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From Asia to Eurasia: China and India interests in Central Asia

Central Asia, situating in the core of Eurasia and being a direct neighbor to China and extended neighbor to India attracts both countries in multiple aspects. With rich energy resources and transit potential both India and China tries to play an active role in the region. While China enhances its engagement through regional initiatives as 'Economic Silk Road', India also wants to benefit and improve its involvement in regional cooperation. The security issue which is vital for both India and China formulate the sphere of interests of the region. The paper analyzes the main challenges of China- India-Central Asia cooperation and new opportunities to develop partnership.

Key words: China-Central Asia relations, India-Central Asia relations, Central Asian cooperation.

Муратбекова А.
Азиядан Еуразияға: Орталық Азиядағы Қытай және Үндістан мүдделері

Еуразия жүрегінде орналасқан Орталық Азия, Қытайдың тікелей көршісі, ал Үндістанның таяу көршісі болып табылады. Бай энергетикалық ресурстары мен жоғары транзиттік потенциалы бар Орталық Азияда Қытай мен Үндістан белсенді рөл атқарғысы келеді. Қытай өз ынтымақтастығын «Бір жол – бір белдеу» бағдарламасы бойынша, ал Үндістан басқа аймақтық ынтымақтастық жүйелер арқылы өз қатысын үлестіруде. Қауіпсіздік сұрақтары, аймақтағы тағы бір өзекті мәселе. Бұл мақала Қытай-Үндістан-Орталық Азия мемлекеттерінің қарым-қатынасын зерттеп, негізгі мәселелер мен дамыту жолдарын ұсынады.

Түйін сөздер: Қытай – Орталық Азия қарым-қатынасы, Үндістан – Орталық Азия қарым-қатынасы, Орталық Азиядағы ынтымақтастық.

Муратбекова А.
Из Азии в Евразию: интересы Китая и Индии в Центральной Азии

Центральная Азия, расположенная в центре Евразии и будучи прямым соседом с Китаем и отдаленным соседом с Индией, привлекает азиатских гигантов по многим аспектам. Китай и Индия пытаются играть активную роль в центральноазиатском регионе, в регионе с богатыми энергетическими ресурсами и транзитным потенциалом. Китай развивает присутствие в регионе через региональные инициативы «Один пояс-один путь», тогда как Индия также развивает отношения и активно вовлекается в региональную интеграцию. Вопросы безопасности играют не менее важную роль для обеспечения стабильности Индии и Китая. Статья анализирует основные вызовы сотрудничества между Китаем, Индией, Центральной Азией и возможности развития партнерства.

Ключевые слова: отношения Китая и Центральной Азии, Индийско-Центрально-Азиатское сотрудничество, сотрудничество в Центральной Азии.

**FROM ASIA TO EURASIA:
CHINA AND INDIA
INTERESTS
IN CENTRAL ASIA****I. Introduction**

Today the economic involvement of China comparing to India is larger, however, India with its regional programmes also improve cooperation. The main aim of the research is to investigate China–India relations in Central Asia. Studying China-Central Asia and India-Central Asian relations along with China-India relations in a global term will answer a question how the China-India rivalry can influence to the Central Asian region? In the paper, it is analyzed cooperation of China-India in a global and regional context with Central Asian countries.

The Sino-Indian relations have an impact in regional and global level. Taking into account growth dynamics and human capital possibilities of two most populated and emerging markets, it cannot be neglected the significance of bilateral cooperation and competition of two giants. Both India and China being ancient civilizations and emerging fast-growing countries had divergences at some point and convergences in another point. The unsettled border, Tibet issue, Sino-Pak ‘all-weather partnership’ are the main challenges in Sino-Indian relations. However, growing the economic potential of both countries and the policy of ‘first economics, then politics’ gained a huge success in full-circle cooperation. Growing activities and possibilities of both China and India led to the competition in both economic and geopolitical context. Moreover, competition for energy, hydrocarbon and natural resources for the largest consumer markets are a vital part of survival. Central Asian countries situated in the heartlands of Eurasia with no direct access to the ocean, but with huge potential of resources became a strategically important region for China and India. Both countries choose their own way and own perception of interests in the region.

Relations between Central Asia, India and China have deep historical roots. As long as the Silk road remained open, Central Asia was the heart of East-West trade between China and India on one side and Western world on another. The Silk Road connected Xian (the ancient capital of China) through the Hexi Corridor to Southern end of the Great Wall, and then divided into two directions, to the north through Taklamakan desert and south Gobi desert and Tien Shan Mountains across Turfan, Aksu and Kashgar [1].

