

# Associate Paper

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## India-Central Asia: Emerging Dialogues and Deals

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### Key Points

- India is entering a new “great game” in Central Asia.
- Its INSTC, however, lags behind China’s BRI in Central Asia
- The India-Central Asia Dialogue is, in that light, a start to implementing Modi’s “extended neighbourhood” policy.
- An India-Central Asia Development Group was proposed and supported by India’s Lines of Credit and Buyers Credit schemes.
- India’s emerging dialogues with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan could prove useful in achieving its policy objectives.

### Summary

A key question must be: has India left its new “great game” bid across Central Asia too late? Russia maintains a significant military presence in the region, and China has substantial trading links within it. China has growing politico-economic ties and a defence presence that together may defeat India’s late bid to draw Central Asian countries into its “extended neighbourhood”, pushing west the boundaries of its encirclement of India. China’s BRI moves forward while infrastructure along the International North-South Transport Corridor (INSTC) connecting India, Iran and the Central Asian land-locked countries, to Russia, got off to a slow start in 2000. It was reinvigorated in 2016 following India’s agreement with Iran and Afghanistan to upgrade Iran’s Chabahar Port allowing a maritime connection with Afghanistan, by-passing Pakistan. The project slowed following US President Trump’s sanctions imposed on Iran’s energy trading partners, including India. The Port project has remained waiver-free, but enthusiasm for it and INSTC has slowed again.



Source: Google Maps

### Analysis

India is engaged in promoting dialogue on air corridors with its own and Central Asia's aviation companies so that goods can be transported efficiently and swiftly – addressing the slow INSTC progress – but this does not alleviate concerns about “hydrocarbon-rich” Central Asian countries incurring debt to China on projects that finance the construction of, for example, oil and gas pipelines of the sort India envisages to by-pass Pakistan.

In the run-up to his May 2019 election campaign and landslide victory, Prime Minister Modi announced an India-Central Asia Dialogue to be held in mid-January 2019 in Uzbekistan, chaired by his External Affairs Minister, Sushma Swaraj. She recalled the Prime Minister's visit to the five Central Asian Countries in 2015, offered to host the next Dialogue in India in 2020, and proposed setting up the India-Central Asia Development Group to take forward partnerships with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The Minister also invited the countries to attend the Chabahar Day International Conference on 26 February 2019. New Delhi expects to expand Indian businesses in Central Asian markets with development assistance under its Lines of Credit and Buyers Credit schemes for large-scale project. Noteworthy was Kyrgyzstan's request for assistance with construction projects following Modi's visit in 2015, suggesting that if other Central Asian States take up the credit options, India has not left its bid for economic links too late.

In an interesting connection, each of the countries along with China, Russia, Pakistan, and India, are members of the Shanghai Cooperation Organization (SCO). It held a summit meeting in Bishkek, Kyrgyzstan, in mid-June this year. Modi attended, and a meeting with the host nation on the sidelines was held on 14 June, while informal meetings with the other Central Asian leaders were mooted. The Modi government's refreshed diplomacy is

redirected towards its “distant neighbourhood”, Central Asia, and is focussed on economic potential, mainly defence-centred, with uranium supply an important aspect.

Largely on the periphery of India’s vision until Modi’s 2014 election and recognising that leaders’ joint statements often reflect intention rather than implementation, India’s engagement with the Central Asian countries above will be briefly examined in this paper.

### ***Uzbekistan***

The first India-Central Asia Dialogue was held in Samarkand in mid-January 2019 and, within days, Uzbek’s President, Shavkat Mirziyoyev, attended the Gujarat Investment Summit as Modi’s guest, following a State Visit to India in September-October 2018. They had also met in June that year on the margins of the SCO Summit in Qingdao, China, and Modi had made two bilateral visits to the previous President, Islam Karimov, in Tashkent, in 2015 and 2016. At the October 2018 meeting, the leaders agreed to expand the 2011 Strategic Partnership.

The bilateral relationship thus appears stable, and the countries share aspects of non-alignment. Uzbekistan adheres to its policy not to align with a military-political bloc, [nor allow foreign military bases](#) within its borders. While different in many aspects from India’s core non-alignment, there are common strands that may, arguably, allow Uzbekistan licence to regard itself as “India’s gateway to Central Asia”.

