



## Japan's Central Asia Engagement: Possibilities for India

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After nearly two and a half decades of independence of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan from the Union of Soviet Socialist Republics (USSR) in late 1991 and amid increasing Chinese influence in its Western neighbourhood region of Central Asia, Japan now seems to be trying to emerge as a substantial factor and potential economic force in this resource-rich and strategically located area in the heart of Asia. Japanese Prime Minister Shinzo Abe paid a visit to the five republics of Central Asia from 22 to 28 October 2015. It was the first visit by any Japanese Premier covering all five countries of the region during a single visit. He also travelled to Mongolia in Central Asia's neighbourhood. In the past, however, leaders from the region and Japan have made bilateral visits to each other's countries.

Tokyo has been engaging the Central Asian republics in the framework of Central Asia plus Japan (CA+J) Dialogue at the Foreign Ministers' level, which was initiated about a decade ago. However, so far, Japan maintained a low-profile in the region and focused on aid and assistance to the economically less developed Central Asian countries. Now, it seems that Japan has decided to raise its profile in the region with substantial investments and increased economic exchanges. About fifty business leaders accompanied the Prime Minister in his visit to the region and bilateral contracts worth US\$ 26 billion were signed between Japan and the five republics, including building of a nuclear power plant in

Kazakhstan and massive US\$ 18 billion energy and social development projects in Turkmenistan – a country with about five million population and US \$ 48 billion GDP (World Bank). Turkmenistan has the world's fourth largest natural gas reserves and it plans to start the construction of the US\$ 10 billion Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline from December 2015.

Broadly, the Premier's visit tried to achieve certain objectives, including strengthening Japan's business presence in Central Asia and securing development projects for the country's commercial entities. Investment in energy was a significant agenda of the visit as the region has all necessary energy resources that Japan requires, including natural oil, gas, uranium deposits, besides rare earths. Japan is also trying to increase its soft-power footprint in the region through increased academic exchanges and grants and assistance to Tajikistan and Kyrgyzstan.

The visit of Japan's Prime Minister cannot be seen only in a bilateral framework. Japan and the US are close allies and Tokyo's engagement in Central Asia seems inter-alia, aligned with the US objective of stabilizing Afghanistan by integrating the war-torn country's economy with the economies of Central Asia. On the other hand, big economic push by Japan in Central Asia is important with regard to the growing Chinese engagement with the region and investments through its Belt and Road initiative. Japan has not joined the Asian Infrastructure Investment Bank (AIIB) initiated by China. Another significant player in the region – Russia – is dealing with political and security challenges in Ukraine and Syria. Russia is also facing economic problems while China is experiencing slower economic growth. Therefore, the timing of the visit of the PM of Japan is significant. Besides, no sooner Prime Minister Abe left Central Asia, US Secretary of State John Kerry started his visit to all five republics from 28 October to 4 November 2015.

From the Central Asian perspective, Japan is seen as a strong potential economic partner. Tokyo has also been favouring greater regional integration in Central Asia, probably with the objective that it would give the republics greater power to bargain with

major players in the region. Central Asian countries favour greater Japanese engagement in the region as it would bring more investments in infrastructure building; increase the pace of social development; expose the region to advanced Japanese technologies; open another substantial market for Central Asian exports and help the regional countries balance the role of other major players in their political, economic and military engagements with the region. With the fall in global energy prices, energy exporting countries of the region – Kazakhstan, Turkmenistan and Uzbekistan – want to diversify their industries. Japanese investments are appropriately timed and can be useful for the regional countries. The people of Central Asia also have favourable views towards Japan due to its economic development, technological advancement and as there is no history of Japanese aggression in the region.

Despite the potential, Japan's trade and economic engagement with Central Asia has been affected due to the region being landlocked. According to World Bank, Japan's GDP in 2014 was US \$ 4.6 trillion. However, its economic engagement with Central Asia is relatively low. India also faces similar challenges. India's 'Connect Central Asia' policy 2012 focuses on improving trade and economic engagement but despite better political relations and people to people understanding, trade with the region remained below potential. Both India and Japan face similar challenges, including of connectivity, in Central Asia and greater partnership in the region can be of mutual interest.

Recently, Prime Minister of India Narendra Modi paid a visit to all five Central Asian republics and sought increased economic engagement and better connectivity with the region. There was renewed emphasis to implement the TAPI pipeline. Significant progress has been made on the project in recent months following the visit and Japanese investments in Turkmenistan's energy sector can give a boost to the energy pipeline joining India and Central Asia. Reportedly, Turkmenistan has signed an agreement with some Japanese companies to develop Galkynysh gas field, which is to feed natural gas to the TAPI pipeline. Japan will bring advanced technology enabling South Asia to access the natural gas in Central Asia.

India and Japan now have warm bilateral relations and the two sides have also decided to enhance their relationship to Special Strategic Global Partnership. Prime Minister Modi had visited Japan in 2014, and Japanese Prime Minister Shinzo Abe is expected to visit India later this year to participate in the 9th Annual Summit talks with Prime Minister Modi. In view of their 'global partnership', India and Japan can explore common possibility in areas of mutual interest, including in Central Asia, and for investments to improve connectivity with the region through Iran.

Further, studies among India, Japan and Central Asian countries can be undertaken to explore the potential areas of common interests, including joint investments by private businesses of the two countries in Central Asia. Japanese investments in Central Asia and Indian investments targeted for Central Asia and Afghanistan as well as for developing connectivity with the region can be synchronized for optimum results for all the stakeholders in a stable and prosperous Central Asia. For greater engagement with Central Asia and peace and stability in its neighbourhood, it seems that India, Japan and the US are trying to enhance coordination in Central Asia.

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