



**Ambassador Ashok Sajjanhar**  
Advisor, Central Asia, Ananta Aspen Centre  
Former Ambassador of India to Kazakhstan, Sweden and Latvia

## HIGHLIGHTS

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

## Political Developments

### Shanghai Cooperation Organisation (SCO) Summit in Astana:

**India and Pakistan became full members of the Shanghai Cooperation Organisation at its 17th Summit in Astana on 9th June, 2017.** Both countries had become Observers in the Organisation in 2005. This was the first expansion of the 6-member body which was established in 2001. SCO members now include China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India and Pakistan. With this addition, SCO represents 42% of the world's population, 20% of global gross domestic product and 22% of land territory.

India's membership of SCO will enhance the acceptability, respectability, profile and leverage of the Organisation. President Putin said that SCO's expansion will enhance its influence and power in political, economic and humanitarian spheres.

In his statement at the Summit, **PM Modi** said that issue of extremism, terrorist recruitment and their financial resources will not be resolved unless all countries work together. He also asserted that connectivity projects in the region should respect "territorial integrity and sovereignty," and maintain "inclusivity and sustainability." He said that India's association with SCO will be helpful in economic, connectivity and counter-terrorism cooperation. He spoke of India's commitment to the Chabahar project and International North-South Transport Corridor. India expressed readiness to share its expertise in a host of areas including space, IT, renewable energy, agriculture, banking and human resource development. Expansion of SCO Regional Anti-Terrorist Structure (RATS) will strengthen counteraction to international terrorism.

Apprehensions that tense ties between India and Pakistan could disrupt functioning of SCO are unfounded as its mandate does not permit bilateral issues to be raised at its meetings. Bilateral differences and disputes have existed between founding members of SCO on issues of borders, water etc but they have not disrupted proceedings of SCO Summits or meetings.

SCO strongly resolved to step up efforts to combat threat of terrorism and extremism while calling for political initiatives to resolve regional conflicts and differences. It adopted a declaration charting future course of action in dealing with major challenges facing the region. Leaders termed the induction of India and Pakistan to the organization as "historic."

**UN Secretary-General António Guterres** appreciated Kazakhstan's "increasingly dynamic role on the international stage" as a non-permanent member of UN Security Council, stressed the importance of SCO and urged it to show leadership on climate change.

A ceremony to induct both India and Pakistan into SCO was also conducted at the Organisation's HQ in Beijing on 15th June. Speaking on the occasion, India called for enhanced connectivity and unimpeded trade among SCO member states with due respect for sovereignty and territorial integrity besides deepening cooperation to fight terrorism and extremism.

Entering the final months of his Presidency, **President of Kyrgyzstan Almazbek Atambayev** paid a 5-day State visit to Russia from 19th to 24th June at the invitation of President Vladimir Putin. It was dedicated to 25th anniversary of diplomatic relations and Treaty of Friendship, Cooperation and Mutual Assistance between the two countries. During the visit Atambayev held talks with Putin, Russian Prime Minister Dmitry Medvedev and several senior officials. He lavished fulsome and extravagant praise on Putin and Russia during the visit. Following talks with Putin, Atambayev said, "I cannot imagine the future of Kyrgyzstan without Russia." Putin described Moscow and Bishkek as "close allies and close and reliable friends." Both sides reaffirmed the importance of implementing the Eurasian Economic Union Treaty including provisions relating to free movement of goods, services, capital and labor, and a unified energy system.

**Russia wrote off all debts of Kyrgyzstan.** Agreements on cooperation in healthcare, migration, statistics and finance spheres were signed. Atambayev also visited the large Russian Republics of Bashkortostan and Tatarstan which are linguistically, culturally, and historically close to Kyrgyzstan. Trade between Russia and Kyrgyzstan grew by 24% in first quarter of 2017. The Russian-Kyrgyz Development Fund is operating successfully with Russia having invested \$500 million in its authorised capital. The fund has financed 28 major projects in Kyrgyzstan. Military-technical and defence cooperation is an important element of bilateral strategic ties. The two sides reaffirmed that presence of a Russian military base in Kyrgyzstan is an important factor of stability and security in Central Asia. Atambayev said that he had discussed possibility of Russia opening a second base in southern Kyrgyzstan, rather than expanding its presence at Kant. A bilateral agreement on military-technical co-operation was signed.

