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## India - Central Asia

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The end of Soviet Union created a new political reality on the vast expanse of Eurasia. Five new Central Asian Republics (CARs), Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan emerged, each with its own national identity problems and politics.

The geostrategic location of the Central Asian states has made this region extremely pivotal. CARs lie at the crossroads of Russia, the Middle East, South Asia and the Far East. Any geopolitical changes in the region inevitably extend their impact on several states in the neighbourhood. Instability and chaos in Central Asia carries a danger of domino effect across the entire region.

Being placed in the middle of the Eurasian Continent, it is also one of the most convenient routes of transit. It is rich in minerals, especially hydrocarbons. As a consumer market it still remains to be exploited.

India as an extended neighbour of CARs has major geostrategic, economic and cultural interests in this region. Throughout Indian history the central Asian connection has been extremely important. It has deeply influenced India's history, culture and polity.

### Connect Central Asia

Announced in June 2012 on occasion of completion of two decades of diplomatic relations with countries of Central Asia. The highlights of the policy are:-

1. The policy aims to have greater political, economic and cultural engagements with these republics by focussing on 4C's - "Commerce, Connectivity, Consular and Community".
2. The policy calls for setting up of universities, hospitals, information technology (IT) centres, an e-network in tele-education and tele-health services connecting India to the CARs, joint commercial ventures, improving air connectivity to boost trade and tourism, joint scientific research and strategic partnerships in defence and security affairs. The main policy is to promote India's soft power to consolidate goodwill in all Central Asian countries through IT, culture, networking with young politicians and academia.
3. To improve connectivity to the region, India is working on the International North South Transport Corridor (INSTC) and also TAPI pipeline.
4. India plans to further strengthen its strategic and security cooperation with all the CARs with a focus on military training, joint research, counter-terrorism coordination and close consultation on Afghanistan within the framework of its "Connect Central Asia" policy.

**Official Version of Connect Central Asia** by MoS E. Ahamed at first India-Central Asia Dialogue in June 2012 at Bishkek, Kyrgyzstan.

Connect Central Asia' policy, is a broad based approach, including political, security, economic and cultural connections:

1. We will continue to build on our strong political relations through the exchange of high level visits. Our leaders will continue to interact closely both in bilateral and multilateral fora.

2. We will strengthen our strategic and security cooperation. We already have strategic partnerships in place with some Central Asian countries. In focus will be military training, joint research, counter-terrorism coordination and close consultations on Afghanistan.
3. We will step up multilateral engagement with Central Asian partners using the synergy of joint efforts through existing fora like the SCO, Eurasian Economic Community (EEC) and the Custom Union. India has already proposed a Comprehensive Economic Cooperation Agreement to integrate its markets with the unifying Eurasian space.
4. India looks to Central Asia as a long term partner in energy, and natural resources. Central Asia possesses large cultivable tracts of land and we see potential for India to cooperate in production of profitable crops with value addition.
5. The medical field is another area that offers huge potential for cooperation. We are ready to extend cooperation by setting up civil hospitals/clinics in Central Asia.
6. India's higher education system delivers at a fraction of the fees charged by Western universities. Keeping this in mind, India would like to assist in the setting up of a Central Asian University in Bishkek that could come up as a centre of excellence to impart world class education in areas like IT, management, philosophy and languages.
7. We are working on setting up a Central Asian e-network with its hub in India, to deliver, tele-education and tele-medicine connectivity, linking all the five Central Asian States.
8. Our companies can showcase India's capability in the construction sector and build world class structures at competitive rates. Central Asian countries, especially Kazakhstan, have almost limitless reserves of iron ore and coal, as well as abundant cheap electricity. India can help set up several medium size steel rolling mills, producing its requirement of specific products.
9. As for land connectivity, we have reactivated the International North-South Transport Corridor (INSTC). We need to join our efforts to discuss ways to bridge the missing links in the Corridor at the earliest and also work on other connecting spurs along the route.
10. Absence of a viable banking infrastructure in the region is a major barrier to trade and investment. Indian banks can expand their presence if they see a favourable policy environment.
11. We will jointly work to improve air connectivity between our countries. India is one of the biggest markets for outbound travellers estimated at USD 21 billion in 2011. Many countries have opened tourist offices in India to woo Indian tourists. Central Asian countries could emerge as attractive holiday destinations for tourists and even for the Indian film industry which likes to depict exotic foreign locales in its films.
12. Connections between our peoples are the most vital linkages to sustain our deep engagement. I would particularly like to emphasise exchanges between youth and the future leaders of India and Central Asia. We already have a robust exchange of students. We will encourage regular exchanges of scholars, academics, civil society and youth delegations to gain deeper insights into each other's cultures.

