

# Security and Stability in Central Asia

## - New Security Issues and Societal Dimensions -

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Key words(중심용어): 중앙아시아(Central Asia), 권위주의(Authoritarianism), 에너지(Energy), 대테러와의 전쟁(Global War on Terror), 상하이협력기구(SCO)

## 국 문 요 약

중앙아시아의 현재, 그리고 미래의 안정성은 여전히 역학적이고 유동적으로 남아 있다. 소비에트의 붕괴에 이어, 새로운 5개의 공화국 모두는 민주화와 국가적 독립성을 강화하는 정책을 취해왔다. 에너지 개발과 전세계적인 대테러와의 전쟁이 이 지역 내에서 일어나는 동안 각 국의 정치 지도자들은 그들의 정치적 지위를 강화하여 왔으며, 이에 따른 부의 불균형은 더욱 복잡한 양상을 띠게 되었다. 본 논문은 중앙아시아의 국가들과 외부 행위자, 그리고 초국가적 행위자들 사이의 관계에 대한 상호 연관성에 대해 논하고자 한다. 이에 본 논문에서는 중앙아시아의 복잡한 역학관계를 우선 고찰한 다음 중앙아시아가 가지는 정치적, 경제적, 그리고 사회적 양상의 영향, 단기적, 중기적인 지역적 안정성에 대한 직간접적 영향에 대해 분석할 것이다.

## I. Introduction

Geo-strategic politics in the opening decade of the new millennium have arguably been focused on two specific areas: the greater Middle East and China. Juxtaposition within this stage is the Eurasian landmass, described by Sir Halford McKinder as the “heartland” of the civilised world (Foster and McChesney 2004, 54) owing to its potential sources of energy, industrial power and population. Although McKinder’s prognosis, to some, might overstate the regions importance it remains fabulously wealthy in energy and raw materials. It also remains a natural crossroads of religion, migration and trade. Media coverage and overt political acknowledgement of the Eurasia landmass has been very much in the shadow of its immediate neighbours. That said Eurasian grand strategy is once again being pursued, combining all of the ingredients of *real politick*, political patronage and geo-strategic leverage.

Some commentators have sought to draw a comparison to the current geo-strategic situation within Central Asia to the bygone colonial struggle between Victorian Britain and Czarist Russia, in what became known as the Great Game. Foremost of these is Lutz Kleverman (2003) whose book, *The New Great Game Blood and Oil in Central Asia*, endeavours to draw parallels between nineteenth century High Asia and the modern day. He argues that the historical alliances between Imperialists and local Khanates for influence and trade have been replaced by regional ruling regimes and energy companies seeking the exploitation and transportation of oil and gas. Others like M E Ahrari draw similar comparisons with the imperial past quoting Rudyard Kipling, that the victor would be he who could build the largest network of railways. (Ahrari 1996, 54) He goes on to say that modern day railways come in the form of energy pipelines. Although evidence is abundant in support of this theory, this paper will steer away from drawing any firm comparisons.

Instead this paper will concentrate on the five principle Central Asian states of Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan and Kyrgyzstan. This paper will investigate the stability of the Eurasian landmass in the 21st Century. The framework for this analysis will hinge on four specific areas of analysis. Firstly, this paper will identify those external actors and agencies having influence upon the region, by conducting an overview of their respective policies and strategic intentions. These policies will then be viewed from a regional, internal angle examining their interaction with each Republic and respective ruling regimes. Analysis will examine examples of real politick, political patronage and fluid business acumen between those actors and the Central Asian capitals. The final two parts will remain at the regional and state level and will explore the effect which the afore mentioned policies are having. The first of these parts will look at economic

management within the region. The final part will explore one societal aspect affecting the region. The conclusion has a two fold aim: primarily from documented analysis, it will look objectively at the stability of the region against the criteria by this framework. Secondly it will endeavour to expose to the reader a greater understanding of the issues affecting the Eurasian landmass; against a media and political agenda that is largely Middle Eastern and Sino centric.

## II. External Actors and their Central Asian Policies.

This paper, will primarily concentrate on three external actors: the United States, Russia and China and will include their respective proxies, energy companies and NGOs. This does not negate the fact that other countries and actors are also deeply involved within the region but detailed analysis can only be afforded to this trio. These other groupings are wide and diverse and all have competing agendas. For example Iran has been in negotiations with the Kazakh authorities over oil swap arrangements using the northern Iranian port of Neka. Turkey retains close ethnic ties with much of Central Asia; an ethnic union cemented with the ongoing construction of the 1,760km Baku/Tbilisi/Ceyhan (BTC) Pipeline. Other countries with a vested interest are Afghanistan, Pakistan, India and Saudi Arabia as well as a wide range of NGOs and other agencies.

### 1. The United States: “Global War on Terror”

The current origins of United States Central Asian policy stem not from President George W Bush but his predecessor President Clinton. And this policy is still remaining in Obama Administration(See Golden 2011). Clinton identified the strategic utility of the region, with its close proximity to the Middle East. This, coupled with its enormous energy potential initiated a series of bi-lateral agreements with primarily Kazakhstan and Uzbekistan. As early as 1997 the US participated in military manoeuvres in the region. Operation CENTRAZBAT on 15 September 1997 saw elements of the 82<sup>nd</sup> Airborne Division parachute into the Tien Shan Mountains in southern Kazakhstan. It's aim: to demonstrate that the regional authorities could rely on “American help” in the event any future crisis(Klare 2001, 1). Earlier involvement, following independence, saw the removal of unaccounted amounts of radioactive material from Kazakhstan to the US's Oak Ridge laboratory, at Washington's expense.

