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HIGHLIGHTS

- Political Developments
- Economic Developments
- India-Central Asia Relations

Political Developments

Uzbekistan organised a Conference on 26-27 March on Afghanistan titled "Peace Process, Security Cooperation and Regional Connectivity" with participation of delegations from 21 countries and representatives from United Nations and European Union (EU) for finding ways to bring Afghan government, Taliban and others into direct peace talks. Uzbek and Afghan Presidents inaugurated the Conference. Tashkent Declaration adopted at end of Conference voiced its "strong backing for the National Unity Government's offer to launch direct talks with the Taliban, without any preconditions, with the ultimate goal of reaching the comprehensive peace agreement with the Taliban that is backed by the international community; and call upon the Taliban to accept this offer for a peace process that is Afghan-led and Afghan-owned and in accordance with the relevant Resolutions of the General Assembly and the Security Council of the United Nations." Uzbek President Shavkat Mirziyoyev offered to host peace negotiations between Afghan government and Taliban. Minister of State for External Affairs MJ Akbar represented India at this Conference.

President of Uzbekistan Shavkat Mirziyoyev paid a historic visit to Tajikistan on 9-10 March. Last visit by an Uzbek President to Dushanbe was in 2000. Since taking power in December 2016, Mirziyoyev has positioned himself as a reformer — including improving Uzbekistan's frosty relations with its neighbours. The two countries opened 10 border crossings on March 1. While in Dushanbe, Mirziyoyev held talks with Tajik President, PM, and Speaker of Parliament. Uzbek and Tajik Presidents discussed development of bilateral political, trade-economic, investment, financial, transport-communication, tourist, cultural, humanitarian and interregional cooperation. They spoke about simplification of visits of their citizens, and regional and international problems of mutual interest. In the boldest signal of bilateral collaboration to date, Uzbek president announced that he supported the major hydropower project that has been a source of tension between the two nations. Another major development with broad implications was signing of a deal to waive visa requirements for one another's citizens for stays of up to one month. More than 25 Agreements were signed.

Washington-based think tank, **Center for Global Development** has found that of the 68 countries hosting OBOR-funded projects, 23 are currently at risk of debt distress, and in eight, future OBOR-related financing will "significantly add to the risk of debt distress". The eight countries most at risk include **Kyrgyzstan, Mongolia and Tajikistan** in Central Asia, as well as Montenegro, Djibouti, Laos

PDR, Maldives and Pakistan. All these countries have been recipients of large funding for infrastructure projects. As a result, proportion of external debt that is owed to China and its banks will rise, sometimes dramatically.

Kazakhstan has approved an agreement allowing the United States to use two of its Caspian Sea ports as transit points for shipping non-military material to Afghanistan. By gaining access to these ports, the United States will gain an additional option for transporting NATO supplies to Afghanistan. Route will run from Azerbaijan, across Caspian Sea to Kazakhstan, then Uzbekistan before reaching Afghanistan.

Participants of an International Conference to mark 25 years of diplomatic ties between **EU and Central Asia** said that fighting terrorism and extremism, including radicalisation, tackling drug and arms trafficking as well as environment and water management issues are among key security challenges faced by them.

Kazakhstan's parliament introduced new legislation pertaining to National Security Council (KNSC) to strengthen national security and domestic stability. KNSC has been transformed from an advisory to a constitutional body and will coordinate implementation of policy that ensures national security and defense capabilities, preserves political stability, and protects constitutional order.

Colleagues of a Kyrgyz lawmaker detained in Kazakhstan on suspicion of smuggling contend that he is innocent. Kazakhstan said that 29 people, including citizens of Kyrgyzstan, were arrested in a massive anti-smuggling operation near their common border. Kazakhstan has accused Kyrgyzstan of smuggling following a spat linked to Kyrgyzstan's tense presidential election last October.

A dance teacher at a choreography school in Dushanbe was fired for not listening to **President Emomali Rahmon's** annual address to the nation on television. She said that she left the auditorium because there were no available seats anymore.