## India - Tajikistan

Tajikistan's importance for India lies in its geo-strategic location; it shares borders with China, Afghanistan, Uzbekistan, and Kyrgyzstan and is located in proximity to Pakistan occupied Kashmir (PoK). In India's regional security calculus, Tajikistan assumes a significant place, especially in the context of Afghanistan and Pakistan. The infiltration of extremist forces into Tajikistan can have serious security implications for India because of its proximity to PoK and the likely impact of this on the situation in Kashmir.

Bilateral trade with Tajikistan is not at any significant level. The total trade in the year 2012-13 stood at US \$ 45 million. Trade is hampered by the circuitous route for transportation of goods (India to Bandar Abbas by sea route, from Bandar Abbas via Turkmenistan and Uzbekistan by land). The major items of India's exports are pharmaceuticals, tea, coffee, chemicals, textiles & clothing and machinery and the major imports are aluminium, cotton, dry fruits, vegetables, organic chemicals and essential oil.

According to the joint statement issued during the visit of Tajikistan President Emomali Rahmon to India in Sep 2012, India and Tajikistan have "decided to elevate their bilateral relations to the level of a long term strategic partnership". This strategic partnership is expected to increase cooperation in a wide spectrum of areas – political, economic, health, human resources development, defence, counter-terrorism, science and technology, culture and tourism. Importance of Tajikistan –

- India and Tajikistan share close defence and security relations. India has upgraded the Ayni airport near Dushanbe, which is fully operational now. There is ongoing cooperation in the defence sector where India is providing training to Tajik forces with large numbers of Tajik military cadets and young officers undergoing training at various defence training institutes in India.
- Tajikistan is rich in hydroelectric power. It has the largest natural water resources in the region.
- Tajikistan also has deposits of more than 40 semi-precious stones, gold and silver. There are large reserves of mercury, brown coal, lead, zinc, antimony and tungsten, and uranium deposits. These resources make Tajikistan a significant country in the region that offers many opportunities to India.
- Strategic location, emerging as gateway to Central Asia for India.
- India is helping Tajikistan in developing the Varzob I hydro-power station.
- India and Tajikistan face common threats and challenges in the region. The commonality of interest provides greater opportunity to cooperate more closely in addressing the regional security issues of extremism and terrorism. The increasing violence in Pakistan, re-emergence of Taliban in Afghanistan and the proposed withdrawal of US forces in 2014, all are likely to have serious security implications for both countries. Thus, the countries should increase their security cooperation. There is already a Joint Working Group on Counter-Terrorism between India and Tajikistan.
- Tajikistan is also important for India to secure its seat in SCO. The Tajik side has reiterated its support for India's full membership in the SCO.

## India – Kazakhstan

Relations between India and Kazakhstan are, of course, ancient and historical. India was one of the first countries to recognize Kazakhstan as a free, sovereign State after the break-up of the Soviet Union in 1991. Reasons for our strong and abiding relations are not difficult to find. Both our countries are multi-ethnic, multi-linguistic, multi-cultural societies committed to following secular policies and to countering fundamentalism, religious extremism and terrorism. Views of both our countries coincide on all major domestic and international issues. This closeness and warmth in our relations was amply demonstrated by the fact that President Nazarbayev chose India to be the first foreign country outside CIS to visit in February 1992 after Kazakhstan attained independence in December 1991.

The ties between the two countries were improved over the last few years since the visit of Vice-President MFI Ansari to Kazakhstan in April, 2008 followed by the State Visit of President Nazarbayev as the Chief Guest at India's 60th Republic Day Celebrations in 2009 (rare privilege) that the relationship has started exhibiting signs of dynamism and vitality. Return visit by PM Dr Manmohan Singh in April, 2011 provided the much needed fillip and impetus to the bilateral engagement.

### Importance of Kazakhstan

- Its geo-strategic location – Kazakhstan's geo-political existence between Russia and Asia, along with long borders with China, makes it a country of great strategic importance. Kazakhstan lies to the northeast of the Caspian Sea, bordered by the Russian Federation to the north, China to the east, and Kyrgyzstan, Turkmenistan and Uzbekistan to the south.
- Its economic potential, especially in terms of energy resources. It has huge reserves of uranium as well as oil and gas. Kazakhstan has the second largest deposits of uranium at 1.5 million tons, constituting approximately 17 per cent of the world total. It is poised to emerge as the number one supplier of uranium in the world.
- Its multi-ethnic and secular structure.

