

# Central Asia in the Era of Sovereignty

*The Return of Tamerlane?*



*Edited by* DANIEL L. BURGHART  
AND THERESA SABONIS-HELF

# **Central Asia in the Era of Sovereignty**

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*Central Asia in the Era of Sovereignty: The Return of Tamerlane?*, edited by Daniel L. Burghart and Theresa Sabonis-Helf

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Both authors wish to reiterate that the opinions expressed in this book are those of the authors, and do not represent official positions of the US Government, US Agencies, or our respective institutions.

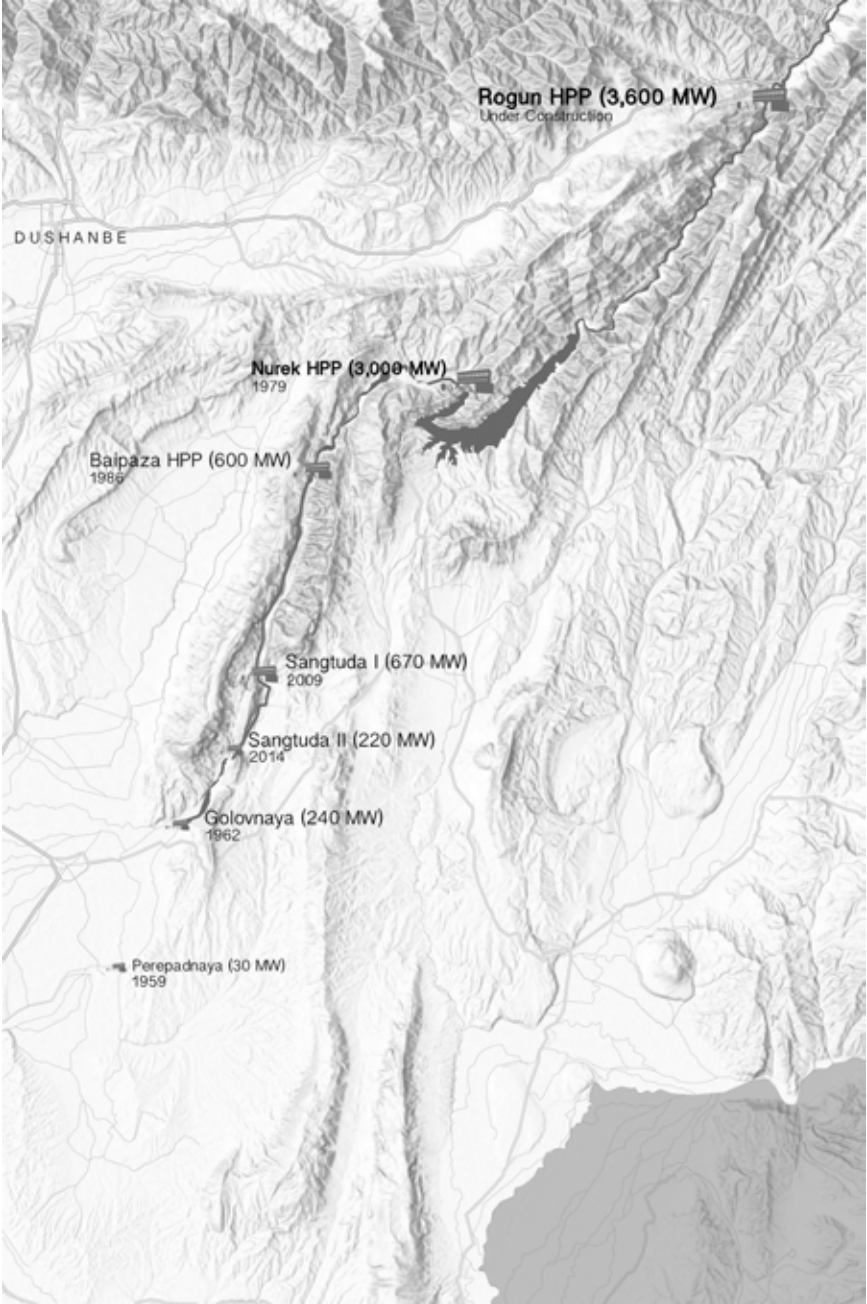


**Ferghana Valley and its enclaves/exclaves.**

Gavin Helf.



**Central Asia.**  
Cavin Helf.



**Vashkh River Cascade, Tajikistan.**  
Gavin Helf.





# Introduction

## *Central Asia in an Era of Sovereignty: The Return of Tamerlane?*

There is something about Central Asia that defies logic and reason; it is ever changing and yet somehow remains the same. For thousands of years it has occupied a key position between Asia and the West, serving as a pathway connecting the two, as well as being influenced by both. Throughout all this time, it has been able to maintain an identity of its own, one that often escapes the understanding of those who pass through, or stay only short periods of time before moving on to other parts of the world. Yet for those willing to take the time and make the effort to understand the region, it never fails to fascinate, raising two new questions for everyone that it answers. It is for those who seek that better understanding that this volume has been written.

Part of the problem of studying the region is that, for a number of reasons, information about the territory and its people has been uneven at best, and difficult to obtain or entirely missing. This is due in part to size and geography; it has been and remains one of the most isolated parts of the world, making it difficult for most travelers to access. It is also due, in part, to the nomadic nature of many of the cultures based there, who never had the need for the types of institutions found in other parts of the world, which would record and store the histories, stories, and traditions we have come to depend on as essential for understanding a society. It is also due in part to political considerations; by the time that technology had evolved to the point that travel to and communication with the region were facilitated, the Russian and then the Soviet Empires put restrictions on the travel of outsiders, so that when those on the outside wished to study and learn there, manmade obstacles were placed in their way.

This is not to say that such restrictions were absolute or totally effective. There have always been a few intrepid souls who managed to make their way there and return, bringing with them tales that sparked the interest of others.

While Marco Polo is probably the best well known for his travels along the great Silk Road, other names, such as Arthur Connolly, F. M. Baily, and Fitzroy Maclean are all noted westerners who have helped to lift the veil that has shrouded the region. Of contemporary scholars, Peter Hopkirk is perhaps the best known for his masterful multiple volumes about Central Asia, which have whetted the appetite of many in the current generation of scholars and regional specialists, who are rediscovering what those before found so fascinating.

In 1991, with the breakup of the Soviet Union, the barriers to travel that had been in place were suddenly gone, allowing this new generation to travel, work and experience firsthand what they had only been able to read about before. What they discovered was a region undergoing culture shock, both from the loss of one governing system that, while foreign to them they had grown accustomed to, and from exposure to western ways from which the old governing system had shielded them. Yet in spite of this turbulence, there were also deeply embedded norms, tied to the land and its people, which allowed the region to weather this turbulence and in some cases even begin to thrive in these new, chaotic circumstances. When we the editors published our first collaboration, it was a volume titled *In the Tracks of Tamerlane*. In this volume, we sought to capture those first ten years of independence. Written as seen through both the eyes of westerners and people from the region, it examined a number of topics and issues that were critical to the area's survival as a sovereign territory.

In the early years of independence, preservation of sovereignty in Central Asia was far from certain. Now, twenty-five years later, there is little doubt that the five states will not only persist as states, but that they will increasingly differ from each other in many ways, and make their mark on global politics. Where the states were once connected only to Moscow (and not always even to neighbors), they are now connected to Afghanistan and South Asia, to China, and increasingly to Iran. Thus, it is time to reassess Central Asia's prospects for the future, and at the same time to review what the Central Asian states now make of their past.

*The Tracks of Tamerlane* came out in 2004, as a government document published by National Defense University Press. At the time, both of the editors were faculty at the National War College, and we were trying to address an absence that had bothered us in our efforts to teach about the region—the dearth of books on Central Asia that were “teachable” in the sense that they provided some depth on Central Asian issues, but also were of interest to people who were new to the region.

The first volume was far more successful than we expected, enjoying a place in curricula both in academia and in training programs. Now, fifteen

years later, much has changed, and while there are many more scholarly volumes on Central Asia available, the majority focus tightly on a single issue or country. Thus, we set out once again to assemble a survey volume covering a wide range of issues from a number of scholars and specialists on the region, and present their views in an accessible format to an audience that follows international relations, but may not be familiar with Central Asia. Among our authors, we have a mix of well-known names, with new scholars whose work in the region is just beginning. We hope this volume will fill the same niche that the last volume did—a non-quantitative volume of scholarship for those trying to learn about the region, whether in a classroom or by independent study.

