CHAPTER VI

ECONOMIC RELATIONS BETWEEN CENTRAL ASIA AND INDIA SINCE 1991
Central Asian State's Economic Position:

The problems facing the central Asian states are daunting. The grim state of the economy, pressing ecological issues and unresolved political problems are all out in the open, after being long neglected or ignored. The pressures are mounting, with acute worries over the future. The psychological element is also undeniably present. The Uzbeks, Kazakhs and other nationalities of Central Asian states have in a short space of time gone from belonging to and to considerable extent, identifying with a superpower and the world's largest state, becoming citizens of small, impoverished and vulnerable, semi-independent Central Asian republics. Many, even among the nationalities who welcome the prospect of full independence from Moscow feel they have at one bound joined the third world, and they do not like it.

Independence for the USSR's republics along with the headlong plunge of the rouble's value might have served as an incentive for their respective governments to introduce their own currencies. The argument advanced for introducing separate new currencies are not only economic, of course, but also political. Currencies are a standard symbol of national sovereignty, along with flags and postage stamps. But most governments preferred to stick with the rouble than to risk launching new currencies. In July 1993 Russia
bluntly told the governments of the republics that they must make a choice between committing themselves to the rouble as a common currency and staying in the rouble zone of the Commonwealth of Independent States or quitting it.

The Central Asian States plan of introducing new currencies was made more difficult by the underdeveloped state of the banking and financial system in the former USSR. Uzbekistan, with the biggest population of the Muslim republics, is typical. It was only in April 1993 that Uzbekistan became a member of the IMF. Commercial Banking is in its infancy and no foreign banks were licensed at the end of 1993. In such situation India agreed to train the personnel in financial sector, banking, share market etc. for effective financial institutions to be operative in Uzbekistan and Kazakhstan. The economic performance of the Central Asian states will play a vital part in determining how far and how rapidly they can establish a genuine independent and foreign relationship and setup embassies etc. Of course, countries like India will readily finance for setting up foreign mission offices.

Agriculture remains the most important source of wealth and employment throughout Central Asia. The cotton crop is crucial, especially in Uzbekistan. In textiles and spinning mills India is well advanced. India had gone for
collaboration for cotton industries. The collective farms of Central Asia were obliged under successive Five-Year-Plans to concentrate on growing cotton for the USSR's domestic market as well as for export, and inevitably this distorted patterns of agriculture.

Since 1930's much of the region's manufacturing industry linked to cotton processing and cotton products. Neither heavy industry nor mining were well developed in the southern republic of Soviet Union. The great bulk of manufactured goods and oil products a from Russia. But Central Asian republics used to send raw materials to Russia. After processing in Russia these were reexported to Central Asia and other southern Asian countries like India. It remains true even now that most managers and skilled industrial workers in Central Asia are Russians, Ukrainians, Volga Germans and other migrants from the north. However there are skilled Indian engineers and scientist, trained in Soviet union. So also military personnel and other technical personnel trained in former USSR. Even today India can supply to Central Asia for trained managers, technical personnel, plant engineers etc.

Uzbekistan, Kazakhstan and other three republics are filled with mineral wealth and including gold, silver, oil and gas but until now the republics have hardly benefited.
Only after 1991 countries in neighbouring region and India recognised Central Asian states as independent country. These independent state governments of various republics decreed that revenues earned from the gold, silver, oil and gas will in future be reserved and no longer flow to former the centre. In case of Turkmenistan gas potential is impressive. The scale of oil production in Turkmenistan and the Fergana valley in Uzbekistan has been adequate to satisfy even the region's demands. Current exploration proved to be one of the world's largest oil fields, at Tengi in Western Kazakhstan. More intensive oil exploration has, in fact, recently revealed rich oil fields.

Slow off the starting block, India is now moving quickly to gain a foot hold in Central Asia, a gold mine for economies in quest of markets and a region of immense strategic importance. During Central Asia's long years of communist rule India had direct contact with the region. But religion and ethnic links are shaping alliances in Central Asia. New Delhi is worried it will be left out as these present day new players in the world may get closer to Pakistan. Indian External Affairs Minister Raghunandan Lal Bhatia and Salman Khurshid visited the region in November 1992 renewing ties that could also be economically
beneficial for India in years to come.\textsuperscript{1} Minister for External Affairs reported that India would not be able to match credits up to US$600 million, being offered Central Asian republics by their Islamic neighbours including Pakistan. Indian businessmen, however, have established their presence.

Vikram Chopra, a member of the business delegation who accompanied the minister, said his company Shaw Wallace clinched a deal to setup a distillery in Uzbekistan and numerous contracts to supply Indian liquor.\textsuperscript{2}

India's contribution to the mineral rich but cash strapped region has been less than modest. Khurshid announced a credit of US$10 million each to Uzbekistan and Kazakhstan and half that amount to Kyrgyzstan and Turkmenistan. with the only available access to landlocked Central Asia through the port of Odessa, Indian exporters face higher freight costs which eat into their comparative advantage. In November 1992 officials in New Delhi discussed a possible route through the Iranian port of Bandor Abbas with the country's visiting foreign minister.


