

HIGHLIGHTS

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

Political Developments

Kazakhstan started its term as **non-permanent member of UN Security Council (UNSC)** for 2017-18 on 1st January, 2017. Kazakhstan stated that promoting global nuclear disarmament will be its top priority. It called on all member states to rid the world of nuclear weapons by 100th anniversary of United Nations in 2045. On global extremism and terrorism, Kazakhstan called for establishment of a global anti-terrorist coalition under UN auspices. Singling out Afghanistan as a particular priority, Kazakhstan called for "broad, balanced, meaningful and result-oriented discussions" to help the country return to lasting peace and security. Kazakhstan is the first Central Asian state to be elected to UNSC.

Nine candidates including incumbent Gurbanguly Berdymuhamedov have registered for election for President of **Turkmenistan** scheduled for 12th February, 2017. All remaining eight candidates have voiced support for President Berdymuhamedov's policies. By a Constitutional amendment in 2016, Presidential term was extended from 5 to 7 years and age limit of 70 years removed for presidential candidates.

Rustam Emomali, the 29-year old son of **Tajikistan's** president has been named as the mayor of Dushanbe replacing Mahmadsaid Ubaidulloev who has run the city for 19 years. Despite his youth, Emomali already holds the rank of "General". A referendum last year ensured changes to the constitution to lower the age for president to 30 from the current 35. This will allow Emomali to stand at the next presidential election scheduled for 2020. Emomali will be 33 when that election takes place.

A working group has been established by President Nazarbayev **of Kazakhstan** under the Chairmanship of Marat Tazhin, who has been recalled from his assignment as Ambassador to Russia, to draft legal reforms to redistribute powers between the executive, the legislature and the judiciary. The move comes in the wake of death last September of Islam Karimov, president of Uzbekistan who had also been in power since 1989.

President-elect Donald Trump had a telephonic conversation with **Kazakh President** Nursultan Nazarbayev on 30th November, 2016, during which the two leaders spoke of their shared desire to improve regional partnership in Central Asia. Kazakh President's Press Office said that Trump "stressed that under the leadership of Nursultan Nazarbayev, the country over the years of Independence had achieved fantastic success that can be called a 'miracle'." In its own readout of the call, Trump's transition team did not use the word "miracle" but said that the leaders had "addressed the importance of strengthening regional partnerships."

Indian origin businessman Sheikh Rafik Mohammed has been appointed a "major general" by **Kyrgyzstan** defence minister Ali Mirza. Mohammed, who belongs to Kerala and heads the Gammon Group was conferred with Kyrgyz nationality by former president Kurmanbek Bakiyev. He served as an advisor to Bakiyev during 2005-10. Mohammed significantly contributed to attracting foreign investment to Kyrgyzstan by suggesting easy tax regimes.

Syrian Peace Talks organized by Russia, Turkey and Iran took place in **Astana, Kazakhstan** on 23rd-24th January, 2017. Talks included officials from Russia, Iran, Turkey and the United Nations. 14 militant groups participated and undertook negotiations with the Syrian government. The United States decided not to send a delegation from Washington on account of "inauguration of the new President and immediate demands of transition." US Ambassador to Kazakhstan represented the US government as an Observer. India welcomed the Talks and termed them as "encouraging" to end the brutal war.

Shavkat Mirziyoyev who was elected convincingly as **President of Uzbekistan** on 4th December, 2016, after the death of Islam Karimov on 1st September, 2016, was forced to reverse his decision to liberalize the visa policy for 27 countries announced on January 9, 2017. The scheme which was to come into force from April, 2017 has been put off by four years apparently due to opposition from security services. He has however been successful in his diplomatic outreach to Kyrgyzstan and Tajikistan, both of which had clashed with Uzbekistan in the Karimov era over borders and water rights. Mirziyoyev sent delegations to both countries and received them in return.

