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## HIGHLIGHTS

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

## Political Developments

Presidential election in **Kyrgyzstan** was held on 15th October, 2017. Sooronbai Jeenbekov, a protégé of outgoing president Almazbek Atambayev and candidate from Social Democratic Party of Kyrgyzstan (SDPK), won with 55% - a stronger result than earlier polls had predicted. Omurbek Babanov, multimillionaire leader of Respublika Party conceded defeat but said he would investigate irregularities. Jeenbekov will assume office on 1st December, 2017.

In run up to final vote, it was expected that the contest would go to second round as none of the main contenders would be able to cross the 50% threshold in the first round. Heavy intrigue was witnessed in recent months including arrest of a prominent opposition lawmaker on charges of plotting a pro-Babanov coup; a government election official's death in a "criminal" traffic accident; and President Atambayev himself warning neighboring **Kazakhstan** not to impose Babanov as "its own" candidate. Relations between Kazakhstan and Kyrgyzstan nosedived after meeting between Kazakh President Nursultan Nazarbayev and Babanov on 19th September. This was sharply criticized by **Kyrgyz President** and government as an attempt to interfere in the election. Atambayev went so far as to chastise Nazarbaev who has been in power since collapse of Soviet Union, over his long rule. Kazakhstan's imposition of controls on border with Kyrgyzstan on 9th October to ensure security was cited by Atambayev as a reason to cancel his visit to Sochi for the CIS (Commonwealth of Independent States) Summit. He sent his Prime Minister instead.

Jeenbekov will inherit a raft of problems, foremost the current feud with Kazakhstan, touched off by **Atambayev's** continued criticism.

Atambayev's willingness to step down from power after serving the single six-year term allowed under constitution has been praised in the West as a sign that democracy is back on track in **Kyrgyzstan**. However reports of plan by Atambayev to rule by proxy after he formally leaves office, have raised serious concerns.

International observers reported that the election was competitive, as voters had a broad choice and candidates could generally campaign freely, although cases of misuse of public resources, pressure on voters and vote-buying remained a concern. European observers said that vote-buying and significant procedural problems marred the vote.

Shanghai Cooperation Organisation (SCO) Contact Group on **Afghanistan** met after a pause of seven years, in Moscow. Meeting was attended by diplomats and deputy foreign minister from Russia, China, **Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan**, India and Pakistan. Deputy Foreign Minister of Afghanistan represented his country. A major concern of participants was relocation of terrorists from Syria to Afghanistan under banner of Daesh—Islamic State. Participants stated that over 4,000 terrorists of Islamic State had already arrived in Afghanistan. India expressed its willingness to work closely with SCO members to bring peace, prosperity and stability in Afghanistan. India stressed on need for an Afghan-led, Afghan-owned and Afghan-controlled national peace and reconciliation process in an environment free of terror and violence, continued assistance for socio-economic development based on priorities of Afghan people, and ensuring greater connectivity and regional integration for Afghanistan.

Russian President Vladimir Putin paid a rare visit to **Turkmenistan**. The visit came amid dispute between Russia's largest mobile provider and Turkmen local authorities. The two Presidents signed a "strategic partnership" as a symbolic gesture. Turkmen President Gurbanguly Berdymukhamedov stressed that both Moscow and Ashgabat seek Afghan settlement through peaceful and diplomatic ways. Putin thanked Berdymukhamedov for supporting the Russian language. Putin awarded the Order of Alexander Nevsky to Berdymukhamedov.

During visit of **Kyrgyz President** to Uzbekistan on 5th October, the two countries agreed to demarcate 85% of their 1,280 km long border. More than 1,170 kilometers of the border is now agreed upon. It is possible that Kyrgyzstan might sign border demarcation agreement with Uzbekistan on remaining border areas by 1st December, 2017. A landmark Declaration on Strategic Partnership was signed during Atambayev's visit to deepen political dialogue, boost cross-border and regional security cooperation, and enhance economic and trade ties. Leaders conveyed readiness to discuss water and energy issues which have caused controversy in the past.

United Nations has called on **Uzbekistan** to enact reforms to allow citizens to practice their faiths freely saying that strengthening diversity and freedom of religion can help combat religious extremism.

In meeting of Berlin Eurasian Club in Brussels on achievements and goals of "Enhanced Partnership and Cooperation Agreement (EPCA) between **Kazakhstan and European Union**", EU declared its readiness to cooperate more actively in non-proliferation of weapons of mass destruction. EU noted the importance of continuing democratic reforms in Kazakhstan and their mutual interest in continuing dialogue on human rights and civil society. After two years of decline, trade turnover between the two showed a 27% increase in first seven months of 2017 compared to same period last year.

**Russia** will host next meeting of Council of Heads of Government of SCO member states on November 30 - December 1, 2017. Agenda of forthcoming meeting includes development of trade and economic cooperation and promotion of humanitarian ties within SCO framework. Iran's accession to SCO will be on agenda.

In a closed-door meeting with representatives of SCO countries, **Turkish Prime Minister** discussed the idea of Turkey's membership of SCO. He said that Turkey will work with SCO to combat terrorism, share intelligence and assist economically. He stated that European Union is a 'failing mess' and that is why United Kingdom has chosen to leave it.

In a press statement on 16 October, Moscow Grand Mufti warned of dangers of radicalization of **Tajik** labour migrants in Russia and sought to link it to a new terrorist organization 'Khorasan', which was being established along Afghanistan's borders with Tajikistan and Turkmenistan.

