

Prospects of Pakistan-Central Asia Economic Relations

Umbreen Javaid and Naheeda Naseem*

Abstract

The newly independent states of Central Asia have very strong cultural, religious and economic relations with South Asian Countries, especially with Pakistan, India and Afghanistan. Although these states are very rich in natural as well as human resources states are not rich economically. The main reason of their unsatisfactory economic conditions is their geographical situation. All the Central Asian States are land-locked and they do not have opportunity and access to outer world to develop their economy by utilizing resources. Pakistan, on the other hand enjoys the best geographical location having thousands of miles coastal area and well developed coasts. She can provide shortest route to Central Asia through Afghanistan. If both the regions join hands and develop their economic relations they can overcome their economic crisis with the help of each other.

Keywords: Central Asia, Pakistan, natural resources, trade and commerce, peace and security.

Introduction

The Regions of South Asia and Central Asia have centuries old common historical legacy that is very rich and includes cultural, religious and economic ties and both India and Pakistan, the most significant countries of South Asia are highly conscious of their common cultural heritage with Central Asia (Reetz: Winter 1997: 212). B. Tylor describes various dimensions of culture. He calls it a complex whole which incorporates knowledge, faith, art, law, morals, customs, literature and many other potentials and traditions attained by man as a member of society. According to Bates "Culture is a system of shared beliefs, values, customs, behaviors, and artifacts that the members of a society use to cope in the world with one another, and are transmitted from generation to generation through learning." (Plog, 1976:6) Caucasus, the mountain, had been a legendary abode of fairies in Urdu and Hindi literature of India and Pakistan (Sohail, 2014). The Islamic culture prevailing in Pakistan is in fact the Central Asian cultural, not the Arabian culture in character. The Sufism that penetrated into India (and Pakistan) was brought by saints Sufis and invaders from Central Asia which ultimately influenced Indian (Pakistani) society and culture. The ancient nature of links between Central Asia and India (including Pakistan) had probably been more cultural than political (Reetz).

*Authors are Director, Centre for South Asian Studies & Chairperson, Department of Political Science, University of the Punjab Lahore; and

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Several skilled craftsmen, traders, artists, and poets moved from Central Asia to the Subcontinent and infused a new life into the philosophy, poetry, music and architecture of the Subcontinent. Central Asia has also played a significant role in the development of Islamic theological thought in the Subcontinent (especially the regions included in recent Pakistan). In the beginning of eighth Century several Muslim Sufis and saints came from Central Asia and with their efforts Islam spread all over the region. The names of Bukhari, Al-Khoresmi, Al-Farabi, Al-Beruni, Al-Ghazali, Nakhsgbandi and Akhmed Yasavi have been broadly renowned in the Muslim world. However, along with cultural, historical and religious ties, the trade interchange also strengthened owing to old Silk Route with (united) Indian merchant outposts in Kashgar, Yarkand, Kholan Maran and Qara-Shahr in Central Asia (www.google.com.pk/url?). In present scenario also the newly born Central Asian states have strong effects on South Asia particularly Pakistan. The significance of South Asia in general and Pakistan in particular (along with other factors) is its close geographical proximity with rich in-resources Central Asia because scarcity of gas and oil resources has developed a sense of urgency in West as well as US to seek new resources that Central Asian states offer in abundance (Mekenkamp, Tongeren and de Veen, 2002).

The history of the Subcontinent relations with Central Asia goes back to prehistoric past when various trade routes connected the two regions, and at times, they were part of the same states. The Central Asian historic heritage definitely places it as one of the most powerful economic centres in the region. No doubt, the new trends in the international and regional policies offer initiatives for Pakistan to look towards Central Asia, yet the significance of links between Pakistan and Central Asia has always been felt mostly because of the past religious, cultural and commercial bonds which presented source to establish that association (Shaheen, 2011).