President Almazbek Atambayev of **Kyrgyzstan** warmly welcomed strengthening of relations and harmonization of positions on delimitation and demarcation of the Kyrgyz-Uzbek border. Uzbek Deputy Prime Minister and his Kyrgyz counterpart met in Osh to discuss this issue on 16-17 January, 2017. Length of Kyrgyzstan-Uzbekistan border is 1,378 kms. About 324 kms still remain undemarcated.

Kazakhstan named Timur Suleimenov as its third minister of economy in less than one year. His predecessor Kuandyk Bishimbayev who served as economy minister from May to late December 2016 was arrested on corruption charges.

Kazakh President Nazarbayev met Crown Prince of Abu Dhabi and several business leaders and discussed trade, economic, investment, energy, cultural and humanitarian bilateral cooperation as well as international issues during his visit to UAE on 15-16 January, 2017. He also attended the 10th World Future Energy Summit.

Iranian President Hassan Rouhani visited **Kazakhstan** on 22nd December, 2016 and **Kyrgyzstan** on 23rd December, 2016 and held discussions with Presidents Nazarbayev and Atambayev respectively. Discussions on cooperation in trade, business, transport, and agriculture as well as about the two regional groupings viz. Shanghai Cooperation Organization (SCO) and Eurasian Economic Union (EEU) took place.

Economic Developments

Travel to Kazakhstan has been made visa-free for nationals of 45 countries including those from Europe, UAE and Western countries. India is not included in this list. This has been done to improve the investment climate and also to promote tourism to the country. Kazakhstan will host several major international events during the current year including EXPO 2017 in Astana and Winter Universiade in Almaty.

According to Global Passport Power Rank published by Montreal based Passport Index, **Kazakhstan** is placed at 56th position with its citizens being able to travel to 69 countries without visas. Russian passport is ranked 39th. Kyrgyzstan and Chinese passports share 66th place. Uzbek is on 70th and Turkmenistan passport on 75th place. India ranks at 78 with visa-free access to 46 countries.

World Bank (WB) has allocated US\$217 million to **Tajikistan** in 2017 to provide reliable electricity supply, improve irrigation, enhance disaster risk management, and mitigate impact of current economic slowdown. Currently World Bank is financing 23 projects in Tajikistan with a net commitment of US\$369.3 million. The projects aim to support economic growth through private sector development, while also investing in improvement of public services such as education, health, municipal services and social protection.

Asian Development Bank (ADB) has allocated US\$319 million for 2017-19 to **Tajikistan**, an increase of US\$ 200 million from the earlier period for development of infrastructure. ADB has approved over US\$1.5 billion in concessional loans, grants, and technical assistance to Tajikistan since 1998.

Tajikistan is actively examining merits and disadvantages of its possible accession to EEU. Tajik authorities maintain that its producers are not yet ready to manufacture goods that would meet the standards of EEU.

Kazakhstan cut its oil production by 20,000 barrels per day from January 1, 2017 to fulfill its commitments under the deal between OPEC and non-OPEC producers.

According to World Bank, during its 25 year partnership with **Kazakhstan**, the country has transitioned from lower-middle income to upper-middle income status. Since 2002, GDP per capita has risen six-fold and incidence of poverty has fallen sharply. In the latest Doing Business Report 2017, Kazakhstan ranks 35th out of 190 countries worldwide. Since 1992, World Bank has supported 45 projects for US\$8 billion in Kazakhstan.

GDP growth rate in **Turkmenistan** was maintained at 6.2% in 2016. The growth rate increased by 1.2% in the industrial sector, 4.4% in construction, 10.5% in transportation and communication, 14.3% in trade, 11.6% in agriculture and 10% in services. GDP growth rate in Turkmenistan

will amount to 6.5% in 2017 to 6.8% in 2018 and 7% in 2019.

