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## HIGHLIGHTS

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

## Political Developments

Russian President Vladimir Putin visited Kazakhstan, Kyrgyzstan and Tajikistan on 27th-28th February, 2017. The visit took place against background of escalation of problems in the Eurasian Economic Union (EAEU) and Collective Security Treaty Organisation (CSTO), the two Eurasian integration programs. Aim of the visit was to mitigate tensions in Eurasian area and promote new guarantees of stability.

Putin met Kazakh President Nursultan Nazarbayev in Almaty and referred appreciatively to recent talks in Kazakh capital, Astana, seeking a resolution of the 6-year-old war in Syria. Nazarbayev added that a quarter century after the 1991 collapse of the Soviet Union, Russia is Kazakhstan's "No. 1 economic and political partner." Bilateral cooperation and key issues on the international agenda were the main subjects of discussion. The leaders also examined issues related to EAEU. The first leg of the tour in Kazakhstan emphasized the close working relationship between Putin and Nazarbayev.

Putin's visit to Tajikistan centred on neighboring Afghanistan. Both sides agreed to boost collaboration on securing Tajikistan's long, porous southern border. Moscow recently indicated that it would like to expand its military presence in the country by renting the Ayni air base near Dushanbe to add an air component to the territorial defense of the country, particularly as it relates to preventing the spillover of militancy from Afghanistan. Putin said that Russian forces are based in Tajikistan "to provide security for both Tajikistan and southern frontiers of the Russian Federation." Moscow offered concessions to Dushanbe by pledging to pay closer attention to Tajik migrant concerns and to lift bans on those barred from traveling to Russia. Remittances from Russia constitute almost half of Tajikistan's GDP. Moscow wants to enhance this relationship in view of growing Chinese influence. An agreement on bilateral cooperation in peaceful uses of atomic energy was signed during Putin's visit. No mention was made of the EAEU quashing expectations for now that Tajikistan was considering finally relenting and joining the Moscow-led trading bloc. Putin awarded Tajikistan President Emomali Rahmon with the highest Order of the Russian Federation — the Order of Alexander Nevsky.

During his visit to Kyrgyzstan, Putin discussed issues of security and economic cooperation, particularly Kyrgyzstan's role in the EAEU. Putin said that Russia which is Chairing EAEU in 2017 will support Kyrgyzstan's integration in this organization. According to Putin, Russian military presence in Central Asia is crucial for regional stability but Moscow is ready to leave at the first request after it helps to strengthen the Kyrgyzstan army to become capable of maintaining security on its own. The two leaders

further agreed to expand military and technical cooperation in order to fight terrorism, drug trade, and cross-border organised crime which are among the pressing issues plaguing the Central Asia region. The two leaders also discussed joint business projects, particularly, Russian participation in Kyrgyzstan's gasification program. Russia plans to invest 100 billion rubles (\$1.7 US billion) into the country's natural gas distribution system. Timing of Russian president's visit was notable as it came amid growing anti-government protests since the arrest of opposition leader Omurbek Tekebayev.

Putin said that in all these countries, Russia ranks first in terms of bilateral trade and, despite current economic headwinds, has retained this position. Russia appears particularly concerned about the rise of Islamic State and other militant groups in nearby northern Afghanistan. Moscow hopes to mitigate any instability in the region while taking the opportunity to expand its military and economic reach.

A court in Kyrgyzstan ordered on 26th February that opposition leader Omurbek Tekebayev, a former deputy prime minister be kept in custody for two months while a fraud and corruption investigation continues against him. Tekebayev's supporters charge that his arrest is part of an effort to control dissent ahead of November's presidential elections in Kyrgyzstan and to prevent Tekebayev from running for president.

On 25 January 2017, Kazakhstan's President Nursultan Nazarbayev made a landmark televised address to the nation announcing a constitutional reform process that would devolve several powers of the presidency onto the country's parliament. Under the reforms, the president would continue to manage foreign policy and security, and be the government's "supreme arbiter." Parliament would choose ministers and have a greater role in managing social and economic matters.

