

Report
on
India-Central Asia Dialogue II



India-Central Asia
Unity, Harmony, Synergy

Indian Council of World Affairs
New Delhi, India

R.B. Suleimenov Institute of Oriental Studies
Almaty, Kazakhstan

Almaty, Kazakhstan
17-18 June 2013

Executive Summary

The two-day Second India-Central Asia Dialogue was a successful and meaningful exercise to help India and the Central Asian countries to explore new areas of enhancing cooperation.

The economic issues were the predominant themes during the course of the conference. There is a continuous increase in trade between India and Central Asian countries. It was proposed that improved connectivity between India and the region would foster greater political, economic and people-to-people contacts.

Security issues, especially situation in Afghanistan after the drawdown of international forces, were of importance for Tajikistan and Uzbekistan since these two countries share boundaries with Afghanistan. The Kyrgyzstan and Kazakhstan participants focused on economic issues.

Several ways were suggested to improve India's economic profile in the region, especially in Kazakhstan, including greater investment in the service sector. Other areas identified for increased Indian participation in the region include energy, hydrocarbon pipelines and IT.

During the course of the conference a number of recommendations were made to further enhance the engagements in different fields between India and Central Asian countries.

Strategic & Security

- Develop a common understanding between India and Central Asian countries on the post-2014 security scenario in Afghanistan, and to deal with non-traditional security challenges.
- Mutually strengthen the regional initiatives on Afghanistan reconstruction.
- To widen the horizon of engagements between the regions, a South Asia – Central Asia Dialogue can be formulated.

- A conference of prominent strategic research institutes of Central Asian countries and India should be held to brainstorm the issues of terrorism, non-traditional security challenges, energy, security and transport linkages.
- Explore alternative energy and transport routes between India and Central Asia, including through China.
- Greater discussion on food security and environment needed.

Energy

- India can share its experiences with Kazakhstan in nuclear energy sector.
- India should expand its participation in Tajik and Kyrgyz hydropower sectors.
- New discoveries of oil and gas have been made in Tajikistan and India should explore the potentials of cooperation in this area.
- Priority must be given to a pipeline connecting energy deficient South Asia to energy surplus Central Asia (TAPI).
- Thereafter, establish a network of pipelines enabling Asian energy markets to connect with the Russian hydrocarbon sources.

Economy

- Trade between India and Central Asia growing but huge potential exists in pharmaceuticals, IT, textiles, automobile and down streaming technology.
- Easing visa regimes for business and industry persons would help enhancing trade.
- India should explore manufacturing in identified sectors within Central Asia with the objective of exporting products to local and foreign markets.
- Private entrepreneurs from India and Central Asian countries be encouraged to undertake joint partnership projects.
- India's collaboration in the region's agriculture sector needs to be explored.
- To establish an 'India-Kazakhstan Stability Fund' or 'India-Central Asia Stability Fund' to support the countries of the region in case they face economic hardships.
- To hold a seminar exclusively on trade and investment opportunities in Central Asia and India.

Track II, People-to-people Contact

- Need to have greater intellectual and institutional connectivity between India and Central Asian countries.

- Regular exchange of scholars between Indian and regional institutes for a fixed term.
- Joint bilateral academic research projects with the objective of institutionalizing it as a platform for Indian and Central Asian scholars for multilateral and multidisciplinary research.
- India can create a ‘neutral space’ for the elite of the region by registering them in elite Indian institutions, including educational institutions.
- A ‘scientific dialogue’ between India and Kazakhstan can be initiated, and working groups on specific sectors should be established.
- Greater sensitization of Indian students about prospects of education in the region.
- Urging media in respective countries, especially in India, to have greater coverage of developments in Central Asia.
- To further promote the popularity of Indian culture, especially the audio visual media (Bollywood) in Central Asia.

Report

India and the five Central Asian republics enjoy cordial relationships. During a visit of Mr. E. Ahamed, Hon’ble Minister of State for External Affairs, Government of India, to Kyrgyzstan in June 2012, India announced ‘Connect Central Asia’ policy on the occasion of completion of two decades of diplomatic relationship with these countries. The policy aims to have greater political, economic and cultural engagements with these republics.

