



Indian Council of World Affairs

Sapru House, Barakhamba Road

New Delhi

Fourth 'India- Central Asia Dialogue'

1-2 December, 2016

Sapru House

Recommendations

Inaugural Session

Outcomes

- Central Asia is a part of India's extended hinterland and neighbourhood. India needs the region to strengthen strategic outreach, develop economic and cultural interaction, and build regional collaborations. Both India and Central Asia have encountered challenges such as issues of connectivity, terrorism, socio-economic development, instability in Afghanistan and religious extremism. Together the two sides can confront these challenges.
- The significance of this region in foreign policy matrix of India cannot be undermined. Security, stability and prosperity in Central Asian Region(CAR) are vital for peace and economic development in India. Central Asia faces some persistent and some new challenges. Regional security is a continuing concern. The situation in neighbouring Afghanistan that shares the borders with three Central Asian countries is yet to stabilise. Further, drug trafficking and associated criminal activities have become a bane for the people of this region. The rise of Daesh has added another dimension to the security of the region.
- The political warmth and proximity were not reflected in the scale of economic exchanges between India and CAR and that needs to be worked together for a convergence between these two aspects. There is much that India and CAR can achieve in partnership.
- One of the most important developments has been Prime Minister Narendra Modi's visit to all the Central Asian countries in July 2015, which upgraded the profile of bilateral relationship with the countries and the region as a whole.

- In terms of connectivity, Iran is emerging as an important conduit in connecting India with the landlocked Central Asian region. PM Modi's visit to Iran in May 2016 and signing of the Chabahar Agreement with Iran and Afghanistan reinvigorated India's current Central Asia policy by opening up new trade route.
- The International North-South Transport Corridor (INSTC) is not only trying to improve hard infrastructure on the ground but also put in a soft infrastructure for seamless movement of goods across borders. India, in consultation with other INSTC members, is drawing a standard customs protocol to facilitate the movement of products in the corridor.
- As a key sponsor of the initiative of international solar alliance, India welcomes all the Central Asian countries to become a part of this alliance to benefit from research, development and training, and tapping of this natural resource especially in remote areas far off the electricity grid.

Recommendations

- There is a need to identify common approaches and areas of cooperation. The efforts should be to jointly dismantle bottlenecks for future growth and prosperity.
- The challenge for the Central Asian partners is to act to ensure that moderate views of accommodation and assimilation prevail amidst an onslaught of extremism.
- India and many countries of Central Asia are producers of cotton but unfortunately there is little dialogue and coordination between India and Central Asian Republics as cotton producers. There could be Cotton Road connecting the policy formulation in the area of cotton, farming, development of cotton seeds, coordination of marketing of cotton and development of upstream and downstream industries related to cotton.
- Limited air connectivity between India and Central Asia has marred mutual tourism potential that exists between the two regions. The two sides should look forward to introducing more flights based on mutual accommodation, including core development of infrastructure for tourism.
- The two sides need to further strengthen the cooperation in areas of television, cinema and audio-visual media. In this context, it is important to mention the initiative of Star Television Network of India that is doing auditions of artists from Central Asia for a music show that will be telecast next year.
- An important area to pursue would be to see how India's accumulated expertise in the area of space for development will be utilised to share the rich dividends that it offers with our Central Asian partners.
- Introducing nine-months long post-graduate programme or short-term training courses on remote sensing, satellite communication, satellite methodologies and space and atmospheric sciences would help in developing technical expertise in the CAR.
- Possibilities exist in the field of space, pharmaceuticals, agricultural products, cold chain management, infrastructure development, education, vocational training, small

and medium enterprises development, counter-terrorism, and sharing of intelligence. Creating awareness and information about each other through P2P contacts would help in building trade and economic linkages.

- Discussion on Mutual Recognition Agreement (MRA) could be initiated so that movement of skilled labour and professionals can be facilitated. In this regard a composite dialogue needs to be undertaken which could identify universities and colleges from both sides. These universities and colleges can be given academic grading.
- Telemedicine, tele-education as well as cooperation in Pharmaceutical sector would help in creating that necessary foundation for more P2P interaction.
- Developing language expertise among the tour operators would help in large tourist delegations visiting the region which is just 3-4 hours away from India.

