

HIGHLIGHTS

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Political Developments

Kazakhstan President Kassym-Jomart Tokayev recently rejected his Belarusian counterpart's proposal to join the Russia-Belarus "Union State," calling the offer a "joke." The proposal came after Russia decided to deploy tactical nuclear weapons in Belarus for the first time since the fall of the Soviet Union back in 1991.

Almost all Central Asian heads of state pay lip service to Russia while refraining from endorsing its invasion of Ukraine. One major trait of Kazakhstan's foreign policy is caution towards Moscow. There is no flag-waving or provocation of the old colonial power and every decision taken seems to have a twin objective: to limit Russia's influence without unnecessarily provoking it. This is now accompanied by a decolonization of Astana's diplomatic dependence on a Russo-centric orientation and actively moving to consolidate links with other world powers. This multi-vector approach extended over the years with an emphasis on multilateralism, has also allowed Kazakhstan to play a significant role in global diplomacy.

China is more popular among the elites in Central Asia than among the people, as the governments desperately require investment from China, which is not always supported by the populations. Citizens' concerns are partly related to China's immense size and the economic asymmetry between them and their far larger neighbor. The lack of employment opportunities for locals in China-funded projects and the already high indebtedness to China also causes outrage. Chinese initiative "One Belt, One Road" is criticized as Beijing's tool to expand its influence in the world, and in particular, create a debt trap by burdening countries with debt for

projects they cannot afford. Beijing is already the main creditor of Central Asian countries, with Chinese loans to Kyrgyzstan and Tajikistan making up more than a fifth of their GDP.

Kazakhstan launched the Astana International Forum in Astana, Kazakhstan on 8th June 'to amplify the voices of countries seeking a less polarized international order and greater collaboration in addressing humanity's biggest challenges.'" According to the Concept Note of the Forum, Global powers are reluctant to find a compromise to enhance global security. Alarming, the so-called Doomsday Clock, which attempts to gauge how close humanity is to destroying the world, is currently set at 90 seconds until midnight — the closest to the hour it has ever been. The 'middle powers', which have moderate influence and international recognition, can take the reins instead and aim to find solutions to the world's most pressing problems. Kazakhstan is well-suited in this regard. Kazakhstan's push for dialogue and mutual understanding is seen to be especially important today when global stability is at an all-time low. The Astana International Forum sought to assess and discuss ways to tackle global challenges, including climate change, water scarcity, energy security, and wider international development and sustainability. The plenary session, which focused on the current state of the world and the way forward toward peace and greater economic progress, was attended by the Emir of Qatar Sheikh Tamim bin Hamad Al-Thani, Kazakh President Kassym-Jomart Tokayev, Managing Director of the IMF Kristalina Georgieva, Director-General of UNESCO, among others.

Addressing the Forum, Kazakh President called for reforming the UN Security Council to give more voice to "average states." Tokayev said the UN remains the only universal global organization that unites all countries, but it would not be able to meet the challenges without comprehensive reform of the Security Council. According to the Kazakh president, the current global instability is rooted "deep in our past." Tokayev said that the "dividing forces" are not "exclusively" geopolitical but also economic. "Economic policy itself is openly used as a weapon. This confrontation includes sanctions and trade wars, targeted debt policy, restriction of access or isolation from sources of financing, as well as control over investments," he stressed. Together these factors are gradually undermining the foundation on which global peace and prosperity of recent decades were based – free trade, global investment, innovation and fair competition, he said.

During the Emir of Qatar's visit to Kazakhstan, the Qatari Commerce Minister said: "The visit to Kazakhstan represents a new phase of the distinguished historical relations that bind the two friendly countries because Qatar views Kazakhstan as a promising strategic partner, in light of the important economic potential that distinguishes both sides. The visit will give great impetus and support for the development of relations between the two countries at all levels and fields. He referred to the Emir's participation in the "Astana International Forum" which brought together governments and experts from around the world, aimed at providing a platform for discussing views on current issues, stimulating ideas and encouraging creative contributions that are capable of meeting various global challenges."

Qatar's Emir visited Tajikistan on his final leg of a multi-nation Central Asia tour where he held extensive talks with Tajik President Emomali Rahmon. Tajik Ambassador to Doha said: "Strengthening and developing cooperation with Qatar represents one of the priority directions in his country's foreign policy." During the visit, a number of agreements and memoranda of understanding were signed between the two countries. These included cooperation in the field of protecting endangered wildlife and preserving its natural environment, cooperation in construction and infrastructure, cooperation in tourism and business activities, and cooperation in youth and sports.