India and Kazakhstan actively cooperate under the aegis of various multilateral fora including CICA, SCO and the UN organisations. India has been a consistent supporter of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and is actively participating in the process. CICA is the only Central Asian forum of which India is a full member. Kazakhstan is also supportive of India's permanent membership to UNSC.

Among all the Central Asian countries, Kazakhstan remains the major trading partner of India. Trade between India and Kazakhstan do not match the existing vast potential in this field. Bilateral trade in 2013 was USD 676.91 million in comparison to USD 525.15 million in 2012. Balance of trade is in favour of Kazakhstan. India is also negotiating an FTA with custom union of Belarus, Kazakhstan Russia. The Kazakhstan President Nursultan Nazarbayev visited India in January 2009 and a civil nuclear pact was made with India under which the uranium-rich Central Asian country will supply fuel to atomic plants in India. Prime Minister Dr. Manmohan Singh visited Astana in April 2011. During the visit, several Agreements were signed. Important among them were:-

- (i) Agreement between ONGC Videsh Limited and Kazmunaigas on Satpayev Exploration Block;
- (ii) Agreement for Cooperation in the Peaceful Uses of Atomic Energy; and
- (iii) Joint Action Plan for furthering Strategic Partnership between India and Kazakhstan.

→ The agreement on atomic energy provides a legal framework for cooperation in fuel supply, nuclear medicine, use of radiation technologies for health care including isotopes, reactor safety mechanism, exchange of scientific and research information, exploration and joint mining of uranium, design, construction and operation of nuclear power plant.

In the field of investment Kazakhstan offers huge scope. Currently, 280 companies are in business between Kazakhstan and India, including in the oil and natural gas sector. Indian investment in Kazakhstan has been about \$38 million. Many Indian companies including Ispat, Punj Lloyd, OVL, Punjab National Bank, Mittal Steel etc. are already present in Kazakhstan. Kazakh companies including KazStroyService (infrastructure), Kaspian Shelf (oil exploration), TVL (retail equipment), STL (transportation and logistics) are also entering the Indian market.

India has broached the idea of a hydrocarbon pipeline with Kazakhstan that would bring fuel through a five-nation route. India unveiled the concept (in April 2013) of the pipeline, which in future could be extended to Russia. The proposed pipeline would cover about 1,500 km (no study has yet been done), thus making it longer than the planned TAPI pipeline which will serve as the role model. It will head from the former Silk Road caravanserai city of Shymkent, known today for oil refining, and enter Uzbekistan. From there it will go to Afghanistan and then follow the route to be taken by the TAPI pipeline into India via Pakistan. Officials said currently most hydrocarbon pipelines from Central Asia are on an east-west axis. This pipeline will, like TAPI, be on a north-south axis, providing a new route to South Asia for hydrocarbons extracted from Central Asia.

#### *Challenges to the cooperation*

1. The biggest problem in enhancing bilateral commercial exchanges is the absence of land connectivity and direct land access between India and Kazakhstan. Kazakhstan is in India's neighbourhood but India is not able to take advantage of its geographical proximity because it cannot use the land route through Pakistan and Afghanistan on account of the unstable security and political situation in these countries.
2. Another important reason is lack of adequate and authentic information available in Kazakhstan about the potential and prospects of collaborating with India, and vice-versa. There is a huge "information gap" between the two countries which keeps them from realizing the full potential of their relationship.

#### *Potential areas of cooperation*

1. Oil and Gas exploration.
2. Infrastructure and construction projects in Kazakhstan.
3. Tourism.
4. Counter-terrorism.
5. Information Technology, Pharmaceuticals and Textiles, areas like Higher Education, Space, Small and Medium Business, Power generation, Food Processing and Agriculture.

## India – Turkmenistan

The year 2014 marks the 22<sup>nd</sup> anniversary of establishment of diplomatic ties between India and Turkmenistan. On the international front, Turkmenistan has declared itself a country with 'permanent neutrality', which has been also approved by the U.N. in 1995. India feels it is essential to engage separately with Turkmenistan as it is the only Central Asian country which is not part of the Shanghai Cooperation Organisation (SCO).

### Importance of Turkmenistan

- Strategic importance with respect to Afghanistan;
- Energy Security (refer TAPI gas pipeline);
- Ashgabat supports India's permanent position in the UNSC.
- Commercial.