The collapse of the Soviet Union reemerged the «geographical pivot of history» by Halford Mackinder (1904) [5]. According to Mackinder's doctrine of geopolitics the significance of navy had shifted. If the basis for Columbian era was a navy, he predicts that 20th century will be dominated by land, the World Island or the «core» is Eurasia, which he called as «Heartland». His theory emphasizes the geography of the Earth dividing into two sections, the World Island and Peripheral Islands, which include America, Australia, Japan, the British Isles and Oceania.

Disintegration of Soviet Union shifted the significance of the region and The «Heartland Theory» with pivotal area was popular to state the geopolitics in Central Asia region. New geopolitical studies occur with the emergence of the «New Great Games» in Central Asia. H. Clintons «The New Silk Road» which was announced in 2001, Brzezinski and Huntington's theories of Eurasia, mostly characterized Central Asia geopolitically and ethnically unstable region with potential instability because of internal problems, geopolitical position, close to Afghanistan and danger of major great powers.

Along with other geopolitics, as Zabotseva wrote, scholars approach allies at «creating a synthesis between orthodox geopolitics and geo-economic discourse to develop a new understanding of geographic arrangements as social constructions that are changeable over time» [6].

Also, neighboring states tried to improve and enhance its collaboration with Central Asian states, as the theory of Pan-Turkism with Turkey as a Turkic brother of the region, the Pan-Slavonic theory with collaboration Russian population of most Central Asian countries. Islamic World also extended its involvement in the region. The Great Game theory of USA, after 9/11 also shifted the balance and interests of the US.

Central Asia nowadays represents five fingers of the hand: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. In physical geographical context Central Asia according to Cowan, refers to Dzhungaria (Xinjiang, China), the Takla-Makan (Xinjiang, China) and Gobi [2]. During the USSR the term «Central Asia» (Srednyaya Aziya) implies only to four republics of the region, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, excluding Kazakhstan. Russians said «Central (Middle) Asia and Kazakhstan» (Srednyaya Azia i Kazakhstan) when referring to the largely Muslim region. However, in Turkic language, term «Central Asia» (Orta Asia) refers to all Muslim nations of the region, even the Russian terminology gradually influence to the

region [3]. Scholars from India include in Central Asia Xinjiang (China), Kashmir (India) and south Afghanistan. In geographic terms, the central area of Asia, consist of Xinjiang and surrounding areas in Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Afghanistan, Pakistan, Kashmir, Tibet, Qinghai, Gansu, Inner Mongolia, Mongolia and the Russian Federation [2]. Le Houerou highlighted the climatic difference between Middle and Central Asia and said that most scientists confuse these two notions [2].

Maskerras and Clarke stated that it is necessary to present 'Central Asia' as primarily a cultural rather than a purely geographic concept [4]. Central Asia represents the core of Eurasian continent- including five post-Soviet states, Xinjiang, Mongolia, northern Iran and Afghanistan. From 1996 the term «Middle Asia» (Srednyaya Aziya) was changed officially to «Central Asia» (Centralnaya Azia) and nowadays is used to the five states of the region.

The Central Asian states formed after the collapse of Soviet Union and the geopolitical balance has been undergoing slow evolution. The young states faced the vacuum of influence and discovery of mineral resources, enhanced the interests of global and regional players. The newly independent Central Asia states shares a common culture, social structure, historical memory and bound with Soviet legacy.

Regional processes to connect the Central Asian region and share common problems led to establishing the Central Asian Union in 1994 with a 'common economic area'. Tajikistan was formally accepted to CAU in 1998, while Turkmenistan consistently declined the invitation. In 1998 the CAU was changed to the Central Asian Economic Union and in 2001 reestablishing to the Central Asian Cooperation Organization (CACO) [7]. Basically, CACO was an example of «formal regionalization», as an organization who can't develop an effective structure for economic coordination, as well as to improve interstate trade relations, security policy. As the CACO became a less effective forum to promote cooperation in the region, Central Asian states Kazakhstan in 1995, Kyrgyzstan in 1996 and Tajikistan in 1999 joined the CIS Customs Union and reestablished to Eurasian Economic Community in 2000, in 2014 it was changed to the Eurasian Economic Union.

