

Energy and Security in South Asia: Cooperation or Conflict? by Charles K. Ebinger, New Delhi: Cambridge University Press, 2013, pp. 224, INR 795

*Rakesh Chopra**

The 21st century cannot be an Asian century unless South Asia marches ahead together.

PM Manmohan Singh at the SAARC Summit,
28 April 2010

South Asia, with its legacy of suspicion, mistrust, ethnic sectarianism, and political parochialism would have fallen off the global map had it not been for its large and growing populations. Its people are poor largely because they do not have access to commercial energy. This is, perhaps, the greatest challenge that governments of the region face.

Charles Ebinger has done yeoman service with his timely book, *Energy and Security in South Asia*, enumerating the challenges that lie ahead. As Director of the Energy Security Initiative at Brookings Institution, with 36 years experience in South Asia in various capacities providing technical assistance to energy ministries, he is well qualified to pen his thoughts on issues of energy security and suggest remedies for the confluence of challenges that require constant economic and social support for stability.

Energy security is critical to national security; it supports economic development and helps prevent ignition of widespread unrest. Decades of mismanagement by political elites has failed in providing energy

* Rear Admiral (Retd.) Dr Rakesh Chopra is Professor of Strategy and Geopolitics at the Institute of Management Technology, Ghaziabad.

ISSN 0976-1004 print

© 2014 Institute for Defence Studies and Analyses

Journal of Defence Studies, Vol. 8, No. 4, October–December 2014, pp. 155-161



resources to the people. It must move simultaneously on all policy fronts, deploying both conventional and alternative fuels, enacting broad end-use efficiency and conservation programmes, and institutional and regulatory reforms—a prodigious task complicated by fiscal constraints, self-created political obstacles and limited structural capacity.

The book aims to specifically sensitize policymakers and energy professionals to the delicate nuances of energy security in a regional context to make better-informed decisions. Ebinger, however, warns that the energy landscape is cluttered with myriad organizations and energy development is governed by a byzantine network of laws, regulations, rules and ordinances exacerbated by the complex interplay of political personalities and other convoluted social forces.

At the outset, brief ‘Policy Prescriptions’ summarizing the central arguments of the book are listed for ‘Busy Eyes Only’ and for the intellectually challenged.

The policies prescribed include ‘planning coordination’ to overcome conflicting ministerial interests and bureaucratic gridlock which slows down and derails policymaking. Next is ‘pricing reform’ because subsidies distort demand and limit funds to maintain or increase production. Reforms, however, need to be paced gradually so that the poor are not marginalized in its wake. A transparent, independent ‘regulatory oversight’ lowers transaction costs and facilitates foreign investment. He also addresses the role of United States (US) and international community who have failed to comprehend the importance of energy security for regional stability and deserve blame for the predicament facing the region, for example, by opposition to the Iran–Pakistan–India (IPI) pipeline.

Given the severity of the looming energy crunch, Ebinger comments that the long-term solution for energy security is sustained increase in ‘regional energy trade’ capitalizing on complementarities of resource bases and energy needs, for example, by export of surplus hydropower by Nepal to energy-deficient India. Finally, the author alludes to ‘India’s energy introversion’. Being the fulcrum of South Asia, India must address its fears lest it puts its own energy security and that of the region at serious risk and also to tackle China’s insidious encirclement for geopolitical influence.

THE SOUTH ASIAN REGION

Chapter 1 introduces the South Asian region which, beset by insecurity, is on edge due to poverty, armed conflicts and natural disasters. Ebinger

avers that energy security, 'the availability of energy in requisite volumes at affordable prices', is an unreported issue and poses a greater challenge than all other factors combined. It could tear South Asian communities asunder with a plethora of implicit implications which include supply disruptions, an energy crunch, confrontational political milieu with myriad points of friction and fratricidal conflicts and China 'at the gates' and encirclement through a strategy of *wei chi*. He lists challenges and choices to meet accelerating demand as economies grow and modernize. Should the regional actors cooperate with a 'win-win' strategy to tackle the looming energy crisis? He warns that long-term energy security is simply unattainable without inter-regional and intra-regional cooperation.