Trade with India in 2012-13: Total trade \$ 78.25 million;

Exports from India - US \$ 69.92 million;

Imports by India - US \$ 8.33 million;

Imports from India: Electronic and electrical items (IG products made in India), Machinery and woven apparel and pharmaceuticals, frozen meat and tyres.

Exports to India: Raw cotton, raw hides and inorganic chemicals

Turkmenistan is increasing production of potash-based fertilisers, urea, and wheat in an attempt to widen bilateral trade with Central- and South-Asian countries. Thus the country may soon export potash-based fertiliser to India.

India has proposed a joint venture of Indian and Turkmen companies to manufacture Akash portable PC. India's progress in ICT can be a catalyst for deepening and widening mutual relationship of the two nations but there is a need to explore different areas of engagement. Immense opportunities exist in sectors such as infrastructure, pharmaceuticals and tourism. It will be mutually beneficial for the two countries' economies to encourage Turkmen entrepreneurs to explore investment and business opportunities in India, especially in the infrastructure sector. On the other hand, high income accruing from hydrocarbon exports has led to massive infrastructure development and construction activities in Turkmenistan; Indian companies may become a partner in this process. Similarly, increased per-capita income is likely to generate outbound tourists from Turkmenistan and an 'incredible India' can do more to attract the potential tourists. Besides, Turkmenistan is moving towards democracy, India's democratic credentials are already established, and New Delhi, if approached by Ashgabat, can assist in its endeavour. The future of India-Turkmenistan mutual cooperation seems bright.

In January 2013, Mr. Rashid Meredov, Deputy Prime Minister and Minister for Foreign Affairs of Turkmenistan to India. During the visit Fourth Meeting of India-Turkmenistan Inter-Governmental Commission was also held. The following are the excerpts:

1. The issue of the strategic gas pipeline project Turkmenistan-Afghanistan-Pakistan-India (TAPI) was in focus.
2. The Turkmen side informed of its intention to start flight services from Ashgabat to Goa in order to increase tourism and people to people links.
3. The Commission agreed to form a Joint Working Group on Trade & Economic Cooperation which was tasked to meet early and discuss the measures to increase the bilateral trade and identify new areas of cooperation.

The next i.e. 5<sup>th</sup> meeting of the IGC will be held in 2014.

## India - Kyrgyzstan

Since the independence of Kyrgyz Republic on 31<sup>st</sup> August, 1991, India was among the first to establish diplomatic relations in 1992. The Kyrgyz leaderships have been supportive of our stand on Kashmir with Pakistan. Kyrgyzstan also supports India's bid for permanent seat at UNSC and India's role in the SCO. Both countries share common concerns on threat of terrorism, extremism and drug-trafficking.

The visit of Indian Defence Minister A.K. Antony to Bishkek in July 2011 has given a new impetus to the India-Kyrgyzstan ties. India has offered assistance to Kyrgyzstan in various areas. This includes sending a team to train Kyrgyz armed forces in UN peacekeeping operations and imparting English language skills. India and Kyrgyzstan have also signed MoUs for cooperation in research and development in high altitude base agriculture, plantation, animal husbandry, poultry, education, sports, culture, IT, health, S&T and food processing.

### Importance of Kyrgyzstan to India

- 1) **Strategic Importance:** The great power interests in Kyrgyzstan are unlikely to diminish soon. The Russians and Americans have their agendas well drawn. Both US and Russia are likely to retain their existing military bases, if not acquire more, for a longer-term basis, and hence India needs to watch and understand the politics of air-base in the region. Kyrgyzstan will emerge as an important transit point for NATO's withdrawal from Afghanistan.
- 2) **SCO Member:** Kyrgyzstan, as a border state to China, should receive India's close attention. The Chinese are mutely expanding their spheres of influence in Kyrgyzstan, especially on the economic and strategic front, and in the longer term, it would be fair to assume that Kyrgyzstan would largely fall under the Chinese economic influence.
- 3) As US-Pakistan relations strain, Islamabad is realigning with Russia. This will allow Pakistan gain credibility in Central Asia. Russia benefits by gaining surface access up to Afghanistan. India cannot be left behind in the rebalancing scenario.
- 4) **Regional Stability:** The southern Kyrgyzstan, especially the Osh region in the Fergana Valley has long been an incubator of political and religious radicalism.
- 5) **Nascent democracy:** shifted to multi-party parliamentary mode in 2010; striving to gain international recognition. The Kyrgyz experiment with parliamentary democracy is likely to survive and may even influence changes in the neighbourhood.
- 6) Erstwhile Soviet State with profound likeness for India: Bollywood, Yoga, IT etc were extremely popular in the past. Now the Western world, China, Korea are occupying that space. India needs to revive the diluted link.
- 7) **Connectivity:** Kyrgyzstan's territory offers north-south and east-west transit routes.
- 8) India should exploit Kyrgyzstan's enormous hydro-electric potential and vast mineral resources.
- 9) With stability returning to Kyrgyzstan, prospects of businesses have grown.

