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HIGHLIGHTS

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

Political Developments

Afghanistan President Ashraf Ghani visited Turkmenistan Bon 3rd July and held discussions with his Turkmen counterpart Gurbanguly Berdimuhammedov on trade and investment, the Turkmenistan-Afghan-Pakistan-India (TAPI) gas pipeline, regional safety and bilateral cooperation. Another important project discussed was railway from Turkmenistan to Afghanistan. The leaders agreed to continue cooperation to combat international terrorism, extremism, illegal drug trafficking, trans-boundary crime etc. Supply of Turkmen electrical energy to Afghanistan was an important subject of negotiations. Several Agreements on infrastructure, railway communication, manufacturing etc were signed. Ashgabat will host the 7th Regional Economic Conference on Afghanistan from November 14-15, 2017.

A forum on security and development of **Central Asia, Caucasus, Afghanistan, Mongolia** was held in Dushanbe, Tajikistan with the support of Rumsfeld Foundation. Representatives discussed a range of issues, including settlement of regional conflicts, development of transport corridors, mutual support to entrepreneurship and trade, joint struggle against terrorism.

Russian and Uzbek militaries will hold joint tactical exercises at the Forish ground in October 2017. These will be the first Joint Exercises that militaries of the two countries will conduct since 2005. Uzbekistan has however denied any intention of re-joining the Russia led Collective Security Treaty Organization (CSTO).

Bilateral consultations between **Defense Ministries of Kazakhstan and the United States** were held in Washington, followed by signing of a new five-year cooperation plan defining areas of cooperation for years 2018-2022.

Kazakh President Nursultan Nazarbayev said that Kazakhstan will continue to provide a platform for international actors to meet to help resolve the Syrian conflict. He said that Astana talks have already proved their effectiveness.

Kazakh capital Astana hosted the fifth round of Syria Peace Talks on 4-5 July with participation of Assad regime and the armed opposition. At the fourth meeting on May 4, the three guarantor countries - Russia, Turkey and Iran - signed a deal to establish de-escalation zones in Syria.

The **Respublika party congress** unanimously nominated leader of **Kyrgyz parliamentary opposition**, ex-prime minister, **Omurbek Babanov**, as presidential candidate. Babanov said that he wants the people to live better right now, and not in 20 years. **Prime Minister Sooronbay Jeenbekov** has been nominated for president by the Social Democratic Party of Kyrgyzstan (SDPK). Jeenbekov said he is ready to work for Kyrgyzstan and praised **President Almazbek Atambayev** in bringing back peace to the country. Kyrgyzstan's outgoing President Atambayev has said he would "remain in politics" to lead a reorganization of ruling SDPK.

Uzbek President Mirziyoyev deserves credit for acting on his promise to improve ties with the neighbours. Six months into his tenure, Uzbekistan's relations with its neighbouring states are already better than they were during the last 10 or 15 years under Karimov. Most agreements he has reached with Uzbekistan's neighbours consist of efforts to address short-term political necessities.

China's Belt and Road Initiative (BRI) is making some leaders in Central Asia nervous as they welcome economic engagement with Beijing but remain wary of potential problems the project could unleash. Russia is not fully satisfied or comfortable either. Central Asia remains suspicious about China's real intentions, which seem focused on region's natural resources and connectivity potential. Beijing's policies are likely to benefit regional elites rather than ordinary people leading to social discontent that could impede the BRI.

Tajik President Emomali Rahmon and Deputy Chairman of Turkmen Cabinet of Ministers, Foreign Minister Rashid Meredov met in Dushanbe and discussed bilateral cooperation in economy, trade, energy, TAPI, joint projects in road transport, direct flights between the two countries, construction of regional railways, greater interaction in science, education, culture and healthcare, security, combating international terrorism and extremism, illegal drug trafficking and situation in Afghanistan.

Relations of **Tajikistan** with Iran have declined while those between Tajikistan and Saudi Arabia are prospering principally because of financial support being provided by the latter. Saudi Arabia contributed \$35 million to build 30 middle schools in Tajikistan. Tajik government has restricted activities of Iranian companies and forced some of them to shut down. Iran has said that bilateral issues with Tajikistan can be settled through negotiations.