The ‘Connect Central Asia’ policy aims to bring think-tanks, research organizations and experts together on a platform by holding an annual India-Central Asia Dialogue in each Central Asian republics by rotation. The Indian Council of World Affairs (ICWA) is the nodal think-tank to organize the Dialogue at Track II in collaboration with a suitable institution of the host country.

The First India-Central Asia Dialogue was organized jointly by the ICWA and the Kyrgyz Diplomatic Academy, at Bishkek, Kyrgyzstan, on 12-13 June 2012. It was inaugurated by Mr. E. Ahamed in the presence of Roza Otunbaeva, former President of the Kyrgyz Republic.

Encouraged with the success of the first Dialogue and taking cues from Bishkek, the Second India-Central Asia Dialogue was jointly organized by the ICWA and the R.B.

Suleimenov Institute of Oriental Studies (IOS), Almaty, Kazakhstan, at Almaty on 17-18 June 2013. The Ministry of External Affairs, Government of India supported the Dialogue. The Centre for Research in Rural and Industrial Development (CRRID), Chandigarh, India, an autonomous research institute, was Special Sponsor of the Second Dialogue.

Besides India, participants from Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan participated in the Second India-Central Asia Dialogue. There was no academic participation from Turkmenistan in the Dialogue.

The Almaty Dialogue proved to be another successful chapter in the India-Central Asia relationship.

Inaugural Session

The two-day Second India-Central Asia Dialogue was inaugurated on 17 June 2013 by Mr. E. Ahamed, Hon'ble Minister of State for External Affairs, Government of India. Inaugurating the Dialogue, Mr. E. Ahamed highlighted the need for greater cooperation between India and Central Asian countries on energy, regional security, economic issues, and nation-building. Mr. Ahamed also emphasized on connecting the region through e-Network to deliver tele-education and tele-health services. Ambassador Chandrashekhar Dasgupta,



Mr. E. Ahamed, Minister of State for External Affairs (MOS, EA), India, inaugurating the Dialogue

Council Member, ICWA, noted with satisfaction the contributions of Track II Dialogue in deepening the relationship between India and Central Asia. He urged that India and Central Asia should mutually explore and benefit from the synergies in their development patterns. Referring to the evolving situation in Afghanistan, he called for greater cooperation between the countries of the region and India.

Prof. Absattar Derbisali, Director, IOS, in his remarks highlighted the importance of ties between India and Central Asia, and called for greater engagement, especially between India and Kazakhstan. Ambassador Paramjit Singh Sahai, Hony. Principal Advisor, CRRID,

Chandigarh, India, underscored the importance of further enhancing the level of ‘trust’ between the countries of the region and India. He added that a suitable development model for each country in the region was required. Mr. Doulat Kuanyshev, Ambassador of Kazakhstan to India, talked about bilateral economic ties and the importance of business associations in developing the economic relations. He appreciated India’s efforts in establishing links with the region through Iran’s Chahbahar port. Prof. Meruyert Abusseitova, Head of the Department of Oriental Source Studies, History and Culture of the East, IOS, noted the crucial role of communication and academic materials in building robust relations. Mr. Dudar Zhakenov, Representative of the Ministry of Foreign Affairs of Kazakhstan at Almaty, urged India to engage with the regional security architecture to address the challenges. Mr. Aidarbek Toumatov, Director, (Asia & Africa), Ministry of Foreign Affairs of Kazakhstan, called for deepening of ties between India and Kazakhstan and hoped that the economic engagements with the region would get a boost once the International North–South Transport Corridor (INSTC) becomes fully operational. Mr. Ashok Sharma, Ambassador of India to Kazakhstan highlighted the continued interaction between Central Asia and South Asia since historical times. He also mentioned about improving economic and political relations between India and Kazakhstan in recent years. The Vote of Thanks was proposed by Dr. Athar Zafar, Research Fellow, ICWA.



