POLITICS OF ENERGY IN SOUTH ASIA IN THE AGE OF GLOBALISATION

ABSTRACT
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Supervisor
Professor H.K. Sharma
Head, Dept. of Political Science of University of Allahabad, Allahabad

By
Santosh Kumar Mishra

DEPARTMENT OF POLITICAL SCIENCE
UNIVERSITY OF ALLAHABAD
ALLAHABAD - 211002
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Today energy politics is a timely, provocative, and pioneering exploration of an increasingly important topic in globalization era. Energy is critical component of economic growth, which is the ability and strengthens to do active physical things and the feeling that you are full of physical power and life. But energy resources are located in certain areas of the world. Most of the countries are utilizing some common reserves (Persian Gulf region, West Africa and Central Asia) for meeting their energy demands because three main regions are responsible for 80% oil and gas trade. So it has been always in dangerous hand of power politics because like weapons industry, petroleum industry prosperous on revenue of conflict. Energy politics is not simple issue of supply and demand because majors power are adopting hegemonic attitude in furthering their interest in hydro-carbon market. Energy politics can easily understand behind the major tensions of the world- first and Second World War, two wars of Persian Gulf region or present tensions over Iran and Ukraine. Present oil price politics is the result of misunderstanding among 12 members of OPEC. One side Iran and Venezuela want to cut in crude oil supply for checking decreasing price but other side Saudi Arabia and Kuwait are ignoring their concern. It seems that the US and the west are playing power politics behind this because low oil price will help to weak oil based
economies like Iran and Russia. Low price will help to check Iran on nuclear issue as well as Russia on Ukraine issue because weak economy cannot afford economic restrictions and pull out struggle with the west.

South Asian region, which is second fastest growing region in the world after East Asia and Pacific; is facing critical shortage of supply-demand. Due to lacks of commercial energy resources, this makes obligatory to compete for energy supply, for where it comes. According an estimate of 2006 South Asia accounts for nearly 4% of total global commercial energy consumption but contain only 0.5% of oil reserve (6.2 billion barrel), less than 1% of gas reserves (81.3 trillion cubic foot) and merely 15% coal reserves of world total. But South Asian nations are quarreling not only domestic resources but also seem to ignore multilateral adventure from abroad. Unilateral efforts for energy supply are not only facing geopolitical and strategic challenges but also flash out collective bargaining.

Much of the South Asian crude oil comes from Middle East and gas from Central Asia. These oil and gas bearing regions have been pertaining always in net of energy imperialism. We can see Russian hegemony in Central Asia and the US hegemony in Middle East. In such case, South Asian oil and gas supply has to meet these political complexities. The US is continuing pressuring the South Asian nations to cut the supply from Iran due to its attempt to isolate Iran. The US is opposing Iran- Pakistan-India...
(IPI) gas pipeline due to Iranian nuclear issue. American pressure seems to be a main reason of hesitation to India toward IPI.

$7.6 billion and 1680 km long Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline is another multilateral adventure. India, Pakistan, Afghanistan and Turkmenistan inked the historical gas sale purchase agreement (GSPA) signed on 23 May 2012, which will become operational by 2018. But as like IPI, TAPI also nettled initially India- Pakistan suspicion on the issue if security and tariff revenue. But it was pushed by support of World Bank and the US. Today TAPI has gotten final touch in May, 2012. If this pipeline success, it will prove a triumph of multilateral and regional adventure of South Asia, which may transform the energy politics in South Asia. The TAPI agreement will provide 90 million metric standard cubic meters gas per day (mmscmd) towards region for long period of 30 year. China has already built gas pipeline from Turkmenistan and largest importer of Turkmen gas. This pipeline has great security concern because it will run through instable regions of Afghanistan and Pakistan and also some suspicion about supplying capacity of Turkmenistan.

Myanmar and South East Asia are another option for energy supply towards South Asia but China’s influence and mutual misunderstanding seems to root out the effort of these nations. Bangladesh is bargaining with India for exchange of pipeline through its territory. Bangladesh wants many advantage for it, like reduce trade deficit, a corridor facility for Nepal’s good
towards Bangladesh sea port and wants to share of hydro-power which is generated in Bhutan.

Coal and hydro-power are two main sources of domestic energy resources in South Asia. India is the third largest producer of coal in the world, but political suspicion is main hurdle to proper use of cheap option in spite of costly import from abroad.