Session I

India- Central Asia amid Changing Global Dynamics

Outcomes

- India has a vast experience in the construction of water reservoirs and energy facilities and Tajikistan would like to have Indian professionals as reliable partners in the development of this industry in Tajikistan.
- Only through integrated approach, India-Tajikistan cooperation and mutually beneficial partnership will be most balanced and effective.
- Since the beginning of political dialogue Tajikistan appreciates the friendly support of India. Development of energy sector of Tajikistan can be seen in the context of mutually beneficial cooperation between both countries. So the need is to make an effort towards it.
- Two of the priority areas of Tajikistan are electric power and hydro power, which would bring economic and energy security benefits.
- The problem of regional energy cooperation between the countries of Central Asia and South Asia has been a long overdue problem. The establishment of electricity transport corridor between energy surplus countries of Central Asia and South Asia energy deficient countries has been recognised by international experts as profitable projects.
- Uzbekistan supports India's membership of SCO, because it has become influential organisation in promoting regional stability and resulted in 700 agreements. It provides good opportunity for political dialogue.
- Central Asia has become an area of competition for external powers in areas of energy and construction projects.
- Mutual trade and investment does not correspond to the bilateral potential. In the last five years trade between India and Uzbekistan remained very low. India's trade with Central Asia does not exceed one percent. India and Central Asia trade is \$ 600 million while Uzbekistan's trade with the Central Asia is \$ 12 billion.

- Uzbekistan is interested in Indian investments in joint ventures in manufacturing in areas such as engineering, chemicals, pharmaceuticals, textiles and agricultural products. Uzbekistan expects soft loans from India for joint projects in various sectors.
- India and Central binds together in geo economic and geo cultural spheres rather than geo political sphere.
- In Central Asia the concept of division of labour between Russia and China, with China brining economic investment while Russia acting as the security provider, is now being challenged in the light of recent attacks on Chinese embassies. Both the countries want a stable Central Asia with limited US presence.
- Division of labour does not cater to the aspirations of Central Asian countries and Russia and China need to taken comprehensive approach towards Central Asia and the engagement need to be balanced.
- China is playing increasingly a bigger role in the security arena. The Northern Afghanistan factor is important as it is a security threat to the region.

Recommendations

- Central Asia should be an area of cooperation not competition. IBOR initiative has boosted intra regional cooperation but Soft power of China still limited in the region. India can build on its soft power and its cooperative endeavours in the region.
- Eurasian Economic Union is a relatively new project with regional countries whereas Silk Route Project initiative is by one country.
- Weakest link between India and Central Asia is trade, because of the absence of direct transport communication link. This needs to be worked out for better future.
- On Iran and Saudi Arabia conflict, the Central Asia region does not have any position. And the region wants the conflict and differences between the two to be resolved through diplomatic means.
- There is a concept of Small game which means regional powers are more ambitious to legitimise their role in the region. Small regional powers are more dangerous than big powers.
- Central Asia is one geographical region, but geo political positions of countries differ. Central Asia wants more presence of India and it is yet to have a geo-political position in the region as it is still to become a member of SCO. It has economic presence. India can play a balanced role in the region due to its good relations with Russia.
- With regard to the question of collective Central Asia vision, till now it has not worked out. There is no regional agenda. All the countries are involved in strengthening their national interests, may be in the future they will have an integration agenda. Two main agendas where the countries are united are security and transport agendas. In these sectors the countries need India and China's help.

