

## INDIA-CENTRAL ASIA DIALOGUE 2025: INTERNATIONAL RELATION

**NEWS:** EAM Jaishankar discusses growth opportunities in India with visiting Central Asian leaders

### WHAT'S IN THE NEWS?

India hosted the 4th India-Central Asia Dialogue to deepen strategic, trade, and digital ties with the five Central Asian republics, focusing on connectivity, energy, and security cooperation. Despite strong cultural and historical links, challenges like low trade volume, poor connectivity, and China's influence persist.

## India-Central Asia Dialogue 2025 – Key Outcomes and Strategic Focus

### Context

- External Affairs Minister (EAM) Dr. S. Jaishankar hosted the 4th edition of the *India-Central Asia Dialogue*, a high-level meeting aimed at strengthening ties between India and the Central Asian Republics (CARs).
- The dialogue focused on enhancing economic cooperation, digital integration, connectivity, energy security, and geopolitical coordination.

### Key Highlights of the Meeting

- **Strengthening Financial Cooperation**
  - Central Asian banks have begun opening **special rupee vostro accounts** in Indian financial institutions.
  - EAM suggested the **integration of India's UPI system** for seamless cross-border payments, promoting financial interoperability.
- **Boosting Trade & Connectivity**
  - Central Asian leaders emphasized **diversifying trade baskets** to ensure more sustainable and predictable economic exchanges.
  - EAM called for:
    - Expansion of **air services** between India and Central Asia.
    - Simplification of **transit and customs procedures** to make trade faster and smoother.
- **Commitments from Central Asian Countries**
  - **Kazakhstan** praised India's innovation-driven industries and expressed interest in expanding economic partnerships.
  - **Kyrgyzstan** reaffirmed its strategic partnership with India, citing mutual growth potential.
  - **Turkmenistan** described India as a "major and promising partner" and acknowledged its role in shaping a new **geo-economic order** in Asia.

## About Central Asia

- Comprises five landlocked republics: **Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.**
- Became independent after the **collapse of the Soviet Union in 1991.**
- Rich in natural and mineral resources:
  - **Kazakhstan:** Coal, oil, gas, uranium, gold, copper, bauxite, and more.
  - **Turkmenistan:** Fourth-largest reserves of natural gas; also rich in petroleum, cotton, sulfur.
  - **Uzbekistan:** Abundant in gas, gold, silver, uranium, and cotton.
  - **Kyrgyzstan & Tajikistan:** Abundant in freshwater; Kyrgyzstan has reserves of gold, uranium, mercury.

## India's Engagement with Central Asia: A Strategic Partnership

- **Historical Ties**
  - Civilizational and cultural links date back to the **Silk Road era** (3rd century BCE to 15th century CE).
  - Buddhism, trade, and diplomatic missions moved from India to Central Asia.
  - Shared history through empires like the **Kushans, Mughals, and Sufi traditions.**
- **Trade & Economic Cooperation**
  - Priority sectors include **energy, pharmaceuticals, IT, textiles, and renewable energy.**
  - Chabahar Port is critical for enhancing access to Central Asia by bypassing Pakistan.
- **Connectivity & Infrastructure Development**
  - India promotes regional integration through:
    - **International North-South Transport Corridor (INSTC).**
    - Expansion of **direct air connectivity** with Central Asia.
- **Security & Geopolitical Collaboration**
  - Shared concerns over **terrorism, drug trafficking, and Afghanistan's stability.**
  - India and Central Asia collaborate on **defense, intelligence, and cybersecurity.**
- **Cultural & Educational Exchange**
  - Thousands of Central Asian students study in Indian universities.

- Programs in **tourism, ICCR scholarships, yoga diplomacy**, and cultural exchange continue to strengthen ties.

## Strategic Challenges in India-Central Asia Relations

- **Trade Barriers & Limited Integration**
  - India's trade with Central Asia remains below \$2 billion.
  - In contrast, China's trade with the region is around \$50 billion.
  - High tariffs, logistical inefficiencies, and complex regulations hinder growth.
- **Connectivity & Infrastructure Bottlenecks**
  - India lacks **direct land access** to Central Asia.
  - Transit delays, bureaucratic hurdles, and regional tensions (e.g., Afghanistan) disrupt trade routes.
- **Security and Geopolitical Challenges**
  - Instability in Afghanistan and Pakistan's strategic influence remain security concerns.
  - China's strong presence through **Belt and Road Initiative (BRI)** adds competitive pressure.
- **Financial & Digital Integration Gaps**
  - Lack of compatible banking systems and regulatory frameworks hinders smooth financial transactions.
  - Digital payment systems and fintech cooperation are still at a nascent stage.

## Way Ahead: Strategic Recommendations

- **Infrastructure and Connectivity**
  - Fast-track Phase-2 of **Chabahar Port** and the **Chabahar-Zahedan rail link**.
  - Expand engagement in the **INSTC** to improve India's access to Central Asia via Iran and the Caucasus.
- **Institutional Strengthening**
  - Establish a **Central Asia Task Force** within the Ministry of External Affairs (MEA).
  - Regularize **India–Central Asia Leaders' Summits** and policy dialogues for consistency and momentum.
- **Trade and Economic Diplomacy**

- Explore the possibility of a **Central Asia-India Free Trade Agreement (FTA)** or a regional trade bloc.
- Encourage private sector-led investments in manufacturing, logistics, and agriculture.
- **Energy Cooperation**
  - Reengage diplomatically with the stalled **TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline**.
  - Launch joint initiatives in **green hydrogen, solar energy, and rare earth mineral extraction**.
- **Multilateral and Regional Engagement**
  - Promote **Shanghai Cooperation Organisation (SCO)**-based cooperation in cybersecurity, counterterrorism, and healthcare.
  - Participate in regional security initiatives to counterbalance external influences.
- **Soft Power and Cultural Diplomacy**
  - Expand **ICCR scholarships**, host joint **cultural festivals**, and promote **Bollywood, yoga, and language programs**.
  - Establish **India-funded Centres of Excellence** in education, IT, and innovation in Central Asian universities.

Source: <https://www.newsonair.gov.in/eam-jaishankar-discusses-growth-opportunities-in-india-with-visiting-central-asian-leaders/>