The Tajik Foreign Minister said that his country attached great importance to the visit of Qatari Emir to Tajikistan, for its role in boosting contacts, both in political and economic domains, intensifying the trade and investment collaboration, as well as contribute to the development of people to people ties. The Minister pointed out that the two countries had established fruitful cooperation in the framework of international and regional organizations, including the United Nations, the Organization of Islamic Cooperation, the Asian Cooperation Dialogue, the Islamic Educational, Scientific and Cultural Organization (ISESCO) and other international institutions, reiterating his country's commitment to further enhance Qatar-Tajikistan engagement on issues of bilateral, regional and international importance.

The killing of two suspected militants by Tajikistan's security forces gave rise to fresh worries in Central Asia over the Taliban's ability to prevent attacks by Afghanistan-based terror groups. Tajik authorities said the pair sneaked across the border from Afghanistan in late April and were shot dead in a counterterrorism operation, which turned up a stash of weapons, ammunition and explosives. They gave few details, but said the militants had planned a terror attack in Tajikistan, marking the latest in a string of incidents linked to militants inside Afghanistan.

Iran offered to assist Russia and Tajikistan in establishing the production of unmanned aerial vehicles (UAVs) on their territory. Reports indicate Iran has offered to provide UAV production technology and facilities to Tajikistan and Russia. Iran has reportedly transferred hundreds of Shahed- and Mohajer-series UAVs to Russia since at least late August 2022.

The first meeting of the China-Central Asia political parties dialogue was held in Beijing attended by 26 leaders of major political parties of Central Asia. A senior Chinese official from the Communist Party of China (CPC) Central Committee said that the recent successful convening of the China-Central Asia Summit has led to significant progress in the construction of a China-Central Asia community with a shared future. He said that China is willing to work with political parties in Central Asian countries to deepen political mutual trust, enhance synergy between the Belt and Road Initiative and the development strategies of Central Asian countries, promote mutual cultural understanding and exchanges, and jointly safeguard regional and global peace, stability and prosperity.

The OSCE Secretary General, Helga Maria Schmid, concluded her visit to Turkmenistan, Kyrgyzstan and Kazakhstan on 8 June. She met with high-level government officials, parliamentarians and civil society representatives, and discussed how the OSCE can facilitate regional solutions in addressing the broad range of security challenges that the region is facing and provide further support across all aspects of the OSCE's work. In Ashgabat, she met with the President of Turkmenistan, Serdar Berdimuhamedov, the Chairman of the Halk Maslakhaty, Gurbanguly Berdimuhamedov, the Speaker of the Majlis, the Acting Minister of Foreign Affairs and other stakeholders. She presented the international EcoPorts certificate to the Turkmenbashi International Seaport during her meeting with President Berdimuhamedov. It certifies that the Seaport meets the high environmental standards set by the European port sector. The OSCE had helped the port to meet these standards through its project "Promoting Green Ports and Connectivity in the Caspian Sea region".

In Bishkek, during meetings with President of Kyrgyzstan, Sadyr Zhaparov, Minister of Foreign Affairs and other interlocutors, the Secretary General highlighted the constructive co-operation the OSCE has with the country through its Programme Office and institutions. She said that today, the whole OSCE region – including Central Asia – was facing unparalleled challenges, and "we needed to put even more effort into building a safer world for the people we serve." Opening the international conference "Women, Peace and Security: Problems and Development Prospects", the Secretary General underlined the OSCE-wide efforts to promote women's empowerment, like with the OSCE Networking Platform for Women Leaders, including Mediators and Peacebuilders.

In Astana, the Secretary General discussed regional challenges from climate change to instability in Afghanistan and the impacts of the war against Ukraine on the region in meetings with the President of Kazakhstan, Kassym-Jomart Tokayev, Chairman of the Senate, Maulen Ashimbayev, Deputy Prime Minister and Foreign Minister, Murat Nurtaleu, and other high-level officials. She commended Kazakhstan's commitment to deepening regional co-operation and promoting connectivity. She emphasized that in "today's era of increasingly polarized positions, we can only tackle global challenges and strengthen security through joint efforts. With its decades of experience and expertise, and a unique role to play in Central Asia, the OSCE stands ready to support."

Economic Relations

The worsening state of the Russian economy and sustained abuse by law enforcement agencies there is pushing ever more expatriate laborers from Tajikistan to seek out alternative countries where to find work. The trend would in the long term reduce Tajikistan's overwhelming economic reliance on remittances inflows from Russia. For the workers themselves, the shift presents the hope of more dignified employment and, often, much better pay.

Kazakh President Tokayev said that Kazakhstan aims to become one of the largest digital hubs in Eurasia. He added: "Geopolitical tensions and increasing protectionism are shaking the global economy. This threatens not only a slowdown but also depresses global growth." He emphasized that the general international new concepts and objects, such as artificial intelligence, block chain, the Internet of Things, and Big Data, are changing the game in the agriculture and finance industries. He recalled that 62 countries recently unanimously supported establishing the United Nations Digital Solution Centre for Sustainable Development of Central Asia in Kazakhstan, considering it to be one of the most promising countries for digital well-being.