It is nature’s boon for the region, which is situated in lap of the Himalayan-Hindkush region. It is the source of three main Himalayan river systems Indus, Brahmaputra and Ganga which provides the opportunity for some largest hydro-power plant of the world.

The largest possibility of hydro-power lies in Nepal and Bhutan, which are nearly closed to India in context of economic and political relation. Both countries are totally depending on India to import it petroleum need due to landlocked nature. Approximately Nepal has 83000 MW total hydro-power capacities, in which 42000 MW is economically and technically feasible. Only 600 MW potential has developed, which is less than 2% out of 42000 MW. Understanding its importance India and Nepal have been trying to develop hydro-power for a long time. In this regard both countries have signed the legal frame work of Koshi (1954), Gandak (1959) and Mahakali(1996) agreements ;for water sharing and management of transbounary rivers. But mostly, agreements are propagandized as Indian cheating in instable political situation in Nepal.
Since, India and Bhutan have well political understanding and there is no serious dispute, which provides the opportunity to both countries to response positively for mutual interest. As like Nepal, Bhutan also has huge potential for hydro-power Bhutan has total capacity of 30000 MW hydro-power generations in which around 24000 MW technically and economically feasible. Total of 24000 MW, only 1450 MW hydro-power has developed which is around only 5% of total. India imports near about 1400 MW hydro electricity from Bhutan. Tala, Chukha and Kurichhu are main project of Bhutan for exporting hydro-power to India. India has already committed in December 2009, to purchase at least 10000 MW hydropower by the year 2020. Thus, India- Bhutan co-operation on domestic resources, is clearly expressed the conclusion that political consensus can undermine the emerging dispute in energy co-operation like selling price, submersion of land and profit sharing etc.

Afghanistan, which is new member of SAARC, may play a major role in South Asian energy politics. America and NATO has announced to quit Afghanistan till 2014, in such condition political stability of Afghanistan will determine the future of TAPI or any pipeline project from Central Asia. Sri Lanka’s welcome to China in Indian Ocean has created new complexities in India-Sri Lanka bilateral relation. India seems to suspect Sri Lanka as part of encirclement policy of China to counter India. Chinese step in Indian
Ocean will flame military and strategic competition which will prove threat not only for security but also for energy politics.

Energy Politics of South Asia as a whole but the diverse sources of changing environment at few questions need to be addressed as research problem in study of politics of energy in South Asia in the age of globalization such as:

1. What are the growing imperial tendencies among dominants power in the age of globalization.

2. How the politics of energy in South Asia is going on in the changing global economic world order and how it can understand?

3. What impacts of energy imperialism on the politico- strategic scenario of South Asia?

4. How much energy supply of South Asian region is influenced by global power politics and regional power politics?

5. Why South Asian countries are not utilizing their common energy resources properly?

6. What are the challenges and possibility of energy cooperation?

The writing of this thesis has been attempted while keeping basic paradigm in mind that energy cooperation is vital for the region in
context of the precondition of development peace and better easy life styles which protect from poverty and easy access of all people of the region. Therefore energy multilateralism must be promoted because unilaterally it cannot achieve properly. To pursue the objectives of this research, historical, descriptive and analytical methodology has been used. The term South Asia is used for eight members of SAARC (South Asia Association for Regional Co-operation)-India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, Maldives and Afghanistan.

A brief outline of the chapters of thesis has been given here-in-after.

**Chapter I**

In the first chapter of the thesis an attempt has been made of look into the introduction of South Asian energy politics, which find out the cause why these countries struggling for energy security and what are the challenges before them? It also analyses major power’s interests in Indian Ocean and how much it affect regional energy politics. South Asia is home of near about one fourth of the world's population, has experienced a long period of fast economic growth, average 6% over the past two decades; is the second fastest growing region in the world after East Asia and Pacific with 6-7% GDP growth.

South Asia is a problematic area in context of primary energy resources which makes obligatory to depend on import from abroad. This region is
importing about 19.4% of total commercial energy import of the world. South Asia region is called India centric region because India is the largest country in the region in term of economy, population and as well as military power. So, smaller South Asian nations are always engulfed in misperception of big brother syndrome. It has become the curse of the region that one country's internal problem tend to become the external problem of other, which opens the gate for extra-territorial power to play the power balancing game. South Asia lies on the junction among South East Asia, Middle East and Central Asia. As thus, this region is under the boundary of main energy and trade transportation route. So, this region is always in the clasp of the notorious balance of power game.

