and security cooperation is higher than ever, following the June 2005 signing of a wide-ranging defence partnership agreement providing for increased arms sales, technology transfer and co-production of military equipment. Joint military exercises are being held with increased frequency.

In contrast, the US proposed a 35 per cent unwarranted cut in aid to India in its 2008 budget and announced its intention to eventually close the US Agency for International Development's (USAID) program in India. For its part, India maintains that what it needs from the US is fair practice in trade, not aid.

Relations with Major Countries

Though India has made limited progress in accessing energy resources on its doorsteps due to poor relations with neighboring states, it has shown a growing interest in accessing energy resources from further fields including in Africa and Latin America. In many cases, India vies for energy resources from some of the most unstable parts of the world, like Sudan, where it has invested \$1.5 billion.

India's bilateral ties with Iran may make it more, rather than less, valuable to the United States. This relationship may be an important element in bringing stability to South and Central Asia, which would benefit all parties concerned. Should projects such as the gas pipeline come to fruition and pass through Pakistan, it would create the much needed economic opportunities for the three nations. Such a pipeline could also be an important area of cooperation between India and Pakistan. However, in the aftermath of Mumbai terror attacks in November 2008, and Pakistan's professed inability to rein in non state actors (*read* terrorists operating from Pakistan), the acceptance of the proposed alignment of this pipeline has become increasingly questionable.

India has made little progress as compared to China in the international energy stage. It is, however, conceivable that India could become a major player in the near future, thus bringing it into competition with other major energy consuming countries.

Furthermore, attempts by India and China to engage "rogue states" such as Myanmar, Iran and Sudan in order to access their energy resources, undermine attempts by the West to isolate these regimes. The quest for energy resources on the world stage could eventually be added to the outsourcing debate, as an area of contention between India and the West. Japan sees India as an important counter-balance to China in Asia and wants to strengthen its political and economic relations with India.

Pakistan could put India under pressure to move fast on the Iran-Pakistan India pipeline project. There is also a hint that if New Delhi continues to drag its feet on the proposed project, China could emerge as a potential partner in the 2,600-kilometer gas pipeline originally aimed at supplying natural gas from Iran to Pakistan and then onwards to India. Much progress has been made in this direction. Now all the countries have decided to go ahead with the project but the reality will happen only when all parties reach an agreement after resolving guaranteed availability, pricing and alignment.

Pakistan, strategically and diplomatically sees China as a viable partner in the IPI project. China has both the resources and the expertise, in addition to the obvious advantages associated with its current status of the world's second-largest economy. There is a view in Pakistani official quarters that China's inclusion in the project would give it more security and stability. India faces this same volatile combination in many of its disputes with neighboring countries. Thus, the jury is still out whether India's quest for energy security will undermine international security. This opinion of Pakistan will be helpful in conceiving the Asian Gas Grid (AGG) which will pass through China as well.

Conclusion

Geographic & Geologic Situation

Indian geography is diverse and ranges from snow-capped mountain ranges to deserts, plains, rainforests, hills and plateaus. Most of India lies on a peninsula in Southern Asia that protrudes into the Indian Ocean. India is bounded in the southwest by Arabian Sea and in the east and southeast by the Bay of Bengal.

India is bordered by Pakistan to the north-west, China, Bhutan and Nepal to the North, Myanmar to the east and Bangladesh to the east of West Bengal. Sri Lanka, the Maldives and Indonesia are island nations to the south of India.

India is subjected to natural disasters like cyclone, flood, earth quake, avalanches, etc.

Political Situation

Internal: India is a politically stable country ruled by a democratic government. The ruling party as well as the opposition is equally concerned about progress. India is affected by terrorism sponsored by Pakistan and one of the major reasons for this is the border issue regarding Kashmir with Pakistan. The internal political divisions generally follow linguistic and ethnic boundaries rather than geographic transitions.

External: China and India do not have healthy relations in view of border issues. China however, has close relation with Pakistan and it supplies missiles, nuclear technology to Pakistan. The improved Indo-US ties are a cause of concern for China. India's relation of Japan has improved, and Japan feels India is an important counter-balance to China in Asia.

India is emerging as a super power in south-eastern Asia along with China. In order to become more powerful, India has to manage to meet its energy demand. The developed or developing countries however would not like India to be self-sufficient in energy. Thus, India has to convince all the participating countries, and take a lead for development of the AGG. Strategically, India should have China in the same boat as both are starved for energy, and Russia who is a naturally ally of India should supply its needs.

7.6 GEO-POLITICAL ANALYSIS OF IRAN

Geographical Location & Climate

Iran (formerly known as Persia) is situated in Southwest Asia, bordering the Gulf of Oman, the Persian Gulf, and the Caspian Sea, between Iraq and Pakistan. It is one of the world's most mountainous countries. The main mountain chain is the Zagros Mountains, which is a series of parallel ridges interspersed with plains that bisect the country from northwest to southeast. The rugged, mountainous rims are surrounded by high interior basins. Iran's mountains have helped to shape both its political and economic history for several centuries.

There are no major rivers in the country. Of the small rivers and streams, the only one that is navigable is the Karun (830 km long), in which shallow-draft boats can negotiate from Khorramshahr to Ahvaz, a distance of about 180 km. Other major rivers include the Kharkeh (700 km) which flows into the Tigris; and the Zayandeh River which is 300 km long.



Exhibit 7.5 Iran

Iran has a variable climate. In the northwest, winters are cold with heavy snowfall and sub-freezing temperatures during December and January. Spring and fall are relatively mild, while summers are dry and hot. In the south, winters are mild and the summers very hot. The average daily temperatures in July exceed 38°C (100°F). On the Khuzestan plain, summer heat is accompanied by high humidity.

Internal Political Scenario

- Iran is a Shia Islamic republic and seeks to create a Bloc comprising Shia majority states - Iraq-Lebanon-Iran - and project influence on Shia populations in all Islamic nations where they account for 12 to 20 percent of the population. It also seeks to leverage its unique geo-strategic location, as, from its own landmass it can interdict all shipping to and from Kuwait, Iraq, Saudi oil fields (located mostly on the Eastern flank of Saudi Arabia, and which is locally Shia majority), and Bahrain.
- Presently hardline mullahs dominate Iran's politics. It is a theocratic political state with limited freedom for other faiths.
- Besides inheriting reasonable infrastructure from the Shah's regime, Iran has not developed much due to its isolationist policies with respect to western nations, particularly the USA. It provides universal education

and health services to its population. It has a very large young population, from a post war population boom, after massive casualties suffered during the Iraq-Iran war of the 1980`s.