A Russian security official has warned that the **Takfiri Daesh** terror group is now seeking to shift its main focus of terrorism from Iraq and Syria, where it is suffering fatal blows, to Central Asia. He said that Daesh is seeking to subdue some Taliban militants and other local extremist groups to create a new power base in Afghanistan and extend its influence to Central Asia.

**Russia and Kazakhstan** have stated that it is important that international community support a deal in Syria. Kazakh foreign minister said that Astana Talks are not a replacement of Syrian Talks taking place in Geneva but could be their culmination.

**Kazakhstan and Kyrgyzstan** have dismissed reports that they could send peacekeeping troops to Syria. Kyrgyz President said that this issue was not raised during his Russia visit.

A **Kyrgyz** court has sentenced three persons to long imprisonment and confiscation of their property for involvement in a terrorist attack on Chinese embassy in Bishkek in August, 2016.

In conjunction with participation in 17th SCO Summit in Astana in early June, 2017, **Chinese President Xi Jinping paid a bilateral visit to Kazakhstan.** This was his third visit to Kazakhstan in four years. It demonstrates the importance China attaches to its relations with Astana. China's aggregate investment in Kazakhstan is about \$42.8 billion, making it the highest recipient of Chinese capital. In addition, China has provided Kazakhstan loans of more than \$50 billion to help propel its economic development. The two countries expressed determination to enhance cross-border connectivity and boost cooperation in security and international affairs. They agreed to develop more international cargo train services, starting from China via Kazakhstan to Central Asia, Europe and Gulf countries to effectively lower the logistics cost. They agreed to deepen exchanges in defense and law enforcement, sharing intelligence and combating terrorism, extremism and separatism and transnational organized crime. At least 24 deals worth more than \$8 billion were signed. These aimed for cooperation in energy, mining, chemical, mechanical, manufacturing, agriculture and infrastructure industries.

**UN Secretary-General Antonio Guterres** visited the five Central Asian countries in first half of June, 2017. He was criticized for being lavish in his praise of achievements of Central Asian states but not mentioning issues of human rights, press and political freedom etc.

**Russia** has reinforced its military base in Tajikistan on account of rising instability in neighboring Afghanistan. Russian base houses the largest ground force of Russian military outside the country. It is located in Dushanbe and in town of Kulob. In October 2012, Russia and Tajikistan signed an agreement to extend deployment of Russian assets until 2042.

**Kazakhstan** is working on a legislation to ban the use of headscarves and burqas by Muslim women in public spaces. Kazakh Religious Affairs Minister has reportedly stated that such a law is necessary for the country's future. 70% of Kazakhstan is Muslim, while 24.7% of the population consists of Orthodox Christians.

The fourth High Level Political and Security Dialogue between **European Union and countries of Central Asia** took place in Bishkek, Kyrgyzstan, on 8th June 2017. Afghanistan was invited as a special guest. Meeting was held at Deputy Foreign Minister level. Dialogue addresses political and security issues of shared concern. Participants exchanged views on a number of key issues including counter-terrorism and violent extremism, drug trafficking and border management, and reviewed possibilities for reinforced cooperation in these areas. Stability of the wider region, including Afghanistan, was also discussed.

---

## Economic Developments

**President of Uzbekistan Shavkat Mirziyoyev** launched a program to develop hydropower energy in Uzbekistan. The program aims at constructing 18 new hydro-power plants (HPPs) and modernizing 14 existing HPPs by 2021 at a cost of \$2.65 billion. Reports also mentioned other hydropower projects to be realized by 2030 that would cost an additional \$1.7 billion. This will increase share of hydroelectric power from the current 12.7% to 15.8%.

**Kazakhstan was placed at 78th rank in Global Innovation Index (GII) 2017** published by World Intellectual Property Organisation, Cornell University and INSEAD Business School. Other Central Asian countries figured at: Tajikistan (94th) and Kyrgyzstan (95th). Uzbekistan and Turkmenistan are not covered by the Report. India is at number 60 having improved its position from 66 in 2016 and 81 in 2015. China is at 22.