II. Global China-India relations

India and China are Asian giants with an overall population of 1/3 of the world and with a

high level of economic development, attracts all regional and global players. For Central Asia being a direct neighbor to China and has deep historical and cultural ties with India, makes important to look not only China-Central Asia and India-Central Asia cooperation but also how the rivalry and competition between two Asian giants affect Central Asia.

Present China-India relations can be characterized as economic interdependence relations, with rapidly growing economic and strategic relations. China and India diplomatic relations started in 1951 with a period of friendship and the hostility after the 1962 war. The war which lasted only a month influenced to overall China-India relations a lot, and still even stepping forward to beneficial cooperation and collaboration, the effect of the «China threat» can be seen in the region. After the war of 1962, China and India suspended its relations till the international situation had shifted, which led to warming bilateral relations. However, the most vulnerable issue «the border dispute» still remains unsolved. There were three institutional committee's working on the border issue and results of these working groups were signing an agreement on Confidence Building Measures in the Line of Actual Control. Today, there are 4 official agreements on that issue, which ensure stability and security of border areas. The Special Representative Group met constantly to develop mechanisms to resolve the border question. Indeed, more that after 60 years of the end of the border war, the consequences is still clearly seen. The relations between China and India gradually changed after the reshifting their foreign policy and foreign economic policy. Both countries based on the economic interdependence and beneficial economic relations changed their attitude towards each other. In 2008 «A Shared view for the 21st century» was signed in Beijing, which shows that both countries have their interests in each other not only for a short term but also for a more extended period. However, most of the scholars and media workers had a negative view of China and to this win-win economic cooperation influences the cohort of anti-China people to develop the regional collaboration of India and China.

In terms of economic development, China started economic liberation decades earlier than India. China shifted its ideological struggle to economic development in the late 1970s, after 'opening up' its economic reforms to the world. Indeed, China did a lot after the post-Mao era, when the global total import and export was barely 0.75 percent of total global trade, while in 2004 it was conducting over one trillion USD of foreign trade [8]. However,

the nature of China's economic modernization was dependent on Foreign Direct Investments and foreign trade, China's social transformation, and political stability have to be entwined with sustaining high growth rates on a regular basis. India's economic reforms started in 1991 when a serious macroeconomic and balances of payments crisis forced a reassessment of India's development strategy [8]. Economic reforms of India was focused on fiscal consolidation and limited tax reforms, removal of controls on industrial investments and on a reduction of import tariffs [8]. Today we face India as a third (in terms of PPP) largest economy in the world.

III. China-India interests in Central Asia

After establishing the independence of Central Asian states both China and India pursued their own politics. Chinese interaction with independent Central Asian states passed several stages of cooperation. China's first aim was to determine borders with three new neighbors. The demarcation was important to demilitarize the border and to prevent the separatist movements in the region. At the second stage, China in the frame of Shanghai Cooperation Organization tried to build collective security activities to prevent the spread of «three devils»: extremism, separatism, and terrorism. Through gaining significant improvements in securing the region, excluding or limiting the separatist movements in Xinjiang and settling the borders, China's relations with Central Asian countries moved to the next step. Primarily reasons of mutual cooperation with all Central Asian countries were developing market relations, through extracting mineral resources, hydrocarbons and other mineral resources as well as developing industries, infrastructure and communications. Another step for improving bilateral and regional relations was in promoting Chinese language and culture, according to the Chinese model, basically through activities of the Confucius Institutes.

Nowadays, China's policy toward all Central Asian countries succeeded a lot and has a huge impact on the economic and strategic development of all Central Asian countries, and positioning itself as a second influential actor in the region, surpassing Russia in economic terms, but not in cultural or strategic ties.

China's diplomacy in Central Asia can be divided into several directions, one of which is Central Asia's energy interests. Notably, Central Asian states are rich with energy resources. Turkmenistan's gas reserves are fourth in the world,

Kazakhstan and Uzbekistan have second and third gas reserves and Kazakhstan are among twelfth largest oil deposits in the world. Tajikistan and Kyrgyzstan have a hydropower potential of which only 10% is being used [9].