The next four chapters critically analyse the energy conundrums of the five South Asian states: India, Pakistan, Bangladesh, with Nepal and Bhutan clubbed together. Despite implementing demand-side management programmes, the dilemma to escape an impending energy drought remains—whether to go-it alone seeking global equity energy deals or to embark on collective development of cross-border electricity and natural gas projects with trade in petroleum products. India, the largest and most dynamic economy, sits at the fulcrum of this major policy decision as cooperation and energy deals under the shadow of China's aggressive posture would have foreign policy reverberations. It could lead to a new 'Great Game'.

The chapters follow identical formats. After introducing the country, the narrative dwells on its energy history, examines the current energy landscape—institutions and the energy mix—and ends with conclusions and recommendations.

India

Despite being the fifth-largest global consumer of fossil fuels, India's per capita consumption is lowest in the world: only 24 per cent of world average energy consumption, 5 per cent of the US and 27 per cent of China's per capita, which it lags by a hiatus of 10 years. Despite skyrocketing demand, access to commercial energy remains the preserve of an elite minority. This anomaly has a direct negative impact on economic growth repressing poverty alleviation of the poor who constitute 80 per cent of the population.

Coal, the traditional fuel, is dirty and its logistics inefficient—an overpowering dampener. Oil for the burgeoning transportation sector is imported, subject to price volatility and disruptions. Hydropower is

prone to political disputes and land acquisition litigation. Natural gas and nuclear energy are the only shining stars on the energy horizon. The energy scenario remains dismal when viewed with the audacious goal of 8 per cent growth over next quarter century to break the endemic cycles of poverty.

India's energy rise will have geopolitical and economic impacts; increased competition for foreign resources with China, dependence on governments with dodgy human rights records and diplomatic reputations and tensions over environmental and climate change concerns would tax the sinews of its energy security policies. The author has tracked India's energy history from early days of the Digboi field to the 2006 Integrated Energy Policy, and has examined institutions responsible for and linked to the energy landscape and its energy mix. Drawing conclusions, recommendations from rural energy access, to energy efficiency, to price reform, et al., are enunciated. He ends with the plea that the opportunity for long-term enhancement of India's energy security is greater international engagement at the regional level.

Pakistan

The author then looks at Pakistan's economic scenario, which has failed in almost all sectors, and more so in energy due to policy incongruities. These, in late 1960s and 1970s, plunged the country into an energy crisis exacerbated further by internal security challenges and upheavals. The discovery of the giant Sui gas fields in 1952, the creation of semi-autonomous Water and Power Development Authority (WAPDA) in 1958 and the Indus Basin Water Treaty with India dominate its energy history. Whilst gas-powered stations proliferated after Sui, hydropower generation, despite the construction of the giant Mangala and Tarbela dams on the Jhelum and Indus, respectively, suffered due to diversion of water for irrigation and inability for further construction due to social roadblocks similar to those that stymie India.

The 1960s and 1970s, years of turmoil due to wars with India, internal unrest, 1973–74 and 1979 oil shocks and political upheavals, encouraged thinking on the nuclear option and on instituting energy reforms. The *Vision 2030* policy document, in concert with *National Energy Conservation Policy 2005*, laid out guidelines and actions to remove bottlenecks to provide and save energy through the entire economy.

Like much of South Asia, the six government ministries responsible for Pakistan's national energy policy operate in bureaucratic silos.

In addition, numerous other-owned or partially owned government companies add to the energy complexity as do a plethora of regulatory authorities. Central–provincial relations generate tensions, especially with regard to the exploitation of coal. The National Integrated Energy Plan (IEP) 2009–22 seeks to overcome these shortcomings.

Pakistan's energy mix is typical with combustible renewable and waste accounting for 35 per cent of total primary energy—vast coal reserves discovered in the Thar Desert are yet to be exploited. Nuclear power is miniscule in comparison to fossil fuels, whilst hydropower accounts for 30 per cent of the total.

The author concludes that domestic reforms would be inadequate to meet long-term energy security, and again calls for regional energy cooperation. The transborder natural gas pipelines from Iran and Turkmenistan and the joint development of Thar coal need to be pursued vigorously with India in exchange for electricity supplies to the grids of its heartland, the Punjab.

Bangladesh

Bangladesh is perilously vulnerable to effects of climate change. It faces a predicament: heavily dependent on natural gas, its domestic production is insufficient and dwindling. Anticipating this looming challenge, Bangladesh, unlike other countries, has moved towards a state of perpetual reforms for three decades.

