



Tajikistan President's Sri Lanka & India Visit: Exploring New Areas of Cooperation

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President of Tajikistan Emomali Rahmon visited two countries of South Asia: India and Sri Lanka in December 2016. He was in Sri Lanka from 12 to 14 December 2016 and from 14 to 18 December 2016, the President was in India. His visit to Sri Lanka is important as it was his first visit to the country. To India, it was the President's sixth visit. The visit was an important initiative by Tajikistan for exploring new areas of cooperation in trade and investment. It has also set the stage for the three countries to explore trilateral cooperation in different areas.

Visit to Sri Lanka

During the visit to Sri Lanka, President Rahmon held discussions on range of issues including trade, regional security and drug trafficking with Sri Lankan President Maithripala Sirisena. Both the Presidents underscored the need to increase trade between the two countries. Sri Lankan President said that, apart from trade, 'Sri Lanka is looking for further cooperation, especially in national security, drug control, tourism and hydro power'.ⁱ Tajikistan President expressed his interests in exploring more possibilities and to learn from Sri Lanka in technology exchange, youth development, tourism, gem industry, and apparel industry"ⁱⁱ.

Sri Lankan Prime Minister Ranil Wickramasinghe while underscoring the importance of the bilateral discussions, said that as Sri Lanka is "working towards becoming an economic hub in the Indian Ocean", exchange of technology and know-how in many areas are possible through bilateral cooperation between the two countries.ⁱⁱⁱ

During the visit of Tajikistan President, a Sri Lanka-Tajikistan Business Meeting was held on 14 December 2016 in Colombo. The business delegations of both the countries underscored the need to 'organise a study and trade mission to Tajikistan from Sri Lanka for key potential product

sectors such as apparel, rubber based products, gem and jewellery, porcelain, tableware, Ayurvedic medicines and confectionary products, among others.^{iv} Need for Sri Lankan investments in hydro-power generation and investments in Free Trade Zones of Tajikistan were also mentioned during the business meeting.

The areas of cooperation discussed during the visit indicate that both the countries are keen to explore opportunities for investments and trade. Currently, Sri Lanka's trade with the Central Asian region is minuscule. Uzbekistan is the only country that figured in Sri Lanka's export and import destinations in Central Asia during 2003-2013. For example, according to the Department of Census and Statistics of Sri Lanka, in 2012, Sri Lanka's export to Uzbekistan amounted to SLR.1,208 million with the total value of 0.10 per cent and import in 2013 amounted to SLR.5,655 million with the total value of 0.2 per cent of total trade of Sri Lanka'.^v The Central Asian countries are landlocked and it affects the region's trade and economic engagement.

Gems, diamonds and jewellery as well as apparel constitute significant portion of Sri Lanka's exports. Tajikistan is keen to learn expertise from Sri Lanka and improve trade in these sectors as the Central Asian country also possesses significant amount of precious and semi-precious stones and gems, particularly in the Gorgno Badakhshan region.

Table -1: Sri Lanka's exports in garments and gems (in US\$ million)

Exports	2007	2008	2009	2010	2011	2012	2013	2014
Textiles & Garments	3,336.9	3,477.6	3,261.1	3,356.0	4,191.2	3,991.1	4,508.3	4,929.9
Gems, Diamonds & Jewellery	474.1	514.5	402.4	409.0	531.5	558.9	445.5	393.6

Source: Central Bank of Sri Lanka

Currently, 'Hong-Kong, USA, Switzerland, Thailand, UAE, France, India, Germany, Japan, Belgium, Israel and China are the main export destination countries for Sri Lanka's exports in gems, diamonds and jewellery while main export destination for apparel are the US, UK, Italy, Germany, Belgium, France, Netherlands, Canada, China and UAE'.^{vi}

Sri Lanka and Tajikistan signed four bilateral documents during the visit. These are, MOU on Political Consultations between Ministry of Foreign Affairs of Sri Lanka and the Ministry of Foreign Affairs of Tajikistan; Agreement on Corporation in the field of Tourism; Agreement on Corporation in the field of physical training and sports; and Aide Mémoire on the draft Agreement between the Ministry of Development Strategies and International Trade of Sri Lanka and the Ministry of Economic Affairs of Tajikistan on Mutual Corporation.