Eighteen free economic zones have been established, and Uzbekistan provides most favoured nation status to 45 countries including India.

The leaders’ [joint statement](#) at the President’s state visit to India in 2018 visit agreed to further deepening their bilateral cooperation and set out their intended areas of engagement. Following joint statements, as said above, intention and implementation match only in part. Uzbekistan’s participation in the Vibrant Gujarat Summit in January 2019, however, demonstrated its receptiveness as an investment area for India across a range of areas. The President’s ‘Innovative Development Strategy for 2019-2021, and the Road Map for its implementation’ includes India.

The first meeting of Uzbek-India Business Council, held at the Gujarat Summit aims to facilitate the 17 initiatives signed during the President’s state visit, included a long-term supply of uranium to India, an agreement in the making since 2015. A continuation of the recent pace of dialogue signals a level of on-going engagement with India.

### ***Kazakhstan***

In an apparently unexpected and relatively closed process, current Acting President of Kazakhstan, Kassym-Jomart Tokayev, took office in March 2019 and won the presidential election on 9 June. The only visible candidate in the electoral process, he was endorsed by Nursultan Nazarbayev, President since Kazakhstan’s independence in 1989. He remains head of the ruling Nur Otan Party and the Security Council, retaining much power, while the *New*

*York Times* suggested he ‘deftly stepped out of the firing line at a time of irksome civil unrest’ having dismissed the Government for what he called failing to raise standards of living and diversify the economy. A new Cabinet was immediately approved. Under his [30-year rule](#) Nazarbayev maintained good relations with Russia, which has a military presence there, and China, which is investing in oil and gas resources.

The Kazakhstan Ministry of Foreign Affairs set out its [Foreign Policy Concept for 2014 – 2020](#), and there is no indication that this will change. Amongst its aims to constructively participate and contribute to regional and global security, it states its intention to pursue development of mechanisms for a comprehensive ban of nuclear weapons, and the creation of zones free of nuclear weapons. It signed and ratified the Nuclear Non-Proliferation Treaty (NNPT) in March and July 2018 and, more recently, became chair of the Nuclear Suppliers Group (NSG) until June 2020. India remains outside the NNPT and has had its attempts to become a member of the NSG stymied by China’s marshalling of votes over past years. That is not an impediment to their relationship.

Kazakhstan has supplied uranium to India in a civil nuclear pact since 2014, and also sells to China, Russia and Japan. Additionally, during a visit to Astana (re-named Nur-Sultan) in 2011 by the Prime Minister Manmohan Singh, a Roadmap to develop a Strategic Partnership and an Agreement on the peaceful use of nuclear energy, along with agreements to cooperate in agriculture, healthcare, IT and legal assistance on civil matters were signed. The Indian Ambassador to Kazakhstan, reporting in May 2018, added education and energy to the mix – also a desire to increase co-operation in the oil, gas and renewable energy fields. Direct flights have built transport opportunities. Indian expertise along with credit lines for projects and supported by Modi’s repeated visits, gave substance to the relationship, now under a new President.

### ***Kyrgyzstan***

India’s political, institutional and commercial relations with Kyrgyzstan are long standing. In 1995 India extended a US\$5 million line of credit to the country. US\$1.66 million was repaid and the balance [became a grant](#).

The Indian Government has, in 2019, extended a line of credit of US\$200 million, for military equipment as Kyrgyzstan seeks to modernise its largely Russian defence systems. Kyrgyz defence teams visited India over past months and, in meeting such a request, elevated their strategic relationship beyond the current bilateral exercise level. Russia, however, maintains a military presence there, and the country shares a border with China. Near the Wakhan Corridor a Chinese base is situated, its apparent objective to block Uighar movements, but it adds limits to India’s strategic role.

President Sooronbay Jeenbekov is also the present chair of the Shanghai Cooperation Organization (SCO) and attended Modi’s second term swearing-in. Their relationship, however, on a strong foundation since 2011, accelerated after Modi’s visit to all the Central

Asian countries. Since then projects have been established, including the joint construction of the Kyrgyz-Indian Mountain Training Centre.