### Trade

India's trade with Kyrgyzstan is very low and remained stagnant over the years. However, trade had increased 19 per cent to 37 million in 2012-13. India's exports to Kyrgyzstan totalled around \$35 million (up by 15 per cent) whereas Kyrgyz exports to India amounted to only \$2.13 million in 2012-13. Apparel and clothing, leather goods, drugs & pharmaceuticals, fine chemicals, and tea are some of the important items in India's export basket to Kyrgyzstan. Kyrgyz exports to India consist of raw hides, metaliferous ores & metal scrap etc. Trade with India faces stiff competition from China, Turkey and CIS countries. Lack of connectivity and lengthy and unreliable surface trade routes become major hurdles for the export of goods from India. In 2004, Kyrgyzstan became a party to the Trilateral Transit Agreement between India, Iran and Turkmenistan.

### **Investments**

Indian investments to Kyrgyzstan have not been forthcoming for various reasons. These are --

- 1) the country lacks the investment climate.
- 2) The banking system and financial institutions are not developed for attracting FDI and repatriation of profits.
- 3) The present visa regime of Kyrgyzstan also puts up numerous obstacles for travelling Indian businessmen.
- 4) Frequent changes in the government formation are yet another problem for the investors.
- 5) Kyrgyzstan has opened up too much to China; as a result others are not able to compete.

### **Defence Cooperation**

Defence Cooperation forms an important component of bilateral relations. India has been extending assistance to the Kyrgyz armed forces through a MoU on Military-Technical Cooperation signed in 1997. There has been significant progress in defence cooperation between India and Kyrgyzstan over the years. The training of Kyrgyz officers in India has been the main component of defence cooperation. Among landmarks in defence cooperation were the visits of Raksha Mantri to Kyrgyzstan in November, 2003 and 2011 as well the visit of the Kyrgyz Defence Ministers to India in November 2005 and September 2011.

### **Future Prospects**

Kyrgyzstan perceives India as a large and successful model of democracy and secularism with expanding political and economic influence not only on Asian affairs, but also on the global stage. Kyrgyzstan has also opted for parliamentary form of democracy since last year. From this perspective, it seeks to further deepen the vibrant relationship with democratic India.



## India - Uzbekistan

Relations between Uzbekistan and India have their roots deep in history. Buddhism is said to have travelled to China through Uzbekistan which penetrated Central Asia, ~~inter~~ <sup>India</sup>, through areas of today's Uzbekistan. The founder of the Mughal dynasty, Babur, came from Uzbekistan.

Trade relations between India and Uzbekistan are governed by the Agreement on Trade and Economic Cooperation signed in May 1993. This Agreement provides for such things as mutual MFN treatment, promotion of economic, industrial, scientific and technical cooperation, including in the field of training of personnel, active participation of small and medium sized enterprises in bilateral economic cooperation, and countertrade, etc. India and Uzbekistan also signed an Agreement on Avoidance of Double Taxation in 1993 and for Bilateral Investment Promotion and Protection in May 1999. Total trade in the year 2012 was US \$ 201 million, tilted in favour of India.

Uzbekistan has been appreciative of India's reconstruction efforts in Afghanistan and supports India's candidature for full membership in the SCO and UNSC. The two countries cooperate in diverse sectors, ranging from coal gasification, oil and gas, banking, pharmaceuticals, textiles, science and technology, standardisation, small and medium enterprises and tourism. There are more than sixty Indian companies operating in the country. Economic reconstruction projects and cooperation on counter-terrorism, in the backdrop of withdrawal of US troops from Afghanistan in 2014, have been given priority in India-Uzbekistan ties. India and Uzbekistan shares the view that any outside interference in internal affairs of Afghanistan could prove to be counter-productive, in the backdrop of the proposed withdrawal of the U.S. forces by 2014.

During the visit of Uzbekistan's President Islam Abduganievich Karimov to India in 2011, both sides agreed to elevate their bilateral relationship to a long term and strategic partnership based on equality and mutual understanding. The partnership envisages active cooperation in a wide spectrum of areas including political, counter-terrorism, economic, education, health, human resource development, energy, science and technology, tourism and culture.