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HIGHLIGHTS

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

Political Developments

At the invitation of Chinese President Xi Jinping, **Tajik President** Emomali Rahmon paid a bilateral state visit to China from 30th August to 5th September in connection with the summit of BRICS (Brazil, Russia, India, China, and South Africa) countries. The two presidents signed a joint statement on establishing a comprehensive strategic partnership and vowed to expand partnerships in finance, agriculture, water resources, energy, mining and other areas. In particular, they agreed to share intelligence "to fight the 'evil forces' of terrorism, extremism and separatism, as well as cyber crime, drug smuggling and transnational organized crime." China-Tajikistan military cooperation has been increasing over the past two years. In 2016, China and Tajikistan, along with Afghanistan and Pakistan, set up a counterterrorism coordination group called the Quadrilateral Cooperation and Coordination Mechanism aimed to "fight against terrorist and extremist forces" and "work together to maintain stability and peace." The two countries signed a series of cooperation agreements, including a bilateral cooperation plan, and agreements on science, agriculture, energy, infrastructure, human resources and media. Tajikistan has ratified a memorandum under which China will help build new buildings for the Tajik parliament and government in Dushanbe.

Kazakhstan and Uzbekistan entered into a bilateral military agreement to coordinate training and educational initiatives, fight terrorism, halt the spread of extremist ideology, and thwart the flow of militants joining rogue forces in Afghanistan and Middle East. The agreement provides a framework for two neighbors to strengthen military and military-technical ties, create mechanisms for a prompt response to risks and threats to regional security, joint operational and combat training, and military education. Terrorism and the spread of extremist ideology have become top security concerns in Central Asia in recent years, due to a series of incidents that have made the region and its leaders nervous.

Despite the close cultural connection between **Tajikistan** and Iran, Tajik state television aired a sensationalist, 45-minute documentary produced by Interior Ministry that accused Iran of orchestrating a slew of assassinations of high-profile public figures as well as 20 Russian military officers on Tajik soil during and after the civil war of the 1990s. In another carefully timed announcement, Tajikistan stated that it had paid off all its debts to Iran, and spurned Tehran's overtures to mend relations. These announcements were accompanied by Dushanbe's coming closer to Saudi Arabia, a fierce foe of Iran. The apparent aim of this move is to secure investment and aid.

Uzbek Prime Minister visited **Kyrgyzstan** and held talks with Kyrgyz Prime Minister and President to expand bilateral ties. Both the Prime Ministers attended a meeting of bilateral commission on border delimitation. The two countries share a 1,400-km long border of which 230 kms is disputed. Ties have begun to improve since Uzbek President Shavkat Mirziyoyev came to power. Earlier during Former President Islam Karimov's rule of more than 25 years, Uzbekistan was at odds with its neighbors over issues ranging from border disputes and ethnic standoffs to economic disagreements linked to water distribution and energy transportation across the region.

Uzbek President met **Kazakh Defense Minister** during latter's visit to Tashkent. They discussed bilateral industrial cooperation and training of military personnel.

Russian military has said that it will conduct joint military maneuvers with its ex-Soviet allies in Central Asia in response to regional threats. As part of efforts to confront potential threats, Russia staged joint exercises with **Tajikistan** earlier this year. Russia will hold joint war games later this year with **Kyrgyzstan, Tajikistan and Uzbekistan**. Russia said that situation in Central Asia remains unstable because of armed conflicts in Afghanistan between government troops, Taliban, and ISIS.

During his visit to Astana, Turkish President Erdogan discussed developments in Iraq and Syria, the Qatari crisis, and the Astana process aiming to find a solution for the Syrian war and fight against terrorism with **Kazakh President** Nursultan Nazarbayev.

Russia's security service captured a gang, directed by members of Islamic State (IS) from Syria, planning major attacks on Moscow transport networks and shopping centres. Four people were captured, three from Tajikistan and one, a Russian citizen. Russia regularly announces that it has foiled major terrorist attacks, and recently emphasised the threat from former Soviet countries in Central Asia, from where large numbers of people have gone to fight alongside IS.

Pakistan Chief of Army Staff (COAS) paid a three-day visit to **Tajikistan** for participation in Quadrilateral Counter Terrorism Coordination (QCTC) forum comprising Pakistan, China, Tajikistan and Afghanistan. He called on Tajik Defence Minister and Chinese Chief of Joint Staff.