The election of George W Bush and the terrorist attacks of September 11<sup>th</sup> brought into

focus, and gave an added impetus to Central Asian policy. Much of the policy can be traced back to the Wolfowitz Doctrine first articulated in the Defence Planning Guidance document for 1994-1999(Foster and McChesney 2004, 53). The document called for the proactive use of US forces to deter and prevent the rise of contending competitors. Although shunned in the mid-nineties, following the terrorist attacks of 9/11, Wolfowitz's work was incorporated into the National Security Strategy of the United States of America(2002). As a consequence Central Asian states quickly signed-up to the Global War on Terrorism as a means of combating their respective perceived terror threats. Central to US policy were Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan all of whom have accommodated coalition forces.

Complimenting the US foreign policy is the their desired for guaranteed supplies of energy. America accounts for 4% of the world population yet consumes a 1/4 of the world's energy and last year importing 2/3's of its oil(Golden 2011).

US energy involvement in Central Asia is substantial and wide ranging. Chevron Texaco leads US energy involvement having finalised the \$20Bn joint venture with the Kazakh Government to develop the giant Tengiz oil field(Klare 2001, 87). The US government has also been a major influence in the pipeline politics of the region. US pressure ensured that the BTC pipeline avoided the existing Russian network. US pressure has also thwarted Kazakh/Iranian pipeline aspirations owing to Iranian President Mahmond Ahmadinejad's stance on nuclear weapons and Israel. Such is the importance attached to energy provision that former US Vice President Dick Cheney was quoted saying the "president makes energy security a priority of our trade and foreign policy"(Kleveman 2003).

## 2. China—"The waking Dragon"

Chinese foreign policy interests in Central Asia lie in four main areas: (1) maintaining stable and peaceful borders with Russia and neighbouring Central Asian states; (2) cutting off any link with separatists' forces in Xingjian; (3) diversifying and securing China's access to energy sources essential for economic growth; and (4) extending China's influence beyond the region. (Rummer 2005, 132) China's elevation onto the global political stage has been meteoric. This rise has seen GDP growth rates of 9.7%. (Hiro 2009) The challenge facing Beijing has been to strike a balance between its economic, regional and geo-political interests towards Central Asia as part of its strategy of "peaceful rise" ("heping jueqi").

In order to pursue this policy Beijing has used the Shanghai Cooperation Organisation (SCO) as a policy forum. Originally formed in 1995 as the "Shanghai Five"<sup>1)</sup> it was renamed

1) China, Russia, Kazakhstan, Tajikistan and Kyrgyzstan.

the SCO in 2001 with the inclusion of Uzbekistan. The goals of the organisation are broadly stated and include: strengthening mutual confidence and neighbourly relations, trade and economic cooperation, peace, security and building a democratic and just political order. China also sees the importance of the SCO as a mechanism to check American involvement in Central Asia, whilst developing Sino/Russo relations and cultivating regional influence. At the nub of Chinese Central Asian policy is energy provision for the 21<sup>st</sup> Century. Demand for petroleum is forecast to increase by 50% by 2020 (Cole 2003, 7).

To date Chinese economic growth has been built on domestic coal production which accounts for 75% of China's energy supplies. With such a stark energy supply deficit Central Asia has become pivotal to Chinese future economic growth. Chinese energy investment in the region has been substantial in the past decade. The Chinese National Petroleum Company now has major stakes in Kazakhstan. This includes a 30% share in the Uzen field with Sinopec (China's second largest oil company) and a 1/6 share of the North Caspian Sea PSA. Connecting these fields the Chinese have announced the construction of a 1200km pipeline from Atasu in Kazakhstan to Xingjian Province, at a cost of \$3Bn.<sup>2)</sup>

The final Eurasian policy area concerning Beijing is Xingjian Province, which shares an 11,000km boarder with Russia, Kazakhstan, Kyrgyzstan and Tajikistan. The region is home to the indigenous Uighur people who are Muslim and Turkic in origin. Xingjian has seen some extremists' activity over the years which has hardened Chinese domestic and foreign policy. This has chimed well with the US, Russia and other SCO members and has generated a united front on the Global War on Terror within the region. Cementing this policy, China has conducted military exercises with Russia and Kazakhstan, which has included the sharing of anti terrorist information, tactics and training. With the majority of the future oil and gas networks due to transit Xingjian, regional security will remain high on the Chinese foreign policy agenda.

### 3. Russia: "Imperial legacy to the near abroad"

Kremlin Central Asian foreign policy changed dramatically on 21<sup>st</sup> April 2000 with the election of Vladimir Putin. Prior to this the Yeltsin policy towards the "near abroad" had been seen as dogmatic, divorced from Russia business and reliant on exerting geo-strategic pressure on an *ad hoc* basis to achieve results. With Putin's arrival a shift towards a more pragmatic orientation in Russian foreign policy was initiated. He saw that the influence lost on the European stage could be replaced by a political and economic expansion into Central

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2) <http://pipelinesinternational.com/premium/asia/> (accessed 26 May 2011)

Asia(Jonson 2004, 9). In re-focussing Russian foreign policy Putin aimed to regain his position within the international community and re-establish Russia as a global power. Putin's plan ensured that political influence was generated by investment and regional economic and security cooperation. Central to this policy was the inclusion of Russia business.