Rich in minerals natural as well as human resources, the Central Asian states have a huge economic potential. Uzbekistan and Kazakhstan, the two significant South Asian states are "Eurasia's 'treasure house' of natural resources in terms of hydroelectric power hydrocarbon, agronomical products and minerals" (Effendi, Winter 1995: 2). Exposing exploitation of resources of these states during the Soviet era Effendi further writes that during the Soviet period these two republics were mainly treated as source for raw materials for the capital and consumer goods industries of the USSR, located in Western Russia and Urals. However, despite the ruthless exploitation during the Soviet era, the resources of the Region seem inexhaustible (Effendi:2). The biggest 'demographically' state of Central Asia, Uzbekistan has "rich hydrocarbon resources, apart from gas as well as the recent oil discovery at Karakhtay, in the Angren, rivals the total hydrocarbon reserves of Kuwait" (Effendi).

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Moreover, Uzbeks are also “rich in coal, copper and gold” (Effendi). The labour market of Uzbekistan “has an abundant quantity of good quality manpower which is both cheaper and more disciplined than what available in South-West Asia and the Sub-continent” (Effendi). In the same manner the oil reserves of Kazakhstan “accounted for 9% of the former USSR’s deposits, while overall the CIS reserves ranging between 6 to 10 % constitute the entire world’s hydrocarbon reservoirs. The Manqyshiak oil is unique as it contains coquina (limestone) which is an excellent building material” (Effendi: 8). So far as the deposits of manganese is concerned Kazakhstan has 13% of the world’s deposits and is third after USA and Ukraine” (Effendi). Moreover, Kazakhstan is the “world’s second largest producer and provided 94.6% of chromium of the former USSR’s total production” (Effendi). In iron production she ranks as the eighth largest producer and produces 16,662 million tons of Iron and she is the “second largest producer of phosphorous, fourth largest producer of lead and molybdenum, having large uranium deposits and “produced 56% of the total output of the former Soviet Union. She has large uranium deposits and produced 56% of the total output of the former Soviet Union” (Effendi). Mohammad Yahya Effendi gives more details of Kazakhstan’s resource and her production:

In Asia, Kazakhstan is number one in producing chromium, manganese, copper, lead, zinc, tungsten, and molybdenum and phosphorous. It is second in the production of iron, tantalum, and coal. Of the 99 elements of the periodic table, 70 have been discovered in Kazakhstan’s “bowels”. Sixty are being processed. In terms of actual production, Kazakhstan produces 25 million tons of oil per annum; and this will double with expansion in the refining capacity at Aktau. The Tengiz oil field has potentials of 100 million tons per annum. The percent fuel energy export capacity is (per annum): Oil 7 million tons including condensates. Coal 4.5 million tons. The metal production capacity per annum is as under: Copper and lead more than 100,000 tons. Chromium 700,000 tons, Ferrous Rolled Metals: 430,000 tons” (Effendi).

Evidently the Central Asian states know very well about their mineral and natural resources and also how to utilize their ‘politico-economic’ potential.

The economic relation of the world with Central Asia will have to be reviewed in scenario of their pre-independence realities when their economy was completely controlled by USSR. However, they will have to shake off previous system and fully develop their own political and economic system, a lengthy process. “Ever since”, writes Tareen, “their breakup from Moscow the republics have suffered under a staggering economic crisis. The republics have no experience or expertise in handling the market economy. Earlier when the Russians were enjoying glasnost and perestroika the dictatorial hand of

Communism was tight as ever on the Central Asian republics”(Summer 1995:33), because Tareen further writes,” the Soviet rule has not only left its mark on the political boundaries of Central Asia but has fundamentally affected the political, cultural and economic make up of the region. Apparently the Russian rule over Central Asia has ended but it will yet take years to discern the effects of the Soviet period on this region” (Winter1997:95). Therefore, to let the economy operate independently and effectively they must allow independent market forces to act independently and set prices and allocate resources.

“One key aspect of improving resources allocation --- as well as taking advantage of the opportunities in global market --- is to open the economy up to the foreign trade and hence international price signals and competition. However, these benefits of trade liberalization will only materialized in the context of a unified exchange rate and the removal of restrictions on current transactions” (<http://www.info.org/external/np/speeches/1998/052798.HTM>). To grant a significant role to the private sector, considered to be the ‘main engine’ for creation of job is a “ suitable institutional frame work that will give domestic and foreign entrepreneurs the confidence to invest” (<http://www.info.org/external/np/speeches/1998/052798.HTM>).

