



RECENT DEVELOPMENTS IN INDIA-KAZAKHSTAN ENERGY COOPERATION

Kazakhstan is India's largest trading partner among the Central Asian states. The cooperation on energy resources and trade of natural resources is an important component of the partnership between India and Kazakhstan. The main commercial commodities between the countries are oil and oil products, uranium, asbestos, titanium, pharmaceuticals and agriculture. The trade turnover between India and Kazakhstan reached \$1.3 billion in 2014, which is twice as much as it was in 2013. Export of Indian goods to Kazakhstan decreased by 25.9% from \$351.63 million in 2013 to \$260.5 million in 2014. On the other hand, import of Kazakh goods to India increased by 227.3% from \$330.85 million in 2013 to \$1,083 million in 2014. An increase in the amount of import is mostly due to oil products. Import of oil products increased by 368.17% from \$215.09 million in 2013 to \$1,007 million in January-December 2014. In other words, the share of oil products in total imports increased from 65% in 2013 to 92.9% in 2014. This shows great opportunities for economic cooperation between the two countries, especially in the energy sector.

Recently the Prime Minister of India paid an official visit to Central Asian states, including Kazakhstan, and a number of bilateral agreements in the fields of energy and defense were signed between the two countries. The agreements were discussed earlier in Delhi at the 12th session of the Kazakh-Indian Commission on Trade, Economic, Scientific, Technical, Industrial and Cultural Cooperation on June 16-17, 2015 the main focus of which was energy cooperation.

In order to meet high level of energy demand India imports over 70% of oil products, the main importers being Saudi Arabia and Iran. India has also been interested in energy collaboration with hydrocarbon-rich Kazakhstan. The first agreement between the India's ONGC Videsh Ltd. (OVL) and the Kazakhstan's KazMunaiGas (KMG) was signed in 2005 on cooperation in the oil and gas sector. The Oil and Natural Gas Corporation Limited (ONGC) is not only the largest oil

production company but also the second largest publicly traded company in India. The OVL, the overseas arm of ONGC, acquired 25% share of the Satpayev oil block in 2011 with a signing fee of \$13 million. It is also to pay \$80 million one-time assignment fee to the KMG. The OVL plans to invest \$400 million in exploration of the oil field. The remaining 75% of shares belong to the KMG, an operator of the oil block.

The first exploratory drilling of the block was jointly launched in Astana on July 7, 2015 by the Prime Minister of India, Narendra Modi, and the Prime Minister of Kazakhstan, Karim Massimov. The depth of the exploration well is 3,100 meters. The Satpayev oil block is an offshore oil field. It is located in the Atyrau region in the northern part of the Caspian Sea about 90 kilometers from the shore at the depth of about 3 kilometers. The potential crude oil and natural gas reserves of the field are estimated to be 1.8 billion barrels (250 million tons). The first oil is expected to be extracted from the block by 2020. The peak production of the Satpayev field is expected to reach 287 thousand barrels per day.

India is to conduct feasibility study in order to decide whether an import of crude oil and gas should be conducted through pipeline or in a form of a liquid gas in ships. The first option is to transport hydrocarbons to Iran through the Caspian Sea, and further, transport could be conducted through the country via pipeline. Another option is to transport oil via the Iran-Turkmenistan-Kazakhstan railway link that was inaugurated in December 2014. The rail link is a part of the International North-South Transport Corridor (INSTC) that will eventually connect Mumbai and St. Petersburg. Additionally, on July 9, 2015 a Memorandum of Understanding was signed between the "NC" Kazakhstan Temir Zholy" JSC and the Ministry of Railways of Government of India in the field of transportation via railways that will provide opportunities for Kazakhstan to access Indian seaports.

Moreover, energy needs of India are constantly increasing and India is seeking ways of developing alterna-

tive energy sources, one of which is a peaceful nuclear energy industry. Kazakhstan is the second largest uranium rich country in the region. Therefore, the nuclear energy cooperation between the two countries is an important component of the bilateral relations.

On July 8, 2015 the Kazakh national nuclear company, Kazatomprom, and the Department of Atomic Energy of India signed an agreement about future supplies of uranium to India. According to the agreement, Kazakhstan is to deliver 5000 metric tons (MT) of uranium to India in 2015-2019 period. The agreement is a renewal of the Memorandum of Understanding on civil nuclear cooperation signed in 2009, according to which, the KazAtomProm was to supply uranium for atomic plants in India. In the framework of the memorandum, KazAtomProm supplied total of 1812.5 MT of uranium to India: 600 MT in 2010-2011, 350 MT in 2011-2012, 402.5 MT in 2012-2013, and 460 MT in 2013-2014.

Also, a memorandum of understanding was signed between the "Samruk-Energo" and the "Bharat Heavy Electricals Limited" (BHEL) during the Kazakh-Indian Business forum on July 7th, 2015, according to which, the companies are planning to cooperate in the energy sector for production, construction and reconstruction of thermal, hydropower, gas-turbine and other power plants and stations. The BHEL is the main company in India that is focused on production of power equipment and construction of power plants.

It can be concluded that even though India is a relatively new energy partner of Kazakhstan, some progress has been made over the recent years. Difficulties in developing relationship between India and Kazakhstan still remain because Kazakhstan already has established strong trading relations with other countries, such as China, Russia and the EU countries, and the lack of common borders and the existence of unstable territories between India and some other neighboring countries such as Afghanistan and Pakistan still cause uncertainties between these countries.