Encouraged by the Kremlin, Russian energy companies have invested vast amounts into the region. LukOil, Yukos, Gazprom and United Energy Systems all have major holdings in Kazakhstan, Turkmenistan and Uzbekistan. Putin is proactive and pivotal in this policy, seeing it as a means of strengthening Russia's role on the international stage. On a visit to Uzbekistan in 2006, Putin was present to watch LukOil President Vagit Alekperov sign a 35 year production sharing agreement with the Uzbeks. This included a 90% share of the Kandym-Khausak-Shady production facility and the exploitation of 282 billion cubic metres of gas<sup>3)</sup>. Regional interaction with this policy will be further examined.

The SCO remains the principle forum in coordinating Russian foreign policy in Central Asia whole through Putin to Medvedev. This has allowed Russian influence to grow in the region, and has galvanised Russo/Sino relations. Putin remarked in 2005 that "Russia's relations with China were now better than they had been for 40 years."(Hiro 2009). This growing relationship has also allowed both capitals to keep in check long-term American aspirations within the region; a stance not universally supported by the five republics.

Putin's approach to the Central Asia has always been dual, generating and consolidating political influence whilst combating the growth of Islamic extremism. Russian Foreign Minister Igor Ivanov described the region as "terrorist international"(Ivanov 2002, 41) and as such Putin, prior to 9/11, maintained combating terrorism high on his political agenda. Following the events of 9/11 Putin's pragmatic approach permitted the forward-basing of US troops in Central Asia; in exchange for Russia prosecuting her own domestic polices in Chechnya, Dagestan and North Ossetia. This strengthened his relationship with Washington and the Central Asian states whilst re-affirming the need for Russia to forward base her own troops in Tajikistan; seen by Putin as the weak link in Central Asian security. In taking this approach Putin has retained his standing within the area but has not threatened relations with the wider Muslim world by overtly backing a struggle against terrorism on a global scale as well as Medvedev(Jonson 2004, 84; Golden 2011, 99). This position he believes he can use to his advantage in the future.

### III. Hypocrisy and support to Authoritarianism

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3) [http://www.lukoil.com/press.asp?div\\_id=1&year=2006](http://www.lukoil.com/press.asp?div_id=1&year=2006) (accessed 26 May 2011)

Having briefly outlined respective Central Asian foreign policies emanating from Washington, Moscow and Beijing; this part will examine how each country interacts with them. Politics within the region remain deeply mired in intrigue, corruption and patronage. All of the regimes have sought to take advantage of the anti-fundamentalist wave that is shaping policy makers in Washington, Moscow and Beijing. This has in turn strengthened bi-lateral ties and allowed republics to tackle their respective domestic security fears under the corporate banner of the Global War on Terrorism. The energy republics have also encouraged extensive inward capital investment into their respective energy sectors. In trying to establish greater leverage in the area, the US, Russia and China have arguably sacrificed many of their principles in the pursuit of greater influence. In doing so, some commentators have accused them of ignoring the mistake of the 1980s and 90s, where a policy that saw the aiding of tyrannical regimes lead to the rise of bin Ladenism(Kleveman 2003).

The complex political make-up of Central Asia is a bi-product of the last 100 years. Under the Czars the multi-ethnic make-up of the Central Asia was divorced of identity and incorporated into the Empire. With the Russian Revolution the Central Asian states were annexed into the Soviet Union where ethnic origins were maintained purely out of administrative necessity. Following the collapse of the Soviet Union new regimes were established. Without exception these exclusively came from the same incubator of the upper Communist party elite, the famous nomenklatura. They ranged from the relatively moderate regime of Askar Akayev in Kyrgyzstan to the full blown despotism that still prevails under Saparmyrat Niyazov in Turkmenistan. (Golden 2011, 123)

Four of the five Central Asian states retained the same ruling elites that came to power following the collapse of the Soviet Union; only Kyrgyzstan following the “Tulip Revolution” has had fully democratic transparent elections. Without exception the remaining four states have seen power retained in the hands their respective presidents; accountable to no one with little room left for fully functioning democratic institutions, with existing parliaments being seen as little more that rubber stamping authorities. Hooman Peimani attributes this rise of authoritarianism to two factors: historically authoritarianism has prevailed in Central Asia for the past century; and secondly the only political ideology understood following the fall of the Soviet Union was nationalism, which has acted as oxygen to fuel the flames of authoritarianism(Perimani 2002, 68).

## 1. Kazakhstan—the future energy Dorado?

The first and only president of Kazakhstan was the last First Secretary of the Central

Committee of the Communist Party of Kazakhstan - Nursultan Abishevich Nazarbaev. Politically astute following Gorbachev's reforms and Yeltsin's rise to power he positioned himself in an unattainable position running up to Kazakhstan's first presidential elections on 1<sup>st</sup> December 1991. An election he won with 98.78% of the vote (Rummer 2005, 197). Nazarbaev quickly consolidated his position, opened the previously closed energy sector to foreign investment and marginalised power to a small, family based clique.