- GDP growth rate is moderate, and its economy is commodity driven, with trading as a major share of its economy. Industrial growth is modest, but Iran has managed to develop its defence industries quite rapidly with support from China, Russia, North Korea and Pakistan.

Relations with Neighboring Countries

- Iran is under limited international sanctions for its suspected pursuit of a nuclear weapons program, which it insists is only for developing peaceful nuclear power as supplement to its oil and gas. Iran is a signatory to the CTBT.
- It has no diplomatic relations with the US and is actively belligerent and hostile to it. Iran believes the holocaust in World War II was western propaganda to give Palestine to the Jews. Relations with western countries are frosty but operational. Iran has very good relations with Russia and China who have protected it from the pressures of the US. North Korea has been the mainstay of its missile program.
- At the official level, relations are poor with Sunni governments, particularly the Saudis. However, at the street level because of their active and defiant opposition to the US and Israel, there is widespread support and admiration. The Gulf States maintain proper relations with Iran, since most Iranian funds are banked in the Gulf States, and most goods internationally transit to and from Iran via the Gulf states.
- Iran's relations with India are good, and India finds it an extremely important country for logistically accessing the Central Asian countries and Afghanistan. India offers Iran inputs for its industrial growth (in non prohibited areas), and a market for its oil and gas and other commodity products. Its amicable relations with Iran provide India a hedge over other Islamic states, where it has substantial economic interests.
- With Pakistan, relations vary from good to hostile. Pakistan is an important source for clandestine procurement of prohibited technology and goods Through A.Q.Khan, it was Pakistan which provided Iran the blueprints for centrifuges and technology for some of its missile systems. In return, Pakistan is a very good market for Iranian commodities and products. Both have a common interest in keeping Balochi nationalism suppressed since it adversely affects trans border security and trade. Mutual hostility surfaces periodically during Sunni-Shia killings/ riots in Pakistan, and over influence in Afghanistan.

- With Afghanistan, Iran wields influence in the Herat region which is close to the Iranian border, and the central areas where the Shia Hazaras stay. Elsewhere, its influence in Sunni areas is limited, and the Afghan government as well as the Taliban, actively confronts Iranian influence. However, with Indian support, a very important road is being developed to link Iranian ports through the Iranian-Afghan border 230 km into Central Afghanistan. This will open a separate lifeline to Arabian Sea ports independent of Pakistani territory, and will be a great fillip to trade and economy of Central and North Afghanistan.

Impact of Major Powers

- **US** is the principal adversarial superpower. Since the principal levers of international finance are controlled by the US along with the EU, the effect of its advisories to countries, against strategic engagement with Iran, can be very effective. Hence, while political defiance by various regional players will be spewed, US opposition to specific projects will invariably be heeded.
- **EU** has lately become strident in its demand for curtailment of the nuclear program, and stepped up demand for greater sanctions. Earlier the EU acted independent of the US, but the US due to its limited diplomatic leverage with Iran has ceded this space to the EU. Now both act in concert, to constrict important projects that have strategic implications. The principal lever is to impose financial restrictions and action against firms that set up projects in Iran. This includes US and EU firms in Iran.
- **Russia and China.** Both powers share good political and commercial relations with Iran, and have the maximum leverage with its leadership. In the UN they protect Iran from very serious sanctions. Both are pushing to develop Iranian hydrocarbon assets, and assisting in the civil nuclear program. However, both countries are mindful of US and EU pressure, particularly their own market and strategic considerations. They do not push Iran's case with other countries unless it affects their interests.

Iran's mismanagement of its economy and continued pursuit of a nuclear weapons capability in the face of U.N. sanctions and international pressure make it an unreliable business partner and call into question its capacity to supply natural gas through an Iran-Pakistan-India pipeline. Moreover, Tehran's continued support for international terrorism means that any business venture with the current regime carries unacceptable political risks. As major energy consumers, the U.S. and India share some strategic interests in the Persian Gulf and Central Asia. Building the IPI would be contrary to US interests, would

destabilize the Persian Gulf, and would ultimately strengthen Russia's grip over Central Asia, thus decreasing regional and global energy security. Accordingly, the U.S. fully backs TAPI to increase India's and Pakistan's energy security and reduce Russia's leverage in Central Asia.

India and Pakistan would benefit from an increase in LNG contracts and capacity. This would also strengthen India's ties to the Middle East. Finally, blocking Iran's overland export option might also increase Iran's interest in promoting stability in the Strait of Hormuz. The U.S., India, and Pakistan should expand their energy cooperation to ensure security and economic prosperity in the region.

Tehran, furthermore, is insisting on a "take-or-pay" agreement in which India must pay for the agreed amount of gas even if it does not take delivery of it, India reportedly prefers a "supply-or-pay" contract, in which Iran must deliver gas to the Indian border or pay for the contracted quantity. Tehran also rejected India's request for natural gas that is rich in petrochemicals, preferring instead to deliver "lean" gas that does not contain butane, ethane, or propane. Pricing is another sticking point.

This pipeline would give Iran an economic lifeline and increase its leverage and influence in South Asia as a major source for gas in Cross Border Gas Pipeline, and hence will have huge stake in the project.

Conclusion

Geographic Situation

Iran is situated in Southwest Asia, bordering the Gulf of Oman, the Persian Gulf, and the Caspian Sea, between Iraq and Pakistan. Iran is one of the world's most mountainous countries. There are no major rivers and the climate is variable.

Political Situation

Internal Political Situation: Iran is a Shia Islamic republic and hardline mullahs dominate the politics. There is limited freedom for other faiths. Iran has not developed much due to its isolationist policies with Western nations. It has provided education health services to its population and has rapidly developed its defence and aerospace industries with support from China, Russia, North Korea and Pakistan.

External Political Relation: Iran has no diplomatic relation with the US, though talks are set to begin. With western countries the relations are frosty but operational. It has good relations with Russia and China. North Korea is the

mainstay of its missile program. It continues to develop a suspect nuclear program, maintaining it is for civil energy needs.