## CONTENTS

The book is divided into three broad sections—Social Issues; Economics and Security; and Case Studies. Our authors in the first two sections were asked to examine how their issue unfolded in two or more states of Central Asia. In some cases, they give equal time to multiple countries, while in others they focus on one country, but discuss implications for the broader region. In our final section, the Case Studies, each focus on one key issue in each of the five Central Asian states.

The first section, *Social Issues*, begins with an examination by Vivian Walker of the Central Asian borders themselves—how the highly artificial boundaries of the region have solidified and defined relations and regional dynamics. She sets the context for two main currents within Part One: responses to transboundary challenges and issues of political development. Roger Kangas's chapter reviews the legal frameworks that underlie the political development of each of the five states. Maria Omelicheva then reviews the evolution and current state of human rights issues in each of the states. Among the transboundary challenges, the ongoing efforts (and failures) of the states to address HIV/AIDS is taken up by Svetlana Ancker. The emergence of social media as a force with political effects is reviewed by Stacie Giles. The rebirth of Islam in the region, and its evolution into the IMU movement, is examined by Sebastien Peyrouse. The first section closes with Saltanat Liebert's study of outmigration from Central Asia to the United States.

The second section, *Economics and Security*, addresses the overlapping issues of prosperity and stability, and offers some reasons for optimism as well as areas of concern. Several chapters focus on specific factors that contribute to both prosperity and stability—such as Dena Sholk's examination of the rise of Bazaars as the center of the informal economy, Theresa Sabonis-Helf stud-

ies of how new infrastructure is beginning to change the political economy of the region, and Yuhao Du analyzes Chinese investment in Central Asia. Because energy exports play such an important role in the political economy of Central Asia, two chapters are devoted to issues associated with energy. Richard Wheeler looks at the engagement of international institutions in guiding energy development, while Dan Burghart examines the role that energy may play in Central Asia's future. But the Central Asian states' efforts to improve their economies and security remain very much works-in-progress. Several chapters address how states are approaching some well-known challenges to security in the region. Jack Rowe reviews the history and current status of Ferghana Valley ethnic enclaves and their potential to spark wider conflict, while Elena Kovalova reviews the persistence of illicit networks and organized crime in the region. Robert Timm explores the puzzle of why the nations of Central Asia have changed little of their approach to military security, in spite of sweeping changes with regard to threats and opportunities.

The third section is comprised of *Case Studies*. In this section, each author was invited to focus on a single country, and examine a single issue that is critical to understanding that country. These in-depth case studies offer a "deeper dive" into specific factors that matter in the internal politics of the Central Asian states, from ideology to local governance. Erica Marat investigates Kyrgyzstan's efforts to develop democracy. Marlene Laruelle examines Kazakhstan's debates about its future role in the region, and the balance it seeks to strike between the Eurasian Economic Union and its other options. Laura Adams, Mans Svensson, and Rustamjon Urinboyev study Uzbekistan through the lens of everyday life and governance at the local level to shed light on how the country is managed. Theresa Sabonis-Helf examines Roghun, the massive hydropower project that is a centerpiece of Rahmon's post-civil war government. Sophia Srinivasan provides the history of Turkmenistan's development of its gas sector, explaining the evolution and careful management of foreign direct investment. These cases offer depth on a specific issue, and serve as a complement to the broader views provided in earlier sections of the volume.

## FINAL THOUGHTS

This volume is not necessarily meant to be read end-to-end, but to allow the reader to focus on topics of interest to him or her. We hope that the format makes it accessible to those who are interested in a specific issue or county, and expect that a portion of the audience will continue to be those preparing to serve the US government in some capacity in the region. For those who do

read the volume in its entirety, we hope it will provide new insight into some of the patterns of continuity and change in the region, now that it has passed the twenty-five-year mark of independence.

At the same time, it is hoped that this volume will provide a “snapshot” in time, of a region that has both confounded and fascinated those who have sought to know it better. While it remains common practice to speak of post-Soviet states as nations in transition, this volume provides a clear picture of a region in which the states have already arrived at the end of one major transition—sovereignty is consolidated, in the sense that the borders and forms of government appear well established. Where the states will go from here is yet to be determined, but that process will continue to unfold in the years to come, creating new opportunities for both scholars and analysts alike.

Both volumes refer to Tamerlane in their titles, acknowledging the most internationally renowned personage from the region. In the course of his life, Tamerlane traveled from Europe to Asia, traversing Central Asia many times in the process. Whenever and wherever one may travel in the region, they are bound to find themselves “in the tracks of Tamerlane.” It is hoped that our modest effort will help guide and enlighten these travelers on their journey.



## *Part I*

# **SOCIAL ISSUES**

The chapters in Part I of this volume focus on socio-political development and the ability of the governments in the region to address key social demands and issues. Ranging from foreign policy to health care and strategic communication, the authors examine specific problems and the state responses, finding both areas of success and of failure.

Part I begins with an overview chapter by Vivian Walker that introduces the states of the region, examining multiple aspects of the “Borderlands Paradox.” The paradox she presents is that borders both create conflicts and help define and connect the region. Walker analyzes six cross-border variables, illustrating what connects and what divides the countries of Central Asia. She provides a comparison of the foreign policy approaches of each state; reviews the geographical and historical context of the region; examines the roles played within and between states by ethnicity and identity; considers trade patterns and why there is more international than regional trade; reviews the insufficiency of connecting infrastructure; and provides an overview of shared security threats.

Walker’s broad view of the region is followed by Roger Kangas’s analysis of the legal frameworks of the five Central Asian states. He examines the pre-Soviet and Soviet legal heritage, and finds that, in spite of significant Western support and involvement in early independence, concepts of power relations remain very much based on traditional and Soviet-era terms. In this regard, the obligations of the citizen to the state are emphasized much more than protection of citizens. Kangas examines each of the five states, and notes that each has, in varying ways, instrumentalized the Western language of rule of law and used it in ways that emphasize public order. He reflects on support from Russia and China which has enabled the states to redefine their own legal regimes in “an almost buffet-like manner,” choosing that which suits the leadership.



Kangas's analysis is further elaborated by Mariya Omelicheva, who reviews the domestic governance of each of the five states, using the prism of human rights. She finds that, although there are marked differences in the magnitude of human rights violations, every Central Asian country provides cause for concern. She argues that the authoritarian nature of the regimes is the primary source of human rights violations, and that authoritarian states—more so than democratic ones—become repressive when confronted with the threat of instability from any source. Omelicheva reviews the history of each state's political evolution since independence, and the challenges these states faced, which led to repressive responses.

Omelicheva laments the fact that the Central Asian states made rhetorical pledges to abide by norms that they did not implement in practice. Svetlana Ancker finds that this is also the case in Central Asian efforts to combat HIV/AIDS. Central Asia was faced with rising infection rates, caused by a sharp increase in risky behavior, coupled with declines in living conditions and access to healthcare. In response to domestic and international concerns, all of the Central Asian states except Turkmenistan proclaimed a political commitment to combatting HIV/AIDS, and created a legislative basis for action. Each of these states has also received significant donor support. She finds, however, that implementation has remained weak. Ancker reviews seven "drivers" of HIV infection, and how each state has addressed these drivers in practice. She finds differences among the countries, but aggregate results that are disappointing, due in part to the continuing prevalence of stigmatization and discriminatory practices.

Ancker identifies low awareness levels as one of the drivers that leads to high infection rates. The larger problem of information, and how it is accessed by Central Asian polities, is taken up by Stacie Giles in her chapter on Social Media. She proposes a framework of "Inform, Involve, Instigate" as a way to understand the role of social media in the region. Using illustrative examples, Giles shows how social media fills the "Inform" role; as she explains, events covered by social media are re-broadcast by satellite TV, leading to more discussion on social media and limiting any one government's ability to control information. She then shows how social media can serve to "Involve" by forming groups with common interests and shared identity. The final role of social media, to "Instigate," is what she describes as "the nightmare of many governments," that social media will spur popular demands for political change. This last arena is the one in which, Giles argues, China has made the strongest effort to manage and in which Central Asia has followed China's lead. She notes that while social media does often successfully "instigate" citizen action, it rarely achieves the goals it has set out. Giles makes a compelling argument that these three distinct political functions of social

media allow the analyst to see how social media plays a political role, even in spaces where radical change is unlikely.