WB has increased its forecast for **Kazakhstan's** GDP growth by 0.3% to 2.2% for 2017. This will increase to 3.7% in 2018 and to 4% in 2019. In 2016 GDP growth hit 0.9% compared to 1.2% in 2015. Inflation in **Kazakhstan** slowed significantly to 8.5% in 2016 from 13.6% in 2015. **Kazakhstan's** central bank kept its policy rate unchanged at 12% on January 9, 2017 but said chances of more rate cuts have increased on account of inflation slowdown. Annual inflation is expected to slow to target range of 6-8% in January-February, 2017.

GDP growth of **Uzbekistan** will amount to 7.4% in 2017 as well as in 2018 and 2019 given stabilization of commodity prices. Uzbek GDP grew by 7.3% in 2016.

In early January, 2017 **Turkmenistan** suspended gas supplies to Iran to pressure Tehran to clear its unpaid dues for earlier gas deliveries. Iran has threatened to take Turkmenistan to court for this action.

Uranium production in **Kazakhstan**, the largest producer of this mineral, will be cut by approximately 10% (2,000 tons) due to over-supply in the uranium market. Outlook for nuclear energy growth however continues to be strong.

India-Central Asia Relations

President Emomali Rahmon of Tajikistan paid a five day visit to India from 14th to 18th December, 2016. This was his sixth visit to India. Tajikistan is one of the three countries out of the five in Central Asia with which India has enhanced its engagement to strategic partnership level. President Rahmon extended support to India's membership of UN Security Council and also to its forthcoming membership of Shanghai Cooperation Organization. He warmly welcomed initiatives taken by India with respect to fast-tracking the operationalisation of the International North-South Transport Corridor (INSTC) through Iran to Central Asia and Russia, and development of Chabahar port and its hinterland to connect it to Afghanistan and Central Asia. Security and defence cooperation is a significant area of bilateral cooperation. At the request of Tajikistan, India has upgraded and refurbished the air base at Ayni in Tajikistan. Bilateral trade between the two countries is in the range of US\$ 55-60 million which is much below potential. Prime Minister Modi said that Tajikistan is India's valued friend and strategic partner in Asia. He asserted that both countries face multiple security challenges in their extended neighborhood and have decided to strengthen cooperation for addressing the issue of terrorism and radicalism.

Almazbek Atambayev, President of Kyrgyzstan paid a four day State visit to India from 18th to 21st December, 2016. It was the first visit to India by Atambayev after taking over as President of Kyrgyzstan in 2011 and the first visit by a Kyrgyz President to India in 13 years. Trade and economic relations between India and Kyrgyzstan are at an uninspiring level of below US\$ 30 million. Trade is weighted heavily in India's favour. Connectivity is a formidable obstacle in expanding bilateral trade as Pakistan does not permit people and goods to travel to and from Kyrgyzstan through its territory. During President Atambayev's visit, areas of fight against terrorism and extremism, defence cooperation and enhancing trade and economic exchanges received particular attention. President Atambayev extended support to India's membership of UN Security Council as well as to its imminent membership of Shanghai Cooperation Organisation. Six Agreements including collaboration in tourism, agriculture and food industry, youth development, training of diplomats, National Cadet Corps, and broadcasting and exchange of audiovisual

programmes were signed. These will further strengthen official and people-to-people linkages between the two countries.

Visits by Presidents Rahmon and Atambayev came in the wake of visit by PM Modi to all 5 Central Asian States including **Tajikistan and Kyrgyzstan** in July, 2015.

India and **Kazakhstan** signed a Protocol to amend the existing "Double Taxation Avoidance Convention" for "avoidance of double taxation and for prevention of fiscal evasion with respect to taxes on income." The treaty allows information received from Kazakhstan for tax purposes to be shared with other law enforcement agencies with authorization of the competent authority of Kazakhstan and vice versa.

Chief Minister of Jammu and Kashmir stated that she wants a trade corridor between South Asia and Central Asia involving both Jammu and Kashmir and Pakistan Occupied Kashmir. This will supplement the China-Pakistan Economic Corridor. This would help to eradicate chronic poverty in the State.

(The views expressed are personal)

To know more, please log on to www.anantacentre.in