\textsuperscript{2} \textit{Hindustan Times}, 29 November 1992, N. Delhi.
Ali Akbar Velayati. India is helping Iran to layout 200 km. railway lines between Bandor Abbas and Ashkabad. Officials and journalists who have travelled to Central Asia speak of the emotional goodwill for India, partly because links between the two regions can be traced back to many centuries.  

An important aspect of India's strategy has been the pursuit of its foreign policy interests overseas. India's favoured position in Central Asia are from the special relationship it had enjoyed four decades with the Soviet Union. The key to India's position is its prestige in Central Asia, although these ties were cemented by Friendship Treaty with the USSR in 1971. India is seen as a leading secular state of Asia, and a model for progress along the path of modernization and secularism favoured by the reformers in power in Central Asia. India is in a good position to utilize to its advantage the changed conditions brought about by the disintegration of the USSR, because it already had a large consulate functioning in Almaty, Tashkent, unlike most of the other regional states.

India's relations with the Central Asian states received a new impetus by the visits of the President of

Uzbekistan to India just before the Soviet break up. soon after the resume of the Congress to power in June 1991. But that is why Bhatia's visit to the three Central Asian republics had been planned as a return gesture and not due to any anxiety about the initiatives taken by Turkey, Iran and Pakistan on within the region immediately after the declaration of independence of these republics from USSR. India sent a delegation of academicians, acquainted with the region to different parts of Central Asia. It also opened embassies in Almaty and Tashkent, the capitals of Kazakhstan and Uzbekistan and missions in Ashkabad and Biskhekh, the capitals of Turkmenistan and Kyrgyzstan respectively.

At the time of their independence, the economies of each of the Central Asian republics were fully intertwined with other parts of the Soviet Union. No doubt the USSR had collapsed, but its inter regional economic links though damaged, continued. Each of these republics still depends on neighbours for its basic inputs - fuel, energy and raw materials. The coordinating structures provided by the Soviet Union broke down, and with them has gone the subsidies provided by Moscow to feed the increasing

population of them Central Asian republics. The problem has been complicated by the presence of Russians constituting varying percentages of the population from as high as 40 percent in Kazakhstan to 37 percent in Uzbekistan. Besides there are Russian troops deployed everywhere in whole of Central Asia.

The lack of coordination among these republics resulted in the stagnation of their economic ties with the outside world, and even the offers from India to continue its ties have not made much difference to their economic isolation. These offers have not altered the old dependence. Nothing brings this out better than the fact that despite Pakistan, Iran and Turkey to the Central Asian republics to become members of the revived Economic Cooperation Council of the former three countries, the dependence of the Central Asian republics on Moscow continues undiminished.5 That is why Kazakhstan's President Mr. Nursultan Nazerbayev has been all along trying to build some kind of mechanism for economic coordination among the members of the Commonwealth of Independent States or at least among those who are willing to work out a common monetary policy within the Commonwealth of independent states. When the schedule for

5. E. Mathias "Central Asia's Soviet past" Link, January 17, 1993, pp. 18-19.
Indian minister Bhatia's Central Asian visit was drawn up it was expected that a meeting of the representatives of the Presidents of the CIS countries would have been held at the capital of Kyrgyzstan, Biskhek, and an out-line of the planned coordination among them would have been available to help him give concrete shape to India's relations with each of these central Asian States. However, the Biskhek meeting of CIS leaders was postponed.

Restoration of coordination among the Commonwealth of Independent states members will greatly help India to revive its traditional links with them as being the part of former USSR, besides helping these newly independent countries in advancing their own interests instead of allowing resources to be exploited by others. For instance, Pakistan is trying to strike a deal with Afghanistan to obtain a 15-20 km strip across the Wakhan corridor that separates Pakistan occupied parts of the Indian state of Jammu and Kashmir. But India yet has no such grandiose plans for Central Asian states with which it has good relations. In the talks which India has had with presidents Saparmurad Niyazov of Turkmenistan, Islam Karimov of Uzbekistan and Askar Akaev of Kyrgyzstan, and also with President Nursultan Nazarbayev of Kazakhstan,

it has never gone beyond the realities on the ground. This is the reason why India is interested in some sort of coordination emerging among them.

Although four of the five republics have good and close relations with India and their political leaders including three Presidents have visited this country, Bhatia was the first Indian official at Minister level, who visited these newly independent countries. He was not unfamiliar with the region and went with an understanding of their problems and an awareness of possibilities and limitations of what India can do to stabilise their political and socio-economic life pattern. A number of official delegations had Central Asia visited earlier and their reports were useful inputs in preparing for Bhatia's visit.

Because of geographical location and religious some of India's neighbours ignored the difficulties the Central Asian republics are facing in coordinating their economic and monetary systems, and tried to take advantage of their difficulties. These countries use Central Asian states for geo-political advantages which India should keep in mind and

work towards us achieving peace and stability in the Central Asia region.

Economic Cooperation:

A thirteen member delegation of Confederation of India Industry visited Almaty during March 1993 to explore feasibility of diversifying economic cooperation through trade, joint ventures, co-production counter trade and other mechanisms. Delegation included Thermax, Tata Exports, TISCO, Business Universal, Ashok Leyland, Bhart Fritzwerner, Godrej and Boyce, DCM, Toyota, IMTM, Vipro, etc. At the plenary session held at Almaty on March 10, over 180 representatives from Kazakh Economic Ministries and private and public sector enterprises, including the Kramds Industrial Group, participated. Participants included the acting Minister for Energy, First Deputy Minister for Economy, Deputy Ministers of foreign Trade and Foreign Affairs and Industry. Plenary was officially opened by the Indian Ambassador, Kamalesh Sharma, who also hosted a luncheon in honour of the delegation for 200 distinguished guests.

