



Ambassador Ashok Sajjanhar
Advisor, Central Asia, Ananta Aspen Centre
Former Ambassador of India to Kazakhstan, Sweden and Latvia

HIGHLIGHTS

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

Political Developments

Kazakh President Nursultan Nazarbayev's visit to Tashkent on 16th September was termed "historic and ground-breaking" by both sides. This was 6th meeting between Uzbek President Shavkat Mirziyoyev with his Kazakh counterpart since the former assumed power last year. The leaders have conducted seven telephonic conversations during this period. Since beginning of the year, bilateral trade has grown 35%, communication between the two countries has intensified, and border collaboration issues solved on a systematic basis. The two sides approved 10 major contracts in trade, economy, culture and others. Most significant agreement was realization of a strategic vision for managing trans-boundary rivers. The leaders agreed to enhance cooperation in trade, economy, investment, water and agricultural issues, customs legislation, transit and transport, as well as military and culture.

Uzbek President paid the first visit by an Uzbek President **to Kyrgyzstan** after a gap of 17 years. The two sides signed an agreement on demarcating 85% (1,170 kilometers) of Uzbekistan-Kyrgyzstan border. To arrive at this agreement, border delimitation and demarcation bodies of both countries held 16 meetings after a gap of 8 years. Mirziyoyev stated that the Kambar-Ata hydropower station, which has been causing significant friction between the two countries, is needed for Uzbekistan as well. He even added that Tashkent is ready to participate in the project. Both countries reopened a crossing of their shared border that had been closed since political turmoil enveloped Kyrgyzstan in 2010. Mirziyoyev and Kyrgyz President Almazbek Atambayev appeared to get along very well during the visit. Bilateral agreements worth \$115 million were signed.

Kyrgyzstan accused Kazakhstan of interfering in its Oct. 15 Presidential election after Kazakh President met Kyrgyz opposition candidate, Omurbek Babanov in Kazakhstan and expressed readiness to work "with a new president in whom the Kyrgyz people will put their trust". Kyrgyz foreign ministry said it viewed the meeting and Nazarbayev's comments as an "attempt to influence the choice of people of Kyrgyzstan" and an expression of support for Babanov, one of main challengers to ruling party's candidate. Kazakh foreign ministry expressed surprise over Bishkek's reaction in a note of reply handed to Kyrgyz authorities. The ruling Social Democratic party is backing Sooronbai Jeenbekov, who stepped down as prime minister in order to run for presidency. Kyrgyz National Election Commission said that there was no violation in Nazarbayev's meeting with Babanov.

Kyrgyz Deputy Prime Minister Duishenbek Zilaliev was removed as head of state committee for organizing and holding the presidential election as he tried to influence some government officials to vote for the official candidate in the forthcoming Presidential election.

Tajik government is taking several actions to curb extremism and fundamentalism including forcing men to shave their beards; closing headscarf shops; outlawing Arabic-sounding names; and prohibiting production, import or export of religious books without permission, even though majority of population is Muslim. Obtaining a permit to set up a religious organization, publish a book on Islam or go on pilgrimage to Mecca is an arduous process. The 3,700 mosques in the country are heavily regulated by government, down to subject of weekly sermon. Using loudspeakers to broadcast call to prayer is no longer allowed. Children younger than 18 and women are not permitted to attend mosques. People under 40 are not allowed to go on haj.

Discussions on a **Trans-Caspian gas pipeline between Presidents of Turkmenistan and Azerbaijan** took place in Baku. Turkmenistan has long been interested in the Project which involves construction of a 300-km pipeline along bottom of Caspian Sea to coast of Azerbaijan. It is considered to be optimal solution for delivery of Turkmen energy resources to European markets. Azerbaijan and Turkmenistan are in favor of the project while Russia and Iran strongly oppose it.

Russia and Kazakhstan signed a contract for delivery of 12 Sukhoi Su-30SM fighter jets. Contract will be implemented within three years.