US support to the Astana regime following independence has been consistent. Built initially on energy provision and then latterly on security, policies both successfully exploited by Nazarbaev. Following the Soviet collapse, the US was the only actor in a position to inject the large amount of capital investment required into the underdeveloped Kazakh energy industry. The US oil company Mobil started negotiations in 1995 with the full support of the US government. Nazarbaev oversaw negotiations which included being flown by Mobil company jet to the Bahamas to finalise arrangements. In May 1996, Mobil bought a quarter of all shares in the Tengiz oilfield development for an "official" price tag of US\$1Bn. On the Kazakhs request this money was then forwarded to a Swiss bank account of which half never appeared on the Kazakh budget (Klevman 2003, 81-82). Further financial irregularities have occurred with money paid by Mobil (US\$800m) and Chevron (US\$450m) again not appearing on the Kazakh budget. Since independence it is believed that up to one fifth of the country's wealth has been deposited in Swiss bank accounts. (Klevman 2003, 82) Astana has also secured further financial support from Washington for the BTC pipeline including a loan of \$200m (MacFarlane 2004, 456). The routing of the pipeline avoids the Russian network yet crosses the active North Anatolian Fault near Piredede in central Anatolia<sup>4</sup>). Seismology largely ignored by Washington and Astana.

Nazarbaev has also courted Beijing. China has also invested heavily into Kazakhstan in an effort to stem its energy shortfall, completing a US\$4.18Bn takeover of PetroKazakhstan Inc in October 2005 (Hiro 2009, 78). China has also undertaken a series of ambitious pipeline deals with Astana to pump oil directly into its existing network, with the strategic aim of becoming the indispensable link within the Eurasian oil pipeline network.

Military support has also been forthcoming from Beijing. This has included an increase in arms sales and military assistance to Astana in countering Islamic separatists in Kazakh/Xingjian region. Much of this support has been coordinated through the SCO who are unequivocal in describing the three evils of "terrorism, separatism and extremism"<sup>5</sup>) threatening the region. Unsurprising Beijing and Nazarbaev have given unprecedented respective support to each other throughout. At the latter's presidential inauguration a joint

4) <http://www.bakuceyhan.org.uk> (accessed 27 May 2011)

5) <http://www.sectsc.org/EN/show.asp?id=95> (accessed 27 May 2011)



communiqué was signed with the Chinese Vice President Zeng Quinghong confirming their strategic partnership.

Nazarbaev remains a seasoned brinkman when dealing with Moscow. Russian oil companies do not have the economic firepower compared to their colleagues in the gas industry (Gazprom). Russia has however managed to manoeuvre into a competitive position by increasing the transit quotas on the Tengiz–Novorossiisk pipeline with the aim undermining the projected BTC project (Stulberg 2005, 9).

Astana is consciously aware that it is seen by Moscow as a means of protecting Russia's southern borders from ingress of separatist elements. Putin is also aware of the sizeable Russian minority in Kazakhstan. In the 1999 census the Kazakh population of 14.9m people had a Russian minority of 4.4m people (Oliker and Szayna 2003, 153). Both leaders seem content with this ongoing status quo.

US, Russian and Chinese foreign policies towards Kazakhstan were put under the spotlight during the Kazak Presidential elections held in December 2005. This spotlight was focused in November when a leading opposition figure, Zamanbek Nurkadilov, was shot dead (twice in the chest and once in the head). Six days prior to the election Kazakh authorities announced that the death was suicide. "Numerous tests" had indicated that Nurkadilov had shot himself twice in the chest "realising that he had missed" he proceeded to fatally shoot himself in the head (Golden 2011, 145). Nazarbaev won a landslide victory polling 91% of the vote. Coincidentally his daughter Dariga runs the main government news agency Kharbar TV and the state on-line service Karinform. Combined they accounted for at least 60% of the election coverage.

Opposition leaders have claimed that the un-explained death on 13 February 2006, of opposition co-chairman, Altynbek Sarsenbaev, an outspoken critic of the Nazabaev was also politically motivated.

In the run-up to the election former US Secretary of State Condoleezza Rice touring the region, described Nazarbaev as "a reformer and agent for change who should take a leadership role in the region". In 2004 36.9% of total foreign direct investment in Kazakhstan came from US companies. Russian and Chinese support to Nazarbaev remains comprehensive.

## 2. Turkmenistan - A legacy to Stalinism

On the eve of the collapse of the Soviet Union the Turkmen Soviet Socialist Republic declared independence. The following month presidential elections were held and the former

First Secretary to the Communist Party of Turkmenistan Saparmurad Niyazov was elected Turkmenistan's first and, to date, only President with 99% of the vote.

Niyazov's rule has been tyrannical in almost Stalinist proportions, and is dominated by his own personality cult. The National Assembly (*Majlis*) has re-christened him "Turkmenbashi" or "Leader of All Ethnic Turkmen" and in 1999 the Peoples Council (*Halk Maskhalaty*) elected him President for life. Following a failed assassination attempt on Niyazov in November 2002 the authorities introduced further draconian measures. All political opposition was banned with opposition leaders forced into exile, jailed or placed in psychiatric hospitals. No independent human rights organisations are allowed to operate inside Turkmenistan; there remains no free media and very limited access to the Internet. Followers of the Sunni and Russian Orthodox faiths continue to face criminal prosecution.

