

# EURASIA DIGEST

*Monthly Compilation of News from Russia, Central Asia & Europe*

Vol 2 | Issue 7 | July 2022



- **MoS Meenakshi Lekhi Visits Central Asia**
- **Russia-China Highway Bridge Opens to Traffic**
- **Russian Central Bank Cuts Key Rate as Inflation Eases**
- **Russia Slashes Gas Deliveries via Nord Stream**
- **Kazakhstan's Disagreement with Russia**
- **Kazakhstan Requests Sugar from India**
- **Russia to Send Nuclear Capable Missiles to Belarus**
- **Germany Hosts the G-7 Summit in Bavaria**
- **First Round of India-EU FTA Talks**
- **Putin Visits Central Asia**
- **NATO Summit Takes Place in Madrid**
- **Greece Requests US Made F-35 Fighter Jets**
- **Estonia and Latvia's Bid for Air Defence Systems**
- **Russia Replaces Sakhalin-2 Energy Project Operator**

## **MoS Meenakshi Lekhi Visits Central Asia**

Indian Minister of State (MoS) for External Affairs Meenakshi Lekhi [visited](#) Kazakhstan and Kyrgyzstan from 9-14 June 2022. It was the first official visit of the minister to the two republics. During the visit the MOS met with various ministers, including foreign ministers of the two countries. They discussed the prospects of bilateral relations and exchanged views on issues of regional and international importance. Visit of the MoS provided impetus to further deepen our strategic relations with Kazakhstan and Kyrgyzstan, both bilaterally and in the framework of India- Central Asia Summit.

## **Russia-China Highway Bridge Opens to Traffic**

[The first vehicle bridge](#) (Blagoveshchensk-Heihe Bridge across the Amur River) between Russia and China has been opened to freight traffic. Russian Transport Minister Vitaly Savelyev said the launch is expected to increase Russia and China's bilateral trade to 1 million tons of goods per year. Earlier in April, Russia completed construction of its section of the first Russia-China railway bridge, which is expected to open in August.

## **Russian Central Bank Cuts Key Rate as Inflation Eases**

[Russian Central Bank](#) cut its key interest rate from 11 per cent to 9.5 per cent as the country's economy recovers faster than expected, post the sanctions. Russia's Finance Ministry said in a statement that it will cut the share of foreign currency earnings exporters are required to convert to roubles from 80 to 50 per cent. This

comes against the rouble hitting multi-year highs against the US\$. The ministry also claims to have finalised the interest payments against [Russia's external debt](#). Payment was made in May via foreign currency but the money did not reach its final recipients as international clearance systems did not authorize the payment.

## **Russia Slashes Gas Deliveries via Nord Stream**

[Gazprom has said](#) it has reduced the daily gas deliveries via the Nord Stream pipeline to Germany from 167 million cubic meters per day to 100 million cubic metres per day due to the "repair" of compressor units by German company Siemens. Meanwhile, Gazprom's CEO [Alexei Miller has said](#) that the company will play by its own rules. Gazprom has also said that it will [stop transporting natural gas](#) via the section of its Yamal-Europe pipeline that runs through Poland. [Germany's Economy Minister Robert Habeck](#) has said that Gazprom's move was "a political decision and not a technically justifiable decision."

## **Kazakhstan's Disagreement with Russia**

Kazakh President Tokayev [disagreed](#) with Russian President Vladimir Putin's claims regarding the entire Soviet Union being a part of historical Russia. The two leaders were in attendance at the International Economic Forum organised in St. Petersburg on 17 June 2022. During the event Tokayev also refused to recognise the newly independent states of Donetsk and Luhansk. He stated "It has been calculated that if the right of nations to self-determination were actually implemented across the globe...there would be more than 500 or 600 states...This principle will be

applied to quasi-state entities, which, in our opinion, Luhansk and Donetsk are.”

### **[Kazakhstan Requests Sugar from India](#)**

Due to the current Ukraine crisis, the Russian agricultural ministry has [limited](#) its sugar exports to the Eurasian Union countries until 31 August 2022. Owing to its heavy reliance on sugar imports from Russia, Kazakhstan is bracing for the impact of such a measure. In addition to its 350,000-ton sugar reserve, it plans to import 100,000 tons of sugar from Brazil, India and Vietnam. This was announced by the Minister of Trade and Integration, Bakhyt Sultanov on 23 June 2022.

### **[Russia to Send Nuclear Capable Missiles to Belarus](#)**

Russian President Vladimir Putin has said that Russia will deliver [Iskander-M tactical missile](#) systems, capable of carrying nuclear warheads, to Belarus “in the coming months”. He has also offered to upgrade Belarus' warplanes to make them capable of carrying nuclear weapons, amid soaring tensions with the West over Ukraine.

