



**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

Uzbekistan and China signed around 100 contracts worth a total of US\$23 billion during the 5-day visit from 11th-15th May, 2017 of Uzbek President Shavkat Mirziyoyev to Beijing at the invitation of Chinese President Xi Jinping. Sectors encompassing energy to oil refining, electricity to agriculture, chemicals to transport and communications were covered. This was Mirziyayev's first visit to China since his election in December, 2016 after the death of Islam Karimov, who was President of Uzbekistan for more than 25 years.

In addition to Xi Jinping, Uzbek President met China's Premier Li Keqiang, Chairman of Standing Committee of National People's Congress Zhang Dejiang and other officials. Main areas of discussion were current state of bilateral relations in trade and investment as also security issues and cooperation in cultural and humanitarian spheres.

Mirziyoyev and Xi Jinping signed a Joint Declaration and several documents including inter-governmental agreements on technical cooperation, international road transport, financing of projects to improve quality of education in secondary schools, equipping the healthcare sector with modern medical equipment, promoting cooperation between small businesses and private entrepreneurship etc. According to reports, bilateral trade turnover which is expected to reach US\$5 billion this year will hit US\$10 billion "in the nearest future." In the energy sector, ten deals worth US\$5 billion were signed.

Tashkent seeks technology from China. China is interested in opening up the Uzbek market and in investing mainly in its raw industries. Under Karimov, Uzbekistan's posture to China was welcoming but wary. Uzbekistan has in recent years drastically increased its natural-gas exports to China, taking advantage of China's investment in Central Asian pipelines and Beijing's efforts to reduce its reliance on Russian gas.

Mirziyoyev said Uzbekistan can learn from China's development experiences, broaden bilateral cooperation in areas including transport infrastructure, energy and mineral resources, water conservancy, equipment, industrial capacity and industrial parks.

UN human rights chief has welcomed a rapprochement with Tashkent and urged Uzbekistan to avoid "repressive policies" in its fight against Islamist radicalization, a growing threat throughout Central Asia.

Zeid Ra'ad Al Hussein was the first United Nations High Commissioner for Human Rights to visit Uzbekistan since the post was created in 1993. Commenting on Mirziyoyev's reform plans, which include an overhaul of the judicial system and measures to tackle religious extremism, Hussein said it was crucial to balance the latter while ensuring individual rights.

Turkey, Russia and Iran, main sponsors of the Syria peace talks in Kazakhstan signed a deal to create "safe zones" inside Syria, in a significant step to ending the conflict. Ankara, chief backer of Syrian opposition, and Moscow and Tehran, which provide military support to Bashar al-Assad's government agreed to establish four "deconfliction zones" which will be monitored by international troops. However parts of the rebel delegation, which is not a signatory objected to the memorandum which they said "violated the country's territorial sovereignty." Next round of Talks is scheduled to be held in Astana in mid-July, 2017.

Terrorist forces appear to be on the threshold of Tajikistan, threatening the country's vital infrastructure and territorial control. According to local observers, it is only a matter of time before Taliban controls a significant part of area in Afghanistan bordering Turkmenistan, Uzbekistan and Tajikistan. Dostum controls most of the land bordering Uzbekistan, while Hekmatyar's stronghold is in the northwest, bordering Iran and Turkmenistan. The extremist forces' immediate target is the strategic province of Kunduz, bordering Tajikistan but also close to Uzbekistan.

Presidents of Kazakhstan, Uzbekistan and Kyrgyzstan attended the Belt Road Forum (BRF) organized by China on 14th-15th May, 2017 in Beijing in which 28 Heads of State/Government along with senior officials of several other countries participated. Turkmenistan and Tajikistan did not attend the Forum.

On sidelines of BRF, Nazarbayev met several world leaders, including President Vladimir Putin, President of Turkey Erdoğan, President of Belarus Lukashenko, President of Uzbekistan Mirziyoyev, Chinese Premier Li Keqiang, Prime Minister of Pakistan Nawaz Sharif, Prime Minister of Malaysia Najib Razak and others. Nazarbayev also met UN Secretary General Antonio Guterres who confirmed his participation in the SCO summit.

President Xi Jinping said that China supports Kazakhstan playing a bigger role in affairs related to international peace and security, and is willing to deepen cooperation under frameworks of United Nations, Shanghai Cooperation Organization (SCO) and Conference on Interaction and Confidence-Building Measures in Asia.

Nazarbayev said Kazakhstan firmly supports the Belt and Road Initiative, and will actively align it with its own Nurlı Zhol (Bright Path) initiative. He said that Kazakhstan is willing to deepen cooperation with China in trade, agriculture, mining industry, railway, and technology. Kazakhstan wants to closely cooperate with China on international and regional security and development issues, and promote development of SCO.

OSCE Parliamentary Assembly President Muttonen paid a 3-day visit to Uzbekistan — the first by an OSCE PA president in more than a decade. Muttonen met Uzbek Prime Minister and Foreign Minister among others. President of European Bank for Reconstruction and Development (EBRD) also visited Uzbekistan for 3 days, signaling renewed reengagement between Uzbekistan and the Bank.