While defence cooperation has again been the publicised mainstay of the relationship, Modi seeks to expand the field, and announced the inauguration of the India-Kyrgyz Business Forum during his visit on 14 June 2019. The leaders agreed on a five-year road map for trade and economic cooperation, Modi citing opportunities for Indian companies in construction, railway transport, hydro power and mining among others. The Prime Minister also announced an Indian trade show, 'Namaskar Eurasia' will be held in Bishkek, the Kyrgyz capital, this year.

An accompanying announcement that the two countries have agreed that 2021 will be celebrated as a year of friendship, supports an ongoing Indian presence there.

### ***Tajikistan***

Tajikistan's long border with Afghanistan has made defence and security the main topics of discussion at high level meetings from Prime Minister Vajpayee visit to the country in 2003 when an agreement to cooperate over terrorism was signed, and continues. Its focus was possible infiltration into Tajikistan from Afghanistan under Taliban rule, or through a narrow neck of land separating it from Pakistan, the Wakhan Corridor.

Cooperation in this area of threat has been the basis for their political and economic relations during subsequent visits between the countries, and in 2015 during Modi's tour of Central Asia the emphasis on security continued. During the SCO Summit in 2016 the Prime Minister and President Emomali Rahmon met again and, at a subsequent meeting in New Delhi a Bilateral Investment Treaty to boost their economic partnership was agreed. Both met again at the SCO Summit in 2018 when defence and security remained at the top of their agenda, but their importance is becoming questionable. Nonetheless, India's engagement with the countries discussed has a superficial common strand: weapons supplied by Russia, as are much of its own. In the Tajikistan this is the case; its forces are [equipped with Russian weapons](#). India has been unsuccessful in attempts to establish a military base, and there are Chinese troops based in Tajikistan, close to the Wakhan corridor.

Border disputes continue in post-Soviet Central Asia, and incidents occur regularly between ethnic Tajiks and Kyrgyzs, recently in April 2019. Both countries also have long borders with China, not only facilitating BRI economic projects, but also a Chinese defensive presence. The Bilateral Investment Treaty may thus be one way forward for the bilateral relationship.

### ***Turkmenistan***

Like Uzbekistan, Turkmenistan does not have a noteworthy Russian military presence. It has lengthy borders with Iran and Afghanistan and is well positioned for INSTC infrastructure. In

2018 India was a signatory to the Ashgabat Agreement, the 2011 agreement to establish an international transport corridor between Iran, Oman Turkmenistan and Uzbekistan. Its construction is to facilitate the movement of goods between the Persian Gulf and Central Asia, opening new routes for India.

Turkmen President, Gurbanguly Berdimuhamedov, after Modi's re-election, expressed confidence that their high level of bilateral relations will continue to be a solid basis for further developing cooperation in a range of areas, transport being a primary interest, followed by a major gas pipeline.

The proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, reportedly led, managed and mainly financed by Turkmen gas, is underway with Pakistan scheduled to commence its section this year. The group includes the Afghan Gas Corporation, Pakistan's Inter State Gas Systems Limited and GAIL India. The Gas Authority of India Limited (GAIL), is the country's largest natural gas processing and distribution company with interests across the energy spectrum.

GAIL's involvement in the TAPI gas pipeline along with India's membership of Ashgabat may signal that its relationship with Turkmenistan and its project partners, has strength and durability. The London-based Foreign Policy Centre, however, in a July 2019 Report, suggests that 'Turkmenistan is facing its [worst economic crisis](#) in three decades, which has led to hyperinflation and widespread food shortages, despite the country possessing an estimated 10 per cent of all proven natural gas reserves'. This reported crisis is not raised in Turkmen-Indian bilateral negotiations and agreements.

### ***Concluding observations***

There may be reports similar to the above casting a different light on the Central Asian countries discussed to that of India's Foreign Minister, Sushma Swaraj, at the India-Central Asia Dialogue in mid-January 2019 in Uzbekistan. She recalled in positive terms the Prime Minister's visit to the five Central Asian Countries in 2015, offered to host the next Dialogue in India in 2020, and proposed setting up the India-Central Asia Development Group to take forward partnerships with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

India's aspirations, despite the potential limits imposed by regional powers and Central Asian countries' domestic problems, present prospects at bilateral levels for its new "Great Game".

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