### **[Germany Hosts the G-7 Summit in Bavaria](#)**

The G-7 summit took place in Germany on 26-27 June 2022. Top leaders from Argentina, India, Indonesia, Senegal, and South Africa also attended the summit, signalling G-7's engagement with the Global South. According to its [communiqué](#), the G7 has issued four major statements on democracy (together with the guest countries), [Ukraine](#), global food security and the creation of a climate club. The major takeaways have been the

re-worked Build Back Better World (B3W) that was announced by Biden in the previous G7 summit at Cornwall. B3W has been re-launched as [Partnership for Global Infrastructure and Investment](#) (PGII) with a whopping \$600 billion committed to it over the next 5 years. [Just Energy Transition Partnership](#) (JETP) with the global south has been the second major takeaway.

### **[First Round of India-EU FTA Talks](#)**

The first round of FTA talks between [India and the European Union](#) started in New Delhi on 27 June 2022. India had started negotiations for a trade pact with the EU in 2007 but the talks stalled in 2013 as both sides failed to reach an agreement on key issues. Negotiations resumed on June 17, after a gap of over eight years, on the proposed agreements on trade, investments and Geographical Indications (GI). Meetings were organised in a hybrid fashion, with majority of them being held online, except for a few in Delhi. During this round [fifty two technical sessions](#) covering 18 policy areas of FTA and seven sessions on Investment Protection and GIs were held. The second round of negotiations is scheduled to take place in September 2022 at Brussels.

### **[Putin Visits Central Asia](#)**

Russian President Vladimir Putin's first [overseas visit](#) since the Ukraine crisis was to Tajikistan and Turkmenistan on 28 and 29 June respectively. The visit to Tajikistan focused on Afghanistan, given the long border shared between the two countries. Whereas the visit to Turkmenistan comprised attending the sixth Caspian Summit. Last summit was held in 2018 and the latest addition may open the door to

pipeline possibilities across the Caspian Sea. Even though shunned by the west, Moscow still retains important allies in Asia. The visits were a chance for Putin to reaffirm his network of partners at a critical juncture.

### **NATO Summit Takes Place in Madrid**

NATO summit took place in Madrid on 29-30 June 2022 against the backdrop of Russia-Ukraine crisis. It included all 30 allied leaders and key NATO partners from Europe. For the first time, it included NATO's [Asia-Pacific partners](#) at the leaders' level. The newly adopted 2022 [Strategic Concept](#) claimed Russia to be the "most significant and direct threat to Allies' security and to peace and stability in the Euro-Atlantic area." For the [first time](#) China also found its mention as a challenge to NATO's interests, security and values. The [Indo Pacific](#) is recognized as "important for NATO, given that developments in that region can directly affect Euro-Atlantic security." As a crucial development for NATO's expansion in the Nordics, Turkey dropped its opposition to Sweden and Finland joining the alliance and a [trilateral memorandum](#) between the three was signed.

### **Greece Requests US Made F-35 Fighter Jets**

Athens has formalized a request for [US made F-35 fighter jets](#) to bolster its airforce amid tension with neighboring Turkey. Greek Prime Minister- Kyriakos Mitsotakis said, "It is our intention to acquire a squadron of F-35s, with a possible option on a second (squadron)". It had sent a letter of request for possible delivery of the planes by 2027 or 2028. Its conservative

government has been steadily modernizing the country's armed forces in the face of threats from neighboring Turkey. It has already signed a multi-billion-euro deal with France for Rafale jets and Belharra frigates.

### **Estonia and Latvia's Bid for Air Defence Systems**

The defense ministers of [Estonia and Latvia](#) signed a letter of intent at the NATO summit for joint procurement of medium-range anti-aircraft systems. Latvian Defence Minister- Artis Pabriks mentioned that this move will underpin regional cooperation and common defence of the Baltic neighbours. Estonian counterpart Kalle Laanet said that "the NATO summit has sent a clear message that help will be given to those who are ready also to defend themselves." Both these Baltic countries are members of EU and NATO.

### **Russia Replaces Sakhalin-2 Energy Project Operator**

President Vladimir Putin [signed a decree](#) ordering the transfer of the Sakhalin-2 oil and gas project in the Russian Far East to a new domestic operator. This action was taken against the backdrop of "unfriendly" Western sanctions and threats to Russia's national interests and economic security. Gazprom, which owns a majority stake of 50 per cent plus one share in Sakhalin-2, will keep its stake in the new entity. The foreign partners were Shell, Mitsui and Mitsubishi. Around 6 million of the estimated 10 million tons of liquefied natural gas produced by Sakhalin-2 goes to Japan, accounting for 10 per cent of its LNG imports.