Softening the tone of an earlier statement by President Nursultan Nazarbayev who had ordered a switch to Kazakh language, **Kazakh** government stated that it will allow cabinet and parliament members to speak Russian. Nazarbayev's daughter who is a senior parliamentarian herself said that nobody has abolished Russian.

Economic Developments

Industrial production in **Kazakhstan** in January 2018 increased by 5.2% compared to corresponding month of 2017. Foreign direct investments into Kazakhstan in first nine months of 2017 amounted to US\$15.8 billion. Kazakhstan exported non-primary products worth more than US\$14 billion in 2017. Total volume of exports increased by 31.6% to US\$43.1 billion.

Kazakhstan ranks 53rd among largest exporting countries. Its manufactured products are exported to 122 countries – 50% to European Union, 12% to China, 5% to Central Asia. Kazakhstan is world leader in supply of uranium, copper, titanium, ferroalloys, yellow phosphorus, flour, wheat etc.

Kazakhstan's foreign trade turnover in January-December 2017 amounted to US\$69.4 billion, representing an increase of 25.1% over 2016. Exports during this period were US\$43.06 billion, a rise of 31.6%. Imports were US\$26.3 billion, a 15.8% increase compared to 2016.

Trade between **Kazakhstan and countries of Eurasian Economic Union (EAEU)** in 2017 amounted to US\$17.4 billion, which is 25.9% more than in 2016. Exports were US\$5.1 billion (+30.2%) and imports US\$12.2 billion (+24.1%).

Kazakhstan will allocate around US\$60mn for development of recently launched Astana International Financial Centre (AIFC) over next three years. AIFC is a financial services hub to be run as a free economic zone. Some planned projects include an international IT start-up hub as well as a "green" technologies centre developed in partnership with UN. The two projects are expected to attract investments worth US\$40bn into the country.

Tajikistan will supply 1.5 billion kWh of electricity to Afghanistan in 2018 which is 15% more compared to previous year. Price will increase by 3%.

Asian Development Bank (ADB) has pledged US\$70 million to fund transmission of 1,000 MW electricity from **Uzbekistan to Afghanistan**.

It is reported that **Central Asian cargo** will have access to Gwadar Port of Pakistan through Kashgar while bypassing Afghanistan. **Uzbekistan** sent its first cargo shipment loaded on trucks to China through Kyrgyzstan on the route "Tashkent – Andijan – Osh – Irkeshtam – Kashgar."

The largest glass manufacturing enterprise in Central Asia was opened in **Turkmenistan**. At the initial stage, 15 types of products will be produced including float glass (polished, sheet glass) and containers for food and medical industry. Investment in the project amounted to US\$375 million and created over 800 new jobs.

Kashagan oil field in Kazakhstan is expected to see output rise to 370,000 bpd (barrels per day) in 2018, up from 270,000 bpd in last quarter of 2017, and to 450,000 bpd within two years.

India-Central Asia Relations

Prime Minister Narendra Modi met his **Kyrgyz counterpart** Sapar Isakov on sidelines of World Government Summit in Dubai. The two leaders shared views on bilateral and regional issues.

Minister of State MJ Akbar in his Statement at **Conference on Afghanistan** in Tashkent on 26-27 March said that there cannot be any solution to the Afghan conflict "without principled commitment to law, to democracy as the basis of order and to human rights. At the centre of human rights is gender emancipation: the right of women to equality, education, social assertion and full participation in the economic and political life of Afghanistan...Without them the negotiating table will be an arid retreat towards regression rather than a platform for progress."

He added that the **Conference** was "a testament to the abiding commitment to an Afghan-owned, Afghan-led and Afghan-controlled peace and reconciliation process. This Conference should be able to build upon the platform work done under various other multilateral fora such as the Kabul Process...Peace and reconciliation are difficult objectives in an atmosphere of terror and violence. We support strong action to pursue those who still choose the path of terrorism, aided by those who manipulate funds from an illicit narcotics trade to finance terror against innocent people." He expressed India's commitment and support to "any process which can help Afghanistan emerge as a united, peaceful, secure, stable, inclusive and economically vibrant nation, with guaranteed gender and human rights. We must all conform to internationally recognized red-lines. I also wish to reiterate India's willingness and keenness to engage Afghanistan bilaterally and multilaterally, in cooperation with likeminded countries and international organisations."