Economic Significance and Potential of Mutual Cooperation

The vast area stretching from Aral to Arabian Sea has been serving as one trade and free movement of the people for centuries. The people from Lahore to Kazakh on the Volga and from Baku to Multan have witnessed the old caravan trade routes during Kushan period. Then the Silk Road played a significant role in flourishing trade and commercial activities. Recently Central Asia has a great importance for Pakistan because of its economic vitality and potential in the form energy reserves. On the other the landlocked region of Central Asia need Pakistan to have an outlet to exploit its potential. Pakistan can become a ‘gateway’ to Central Asia for the outer world.

Pakistan-Central Asia Relations in New Scenario

Since the independence of South Asian states, Pakistan has also been trying to promote her relations with these newly born and rich in resources states claiming an edge of historic Central Asian Region- Pakistan cultural, religious, political and economic linkages dating back centuries between the two regions. Pakistan had been a “gateway to Central Asia” since centuries. “Central Asia holds signal significance for the land and people of Pakistan, its culture and the society are Central Asian” (Khan, Summer 1996: 92). Pakistan has many fold

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interests in Central Asia including strategic, religious, and economic. The first and foremost concentration is her strategist's interests:

“A geo-political factor was imminently noticed by Pakistani strategists at the dawn of the Muslim states to the northwest of Pakistan. Pakistan physically is placed in oblong position (1600X855kms) with small depth in front of a hostile neighbor in the East. Northwest beyond Afghanistan was a closed door. The Northern connections were only discernable in the historical perspective and had little commercial or strategic use for the early policy makers. Pakistan therefore continued to shut its eyes to the North, until the emergence of new realities. Both public and government were excitedly awakened to the situation and attempts at all levels commenced forthwith to revive the links” (Khan, Summer 1996:93).

So far as the religious aspect is concerned, the Pakistani brethrens have a great attraction to have a close religious link with Central Asian Muslims who had founded Islamic government in Indo-Pak region. However, their economic interests are the most significant:

“Pakistan's economic priority is for developing bilateral trade in raw material and manufactured goods, opening up communications and contracting for regular supplies. Pakistan saw industry, Pakistani entrepreneurs felt they had a great deal to offer in setting up substantial benefits for its industrial growth in obtaining regular supplies of surplus power through gas and electricity grid scheme or through future oil supplies from Tajikistan, Turkmenistan, Kazakhstan and Uzbekistan. Besides manufacturing and light banking and insurance as well as stock Markets, joint venture capital and import-export, all sectors poorly developed in Central Asia” (Anwar, Winter 1997: 190-191).

However, Tareen laments over the “directionless government of Pakistan” for “pursuing equally directionless and haphazard policy” towards Central Asia which is “against all reasons”. He severely criticizes American indulgence in our policy making process and becoming a “proxy state “of America. He asks, “How can we realistically hope for a trade link with Central Asia when the easiest, the most feasible and economically viable rout that passes through Afghanistan is blocked?” (Summer 1995: 35). Pakistan is presently intertwined in severe energy crisis but according to Tareen she is for the “second time in history losing a golden opportunity next door and lagging a country thousands of miles away to bail us out.” This critical situation is being faced by us, again due to American indulgence. Tareen says, “ We have allowed Americans into our electricity and power would be far more expensive per unit than which can be made through our local hydel power projects or for that matter by importing power from Tajikistan which according to experts would not only have been

feasible but cheaper than locally generated electricity” (p.35). The land-locked Central Asian region is also in dire need get an access to the outer world. For this purpose, Pakistan may be proved to be one of the best options due to its specific geographic location. Pakistan is located at the junction of South Asia and Middle East, with a substantial outlet to the Arabian Sea. However, some other geographically close countries like Afghanistan, Iran and India are also trying to improve their bilateral relations with CAS suggesting to give access to open sea and a short and secure route to the world market.

