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HIGHLIGHTS

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Political Developments

President Shavkat Mirziyoyev of Uzbekistan paid his first visit to Russia after being elected to this position, on 4-5 April, 2017. 16 bilateral agreements, contracts and other documents including a US\$12-billion package of deals on implementation of major investment projects and US\$3.8 billion in trade and economic spheres were signed during the visit. Documents signed included a framework agreement on joint financing of investment projects, joint manufacturing of agricultural machinery as well as supply of Uzbek fruits and vegetables worth US\$ 612 million to Russia and of Russian oil to Uzbekistan. Gazprom signed a contract for purchase of 4 bcm of natural gas per year from Uzbekistan totaling US\$2.5 billion. That translates into US\$125 per 1,000 cubic meters which is quite paltry. Mirziyoyev met President Vladimir Putin and Prime Minister Dmitry Medvedev. Talks with Putin focused on “key aspects of bilateral relations.” The two leaders “outlined steps towards further development of mutually beneficial cooperation in political, trade-and-economic, cultural-and-humanitarian and research spheres.” Talks with Medvedev covered cooperation in energy, industry and agriculture sectors, joint investments and infrastructure projects.

It was agreed to create a clearer and more formal process for Uzbeks to resettle in Russia for short-term work contracts. This represents a historic step for Uzbekistan, which has never formally recognized the existence of labor migration.

Turkmen President Gurbanguly Berdimuhamedow paid a visit to Kazakhstan on 18-19 April during which the two Presidents signed a strategic partnership treaty that Kazakhstan’s president said will resolve all border disputes between the two countries. Nazarbayev called the accord the “beginning of a new stage of development.” Nazarbayev awarded Berdimuhamedow with the state order of friendship. Eight documents including agreements on border demarcation, intergovernmental commission, mutual protection of classified information, and cooperation between foreign ministries were signed. An agreement on combatting illegal money laundering and financing of terrorism was also signed.

President Nazarbayev paid an official visit to Azerbaijan on 3rd April, 2017. The agenda focused on trade. Dispute between Armenia and Azerbaijan loomed large, albeit behind the scenes. Kazakhstan is seen in Yerevan as hostile to Armenia, which is embarrassing as Armenia and Kazakhstan are treaty allies in Collective Security Treaty Organisation (CSTO). At a joint appearance, Aliyev suggested that

Kazakhstan had signed on to Azerbaijan's version of the Karabakh conflict. Nazarbayev avoided any categorical statements about Karabakh and said that Kazakhstan supports warm relations with Azerbaijan as well as with Armenia and Georgia. Focus of the visit though, was on trade: Nazarbayev said that current volume of trade, US\$140 million per year, could be increased to US\$500 million "in the short term." On transcontinental trade, Nazarbayev spoke of the Chinese "One Belt, One Road" initiative and Aliyev lauded the soon-to-open Baku-Tbilisi-Kars railway that will connect Caspian Sea with Turkish and European railway systems.

President Nazarbayev has declared that Kazakhs who join Islamic State (IS) terrorist group will be deprived of their citizenship. He said that it is necessary to take such measures to ensure that people do not join the ranks of terrorists. He said 500- 600 people from Kazakhstan and approximately 5,000 from states of former Soviet Union have joined the terrorist organisation.

Akbarzhon Jalilov, a 22-year old suicide bomber from Kyrgyzstan was identified as perpetrator of blast on St Petersburg metro that killed 14 people on 3rd April, 2017. This makes it the first major terror attack carried out in Russia by someone from Central Asia, and is a worrying sign for Russian authorities. Jalilov is a native of Osh in southern Kyrgyzstan and moved to Russia six years ago and obtained Russian citizenship. He was behind both the bomb explosion and a second explosive device found at a nearby train station which was 'deactivated'. Abror Azimov, also from Central Asia who was held in Moscow has been charged with training Jalilov to carry out the attack.

An increasing number of female officials, teachers and students have started wearing Atlas and other traditional dresses following recommendation by Tajik government. President Emomali Rahmon and his government have campaigned against Arab-style head and face coverings like the hijab as part of a crackdown that has also included forced beard shavings. The establishment claims that over a thousand Tajiks have joined Daesh in Iraq and Syria, and points to "foreign" Islamic clothing as "a sign of radicalization."

Economic Developments

On April 10, 2017, Areva and Kazatomprom signed a major agreement to strengthen their long-standing cooperation in the uranium mining sector in Kazakhstan. The agreement will open up new opportunities for further development and enhancement of the joint-venture Katco (Areva (51%) and Kazatomprom (49%)).

Moscow-based Expert Center for Eurasian Development has studied Central Asian and Caucasian countries in terms of their attractiveness for investment, overall business environment, political stability, and guarantees of investors' rights. Kazakhstan took first place because of several strengths: serious economic potential, a capacious market (17 million people domestically, plus access to markets of other Eurasian Economic Union members), a legal framework etc. It however suffers from possible instability when there is power transition in the near or medium term. Other countries in descending order are: Azerbaijan, Uzbekistan, Georgia, Kyrgyzstan, Armenia, Tajikistan, and Turkmenistan in last place. Turkmenistan lags in spite of being endowed with large hydrocarbon reserves, transit potential etc because of potential interference in economic activity in the country. It has weak protection of property rights, high corruption and bureaucracy, economic dependence on hydrocarbon exports, and risk of destabilization due to crisis in Afghanistan.