Giles's chapter devotes significant space to explaining how Islamic social media plays an "involve" role in building a sense of community and/or legitimacy for its followers. This provides a very effective lead-in to Sebastien Peyrouse's examination of the IMU and its communication strategy. Peyrouse examines both the evolution of the IMU movement itself, and how this evolution has shaped its communication strategy. He finds that IMU declaring allegiance to ISIS reveals more weakness than strength. Peyrouse argues that the IMU is "struggling to rationalize its narrative," since it has given up its original objectives of overturning the Uzbek government. It finds its members widely scattered, increasingly ethnically diverse, and greatly weakened, and is now one of many international Jihadist movements, instead of the only one with a clear identity. Peyrouse notes that in its social media presence, the IMU overstates its claims, its geographical reach, and its impact.

While Peyrouse critiques the migration of the IMU further and further from its roots and its Central Asian home, Saltanat Liebert examines a different Central Asia outmigration—that of educated, white-collar workers from Central Asia and Georgia to the United States. Focusing on groups that do not have a strong diaspora in the US, and basing her analysis on interviews with 48 migrants, she finds that the US is a highly desired destination country, but one in which these highly educated migrants are unlikely to find jobs that take advantage of their expertise. She describes the "drastic downward occupational mobility" as a "brain waste" rather than a "brain drain" since the skills are lost rather than transferred to a new country. Liebert identifies many of the reasons why this community has difficulty transferring their skills and credentials into the American market, and why this community is less successful than many other immigrant communities at turning to entrepreneurship in their new country. She also examines the remittance dependency of families back home, which keeps these immigrants willing to endure downward mobility in the United States.

Part I offers the reader concise introductions to both internal and external aspects of Central Asian statehood. A consistent thread across the issues is how the states have prized state power and sovereignty, as well as the citizen's obligations to the state, rather than the individual rights of citizens. These chapters also highlight ways in which the states have taken distinct approaches to common problems. Taken together, these chapters provide the reader with a sense of the socio-political environment of Central Asia, the evolution of the states during the first twenty-five years of independence, as well as how the changes that have taken place during this period have affected the citizens' health, worldviews, and engagement outside Central Asia.



## *Chapter One*

# **The Borderlands Paradox**

## *Framing Central Asia's Current Economic and Security Challenges*

Vivian S. Walker

The border relationships between the five countries of Central Asia represent something of a paradox for foreign policy analysts and practitioners.<sup>1</sup> On the one hand these borders are responsible for crippling conflicts between the five countries. At the same time they connect and define the region. This dynamic has the potential to thwart external attempts to impose strategic coherence on the region. To arrive at a better understanding of Central Asia border relationships and their impact on regional economic and security initiatives, this chapter analyzes six cross-border variables: foreign policy approaches, geography and historical background, ethnicity and identity issues, trade relationships, infrastructure challenges and threats to security.

These six variables offer a useful perspective on the evolution of strategic relationships between the actors and how those relationships shape border relations. The interplay between these variables also illustrates the extent to which Central Asia resists easy definition as a region. What connects the region? What divides it? Is it a set of countries bound by common interests and shared geographical, historical and cultural narratives? Or, as some experts have claimed, is Central Asia itself a meta-geographical construct, a product of arbitrary spatial division and taxonomic designation that reflects the interests of those doing the dividing and naming of the region?<sup>2</sup>

### **FOREIGN POLICIES**

One way to answer these questions of regional identity is to look at how each of the five Central Asian countries defines its relationships with the rest of the world. To a large degree, each nation's domestic attitudes about regional cross-border relationships determine external engagement strategies. Some

interesting convergences and divergences among these strategies emerge. All of the Central Asian nations, including, occasionally, Uzbekistan, favor some form of engagement with China, Russia, South Asia, and the West and, to a lesser degree, within the region. Kazakhstan and Turkmenistan base their foreign policy engagement strategies largely on their economic potential, leveraging hydrocarbon resources to arrive at favorable deals. Kyrgyzstan and Tajikistan, by contrast, build their foreign policy strategies on the absence of economic potential, seeking foreign assistance to make up for considerable resource shortfalls. The outlier, Uzbekistan, aims in general to consolidate its role as a dominant regional player, forsaking broader engagement with the West in pursuit of its domestic economic and security interests. Even as they share an interest in building strategic relationships with the rest of the world, however, these five countries have no interest in harmonizing their foreign policy objectives as a region.

The largest and most economically viable of the new Central Asian republics, Kazakhstan launched a vigorous program of external engagement shortly after independence. President Nazarbayev's "multi vector foreign policy" focuses on "integration and openness to the entire world," including proactive membership in the Customs Union, the Organization for Security and Cooperation in Europe (OSCE), the Shanghai Cooperation Organization (SCO) and the Collective Security Treaty Organization (CSTO).<sup>3</sup> Pragmatic and non-ideological in nature, this multi-vector policy is "motivated solely by the perceived interests of the state in achieving its policy objectives."<sup>4</sup> This approach permits Kazakhstan to "play both sides against the middle"<sup>5</sup> while pursuing long-term state security and economic development objectives. As a charter member of the SCO, Kazakhstan has worked closely with Russia and China on security policy and strategy for the region. At the same time, Kazakhstan has been actively engaged in NATO's Partnership for Peace program, and has participated in numerous joint military exercises. Kazakhstan sent a small contingent of troops to Iraq in 2002, the only Central Asian nation to do so. Kazakhstan's multi-vector approach also underlies the development of its hydrocarbon resources. To this day, Kazakhstan carefully negotiates between Russian, Chinese and Western oil partners and governments to secure favorable terms for pricing structures and tariffs as well as improved access to global markets.

While Kazakhstan has successfully parlayed memberships in a range of international institutions into an aggressive foreign policy, landlocked, resource-poor Kyrgyzstan has developed more international dependencies than profitable partnerships. For example, although Kyrgyzstan was the first country in the region to join the WTO, its disadvantaged trade position owing to geographic and infrastructure challenges has meant little gain from its membership.<sup>6</sup> Kyrgyzstan's initial "silk road diplomacy," launched in 1999

by then President Akayev, aimed at a foreign policy based on “broad and multi-faceted international cooperation” as well as “partnership, friendship and cooperation with all countries of the Great Silk Road.”<sup>7</sup> This pragmatic policy acknowledged the “geostrategic and geopolitical realities” that impede Kyrgyzstan’s pursuit of its “national interests.” As a “developing country” with a “transition economy” Kyrgyzstan must look to multilateral diplomatic institutions to “defend its economic and political interests” and international financial and economic organizations to assist in structural reform efforts. In 2007, then President Bakiev updated Kyrgyzstan’s foreign policy approach, calling for a “multi-vectored, balanced and pragmatic foreign policy approach” that closely resembled Kazakhstan’s foreign policy doctrine.<sup>8</sup> In practice, this “new approach” repeats the basic objectives articulated in the original “silk road” policy: pursuing Kyrgyzstan’s security and development interests through cooperation with neighboring countries, the US, and international and regional organizations such as the OSCE, the SCO and the CSTO.

Like Kyrgyzstan, isolated, volatile, impoverished and infrastructure-challenged Tajikistan seeks outside assistance to shore up substantial internal deficits. Broken by a civil war in the early years of its independence, Tajikistan became a major north/south corridor for drug trafficking and smuggling, exacerbated by links to organized crime and insurgencies. Bordered by a predatory China and a thoroughly dysfunctional Afghanistan, Tajikistan has made the least progress of the five countries since independence. Therefore, as articulated by President Rahman, Tajikistan’s “open door” foreign policy is a straightforward effort to create “favorable conditions for the rapid development of the country.”<sup>9</sup> Based on Tajikistan’s significant security and development challenges, the open door policy aims to “build the infrastructure to connect with the outside world” and provide “landlocked Tajikistan” with “transportation corridors” and a way out of its “communication deadlock.” With its overwhelming poverty, the proliferation of organized crime and drug trafficking elements and its status as both safe haven and safe passage for insurgents coming in and out of Afghanistan, Tajikistan’s survival depends largely on foreign assistance and engagement.