Emerging China, slowly and slowly is proved a main challenge of American interest, American strategy seems to promote India a great military and economic power ‘as balancer’ against China in Indian Ocean. As promoting to India its junior partner in India Ocean, America signed 123 agreement (2008) which provided not only the legal frame work for critical technology of military equipment but appease Indian energy demand. America has adopted reality that India, not Pakistan can protect its interest in future in South Asian region. India has also inherent fear toward Sino-Pak intimate relation and China’s 'string pearls policy' to encircle India. China continue, is adopting the policy of arms supply to India’s neighbors and provide economic support through its ‘cheque book’ policy, to counter
Indian influence in the region, which are creating unfavorable condition for Indian interest. Through its string pearls policy China is setting up a series of port along the Indian Ocean’s northern seaboard with the help of friendly nations. In this regard China is building the Gwadar port in Pakistan, Hambantota in Sri Lanka, Chittagang in Bangladesh and navy base announced in the Seychelles in December 2011. In such steps of China, it is only fear of cutting the energy supply during the time of rising tension or actual war with India or US. But these steps has flamed Indian fear that China is encircling India not only land but also around the sea.

For better response to Chinese encirclement, India wants to close ties with America which is based mutual benefit. India is developing Chhabahar port of Iran, not only counter China’s strategy of developing Gwadar port in Pakistan but as for direct contract with Afghanistan and Central Asia without touching Pakistan’s territory. India is trying to develop close strategic relationship with Afghanistan and Vietnam to counter China’s strategy of encirclement. India’s ‘look east policy’ has silence significant role of balancing China’s ‘string pearls policy’. Today, it is not only Japan but India also seems to welcome the U.S. in Indian Ocean.

**Chapter II**

The second chapter of this thesis discusses the imperial tendency of globalization and dominant power. It also discusses the issue of energy politics that it is much more than supply and demand. Democratic states
ignore and even violet the democratic norms during their energy policy making. Arms supply, economic and political support, technology transfer, petroleum prices and energy route and many issues are influencing not only supply region but it also influence those countries which are importing the energy resources. South Asian nations are also netted in these puzzles for importing abroad energy resources as well as domestic level. It also explains the external power role in regional energy politics. It also highlights the US policy towards India and China towards Pakistan.

Globalization is not profitable to everyone because it wants more and more capital and technical skill. It helps economically strong power in process of operating the international order through the control over supranational bodies. Supranational bodies are able to impose their will on nation states. Globalization is based on the principle of maximization of gain, which wants to control over resources. Simply energy imperialism means struggle for controlling the production, price, export and marketing. Geographically energy resources are concentrated towards the east but political and economic power is concentrated towards the west. This phenomenon ultimately creates the politico-strategic aspect of energy game. One-third of the wars or tensions in the world have more or less been related to the fierce competition over the depleting energy resources with direct or indirect implications. ‘Energy imperialism’, is manifest today as the USA gears up for war with Iran and it has already
intervened in Iraq and Afghanistan for the same purpose. Such a pattern of imperialism is nothing new. It is similar to the way in which Mossadegh (Iranian Prime minister) was toppled by USA in 1953, Oman, Iran-Iraq war throughout the 1980s and The United State’s persistent military aid worth billions of dollars to Israel and the countries of the African continent to enable them to act as regional policeman for over a period of 60 years. Oil and gas price always have been in netted in world politics.

United States itself aided and provokes Saddam Hussein and his Ba’ath party, because Washington saw it as counter tool for Islamic fundamentalism and check Soviet expansion towards the Persian Gulf region. United States itself aided and provokes Saddam Hussein and his Ba’ath party, because Washington saw it as counter tool for Islamic fundamentalism and check Soviet expansion towards the Persian Gulf region. New emerging global powers like Russia, China, India etc, also have involved in energy game, which creates many politico-strategic challenges for American hegemony in west Asia. In this scenario America’s ‘dual containment theory’ seems to have failed in establishing American hegemony in the Persian Gulf. In this context, Russia-China-Iran axis is the main challenge towards American policy makers.
Russian security interests in the Caspian region, deny the proposal of Azerbaijan, Turkmenistan and Uzbekistan that the Caspian region be divided into ‘national sectors’ and freedom for development of their regional capacity be ensured. Russian security interests in this region, deny the proposal of Azerbaijan, Turkmenistan and Uzbekistan that the Caspian region be divided into ‘national sectors’ and freedom for development of their regional capacity be ensured. It is claimed that the main globalistic objective of the US-led NATO’s intervention in Kosovo (1999) and its presence in Afghanistan and Iraq and expansion of NATO is a policy directed towards securing energy supply route from the Caspian to Europe. Blindly arms supplies for energy, especially American and Chinese are weakening the agencies of the state in Africa continent which leads to the emergence of failed states.