**Asian Development Bank (ADB) Vice-President visited Kazakhstan for 4 days.** He held talks with senior government officials about ADB's new 2017-2021 Country Partnership Strategy. He also attended the Astana Economic Forum on regional cooperation and integration and Kazakhstan's development perspectives. ADB's current assistance to Kazakhstan includes support to strengthen transport infrastructure to boost cross-border trade, public sector lending to small- and medium-sized enterprises to increase employment and competitiveness, and programs to facilitate knowledge and best international practices. ADB is also working with government and other development partners to promote cross-border links through the CAREC program. Since its establishment in 2001, CAREC has financed more than 176 projects worth \$30 billion, with ADB providing over \$10 billion in assistance.

Between 2016 and 2017 Kazakhstan jumped from 51st to 35th place on World Bank's ease of doing business rankings, with big improvements in ease of obtaining construction permits and electricity. A digital portal for basic interactions with state has curbed low-level corruption. Other Central Asian countries are Kyrgyzstan (75), Uzbekistan (87) and Tajikistan (128). Turkmenistan is not included in the rankings.

According to preliminary data, Kyrgyzstan's GDP increased by 6.8% in January-May 2017. Industrial production increased by 34.7% compared with corresponding period last year. Food production grew by 19.1%. Production of clothing increased by 22%. Exports increased 3.1-fold. Imports increased due to increased sales of pharmaceutical products, confectionery, rice, and footwear.

Uzbekistan is studying prospects and possibilities for joining the **Turkmenistan–Afghanistan–Pakistan–India (TAPI) gas pipeline**. The issue was raised during recent visit of Uzbek President to Turkmenistan.

---

## India-Central Asia Relations

During his visit to **Astana** on 8th-9th June, 2017 to participate in the SCO Summit, Prime Minister Modi met **Presidents of Kazakhstan, China, Afghanistan and Uzbekistan**.

**Prime Minister Modi and Kazakh President Nazarbayev** held discussions on a number of issues and reviewed progress of agreements signed between two nations including supply of uranium to India. Kazakhstan has emerged as the number one supplier of uranium to India. Two shipments of uranium were received over last two years.

In their bilateral meeting, **Modi told Xi** that the two sides should strengthen their coordination and communication in international affairs, respect each other's core concerns and appropriately handle their differences.

Discussions between **PM Modi and Uzbek President** took place on political issues including Afghanistan, counter-terrorism, threat of radicalization as well as on bilateral economic cooperation and medical tourism.

In the meeting with **Afghan President**, both leaders agreed that India's membership of SCO would help in promotion of closer cooperation within the bloc, including fight against terrorism.

**Prime Ministers Modi and Nawaz Sharif** briefly exchanged pleasantries at a cultural gala in Astana prior to start of SCO Summit. It was the first encounter between them since their last meeting in Lahore on December 25, 2015, when the Indian Prime Minister made a surprise stopover on way back from Kabul.

PM Modi announced the launch of **two weekly flights to connect Delhi with Astana** from first week of July. This will bring the two countries closer.

**Indian low cost carrier, GoAir**, plans to launch direct flights to nine countries, including Uzbekistan and Kazakhstan by the year end.

**India's national pavilion at International Exhibition Expo 2017** (June 10- September 10) in Astana, Kazakhstan is a major attraction for visitors. More than 100 countries and over 10 international organizations are participating in the Expo.

India and Russia announced launch of negotiations for a **Free Trade Agreement between India and Eurasian Economic Union (EEAU)** at their summit meeting in St Petersburg on June 1. Members of EEAU are Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan. Earlier, a feasibility study predicted that an FTA between India and EEAU would help increase India's exports to EEAU by \$14-24 billion from the 2016 level of \$1.7 billion. India's exports of processed food, tea, pharmaceuticals, textiles, chemicals, fertilisers, electrical equipment and machinery etc to EEAU countries are likely to increase significantly if the pact is signed.

**Joint Secretary (Counter-Terrorism), Ministry of External Affairs** led a 7-member delegation to Dushanbe for the 3rd session of India-Tajikistan Joint Working Group on Counter-Terrorism.

3rd International Day of Yoga was celebrated in all Central Asian countries with great enthusiasm and fervour. Yoga enthusiasts, local government representatives, diplomatic missions and members of Indian community participated in the yoga sessions.

A 3-member Indian motor-bike expedition team visited **Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan, Russia and Mongolia**.

On 6 June the first batch of **20 Tajik experts** went to India for training in space applications in land management.

**A delegation led by Deputy NSA** visited Ashgabat for discussions on cooperation in security and defence areas. Meetings with Deputy PM and Foreign Minister, and Defence Minister were held.

---

*(The views expressed are personal)*

---