Turkmenistan inaugurated a US\$1 billion Belarussian-built potash plant on Friday, aiming to export 1.2 million tonnes of fertilisers a year to China and India as part of its drive to diversify away from natural gas exports. Speaking at the opening, Turkmen President Berdimuhamedow said the joint production facility was one of the largest in Asia and represented "the birth of a new industry" in a country reliant on natural gas exports.

Astana Expo 2017 will open in Kazakhstan on 10 June, 2017 for a three-month run. It will be smaller in scale and shorter in duration than other Expos in the past. Its theme is "Future Energy." The organizers project an attendance of 5 million, 85% from Kazakhstan, and 15% from abroad. The latter are mostly expected from 10 countries that make up Commonwealth of Independent States: Armenia, Belarus,

Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan and in addition, China. A significant number are also expected from Europe, Turkey and United States. The mega-event will celebrate the 25th anniversary of independence of Kazakhstan.

According to Asian Development Bank, Turkmenistan was growing at a breakneck speed of 14.7% in 2011, which slowed down to 6.5% in 2015 and to 6.2% in 2016.

Foreign Ministers of Shanghai Cooperation Organisation (SCO) member states met on 21 April in Astana to prepare for the 8-9 June meeting of heads of member states. Foreign Ministers agreed on a draft agenda for the Summit meeting next month. They agreed on a SCO Astana Declaration draft and a list of documents to be submitted for signature at the Summit. Russia expressed confidence that India and Pakistan will join SCO next month.

In 2016, the inflow of foreign direct investments (FDI) in Kazakhstan grew 40% (US\$20.6 billion) compared to 2015 (US\$14.8 billion) and surpassed the previous record from 2008. Inflow of FDI has been growing steadily since 2007, but declined by 17% in 2013.

Kazakhstan will significantly reduce its oil production in May-June in order to meet its commitment to the OPEC to cut its production by 20,000 bpd. Average oil output fell by 30,000 bpd in January. In February, the production volume slightly increased, and in March, oil output exceeded 1.7 million tons, the earlier level.

President Nazarbayev spelt out a timeline to switch the country's writing system from Cyrillic to Latin alphabet. The change should be fully effective by 2025. The move is part of Nazarbayev's push for modernization and for expanded international recognition of the country. He dismissed fears that this would render large sections of the population illiterate.

A regular meeting of Supreme Eurasian Economic Council and an informal meeting of heads of states of Collective Security Treaty Organization (CSTO) members took place in Bishkek on 14 April. Meeting of the Eurasian Economic Union focused on integration and removal of trade barriers. The meeting was attended by presidents of all member countries of the union - Kyrgyzstan, Russia, Kazakhstan, Belarus and Armenia. Decision to grant Observer status to Moldova was taken.

India-Central Asia Relations

Shri M.J. Akbar, Minister of State for External Affairs visited Kyrgyzstan on 16-17 April, 2017. During his visit he called on Kyrgyz President Atambayev, met with Foreign Minister and interacted with State Commission on Religious Affairs and National Institute of Strategic Studies.

Second India-Kyrgyzstan Business Forum was held in New Delhi on 29 March. 18 entrepreneurs from Kyrgyzstan and more than 100 from India attended the forum which was hosted by PHD Chamber of Commerce and Industry. Kyrgyz delegation made presentations on investment climate, economy, tourism and investment opportunities in Kyrgyz Republic. Concrete investment projects in sectors as mining, industry, energy, tourism, construction and logistics were presented by Kyrgyz delegation. A Memorandum of Cooperation was signed which will help establish direct contacts between Kyrgyz businessmen and Indian entrepreneurs.

Fourth meeting of Joint Working Group on Textiles took place in Shymkent, Kazakhstan on 20-21 April, 2017. The two sides discussed status and prospects of further development of cooperation between the two countries in textiles. They exchanged views on possibility of Indian capital's participation in strengthening and development of light industry in the region, as well as export of raw cotton produced in South Kazakhstan for processing at Indian enterprises.

Dr. Laura Yerekeshova, Deputy Director, Institute of Oriental Studies, Almaty received ICCR's "Distinguished Alumni Award 2016" from Gen VK Singh, Minister of State for External Affairs for her outstanding contribution to promotion of understanding, goodwill and friendship between India and Kazakhstan, at a ceremony held in New Delhi on 20 March, 2017.

Indian Ambassador to Kazakhstan inaugurated a seminar on Yoga Therapy on 26 March, 2017 in Astana. Similar seminars were conducted in Almaty.

Tengri Bank, an associate of Punjab National Bank signed a memorandum of intent with Capital Bank of Kazakhstan for amalgamation of the two banks. The united bank has a consolidated capital of US\$ 135 million and is placed at 17th place among second-tier banks in Kazakhstan.

Ms. L. Savithri presented credentials as the new Ambassador of India to Kyrgyzstan in mid-March, 2017.

Performances of Indian classical dance Bharatnatyam and Kazakh folk dances were organised in Delhi, at Kalakshetra, Chennai and in Almaty, Kazakhstan to celebrate 25 years of India-Kazakhstan diplomatic relations. Events were organised by Indian Council for Cultural Relations, Indian Embassy in Kazakhstan, Kalakshetra and Akmaral Kainazarova, Director, Centre of Indian Classical Dances in Almaty.

(The views expressed are personal)