Session II

India in Regional Integration & Multilateral Processes

Outcome

- Intra-regional cooperation unfolds huge potential. Transportation is the main instrument for economic cooperation in the region
- The creation of positive linkages around common interests can foster greater understanding of developmental needs consistent with sustainability. The idea of an EU-India Central Asia trilateral is possible considering the fact that India's relations with countries of both Central Asia and the EU are evolving, and have a lot of scope for growth.
- Shared goals of growth and prosperity for people living in South Asia, Central Asia and West Asia need to be promoted. There is a need for developing common cooperative complimentary and reciprocal model of growth.
- The principal drivers of common prosperity among nations are in areas like energy, investment, human resource, technology upgradation, market and security.
- India's role in developing a common strategy for an 'integrated Asian' (through policies like *Act East*, *Look West*, *Connect Central Asia Policy* and *Neighbourhood First Policy*) need further fine tuning.
- Change of dominant concept of competitive growth by alternative model based on comprehensive complimentary growth need to be espoused.

Recommendations

- Formation of a trilateral between EU, Central Asia and India can be increasingly vital to expand the role of emerging powers in regional and global governance.
- India can explore establishing regional connectivity like TRACECA which could be beneficial for larger neighbourhood.
- India can provide technical assistance to enhance India, Central Asia and EU connectivity. Use of Chabahar Port in the trilateral cooperation can also be explored.
- Different approaches by European countries towards Central Asia can be overcome because there are more areas of mutual concerns where they both can cooperate.
- Establishing common regional bank for financing common projects can be considered.
- Evolving a common energy export-import policy with periodical meetings between buyers and sellers would help in price stability and also assured supply.
- Complimentary rather than competitive model of economic growth may be pursued. Evolving a common blueprint for combined growth based on complimentary, cooperative and reciprocal mechanism would chart the future trajectory of relations.

- Inclusiveness as pillar stone of development should be considered. Bilateral Talks would help in this direction.

Session III

India Central Asia - Building Energy and Surface Transport Connectivity

Outcome

- Lack of physical connectivity between India and the Central Asian region has been a major hurdle for energy relations with the region. New geopolitical scenario offered India an opportunity to find a physical connectivity with this region.
- From Indian side, political will and lack of an aggressive policy is also responsible for not taking important steps.
- While IPI and TAPI had several feasibility issues, International North South Corridor offers better options. But this too has many challenges which include competition from other pipelines and routes.
- States have inherent reservations towards greater connectivity while markets have greater openness for connectivity.
- In long term energy security projects, it is states which need to invest more, not the private sectors.
- India failed to take lead in investing in such projects when such opportunities were offered in initial stages.
- Turkmenistan's new energy policy is more export oriented and offers better and feasible transport services.
- India's energy policy faces a challenge of four "As" namely Accessibility, Availability, Affordability, and Acceptability.

Recommendations

- Russian participation in INSTC will be beneficial.
- India Iran Pipeline is not much attractive from complete economic perspective but India should and can take up the project through GAIL as it will benefit India in long run.
- If India's state owned companies cannot take major projects, private multinational companies can be allowed with the assurance of protection of investment and operating rights.
- India should actively consider about uranium import from Central Asia nations, not only from Kazakhstan.
- Focus should be paid in establishing institutions free from politics so that the change of government does not affect the continuity of energy security.
- India should go for gas based energy system and find alternative sources of energy transport than the pipelines.
- Swap agreement in the energy sector between Iran, India and Central Asia would help in sustaining and developing critical infrastructure.

Session IV- Regional Security Situation: Changing Threat Perceptions

OUTCOMES

- The security drivers in China include domestic security and stabilization of Xinjiang, spread of Islamic State and its impact, democratization in Central Asia and ideological challenge to the party, security of energy supplies and trade transit routes and developments in Afghanistan.
- In terms of regional security cooperation, China relies on multilateral forum like the SCO Regional Anti-Terrorism Structure (RATS), set up in 2001.
- Power transition in each of the Central Asian countries is stable. There are no external sign of struggle. However, there remains uncertainty on economic issues. These include, falling demand of oil, gas and metals, especially from China; and reduced remittances of migrant workers, resulting in pressure on local markets and social situation.
- Security concerns for Kazakhstan emanate from instability in Afghanistan, growing terrorism from Syria and Iraq and disproportionate development of the region with high level of internal migration.
- Russia prioritizes regional foreign and security policies which emphasizes on containment of Islamic threat, local armed conflicts and spill-over of extremism from Afghanistan.
- China's strong influence in the SCO might undermine Russia's role in the region. Success of OBOR can undermine Russia's EAEU project.
- The regional geo-strategic imperatives have played a major role in defining foreign policy of Pakistan. The Central Asian leadership has been apprehensive about Pakistan's manner and role in the region.
- Pakistan as a country assisting to counter terror will never work till they don't change their internal state policies.
- Due to lack of soft -power linkages and differences in cultural and religious practices, Pakistan becoming a partner of Central Asian nations doesn't seem feasible.