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## Economic Developments

**Kazakhstan** witnessed increase in prices of petrol over last several weeks. Kazakh Minister for Energy cited declining import volumes of Russian petrol and maintenance works at Kazakhstan's major oil refineries as key reasons for it. Prime Minister Sagintayev was however not satisfied and instructed the government to fire Vice Minister of Energy and Vice-President of Kazakh Oil Company. Energy Minister was reprimanded and instructed to work harder to find immediate solution to the shortages.

**Kazakhstan** will supply uranium to five nuclear power plants in China beginning 2019. Kazakhstan seeks to emerge as a significant player in global fuel trade. Kazakhstan is world's biggest uranium producer with 40% of global production and 12% of world's uranium reserves.

**Afghanistan** put off a crucial transit trade meeting with Pakistan demanding that India be included in the Trilateral Transit Trade Agreement between **Pakistan, Afghanistan and Tajikistan**. Pakistan has so far adamantly refused to give India road-cum-rail access to Afghanistan. Kabul can in return deny Pakistan access to Central Asia. Pakistan needs to make a realistic cost-benefit analysis of the issue. Kabul has also demanded handing over of five militant commanders in Pakistan's custody.

**Kazakhstan** is emerging as a new tourist destination. Tourist traffic grew by 21% since beginning of 2017. Most visitors come from Germany, England, Japan, Korea and China.

**Uzbekistan** signed a contract to supply uranium costing above \$300 million over 7 years to the United States.

**Kazakhstan's** central bank plans to sell more than \$1 billion from assets of state-run funds on domestic market this year to prop up the local currency tenge. Tenge recently hit a 14-month low against dollar and a 19-year low against Russian rouble. Kazakhstan abandoned its dollar peg policy in 2015 after its export revenue plunged and tenge lost nearly half of its value against dollar within a few months.

Green Climate Fund (GCF) has approved \$110 million for renewable energy projects in **Kazakhstan**, in partnership with European Bank for Reconstruction and Development (EBRD). Projects will aim at assisting Kazakhstan in transition to a green economy, including development of solar, wind energy, small hydropower and biogas as well as modernization and strengthening of electric grids.

**Turkmen** President Berdymukhammedov has vowed to spend tens of billions of dollars to prop up country's oil-and-gas sector, which has been hurt by low global prices and falling demand from Russia. He said that in next seven years, Turkmenistan will make investments of 240 billion manats (\$69 billion) out of which share of oil and gas will be 159 billion manats (\$ 45 billion). Turkmenistan is dependent on sales to China after Russia halted purchases of Turkmen gas in 2016.

Development of its textile industry is a policy priority for **Uzbekistan**. It intends to implement 132 investment projects in textile sector by 2019. Half of these will be financed through foreign investments and loans. Total cost of projects will be nearly \$2.2 billion.

**Kazakhstan** will export five billion cubic meters (bcm) of gas annually to China.

**Kazakhstan** is becoming the region's centre of Islamic finance and banking. Islamic Development Bank (IDB) will finance projects in Kazakhstan worth \$1bn in cooperation with Astana International Finance Center including infrastructure projects, agriculture and food industry ventures and technology partnerships. This comes on top of the 23 projects worth \$500mn that have already been implemented by IDB through Islamic funding over past years.

A solar power plant with 100-megawatt capacity will open next year in **Kazakhstan**. With 370,000 next-generation solar panels situated on 160 hectares, this will be the largest station in Central Asia.

Despite difficulties in global economy, **Russia and Kazakhstan** witnessed a near 40% growth in bilateral trade from February to July this year. This is largely due to Eurasian Economic Union.

South Korean officials have established the **Korea-Central Asia Cooperation Forum Secretariat** to deepen the country's trade ties with Central Asian states. The Secretariat functions under Korea Foundation, a state-controlled public diplomacy entity. Representatives of all Central Asian states are attached to secretariat. They raise awareness in Korean business community about investment potential of their respective countries.

**Uzbekistan and Russia** have agreed on attracting Russian funding for a number of major investment projects worth more than \$3 billion in Uzbekistan in the oil and gas sector.

**Kazakhstan** was ranked 57 in Global Competitiveness Index (GCI) published by World Economic Forum (WEF) while Kyrgyzstan was at 102 and Tajikistan at 79. India was at 40 and Pakistan was listed at 115.

Asian Development Bank (ADB) has kept forecast for GDP growth in **Turkmenistan** at 6.5%. It lowered its forecast for inflation for 2017 from 6% to 5.7% and for 2018 from 6% to 5.5%.

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## India-Central Asia Relations

Minister of State for External Affairs M.J Akbar visited **Kyrgyzstan** to participate in the International Conference "Islam in a Modern Secular State". He met Kyrgyz Prime Minister and discussed the state of bilateral ties particularly expansion of people to people contacts. Kyrgyz PM expressed appreciation for gifting equipment Bhabhatron-2 to National Center of Oncology of Kyrgyzstan.

MOS (Law & Justice) Shri P.P. Chaudhary visited **Kyrgyzstan** to participate in the Conference of Judges in SCO countries.

India is deepening its strategic partnership with **Uzbekistan** by discussing import of uranium for its nuclear reactors. Uzbekistan, seventh biggest uranium exporter in the world, can be key player in India's plan to procure nuclear fuel to create a strategic uranium reserve. Discussions on modalities of supply are in progress.

A Conference on "Modern Indology in Uzbekistan and Foreign Countries: Issues of Philology, Cultural – Historical Relations" was held at **Tashkent State Institute of Oriental Studies**, on 12-13 October 2017.

A MOU for setting up of a Hindi-cum-Urdu Chair at **Tajik National University** was signed on 13 October in Dushanbe.

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*(The views expressed are personal)*

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