Turkmen/US relations have been limited compared to the other two actors. That said the US is acutely aware that Turkmenistan "processes the world's fifth largest known reserves of natural gas, as well as substantial oil reserves"<sup>6</sup>). Although Turkmen/American relations did chill following the crackdown in 2002, US sources have admitted that Turkmenistan is increasingly engaging with Washington on a wide range of issues. The potential reason for this lies with the election of Hamid Karzai and improving Afghan/Pakistani relations. Afghan instability has been, for many years, the major stumbling block in the proposed pipeline from the Turkmenistan Daultabad gas field to Pakistan, and onward international export. At a meeting between Pakistani and Afghan officials key measures regarding the US\$3.5 Bn project were resolved. This allowed construction to commence in late 2006. Starting from December 2009, gas is supplied also to Iran through the Dauletabad - Salyp Yar pipeline. A position Niyazov is ready to exploit to strengthen and consolidate his position still further.

Whereas the Russian oil sector has struggled to match the Americans and Chinese the Russian gas conglomerate Gazprom has all but monopolised Turkmen gas exports, with the full support of President Putin. Under the guise of creating a "common system" Putin proposed the foundation of the Eurasian Gas Alliance in January 2002. This took advantage of Russia's existing infrastructure and produced a virtual monopoly status to Gazprom giving the massive Turkmen gas reserve into principally Russian hands. In the spring of 2003 Turkmen/Russo energy relations faltered following the attempted assassination of the President Niyazov. Putin immediately dispatched Vladimir Rushailo, Secretary of the Russian Security Council, to Ashgabat with the promise of help in the assassination investigation (Jonson 2008, 148). Following the prosecution of the alleged conspirators the Russo/Turkmen energy agreement was signed in April 2003. Putin's overt support of the Ashgabat regime

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6) See US State Department Bureau for European and Eurasian Affairs (August 2005) Background Note: Turkmenistan.

effectively confirmed Moscow's monopoly over all Turkmenistan gas exports which are expected to earn Moscow \$300 Bn. Turkmen gas will cater for growing Russian domestic consumption and free up Russian gas to be exported to the lucrative European and Asian markets (Stulberg 2005, 10). At the same time the Russian Government retains the discrete authority to set domestic wholesale and retail prices; and the Ashgabat regime maintains a powerful sponsor.

Niyazov has also sought to exploit Beijing's concerns over future energy provision. China considers Turkmenistan as one of the key states in engineering the Sino pipeline network. This aims to have the twin objectives of catering for domestic energy needs whilst reinforcing China's aspiration to be the geographical pipeline linchpin. A draft agreement has been signed between Ashgabat and Beijing regarding the proposed \$US9.5Bn pipeline from banks of the Amudarya River direct to China. This has been backed up by low interest Chinese finance arrangements in the Turkmenistan energy sector. China, like her main rivals in the area, sees the increasingly repressive government of Saparmurad Niyazov, and a truly woeful human rights record, as nothing more than a "speed bump" to their respective goals. To Niyazov such support is seen as further validation and acceptance of his regime.

### 3. Uzbekistan - a blueprint of the future?

President Islam Karimov rose to power in 1989 and once again proved a well trodden path from his previous position as leader of the Soviet Uzbekistan Communist Party. In the intervening years his government has pursued a policy of zero tolerance against any political activity outside that of the pro-government line. The rationale behind this hard line policy lies in Karimov's determination to rid the country of the threat of Islamic extremism.

Karimov's authoritarian presidency came to international attention in May 2005 following the killing of 187 protestors in the town of Andijan. Government authorities declared that the protestors were Islamic terrorists whilst human rights organisations continue to believe that the figure be nearer 1000 innocent civilians. Show trials following Andijan have seen the convictions of 150 people, including the Uzbek human rights activist Saidjahon Zainabiddinov who witnessed the killings.

Prior to the events in Andijan the US found a strategic ally in Karimov as it prepared to execute the Global War on Terrorism in Afghanistan. This chimed well with Karimov who saw his position in the wider region as becoming increasingly hegemonic. A Declaration of Strategic Partnership was signed in 2002 and with this came the forward basing of 5000 US troops in Khanabad and Kokaidy and US financed infrastructure improvements to those

facilities. With this partnership State Department figures show that during FY2002 US assistance to the Uzbek Government rose four-fold to US\$300m(Akbarzadeh 2005, 78). Under the banner of a Global War on Terrorism Karimov persecuted the Islamic Movement of Uzbekistan, listed by the Americans as terrorists, with zealous enthusiasm, encouraged by the US. Karimov continued to exploit this strategic partnership with the Treaty of Yalta in July 2003 which saw further financial provision (\$46m) for the training of mobile anti-terrorist units and information centres(MacFarlane 2005, 45). Throughout this period US officials did not identify Uzbekistan as a “state of concern” and largely ignored Uzbekistan’s appalling human rights record. Although no link to US trained troops is conclusive, Uzbek Interior Forces were used to quell unrest in Andijan.

US condemnation of Andijan resulted in the closure of the Uzbek bases. This was largely cosmetic as troops were re-stationed to the Manas Airbase in Kyrgyzstan. Further condemnations have not been forthcoming as Uzbek authorities continue to cooperate with western intelligence agencies, including assistance in the interrogation of suspects apprehended by US agencies.