(L-R) Prof. M. Abusseitova, Amb. P. S. Sahai, Amb. C. Dasgupta, Prof. A. Derbisali, MOS (EA) E.Ahamed, Amb. D. Kuanyshev, Mr. Aidarbek Toumatov, Amb. Ashok Sharma, Dr. Athar Zafar, Mr. D. Zhakenov

Day 1

Session – I: India, Central Asia and the International Milieu

The first session of the Second India-Central Asia Dialogue was chaired by Professor Bulat Sultanov, Director of the Institute of Strategic Studies under the President of the Republic of Kazakhstan. The panellists were of the view that India believes in secularism and multiculturalism, and that India's policy on Central Asia is not 'step-by-step', rather, it is a 'dynamic foreign policy'. India is focusing on increasing trade with the region and the formation of a customs union in the region would boost inter-region trade.

Availability of tax benefits in Central Asian countries, especially Tajikistan, was also explained. It was mentioned that both Kazakhstan and India are investing in each other's economies but it was added that India's trade with the region was much below its potential. However, the official India-Central Asia trade figures do not necessarily reflect the reality as many business transactions are held through a third country such as the UAE. It was noted that India should identify projects to initiate joint ventures with respective countries in the region, and private sector should be encouraged for partnerships. It was stressed that the FDI inflow from India to Kazakhstan and vice versa was much lower and emphasized on greater investments.

Session – II: Multilateral Institutions and Regional Integration: Trends and Challenges

This session was chaired by Mr. Ajay Bisaria, Joint Secretary, Ministry of External Affairs, Government of India. The panellists expressed their views on multilateralism and it was agreed that multilateralism could consist of (i). political policy, (ii). industrial policy, and (iii). cultural policy, and that multilateralism allows connectivity beyond the geographical levels.

It was noted that there has been an evolving economic interdependency in Eurasia. New prospects are emerging due to regional countries adapting to international trade regimes, such as Tajikistan becoming the second country in the region to join the World Trade

Organization. However, the integration process has not been quite efficient and greater harmonization is needed in different areas, such as the tax regimes. Regional integration takes longer time and it may also be uneven, and the example of the European Union integration process was cited. It was stated that the Central Asian republics were joining different multilateral organizations, and Afghanistan provides a good opportunity where NATO and the SCO require to cooperate. India's engagement with the SCO was also discussed that the two can emerge as partners in trade, energy and mutual security.

The issues of trans-border regional rivers were also mentioned. It was proposed that the scholars from the region should study India's sharing of water arrangements within the country and with neighbouring nations because all big Central Asian rivers were trans-border.

Session – III: India-Central Asia Security & Strategic Cooperation

Dr. Farida Muminova of Tajikistan chaired the session and the deliberations focused on the



A session in progress

security scenario in the neighbourhood. It was noted that the 'fulcrum' of regional security was in Afghanistan, which is undergoing multiple transitions and there was little information available about the reconciliation process with the Taliban. The

post-2014 scenario in Afghanistan is of concern for Central Asian countries as well as for India, and the non-traditional threats were common for the two regions. Differences in the regional countries over the sharing of Caspian Sea resources was also discussed and the need to develop a mechanism to share these resources was highlighted. The discussants also laid emphasis on greater cooperation between India and Central Asian countries, especially with Kazakhstan, over cyber security.

Session – IV: India-Central Asia Cooperation on Energy

This session was chaired by Dr. Ibragim R. Mavlanov, Head of Practical Diplomacy Chair at the University of World Economy and Diplomacy, Uzbekistan. During the session the region's energy resources; hydropower, hydrocarbon, coal and fissile materials were discussed. A participant said that 2003 was an important year for India-Central Asia relations when high-level political visits were undertaken by the leaders and big economic investments were made in Central Asia. Presently, there was convergence of interests between India and Central Asia as the country needs energy for its fast economic development and the region wants to diversify its energy market. Possibilities of a direct pipeline connecting Kazakhstan and India by linking with the Eurasian network of pipelines were also discussed.