South Asia is not only the player of energy game but also has become its prey. On the one hand, India’s economy is competing with the western or other Asian economies, but on the other hand its geopolitics is facing many political and strategic challenges thrown up by the energy supply game. Mainly, four factors are responsible for these challenges fast growing economies, geographic location, huge markets and the fact that major routes of trade and energy commerce pass through the Indian Ocean. The US and China, seems to play the
game of balance of power in the Indian Ocean. On the one side America is trying to check China’s hegemony with the help of close strategic relation with Australia, Japan, Singapore, South Korea, India, Pakistan and Afghanistan; and the US wants India to play the role of its junior partner and China wants to ally with, other smaller countries, like-Pakistan, Bangladesh, Sri Lanka, Maldives and Myanmar. China and the US are playing important role in shaping regional pipelines proposals.

**Chapter III**

The third chapter of thesis is devoted to the study energy politics between India and its major neighbours with special reference to Pakistan and Bangladesh. Political relation plays a decisive role in long and short term incentive in energy co-operation and conflict. We cannot imagine better energy co-operation without better political relation. Bilateral political mistrust among these three major countries is snatching the transnational proposals for gas like IPI, IMB as well as flaming the dispute over water sharing and establishing regional energy greed. In spite of legal frame work of Indus water treaty (1960), India and Pakistan continue irritated on water resources. So, main dam projects in Kashmir region have been disputed for a long time. Baglihar, Salal, Kishan Ganga, Uri, Nimubajgo, etc. hydro-power project have been opposing by Pakistan time to time. In most of cases, Pakistan believes it has been the victim of Indian strong arm tactics.
India and Bangladesh also have been quarrelling over water for a long period due to absence of any legal framework. They share the Ganga water according to an ad-hoc agreement of thirty years signed in 1996. Bangladesh is opposing Gazoldobo Barrage (Tista river, West Bengal) and Tipaimukh Dam (Feni river, Tripura); Bangladesh wants to bargain Tista agreement with Feni.

Indo-Pak hostile relations falterd the IPI pipeline negotiations at initial stage because Indian leadership did not want to leave their long term energy security depend on Pakistan, which is always in an unpredictable turmoil condition. Pakistan also hesitated about IPI because Pakistan army, intelligence agency and anti India regime of civil society worried about the pipeline’s long term benefits to India. Today it has netted in world power politics. The US is continuing pressuring South Asian nations to cut the oil supply from Iran due to its attempt to isolate Iran on nuclear issue. Proposal of Myanmar-Bangladesh-India pipeline revealed the failure of identity of bilateral interest, which could not accommodate with their energy security. It is very clear that inability of India and Bangladesh to initially find convergence in their energy security policies had contributed to China's success for capturing easily available neighboring gas resources. Nuclear energy has become more strategic tool than energy security due to Indo-Pak rivalry. But the signature of Turkmenistan-Afghanistan-Pakistan-India is very futuristic steps by India and Pakistan. Indo-Bangladesh electricity cooperation is also providing bright pictures for energy cooperation.
Chapter IV

The fourth chapter of the thesis discusses about energy politics between India and its neighbours: Nepal, Bhutan and Sri Lanka. India, Nepal, Bhutan and Sri Lanka are important neighboring countries of South Asia. India is the largest economy in the South Asian Region and also the largest trading partner of Nepal, Bhutan, as well as Sri Lanka. Their close economic ties provide a better opportunity to energy co-operation. Nepal is totally depend on India for its petroleum and petroleum products need to import from abroad, but bilateral political raptures is checking to consume domestic hydro-power resource. Bhutan is also depending on India for petroleum export but harmonious bilateral political relation has provided a better foundation to consume domestic water resources. In contrast to Bhutan and Nepal, Sri Lanka is not depending on Indian petroleum import because it has own sea coast and its location is near the main energy route. Indo- Nepal and Indo- Bhutan energy politics can understand on political and strategic view but Indo- Sri Lanka energy politics has strategic importance rather than political.