Moscow seized on the chilling of US/Uzbek relations, following Andijan, as a means of re-establishing influence. Adopting a pragmatic approach to the region following 9/11, Putin allowed the forward basing of coalition troops on Uzbek soil, whilst also basing Russian troops in Kyrgyzstan. Following Andijan, commentators accounted for the rapid departure of American troops not solely to Karimov or US reaction to the massacre, but equally to Russian diplomatic pressure behind the scenes. Putin quickly capitalised on this position and in a lavish ceremony held in the Kremlin in November 2005 re-signed a mutual defence pact; at the ceremony Karimov declared that Russia was his most reliable ally. Karimov’s relationship with Putin is also built on the Eurasian Gas Alliance, whereby Gazprom now buys nearly all Uzbek export gas. Like Turkmen gas, this is then “plumbed” into the Russian network for export. Russian dominance of this market is all but supreme and as long as regimes in Central Asia remain in place Moscow’s gas supply monopoly will go largely unchecked. In return, almost identical to his Turkmen neighbour Karimov enjoys the patronage of Moscow.

China’s support to the Karimov regime is unequivocal and is once again based on energy provision and security. A deal signed by Karimov in May 2005 on a visit to Beijing sealed a joint energy venture worth US\$600m. As such Beijing has given its full support to the Tashkent version of events in Andijan. The lack of any form of robust action from either Beijing or Moscow following Andijan is probably unsurprising given their own repressive behaviour in Chechnya and Xingjian. This is seen with the robust wording of the Shanghai Convention on combating Terrorism, Separatism and Extremism to which all parties are

signatories.

Collectively the US, Russia and China have the capacity to coerce Uzbekistan towards reform but to date this will has not been forthcoming, as each pursue their respective agendas.

#### 4. Tajikistan and Kyrgyzstan—tactical weeds to Grand Strategists?

Whereas the involvement of the US, Russia and China in the energy producing states of Central Asia is unprecedented, complex and intriguing, their involvement in Tajikistan and Kyrgyzstan is best seen as marginal.

Both countries are gauged as low income group countries by the World Bank and have identical development diamonds to Bangladesh.

Domestically both countries have floundered following independence from the Soviet Union. Civil War flared in Tajikistan from 1992–97, killed up to 50,000 people with more than one tenth of the Tajik people fleeing the country. The lack of Russian and US involvement is seen in stark contrast when compared to Kosovo. Emomali Rahmonov was elected as President in 1994 and remains in power although social and ethnic divisions continue. Large swaths of the country lack government control, especially around Garm and Tavildara, areas that remain Islamic strongholds. This has led to Uzbek accusations of harbouring terrorists (Jonson 2004, 72).

Kyrgyzstan's first decade has also been far from tranquil. The peaceful Tulip Revolution in March 2005 saw the overthrow of President Aakyeu and gave premature hope to the region. Since then President Bakiev has struggled to assert control over an epidemic of crime and corruption. He continues to be engaged in an ongoing political duel with his Prime Minister Feliks Kulov after the National Security chief had murder charges dismissed against him.

US, Russian and Chinese involvement in both countries has been largely restricted to military activity, although Gazprom has secured a 25 year agreement to development existing supplies for domestic markets in Tajikistan. Following the collapse of the Soviet Union, Russia retained the 201<sup>st</sup> Motor Rifle Division on the outskirts of the Tajik Capital. The US maintains a troop concentration at Manas Airbase in Kyrgyzstan following their eviction from Uzbekistan. The Chinese have also conducted military exercises with the Kyrgyz defence forces.

As with everything in Central Asia future external involvement could be imminent and interesting. Tajikistan, with the blessing of Russia, is seeking stronger ties with Iran following a visit by President Rahmonov to Tehran. No response to date has been

forthcoming from Washington. Tajikistan's potential slide towards the status of a narco-state will be further examined in next part.

All five Central Asian regimes have courted and exploited the geo-strategic interest and economic reward coming from Washington, Moscow and Beijing. Actors in doing so have sacrificed many of their founding principles in return for advancing their respective positions and strategic goals. For their part the authoritarian regimes of Eurasia have encouraged this geo-strategic chess game as a means of supporting their own precarious domestic positions, whilst enjoying American, Russo and Sino short term patronage. The net effect of this external and internal short term'ism will now be examined in the next two parts. Initially analysis will examine the economic policies being pursued within the region and its effect on the regions stability.

## IV. Economic mismanagement and the threat of the “Dutch Disease”

Part Two and Three investigated the strategic involvement and inter-relationship of the US, Russia and China in the region and how this interfaced with the ruling regimes. This Part will expand on this and investigate the specific economics of the region. The region is dominated by two fiscal phenomena: the exploitation and export of oil and gas and the legacy of the Soviet cotton monoculture, both are greatly influence by overseas actors.

Strong anecdotal evidence shows that countries that have solely exploited natural resources run the risk of inheriting the economic phenomenon known as Dutch Disease; named after the Netherlands experience following the discovery of North Sea gas in the 1960s. The theory proposes that a large energy cash injection will result in a country's currency rising in value. This results in manufactured goods becoming less competitive, imports increasing, non-resource exports decreasing and a slow demise of traditional industry. With an economic downturn in world energy prizes economic stagnation is all but unavoidable. Historical examples of energy based Dutch Disease have included Sudan, Nigeria and Venezuela.