The delegation had meetings with Deputy Prime Minister, Abilsytov, Co-Chairman of the Indo-Kazakh joint commission, the Minister and Deputy Minister of Industry, Vice Chairman of State Committee on Economy, and the Foreign Trade
Minister and other officials. The delegation attended in Kraganda a similar plenary meeting on March 12, 1993. Thereafter, the delegation visited Kyrgyzstan capital Bishkek and Chopan Ata, lake Issyk Kul.

A new economic situation is taking shape in India which has opened promising avenue for economic cooperation between Uzbekistan and India. Dilbar Mirsardova, Chairperson of Uzbekistan Chamber of Commerce and Industry, commented to Novosti Press that Uzbekistan, has accumulated positive experience of cooperation with India. New hotels are being built in Tashkent, Samarkand and Bukhara with the participation of Indian firms. Ganga shop offering Indian goods enjoys great popularity with the residents of Tashkent. Scientists from India and Uzbekistan are engaged in a joint effort for developing solar power stations.

Within days of Uzbekistan's declaration of independence in September 1991 India's existing consulate in Tashkent was upgraded to an embassy. It was under the able management of the consulate and its head. Ashok Mukherjee, an Indian diplomat, which enabled India to open new embassies of considerable size in each of the Central Asian state capitals early in 1992. India actively promoted cooperation with Uzbekistan, Kazakhstan and other three Central Asian states inviting all their leaders to New Delhi and sending
high level Indian delegations to the capitals of the Central Asia states.

These are just first steps along a long road of co-operation between Uzbekistan and Indian said Dilbar Misadova. No doubt, persistent efforts will bring about mutually beneficial results. In the near future India's co-operation is expected to be expanded by new trade with Uzbekistan, Kazakhstan and other Central Asian states. The and with the increased interaction and communication between the two countries and for the co-operation that is being extended by India for strengthening bilateral ties. He too looking forward to faster growth in bilateral, economic and commercial relations.

In 1992, experts from Uzbekistan took part in a conference sponsored by the Indo-Soviet Chamber of Commerce and Industry. The conference revealed mutual interest in expanding economic contacts. Many ministries and enterprises of Uzbekistan voiced their desire to establish direct economic contacts with India, among them were the Ministry of light and local industries, the Ministry of Communal Services, the Ministry of Construction and Maintenance of Motor Road, the State Committee on

9. Foreign Affairs Record New Delhi, xxxix, no. 4, 12 April, 1992.
Agriculture and Related Industries, a perfume cosmetics factory and a chemical pharmaceutical plant etc. The Indian side came up with about 60 proposals on joint ventures. These proposals are being scrutinized by interested organisations.

Representatives of the MESCO firm of India conducted negotiations with the Ministry of Local Industries in Tashkent. The firm offered technology for the production of printed fleecy fabrics, haberdashery and leather goods and footwear, and asked six tonnes of unseparated silkworm cocoons, raw silks threads as silk fabrics with traditional Uzbek ornaments.\textsuperscript{10}

Plans are underway to set up a joint footwear factory with Tashkent's Khladokombinat. India's Quality Caterers Firm are going to launch a joint venture in production of ice-cream and processed fruits. The State Committee on Agriculture and related Industries and NEREMAC of India have come through preliminary negotiations on joint production of pineapple juice. Tashkent's production amalgamation forum is engaged in through analysis of the proposals by a number of Indian firms on a joint enterprise for production of printed circuit boards.

Commerce Minister Shri Pranab Mukherjee from India and the Uzbek Deputy Prime Minister Sultanov, met on 21-22 November 1993 for the second session of the Indo-Uzbek joint commission. The discussion identified new areas such as science and technology, telecommunications and electronics, besides the more traditional ones such as food products, textile, pharmaceuticals and leather products, where the 2 countries could cooperate successfully. In order to keep up a steady momentum in these directions, both sides agreed to set up two sub-commissions, respectively on Trade and Economic Cooperation and Science & Technology. These decisions were reflected in the memorandum of understanding signed by Shri Pranab Mukherjee and Mr. Sultanov. The two sides also signed an agreement on opening a second line of credit of US$ 10 million from the Government of India to the Government of Uzbekistan. The first credit line has been fully utilised and the second one will also be used to finance the setting up of joint ventures in Uzbekistan. A special programme marked a Soviet-Indian friendship week which was devoted to the theme of India's independence and the twentieth anniversary of the Soviet-Indian treaty of peace and

friendship in a house of culture named after Indira Gandhi.

India's interest in the Central Asian region comes from a mixture of politico-strategic concerns and perhaps to lesser extent, perceived commercial prospects. In some political circles in India the independence of the ex-Soviet republics was interpreted in an alarmist fashion, as a highly unwelcome one as, it might strengthen of Pakistan's regional position with five potential new Muslim dominated Central Asian states and also due to the fact that Kazakhstan had stockpiles of nuclear weapons and missions on its territory. increased India's concern to establish close relations.