The visit of Tajik President to Sri Lanka and growing interests in bilateral relations between the two countries is seemingly based on few developments. Firstly, the visit was a follow up of Sri Lankan Prime Minister Ranil Wickramasinghe's bilateral discussions with Tajikistan President Emomali Rahmon at the 12th World Islamic Economic Forum (WIEF) held in Jakarta,

Indonesia, on 2-4 August 2016. The speeches by both the leaders at the forum provide insight into the governments' policy on trade and investment. While highlighting Tajikistan's 'enormous economic potential' in hydro power, regional transportation, mineral processing, agriculture and tourism, President Rahmon stressed on the need for 'promoting wider integration, revitalising mutual support, strengthening mutually rewarding cooperation and extending trade and investment as top strategic objectives'. Sri Lankan Prime Minister speaking at the Jakarta forum said, 'there's much that secular states can learn from the principles of Islamic commercial law, in particular the notion of fair industrial relations, fair contracts and commercial integrity and the Sri Lankan Government was leveraging on the same kind of convergence to establish political stability after decades of highly divisive politics and to move its developmental agenda forward'.^{vii} The remarks indicate that both the countries are looking for investments and broader regional engagement to increase their economic development. For instance, Tajikistan through various social policies could reduce the poverty levels from 80 per cent to 30 per cent in 2015 and it is looking forward to expand various sectors, which can provide employment opportunities for youth.

Secondly, Sri Lanka's willingness to join the Islamic Development Bank (IDB), based in Saudi Arabia, for financial assistance may be another reason for growing interests in developing bilateral relations with the Central Asian state. Tajikistan is a member of the IDB. The membership to the bank will enable Sri Lanka, to "benefit from its financial assistance programme including equity capital participation loans for production projects and enterprises and other forms of financial assistance for economic and social development".^{viii} Reports suggest that the Governor of the Central Bank of Sri Lanka had travelled to Saudi Arabia to held discussions with the IDB officials. Sri Lanka is looking for finances as its 'gross external debt in 2015 stands at US\$ 44,797 million'.^{ix} As a percentage of GDP, external debt constitutes 54.4 per cent. In a situation where, traditional external financial sources are depleting, if Sri Lanka succeeds in getting the membership of IDB, it can help contribute to economic stability.

Thirdly, Tajikistan is a member of Shanghai Cooperation Organization (SCO), where Sri Lanka is a dialogue partner. One of the premises on which association with SCO is desired by the countries in Asia is to enhance regional economic cooperation. At the same time, finances can be obtained from strong SCO economies for projects at country and regional levels. For instance, 'Tajikistan submitted for consideration of the Chinese about ten projects within the SCO in 2009 for an overall amount of about US \$3 billion in the field of hydropower engineering, motor roads construction and in other spheres'.^x

Visit to India

India and Central Asian countries enjoy close and cordial relationship, which has strengthened over the last 25 years of diplomatic engagement. In his visit to India, President Rahmon held wide-ranging talks on bilateral, regional and international issues with Prime Minister Narendra Modi. He also met President of India Pranab Mukherjee and Vice President Hamid Ansari.

Tajikistan President's visit was a follow up to Indian Prime Minister Modi's visit to the region in July 2015, during which he visited all the republics in the region.

Tajikistan President and Indian Prime Minister discussed situation in the region and emphasized that terrorism and extremism threaten peace, stability and progress for all countries. Prime Minister appreciated 'Tajikistan's role in the Central Asian region as a mainstay against forces of extremism, radicalism, and terrorism.'^{xi}

India and Tajikistan are concerned with the security situation persisting in Afghanistan, and have suffered from terrorism emanating from the region, both the leaders called for 'an Afghan-led and Afghan-owned peace process and national reconciliation in the country'.^{xii} Recently, Taliban had captured the northern city of Kunduz, which is the country's gateway to Central Asia. Afghanistan shares boundaries with three Central Asian countries Tajikistan, Turkmenistan and Uzbekistan.