Energy Resources: Iran has one of the worlds largest reserves of hydrocarbons, both oil and gas. It can be one of the principal suppliers to the AGG as and when it is finalized, but its hardline religious oriented regime will always infuse a degree of risk in availability of gas

7.7 GEO-POLITICAL ANALYSIS OF KAZAKHSTAN

Geographical Location & Climate

Kazakhstan is located at the junction of two continents - Europe and Asia, The geographical center of the European-Asian subcontinent is in Kazakhstan in epicenter of former Semipalatinsk nuclear test zone. Kazakhstan occupies an area equal to 2724.9 thousand sq. km. (1048.3 thousand sq. miles), stretching in the east from the Caspian Sea, the plains of Volga, to the mountain chain of Altai from Tjan-Shan foothills in the south and southeast up to the west-Siberian lowland in the north. The extent of its territory exceeds 3000 km from west to east (1150 miles) and 1700 km (650 miles), from south to north.



Exhibit 7.6 Kazakhstan

Area-wise, Kazakhstan is the ninth largest in the world. USA, Brazil, Australia, India and Argentina are among the top ten largest states of the world after Russia, Canada, China. The Climate in Kazakhstan is continental. In summer the temperatures can reach more than 53°C and in winter the temperature can sink as low as -58°C. More than a quarter of Kazakhstan's territory consist of steppes, half of which are deserts and semi-deserts.

The vegetative fauna exceeds 6 thousand species, and land abounds in animal varieties as well. Kazakhstan is located between two rather variable, extreme regions of Eurasia - Central Asia and Siberia. The influence of air masses of the cold north and hot south cross intermingle, and is why Kazakhstan's natural properties are its sharp continental type climate and non-uniform allocation of natural deposits

Present Internal - Political Scenario

- Kazakhstan has a stable political environment, but it is essentially a controlled semi dictatorial democracy.
- All power is completely concentrated in the hands of the President.
- Despite all attempts to form a strong executive hierarchy, the monopoly of power almost everywhere, leads to iniquity, chaos and disorder. Non adherence to the rule of law and lack of communication from the upper level paralyzes the state and executive bodies. This results in frequent crises, domination of temporal officers and speculators, corruption, and formation of Mafia.
- Present political and administrative elite in Kazakhstan and other CIS countries have common economic policies, which result in a single viewpoint on projects and infrastructure development. This partially includes budget, financial and monetary policy, comprador privatization to benefit the elite. However for the country as a whole, this is destructive, ineffective and achieves small results, even though the financial resources from its assets are very large.

Relations with Neighboring Countries

Kazakhstan-China bilateral relations continue to develop, and economic cooperation has become closer since diplomatic relations between the two countries were established 16 years ago. The two sides enjoy increasingly deep cooperation in the sectors of energy, railway, telecom and mineral resources development. The scale of mutual investment and economic and technological cooperation is ever-increasingly enlarged, leading to the gradual establishment and perfection of a cooperative mechanism between the two countries.

Since the economies of both countries are currently in a period of rapid development, the bilateral economic and trade cooperation holds great potential. The promotion of major projects and infrastructure construction shall be further accelerated leading to extremely close geo-strategic politico-economic relationship. China is willing to continue the comprehensive deepening of the mutually beneficial cooperation, and enrich the content of the strategic partnership.

The China- Kazakhstan cooperation is based on the following principles:

1. Support each other for common prosperity, concerning the mutual interests for realizing common development and progress.
2. Enlarge cooperation for mutual benefit and win-win situation, playing the role of a mutually respective complementary predominance in trade, investment, energy resources and technology, etc.
3. Actively promote cooperation in both the energy and non-energy sectors, and commence a set of economic and technological cooperative projects as soon as possible.

For Kazakhstan, the dynamic development of energy cooperation with China is of great importance as it fully corresponds to our desire to diversify export routes for their hydrocarbons.

The two countries have vowed to balance imports and exports and agreed to continue the transition from implementing large-scale oil and gas projects to conducting major cooperation in non-resource fields.

Considering economic growth and present population growth, China needs to import energy at an unprecedented scale in the future even though it has large energy reserves. China has realized its dependency on energy imports, especially of oil and gas, and its plans for energy security development include strategies for foreign and overseas involvement in addition to domestic development strategies.

A point to be noted is that Kazakhstan is landlocked, and even now has 22 percent ethnic Russian population who occupy positions of importance in the state bureaucracy. Russia in the aftermath of the Georgian invasion in August 2008, asserted Pax Russiana, and its determination to protect ethnic Russian populations anywhere in the erstwhile Soviet territories; this includes all the CIS countries. To that extent, even though Russia allows accept some independence among erstwhile Soviet states in the field of energy and economy, during a recent meeting in the aftermath of the Georgian invasion, there was muted but tacit acceptance of Russia's dominance in CIS matters.

Impact of Major Powers on Decision Making

Russia can and will continue to promote the necessary security and infrastructural architecture with Kazakhstan that will facilitate inter-operability of equipment. It will command and control to fight highly mobile terrorist incursions in the country, in the event the U.S. tires of its commitment or even succeeds in eradicating terrorism in Afghanistan.

The union of Russia, Kazakhstan and Turkmenistan that is being forged to implement the Caspian bypass project, is a political coalition.

Energy-rich Russia, is a transit country for dispatch of oil and gas to western Europe, and is a major player on the energy market. It will benefit tremendously if it gains access to that mechanism. It is therefore not coincidental that the House of Representatives of the US Congress passed a bill limiting cooperation in the commodities sphere. This was apparently spearheaded against Russia, Kazakhstan and Turkmenistan.

Conclusion

Geographic Situation

Kazakhstan is situated on the junction of Europe and Asia. Kazakhstan is ninth largest country in the world as per area. The temperature varies between 53° C to minus 53° C. It is full of steppers, deserts, mountains, seas, lakes, rivers.

Political Situation

It is a politically stable country.

Kazakhstan-China relations are close and good, and development and economic cooperation continue to grow. China has realized its dependency on energy imports of gas and oil from Kazakhstan. Russia, Kazakhstan and Turkmenistan have forged an economic group to implement the Caspian bypass project.

Kazakhstan has high potential for oil and gas. It can play a major role in the AGG. Energy starving countries should invest in Kazakhstan for mutual benefit.

7.8 GEO-POLITICAL ANALYSIS OF MYANMAR

Geographical Location, Climate and Terrain

Located between Bangladesh and Thailand, with India and China to the north, Myanmar covers an area of about 675,000 sq km (over 260,000 sq miles). The

capital and largest city is Yangon. An important trade center is Mandalay located in central Myanmar.