The growth of domestic energy demands and changes in international situation after 9/11 forced China to secure its oil supplies. Before China concerns energy as an economic issue and did not consider from political-economic and strategic perspective. The main aim was economic profits, rather than secure of oil products. In the 2000s the jump in the amount of oil supply and changes in international situation caused price growth, turbulence and instability in the main provider of energy products Middle East region, changed China's strategy toward energy issue, which was formulated in «energy strategy for the twenty-first strategy». One of the first steps of changing energy strategy was reconsidering the perception of crucial energy interest in Central Asia. Nonetheless, since 1997 China started to pay more attention to Central Asian energy on a large scale. The investment of CNPC (China National Petroleum Corporation) to Kazakhstan oil fields and readiness to construct oil pipelines through the Kazakhstan was a start of important cooperative energy projects [10]. However, only after 2001 China rethink its energy strategy towards securing its energy interests rather than economic significance and as the result was a resumption of oil pipeline construction in 2003.

Current projects in Central Asia with Chinese investment, and CNPC's distribution in Central Asia: Central Asia gas pipeline with 50% of Chinese share and Kazakhstan south gas pipeline; In Uzbekistan there are 3 projects, Minbulak (50%), The Aral sea blocks (20%) and the Silk Road projects (100%); while in Turkmenistan Amu Darya project (100%) with Chinese investments. In Kazakhstan there are 9 projects with CNPC participation, Aktobe (89.17%), North Buzachi (50%), MMG (50%), PK (67%), KAM (25%), ADM (100%), Chimkent refinery (50%), Northwest crude oil (49%), China-Kazakhstan crude oil pipeline (50%) [11].

China's energy interests in Central Asia also covers Turkmenistan with rich natural gas reserves and Uzbekistan with moderate mineral resources. Meanwhile, some scholars argued that Chinese energy is not significance taking into account amounts. China's oil import exceeds 100 million tons per annum, while only 2 million tons come from Central Asia. At present, about 50 percent of oil imports come from the Middle East, 20 percent

from Africa and only 8 percent of oil imports are from Central Asia[10]. Comparing in a global perspective may be inaccurate to show China's needs because China might not need a big amount of oil from Central Asia, the type of oil product and its consumption meets the needs and even developing infrastructure to import oil products China at that stage comply its demands.

Mineral resources are another priority of Chinese diplomacy in Central Asia. Rich mineral resources of Central Asia need to China to provide economic development.

The top priority of Chinese diplomacy in Central Asia was to ensure its stability and security. Xinjiang Autonomous Region is a direct neighbor with three of Central Asian states and taking into account larger Muslim population and separatist movements of Uighurs as a most vulnerable issue, it was important to China to have good connections with Central Asia to prevent or limit separatist and extremist mood.

Once the border was marked and Central Asian neighbors showed its stability, the Chinese government started its policy to develop West regions by launching «West Development program» in 2001. The strategic importance of «West Development Plan» was to serve Xinjiang as a two-way conduit linking China with Europe.

Basically, in economic terms, Central Asia has no a great impact on the Chinese economy. In absolute or relative terms, trade with Central Asia is a very small portion. Trade with Central Asia in China accounts only 0,6 percent of total volume of foreign trade. Whereas, Central Asian trade with China accounts 10 percent of overall trade [10]. However, 80 percent of overall trade with Central Asia goes through Xinjiang [12]. And developing Xinjiang as a hub for trade and transit through Central Asia to Europe is designed to provide economic development and prosperity of the region for maintaining security and stability. Chinese authorities are believed that while improving the social satisfaction of Xinjiang, the level of separatist mood will decrease.

Basically, trade relations of China with Central Asia is promoting to earn economic benefits, as well as improving infrastructure, transportation links. Main products China import from Central Asia are raw materials, oil, energy recourses, hides, skins, cotton, yarn, ferrous and non-ferrous metals, fertilizers, cement. Whereas to Central Asia exported cheap consumer goods, chemical products, machinery, electronic goods and other finished goods.

China's land transportation through Central Asia was extended, Kashgar links with Kyrgyzstan via Osh, Turgart and Karamik; Tajikistan via Osh, Sary Tash and Murhab, which has linked to Karakoram Highway through Pakistan-occupied Kashmir, that secure Central Asia access to the sea via Pakistan; and Kazakhstan via Alashankou and Khorgos [12, p.98]. Eurasian Economic Bridge starting in eastern China Lianyungang, one of the main ports crossing over China's east to Xinjiang, Kazakhstan, and China. Also, China plans to build Special Economic Zone in Kashgar to connect with Pakistan and Central Asia through Karakoram Highway. In Kazakhstan already fully operating SEZ Khorgos.