Kyrgyzstan and Tajikistan’s desire to connect with the world—driven largely by economic imperatives—contrast starkly with their neighbor Uzbekistan, whose relative stability and self-sufficiency allows for a less engaged foreign policy. Uzbekistan has a functioning agricultural sector and relatively abundant resources. Moreover, during his long tenure, former strongman President Karimov has maintained political stability through a mixture of repression and a take-no-prisoners attitude toward insurgents, real or imagined. Uzbekistan’s foreign policy of “self-reliance,” therefore, reflects a stridently unilateralist outlook and “skepticism toward cooperation,” whether bilateral, regional or international.<sup>10</sup>

Although it appeared in the years following independence that Uzbekistan might take a more active role in the leadership of the region, the spillover potential of political instability and violence in Afghanistan ultimately drove Uzbekistan's desire to become less dependent on others in order to consolidate its security interests. Uzbekistan continued to use threats of political Islam, terrorism and drug trafficking to justify its increasingly isolationist stance in the region. Distrust of its immediate neighbors as well as Russia and China's intentions has prompted Uzbekistan to abstain or withdraw its memberships from most major economic and security organizations in the region. With respect to its economic self-reliance, Uzbekistan has adopted the "practice of self-sufficiency and mercantilism," or "the application of high tariffs to promote domestic production and the subsidization of exports to obtain foreign currency."<sup>11</sup> Because this policy "downplays multilateralism and aims at zero sum trade," "integration is forsaken at the expense of Uzbekistan regional economic supremacy."<sup>12</sup>

If Uzbekistan has made the decision to cut or at least minimize ties with the rest of the world, Turkmenistan has moved cautiously but deliberately in the opposite direction. Soon after independence, Turkmenistan launched its signature foreign policy of "positive neutrality," which called for "respect of sovereignty and territorial integrity of other states, non-interference in their internal affairs," a prohibition on membership in any political, economic or military alliance or bloc as well on the use of military force, and the exclusive reliance upon the UN to resolve all disputes among "foreign countries."<sup>13</sup>

By "remaining aloof from political alliances or avoiding economic commitments that might limit Turkmenistan's foreign policy alternatives," then President Niyasov could "keep his options open to exploit" Turkmenistan's status as "one of the world's major natural gas exporters" and break Russia's "stranglehold" over its gas exports."<sup>14</sup> In this regard Turkmenistan has emerged as a significant player in the hydrocarbon resource game, leveraging its oil and gas reserves against Russia's ambitions in the region and attracting substantial Chinese investment in infrastructure and commercial initiatives. Niyasov's successor, President Berdimukhamedov, has continued to build on the policy of positive neutrality, significantly increasing Turkmenistan's energy exports to China and pursuing energy and transportation partnerships with Iran, India, and Pakistan.

## **GEOGRAPHIC AND HISTORICAL PERSPECTIVES**

Convergences and divergences among these foreign policy approaches illustrate the dynamic between internal security priorities and external economic

opportunities—and the extent to which the region is divided by competing strategic objectives. In fact, the difficulty of defining Central Asia as a cohesive region originates with its history as shaped by geographical imperatives. Over the centuries Central Asia's borders have been drawn and redrawn according to prevailing security, economic, political objectives at national, regional and international levels. The nineteenth-century geographer Harold Mackinder famously described Central Asia as a pivotal link between distant parts of the world.<sup>15</sup> As a region with no “exact borders,” its frontiers were drawn by external actors belonging to competing spheres of influence or representing major world powers and geopolitical regions.<sup>16</sup>

These successive spheres of influence and power were often in conflict with one another, further destabilizing the internal and external boundaries of the region. Saul Cohen's theory of “shatterbelts” offers another useful perspective on the complex nature of Central Asia's successive demarcations. Defined as “large, strategically located regions occupied by a number of conflicting states and caught between the opposing interests of the adjoining great powers,” shatterbelt territories resist easy definition or control.<sup>17</sup> The product of a series of invasions and conquests by empires around the region, Central Asia has been defined by competing ideologies and interests, to the point where the definition of national and regional identities are blurred.

Home to high mountains and vast steppes, arid deserts and fertile river valleys, Central Asia's “geography of extremes”<sup>18</sup> has shaped its destiny. Known in ancient times as Transoxiana (the land beyond the Oxus), Central Asia originated in the great basin between the Amu Darya and Syr Darya rivers. Contemporary Central Asia encompasses a series of plains and high plateaus stretching east to west from the Hindu Kush on the Chinese frontier to the Caspian Sea, and from the Siberian steppes in the north to the Iranian and Afghan borders in the south. Central Asia's high mountains and deep, impassable river valleys permit the formation and preservation of isolated pockets that provide shelter and safe passage to insurgents and traffickers in illicit goods, weapons and narcotics. The rough, mountainous terrain creates tremendous infrastructure challenges, especially safe, convenient transportation and access to water and energy resources. Its deserts and steppes have served as protective barriers to invasion as well as sites of extensive agricultural production.

Central Asia's geographic extremes are reflected in its cultural breadth. A place of overlapping aesthetic, philosophical and theological traditions, the region has hosted several major world religions, including Zoroastrianism, Buddhism, Manichaeism, Christianity, Judaism, Buddhism and Islam. A landlocked region peopled by nomads and settled populations, Central Asia has always been open to the influence of its neighbors, particularly when



those neighbors have been empire or great powers, such as the Persians, Turks, Greeks, Arabs, Chinese and Russians. The region has been known as everything from Turkestan (the Persian word for land of the Turks) to Chinese Tartary to High Asia to Inner Asia to the Soviet South to the Heart of Asia and the Greater Middle East. The concept of Greater Central Asia has at one time or another included northeastern Iran, Afghanistan, Pakistan, northern India, western China, and Mongolia, in addition to the five countries we know today.

The rise and fall of each empire was determined to a significant degree by the ruling regime's ability to secure its territory and assets and generate income through a system of trade and transportation corridors known collectively as the Silk Road. The original trade routes were a set of "shifting, unmarked paths." As recent research indicates, "the quantity of cargo transported along these treacherous routes was small." Even so, the Silk Road "did actually transform cultures both east and west" to become "one of the most transformative super highways in human history—one that transmitted ideas, technologies, and artistic motifs, not simply trade goods."<sup>19</sup> Great cities grew from market centers and garrisons along the Silk Road. Through a succession of empires these cities became the repositories for art, religion and culture.

From all directions, Central Asia was conquered, cultivated and culturally imprinted. Four historic views of the region illustrate the extent to which security and economic interests of successive empires mapped the region's parameters. The Persian Empire established the southern core of what is now modern Central Asia. The Chinese Han Dynasty expanded its commercial reach through the eastward expansion of trade routes across the region. A succession of Turkic leaders expanded the region westward, laying the foundation for transcontinental trade and establishing profound cultural and linguistic precedents. From the north, the Russians expanded their territories and opened the region to important north-south trade opportunities.

### **The Persian "Empire"**

Originally settled by Iranian-speaking nomadic tribes, who appeared in the region sometime between 1500 and 1000 BCE, Central Asia remained a province of the Persian Empire until the conquest of Alexander the Great in 331–330 BCE. Under Graeco-Macedonian Rule, the empire expanded to include much of present-day Turkmenistan, Uzbekistan and Tajikistan and became a center for Hellenistic, Iranian and Indian artistic and religious traditions. Much of Central Asia's contemporary cultural diversity originates from this period. Central Asia formed the far eastern outpost of the Persian Empire, serving as a buffer zone against a new rising power in Northern Mongolia

known as the Xiongnu. Ultimately, the eastern flank of the Persian Empire fell to the expansionist efforts of the Xiongnu. A map of a fifteenth-century view of the Alexandrine empire illustrates that Central Asia's borders were clearly defined by this threat from the East, but much less definite to the West.