The country itself is divided into two classifications, Lower Myanmar and Upper Myanmar. Lower Myanmar comprises coastal areas with thick tropical forests that have valuable teak forests, oil-bearing and timber trees, and Upper Myanmar making up the interior parts of the country.

A major topographical feature of Myanmar is the Irrawaddy River system. Since its deltaic plains are very fertile, it is considered to be the most important part of the country covering about 47,000 sq km (18,000 sq miles).



Exhibit. 7.7 Myanmar

Myanmar is an agro-based country with arable land (95,560 km²) occupying 14.1 percent of the national land (676,580 km²) under tropical to subtropical monsoon climate. The whole year is separated three seasons: hot (mid-February to mid-May), rainy (mid-May to mid-October), and dry-cold (mid-October to mid-February).

Out of a total cultivable land stock of 12.31 million hectares in Myanmar, some 0.96 million hectares, representing about 7.81 percent, is problem soil. Of the problem soils area, about 18.75 percent (0.66 million hectares) is saline and alkaline soils, most of which are currently under utilization.

Internal Political Scenario

- Myanmar is a politically stable country.
- For the past four decades it is ruled by military dictatorship, with slight discontent among the local people.

Relations with Neighboring Countries

Myanmar is of strategic significance to both India and China. Over the past two decades the Chinese have built very close economic, political, military and developmental relations with Myanmar. Myanmar's role in providing China a shorter access route to the Indian Ocean and South Asia is crucial in the strategic scene of South Asia.

India-Myanmar Relations

The Indian government has embarked upon building a broad based relationship with Myanmar that includes defence, trade and commerce, energy sector, developmental assistance and confidence building with the top level.

Myanmar has welcomed India's interest and expressed readiness to cooperate on strategic issues and increase economic and technological cooperation in all spheres, in a bid to balance China's strategic penetration in the country.

During the preceding decade, India-Myanmar relations developed and diversified satisfactorily. A number of agreements have been signed. These include a Tripartite Maritime Agreement between India, Myanmar and Thailand determining the tri-junction point in the Andaman Sea; a Border Trade Agreement; a MoU on Cooperation between the Civilian Border Authorities; and a MoU on cooperation in the field of Non-Traditional Security Issues.

India has embarked on a policy of building closer relations with Myanmar to counter the Chinese influence and facilitate the growth of trade and commerce with ASEAN as part of its look east policy. It is financing road and port development projects in Myanmar which would improve connectivity to India's north eastern states and help their development. India has also been selectively arming Myanmar despite the military regime's dismal record in human rights and governance.

India's current Myanmar policy appears to be largely copying the methods adopted by the Chinese. However, India as the largest functional democracy has a larger role to play in encouraging the restoration of democracy in Myanmar. Considering this, India's relationship should aim at building better economic and developmental relations with the military regime.

Myanmar-China Relations

Myanmar was the first country to recognize the Peoples Republic of China (PRC) in 1949. China and Myanmar share a border of more than 2000 km. Diplomatic relations between these two nations were established in 1950 and the first border treaty was signed in 1960. Myanmar has always supported the "one China" policy. Except for some minor irritants, the relations between the two nations have been cordial.

The Chinese have used the geophysical advantage they enjoy, to gain access to Myanmar's mineral and natural gas resources. Following a policy of non-interference in internal affairs of the country, China has become the main supplier of arms to Myanmar.

Apart from the lead it has gained in Myanmar, internationally China has greater economic, political, and military clout than India in helping out the military regime. Hence, India is unlikely to replace China's position as the most influential country in Myanmar under the military regime

The pro-democracy uprising in 1988 and the military rule under the new junta changed the geopolitical situation of the region. As Myanmar became more isolated, China grabbed the opportunity to establish a closer relationship with the generals. Through a trade agreement in 1988 and massive arms supplies in 1989 and 1994, China became the principal ally of this pariah nation and continues to be regarded so. China has bailed out Myanmar through a veto every time the UN tried to pass a resolution against this nation for violation of human rights and lack of political reforms.

Impact of Major Powers on Decision Making

The strategic importance of Myanmar lies in the strong economic demand for its resources by all its neighbors. Although some of the onshore gas block in Myanmar has been taken over by Petro China, its undeveloped hydrocarbon energy resources are of paramount importance to India, Thailand and China, all of whom need dependable energy availability in order to pursue economic development.

China's significant influence in Myanmar has been a key concern that has driven and determined India's policy in recent years. India has traditionally

backed pro-democracy movements in its neighborhood, and this was the case with Myanmar as well.

Myanmar's decision to sell some of its newly discovered and developed onshore gas to PetroChina, however, emphasizes the complexity of resource diplomacy for all players within the region. India's current loss in the field of energy security is not likely reduce its attempts to win greater cooperation from Myanmar over counter insurgency efforts, but it does reveal the deep connections between China and Myanmar. This relationship will prove hard for India to compete with in the long run, especially as long as the decision making process within the junta follows the familiar route of political considerations at the expense of sound domestic economic policy.

An important consideration is that India will try to maintain good relations as long as its companies continue to enjoy privileged access to a country that is closed to the US and European competition. Exploration, after all, is still ongoing in the offshore blocks while Myanmar's onshore basins remain largely untapped. Myanmar has huge projected gas reserves of 90 TCF.

7.9 GEO-POLITICAL ANALYSIS OF PAKISTAN

Geographical Location & Climate

Pakistan lies between 24° and 37° north latitudes and 61° and 75° east longitudes. It is located in a region where three important mountain ranges meet. The mountain ranges are the Himalaya, Hindukush and Karakorum. The lesser Himalayan ranges and Hindukush ranges extend deep into the country and form a huge complex of mountains and plateau. Hence it is no surprise that 4 out of 10 of the highest peaks in the world are in Pakistan.

Physiographically, Pakistan can be broadly divided into two main regions namely plains of the Indus River and its tributaries, and the huge complex of mountains and plateaus lying in north and northwestern boundaries. The plains are more or less level, consisting mostly of irrigated agriculture land and arid, semi-arid deserts. The mountain complex consists of broad valleys, partly irrigated and high steep and rugged mountains and plateaus. About 60 percent of the area of Pakistan is covered by mountains.