Also, China became a main external creditor of Central Asian countries. During the financial crisis in 2009, China extended its loans to Kazakhstan to 13mln USD, Turkmenistan 8 mln USD and Tajikistan, where 60% of all external country loans are from China.

India's position is quite different in the Central Asian region. The security dimension was a prior factor of collaboration after establishing diplomatic relations. Changes of geopolitical context in the second half of the 1990s because of the Taliban regime shifted the situation in the region. Afghanistan, its activities of radical terrorism and drug traffickers threats the stability and security of the region and affect not only to the northern borders of India but to the stability of India as a whole country as well. In addition, Pakistan, its geographical position and closeness to Central Asia as a part of Muslim world bothered Indian politicians. As well as security interests, the economic, historical and cultural interests of India are taking place. Historical and cultural ties of India with the region dates back from the ancient period and have a strong cultural effect. Commercial interests in Central Asia is driven by India's emerging and dynamic growing market, also by extracting natural and energy resources. Generally, India's policy in Central Asia characterized as bringing stability through major economic and power cooperation to Afghanistan and Central Asian region and India usually defines Central Asia as an extended neighbor.

India and Central Asia has deep historical connections. Gayer cites historian M. Alam suggestions, that «coming in 16th century of Mughals to India deepened the pre-existing links with Central Asia... Material life in both regions was deeply affected by the accelerated movement of goods and people, while institutions of learning, religion, and politics in each area bore the imprint of the other» [13]. Traders, soldiers, Sufis, literature,

and culture were freely shared in the region, forming a powerful base for cultural values and symbols. Interaction of people, goods, and ideas in and from Central Asia which was so instrumental in sustaining deep relations was interrupted during the modern period. Therefore, the long-standing historical ties encompass the political, cultural, economic and religious dimensions constitute the basis for international cooperation between India and Central Asia. [14, p.42]. India's direct relations with Central Asia was limited during the Sovietization, but Indians presented in everyday life via television, movies, music, products as tea, etc.

India's vital interests in Central Asia are political stability, securing its energy supplies and geopolitics in the region. The Kashmir question, relations with Pakistan, religious extremism and terrorism are vulnerable security issues in the region.

India's economic policy in Central Asia difficult by several factors, the majority of Indian trade are conducted by sea and poor relations with Pakistan and disputed border area limits the trade relations with Central Asia. Also, as the Indian economy is mostly privatized, unless the state provide mechanisms for trade, it is hard to force Indian businessmen to invest in Central Asia. Also, Indian business is orientated on external market, huge consumption market and service sector do not need to Indian businessmen to export to emerging markets of Central Asia.

India's policy in Central Asia remained low in foreign policy; in 2012 Minister of State for External Affairs unveiled India's Connect Central Asia Policy to provide new opportunities for political, economic, cultural connections. The main emphasis was to strengthen the strategic and security cooperation and to improve connectivity. Potential areas for cooperation was outlined as construction sector, medical fields, assist in setting up a centre for excellence in Information Technologies, management, philosophy and languages and to develop air connectivity. India's actions in the region are to the extent it is energy hubs, Turkmenistan had already agreed to enhance energy cooperation and Indian oil and gas in the region.

India has been seeking to increase along with economic ties, its political and cultural links and Indian foreign policy intensifies its diplomatic efforts. In 2015 Indian Prime-Minister Narendra Modi visited all Central Asia countries. Several agreements were signed, particularly in Kazakhstan was signed an agreement on nuclear, uranium supply, defense cooperation, on economic cooperation. In Turkmenistan issues of terrorism, drug trafficking was covered; agreements in Uzbekistan also touched

terrorism, extremism, atomic energy, and economic relations. In Tajikistan, it was discussed cultural cooperation and the Exchange of Note Verbale [15].

All in all, India tries to participate in the region actively by launching different programmes, as «Extended Neighborhood», «Immediate and Strategic Neighborhood» and «Look North Policy» and the latest 'Connect Central Asia' to redesign its foreign policy vis-à-vis the region. Albeit, being optimistically about the Indian policy in the region comparing to other powers and other regional initiatives India remain still low ebb in terms of trade and investment. India's foreign policy is mainly focused on energy, and besides oil and gas, Indians has a potential to be engaged in information technology, pharmaceuticals, and textiles, small and medium business, agriculture and experience of providing in a service sector.

