The race for oil
Losing out to a Chinese state-owned oil company in the Kazakh deal is not an unintended disaster for India, says DEEPAK LAL

For much of the past decade, the oil discoveries in the Kazakh offshore fields have been a source of excitement for India. However, the recent announcement that the Chinese state-owned oil company CNPC had won the bidding for a 50% stake in the giant Karachaganak oil field will be a major setback for India. The deal, which is valued at $25 billion, is a significant blow to India's efforts to secure a stable and affordable energy supply.

The Kazakh government had invited bids for a 50% stake in the Karachaganak oil field in November 2004, with the aim of attracting foreign investment to develop the field. Indian companies had showed interest in the bid, but the Chinese company emerged as the winner. The deal will give CNPC a majority stake in the field, which is estimated to contain around 1.2 billion barrels of oil.

India had been hoping to secure a share of the Karachaganak oil field as part of its efforts to diversify its energy sources and reduce its dependence on imported oil. The country imports around 75% of its oil needs, and the rising price of oil has put a strain on the country's economy.

The deal comes at a time when India is facing increasing pressure to reduce its carbon emissions and address climate change. The country has set a target of reducing its carbon emissions by 2030, and the deal for the Karachaganak oil field will likely add to India's greenhouse gas emissions.

India had hoped to use the money from the deal to fund its own oil and gas exploration and production efforts, as well as to develop renewable energy sources. However, the deal will now likely divert India's attention away from its own efforts to secure a stable energy supply.

The deal will also have implications for India's relationship with China. India had been hoping to increase its trade with China, but the deal for the Karachaganak oil field will likely strain relations between the two countries. India had been hoping to use the deal as a means of increasing its influence in Central Asia, but the Chinese company's victory will likely limit India's options in the region.

Overall, the deal for the Karachaganak oil field is a setback for India's efforts to secure a stable and affordable energy supply. The deal will likely divert India's attention away from its own efforts to secure a stable energy supply, and it will also have implications for India's relationship with China.