Human Rights watchdog Freedom House has stated that **Uzbek President Mirziyoyev** has taken a number of steps to open up the country since he came to power. It said that the international community should "acknowledge positive changes" in Uzbekistan since Mirziyoyev took power while continuing to encourage "full-scale reform" in the country.

On Aug. 29, the IAEA Low-Enriched Uranium (LEU) Bank was officially opened at the Ulba Metallurgical Plant in **East Kazakhstan**. On this day in 1991, the Soviet Union's primary nuclear testing site in East Kazakhstan was shut down. The UN later declared this date as the International Day against Nuclear Tests. The facility will store up to 90 tons of LEU, enough to power a large city for three years, and sell it to IAEA members if they are unable to procure nuclear fuel elsewhere.

Kazakhstan and USA signed an Agreement to cooperate on nuclear energy. Nuclear power is safer and more secure from proliferation, and is important as a zero-emissions source for electricity. Cooperation will focus on peaceful use of nuclear energy, containment of carbon dioxide, sustainability of energy systems, opening and expansion of energy markets, as well as non-proliferation of nuclear weapons and security.

The next round of talks on conflict in Syria will be held in **Astana, Kazakhstan** on September 14-15, with key powers looking to establish safe zones on the ground.

Economic Developments

Kazakhstan has identified 36 potential countries seeking investment. 11 out of these have been given top priority viz USA, Russia, UK, Germany, France, Italy, China, Japan, South Korea, Turkey, UAE. The national investment strategy for 2018-2022 seeks to increase foreign investment by 26% in five years.

Kazakhstan raised its GDP growth forecast this year to 3.4% from 2.5%, citing stronger-than-expected

performance to date. In January-July, its economy expanded to 4.0%.

In 2011 there were only 1,200 containers TEU (twenty-foot equivalent unit) transiting **Kazakhstan's** territory from China to Europe. In 2016 this increased to 105,400, which is an 80 times growth. By 2020 it could reach 2 million, another 20 times growth in three years. This comes from construction of railways within Kazakhstan and China and other countries on the route – Belarus, Poland, Germany etc.

China plans to build a 200 MW solar power plant in **South Kazakhstan** region.

Afghanistan's Chief Executive Abdullah Abdullah paid an official visit to **Kazakhstan** and met officials and investors to expand bilateral trade and transit relations. Abdullah invited more Kazakh trade and investment in transit, liquid gas, mines, industries, logistics, exports and imports sectors.

Pakistan and Tajikistan are keen to sign a transit trade agreement with **Afghanistan**. The latter is hesitant and has demanded the inclusion of India in the agreement. Pakistan has dismissed the demand. Pakistan and Afghanistan have so far not accepted the Convention on the Contract for International Carriage of Goods by Road (CMR). Without accession to CMR, transportation of goods by Pakistani vehicles via land routes to ECO member states and European countries is not permissible. It is understood that China has intervened to resolve the issue but Afghanistan is insistent on the inclusion of India in the agreement.

Pakistan and Turkmenistan agreed at a meeting of Joint Governmental Commission in Ashgabat to enhance bilateral cooperation in diverse fields including agriculture, land and air connectivity to promote trade, travel, tourism and people-to-people contacts, communications, energy and Information Technology. Session was co-chaired by Foreign Ministers of two countries.

India-Central Asia Relations

Deputy Prime Minister and Foreign Minister of Turkmenistan Rashid Meredov led a high-powered delegation to New Delhi on August 13-15. The delegation participated in the 6th Session of India-Turkmenistan Intergovernmental Commission for Trade, Economic, Scientific and Technological Cooperation. Sushma Swaraj, Minister of External Affairs of India and co-chair of the Commission, and Meredov comprehensively reviewed the gamut of bilateral relations particularly in areas of energy, trade and economic cooperation, transportation and connectivity, security cooperation, civil aviation, information technology, science and technology, cultural and educational matters. Both leaders agreed to work towards fulfillment of commitments reached during meeting between Turkmen president and Indian Prime Minister during latter's visit to Ashgabat in July 2015. During the visit, Meredov also met with Vice President Venkaiah Naidu, Minister of Finance, Defence and Corporate Affairs Arun Jaitley, Minister of Road Transport, Highways and Shipping Nitin Gadkari, and Minister of State (I/C) for Petroleum and Natural Gas Dharmendra Pradhan.