V. Regional processes in Central Asia

The regional organizations with India, China and Central Asia participation are an important instrument of host diplomacy. The Conference on Interaction and Confidence Building in Asia (CICA) was promoted by N. Nazarbayev in 1992, the main aim of which is to highlight the international status of the country and to fit the theme of global peace and development. The first meeting of CICA was only in 2002 to discuss counter – terrorism issues. The CICA Summits gives an opportunity to enhance regional exchanges in anti-terrorism and economic cooperation. However, CICA is just a mechanism, it has no core competencies as SCO and not yet become an organization. A MoU between CICA and SCO was signed during the CICA Summit in Shanghai, but important functions of CICA as terrorism is overlap by SCO. Therefore, CICA is an intergovernmental forum, which has its policies and engages strategic regional actors, but without any resolutions, policies, symbolic and a platform for negotiation and discussions.

The Shanghai Cooperation Organization is one of the important instruments in Central Asia relations. Players as Russia and China weighed this organization, which was founded in 2001. The primary reason gathering neighboring countries was to settle the border and demarcate. The Shanghai Five was founded in 1996 and after joining Uzbekistan changed to become an international organization to enhance regional cooperation and security. The SCO was designed to broaden its scope in the global scene. The presence of China and Russia with small Central Asian states shows the importance of

regional cooperation and emerging interest of the region.

In 2015 in Ufa Summit it was started the process of expansion for the first time, was announced that during the Tashkent Summit in June 2016 there will be the procedure of submitting India and Pakistan to a full membership. Before that, China introduced several obstacles to accepting India and Pakistan to the SCO. China raised objections to the membership, so it takes five years, (from 2009 to 2014) to decide on inducting new members. India became as an observer in 2005 and since then India subtly indicates its interests in joining and sharing values of the SCO. In 2009, SCO decided to focus on its vertical consolidation, rather than embarking on a horizontal expansion. It takes a long way, till the moratorium ended in 2014 and India applied for membership [22].

The SCO Summit held in Tashkent, 2016 went in parallel with Plenary in Seoul on NSG (Nuclear Suppliers Group) membership to discuss entry of India and Pakistan. China raises procedural block to admit India to NSG and the process of accepting India and Pakistan to SCO was postponed until the next year that will be finalized in the next Summit in Kazakhstan.

India's membership to SCO will provide an opportunity to boost its influence and appeal on the international arena. Russia sees the SCO's expansion as to garner greater international legitimacy and to advance its anti-Western politics. While China will advance in security and economic terms, it will get more allies in fighting three evils and deepen its economic ties. And the addition of India and Pakistan will impede progress on these issues. As the Russian Foreign-Minister S.Lavrov states «the SCO is a major component of the new polycentric order» [17].

During talking about regional initiatives in Central Asia it is worth noting the Chinese initiative 'One belt-one road' (OBOR), which goes through the core of Eurasia and covers Central Asian republics with very important economic and infrastructure development of the region. According to Cooley, media estimates OBOR between 800 billion USD and 1 trillion USD, covering 890 projects in over 60 partner countries [18]. Some scholars compare OBOR with the US's famous Marshall Plan. OBOR will foster regional connectivity and economic cooperation. Kazakhstan has already connected its plans with infrastructure projects in the frame of the initiative, to build internal transit routes and cross-country transit in Nurly Zhol programme with OBOR. Main Central Asian projects in the frame of

OBOR include China-Central Asia Pipeline, Eurasian Land Bridge, China-Central Asia –West Asia Corridor, Khorgos-Aktau railway, China-Kyrgyzstan-Uzbekistan Railway. Some of these projects are already half or fully operates, others will be refurbished during the recent period to boost international trade and foster transportation.

Moscow had already proposed to connect the Eurasian Economic Union, a trading bloc of Kazakhstan, Kyrgyzstan, Armenia, Belarus and Russia with OBOR, they started to expand cooperation on development and infrastructure issues and deepen integration. India was caught off guard when the China's Silk Road initiative was launched, while India joined quickly the initiative to join the Asian Infrastructure Development Bank.

The president of JSC «KZT Express» states, that according to the OBOR initiative in Kazakhstan, during the 9 months of 2016 in the route China-Europe-China they were dispatched 565 trains, China-Central Asia-China route dispatched 46 trains and Central Asia-Russia -48 trains. There are 3 trains goes through from China through Kazakhstan to Turkey and next year new routes will be launched to connect China with Iran and Iraq [19].