### **Han Dynasty: "Continental Silk Road"**

While much is made of China's dominant role in the development of present-day Central Asia, China has in reality pursued an active policy of integration and exploitation in the region for centuries. Most scholars attribute the origin of the Silk Road to the rise of the Han Dynasty (202 BCE–220 CE), which pursued aggressive northern and eastward expansion efforts. In 138 BCE, the Han emperor sent a special envoy, Zhang Qian, to negotiate an alliance with the enemy, the Xiongnu tribes to the north and west of China's imperial center. Following Zhang Qian's report on the nomadic culture and resources of Central Asia, the Emperor launched a move to expand into the "Western region" to consolidate his power and, as a secondary objective, to expand trade opportunities for China.

China's use of silk for trading and diplomatic purposes served as the basis for the concept of the Silk Road, which became "a series of intersecting overland trading networks" that brought goods across Eurasia to the Mediterranean world.<sup>20</sup> A map dating from the Han Dynasty (202 BC–220 AD) depicts the tremendous reach of the "Continental Silk Road." One branch crosses the northernmost edges of the Aral and Caspian Seas. Another branch moves south of the Caspian and on toward the Black Sea. A third branch points toward the Persian Gulf. Here the borderline between Central Asia and China is precisely drawn, clearly delineating Han Dynasty territory. Central Asia, by contrast, is defined not by borders but by trade routes.

### **Turkic Empires**

From their base in what is now Uzbekistan and Southern Kazakhstan, the Turks along with loosely affiliated clans and tribes engaged in a series of conflicts and territorial acquisitions in the fifth and sixth centuries. The Western Turkish Empire (552–659, 699–766) included Uzbekistan, Southern Kazakhstan, Tajikistan and Kyrgyzstan. The Turks also expanded eastward to establish an empire in what is now Western China or Eastern Turkestan (552–630, 682–742). Turkic domination of this transcontinental empire, which at one time covered the geographic space between the Black Sea to China, has had a lasting impact on the culture and languages of the region.

Today, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan owe much to Turkic influence in language and culture.

## **Russian Colonial Expansion**

Through the gradual colonization of the Kazakh steppes in the eighteenth century, imperial Russia emerged as a significant player in the region. Beginning with a line of fortresses in what is now southern Russia, Russia expanded its military presence into what is now Northern Kazakhstan in the mid-nineteenth century. To strengthen its presence in Central Asia, Russia established an administrative system that left local governance in the hands of local authorities while reserving control over major political and economic issues in the hands of military generals in the Russian imperial service. The whole region was divided into several sections, precursors to the current configuration of state borders and administrative practices. Through the establishment of a broad railway network and the construction of a modern communication system, Russia consolidated its hold over the region, and brought about significant economic and social transformation along a north-south axis. People broke out of traditional tribal and family relationships to take advantage of new economic opportunities. The spread of Russian language and education further contributed to the gradual but pervasive shift in traditional cultural values and identities.

## **ETHNICITY AND IDENTITY**

At the heart of the border question in Central Asia is the issue of national identity and territorial integrity. A succession of Turkic and other rulers either drove out or assimilated the pre-Islamic Central Asian populations. Persian and Islamic civilizations, established during the eighth and ninth centuries, provided the cultural framework for the region, as seen in the great cities of Transoxiana (Samarkand and Bukhara), which became centers of Persian and Islamic culture. Political relationships were based to a large degree on the prevailing dynasty and its bureaucracy as well as common observance of Islamic principles rather than on a question of ethnic identity. A “crucible of languages and cultures,”<sup>21</sup> the region came to host a range of ethnicities, clan groups, tribal configurations, language and cultural identities, which, in turn, complicated efforts to establish clearly defined borders and nationalities.

Prior to the Soviet creation of the Central Asian republics in 1924, Central Asia “had never known the principle of creating a state by associating a given territory with an ethnic or linguistic group.”<sup>22</sup> Before Russian colonization of

the region, “the boundaries of the different khanates shifted back and forth. The nomadic Kyrgyz and Kazakhs largely ignored the concepts of states and boundaries.”<sup>23</sup> In 1924 Stalin divided the region into republics, completely rewriting “the map of Central Asia on the basis of ‘one ethnic group, one territory.’”<sup>24</sup> This move arbitrarily imposed borders and political frameworks on Central Asia’s rich, complicated array of linguistic, dynastic and territorial relationships.<sup>25</sup> These artificially drawn “republics” enabled the Soviets to cultivate a loyalty to the concept of a state that would transcend language, local/familial political relationships as well as any ties to the land. At the same time, by forcibly grouping several distinct populations under one state ethnic identity, Stalin counted on the diversity of interests to prevent a consolidated threat to Soviet rule.

Redrawing the borders to preempt or destroy any genuine nationalist independence movements created a fractured “union” at best. As experts have noted, there was no “popular resistance” to the partition of Central Asia “because there were no alternative identities operating at an identical level.”<sup>26</sup> The consequences of Soviet border delimitations continue to play out today. In June 2010, more than two hundred were killed in a violent clash between Uzbeks and Kyrgyz in Osh, located in the Fergana valley on the Kyrgyz side of the border with Uzbekistan. The existence of territorial enclaves in the Fergana Valley also illustrates the destabilizing impact of the region’s redrawn borders. Uzbek and Tajik territories in the Kyrgyz portion of the Fergana have been the site of a number of conflicts over access to basic resources, municipal services and right of way. Though these clashes are primarily motivated by the needs of enclave residents, they inevitably devolve into broader ethnic and political conflicts between the three stakeholders in the region.

Today, the development of a civic or national identity, the basis for effective governance, remains elusive for each Central Asian nation. Prevailing tribal or clan relationships demarcate political hierarchies at local and national levels. Central Asian leaders play the national identity card to consolidate regime security at the expense of ethnic diversity. As a consequence, the adoption of a regional identity solely on the basis of shared economic and security interests seems unlikely. At the same time, the absence of a single regional identity makes the development of regional institutions for cooperation difficult. Finally, as the case of Kazakhstan indicates, growing internal generational and cultural divides further imperil national cohesion.

The emergence of three dominant perspectives on Kazakhstan’s national strategic identity typifies this trend. On one end of the spectrum, the older generation, Soviet-educated and relatively recent (and reluctant) “converts” to new economic frameworks and systems of governance, place Kazakhstan on an East-West axis, caught in a vice between Russia, China and the West.

The “Post-Soviet Communists” fear a resurgence of Russian power and yet seem to be helplessly drawn into a familiar dynamic of dependence. Products of Soviet education systems, they speak Russian better than Kazakh. They don’t trust Chinese intentions in the region, nor do they have any confidence in recent Russo-Chinese agreements, which, in their view, have the potential to encroach on Kazakhstan’s sovereignty as well regional economic initiatives. They believe that Russia’s 2014 incursion into Ukraine, to include the annexation of Crimea, could be replicated in Northern Kazakhstan, where the majority of ethnic Russians reside.

On the other end of the spectrum, the successor generation, Western-educated, English-speaking and technologically savvy, sees Kazakhstan’s future in terms of its regional and global relationships, especially those on the North-South axis. This group, which self-identifies as citizens of Eurasia, consciously rejects Russian linguistic influence and “academic” old-think. The “Eurasianists” place Kazakhstan at the epicenter of a broad network of relationships that stretch east to China, Korea and Japan, south to Iran, Afghanistan, Pakistan, and India, and west, to the Caspian region and the caucuses, to Turkey, the EU and the US. The “Eurasianists” are not especially worried about Russia and its ambitions and see China as a potential ally in the development of regional trade networks.

In the middle of the spectrum is a loose collection of thinkers who view Kazakhstan’s strategic interests in terms of its national identity. They reject Russia as a model of governance and resist legacy Russian linguistic and cultural influence. At the same time they fear Russian expansionist interests and, like the “Post-Soviet Communists,” point to Russia’s annexation of Crimea as an example of what might happen along the Russia/Kazakhstan border. Though the “New Kazakhs” do not want to be dependent on Russia, neither are they interested in regional integration. They put Kazakhstan first, and prioritize Kazakh language and customs. Some even revert to a nostalgic conception of Kazakhstan as a nomadic heartland. They don’t appear to have a well-articulated sense of external relationships. Nor do they seem to buy into Kazakhstan’s “multi-vector” foreign policy as articulated by the “Eurasianists.”<sup>27</sup>

## TRADE

While identity politics challenge the prospects for regional cohesion, trade relationships do provide a basis for cooperative efforts. Modern-day Central Asia still benefits economically from its strategic location on the east-west trajectory between China and Europe, and the north-south trajectory between

Russia, Iran and India. Central Asia's principle export partners are China, Russia and the EU, and the economies of the region are heavily dependent on foreign trade.<sup>28</sup> Key export commodities from the region include energy products (crude petroleum, oil and natural gas, metals and ores such as iron, copper, gold, aluminum), and agricultural products (cotton and wheat). Not surprisingly, the net exporters are those countries rich in energy resources—Kazakhstan, Turkmenistan and Uzbekistan.<sup>29</sup> However, the states of Central Asia do not engage in substantial regional trade, but instead focus on international markets. In 2010 the Central Asian countries' intra-regional trade was only 3.5 percent of the region's total trade with the rest of the world.<sup>30</sup> Certain commodities such as agricultural products, machinery, construction materials and fertilizers are still traded within the region, and the regional market continues to be important for the export of services. The focus on trade with the rest of the world, rather than within the region, has not been beneficial for inter-state and regional trade promotion, nor has it contributed to the development of workable regional customs and tariff agreements.