India-China competition, obviously can analyze in energy politics among these nations. China wants to better ties to Sri Lanka for securing Strait of Malacca for energy route through West Asia and Africa. China's increasing influence in Nepal, and Sri Lanka is not only threatening the India's security but also play important role in energy co-operation among these nations. Nepal has huge hydro-power capacity but its political instability and anti- India lobby are always seems a hurdle to energy security
for Nepal and India. Political milieu between India and Bhutan gives it boom for developing hydro-electricity between Bhutan and India with mutual benefit.

Chapter V

The fifth chapter of the thesis is devoted to different option for energy security of South Asia. It explains the challenges and prospects of every major option and also discusses country wise analysis for searching energy security. It also highlights the importance of energy multilateralism.

Coal is the largest source of commercial energy in the region, both in term of consumption and availability. But coal is not as lucrative option for other regional countries like India, due to reserve capacity, poor infrastructure and mining condition. Insufficient reserves, environment issues and misunderstanding among regional countries are seems to main challenges before this option.

Oil is second largest source for regional energy security. South Asian governments have increased their oil import to meet rising energy demand. Without exception, each countries of the region depend on imported supplies to meet nearly a quarter of their total commercial energy needs. India import nearly 75%, Pakistan 85%, Bangladesh 90% and other countries import 100% of total oil, which is their consumption needs. No doubt oil is vital resource for South Asian energy security. But it has more external pressure
for supply than coal. The US and European Union has imposed economic restriction on Iran to isolate in the world community, which creates the problem to pay the oil bill. Oil import from Caspian region, seems to more difficult to India rather than any other South Asian nation. China would not like Indian access in Central Asian energy resources due to India-China competition and China's ambitious plan to set up energy grid. Russia has also trying to establish energy hub in Caspian region. Due to China's domination in South China sea, ASEAN oil reserves also seems to difficult for exploring by South Asian nation. In spite of Vietnam support India has decided to suspend exploration operation in block no. 128 in Phu Kanh Basin of South China sea in Vietnam. To meet their oil demand South Asian countries investing in the Middle East, Africa, Latin America, and ASEAN region. Sudan, Nigeria, Libya, Vietnam, Iran, Iraq, Lebanon, Kazakhstan, Syria, and Russia are main countries to get massive investment of South Asian countries to exchange of oil supply.

Gas reserves are present only in India, Pakistan, Bangladesh and Afghanistan. Due to lack of resources and its dominant role in Pakistan and Bangladesh, has forced the three largest economies of the region to cooperate for reliable gas supply from abroad. We can see many long-term pipeline gas supply proposals came in exist after 1990s. China and the US are playing important role in shaping regional pipelines proposals
because each pipelines proposals are affecting directly or indirectly by both countries.

**Chapter VI**

The six and last chapter of thesis concluded the energy politics of South Asia that South Asian countries have to co-operate in energy sector due to lacks of resources, but their effort have been heavily influenced by geopolitics, historical experiences, big-small country syndrome, failure in understanding mutual sensitivities and external influence. Due to political suspension and rivalry, they are neither seems to co-operate well at common domestic resources nor co-operate at different option for abroad supply. South Asia is not only player of energy game (due to fast economic growth) but has become its prey also (due to power balancing game in Indian Ocean, energy imperialism in resources rich region and India-China competition). So, South Asia is facing geopolitical and security concerns for energy supply from abroad.

South Asian nations have been ignoring long term energy security for a long time. Their native production capacity of coal, oil and gas, is facing bureaucratic process, political hurdles, insufficient technical capacity and environmental issues. But rapid economic growth, limitation of resources and stagnate in domestic production made obligatory for energy multilateralism. Mostly energy imports of South Asia come through unilateral adventure at high cost and netted in power politics. For energy
security, 'energy multilateralism' is need for hour for South Asia, which will provide not only bargaining capacity with exporting countries but help also for oil and gas cartels to reduce external pressures. For energy cooperation, which includes policies, legal institution, and regulatory mechanism and infrastructure barrier; will maintain long term reliable energy supply at affordable price, have to take seriously by South Asian nations.

It also gives few well research recommendations regarding the ways and means for promoting energy co-operation and stability for energy security in South Asia, like- regional gas and power grids, promote institutional mechanism to exchange ideas, experiences, expertise, technologies, training and research, maintain strategic petroleum reserves for avoiding frequent price rise, maintain strategic petroleum reserves for avoiding frequent price rise, maintain strategic petroleum reserves for avoiding frequent price rise, improve energy efficiency etc.