Amid a stand-off in the Sikkim sector with Chinese troops, **India attended an SCO meeting in China** to enhance anti-terrorism and border control mechanisms among member nations.

Kazakhstan's Defense Ministry affirmed its position that Kazakhstan will not send Kazakh troops to fight in Syria.

Kazakhstan's new religious policy requires religious associations to be financially transparent, and that preaching does not promote extremism, incite violence, or inspire hatred. Nazarbayev has been harshly critical of movements and ideologies originating outside the region. Kazakhstan has taken steps over the years to ban a number of them, including Al Nusra Front, Islamic State, Al Qaeda, and Al Qaeda-affiliated Jama'at al-Muslimin, popularly known as Takfir wal Hijra. State policy is looking to prohibit radical religious groups promoting Wahhabism, Takfirism or persons being financed from outside the country.

Kazakhstan is discussing legislation that would ban Arab-styled black clothing for women and growing beards for men.

South Korea and five Central Asian countries launched an office in Seoul to facilitate diplomatic, business and people-to-people cooperation through high-level dialogue, exchanges of working-level public officials and cultural festivals. This year marks the 25th anniversary of the establishment of diplomatic relations between Seoul and the five states of Central Asia. Several Korean companies including Samsung, LG and Hyundai Engineering have been building power and chemical plants, renovating refining facilities in Kazakhstan, Uzbekistan and Turkmenistan. Some 500,000 ethnic Koreans live across Central Asia, about 200,000 of which are in Uzbekistan.

German President Frank-Walter Steinmeier paid a three day visit to Kazakhstan from 11th July, 2017. He hailed Kazakhstan as an "anchor of stability" in the often turbulent region of Central Asia. Steinmeier and Nazarbayev expressed interest in expanding bilateral ties in all areas. Nazarbayev said

that Germany is Kazakhstan's reliable friend and key economic partner. Steinmeier, however, also noted room for improvement in Kazakhstan's rule of law and building trust. Steinmeier's visit was connected to EXPO 17 in Astana dedicated to Clean Energy.

Russia is pushing its allies to join the fight in Syria in hope of broadening its influence in the Middle East. Senior parliamentary officials said that Moscow was in talks with Kyrgyzstan and Kazakhstan about deploying their forces in Syria to help monitor the conflict.

There appears to be growing anger **among Kazakhs** having relatives in China over Chinese Communist Party's apparent crackdown on the minority ethnic group within its borders. A group of state scientists and scholars have hit out at "persecution" of ethnic Kazakhs by Chinese authorities, and called on Astana to put pressure on Beijing.

Security forces **from Kyrgyzstan, Mongolia, Pakistan, Tajikistan, and U.S., as well as observers from Kazakhstan**, conducted the multinational annual Regional Cooperation (RC) 2017 command-post exercise in Dushanbe, Tajikistan from July 10 to 23, 2017.

Economic Developments

World Bank approved two loans totaling \$294.9 million **to Uzbekistan** for projects in land reclamation and livestock sector. These funds will be allocated for 20 years, including a five-year grace period.

Turkmen President invited business community of Uzbekistan to participate in the TAPI gas pipeline project. Uzbekistan was also offered to develop oil and gas fields on the Caspian shelf.

Inflation in Kazakhstan for first six months of 2017 stood at 3.7% compared with 4.6% in first half of last year. From January to June 2017, GDP grew by 4.2%. Production of goods grew by 6.2%, of services by 1.3% and collection of taxes by 0.3%. Foreign trade increased by 29.2%, amounting to \$29.9 billion. Kazakh National Bank has forecast inflation rate to decrease to 6.5-7% in 2017, and enter the target range of 5-7% in 2018. Bank predicted that economic growth will accelerate to 2.2% in 2017 and to 4.7% for 2018.

Russian Aircraft Corporation "MiG" signed an agreement with state-owned Kazakhstan Engineering for production of MiG-35 components, establish servicing and production centres in Kazakhstan and joint marketing of the aircraft. MiG-35 is one of stars of the MAKS 2017 air show held near Moscow from 18th to 23rd July.

China will provide **Tajikistan** with a grant of \$230 million to build a new parliament. This will bolster China's influence in the country. China already owns over half of Tajikistan's public debt viz \$1.2 billion out of the country's total external debt of \$2.3 billion, a share equal to around a sixth of GDP.