And yet soon after the collapse of the Soviet Union, the Central Asian states recognized that some form of economic union was not only desirable but also necessary. In 1994, Kazakhstan, Kyrgyzstan and Uzbekistan formed the Central Asian Economic Union to foster economic growth and create a single economic space in the region. Tajikistan joined in 1998, when the organization was renamed as Central Asian Economic Cooperation (CAEC). In 2002, the CAEC became the Central Asian Cooperation organization. Each new iteration of the organization sought to improve effectiveness, but none of the many resolutions proposed was ever implemented. Despite the acknowledged need for a viable regional economic infrastructure, agreements and norms, national protectionism significantly compromised regional cooperative efforts.

Meanwhile, Russia offered a competing paradigm, the Customs Union (CU), incorporating Belarus, Kazakhstan and Russia. Launched as a first step towards forming a broader EU-type economic alliance of former Soviet states, the CU focused on economic integration and the removal of customs protocols between member states. Designed as a mechanism to formalize and augment fiscal collaboration in the former Soviet space, the CU has undergone a number of iterations.<sup>31</sup> The most recent incarnation of the CU, the Eurasian Economic Union (EEU), currently offers unified customs tariffs for Belarus, Kazakhstan, Kyrgyzstan, Armenia and Russia. Generally viewed as an attempt to reestablish a Russian-dominated economic union within the post-Soviet space, the EEU certainly has value to Russia in the face of recent US and EU sanctions. However, the several incarnations of the customs union appear to have had limited impact on Central Asia's foreign trade and overall economic growth.

International development organizations have made a concerted effort to promote economic cooperation in Central Asia, beginning with the 1997 establishment of the Asian Development Bank (ADB), which supported the Central Asia Regional Economic Cooperation (CAREC) program. Designed to boost economic growth, CAREC promotes regional cooperative efforts in four key areas: transportation, trade facilitation, energy and trade policy. CAREC members include Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Turkmenistan, Tajikistan, and Uzbekistan. While ADB provides an administrative framework for CAREC, it does not fund programs. CAREC relies, therefore, on the rapid economic expansion of China and Japan to the east, the Russian Federation to the north, and India and Pakistan to the south to stimulate trade and commerce in member countries.

The USG-sponsored Regional Economic Conference on Cooperation in Afghanistan (RECCA) process seeks to advance regional consensus on projects and reform initiatives to stimulate private investment and increased economic growth in the region. This ambitious agenda includes regulatory reforms, cross-border economic initiatives, improved customs measures, and inter-regional transit agreements designed to promote regional economic integration, as well as private sector investment to the region. Ultimately these internationally sponsored programs and processes in support of trade and economic development are designed to be handed off to recipient countries for funding and management. However, most of these countries have neither the resources nor the infrastructure to contribute to the long-term sustainment of these initiatives.

## INFRASTRUCTURE

Landlocked Central Asia's trade volume and revenue depends heavily on overland transportation and energy infrastructure. And yet, there is no agreement among the governments on funding and coordinated management of the region's railways, electrical grids and pipelines. Legacies of the former Soviet Union, these systems require significant modernization and maintenance to function effectively. For example, rail links dating from imperial Russia still connect the five countries. However, efforts at economic integration outside the region to other countries via rail are compromised by the incompatibility between track gauges at Central Asia's borders. An unexpected legacy of nineteenth- and early twentieth-century great power competitions in the region, the railway systems of Central Asia's key trade partners to the West (Iran), South (India/Pakistan), and East (China), all deviate from the

Russian gauge. Even more significantly, all of these rail systems dead end at the border with Afghanistan, which has no national rail system. While passable roads exist to link Central Asia to trading partners such as Pakistan and India, prolonged instability and poorly managed borders in Afghanistan have rendered the roadways insecure and therefore unreliable as a transportation option for Central Asian goods.

Central Asia's aging electrical power grid, another Soviet legacy, extends northward to Russia and southward to Afghanistan. The grid, much of which dates back to the Soviet era, needs substantial repairs and/or upgrades, while increased demand requires the construction of new hydroelectric and thermal power plants. This in turn requires a significant cooperative effort among the Central Asian nations to identify, prioritize and underwrite repairs, upgrades, and new construction. The potential exists for this grid to be extended westward to Iran and eastward to China, which might well represent a source of revenue and political leverage for the region. Again, however, exploitation of this potential requires strong regional cooperation.

Its best and most viable asset, Central Asia's substantial oil and gas reserves are the key to the future of the region. Immediately following the collapse of the Soviet Union, Central Asia's pipelines ran north to Russia, which served as an oil and gas clearing house to the countries of the former Soviet Union. Initially, Western oil companies sought to replicate the existing pipeline infrastructure, but over time began to develop alternative transit routes. Chevron's Caspian Pipeline Consortium project and British Petroleum's Baku-Tbilisi-Ceyhan Pipeline now move Kazakhstan's oil to the West. Meanwhile, the Turkmenistan-China pipeline, established in 2009, currently provides more than 50 percent of China's gas imports.<sup>32</sup> Turkmenistan is well on the way to expanding beyond its current dependence on Russian transport routes for its gas exports.

The reality is that "the more national borders such [long haul pipeline projects] cross, the more difficult and complex they are to complete."<sup>33</sup> Nevertheless, initial agreements have been made between participant countries to build the Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI). Facilitated and coordinated by the Asian Development Bank, the proposed pipeline would carry Caspian Sea natural gas along a 1,735-kilometer trajectory from Turkmenistan to India. However, serious commercial partners will be necessary to finance, build and operate the pipeline, which will be both expensive and difficult to construct given basic infrastructure and security deficits in Afghanistan. The success of these infrastructure projects/initiatives, current and future, depends on collective political will, the negotiation and implementation of multilateral tariff and visa regimes and a commitment to sustained private sector investment in risky, long-term projects.



Several internationally funded regional development initiatives have been stood up to address prevailing resource and infrastructure challenges. The USG-sponsored Central Asia South Asia Power Transmission Project (CASA 1000) program will foster the sale of surplus electricity generated by hydro-power in Tajikistan and Kyrgyzstan to Afghanistan and Pakistan. Its success, however, depends on the political will of the Tajik, Kyrgyz and Uzbek governments to arrive at a compromise solution on water allocation priorities. The Northern Distribution Network (NDN) can also help to improve cross-border transportation infrastructure. Created to supply non-lethal goods to the NATO International Security Assistance Force (ISAF) in Afghanistan, the NDN has resulted in the upgrade of roads and border crossing points in Kazakhstan, Uzbekistan and Tajikistan. Since its inception in 2008–2010, the NDN has also contributed to local and regional economic growth through the purchase of local goods and services. With the gradual departure of ISAF from Afghanistan, the current need for the NDN will drop. However, the potential exists to build a thriving trade route through the region, assuming that upkeep of these roads and creation of appropriate customs/tariffs and visa requirements can be negotiated and institutionalized.