A Conference titled "India@70" was organized by the Institute of Oriental Studies with support of the Indian Embassy in **Kazakhstan**. Several scholars, academics, students and faculty members of universities and colleges participated. Professors Madhavan Palat and Peter deSouza and Ambassador Ashok Sajjanhar participated from India.

Second India-Kazakhstan Joint Business Council meeting organised by FICCI and Foreign Trade Chamber of Kazakhstan was attended by representatives of more than 30 Kazakh companies operating in various sectors of economy including banking, railways, healthcare, education, consumer goods, transportation etc. More than 100 Indian companies took part including GMR Group, Tata Projects Ltd, Artemis Hospitals, Mahindra & Mahindra Ltd, Air India, Chandan Steel Group, Multiwyn Industries Pvt. Ltd, Escorts, Sonalika International Tractors Ltd, Reliance, Capexil and others. A road map was adopted on bilateral trade, economic and investment cooperation.

An Agreement is being signed to deploy a Kazakhstan peacekeeping unit in Lebanon on the Indian base with the Indian battalion. **Kazakhstan** submitted this request as its troop size for UN peacekeeping mission is not large enough.

India and **Kazakhstan** are collaborating to jointly produce a Bollywood blockbuster titled "The Prince." The film is based in Afghanistan but will be shot in Kazakhstan because of insecurity in Afghanistan.

Indian Ambassador to **Kazakhstan** Prabhat Kumar met Akim (Mayor) of Almaty and held discussions to expand bilateral economic and commercial ties. Potential of enhancement of cooperation in tourism, culture and education was emphasised.

A delegation from **Astana International Financial Center (AIFC)** visited Bangalore, Mumbai and Gujarat to establish cooperation with leading financial institutions of India. Delegation held meetings with Securities and Exchange Board of India, Bombay Stock Exchange, International Financial Center of Gujarat, State Bank of India, Life Insurance Corporation, General Insurance Corporation of India, Dastur Reinsurance, Yes Bank etc. They discussed possibility of expanding cooperation in sphere of financial technologies. Kazakh delegation invited Indian organizations to attend inauguration of AIFC on July 5, 2018 in Astana.

Indian Embassy in **Kazakhstan** organized a Business-to-Business (B2B) Meeting for a delegation from Federation of Gujarat Industries. The delegation comprised representatives from 15 Indian companies in Gujarat from Pharmaceuticals, Agriculture & Food Processing, Healthcare and Hydrocarbon sectors.

Chamber of Commerce and Industry of Uzbekistan jointly with Agency for Development of Pharmaceutical Industry held an Uzbek-Indian Business Forum on Pharmaceutical and Chemical Industry with participation of Indian Minister of State of Chemical Industry and Fertilizers Mansukh Mandavia. Discussions on expanding and strengthening cooperation between entrepreneurs of the two countries were held. Agreement was signed between Andijan Region of Uzbekistan, and Ministry of Chemical Industry and Fertilizers of India to work to create an Uzbek-Indian free pharmaceutical zone in Andijan and start joint development of a business plan for this project.

Embassy of India in Tajikistan gifted 10 Ambulances to various regions of the country. Indian Ambassador emphasized that as a strategic partner, India is committed to assist Tajikistan in its socio-economic development and all such assistance is without any pre-conditions.

Embassy of India in Tajikistan in cooperation with Tajik State Institute of Languages, Dushanbe organized a seminar on 'Mirza Ghalib and his contribution to Persian literature.'

An Indian delegation of experts visited **Tajikistan** to create awareness about Indian traditional medicine and develop linkages between businessmen of the two countries.

Work on Afghan section of **Turkmenistan-Afghanistan-Pakistan-India pipeline** got under way on February 23, 2018 with the ground-breaking ceremony of the gas pipeline. India was represented by MJ Akbar, Minister of State for External Affairs. After the project's inauguration, Afghan Taliban, in a rare announcement, vowed to support and protect the pipeline in areas under its control.

(The views expressed are personal)