Potential Dutch Disease is only one of the financial woes facing the region. Three out of the five states inherited the Soviet legacy of the cotton monoculture. All are challenged by endemic corruption. These combined effects will also be examined in this part.

### 1. Central Asian Dutch Disease

Using Nigeria and Venezuela as recent examples the full extend of Dutch Disease can only be gauged once a country has gone through a full economic cycle. Consequently the challenge for economists in Central Asia has been in identifying trends now. Historically the root causes are two fold: a huge cash injection of money into respective countries economies; combined with fiscal mismanagement in not diverting this cash into non-energy based projects, thus balancing the economy for the long term. The added challenge to Central Asian economies was that this influx of cash coincided with the collapse of the Soviet Union when fledging banking systems were ripe for exploitation.

This paper has already detailed the billions of dollars that have been invested into the Eurasian energy sectors. This is a mere drop in the ocean according to the Kazakh President who aims to attract up to US\$100Bn over the next 5-7 years. Although evidence is not conclusive due to the incomplete economic cycle, and existing high world oil prices, Dutch Disease indicators are evident.

The energy investment in Kazakhstan, Turkmenistan and Uzbekistan has stimulated exports particularly in the oil and gas sectors, as would be expected. Kazakh oil exports have risen from US\$7.9Bn in 2003 out of exports worth US\$13.2Bn to US\$12.8Bn in 2004 out of exports totalling US\$20.6Bn. Economic growth at this rate is commendable, although two concerns linger. These exports are based on very high oil prices when it was at over US\$65.2 per barrel, over-inflated owing to current Middle Eastern insecurity. Secondly Kazakh imports have been growing at a similar rate from US\$13.3Bn in 2003 to US\$18.8Bn in 2004. Concurrently a fall in the agricultural GDP has also taken place, both of which are economic indicators of potential Dutch Disease.

Similar evidence is also seen in Turkmenistan where over 15 years, between 1994 and 2009, natural gas exports rose from US\$1.4Bn to US\$1.8Bn. Over the same period imports rose from US\$0.6Bn to US\$1.6Bn.

When examining the susceptibility of the region to Dutch Disease commentators (Rummer 2005, 13) have indicated that the Central Asian Republics had one marked advantage over victims such as Nigeria and Sudan. Following the collapse of the Soviet Union each newly formed state inherited a high intellectual capital predominantly based on a Russo urban intelligentsia which formed the business backbone. In theory this grouping would be capable of managing the influx of energy revenue and channel it into the wider economy for long term growth and prosperity.

However commentators did not foresee the mass Russian migration following independence. This resulted from hastily enacted law laws concerning citizenship and language, combined with post independence inter-ethnic violence. Due to the ongoing Russian "brain drain", Turkmenistan, characteristically, has enforced draconian laws that prohibit the departure of

Russian specialists employed in high-technology areas.

Even distribution of energy accrued capital has not been evenly distributed. In Kazakhstan 5% of the population possess 80% of the national wealth, 15% declare themselves content with the remaining 80% subjected to poverty. (Rummer 2005, 14) The Norwegian model, which successfully avoided the effects of Dutch Disease, saw the prudent investment in the public sector to raise living standards and counter economic stagnation; this has not been fully embraced by the regions economists. Although the Kazakh authorities championed their National Oil fund, it is run by the Presidents friends. Billions of dollars have already been squandered in building the new capital Astana, which has included a new US\$50m Presidential Palace(Kleveman 2003, 87). The most graphic evidence of the lack of investment in public health is seen when the under-5 infant morality rate is compared against non-energy rich, developing countries.

The conundrum that faces the Central Asian regimes is simple. To stave off the potential of Dutch Disease, transparency is required in handling energy revenues. State enterprises required privatisation and long term fiscal discipline needs to be demonstrated. This remedy will only work if power is relinquished by the ruling elites to allow private enterprise to invest in the non-energy sector. The current leaders are loath to do this as it will generate greater economic equality and in doing so promote potential opposition to their respective regimes. With this comes the potential for domestic and regional instability which is what the US, Russia and China are endeavouring to avoid, hence their continued political support throughout the region. This status quo is fuelling a vicious circle which, with an economic downturn, has the potential to trigger Dutch Disease.

## 2. The Soviet legacy of Cotton monoculture and institutional corruption.

Institutionalised corruption throughout the Central Asia Republics precludes all economic and political undertakings. Thus by association all outside money invested into the region will be corrupted in the process. Transparency International, an NGO that challenges global corruption, rank the five republics out of 146 countries accordingly:

As with energy, trans-national involvement in the regions other major export, cotton, is highly evident. Intensive cotton production was introduced by the Soviet authorities into Uzbekistan, Turkmenistan and Tajikistan as part of the collectivisation of agriculture. Today the region accounts for 6.5% of total world production and 15.4% of total world exports.

China remains the largest global cotton producer with most of its crop destined to its domestic textile industry. Central Asia Republics remain in direct competition with the



heavily subsidised US cotton industry. A removal of these subsidies would lead to a 26% increase in world cotton prices. The combined effect of authoritarian regimes and US protectionism blights the vast majority involved in the growing and harvesting of cotton in a cycle of grinding poverty and repression.