## SECURITY

An integrated approach to trade expansion and infrastructure upgrades would contribute significantly to the overall stability of the region, which faces a number of significant cross-border threats to both national and regional security. These threats emerge primarily out of Afghanistan, where long stretches of unregulated border areas to the east with Pakistan and to the north with Tajikistan permit the unrestricted passage northwards of insurgents, weapons and narcotics. Tajikistan's porous, poorly demarcated 1,206 km border with Afghanistan lacks the manpower and infrastructure necessary to control the flow. Central Asian leaders argue, with some merit, that the Afghan government will be unable to maintain order and police its borders following the departure of ISAF and the drawdown of the US presence in Afghanistan after 2014. The drawdown will, they fear, generate increased spillover of politically motivated violence and transnational crime into impoverished and ethnically divided areas such as the Fergana valley and create the conditions for homegrown terrorism.

Uzbekistan has responded harshly to the perceived spread of insurgencies within its own borders. While its powerful security apparatus is relatively effective at sealing off illicit cross-border traffic from Afghanistan, it has experienced several instances of what appeared to be terrorist attacks. In the

aftermath of a string of car bombings that killed sixteen people in Tashkent in 1999, the Uzbek government immediately blamed Hizb ut-Tahrir and the IMU for what it characterized as an attack on former President Karimov.<sup>34</sup> Karimov asserted at the time that “some of the detained individuals have testified that they were trained in terrorist camps by Arab instructors who had previously trained Al-Qaeda militants.”<sup>35</sup> In March 2004, bombs exploded in Bukhara and Tashkent, killing forty-seven. In the absence of concrete proof of the identity of the perpetrators, Uzbek authorities alleged an Al-Qaeda connection, an assertion that was “convenient for the repressive Uzbekistan regime.”<sup>36</sup> However, according to local observers, this assertion “would divert attention from the fact that it has given Uzbekistan’s impoverished population plenty of reasons to turn violent.”<sup>37</sup> Moreover, the so-called terrorist bombings of 1999 and 2004 could have been prompted by the Uzbek’s government’s heavy-handed treatment of the civilian population rather than by insurgents. Some argue that the dangers of extremism to Central Asian countries result from government failure to address rampant poverty and unemployment rather than a cross-border threat of insurgency.

Although no direct links have been established between extremist groups and drug trafficking in Central Asia, official preoccupation with combating insurgents in the region has the potential to draw law enforcement efforts away from the significant threat posed by the cross-border flow of narcotics.<sup>38</sup> Inability to coordinate cross-border counter-narcotic efforts between national law enforcement agencies and with Afghan authorities contributes to the growing nexus of narcotics, corruption, and violence in the region. Afghanistan produces 89 percent of global illicit opium; in 2010, about 25 percent of the heroin manufactured in Afghanistan moved northward through Central Asia on the way to Russia (75%) and Europe (25%).<sup>39</sup>

Approximately 85 percent of the total opiate flow through Central Asia moves across Tajikistan’s porous borders.<sup>40</sup> Most of the opiates trafficked into Tajikistan move through Kyrgyzstan to Kazakhstan, the last country crossed before the drugs enter destination markets in the Russian Federation and Europe.<sup>41</sup> Tajikistan accounts for most of the heroin and nearly half of the opium flows northwards, followed closely by Uzbekistan.<sup>42</sup> Depending on the border area, these drug routes appear to be “determined by a combination of linguistic links, geographic proximity and available opportunities.”<sup>43</sup> Entrenched corruption plays the main role in lubricating drug routes into and through Tajikistan. Police, bureaucrats and politicians are all complicit in the acquisition of displayed wealth that far exceeds the country’s two main revenue streams, commodities and remittances.<sup>44</sup> Poverty, weak governance and interethnic conflict likewise provide a “fertile breeding ground for criminal organizations.”<sup>45</sup> Drug trafficking and organized crime also contribute to

regional conflict. The inter-ethnic violence in June 2010 was motivated in part by conflict between rival Kyrgyz and Uzbek criminal groups.<sup>46</sup>

The region also faces an equally dangerous, if less violent, environmental threat owing in large part to longstanding cross-border water management challenges. Situated between the Amu Darya and Syr Darya rivers and host to two inland seas, the Caspian and the Aral, Central Asia would appear to have an abundance of water. And yet, owing to uneven distribution of water resources as well as poor water management and allocation policies, access to water for agricultural and energy purposes has become one of the most significant sources of conflict in the region. In addition, the shrinking of the Aral Sea as a consequence of Soviet-era irrigation practices has resulted in significant environmental degradation. High levels of water pollution and soil erosion also threaten to compromise the quality of existing water supplies.

Meanwhile, water demand keeps growing, particularly in those regions affected by the Aral Sea disaster. Given that about 33 percent of the population of Central Asia depends on irrigated agriculture, which accounts for 20–40 percent of GDP, the absence of effective water management policies poses a serious challenge to economic growth and development in the region.<sup>47</sup> Uneven distribution of water resources also creates a significant source of political tension. The mountainous upstream countries of Tajikistan and Kyrgyzstan have significant amounts of water, unlike their downstream neighbor, Uzbekistan. However, both Tajikistan and Kyrgyzstan have sizeable irrigation requirements for subsistence farming. Additionally, both countries depend on hydropower for electricity—all at the expense of Uzbekistan's access to vital water resources.

A number of bilateral and regional processes over the years have produced formal agreements, joint water management commissions, and the development of policies and measures, but there is little to suggest that new water management and allocation policies have been implemented. Effective coordination of water resources also requires governments in the region to realistically prioritize national agricultural and energy needs, much of which requires consistent access to water resources. The lack of progress depends to a certain degree on each nation's unwillingness to compromise on the fulfillment of its national interest, even at the expense of regional security and prosperity.

Several regional organizations have been created to transform these cross-border dependencies and competing national security interests into a source of strength. The SCO and the CSTO are two of the overlapping alliances that outline "Eurasia" as a political entity and attempt to define and protect common security and economic objectives. SCO membership covers the length and breadth of Eurasia. Full members include Russia, China, Tajikistan, Kyrgyzstan, Kazakhstan, Uzbekistan, India and Pakistan. Afghanistan, Belarus,

Iran, Mongolia are “Observer” states. Originally formed in 1996 to focus on mutual security issues, the SCO gradually reoriented toward cooperation against terrorism, drug trafficking, fundamentalism and separatism, to include mutual support for repression of local revolts. The SCO has since added economic and trade cooperation to its agenda.<sup>48</sup> In its earlier incarnations, the SCO allowed smaller, less powerful Central Asian states such as Tajikistan and Kyrgyzstan to manage relationships more effectively with larger powers in the region, especially Russia and China. Today, given the breadth of its portfolio and the scope of its membership, the SCO appears to be a somewhat uneasy alliance among states with widely different political and economic capabilities and interests, not to mention competing authoritarian agendas. At best it can help to stabilize border regions.

A more explicitly stability-focused alliance is the CSTO. An intergovernmental military alliance established in 1992, the CSTO’s initial membership included Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. (The Uzbeks have twice joined and broken with the alliance.) The CSTO has increasingly focused on the development of a joint military structure. Member states see the CSTO as a means to “ensure stability in the zone of its responsibility.” During the May 28, 2013, informal CSTO Summit in Kyrgyzstan, participants “discussed measures to be taken to minimize the negative impact” after international forces withdraw from Afghanistan by the end of 2014.<sup>49</sup> These measures include improved border security, the modernization of CSTO joint rapid reaction forces and cooperative efforts to combat extremism and illegal drug trafficking. Though not likely to be, as some speculate, a counterbalance to NATO, the CSTO provides a legitimate framework to address significant cross-border challenges to security in the region. Taken together, the member states of both organizations cover a geographical space that stretches from China to the Black Sea and the Mediterranean, from Russia to Iran and India. In other words, between them these organizations cover the region depicted in the four historical views discussed earlier in this chapter. Were these overlapping trade and security alliances truly able to protect and promote national equities while pursuing genuine regional integration, a “new” greater Central Asia could emerge.