After the sixth meeting of **Syrian Peace Process in Astana, Kazakhstan**, guarantor nations of the ceasefire — Russia, Turkey and Iran — announced creation of de-escalation zones in Syria that will be in force for at least six months. Participating countries stated that zones “are temporary measures that will initially last six months and will be automatically extended on the basis of consensus among guarantor countries.” Next Round of Talks will take place in October 2017.

Afghan President Ashraf Ghani met his Turkmen and Tajik counterparts in Ashgabat and discussed expanding trade relations and construction of a railway line linking the three countries.

In a meeting with **Turkmen President** in Ashgabat, Pakistan President Mamnoon Hussain said that Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline is an important trade and transit corridor. He called for its timely completion for benefit of the region. He welcomed Turkmenistan’s offer to export 1,000MW of electricity to Pakistan through Afghanistan.

Pakistan President in talks with **Tajik counterpart** in Ashgabat, Turkmenistan invited Tajikistan to join the China-Pakistan Economic Corridor (CPEC) saying Pakistan offers excellent opportunities to Tajikistan for its imports and exports through the Gwadar port in Balochistan province. They discussed cooperation in energy, regional connectivity and trade. Pakistan president expressed the hope that legal process for Tajikistan’s entry into Quadrilateral Traffic-in-Transit Agreement (QTTA) would provide Tajikistan a legal framework to access Pakistani seaports through CPEC. He said that Pakistan attaches great priority to timely completion of CASA-1000 (Central Asia South Asia) by 2018 and looked forward to importing electricity from Tajikistan.

Economic Developments

Uzbekistan devalued its currency (som) by almost half as it floated the currency to end more than two decades of economic and market isolation. US dollar was pegged at 8,100 soms compared with previous rate of 4,210 soms. The new rate was even weaker than som's black-market convertibility of 7,700 to the dollar.

In a meeting with **Uzbekistan’s President Shavkat Mirziyoyev** on sidelines of first Organization of Islamic Cooperation (OIC) Summit on Science and Technology in Astana, Kazakhstan, Iranian President Hassan Rouhani said that Iran can be the shortest route for Uzbekistan’s businesspeople to access the Persian Gulf and international waters. He welcomed further expansion of Tehran-Tashkent cooperation in all fields, particularly in trade and economic sectors, emphasizing that no obstacle could hinder the development of the two countries.

Asian Development Bank (ADB) and World Bank proposed establishing a municipal infrastructure fund in **Kazakhstan** to facilitate financing small utility companies.

After slowdown to 4% in July, economic growth in **Kazakhstan** accelerated to 4.3% during eight months of 2017. Contribution of non-extractive sector was 2.3% while that of commodity segment was 1.6%. High growth was witnessed in four basic sectors of industry, trade, transportation and warehousing, information and communication. Slowdown was recorded in construction and agriculture. Inflation is expected to decrease to 6.5-7% in 2017 and to smoothly enter the target range of 5-7% in 2018. Foreign trade grew by almost a third. In this background, Moody's and S&P improved outlook for the sovereign credit rating from negative to stable. Simultaneously, the BBB- long-term and A-3 short-term sovereign ratings were affirmed. They expressed confidence that economic activity will remain relatively robust up to 2020.

After her talks with **Uzbek president**, Christine Lagarde, Managing Director of International Monetary Fund reiterated IMF's commitment to partner with Uzbekistan to put the economy on a higher growth path and achieve better living standards for its people. She added that Uzbekistan's reform journey will be challenging and long.

Asian Development Bank has endorsed a new country partnership strategy (CPS) for **Kazakhstan** which is expected to deliver more than \$3 billion in assistance through 2021 to help it to diversify its economy, achieve inclusive development, and promote sustainable growth.

During the 3-day visit of **Turkish President Recep Erdogan to Kazakhstan** to participate in the OIC Science and Technology Summit, nine investment documents for a total of \$590 million were signed between the two countries.