The bulk of Uzbek cotton is sold to the state controlled Uzpakhtasanoat for grading and marketing. Uzpakhtasanoat then sells graded cotton to private import-export enterprises controlled by state officials and business elements close to the Karimov government. Many of these act on behalf of registered companies in the British Virgin Islands and Cyprus. On average only 10-15% of the income generated from these sales goes back into agriculture and the farmer.

President Niyazov oversees a similar cotton empire in Turkmenistan where 60,000 tons of the annual harvest is placed in a "Presidential fund". He has also overseen the investment by GAP-Turkmen of US\$1.5Bn into the Turkmenbashi textiles complex to produce western branded denim clothing. "As one economist pointed out, the Central Asian presidents have acquired monopolistic control over key imports and enterprises, a lucrative perk quite at variance with the notion of regional free trade and transparent capital movement"(Bohr 2004, 484).

There remains a general pervasive air of hopelessness amongst Central Asia cotton farmers where protest has been met with intimidation, land confiscation and imprisonment. Mass migration from the rural areas to neighbouring Russia, where migrant unskilled labourers can earn up to US\$200-250 per month, has meant that much of the hand picked harvest is now done by women and children. In 2003, regions in Tajikistan saw 72% of 6-11<sup>th</sup> grade children participate in the 2 month harvest; whilst Turkmen children now graduate with only 7.5 years of actual classroom time.

These statistics will further fuel concerns over economic stagnation and indirectly Dutch Disease. Much evidence has also been seen that the exploitation of cotton has proved fertile recruiting grounds for radical Islamic groups. Economic mismanagement and exploitation are but one of a number of combustibles that could spark instability in the region and further societal meltdown. This area of investigation will now be examined in further detail in the final part of analysis.

## V. Conclusion

Drawing conclusive material to ascertain the future stability of Central Asia is challenging following this limited analysis. Looking at the region as a snap-shot it would indicate that stability exists. Governance is representative in all five Republics; interaction with

trans-national actors and agencies is ongoing and constructive, and capital investment and generation is forthcoming in varying degrees. However this paper has sought to unearth analysis beneath this somewhat superficial veneer by examining the four specific areas outlined in part 1. In doing so conclusions can be drawn that whilst current stability pervades, catalysts have been identified that could cue future intra-state and wider regional instability. As evidence has shown these fall within a short and long timeframe as well as having origins from internal and external sources.

Authoritarianism is engrained in the political landscape of the region; even the Tulip Revolution and fledgling democracy in Kyrgyzstan is still too embryonic to be conclusive. The in-vogue question asked by many commentators is will further theme revolutions, as in Georgia and Ukraine, germinate in Eurasia. Success in Kiev and Tbilisi was indirectly predicated on subtle outside interference. Analysis has shown that such external influence is less likely in Central Asia. This synopsis is proven by the complex inter-relationship that exists between Washington, Moscow, Beijing and the ruling regimes in the pursuit of their respective short and long term goals. As S Neil MacFarlane comments on American Central Asian foreign policy, which arguably could be seen from both a Moscow and Beijing perspective: short-term possession goals are being given pride of place over long-term issues such as development, rule of law and democracy(MacFarlane 2005, 460). Therefore, in the short term regime change must lie with a home grown form of theme revolution. This scenario brings the potential for far greater instability to the region as such an event would not have an external sponsor and questionable strategic long term goal. Events in Andijan could be a premonition of such a scenario occurring.

Analysis has also shown, but admittedly is not conclusive, that the energy economic honeymoon is coming to an end. Although the region is not on the precipice of Dutch Disease, largely thanks to high crude oil prices, fiscal provision for the eventual economic downturn is debatable. Kazakh officials herald much about their oil fund, but it is still administered at an arms distance by the President. Further short term financial woes within the region are immense and primarily affect the 80% of the population in poverty. Traditional industry is declining, be that cotton production or the Aral Sea fishing industry, due to de-population, corruption, disease and environmental and ecological disasters. Although in the medium term the energy sector will employ more people these jobs remain specialist and are largely sourced externally. The net result is a burgeoning and nomadic rural population who are both poor and unemployed. Although not analysed in this paper such groups, as history will testify, are always susceptible to external influences and alternative ideologies as a means of improving their respective lots.

This paper aimed to study Central Asia and analyse its stability whilst exposing to the

reader the issues affecting of the region. Within a limited sphere of investigation the stability of region is tenuous in the short to medium term. Sir Halford McKinder description of the region as the “heartland” of the civilised world may yet have to be re-crafted as a “heartland” faced with the dual challenges of instability and potential societal meltdown.

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Abstract

## Security and Stability in Central Asia – New Security Issues and Societal Dimensions –

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The current and future stability of Central Asia remains in a dynamic and fluid state of flux. Following the collapse of the Soviet Union, all five new Republics embarked on the road to democracy and national identity. Over the intervening years ruling elites have consolidated their positions, disparity of wealth has increased, whilst energy exploitation and the Global War on Terror have been acted out within the region. This paper will articulate the complex set of relationships between the Republics, external and trans-national actors. A hypothesis will be developed that will examine these relationships and the effects that they are having on the political, economic and societal aspects of Central Asia; and their direct and indirect effects on the regions stability in the short to medium term.

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