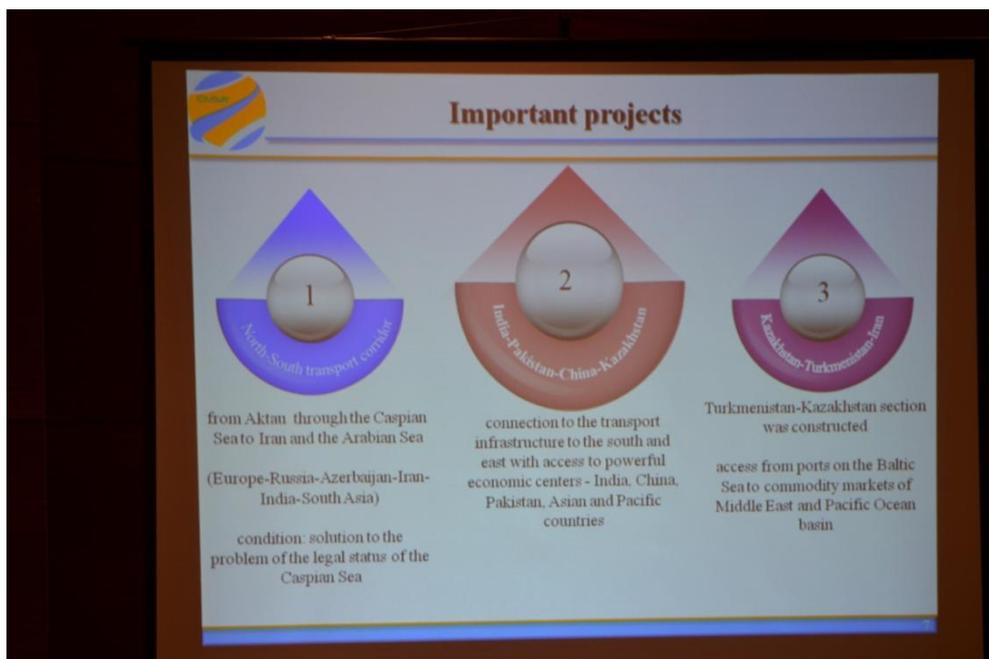
In the field of technology, it was proposed that by using the experience of India, Kazakhstan could actively use external technological development factors, and that special attention in the technology policy should be given to foreign technology transfers. Kazakhstan needs to identify and focus on its areas of strength in the field of IT as has been done by India; there are no international giants like Google or Microsoft but the country is one of the largest IT service provider in the world because it focused on its strong areas.

Day 2

Session– V: Economy and Trade: Perspectives from Central Asia & India

Ambassador Paramjit Singh Sahai, Hony. Principal Advisor, CRRID, India, chaired the session. He highlighted the historical and cultural connectivity between India and Central Asia but said that the present strategic partnership between Indian and three Central Asian countries – Kazakhstan, Tajikistan and Uzbekistan – has not translated into economic advantages. There is a need to adopt a multipronged approach and involve human resource development by employing young generation from both the sides. The participants discussed the status of trade between India and Central Asian countries and they were of the view that economics should be the thrust area of India's relationship with the region.

It was discussed that Kazakhstan because of its size and location is central to all routes passing to or from Central Asia. Given the difficulties in connectivity through Afghanistan and Iran corridors, it was proposed that alternative energy and transport routes via China should be explored. Russia is an important factor and can be useful in extending India's footprint in the region. Scanning the developments made in recent year in India-Kazakhstan trade, it was suggested that there is immense scope of investment in Kazakhstan's services sector. Other sectors that need to be explored include, pharmaceuticals, textiles, garment and automobile; and FDI was 'key' to India's engagement with the region.



A presentation during the Dialogue

One of the participants discussed the role of education in furthering people-to-people contact between India and Kyrgyzstan. It was stated there were more than 110 students in different Kyrgyz universities getting education primarily in medicine, and majority of them are from the Indian states of Gujarat and Uttar Pradesh. Scope of greater cooperation in the field of education, including at the school level, was highlighted.