As the unraveling of the Soviet Union proceeded after the abortive coup of August 1991. The Indian government tried to upgrade mission in Almaty and Tashkent to embassy level and announced so in November 1991. It started dealing with various republics separately, and invitation were extended to the presidents of Uzbekistan and Kazakhstan to visit India. It was also decided to sent a delegation of Secretaries to the former Soviet Union.13

The foreign visit of the President of Kazakhstan, Nursultan Nazarbayev in early, 1992 demonstrated the republics are testing the political waters in their region

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and further. Nazarbayev returned home after visiting Singapore and Pakistan. The question that Nazarbayev's visit raised was the is a kind of relationship India should have with these republics. Earlier the President of Uzbekistan visited India in August 1991. His visit brought industrialists, economists and scientists to explore the possibilities to strengthen the ties in the relevant fields.

India has been slow to react to the dramatic changes in the Central Asian states, preoccupied as it was counting the cost of disintegration of the Soviet Union. Turkey and Iran were among the first to register their diplomatic presence and Pakistan has not been too far behind in throwing its hat in the ring. The one tangible result of these diplomatic venture has been to co-operate three of the republics into a diplomatic grouping linking Pakistan, Iran and Turkey.14

It was claimed, for example, in January 1992 that Pakistan had already gained from this new relationship by purchasing stocks of enriched uranium, from Tajikistan for its nuclear programme. India, for its parts had failed to respond to an offer by Kyrgyzstan to sell enriched uranium

14. This section are drawn primarily from the Annual Economic Review 1992, European Bank for Reconstruction and development; The Economic Intelligence Unit, Report for the Central Asian Republics, 3rd Quarter 1993, pp.58-137.
to India under International Atomic Energy Agency's Safeguard. Further, Indian reports maintained, without solid evidence, that Kazakhstan was planning to supply Pakistan with nuclear weapons from the large stocks in the republics in the control of Russian armed forces.

Any balance analysis of Indian's policy towards the Central Asian republic would have to keep in mind that from New Delhi's perspective, its long standing partner Russia retained overwhelming importance for arms supplies, trade in general and determined to ahead of other states in building relations with the independent republics of Central Asia.

Equally important is the decision of according diplomatic recognition to them and posting envoys in the republics. Essentially, the Central Asian states must seek to build a new basis for relationships outside Moscow's orbit. Change cannot come about abruptly because of the economic and trade linkages with Moscow built up over half a Century and more. This relationship has inevitably been lopsided and it will require effort, time and expertise for Central Asian states to make their economic development more in tune with new national requirements. Thus the economic motive will influence the political predilections of these states.
India has two advantages. It has a very familiar identity in these Central Asian States. India offers a mix of state and private enterprises which is the model these republics are seeking, as underlined by Nazarbayev. India's options are clear. It must quickly build up new economic, trade and cultural linkage with the all Central Asian states, a pattern that seems to be borne out by the agreements signed during the Kazakh President's visit. However signing agreements is one thing, giving flesh and blood to them is a harder task. India's cash starving economy cannot provide any large scale assistance to development programme to either Uzbekistan & Kazakhstan, rather it can encourage joint ventures and train their citizens in relevant fields. Inadequacy of foreign exchange has compelled the Indian experts to work on some mechanism of a barter basis in areas of economic and trade to relations make both the sides benefits.

Beyond trade and economic relations, the Central Asian states will require India's help in establishing their identity in the world. India's present membership in the Unites Nation's Security Council can be used to facilitate their formal entry into the world body. And India has obvious areas of interest in Kazakhstan, the only nuclear

republic of the five. In the cultural field, India cannot do better than send a team of actors and actresses to the five republics, many of them are household names by virtue of the popularity of Hindi films like the most famous among them, late Raj Kapoor.

A factor that cannot but image upon India's attitude towards all the Central Asian states is the fear of Islamic fundamentalism taking hold there. Despite the exaggerated nature of this fear, there is little doubt that Saudi Arabia, Iran and Pakistan are hoping to use religion for their own ends and the enticement of religion mixed with economic aid can be tempting.

India's best bet is not to be unduly worried by the prospect of Islamic fundamentalism raising its head in Central Asian states but to work with the United States and Turkey in the diplomatic field even as it sets about cementing its own relationships with all the Central Asian States. It is a characteristic of the post-cold war era that no country has the answers to so many questions the future raises. The best one can do is to work out a policy guided by its national interest in the catholic sense of the word.  

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The Indian prime minister Narasimha Rao made a regional tour in May 1993. With Uzbekistan a treaty "On the principle of Inter-state relations" was signed, a version of the old Soviet Treaty of peace, friendship and cooperation with the exception that no reference was made to military cooperation. Further claims made as to the unanimity of views and politics of the two countries seemed distinctly overblown. Both governments had jointly pledged to combat "State-sponsored Terrorism" and had shown remarkable commonality "in their will to combat regional terrorism arms-and drug trafficking and" extremist ideologies. However, neither Prime Minister Rao nor President Islam Karimov identified which countries they were referring to. Most observers presumed that India meant Pakistan's sponsorship of "terrorism in Kashmir", while Uzbekistan meant involvement in the civil war in Tajikistan whether by Afghanistan, Pakistan or other foreign neighbouring states.