Russian Orthodox Church has criticized Kazakhstan's shift away from Cyrillic script as it will have a negative effect not only on its Russian speakers but Kazakhs themselves. It also did not support Tajikistan's ban on Russian names and surnames. It said that the move away from Russian language, Russian names, from Slavonic alphabet will not lead to broader cultural horizons but will contribute to cultural isolation.

Kazakhstan's Minister of Religious Affairs and Civil Society, Nurlan Yermekbayev, stated that while the Central Asian nation has kept religious extremism at bay, "no state enjoys absolute protection" against radicalism. He said that today there are no countries in the world which are absolutely safe and guaranteed against religious extremism. Kazakhstan is no exception but, at the same time, Kazakhstan is a very successful, stable and a peaceful country.

## Economic Developments

In his statement at BRF, Mitziyoyev expressed hope that China-Kyrgyzstan-Uzbekistan railway network (including Afghanistan), could be integrated into the Belt and Road, via connections to ports in Pakistan and Iran.

Speaking at the Summit, Nazarbayev stressed that Central Asia has regained its strategic importance and has become the main bridge between the world's largest markets.

Xi Jinping said China is willing to work with neighbors to push their comprehensive strategic partnership to a higher level and broader domain. He called for strengthening law-enforcement cooperation and crack down on forces of separatism, terrorism and extremism.

After a slowdown in 2016, growth in Kazakhstan is expected to strengthen to 2.5% this year, reflecting higher oil production and effect of substantial fiscal stimulus spending. Inflation has come down. Medium-term outlook has improved, with growth in non-oil sector of economy expected to gradually pick up to 4%, benefitting from structural reforms and a resumption of bank lending. Kazakhstan is going through some of the toughest years since it achieved independence a quarter of a century ago. Following OPEC's push to raise world oil prices, Kazakhstan's growth is showing signs of improving with the country increasing its oil production to its previous level. Oil production declined by 1.7% to 79.6mn tonnes in 2015 and further to 75mn tonnes in 2016. However, going forward the government expects Kashagan to add between 4-7mn tonnes of oil a year to the country's production, bringing up overall production to approximately 85mn tonnes.

According to World Bank, Turkmenistan's GDP growth rate is projected to increase marginally in 2017, with a moderate recovery in hydrocarbon prices and lessened exchange rate pressures. While rising hydrocarbon prices are expected to narrow the current account deficit in 2017, it will remain elevated due to slow import adjustment process.

Construction of Turkmen section (214 kilometers) of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline is proceeding as per schedule. It was earlier reported that Islamic Development Bank (IDB) allocated a US\$700 million loan to Turkmenistan for financing construction of Turkmen section of TAPI pipeline. Asian Development Bank (ADB) has indicated that it may finance the over US\$10 billion pipeline project.

Growth in Central Asia and the Caucasus is expected to pick up in 2017 as external factors improve. After a disappointing 2016, growth is expected to be 3.1 percent in 2017 and 4.1 percent in 2018. This is largely due to firmer growth in Russia, an upgraded outlook for China, and a partial recovery in commodity prices.

Iran is filing a lawsuit in International Court of Arbitration against Turkmenistan for its failure to supply gas to Iran in winter. Issues covered in the complaint include price of gas, damage inflicted by Turkmenistan on Iran, and quality of gas delivered to Iran.

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## India-Central Asia Relations

India and Kazakhstan held the fourth Meeting of Joint Working Group on Counter-Terrorism in New Delhi on 03 May 2017. Both sides assessed and exchanged views on prevailing terrorist threats in their respective regions including state-sponsored, cross-border terrorism in the Af-Pak region. They discussed current challenges posed by various terrorist entities, radicalisation, foreign terrorist fighters, drug trafficking and misuse of cyber-space for terrorist purposes.

They also emphasized importance of strengthening counter-terrorism cooperation through exchange of information, capacity building, mutual legal assistance, sharing of best practices on countering violent extremism and cooperating in multilateral forums such as United Nations and SCO.

India and Tajikistan signed an information sharing pact which will take care of concerns and requirements of Indian Customs, particularly in the area of correctness of custom value declared, origin of goods and tariff classification of goods traded between the two countries.

On May 16, 2017, Indian Embassy in Turkmenistan in association with ICCR and Ministry of Culture, Turkmenistan organized 'India Cultural Week' beginning with 'Vastram' Exhibition at Fine Arts Museum in Ashgabat. The Indian 'Sari' attracted attention of Turkmenistan women and also gave an opportunity to exchange information on carpet weaving in India. A Film Festival was organized as part of this event.

A delegation of two army officers and 12 NCC cadets visited East Kazakhstan State Technical University, Ust-Kamenogorsk and Al-Farabi Kazakh National University, Almaty from May 14-26, 2017 under the Youth Exchange Programme.

Ravi Choudhary, Chairman, CeNext Consulting & Investment Ltd, New Delhi has been appointed Advisor to Minister of Investments & Development of Kazakhstan for attracting investments from India.

Indian Embassy in Turkmenistan in association with India Tourism Office, Frankfurt, organized an Indian Food Festival in Ashgabat on May, 2017. The Festival includes a dinner & a demo.

A dance group 'Dance Era' performed on theme of 'Great Indian Wedding' to full houses in Ashgabat in May, 2017. The programme included well known Bollywood songs.

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*(The views expressed are personal)*

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