The power sector comprises an alphabet soup of companies, institutions, programmes and initiatives. The Power Division and its Power Cell in the Ministry of Power, Energy and Mineral Resources has the formidable task of enacting the reform programme in the electricity sector. Petrobangla is the principal state entity involved in the hydrocarbon sector, both upstream and downstream. Coal plays a miniscule role in the energy mix. All energy activities are regulated by the Bangladesh Energy Regulatory Commission.

Bangladesh is finally appreciating the scale of its energy challenge. The import of liquefied natural gas (LNG) and passage of the Power and Energy Fast Supply Enhancement Act demonstrate its willingness to grasp the nettle with greater diversification of its energy mix, best achieved by cooperation with neighbours. Being cosy with India is the proverbial hemlock, a shortcut to electoral defeat. The Bangladesh government has to tread warily.

Nepal and Bhutan

Both Nepal and Bhutan are blessed with rivers that rampage through the Himalayas offering immense potential for hydropower generation with opportunities to export to electricity-hungry markets of India and Bangladesh. Whilst Bhutan has grasped opportunities, the energy sector in Nepal, mired in poor governance, languishes with no contribution towards poverty alleviation and economic development. It needs a strategy to harness its energy production along with India through joint generation and transmission investments and increased electricity trade.

ENERGY CHALLENGES AND REGIONAL COOPERATION

Chapters 6 and 7 are devoted to the energy challenge seen through the regional prism, with measures to enhance energy security through regional cooperation.

The challenges are daunting. Disputes and rivalries must be set aside to achieve regional energy cooperation as no country can afford domestic social discord or harm to its economic prosperity, exemplified by the 2010–11 riots in Pakistan that were triggered by proposed increases in petroleum prices supplemented by frustrations over prolonged electric outages. Such demonstrations deter investments with long-term effects on national economies. Poor policy planning and implementation add to the woes of citizens.

Both demographics and economics are at the forefront of problems. Burgeoning populations accompanied by uncontrolled, haphazard urbanization and government commitments to raising standards of living are increasing demands for energy, exponentially adding to issues of greenhouse warming and climate change. Modest indigenous production enhances import dependence paid for by scarce foreign exchange, destabilizing government balance sheets. Misdirected subsidies encourage profligacy and waste. Ironically, hundreds of millions do not have access to commercial energy.

Ultimately, the gap between energy demand and supply is exacerbated by internal and regional distrust. Political and religious tensions hinder commercial energy cooperation resulting in autarchic policies. These may work in the short term but in the long term the region would perforce have to trade in commercial energy and electricity.

SOUTH ASIA'S PATH FORWARD

Finally, in Chapter 8, Ebinger questions why successive South Asian governments have failed to provide basic energy and economic services to the majority of their people? The reasons are rooted in political and economic philosophies, in flawed short-sighted policies and in institutional rivalries, all perpetuating statist autarchic energy planning in smokestack ministries and organizations and faulty implementation. Unfocused subsidies add to the woes. There is no clear focused strategy to attack the endemic grinding poverty that the people endure.

It is unfair to assume that the energy crises facing the region are entirely self-inflicted: some travails have been caused by forces, natural and man-made, external to any government's planning process. Natural disasters, vagaries of the monsoons, oil shocks, sanctions, etc., have all played their part.

The author concludes that nothing focuses the mind quite like an impending catastrophe. There are pointers that governments in South Asia are finally grasping the gravity of their energy situations. Reforms are underway and the sector is being opened to foreign and private investments with its inherent downstream market efficiencies. There are two caveats. One, changes must be calibrated and controlled lest they lead to unbridled instability. Two, domestic reforms alone are simply inadequate to address South Asia's acute energy crisis. The author is emphatic that the only solution is to exploit opportunities for energy and electricity intra-regional trade and with peripheral countries. For this, the political elites would have to subsume their entrenched mistrust that has perpetuated parochialism for decades. As the region's hegemonic power, India holds the key.

It would be appropriate to end with a quote from *The White Tiger*, by Aravind Adiga, that the author started his book, *Energy and Security in South Asia*, with:

Dim streetlights were glowing down on the pavement on either side of the traffic; and in the orange-hued half light, I could see multitudes of small, thin, grimy people squatting, waiting for a bus to take them somewhere, or with nowhere to go and about to unfurl a mattress right there. These poor bastards had come from Darkness to Delhi to find some light—but they were still in the darkness.