New air and trading links between Uzbekistan and India were agreed, and India offered a credit of US $10 million to Uzbekistan. India proposed the opening of a cultural centre in Tashkent as well as the provision of technical equipment to receive Indian TV programme for 90 minutes daily in Tashkent. At the same time the existing student exchange programme between the two countries was expanded.
In Almaty Prime Minister of India, Narasimha Rao and his high level team met government representatives, and were offered participation in space programme and technological development at the Baikanour cosmodrome. India extended a $10 million credit to Kazakhstan.

The then Indian prime minister P.V. Narasima Rao said in Almaty on May 25 1993 at the 'Banquet' hosted in his honour by the President of Kazakhstan, spoke. "I am honoured to be the first Prime Minister of India to visit independent Kazakhstan. Independent India's first Prime Minister, Jawaharlal Nehru, came to Almaty in 1955. And your first state visit abroad, Mr. President, was to India in February last year. The relationship between Kazakhstan and India thus builds upon string of firsts that is an excellent augury for the future. Ours is the world of rapid, sometimes unexpected, changes. Ties such as ours, based upon goodwill and understanding, provide as anchor in the uncertain currents of international affairs. Our mutually beneficial relationship provides substances and reassurance that we value and cherish.17


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"We understand Kazakhstan has come a long way in overcoming the challenges inherited from its part. It has emerged as an independent, equal and valued partner in the community of nations. Your efforts for promoting self-reliance and economic stabilization and sweep of the reform programme that continues under you. Record grain harvest in 1992 and your rapid strides made in scientific and technological fields have brought pride to your friends. India, too has embarked upon wide-ranging economic reforms.

"Kazakhstan's record grain harvest in 1992 and rapid strides made in scientific and technological fields have brought pride to your friends. India too has embarked upon wide ranging economic reforms. We have earned success in agriculture and industry. India looks forward to being your partner in the economic and technological revolution that have harnessed the spirit of the man. India discovered several new opportunities for cooperation in the economic, scientific and cultural fields. We discovered also that there existed political issues of securing global and regional peace. These assure an expanding and cooperative relationship between our two countries and a warm sympathetic bond between our peoples.

"India looks forward for collaboration with Kazakhstan in areas of hydrocarbon, mineral resources, agriculture
Telecommunications, Banking, and pharmaceuticals also scientific education materials which will create the basis for expanding trade. We wish to emerge as leading partners in sharing skills and capabilities through joint ventures. We will encourage our enterprises in this direction. History has imprinted mutual sympathy in the minds of our peoples. Our cultural Exchange Programme will open individual contacts. We shall continue to offer openings to Kazak artists and scholars in areas like Indian classical dances, Karnatic music and linguistics. Kazakhstan and India are multi-ethnic countries. Commitment to equal rights of all trees of discrimination on religious, ethnic or other grounds, is critically important. Secularism adopted under your wise leadership plans for Kazakhstan to develop as a secular Republic committed to political democratisation and economic decentralisation has set an example worthy of its people and of emulation. We in India fully share and acknowledge the view expressed by Kazakhstan addressed to United Nation last October, that the right of self-determination should not be allowed to undermine the integrity of a country nor separation allowed to corrode its unity. This is an important principle in a secular idealism which have used region as a tool against countries whose varied communities have worked harmoniously, together for the common good. India, in particular, is combating a
vicious form of terrorism, instigated from across its border. It aims to destroy the morale of our people and destabilize the Government that they have elected. Our two countries share a common purpose in fighting such disruptive forces.

"We look forward to working with Kazakhstan in strengthening peace, harmony and the enlightened principles of stated policy that promote all round stability and development in our region and beyond.

Peace, harmony and cooperation demand that nations come together for mutually benefit rather than drift apart for unilateral gains. The process of regional confidence building must be carefully calibrated. Areas of controversy must be avoided. It is the principal concern of the countries that must be addressed. Over a period of time we can forge regional confidence and cooperation. India is ever willing to play its part in such an effort and we are certain, Kazakhstan is too. Wherever possible, India stands ready to be friend and partner. May our relationship prove as varied and innovative as the Akhatomerin, blending the quest and excitement of uncharted path with the assurance and gentleness of the tried and known".18

Kazakhstan has attracted world attention by speedy economic reform and political stability in 1994. The reforms are likely to play a much bigger role. They will boost economic efficiency by allowing private economic forces to play a greater role and by improving the quality of financial and fiscal policies with comprehensive economic reforms and adequate access to foreign markets for raw materials. Kazakhstan should become one of the most productive economies among the former Soviet Asian republics and one of the most attractive locations for foreign trade and investment for west Asian region. Among countries from south Asia, India is the first country to give US $10 million to Kazakhstan on goodwill and friendship. India and Kazakhstan are deeply interested in investing in textile industry. The developmental prospect not only has attracted investors from all over for the exploitation of natural resources, but also for the assembly and manufacture of photo copies, mining and agricultural equipment, aluminum window frames, and oil field equipment and supplies. During 1993, the first international equity issue for a Kazakhstan ventures 'the Bakyrchik Gold Mine', raised over 120 million dollars on the London financial market.19

As for oil reserves, Kazakhstan is second only to Russia and ahead of many oil-processing countries. The chemical and Petrochemical industry has been rapidly developing. Kazakhstan takes the leading position in the commonwealth of Independent States in the output of many chemicals products-phosphorus, calcium carbide, sulphuric acid and chrome compounds. The agro-industrial complex is the component of national economy of the republic of Kazakhstan. It ensures more than a third of the national income of the country. India had been importing oil from former Soviet union. It is much easier to have import relation with former Soviet republic of Kazakhstan, which could become one of the world's major oil and gas exporters. Current oil production is approximately 500,000 barrels per/day.  