Session – VI: Bilateral Relations: Prospects and Challenges

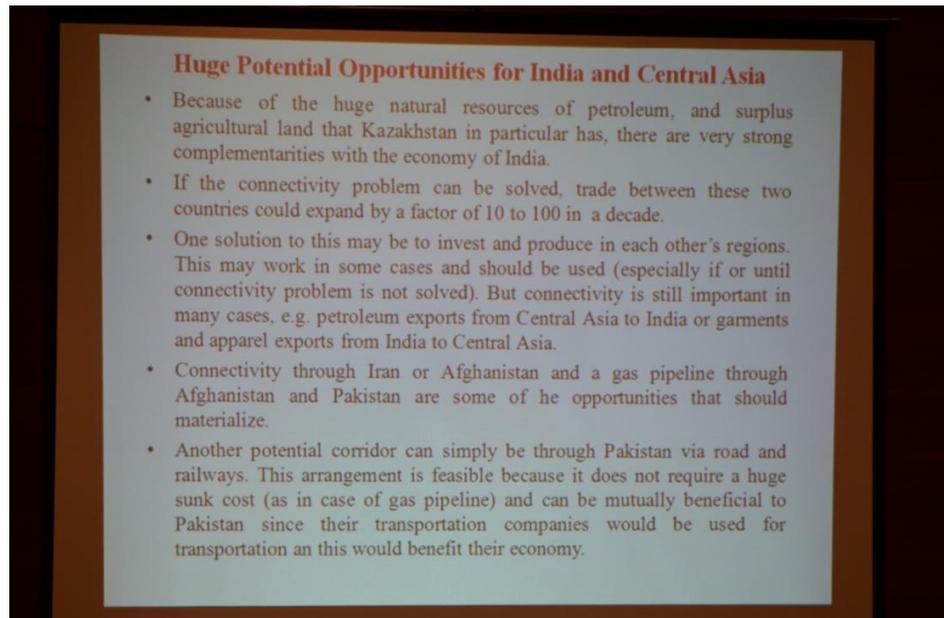
(Focus on India-Kazakhstan relations)

This session was devoted to India's bilateral relations with Central Asian countries and it was chaired by Professor Meruyert Abusseitova of IOS, Kazakhstan. During this session, the areas of cooperation between India and Kazakhstan, including on peaceful use of nuclear

technology, situation in Afghanistan, and multilateral organizations such as the UN Security Council, were discussed. Response to terrorism was considered important as it was acquiring new dimensions due to availability of modern technology, international financing and pan-region ideology.

It was also proposed that a trilateral format comprising of India, Kazakhstan and China could be explored as these countries are already engaged through the SCO, and that

they can collaborate on Afghanistan as well. This trilateral format would also help in mitigating the challenge posed by the absence of direct link between India and Central Asia, especially



A presentation during a session of the Second India-Central Asia Dialogue

Kazakhstan. India and Kazakhstan both share borders with China.

In the bilateral economic context, the areas of importance are energy, agriculture, pharmaceuticals, micro, small and medium enterprises and information technology. Panellists expressed the need to study successful business models that can be used in the region with suitable modifications. India can assist in value addition to Kazakhstan uranium output. It was proposed that a ‘scientific dialogue’ between India and Kazakhstan can be initiated, and working groups on specific sectors should be established. There was a need to increase people-to-people contact as social stability was important and it goes beyond geo-economics and geo-politics. The importance of soft-power, particularly the popularity of Bollywood in the region was underscored.

With regard to India-Tajikistan bilateral relations, it was highlighted that Tajikistan was India's 'key partner' in the region and there are several commonalities between the two in terms of culture and history. Recently, hydrocarbon resources have been discovered in Tajikistan and India should become a partner in its exploitation. It was also proposed that the region is prone to natural disasters and there is greater and urgent need to carry out research on the issue.

Session on Connectivity between India-Central Asia

On 18 June 2013, the second day of the Dialogue, the Embassy of India in Kazakhstan organized a separate session on the issues of connectivity between India and Central Asia. Representatives from business and transport sectors, including from Kazakhstan railways "Kazakh Temir Zholy and "KazTransOil" shared their views with the academics on ways to address the challenges and issues related to transfer of consignments from India to Central Asian countries and vice versa. The freight forwarders informed that many a times there are inordinate delays in shipment via China. In some cases it took months to transport container



from India to Central Asian countries through the Chinese territories. It was expected that trade with the region would get a boost with the North-South Corridor via Iran becoming fully operational. However, to overcome the issue of geographical connectivity, it was proposed that India should step up its presence in the services sector,

which is not much dependent on geographical connectivity and that India has developed expertise in this sector.

The Embassy also organized a cultural programme to showcase India's rich cultural heritage.