It was initially foreseen to transfer 40 powers; eventually, the project redistributed 35 powers of the President. The final draft presented on 1st March was created following a nationwide public input process. The 23-article bill containing amendments to the country's constitution was passed on 6th March and signed by Nazarbayev on 10th March.

March 1 has been declared the Day of Gratitude in Kazakhstan to mark the establishment of People's Assembly of Kazakhstan which was established on March 1, 2015. In 2015, Nazarbayev initiated the idea so that representatives of all ethnicities of the country would be able to say thank you to each other and to Kazakhs for tolerance and hospitality expressed in the years when various ethnic groups were deported to Kazakhstan.

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## Economic Developments

Real incomes of Kazakhstan's population fell by 4.5% in 2016, the largest decrease in living standards over the past 16 years. This is on account of international economic slowdown, decline in global prices of energy and sluggish performance of Russian and Chinese economies, its main trading partners.

Kyrgyzstan has temporarily suspended meat imports from China pending a joint inspection by EAEU countries to determine whether the imports will be allowed into the EAEU or not. EAEU countries will examine the quality of meat products, eggs and animals being exported by China.

The 13th summit of Economic Cooperation Organisation (ECO) was hosted by Pakistan in Islamabad on 1st March, 2017. Presidents of Iran, Turkey, Azerbaijan, Tajikistan and Turkmenistan attended along with Prime Minister of Kyrgyzstan and Deputy Prime Minister of Uzbekistan. Afghanistan in view of its tense ties with Pakistan was represented by its Ambassador in Islamabad. China and the UN attended as special guests. Last ECO summit was held five years ago in Baku in 2012.

A quick look at the Islamabad Declaration issued at the end of the ECO Summit clearly reveals that it is the new momentum (and money) that China's One Belt One Road (OBOR) is expected to bring that is raising expectations for ECO's prospects for greater trade integration in the near future.

Talking to Turkmen President Berdimuhamedow, Pakistan PM Sharif reiterated Pakistan's strong commitment to cooperation with Turkmenistan in energy and transport infrastructure. He underscored

the need for early operationalisation of TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline project. Kyrgyz PM in his meeting with Sharif said that Kyrgyzstan is interested in obtaining access to Pakistan's Karachi and Gwadar ports.

The summit went largely unnoticed in international media. This is not surprising as over more than three decades of its existence; ECO has not achieved much in promoting economic integration and political coordination that its charter promises. However presence of several regional leaders in Islamabad was noteworthy.

Work on the 1,680 km Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline project started in Pakistan on 3rd March, 2017. The project entered its practical phase in Pakistan after the process of initiating front-end-engineering-and-design (FEED) route survey was formally inaugurated. Pakistan expressed confidence that project would be completed "in time and on cost."

On his first visit outside the country to Turkmenistan on 6-7 March, 2017, Uzbek President Shavkat Mirziyoyev said that existing ties between Uzbekistan and Turkmenistan are a vivid example of friendly, good neighborly relations. He was speaking in presence of Turkmen President at the opening of memorial complex to Uzbekistan's first president Islam Karimov in Turkmenistan's Lebap province which borders Uzbekistan. The two Presidents attended the opening ceremony of road and railway bridges Turkmenabat-Farab over the Amu Darya River, which is an integral part of the New Silk Road international transportation corridor. They signed a strategic cooperation agreement aimed at increasing cooperation in fight against terrorism, Islamic extremism, and cross-border crime — including drug trafficking.