India is a major buyer of oil among west and South Asian countries. Exploration of tens of billions of barrels of oil reserves, primarily with foreign investment, could dramatically increase production and export from Kazakhstan. Successful exploitation will depend, however, on obtaining reliable and fair prices rights for exports. It is easy for India to have commercial relation with Central Asian states,  

20. ibid. op.cit.
Soviet importing oil from Kazakhstan to India would be an exchange of friendship and nation-building for both the nations.

Besides, it is expected that Indian public and private partnership will be interested in the Republic because of India's technological development. At the same time availability of a broad range of rare earth and metals which are used extensively in electronics industry mainly used for computers, in devices and facilities automatisation and laser technology in which India is quite developed and requires easy access to developing markets in Central Asia. Kazakhstan seeks to have high industrial base which has been supported by special state programme of the government. The primary aim of this programme is to process Kazakhstan's raw materials and to manufacture goods on its own territory. For that purpose India has a powerful industrial potential. With skilled labour power and well developed scientific institutions, also can supply to our old friend Kazak republics. We are also open to imbibing foreign experience, investments and technologies. India and Kazakhstan along with other countries share the common responsibility for ensuring stability, peace and confidence not only in Asia, but all over the world. Recognising the importance of India in international affairs, Kazakhstan from the first days of its independence established friendly relations with this
Kazakhstan expects Indian support for training specialists in food processing and construction.

As a best example, Kazakhstan's potential for foreign investments are areas of operation of Zharemsky and Atasuisky mining and concentration plants. Here, a number of explored and already operating mines with main deposits of lead, zinc, baryte, polymetallic and ferrous manganese are located. The extracted value of only basic mineral resources is equivalent to about 160 million dollars at international prices. A series of production can be organised, including zinc and lead metal production facilities as well as other derivatives - cadmium, antimonoy, bismuth, galdium, indium, silver, mercury, barium and other metals with their oxides and salts. India and Kazakhstan have agreed to carry out regular consultations at higher levels on current and international problems to activate the work of joint commission on trade - economic cooperation to strengthen direct contacts at the official and enterprise level. 21

Since 1960's, India has got close relation with Central Asian Republics in which one of the republics is Kazakhstan. Kazakhstan is one of the richest mineral store houses in

21. ibid.
the world. There are major deposits of hydrocarbon, coal, chromites, copper, bauxites, phosphorites, iron, rare earth, silver and gold. During the Soviet era, India used to import wheat from Central Asia through Soviet Union to India. Kazakhstan was the only grain exporter, principally of wheat among the former Soviet republics. A record harvest in 1992 was (32 million tonnes for export. The 1993 harvest was 25 million tonnes. India principally agreed to sell tea and sugar to Central Asian states especially Uzbekistan and Kazakhstan. 22

On the occasion of Prime Minister P.V. Narasimha Rao's visit to Uzbekistan on May 23, 1993 he stated "We in India take this opportunity to lay the foundations with as independent Uzbekistan for a stable, dynamic and mutually beneficial relationship between our two nations and people which we enjoyed years for." 23

"Over the ages, the ties between our two countries have enriched the lives of our peoples. The silk route which connects these great cities lies in Uzbekistan and brought trade and commerce in its path. The names of Al-Khorezmi, Al-Beruni, and Ulugh Beg punctuate the intellectual and

cultural history of our association. An association that proves the Wisdom of the English poet who remarked that 'Asia is not going to be civilised after the methods of the west. There is too much of Asia and she is too old'.

"Since August 1991, during the period more than thirteen Indo-Uzbek joint-ventures have been launched. Our areas of collaboration varies from constructing projects to the manufactures of soft drinks. Nearly 10,000 tourists visited India from Uzbekistan last year, 1992. The three hotels constructed by Indian companies which have Indian blend are Skyline of Tashkent, Samarkand and Bukhara. Our joint commission on trade and economic cooperation will meet shortly and discuss further areas of cooperation.

"In the space of a year, Uzbekistan has adopted legislation necessary for international business cooperation. India, too is undertaking a vast and intensive programme of economic liberalization. The talents and energies of both of our people are being channelled into productive effort. Opportunities for mutual, beneficial cooperation between us are vast and favourable. Indian technology and expertise can work with your own to process your immense natural resources here. There are many other

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24.ibid.,
possibilities, our officials could identify specific projects to be setup within a specific time frame. Our complementarities deserve and demands to be harnessed. Democracy and secularism are indispensable for the creation of stable and progressive states as you have enshrined these values in your constitution. These are similar to the ideals that we cherished during our long freedom struggle which shaped the policies of independent India.