It was decided that India will host the next steering committee meeting of the proposed 1,814 km-long Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline. The move appears to be an effort to stave off any Chinese interest in the project given that Turkmenistan is a close partner of China in its Belt and Road initiative.

A high-powered **Uzbek delegation led by Foreign Minister Abdulaziz Kamilov** paid an official visit to India on Aug 20-23. Twenty-two contracts worth more than US\$80 million and 20 investment agreements worth over US\$70 million were signed in sectors including pharma, leather, silk and food processing.

Uzbek Foreign Minister said that during meeting between Uzbek President and Prime Minister Modi on sidelines of Shanghai Cooperation Organisation (SCO) summit in Astana in June, 2017, both countries had decided to take concrete measures on amplification of relations in all spheres. Over past five years, Uzbek-Indian trade turnover increased by more than twofold and reached US\$370 million in late 2016. It totaled US\$166.5 million in first half of 2017. Currently, 101 Indian enterprises operate in Uzbekistan. Uzbekistan wants to export a wide range of goods to India and to attract Indian hi-tech companies for implementation of joint projects. India wants Uzbekistan to reduce import tariff on fabrics, made-ups,

engineering items, leather goods & footwear, reduce the high MFN duty on RMG (Ready Made Garments) products and simplify procedure for registration and certification. The then Commerce and Industries Minister, Nirmala Sitharaman and Uzbek Ministers of Foreign Affairs and Foreign Trade held discussions to deepen bilateral trade and economic ties. Commerce Minister suggested setting up of a private industry led Joint Business Council to develop business relations at all levels including investments, trade in goods and services such as education and health etc. The main sectors where businesses from both sides can enhance cooperation include food processing, agriculture, silk, fertilizer, rare earth metals, tourism, footwear and leather processing. Both Ministers underlined the importance of transport & logistics infrastructure for strengthening bilateral trade ties.

Commerce Minister informed Uzbek Minister that existence of Non-Tariff Barriers such as import quotas and licensing, price and foreign exchange control, complex customs and administrative procedures, harsh sanitary norms and outright border closures limit inter-regional trade. Uzbek Foreign Trade Minister informed that they are seriously working to liberalise and simplify procedures, systems and norms and expressed hope that most difficulties would get resolved shortly.

Commerce Minister requested Uzbek Minister to simplify procedure for granting visa to Indian businessmen and tourists and expressed hope that if visa issues are resolved, tourism will also receive impetus in both countries.

During his visit, **Uzbek Foreign Minister called** on Vice President, held wide ranging talks with External Affairs Minister, MOS (MJA) and others. The Vice President said that the two countries should take bilateral trade to US\$ 1 billion dollars by March 2018.

An Uzbek-India Trading Hub has been established in Uzbekistan to promote trade and investment between the countries.

A high level Indian delegation headed by Home Minister Rajnath Singh participated in the 9th meeting of **Heads of Government of Shanghai Cooperation Organization (SCO) in Kyrgyzstan** from August 23-25. The meeting dealt with prevention and elimination of emergency situations and approved the draft action plan for 2018-2019 for implementation of agreement on providing assistance to eliminate emergency situations. Singh said that India is committed to step up efforts to counter common challenges and threats and to deepen cooperation in various spheres. He highlighted India's role in recent Asian Ministerial Conference on Disaster Risk Reduction in New Delhi and spoke on Indian Initiative of forming a coalition on risk resilient infrastructure. Rajnath Singh moved a proposal to organise a Joint Urban Earthquake Search and Rescue exercise to improve collective preparedness. On sidelines of SCO Meet, Singh held bilateral meeting with Minister of Russia for Civil Defence, Emergencies and Elimination of Natural Disasters. They agreed to intensify cooperation in Disaster Management.

It was stated at a discussion on prospects of strategic partnership between **Eurasian Economic Union (EEU) and India** that if EEU concludes a free trade agreement with India, its member states' aggregate GDP may surge by US\$ 2.7 billion.

(The views expressed are personal)