More than 60 percent of Pakistan is arid and receives less than 250 mm rainfall per annum. About 20 percent of the area is semi-arid where rainfall varies between 250 to 400 mm per annum. In these zones the temperature rises steeply during summer and drops sharply in winter, giving rise to great variations in diurnal temperature. Subsequently the arid and semi-arid parts of the country are characterized by low precipitation, extreme temperatures and

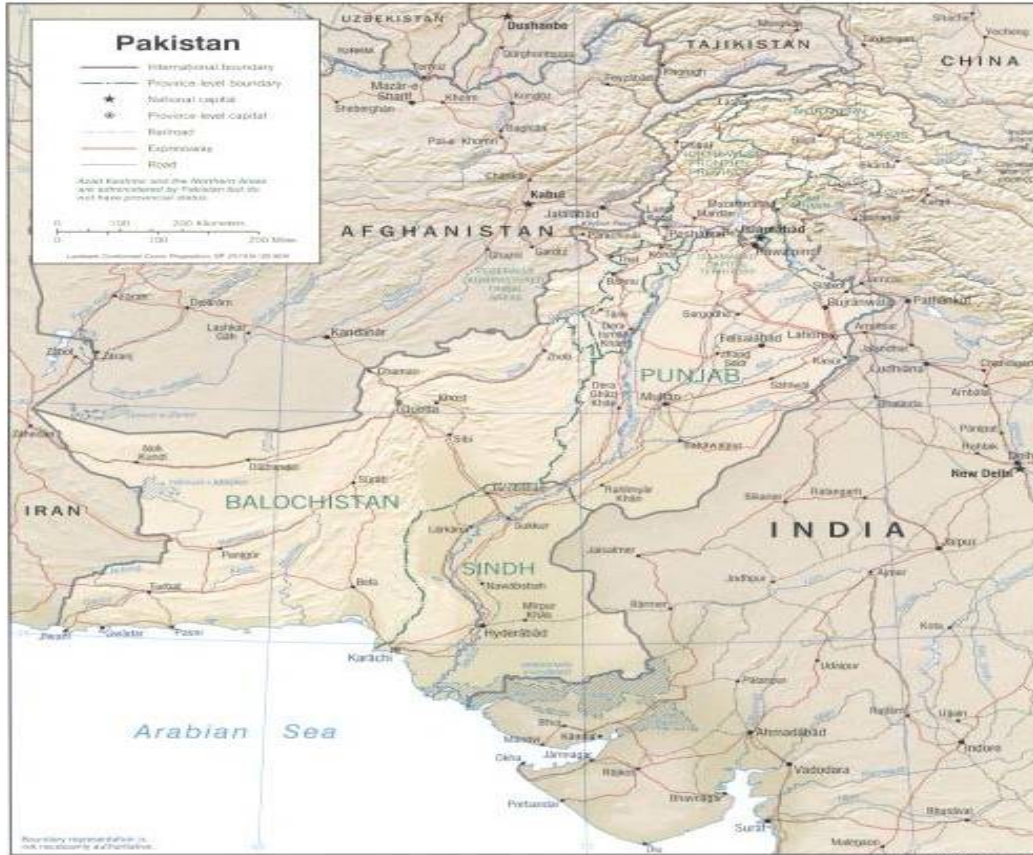


Exhibit:7.8 Pakistan

low humidity. These conditions are inhospitable to good plant growth. There are frequent droughts, and the vegetation fluctuates greatly with precipitation. Pakistan lies in the temperate zone. The climate is characterized by hot

Pakistan has meager forest resources. Due to its sharp climatic variations and arid conditions, the country lacks reasonable tree cover. There is hardly 4.28 million hectares or 4.9 percent of total area forest / tree cover.

Pakistan's soil is classified as *pedocals*, which comprises a dry soil group with high concentration of calcium carbonate and a low content of organic matter. This is characteristic of a land with low and erratic precipitation. The major soil groupings are Indus basin soils, mountain soils, and sandy desert soils. Soils vary in texture, chemical composition, color, and organic content from place to place.

The Indus basin soil is mostly thick alluvium deposited by rivers, and is of recent origin. Mountain soil is both residual (i.e., formed in a stationary position) and transported.

Sandy desert soil covers the Cholistan part of Sind Sagar Doab and western Baluchistan. It includes both shifting sandy soil and clayey floodplain soil. These include moderately calcareous and eolian (wind-borne) soil.

Internal Political Scenario

In Pakistan, the military became more independent and powerful and controlled the national politics. The military top brass developed an ideology and a set of perceptions to justify their political role. Politics was projected as an irrational, disorderly, inefficient and corrupt method of running the affairs of society compared with the rational, efficient, quick and clean way the military runs itself. This concept made Pakistan unstable and often in crisis.

The background to the recent crisis in Pakistan is related to Gen. Musharraf's accession to power and the phenomenon of the mutually reinforcing link between the Pakistan Army, the bureaucracy, a powerful elite of industrial and landholding families, and the groups promoting Islamist jihad who owe their ascendancy to the policies of late military dictator Zia-ul-Haq after the overthrow of the Soviet backed Afghan regime in the early 1980's.

In 2008 the seventh stage of Pakistan's politics began. The military era ended and the civilians returned to power in some power sharing formula. General Parvez Musharraf resigned from the post of President, which paved way for a democratic set up. But stabilization of the country largely depends on the efficacy of the present government, led by PPP's Asif Ali Zardari as President ,with Yousaf Raza Gilani from Nawaz Sharif's party as the Prime Minister. However, the 26 November 2008 attack on Mumbai, which originated in Pakistan, reveal the supremacy of the military and the ISI on policy matters in the post military dictatorship as well.

The assassination of Benazir Bhutto in December 2007 was destabilizing, but the elections thereafter helped effect a smooth transition. However, the present government cannot challenge the deeper structures of Pakistan's politics. Its past jihadi-military political nexus is coming home to roost, and the jihadis have stepped up a near insurgency in north west Pakistan, to effectively seize de facto governance which the Pakistani military is seemingly unable to counter or control.

Pakistan thus swings between military and civilian rule on one hand, and feudal and capitalist economies on the other.

Pakistan can be described as:

- Politically unstable and terrorism affected country.
- Having a history of military coups, with effective military control on security issues including the nuclear weapons program.
- Present internal political scenario very unstable and turbulent.
- Detrimental Law and order situation

Relations with Neighboring Countries

Pakistan has common borders with India, Iran, Afghanistan and Turkmenistan.