This continuous nurturing of democracy and a constantly renewed commitment has strengthened secularism and social justice. These are the bulwarks against sectarian tendencies that threaten the unity and integrity of nations. Other dangers that persist are terrorism and the related menace of narcotics funded violence and crime which are problems that cross national borders and turned into mine-fields of ill will and hostility. It would be always better for young country like Uzbekistan and vast country with multi region like India should work for close cooperation, mutual consultation and understanding which will enable us to together stimulate the conscience and concern of the International community.

"In the emergence of newly independent states into the committee of nations, we have a historic opportunity to reinvigorate interstate relations. The end of the cold war
has offered vibrant opportunities to build a world without terror and pain. A world, where warfare and penury are replaced by security and prosperity for all. We have before us the possibility of a new structure of international relationship which like the famed groups pioneered in your institute of viticulture will prove resistant to the frost and chill of passing seasons. It was an occasion of particular satisfaction for India to welcome Uzbekistan into the Non-aligned movement as our discussion today have amply reconfirmed. We have a remarkable degree of similarity in perceptions and approaches to major International issues that we look forward to a continuous interaction with a long standing and trusted friend. This will allow our relationship to flourish".

"For an Indian, being in Uzbekistan is an exhilarating experience. Memories are evoked that conjure up fascinating images from a history shared for away in time. Our nations are linked as few other countries in the world are, we have emerged from the affinities of the past into the contemporary world, rejuvenated by its traditional strengths".25

25. ibid, pp. 71-73.
'An excellent symbol of the combination of past and present is this beautiful city of Tashkent, a city poignant in Indian memory. I am touched by the way in which the memory of our late Prime Minister Lal Bahadur Shastri is cherished and preserved in its midst. The Prime Minister of India recalled that graciousness and large heartedness is typical of the people of Uzbekistan and of its ancient civilisation. Prime Minister recalled his visit to Uzbekistan eight years ago, "when we were fortunate to traverse the roads of lyric and legend that led to Samarkand and Bukhars. Unfortunately, my office feels it is incumbent upon me not to partake again of pleasure savoured in the past, so I have foregone the privilege of visiting there again. We in India are greatly honoured that President of Uzbekistan chose India for his official visit abroad as newly independent country's Head of state". 26

Over the ages, the ties between our two countries have enriched the lives of both our people. The silk route whose great cities lie in Uzbekistan brought trade and commerce in its path. The Pluralistic Societies continue to face threats especially from religious fundamentalism and narrow ethnic chauvinism. These have to be met through the continuous nurturing of democracy, and a constantly renewed commitment

26. ibid, p. 75.
to secularism and social justice. These are the bulwarks against sectarian tendencies that threaten the unity and integrity of newly formed states. 27

Since India being a traditional friend of former Soviet Union, Central Asian republics of Uzbekistan and Kazakhstan could follow the Indian model of market economy having public sector with huge industries and a welfare system. Also the lands of East hold out a model for economic progress that Central Asia could well emulate. From time to time its leaders have said, they wished they could learn more from the experiences of Taiwan, South Korea or Singapore free trade zone and Indian model of democratic system.

In fact both Malaysian Prime Minister Mahathir Mohamad and Singapore Senior Minister Lee Kuan Yew have visited Central Asian Republics in recent years. Enhanced economic cooperation with the eastern neighbours would allow the republics a greater degree of independence from Russia, which is already trying to re-establish its economic and possibly political hegemony through such initiatives as a united economic zone and common ruble area. Such moves only serve to bind Central Asia closer to Russian chaotic

27. ibid, p.74.
economy, making the region hostage to such disasters as the recent collapse of the ruble. The republic would be far better off developing closer ties to the World's most vibrant regions.

Economics aside, the Central Asian states could learn a lot from the experiences of other Asian countries like India that have made the difficult transition from colonialism to independence. Relevant spheres range from nation-building techniques to the cultivation of tolerant multi-racial societies. The republics could also draw lessons on coping with the stresses of modernization. In most of Central Asia, there is latest strain between Indian type of secular, foreign educated elites and Islamic forces. Instead of Central Asian states looking to Iran for answers, the new independent Central Asian States could more profitably take its cues from the secular democratic country like India and moderate Muslim countries of eastern Asia such as Malaysia and Indonesia, on how to reconcile the some times conflicting demands of religion and the contemporary world.

Eastern Asian countries would also benefit from closer ties with Central Asian states. They have a large export/import potential which the Central Asian states could use as their for its long term commercial partner. At the same time the Central Asian States are a veritable bazaar
of resources such as oil, natural gas, uranium, gold and agricultural products. They not only provide many opportunities for east Asia's capital but also new markets for its products. Contrary to popular belief these republics are not all poor. Kazakhstan had in 1992 a nominal per-capita GNP of about $1,680, which was comparable to that of Thailand.\textsuperscript{28} From a strategic and geopolitical point, it is in the interest of southern Asia, that to especially of India, to have a stable and prospering Uzbekistan, Kazakhstan and other Central Asian states.

At the same time eastern Asia is also interested in Central Asia's stable political and economic system, so that their free trade zone could be used for export to Central Asian States. Indian Governments and Leaders should take the initiative as a traditionally friendly country in forgoing a closer relationship with all Central Asian states in all respect of trade and commercial relations. India should encourage Central Asian leaders to take part in regional forums as well as various cultural and political events. The new independent Central Asian states might also be invited and if necessary send observers to suitable ministerial meetings of non-aligned movement etc.