RECOMMENDATIONS

- India should not be seen as a security competitor. Its participation should be based on common challenges and threats. We can develop common, cooperative, and capacity-building and dialogue mechanisms to address the common challenges.
- Stimulate connectivity through the establishment of regional transport system.
- Encourage multilateral approach over defence and strategic dialogue to address common challenges.
- Composite dialogue should be initiated to address challenges of terrorism and also share intelligence and information through formal mechanisms and encrypted portals.

Session V: India-Central Asia: Finding Economic, Political and Cultural Compatibility

Outcomes

1. Experts emphasised on the importance of people-to-people contacts as there was a consensus that information deficit is huge between India and the Central Asian Republics.
2. It was highlighted that there is a great deal of compatibility between India and the Central Asian countries on cultural, political, and economic issues.

3. It was noted that there is a lot of scope for greater defence cooperation between India and the Central Asian Republics.
4. Cultural ties between India and Central Asia go back to several centuries. Al Biruni has been regarded a symbol of friendship between India and Central Asia.
5. It is important to study the cultural links between India and Central Asia, particularly in the fields of arts, music, language, and literature, as it will highlight the historical linkages between India and the Central Asian region.
6. It was highlighted by the Central Asian experts that investment, green technology, and access to market are needed from the Indian side for greater economic cooperation and development of the Central Asian region.
7. Central Asia is a part of India's extended neighbourhood and the 'Neighbourhood First Policy'. In that context, 'Connect Central Asia policy' has gained considerable admiration from the Central Asian Republics.
8. Though the Shanghai Cooperation Organisation (SCO) is facing several economic and political challenges, it can prove to be a great tool for India in terms of engaging the countries of the Central Asian region.
9. India's high economic growth rate was highlighted in the backdrop of slowdown in the Chinese economy, and recession in Russian economy. It was suggested that India could play a bigger role in the region.

Recommendations:

- It was recommended that the establishment of India Cultural Centre; institutionalisation of the India-Central Asia parliamentarians' dialogue; and revitalisation of Area Studies Centre in Central Asian Republics would strengthen India's relations with the Central Asian region.
- India should establish Joint Ventures in Central Asian countries in the field of health sector; tele-medicine services could be made available to the entire region. Indian companies should also establish Joint Ventures in pharmaceuticals sector to lower the cost of medicine. Hospitals could also be set up by the private Indian companies. Setting up Indian Pharmaceuticals Industry is of primary objective of many Central Asian republics.
- Working together on agriculture, IT sector, and tourism will bring about more flow of traders and tourists from both the sides.
- There is a need to have a sustained focus on dialogues involving various stakeholders including think-tanks, media and academia. More interactions between the top leadership of India and the Central Asian Republics are desired.
- It was suggested to establish a Joint Working Group involving the scholars and scientists from both sides to explore cultural roots and study historical manuscripts and archival data available in both India and Central Asia.
- The two sides need to do something extraordinary to bring the economic relations to new heights. Overcoming logistics issues, visa hassles, and customs clearance are important components in that regard. Procurement of visa in Central Asian republics would facilitate Indian tourists visit to the CAR region. Also long term business visa would help in creating the synergies in terms of joint venture and creating complementarity in manufacturing and research. Providing information about business potential between the two sides and regular interaction at business level would help in furthering trade and investment.
- Special cultural tours should be arranged by the two sides to facilitate visits to places of historical importance in India and Central Asia.
- Indian hotels and other components of hospitality industry could be opened in the Kyrgyz Republic.