China National Petroleum Corporation (CNPC) and Uzbekistan's Uzbekneftegaz have agreed on an indefinite postponement of work on the Uzbek section of Line D of the Central Asia-China Gas Pipeline. The ill-fated fourth strand of the Central Asia-China gas pipeline has again been put on hold amid apparent declining demand for the fuel from Beijing. This spells more bad news for Turkmenistan which at the moment has only China as its customer, having fallen out with Iran over the New Year. Line "D" of Turkmenistan-China gas pipeline network was to be more than just the largest of four pipelines connecting western China to gas fields in Turkmenistan — it also would have been the largest single gas pipeline connecting Turkmenistan to any consumer state. Line D was supposed to carry 30 billion cubic meters (bcm) of gas annually to China. The line took a different route through Uzbekistan, Tajikistan, and Kyrgyzstan, and then into China. Work on this pipeline in Tajikistan and Kyrgyzstan has also failed to take off.

The European Bank for Reconstruction and Development has signaled its readiness to restart work in Uzbekistan after a decade-long absence. The return got the green light at a board meeting on Wednesday following the death last year of Uzbek President Islam Karimov, whose authoritarian leadership and poor human rights record had effectively pushed the EBRD out of Central Asia's most populous nation.

The Girls' Opportunity Index from Save the Children, the international charity, put Kazakhstan in 30th place – two above the United States and five ahead of Japan. Kazakhstan scored particularly well because of the higher proportion of women in Parliament. Women now make up 27% of those in the lower house – a major improvement on the 10% only 10 years ago.

Progress in the economy has been even more impressive. 44% of the country's small and medium sized businesses are now run by women. With targeted support from the government, and international organisations such as the EBRD these numbers can be expected to increase.

Prime Minister Benjamin Netanyahu became the first serving Israeli Prime Minister to visit Kazakhstan, marking a significant milestone in the deepening strategic and economic relations between Israel and Kazakhstan. While serving as a significant model for Israel's relations with Muslim-majority nations outside the Middle East, Israel has an additional critical stake in the relationship since Kazakhstan is the world's largest producer of uranium and the first supplier to which Iran has turned to fuel its nuclear program.

In 2016 Tajikistan's foreign debt reached US \$2.3 billion or 32.7% of the country's GDP. Today, Tajikistan's largest international creditor is China, accounting for more than half of the country's total

debt. Tajikistan's other large creditors are the World Bank, Asian Development Bank, and Islamic Development Bank. In 2016, Tajikistan's exports amounted to US\$898.7 million and imports stood at US\$3 billion.

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## India-Central Asia Relations

Jaypee Group, the Uttar Pradesh-based infrastructure and energy conglomerate has signed an MoU with Kazakhstan's national agency for export and investment (KAZNEX INVEST) for collaboration in several areas of mutual interest. MoU was signed during visit of a delegation of Jaypee Group to Kazakhstan in end-February, 2017.

The delegation met with several Ministers, Kazakhstan state bodies, national and private companies in Almaty and Astana. Discussions were held on several projects including construction of roads, construction of dams for irrigation purpose, mining of coal and iron ore, privatization of one of the medical institutions to provide public health services with involvement of qualified Indian doctors, construction of IT-center in Kazakhstan etc.

Khanjar-IV: India-Kyrgyzstan held joint anti-terror exercises at Kok Jhangak, Kyrgyzstan in February-March, 2017. The Khanjar series of India-Kyrgyzstan military exercises has become an annual event. The Khanjar-II exercises were held in March 2015 in Kyrgyzstan and Khanjar-III in March-April 2016 in Gwalior. India and Kyrgyzstan are jointly constructing the Kyrgyz-Indian Mountain Training Centre in Balykchi in Kyrgyzstan. This Centre will provide instruction and training for personnel of Kyrgyz armed Forces as well as host Kyrgyz-Indian Joint Mountain training exercises.

On the occasion of 25 years of establishment of diplomatic relations, Kazakh Ambassador to India stated that Kazakhstan considers India as one of its most important partners. Focus today is on further developing economic ties and mutual investments. Trade turnover between Kazakhstan and India is second largest among post-Soviet states and exceeds the volume of all Central Asian states taken together. Agreement on avoiding double taxation is in place to promote business.

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*(The views expressed are personal)*

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