President Shavkat Mirziyoyev issued a decree detailing the construction of a new 1.2Mt/yr cement plant. The \$204m unit will be built by 2019. An Uzbek-Chinese joint-venture will manage the project. Investment for the scheme will come from foreign direct investment and loans.

In a move presented as glorious and spectacular, **oil companies from Russia (Rosneft), China (CNPC), Kazakhstan (KazMunayGas), Azerbaijan (SOCAR) and Italy (Eni)** teamed up to form a consortium for exploration and exploitation of a new "giant" located in the heart of northern Caspian tectonic structure. The project when completed should prolong the position of Kazakhstan as a global-scale oil supplier from 2040 till 2080.

Leaders of Pakistan, Tajikistan, Afghanistan and Kyrgyzstan met in Dushanbe to review the progress of \$1.2 billion CASA-1000 project and vowed to take all measures for its early completion. Information from Dushanbe suggests that informal meeting between Ghani and Sharif did not go off well. Afghanistan appears to have stated that it would not allow hydroelectric transmission line to pass through Afghanistan into Pakistan unless Pakistan allowed Indian goods to be transported to and from Afghanistan via Wagah border. CASA-1000 project is scheduled for completion by 2018.

Uzbek Foreign Minister has stated that Uzbekistan is content with construction of Rogun hydropower plant in Tajikistan. But the national interests of Uzbekistan should be taken into consideration. According to him, Tajikistan and Uzbekistan should come to an agreement concerning the construction of Rogun HPP. Uzbekistan was strongly opposed to construction of Rogun HPP during presidency of Islam Karimov. Tajik President has promised that Tajikistan will never leave other countries without water.

India-Central Asia Relations

Kazakh Embassy in New Delhi organized a Reception dedicated to 25th anniversary of the establishment of Diplomatic Service of Kazakhstan. Speaking on the occasion, Joint Secretary Srinivas from Ministry of External Affairs noted the current high level of bilateral relations as well as importance of recent visit of Prime Minister Narendra Modi to Astana to attend the Shanghai Cooperation Organisation (SCO) Summit. This year also marks the 25th Anniversary of establishment of diplomatic relations between India and Kazakhstan.

On 2nd July Air Astana commenced a thrice-weekly service from **Astana** to Delhi. The 2,540-kilometre route is not served by any other carrier. Air Astana already serves Delhi from Almaty (since 2004) with daily flights.

Haryana urban local bodies' minister said during a visit to Kazakhstan that to tackle the problem of silt collected in sewerages, Haryana government would explore possibility of generating energy from liquid waste in urban areas of the state.

India wants to re-negotiate **bilateral investment treaties with Turkmenistan, Tajikistan, Kyrgyzstan** and several other countries. Minister of State for Commerce and Industry Nirmala Sitharaman said that India has already received positive responses from number of these countries to renegotiate the treaty.

Presidents of Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan congratulated Shri Ram Nath Kovind on his election as President of India. They expressed confidence that friendly relations and close cooperation between their countries and India will be further strengthened.

Children from **Kyrgyzstan, India, Russia, Kazakhstan, and Uzbekistan** participated in an international ethno-carnival "Issyk-Kul gathers friends 2017" march in Bishkek.

Foreign Minister of **Kyrgyzstan** and India's Minister of State for External Affairs MJ Akbar spoke on telephone at latter's initiative. Promoting bilateral cooperation and implementation of agreements during state visit of Kyrgyz President to India (December 2016), and issues of international and regional significance were discussed.

Jammu and Kashmir (J&K) Chief Minister Mehbooba Mufti Sayeed has said that J&K was connected to Central Asia and China and revival of this past connectivity is in her party's agenda.

Tajikistan Chamber of Commerce and Industry and India's PSP Traders & Services Pvt. Ltd. jointly organized 'Made in India' exhibition on 14 July in Dushanbe.

External Affairs Minister had a telephonic conversation with **Tajik Foreign Minister on 30 June**. Discussions on promoting bilateral cooperation were held.

A **Tajik Member of Parliament** and a Tajik scholar participated in 2-day International Conference on 'Mirza Bedil and his Legacy' held in Chandigarh on 22-23 July.

(The views expressed are personal)