Kazakhstan increased its exports by 40 percent in 2022. Most of the exports are still contributed by the energy and mineral sector. However, over the last years, Kazakhstan has significantly developed its non-oil and gas industries. President Tokayev said that despite geopolitical upheavals, Kazakhstan continues to act as an economic engine in and for Central Asia. It continues to attract significant foreign investment and provide attractive conditions to do business. There are vast opportunities to develop cooperation with international partners in such spheres as automotive industry, processed metals, mechanical engineering, and pharmaceuticals.

The Investment Promotion Agency of Qatar announced a partnership contract with KazakhInvest, the national development corporation that promotes sustainable social and economic development in Kazakhstan. The partnership aims to enhance trade exchange and bilateral investments between the two countries. The two Agencies will cooperate to facilitate the exchange of knowledge and information, as well as share experiences and best practices in order to enhance investment opportunities between the two countries.

A wildfire in the Semey-Ormany national reserve of Kazakhstan engulfed an area of 30,000 hectares. More than 600 personnel, six helicopters and 168 pieces of equipment were involved in firefighting efforts. The wildfires occurred due to the dry and hot weather conditions that prevailed in the northern regions of Kazakhstan in recent days.

Pakistan and Turkmenistan have taken a significant step towards expediting the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project. The two countries signed a Joint Implementation Plan (JIP) aimed to accelerate the completion of the feasibility study. The agreement established a Senior Coordination Committee (SCC) that will oversee and expedite project activities, with Pakistan's Special Assistant to the Prime Minister nominated as the head of the SCC. Pakistan PM Shehbaz Sharif emphasized the significance of the TAPI gas pipeline project for his government's vision, stating that it would ensure energy security, economic growth, and prosperity not only for Pakistan but for the entire region. He expressed a desire to enhance economic and commercial relations further and proposed exploring gas connectivity from the Chaman border to Gwadar and constructing LNG terminals at Gwadar to expand gas supplies to Europe and global LNG markets.

The trade turnover between Kazakhstan and Uzbekistan has reached \$1.1 billion in the first three months of this year, a 5.2% increase from the same period of 2022. Exports from Kazakhstan accounted for most of the turnover (76.7%), rising 0.9% to \$821.3 million since the beginning of the year. The country supplied Uzbekistan with wheat, meslin, fertilizers, stainless steel products, wheat flour, fats, and oils. Imports grew by 22.6% to \$248.9 million, primarily by purchasing knitwear, automobile spare parts, refrigerators, freezers, and flat products.

The IMF informed the Kazakh government that against the backdrop of external uncertainty and growing state spending, the monetary policy should remain tight in 2023 until inflation is controlled. "Risks for the economy of the oil-rich Central Asian nation include slower growth of trading partners, further declines in the price of crude, and disruptions to the Caspian Pipeline Consortium (CPC) export pipeline," the IMF said. Secondary sanctions and social tension that could surge again to delay fiscal consolidation and reforms, were additional factors, it added.

Iran, Russia, Uzbekistan and Turkmenistan have reached an agreement to facilitate the transit of goods and fuel and improve maritime cooperation. The agreement was reached during a meeting in St. Petersburg between Iran's Minister of Roads and Urban Development and the head of Russia's State Duma Committee on Transport and Infrastructure Development.

India-Central Asia Relations

India announced on 30th May that it will host the 23rd Summit of the Council of Heads of State of the Shanghai Cooperation Organization (SCO) virtually on July 4, 2023, rather than in person. India, the current chair of the eight-member grouping, also invited the three Observer States (Mongolia, Belarus and Iran) and the heads of six regional and international organizations to participate in the summit to be hosted by Prime Minister Narendra Modi. Since assuming the rotating presidency at the historical city of Samarkand last year, New Delhi used its diplomatic capital to host 134 events, including 14 ministerial-level meetings to pursue the regional collaboration and cooperation agenda.

The Ministry of External Affairs celebrated SCO Day under India's SCO chairmanship and also released a postage stamp to commemorate the occasion. In the event organized to mark the day, Ambassadors of SCO Member States, observers and dialogue partners took part. India assumed the rotating presidency of the SCO at the 2022 SCO Summit held in Samarkand (Uzbekistan). India will host the next Council of Heads of State Summit on 4th July, 2023.

India has millennia-old civilizational, cultural and spiritual ties with the SCO region. Interaction between India and the SCO Member States has led to an exchange of goods, a fusion of ideas, and the introduction of new cuisines and art forms. India has carved a niche for itself by emphasizing three new pillars of cooperation in SCO -- Startups & Innovation, Science & Technology and Traditional Medicine.

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(The views expressed are personal)

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