Iran-Pakistan Relations

Iran-Pakistan relations have had a distinct characteristic over the past five decades. Islamabad's clandestine transfer of nuclear technology and materials to Iran underlines its significance. Political and strategic imperatives have formed the basis of their close relationship despite divergence of interests and political outlook on regional and global issues. Both countries have tried to reconcile differences and consolidate their ties. Iran's concerns regarding the perceived dangers of containment by the US, the challenges flowing from developments in Iraq and Afghanistan, the need to ensure balance of power with Saudi Arabia and earlier Iraq, and its concerns about the sectarian violence in Pakistan have deeply influenced the vitality of Iran-Pakistan relationship.

Both Iran and Pakistan define their security in terms of overcoming their social, politico-military and territorial vulnerabilities. Iran's concept of security includes preserving its ideology and faith upon which the system as a whole is based. Security is seen as the ability to secure State survivability and territorial integrity and ensuring global political autonomy. The interplay of geography and politics has an all-pervasive and deep impact on both Iran's and Pakistan's security perceptions and shape their security strategies.

Iran's attitude towards the Persian Gulf States, especially Saudi Arabia, would have a direct impact on Iran-Pakistan relations. Likewise, Iran's relations with India will not go unnoticed by Pakistan. Iran-Pakistan relations will also be constantly influenced by the US and its involvement in Pakistan. Pakistan is a friend and ally of the US, whereas Iran is its adversary.

Afghanistan-Pakistan Relations

Relations between Pakistan and Afghanistan have oscillated sharply over the past 60 years. Some analysts argue that Pakistan's main strategic goal through

this period has been to create a pliant neighbor which will ensure that it has *strategic depth*, in relation to its primary adversary, India.

Afghanistan's border with Pakistan is longer than its border with any other neighbor. The Afghan economy is tightly tied to Pakistan's, and the two countries are closely linked culturally and historically. A proposed 1609 km (1000-mile) gas pipeline to Pakistan through Afghanistan attracted considerable interest among Western investors during the mid-1990s.

Afghans, Pakistanis and many political analysts have discussed the possibility of forming a confederation of Afghanistan and Pakistan. Initially, the two nations would function under considerable autonomy, sharing only security, monetary and trade relations which are already existent. Later, as relations solidify and improve, there could be greater cohesion by unifying the political structure of the two nations. There would, no doubt be several hurdles on the way from pressure groups in both nations, but the idea of Afghanistan and Pakistan as united countries is not far fetched. It would be a natural sequel of the region's current pattern of orientation, trade links, population movement, historical/cultural/ linguistic spheres and public sentiment.

Pakistan needs to remove burdensome restrictions that inhibit the transportation of goods through the country to and from Afghanistan, including from India. With regard to trade, there should be a more concerted and energetic international effort to enable Afghanistan to take fuller advantage of its geographic position as a crossroads between central, southern and western Asia.

Impact of Major Powers on the Country's Decision Making

According to the US Department of Energy's *International Energy Outlook 2007*, world demand for energy is projected to grow by 57 percent by 2030. Energy demand will grow most rapidly in India and Pakistan and other Asian countries that are not members of the Organization for Economic Co-operation and Development (OECD). To meet this demand, by 2030 it will be required to produce an additional 35 to 37 million barrels per day of petroleum and other liquid fuels.

India and Pakistan have other options to fulfill their energy needs that will be more reliable than the proposed Iran-Pakistan-India (IPI) pipeline. Instead of the IPI the U.S. may encourage India and Pakistan to expand liquefied natural gas (LNG) imports, focus more on the proposed TAPI pipeline, and deepen cooperation with the U.S. in developing other energy sources, including clean coal, hydroelectric, and civilian nuclear energy. The Iran-Pakistan-India gas pipeline project envisages laying of 2,200 km pipeline on land, to transport gas for both the countries. The total cost of the project was estimated in 2006 to be over US \$7 billion. For Pakistan, the replacement of imported oil with imported

gas will increase energy security both in terms of security of supply as well as security of price in view of the long term contract, with dedicated source of supply and guaranteed consumption. It will give relief to the hard-pressed infrastructure of ports, roads and railways which are used in movement of imported oil upcountry. In addition, Pakistan will have a strategic advantage as a transit country.

The U.S. bombing of Bin Laden's camps forced Unocal to pull out its staff from Pakistan and Kandahar and finally, in December 1998, it formally withdrew from the Cent Gas consortium, which it had struggled so hard to set up. The plunge in world oil prices which hit the world's oil industry also hit Unocal hard. Unocal withdrew from a pipeline project in Turkey, closed its offices in Pakistan and Turkmenistan, and withdrew financing due to civil war among the Afghans.

In order to counter India, US tacitly support Pakistan in many issues. Thus in providing energy security to India through IPI or TAPI, US will have a major role. However, if US-Iranian relations achieve a breakthrough, this scenario may change to the inclusion of both pipelines, provided US companies benefit.

Conclusion

Internal: Presently democratic form of government is in power. It however, it continues to remain under military domination over key policy issues. Pakistan is politically unstable and affected by terrorism.

External: Iran and Pakistan have formal but good relations. Pakistan transfers nuclear technology and materials to Iran. Due to perceived dangers from US, Iran has no choice but to maintain relations with Pakistan. Iran's relation with Saudi Arabia also has a direct impact on Iran-Pakistan relations. Iran's relation with India will not go unnoticed by Pakistan. Iran-Pakistan relations will also be constantly influenced by the US and its involvement in Pakistan. Afghanistan and Pakistan maintain healthy relations. India-Pakistan relations are turbulent.

US Interests: US is more interested in TAPI than IPI. It would like India and Pakistan to deepen their relations with the US for other energy sources including clean coal, hydroelectricity and civil nuclear energy. In order to counter India, US tacitly supports Pakistan in most of the issues, thus in providing energy security to India through IPI or TAPI, US will have a major role.

Although terrain is a problem for laying the pipeline, this can be taken care off while selecting the route. Pakistan being a politically sensitive country in south Asia, has a major role in the formation of the AGG. Its relations with Afghanistan are a point of concern to the US which does not like matters as they are. The internal disturbances are also cause of concern, particularly in Baluchistan through which this line would pass.

7.10 GEO-POLITICAL ANALYSIS OF TURKMENISTAN

Geographical Location & Climate

Turkmenistan is a new state in Central Asia, created on October 27, 1991 when the Parliament declared its independence.