India has security cooperation with Tajikistan. They have a Joint Working Group on counter-terrorism and Joint Working Group on defence collaboration. Armed forces team from India visit Tajikistan for on-site training and Tajik cadets come to India for training at the National Defence Academy (NDA) and Indian Military Academy (IMA). India has developed Ayni air field in Tajikistan and established military hospital near the border with Afghanistan. India-Tajikistan Friendship Hospital is functional and it not only treats defence personnel but also the common people.

The economic engagement between India and Tajikistan is considered below potential.

Table-2: India's trade with Tajikistan (in US\$ million)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Export	21.28	35.16	54.27	53.71	22.26
Import	8.86	12.86	0.86	4.39	9.98
Total trade	30.13	48.01	55.13	58.09	32.24

Source: Ministry of Commerce & Industry

Tajikistan has significant hydel power potential and the country has invited investments from Indian companies in a number of small and medium hydroelectric power projects that it plans to build. One of the main factors that hamper closer economic engagement has been the lack of direct surface connectivity. Lack of connectivity not only affects India's trade with Tajikistan but also with the rest of Central Asia and Afghanistan. To improve connectivity with Afghanistan and Central Asia and utilize the existing potential, India has recently signed agreements with Iran and Afghanistan. The Chabahar route through Iran to Afghanistan, Central Asia and further north to Caucasus and Europe is emerging as an important inter-regional link. The visiting Tajik President welcomed it saying the Chabahar connectivity agreement provides Tajikistan access to international waters and markets of South Asia. The bilateral investment

treaty signed during the visit is likely to increase economic engagement between the two countries.

During the visit, India and Tajikistan signed the following documents: MoU between the committee of television and radio of Tajikistan and the Prasar Bharati of India for cooperation on broadcasting in exchange of audio visual programmes; Protocol amending the agreement for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income; MoU between Financial Intelligence Unit of India and the Financial Monitoring Department under the National Bank of Tajikistan on cooperation in exchange of financial intelligence related to money laundering, related crimes and financing of terrorism; and a bilateral investment treaty.^{xiii}

India is emerging as a centre of the global jewellery market because of its low costs and availability of high-skilled labour. Indian gems and jewellery industry is one of the largest in the world with a share of 29 per cent in global jewellery consumption. It is the world's largest cutting and polishing centre for diamonds. According to the Gems and Jewellery Export Promotion Council (GJEPC), the country exports 95 per cent of the world's polished diamonds.^{xiv} In 2014-15, the total exports of gems and jewellery was around US\$ 40 billion. India, Sri Lanka and Tajikistan can form a 'trilateral gems and jewellery corridor' to jointly procure, process, develop and export affordable, attractive and a wide variety of gems and jewellery as finished products to the existing markets and explore new and emerging markets. It will not only generate revenues for the three countries but also create employment and tourism opportunities.

Conclusion

The visit of President of Tajikistan Emamoli Rahmon to Sri Lanka and India had twin objectives of increasing security cooperation and economic development between Central Asia and South Asia. With the coming up of Chabahar port linkages and the International North South Transport Corridor (INSTC), connectivity of the Central Asian region is expected to substantially improve with South Asia, including Sri Lanka. Increased connectivity will give impetus to the economic engagement among the three countries, particularly in areas of convergence of interests, such as gems and jewellery and apparel industries. On the other hand, India is all set to join the SCO as a full member. Tajikistan supports India's entry into this Eurasian organization. India's full membership to the SCO provides another multilateral platform for the three countries for regional economic cooperation. The visit has created a platform for trilateral cooperation on economy, security and counter-terrorism, including intelligence sharing and de-radicalisation.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.

Endnotes

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