Even launching initiatives which will develop the social welfare of the region, Central Asia faces challenges in the growing «China threat» or Sino-phobia. The Soviet legacy of mistrust and lack of widespread contact with China, media image of China affect to China-Central Asia relations. One of the examples of Central Asian «threat of China» can be seen in a demonstration in Kazakhstan in April 2016 against long-term leasing of Kazakh lands to Chinese entrepreneurs. The wide-spread peace demonstration took place in Kazakhstan cities with the demand to abolish Chinese land leasing. Another anti-Chinese attitude had shown during the Kyrgyz road tender which was underbid because of lack of license.

The terrorist act that takes place in Bishkek in August 2016, raises an important issue of the security when a car driven by a suicide bomber has exploded after ramming the gates of the Chinese embassy [18]. Fortunately, only a suicide bomber had died, but it implies the security issue.

The Sinophobia is close to all neighbor states, among them is India. Indian media is stirring up the negative sentiments, while the government of both countries tries to enhance relations. They tend to pay more attention to divergences and Indian media has not learned yet to see the potential of a stable environment and development [20].

One of the examples of China-India rivalry in

the Central Asian region and its implication can be seen in oil situation in 2005. The ONGC Videsh (Oil and Natural Gas Corporation) Indian state company lost a deal in Kashagan oilfield in Kazakhstan. Indian media showed that Kazakhstan blocked the deal to sell the share to China. In fact, ONGC had a deal to buy ConocoPhillips 8.4 percent for \$5Billion. At the last stage Indians decided to delay, but when Chinese CNPC bought for \$5.3-5.4billion Indians showed as it was Chinese bloc. When CNPC beat India by agreeing to pay \$4.18 billion to Petro-Kazakhstan, oil minister of India Aiyar states that India's bid for PetroKazakhstan was thwarted as the «goalposts were changed after the game began»[21]. However, the oil market as other markets faces competition but when the issue engages India and China together, it usually politicizes and revises the issue more to political content rather that a decent market competition.

Conclusion

China's and India's key foreign policy strategies in Central Asia are driven by defined factors which influence not only to the regional stability but also to the internal security. Even though, both countries competing at some levels in the region, there are some segments where the interests of them are meet. For China stability of the Central Asian region is important because of Xinjiang, for India, because of Kashmir. Therefore, both countries are promoting the security by bilateral, multilateral cooperation, as well as through the frame of regional cooperation. External security issues as a domain of international relations also is an element of domestic policy and stability in Central Asia is vital to secure stability in border areas of Kashmir and Xinjiang.

India and China simultaneously become competitors in Central Asia and the Chinese expansion in the region is closely watched by Indians. Both India and China has deep historical links with disruption during the Soviet era; however, India has no negative effects as an ideological, geographical or political threat to Central Asia. Chinese relations with Central Asia are partly influenced by «China threat» thoughts. India and China had similar approaches in Central Asia, focusing on the regional and energy security, development of partnership and people-to-people contacts, both countries states Central Asia as a strategic priority in the foreign policy.

Regional initiatives as OBOR, which will connect all countries in the region take an advantage not only to improve bilateral relations but also to cooperate together which could influence other relations.

The SCO, an important instrument to strike against terrorism, extremism and separatism are also vital to solving common issues; the acceptance of India to SCO will enhance its regional involvement and cooperation.

Despite the economic diplomacy towards the region, the trade and investment are at the lowest ebb. Both China and India are having a constructive view of the region and seeking opportunities for cooperation in the region. There are several opportunities to boost trade relations. One of the variants is with OBOR fund and AIIB efforts it is a potential to develop valuable new transit infrastructure. It also needs to provide domestic and international stability. The construction of new roads and railways will expand commerce and offer new economic opportunities, which will increase political competition and regional leadership. Taking into account low profile of Central Asia market, the most beneficial engagement in world economics is as it was done from ancient times to provide space for transport-

ing goods from East to West. Being involved in an international logistics and transit harbor provides to Central Asian states cheap goods, well infrastructure and employment.

Living conditions of the most Central Asian states are low and with poor infrastructure Central Asia could benefit from investments and improve opportunities to be in the flow.

Although, being situated among regional leaders as China, India, and Russia Central Asian states acting together and promoting common with rich mineral and energy resources, a common legacy of Soviet industry can be a potential market for development and extracting resources to the development of the region.

In conclusion, China and India interests in Central Asia as it is shown is a strategic priority, the win-win cooperation of the region will help to develop collaboration in economic, political, financial, security spheres, besides struggles among regional players and world giants.

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