Exhibit:7.9 Turkmenistan

Turkmenistan has a landmass of 488.1 thousand km² and area wise is fiftieth placed in the world. It has borders with Kazakhstan and Uzbekistan in the north, Uzbekistan and Afghanistan in the east, Afghanistan and Iran in the south, and Azerbaijan through the Caspian Sea in the west. The total length of its borders is 5646 km.

Turkmenistan is located in three main natural landscape zones: deserts, oasis and mountains. The country has 13 different natural areas. The plains occupy 15 percent, mountains and forelands - 12 percent, while water surfaces and non-soil formations (talus, rocks, and precipices) occupy major part of the country at 73 percent. The Karakorum desert occupies northern and central part of the country (about 80 percent of the territory).

The climate of Turkmenistan is sharply continental and extremely dry. Average monthly temperature in January varies from 6°C in the northeast to 3°C in the southeast and 5°C in the southwest. Average monthly temperature in July, in the territory between Murgab and Tedzhen rivers and in the central part of Low Karakum exceeds 30°C. Temperature in other territories is 27°C to 30°C declining towards the Caspian Sea. Average yearly temperature is between 16.0°C to 17.1°C. The absolute maximum temperature in different areas reaches 45°C to 50°C, and the highest. 50.1°C was observed in Repetek.

The agricultural land of Turkmenistan is 41 million 302 thousand hectares (413020 sq. km); 399816 sq. km is utilized for agriculture. Major part of these (383416 sq. km) is used as pastures for animal husbandry. Arable irrigated land occupies 16296 sq. km.

In 1994, the forests covered 0.04 percent of territory of Turkmenistan or 19761 sq. km. 95 percent of this area is made up of saksaul, a deep-rooted, practically leafless tree, typical of the desert areas of Central Asia. The other parts are made up of mountain (juniper) and tugay forests. Forests in Turkmenistan mainly serve for soil and water protection. The river network is limited. The largest river of Turkmenistan is Amudarya. Smaller ones are Murgab, Tedzhen and Sumbar. There are 15 lakes and 16 artificial lakes in Turkmenistan. The biggest natural lake is the Caspian Sea in the west of the country.

Turkmenistan is richly endowed with natural and energy resources. Reserves of hydrocarbon resources are estimated at 21-23 trillion m³ of gas and 12.0 billion tons of oil. It has huge stocks of mining and chemicals – raw sulfur, iodine-bromide water, sodium sulfate, potassium and table salt, carbonate raw for chemical industry, etc.

Internal Political Scenario

- Turkmenistan is a politically stable country.
- The political arena is still dominated by incumbent governors of Turkmenistan's provinces, looking forward to a presidential reign

Relations with Neighboring Countries

Kazakhstan, Afghanistan and Iran are the neighboring countries of Turkmenistan. It is a key country nowadays as the TAPI pipeline starts from Turkmenistan. Moreover, the gas reserves of Turkmenistan are energy security for several other countries. Turkmenistan would be the biggest gainer from the construction of the TAPI pipeline, as its vast natural gas reserves would be open for export to new international markets, and would bring huge monetary

returns to the country. Currently, pipelines across Russia are the main outlets for Turkmenistan's oil and gas exports, which offer limited scope and potential due to Russian control. The members of the Commonwealth of Independent States (CIS), such as Armenia, Ukraine, Georgia, and Russia owe Turkmenistan huge amounts of money for gas imports, which is yet to be paid. This has forced Turkmenistan not only to reduce its oil production but also to search for alternate and reliable markets in Asia and Europe.

Turkmenistan had recently agreed to provide gas to China on long term contract, via a pipeline linked to the Kazakh-China pipeline under construction. China thus is securing its long term energy interests, and if the AGG does not come to fruition on time, Turkmenistan's gas resources may get committed to China and Europe.

Washington is not too happy at the idea of a Turkmenistan-Turkey pipeline through Iran. The US government sees Iran as a destabilizing force that promulgates Islamic fundamentalism and seeks to disrupt the Middle-East peace process. Iran is engaged in a crash program to develop nuclear weapons, and countries aiding Iran economically are abetting terror. Revenues from transit fees on Turkmenistan's pipeline and from the sale of its own gas to Europe could prop up an unreformed government in Tehran.

Turkmenistan-Afghanistan Relations

Western energy firms focused on Afghan President Hamid Karzai for a gas pipeline from Turkmenistan to Afghanistan, Pakistan and India. The \$3.5 billion, 1,050 mile-long trans-Afghan pipeline was originally proposed in March 1995, when Turkmenistan and Pakistan signed a memorandum of understanding. As envisaged TAPI, with a carrying capacity of 33 billion cubic meters (BCM) of Turkmen natural gas a year, would run from Turkmenistan's Daulatabad gas field across Afghanistan and Pakistan and terminate at the Indian town of Fazilka near the Indian-Pakistan border. During his July 2006 meeting with Karzai, Turkmenistan's President Gurbanguly Berdimukhamedov asserted that his country could supply 30 BCM of gas to Pakistan and India via Afghanistan.

Asian Development Bank financed a TAP feasibility study and supported the project. In 1996 the memorandum of understanding resulted in establishment of a consortium led by Unocal, the Central Asia Gas Pipeline Ltd. A year later a Taliban delegation visited Unocal headquarters in Texas, and in January 1997 the Taliban signed off on the project. Whatever chances the project had disappeared four years later in rising chaos in the aftermath of Operation Enduring Freedom. By committing to the pipeline, Berdimukhamedov and Karzai were confident that peacekeeping in Afghanistan will succeed. On the other side of the Durand Line, the new Pakistani Parliament was pursuing serious negotiations to pacify the fractious North-West Frontier Province, an abrupt shift of tactics from former President Pervez Musharraf's regime.

For projects to succeed, the continuing turmoil in Afghanistan must be addressed. After all, war is bad for business, especially when billions in profits and transit fees are at stake.

Turkmenistan and Afghanistan agreed on a broad-spectrum package of mutual cooperation that includes reiteration for Trans-Afghan gas pipeline, transit of Turkmen electricity to neighboring countries of Afghanistan, extension of Turkmen rail network to Afghanistan, one month's free supply of electricity to Afghanistan, and common struggle against narcotics and terrorism.

Turkmenistan and Afghanistan are both keen to promote Trans-Afghan pipeline project that has been lying dormant mainly due to unrest in Afghanistan. At present 43 enterprises with Afghan capital are registered in Turkmenistan and 39 of them are legal entities. By noting the importance of development of mutual relations in the humanitarian sphere, the heads of state have confirmed mutual interest in deepening cooperation in the fields of science, education, culture, arts and sports, among the creative and sports associations. In this context Turkmenistan and Afghanistan vow to preserve and strengthen spiritual, cultural and humanitarian relations between the people of both countries.