Afghanistan

Afghanistan and Central Asia share a long border and also have racial and religious affinity that provides a ‘strong basis for cross-border fraternization’ between people of Central Asia and adjoining Afghanistan. Warikoo writes “The traditional border and family ties” (2004: 141). There had been a very close reciprocal correlativity, especially between Tajikistan and Afghanistan and both encouraged exchange of ‘students, academics, litterateurs, and artists, media persons and cultural delegates (Warikoo: 141). However all these cultural relations and “specter of cross border movement which was earlier limited to social and trade contacts changed dramatically after Soviet armed intervention in Afghanistan which was perceived as a direct Communist attack on Islam” (p.141) that led to emergence of militancy of Islamic fundamentalists. The Islamic fundamentalism, together with poverty and political circumstances of Afghanistan led to the “training of terrorists from different countries and nations inside Afghanistan” (Taizi: Winter 1997:147). People adopted terrorism as a business along with “smuggling of arms and explosive material” (p. 141).

The situation in Afghanistan needs serious and honest approach for restoration of peace. The fire raging in Afghanistan is now warming the enthusiast specters also, and is spreading each and every moment in each and every direction Pakistan, Iran and Tajikistan are right on its way. They should, therefore, think more to extinguish the fire inside Afghanistan, rather than fanning it, and let the people heave a sign of relief. Then they should think of the transit facilities, and the pipelines to flow down the oil and gas of the Central Asia to the warm water, and convince the Afghans that these actions would be beneficial to all of them. Let us hope that Afghanistan does not become the starting point of another, and the final, World War, and pray for an end to this conflict to ensure an era of peace and rehabilitation of the heart of Asia.

The great commercial route, which would connect Central Asia with the Indian Ocean via Pakistan and Afghanistan, with a complex network of pipelines,

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railways and highways, seemed no longer a remote dream. Pakistan thought this project could partially solve its growing economic and financial crisis, and underline the country's geostrategic importance, challenged by the end of the Cold War. Saudi Arabia and the US sponsored it, more due to regional geopolitical reason than economic ones, since Iran was Pakistan's major competitor for handling the transit trade traffic from Central Asia. Their concern about Iran's future geo economic role vis-à-vis the five Central Asian republics – and consequently, about its strategic importance over the whole region – was the ultimate reason, although not the only one, for supporting the Pakistani option.

Iran

Iran also controls essential transport routes entering the land lock states of Central Asia along with the high seas and offers transit routes to the sea also. She may provide them access to the outside world through the Gulf having more of an economic impact than political one. The collapse of Soviet Union gave rise to Iran's possibilities presented by her geographical location.

Iran has strong ancient historical and cultural bonds as well as geographical links with the region thus tried to cultivate relations with Central Asia on the basis of Islamic identity and cultural and trade connectivity. Iran has made considerable investments to promote the communication network and has developed a railway system in Turkmenistan to further connect to the rest of the Central Asian States. Turkmenistan on the other hand has also planned to link her rail road with Iran in south covering a distance of about 140 km and can provide an assured outlet. Iran is, however, anxious about the prospects of a Turkish interference in South Caucasus. She is also fearful of a western led peace support operation that may broaden NATO's power all over the way to Iranian border. It may be said that Iranian investment in the South Caucasus is not economic but security oriented. Nevertheless, western economic pressure in Central Asia and an anti-Iranian US strategy created socio-economic and political instability in the region.