Politics, Foreign Affairs and Security

- The President of Kyrgyzstan, Almazbek Atambayev, signed a Decree to schedule a parliamentary election for October 4, 2015, and instructed the Government to allocate necessary funds for preparing and for holding the election, and to take required measures to ensure the citizens' rights. The pre-election campaign will start on September 4, 2015.
- The President of Ukraine, Petro Poroshenko, announced that an Agreement to withdraw weapons that would be less than 100-mm in caliber from the line of contact in Donbass would be signed by August 3, 2015, and would be implemented within 10 days.
- The OSCE Minsk Group (MG) Co-Chairs, Ambassadors Igor Popov of the Russian Federation, James Warlick of the United States of America, and Pierre Andrieu of France, traveled to Yerevan and Baku to meet President of Armenia, Serzh Sargsian, and President of Azerbaijan, Ilham Aliyev. The Personal Representative of the OSCE Chairperson-in-Office, Ambassador Andrzej Kasprzyk, also participated in the meetings. During the visit, the MG Co-chairs discussed current proposals with each President to advance negotiations towards a lasting settlement of the Nagorno-Karabakh conflict.
- According to the Ministry of Defense of Ukraine, the Rapid Trident-2015 Ukrainian-American command and staff military exercises started in the L'viv region. Overall about 2000 service members from 18 countries will be staying in the L'viv region for 11-day period. The exercises will involve armored vehicles and small arms shooting, as well as army aviation helicopters and other military trainings.
- The Maritime Safety Administration of China announced that the Chinese Navy started the 10-day military training in the waters near the eastern Hainan Island in the South China Sea amid heightened tensions in the region. During the drills, no vessel would be allowed to enter the designated maritime areas.

Economy, Finance and Energy

- The President of the State Oil Company of Azerbaijan (SOCAR),

Rovnag Abdullayev, stated that 30% of work on the implementation of the Southern Gas Corridor project had already been completed. According to the Head of the SOCAR, contracts with total cost of more than €10 billion had been signed with 162 suppliers from 23 countries.

- Turkmenistan and Japan started trade talks related to investment and development of the Port of Turkmenbashi, which was anticipated to cost a total of \$2 billion and to be completed in 2016. New shipyards, terminals and additional port infrastructure will be included within the construction of the port.
- The Ministry of Energy and Coal Mining Industry of Ukraine announced about allocation of 556 million hryvnias (\$25 million) in 2015 for implementation of the project for the construction of a centralized spent nuclear fuel storage facility. The project fulfilled jointly by the Ukrainian Energoatom Company and the US Holtec International will cost about \$77 million in the period between 2015-2017. Deliveries of equipment on the contract should be carried out before the end of 2020. The start-up facility of the storage will begin operation in late 2017.
- The Chairman of the National Bank of Tajikistan (NBT), Jamshed Nurmahmadzoda, announced that remittances to Tajikistan decreased by 32% amounting to \$1.162 billion in the first half of 2015 compared to the same period of last year. According to the Chairman of the NBT, the volume of remittances was gradually recovering and the total decrease would not exceed 27% this year.
- The First Deputy Minister of Finance of Tajikistan, Jamshed Karimzoda, announced that Dushanbe expected to attract the funds from the World Bank and the Asian Development Bank for over \$80 million to implement the anti-crisis plan for 2015-2016, which provided elimination of economic threats, and maintenance of balanced monetary and fiscal policies.
- The Statistics Committee of Uzbekistan announced that the total volume of disbursed investments in Uzbekistan amounted to 18,069.9 billion sums (more than \$7.3 billion) in the first half of 2015, which increased by 8% compared to the last year.

Society and Culture

- The suicide bomb exploded in the Turkish town of Suruc near the Syrian border, leaving at least 32 died and nearly 104 more injured. The suspected IS suicide bomber set off an explosion near a cultural center. After the bombing attack, the Air Force of Turkey attacked IS positions in Syria and Kurdish PKK militants in northern Iraq. During the operation about 590 suspected IS and PKK members were arrested.
- According to the Defense Ministry of Azerbaijan, at least six soldiers were killed in recent clashes between Azerbaijani and Armenian troops in the disputed Nagorno-Karabakh border region.
- The President of Tajikistan, Emomali Rakhmon, held an extraordinary meeting of the Tajik Government concerning liquidation of the consequences of natural disasters in the Gorno-Badakhshan autonomous region, Rasht, and other regions of the country. It was announced that the damages caused by the mudslides and floods were preliminarily estimated to be around \$100 million. The Prime Minister called on foreign countries and donors to help Tajikistan mitigate the consequences of the natural disaster.
- According to the Department of Emergency Situations of the Ministry of Internal Affairs of Kazakhstan, mudflow occurred in the Nauryzbai rural area of Almaty in the villages of Kargaly, Tausamaly and Karagaily. Mudslides blocked the channels of the Kargalinka River. Several settlements in the area have been flooded. Over 900 people were evacuated from the area near the dam on the Kargalinka River.
- The Deputy Minister of Foreign Affairs of Kazakhstan, Yerzhan Ashikbayev, and the United Nations (UN) Resident Coordinator in the country, Stephen Tull, signed the Partnership Framework for Development for 2016-2020, which would set the strategic vision and direction for the UN Country Team in Kazakhstan.