The heads of state have emphasized mutual resolve of Turkmenistan and Afghanistan to promote and strengthen peace and stability, and establish a climate of trust and mutual understanding at regional and international level.

Turkmenistan- Kazakhstan Relations

Kazakhstan and Turkmenistan have agreed that at a turnover of \$150 million, the level of trade relations between their two states was woefully insufficient. They signed numerous bilateral trade agreements, including one on trade, science, technical and cultural cooperation; border coordination activities; standardized measurements, certification, and accreditation; and other items that make the cooperative basis for actual trade.

Kazakhstan's bilateral diplomacy with Turkmenistan could lead to development of the Trans-Caspian pipeline, which will bring Turkmen gas westward to the SCP lines that run to Erzerum.

These bread-and-butter bilateral arrangements create a concrete basis for ending Turkmenistan's isolationism. This bilateral relationship opens a lot of possibilities for the entire Central Asian trade framework. Turkmenistan and Kazakhstan are ready to send their energy resources in any possible direction; they are quickly identifying the areas where their proximity to the Caspian can pay huge dividends.

Turkmenistan- India Relations

India's political relations with Turkmenistan have been warm and cordial. Turkmenistan has extended its support to India at various international organizations/forums in electing India's nominees.

Bilateral trade between India and Turkmenistan continues to be on the upswing. Both sides realize the significance of mutually beneficial cooperation in the hydrocarbon sector and show willingness for its expansion. In this context, India has formally conveyed interest to join the Turkmenistan-Afghanistan-Pakistan gas pipeline. Both sides held the first Joint Working Group (JWG) on Hydrocarbons in Ashgabat on 2 October 2006. In June 2007 Turkmenistan gave its consent for Indian's inclusion in the TAP (Turkmenistan –Afghanistan-Pakistan) natural gas pipeline project. Talks between India and Turkmenistan have started, for accomplishing the objective of TAPI pipeline.

Impact of Major Powers on Decision Making

Impact of Russia

- With gas the prime income earner, both the new Turkmen government and Russia are extremely dependent on the continued flow of gas exports
- Russia is presently the only viable export route for Turkmen gas, a fact well known in both Moscow and Ashgabat. Russia is however not keen to allow a pipeline to Turkey and Europe that is independent of its control, with its alignment running through some other countries. It is for this reason that Russia opposes the terming of the Caspian Sea as "Sea" under UNCLOS rules, but will call it "Lake" instead. This allows littoral countries to have a say on use of the sea bed exploitation etc.

Impact of EU countries

- Turkmenistan's geo-strategic importance, bordering Afghanistan and Iran, is increased by its vast energy resources and the central role of energy exports in European energy security
- Turkmenistan's ability to exploit and export its natural gas is constrained by its geography and export options, primarily the routes and the capacity of those systems. There exist two export routes for Turkmen gas - northwards to Russia or south to Iran. Of these two routes, the overwhelming majority of export infrastructure is focused towards Russia, a legacy of the Soviet Union's integrated pipeline network.

Conclusion

Geographic Situation

According to landmass the country occupies fiftieth place in the world. It borders Kazakhstan, Uzbekistan, Afghanistan, Iran and Azerbaijan. It consists of deserts, oasis and mountains.

Turkmenistan is richly endowed with natural and energy resources. It is estimated that 21-23 TCM of gas and 12 billion tonnes of oil.

Political Situation

Internal: It is a politically stable country.

External: Neighboring countries are Kazakhstan, Afghanistan and Iran. The TAPI pipeline has made Turkmenistan globally very important and this pipeline will export gas to the international market and bring huge revenue for the country. Moreover, TAPI will reduce monopoly of the Russian market. The US is very apprehensive about the role of Iran, as TAPI will give more economic strength to Iran, and the country could go in for further military acquisitions and nuclear weapons, thereby destroying the Middle-East peace process.

Turkmenistan-Afghanistan

Relations are good but internal relation in Afghanistan is a point of concern. India and Pakistan have to involve themselves deeper than before in the search for a solution to Afghanistan's trauma.

Turkmenistan-Kazakhstan

These two countries have signed several bilateral agreements. They are ready to send their energy sources in any possible direction.

Turkmenistan-India

Relations are warm and cordial and India has been nominated by Turkmenistan in international forums. Both countries are working for, and are committed to TAPI.

Impact of Russia

For Turkmenistan there are two routes i.e. one is through Russia and other through Iran. Russia will be more interested to have majority in its kitty.

The geographic conditions are conducive for laying pipeline. It is already geared up for TAPI. It would be the hub of energy for, one way it would source to Russia and China, and on the other fuel India and Pakistan's needs. All energy starving countries are trying to woo Turkmenistan. The US and EU countries will not have much influence, since Russia and China are on Turkmenistan's side. In fact EU countries will also try to have connectivity with Turkmenistan so as to counter the nuisance of Russia in gas supply.

7.11 GEO-POLITICAL ANALYSIS OF RUSSIA

Russia is a vast country with diverse geography. The weather, topography, etc also changes within the country. However, the pipeline can be laid with proper route selection. Russia is also full of gas reserves.

Russia is a politically stable country. Consistently it advocates minimizing of military forces. The country has started globalization. The development of relations with the Commonwealth of Independent States is the priority of Russia. It has healthy relations with neighbors and aspires for better relations with China. Russia being a Super Power has political issues with China which is also a super power.

The geography is conducive for the pipeline with proper route selection and technology. Being gas rich and a super power, it has a larger stake in AGG and an important role in it.

7.12 CONCLUSION

Considering the above geo-political scenario, the conclusions are as follows:

The geography of the Asian countries is acceptable for laying a pipeline, but locating it in Afghanistan as well as Balochistan region of Pakistan will be an issue. This needs to be dealt with by respective governments. The political and economic compulsions are, however, a matter of concern. The countries which are gas rich have to consider their economic growth, while others who are starving for gas have to take the risk and invest in gas rich countries. Further, the political relation of India–Pakistan, Iran-US, Russia–China, China-India and Bangladesh–India will be a major factor for fructification of this project. Role of the US will is also very crucial.

All these countries will have to make a Consortium of AGG with a policy to live for Self and Others.