The Asia Pacific Economic cooperation forum may be another platform for engagement. In time India should propose traditional friendly nations of Uzbekistan, Kazakhstan as candidates for membership in an expanded APEC which will strengthen to India's statures and also give a way to Central Asian states to expand their trade relationship.

**Trade Relations:**

India's collaboration with Soviet Union and the emergence of several independent Central Asian states has been major set back to India, which India build over a period of nearly four decades. The Soviets but also extended immense financial support by accepting payments in rupees for Soviet goods at high discounted prices India's bilateral trade shot up. It is anticipated that as a result of the recent developments the target of trade totalled Rs. 94 billion in 1991-92. The Indo-Soviet chamber of commerce placed the repayment obligations at Rs.25 billion a years. A major problem in both the trading arrangements and the repayment of loans is that of the rupee

ouble exchange rate. Bilateral trade since the Soviet collapse has also been snagged by the fact that Soviet firms started demanding payments in dollars for such important export items as non-ferrous materials, mining equipment and newsprint. India should counter this merely by insisting on the same terms for its exports of items like tea and coffee which have an international markets. Other problems arose with regard to the utilization of credits committed in the energy and defence sectors. There can be no doubt that India has an uphill task in developing trade and technical cooperation with the Central Asian states under the changed circumstances. The special cultural and economic links forged by India with this area go back to the visits of prime minister Jawaharlal Nehru in 1955 and 1961. A tradition developed of exchanging scholars, intellectuals, scientists and artists between India and Central Asia.

The large numbers of Indian students educated in Tashkent provided a good link between the two areas. India enjoys an advantages over Pakistan in having hundreds of persons who are familiar with Central Asia and speak its working language, which is Russian. However, the fact that the quality of Indian consumer goods supplied on massive

scale and large quantities to a captive market was often indifferent constitutes a disadvantage and India when obliged to compete with other suppliers may not be able to retain the share it has had of markets in various republics of the former Soviet Union notably in Central Asian Republics. India is likely to remain a significant trading partner of the former Soviet Central Asian republics from south Asia. However, lacking the political factor, its former primacy is bound to be affected, also in view of the fact that it does not have the advantage of direct land communication.

The five Central Asian republics with which India has already decided to establish full-fledged diplomatic ties are Uzbekistan, Kazakhstan and other three Central Asian states. This symbolises India's deep concern for their sovereign existence and for their desire to give a socio-economic content to stabilise the foundation of their new identity. For paucity of time, Indian tour delegation led by its primer minister in 1993 could only visit the two larger republics of Uzbekistan and Kazakhstan in its ten days sojourn and met top political and cultural leaders like Prime Ministers, Deputy Prime Ministers, Foreign Minister, Ministers of construction, culture and education, information, Heads and professors of the various Academy of Sciences in universities, members of the Presidiums of
Friendship societies, few media persons and religious leaders. At all levels India enjoys a place of pre-eminence in their consciousness not only because of long historic ties and common heritage but especially due to two other contemporary factors namely, its close friendship and cooperation with the Soviet union of which Central Asia was a part for the last 6 six decades, and during that period, India's special concern for the Central Asian republics.

The Prime Minister of Uzbekistan, Abul Kasim Mutaloy, said with considerable conviction that they are very proud of being friendly with India, and its role in "regional and world politics" and they look forward for cooperation with India in many sectors of their developmental plans. That was the reason why the very first visit of the Uzbek President, Islam Karimov, was to visit India in the middle of August 1991. He said "I will start my foreign visit by going to the big Asian country like India," Similarly, the Kazak president, Nursultan Nazarbayev's first official visit was to India in the third week of February, when he signed five agreements outlining the general scope of our bilateral cooperation.

The possible agenda of co-operation was spelt out by the Foreign Minister of Uzbekistan, Ubaidullah Abdurazzakov. When he said "we need considerable help of
India in many spheres; economic, political, scientific, technological, cultural etc. especially in area of managerial services investments and banking sectors market economy problems, service sector, and Telecommunications. It is these areas that they would seek effective cooperation with India. Already they have established close contacts with Indian scientists in applied and fundamental research especially in physics, electronics, solar system and other applied science research etc. This was further confirmed during President Nazerbayev's 1992 visit to New Delhi. The Central Asian republics naturally give the highest priority to their basic concern for building a viable economic system. Every offer made to them, from any country, irrespective of that country's internal politics and their other motives in doing so, is welcome. India and Central Asian States signed a wide range of bilateral agreements with each Central Asian republic mainly in trade, economy, diplomatic cooperation and, most significantly, India agreed to provide financial and technical assistance for the modernisation of their industrial enterprises.

It is quite magnificent that in the consciousness of the leaders of Central Asia, India loom large as a preferred rich Asian neighbour with whom they would like to build multiple and stable contacts. Of all the Asian neighbours, Uzbekistan and Kazakhstan have the warmest
sentiments towards traditional and long term affinity with India. India has great historic opportunity to grasp and to play an innovative role by working out tangible plans of cooperation to be worked out on specific areas by specially constituted committees of experts. India can help build a committee of secular democratic states in Central Asia for regional and mutually beneficial cooperation as a counter to the policy of confrontation that is the game that the religious fundamentalists would like to play.