Vitol, the world's largest independent energy trader, has increased its cash-for-crude loans to state-controlled companies in **Kazakhstan** to as much as \$5bn, as commodity houses move deeper into the business of financing cash-strapped oil producing states. Agreements, which give Vitol rising volumes of crude produced in the country in return for financing, have helped it cement its position as the dominant trader of Kazakh oil at a time when output in the country is set to rise.

India-Central Asia Relations

India and Kazakhstan decided during the thirteenth 2-day meeting of Inter-Governmental Commission to strengthen cooperation in hydrocarbons and nuclear energy sectors, and also expand the International North-South Transport Corridor by linking it to the Kazakhstan-Turkmenistan-Iran rail link. India's Petroleum Minister Dharmendra Pradhan and Kazakh Energy Minister Kanat Bozumbayev co-chaired the meeting. The two sides discussed "ideas for stepping up cooperation in energy sector, trade, economic, investment, transport and connectivity, agriculture, information technology, space, healthcare and cultural spheres." Kazakhstan invited Indian investments in several sectors, especially in hydrocarbons, infrastructure, nuclear energy, co-production of films, food processing and information technology.

Addressing a meeting of foreign ministers of **Shanghai Cooperation Organisation (SCO)** on sidelines of UN General Assembly in New York, External Affairs Minister Sushma Swaraj condemned terrorism in all its forms and manifestations and said that there can be no justification for any act of terrorism. She also emphasized connectivity with member nations. The Joint Statement said: "The foreign ministers reiterated their opposition to any 'double standards' vis-à-vis terrorists and any attempt to interfere in other countries' internal affairs or to undermine the leading roles of competent departments of the countries in the name of counter-terrorism."

Petroleum Minister Dharmendra Pradhan visited Turkmenistan for a day on 17th September to attend the 5th Asian Indoor and Martial Arts Games. 172 athletes represented India in 13 disciplines at this event. Ashgabat is first city in the former Soviet Central Asian region which won the right to host the Asian Indoor Games.

India's EXIM bank is still awaiting complete application form from Iran for disbursement of \$150

million loans even after 15 months of signing the loan contract. Iran's delay is being seen by some as a tactic to pressurize India not to collaborate with US on Afghan peace process, given the strained US-Iran relations. Shipping Minister Nitin Gadkari has stated that his priority is to complete work on Chabahar on time which will allow India to overcome lack of land access to Central Asia and Russia.

India and members of Shanghai Cooperation Organisation (SCO) discussed plans to deepen practical cooperation on counter-terrorism at 31st meeting of Council of Regional Anti-Terrorist Structure of SCO (SCO-RATS) held in Beijing. The meeting discussed topical issues of international and regional security as well as deepening practical cooperation of SCO members in fight against terrorism.

Uzbek Ambassador to India declared establishment of a Special Economic Zone in Uzbekistan especially for Indian pharmaceutical companies which are keen to set up manufacturing facilities in Uzbekistan. He also spoke about simplifying its visa regime and reducing its tourist visa-related administrative fee for visitors. He emphasised on setting up of a waste management base in Uzbekistan along with Indian companies dealing in the same field.

President and CEO of Air Astana Peter Foster named India as a key destination for its business. He said that last year 70,000 passengers flew between India and Kazakhstan while 50,000 had already flown till July this year. Airline expects to launch a flight to Mumbai in 2019 and aims to fly from Delhi and Mumbai every day to Astana and Almaty, operating up to 21 flights a week. Air Astana has been urging Kazakh authorities for an easier visa-regime for Indian passport holders.

61 Indian construction workers were expelled from Kazakhstan for "disciplinary: violations following a mass brawl in Astana. The altercation took place between Indian and Kazakh workers at construction site of the Abu Dhabi Plaza high-rise tower project.

Indian pavilion at Expo-17 in Astana, Kazakhstan depicting the country's achievements in field of solar energy was a major attraction. Theme of exhibition was to make the world pollution free by using alternative energy. India placed itself in list of top five most-visited pavilions in the expo.

(The views expressed are personal)