India

India has taken lead in what it call "kickstrating, an international north-south corridor" from Iran to Russia via Turkmenistan and Kazakhstan to ensure a seamless connectivity to Central Asia. She wants this corridor to be operational in near future. Indian claim of Non-alignment policy is the central principle in her relations with other countries, therefore, "Indian diplomacy has found it relatively easy to build good all round relations with the newly emerging nation-states of Central Asia" (Prakash, 2004: 178). Therefore, India has established

very close relations with the region since Soviet era. "India had enjoyed close political links with the region for decades and still retains much of its prestige as an old friend of the Soviet era" (Anwar, Winter 1997: 189). Reetz confirms the view saying that for India it was natural to deal with the Central Asian region in the first place as part of the former Soviet Union. It was still tied to the post-Soviet states by many links. India hoped to salvage whatever it could from the old relationship, looking for new opportunities (Winter 1997: 223). India still hopes for increase in Russian influence in Central Asia and if so happens "Russia's agenda of economic and political reform would be welcomed by Indian businessmen", because "the newly emerging political class in Russia is taking a strong interest in India's economic management experience of what they call a 'mixed economy' which includes both private and public enterprise" (Reetz: 223). Even the South Asian leaders are also 'favourably inclined to India' and expect to get 'advice and practical help' in economic and political fields. However India is in difficult position of not having direct access to Central Asia. Her "Central Asian policy also suffered from incoherence, neglect and ignorance" (Reetz: 225). Although, India's rapidly growing economy requires new markets for their products and energy resources for their huge industry when as Central Asian states which are rich in their energy resources can fulfill her energy requirements and become a useful market for Indian products. Indian situation, on the other hand, writes Reetz is:

A consequence of its relative success of its economic reforms program. A greater role for the Indian private sector in the economy keeps it busy in the expanding market of India proper with little need to go for the unknown. With the Indian market far from satiated, a partly retiring Indian state has few arguments and instruments to force the need for greater action in Central Asia on its local enterprises and institutions. While this may look India relatively weak in the face of the Central Asian challenge, its advantage lies in pursuing the long term strategy of Pan-Asian links. Its increasing clout as an economic powerhouse, its cultural offensive through Satellite television and the likes and a potential strategic consensus with China, Russia and Iran more than compensate for its shortcomings in neutralizing any negative outfall from what it feared would be an Islamic bloc building against its interests (Winter 1997: 225-226).

Conclusion

Keeping in view Mackinder's theory that whoever controls Central Asia shall wield enormous power of the world, the significant of energy rich CSA cannot be ignored. Pakistan is an energy deficit country, whose economy has to bear security problems and constraints after 9/11 while the Central Asian states are full with excellent infrastructure, massive fossil fuel reserves along with

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minerals and metal deposits. It is the enormous manufacturer of gold reserves and oil and natural gas. It also abounds in energy resources and the developed economies like America, China and West as well as rising economies like India along with developing economies like Pakistan's and other South Asian countries are in dire need these resources to accelerate and develop their economies. The big powers America, Russia China, and the European Union eyes upon the natural and human resources of Central Asia. It is also ideal for Japan, Iran and the rising economy of India. Central Asia is a geo-political struggle over resources and it is "Great Gain" for the world. Each and every country wants to have an access and get hold on these resources and the world particularly big powers are competing for the resources of Central Asia. They do not want others to have an access to these resources. In future the world will be in severe need of energy challenges but the region is land locked and South Asia is the ideal way to have an access to these resources. That is why the great game is being played in Afghanistan and Pakistan to create disturbance in these countries. However, if the peace and security is ensured in these countries and a well developed infrastructure is contrasted there, it will in the benefit of the world and particularly both the regions of Central Asia and South Asia. In this regard World Powers including America and especially India can play a significant role. Although, in the long term the prospects of Central Asia are very bright and encouraging, yet recently they are not clear because the region is passing through transition without any clear and definite ends. On the other hand situation in Pakistan and Afghanistan also does not seem to be resolved in near future, though some measures have been adopted to improve the circumstances.

Recommendations

- Pakistan is required to develop and promote her trade and commerce with CAS and for this purpose also develop infrastructure including construction of roads and development of seaports.
- New agreements and deeds should be made with CAS and old agreements should be realized.
- A Gas pipeline should be constructed attaching Turkmenistan to Pakistan through Afghanistan.
- Pakistan should also consider ways and means to become a gateway to other countries particularly Europe to give them access to the resources of Central Asia
- A strong government in Afghanistan is necessary; therefore, Pakistan should make all efforts in this regard.

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