## CONCLUSION

Central Asia’s definition as a region comes down to the interplay of internal and external interests, a dynamic that any number of security-minded empires and alliances have attempted to manage. In 1904, in the full ferment of Eu-

ropean colonial expansion and just a decade before World War I, Mackinder declared:

Is not the pivot region of the world's politics that vast area of Euro-Asia which is inaccessible to ships, but in antiquity lay open to the horse riding nomads, and is today about to be covered with a network of railways? There have been and are here the conditions of a mobility of military and economic power of a far-reaching and yet limited character.<sup>50</sup>

At that moment in time Mackinder predicted Russian domination of the region, a domination that in fact would prove to be “far reaching” and yet “limited in character.” But even as he championed the pivot state as a source of “vast continental resources” that could be used to influence the prevailing balance of power, Mackinder also introduced a cautionary note:

That actual balance of power at any given time is, of course, the product, on the one hand, of geographical conditions both economic and strategic, and on the other hand, of the relative number, virility, equipment and organization of the competing peoples . . . And the geographical quantities are more measurable and more nearly constant than the human.<sup>51</sup>

All geographical and economic advantages aside, Mackinder argued, Central Asia's cohesion relies to an important degree on the “human environment,”<sup>52</sup> a factor that has, over time, proved difficult to predict and, therefore, manage. The borderland's paradox of consensus and conflict originates in the competing interests of its peoples.

More than a century later, Central Asia is once again being championed as a source of security and economic power in the service of great power interests—“a pivot region” for contemporary global powers driven by the thirst for new markets and energy resources coupled with the threat of instability raised by terrorism and poverty. The degree to which Central Asia can serve as a nexus for these global interests depends on a realistic understanding of what divides as well as unites the region.

Clearly the countries diverge along the lines of their “national” interests as defined by their governing elites, who are determined to exploit available resources and capacities to stay in power at the expense of intra-regional relationships—this is Mackinder's “human environment” of “competing peoples” that resists measurement or control. At the same time, the five countries share a history and a geography that provides a basis for common understanding. These countries share the more recent Soviet legacy and the continuing challenges of democratization and the establishment of rule of law. Finally, they share the need to integrate with the rest of the world economically in order to assure long-term relevance and viability.

As the dynamic of prevailing border issues suggest, realization of Central Asia's "pivot" potential is in the hands of nations whose sovereign interests often appear to trump, if not merely counterbalance, their shared regional aspirations and obstacles. Let Mackinder's prescience about the limits of Soviet control of the region inform current international efforts to impose external strategic coherence. What unites Central Asia also divides it. Governments and private sector entities in pursuit of security and economic interests should beware of catchall unified approaches to the fulfillment of their national security objectives. If they cannot embrace the paradox of the borderlands, they should be prepared for failure.

## NOTES

1. The opinions and characterizations in this case study are those of the author and do not necessarily reflect official positions of the US Government.

2. See Denis Cosgrove, "The Myths of Continents: A Critique of Metageography," *Journal of Interdisciplinary History* 30, no. 1 (1999): 99–101. Review of *The Myths of Continents: A Critique of Metageography* by Martin W. Lewis and Karen Wigen (Berkeley: University of California Press, 1997).

3. Nursultan Nazerbayev quoted in "Kazakhstan to Pursue Multi-Vector Foreign Policy," *Interfax: Kazakhstan News Agency* (Astana: April 8, 1992), accessed August 15, 2013, [http://www.interfax.kz/?lang=eng&int\\_id=expert\\_opinions&news\\_id=365](http://www.interfax.kz/?lang=eng&int_id=expert_opinions&news_id=365).

4. Reuel R. Hanks, "Multi-Vector Politics and Kazakhstan's Emerging Role as a Geo-Strategic Player in Central Asia," *Journal of Balkan and Near Eastern Studies* 11, no. 3 (2009): 259.

5. *Ibid.*, 260.

6. Richard Pomfret, "Lessons from Kyrgyzstan's WTO Experience for Kazakhstan, Tajikistan and Uzbekistan," Background Paper, *UN Economic Commission for Central Asian Partners* (June 2007). See also World Trade Organization, Secretariat Report, Executive Summary, *World Trade Organization Trade Policy Review: Kyrgyz Republic* (November 19 and 21, 2013), 8.

7. Askar Akayev, "President of Kyrgyzstan: Our Foreign Policy Doctrine Is the Great Silk Road," in the *Executive Intelligence Review* 26, no. 15 (April 9, 1999): 52.

8. Joldosh Osmonov, "New Kyrgyz Foreign Policy Concept Passed," *CACI Analyst Field Report* (January 24, 2007), accessed August 15, 2013, <http://www.cacianalyst.org/publications.field-reports/item/111317>.

9. Imam Ali Rahman, "President Rahman Looks to Open up Tajikistan to the Rest of the World," interview in "Tajikistan: A Strategic Partner in a Critical Region," *A Special Supplement to the Washington Diplomat* (April 2011): 5.

10. Bernardo Teles Fazendeiro, "Uzbekistan's Afghan Interests and Its Foreign Policy after 2014: A Turning Point for Opening Central Asia?" in *Defence Academy of the United Kingdom Central Asia Series* (December 2003): 4.

11. *Ibid.*, 6.

12. Ibid.
13. Saparmurat Niyasov, "Neutrality Is the Greatest Achievement of Our People," speech posted on personal website, Ashgabat, December 12, 2005, accessed August 15, 2013, <http://presidentniyasov.tripod.com/id49.html>
14. Gregory Gleason, "Turkmenistan after Turkmenbashi," *Eurasianet*, December 22, 2006, accessed August 15, 2013, <http://eurasianet.org/print/55172>.
15. H. J. Mackinder, "The Geographical Pivot of History," *Geographical Journal* 23, no. 4 (April 1904): 434.
16. Ibid.
17. Lewis M. Alexander, review of Saul Cohen, *Geography and Politics in a World Divided* (New York: Random House, 1963) in *American Geographical Society Geographical Review* 54, no. 3 (July 1964): 447.
18. Sally Cummings, *Understanding Central Asia: Politics and Contested Transformations* (London and New York: Routledge, 2012), 21.
19. Valerie Hanson, *The Silk Road: A New History* (New York: Oxford University Press, 2012), 5.
20. Peter B. Golden, *Central Asia in World History* (New York: Oxford University Press, 2011), 30.
21. Oliver Roy, *The New Central Asia: Geopolitics and the Birth of Nations* (New York: New York University Press, 2007), 2.
22. Ibid.
23. "Stalin's Harvest: The Latest Outbreak of Violence in the Ethnic Boiling-Pot of Central Asia Will Take Generations to Heal," *The Economist*, June 17, 2010, 5.
24. Roy, *The New Central Asia*, 61.
25. Ibid., 62. Though defined by the dominant language and ethnicity, each newly drawn republic contained large ethnic subgroups who had coexisted peacefully before the creation of these new borders, groups who became classified as political minorities. The presence of significant minority populations in each republic assured a certain amount of low-level internal unrest, which meant that no one republic could challenge Moscow's stability. The newly created ethnic minority groupings and enclaves also discouraged the development of effective pan Turkic and pan Islamic movements, which could also threaten the Soviet hold on the region.
26. Ibid., 73.
27. These observations are based on a series of interviews conducted by the author with think tank officials, academics and governmental officials during a visit to Astana and Almaty in September 2014.
28. Roman Mogilevskii, "Trends and Patterns in Foreign Trade of Central Asian Countries," *World Commerce Review* (September 2012): 12.
29. Ibid., 15.
30. Ibid.
31. Russia founded the Customs Union in 1995 with Belarus and Kazakhstan. In 2000, Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan founded the Eurasian Economic Community (EurAsEC). The EurAsEC was later dissolved to pave the way for the Eurasian Customs Union (ECU), established in 2007 by Russia, Belarus and Kazakhstan. In July 2010 the Customs Code of the CU was enacted, with provision

for a uniform set of customs tariffs. In January 2012, the three states ratified the creation of a Single Economic Space (SES). At the same time the Eurasian Economic Commission (EEC), a regulatory body governing the CU and the SES, laid the foundation for the establishment of a proposed Eurasian Union by 2012. In January 2015, the SES and the ECU will be formally combined and renamed the Eurasian Economic Union (EEU).

32. See “Desert Ceremony Celebrates Turkmenistan-China Gas Axis,” *Reuters*, May 7, 2014; “Turkmenistan Ups Gas Exports to China Again,” *Eurasianet*, May 8, 2014.

33. Edward C. Chow and Leigh E. Hendrix, “Central Asia’s Pipelines: Field of Dreams and Reality,” CSIS, *The National Bureau of Asian Research Special Report*, no. 23 (September 2010): 33.

34. The two principle Islamist movements active in Central Asia are the Islamic Movement of Uzbekistan (IMU) and the Hizb-ut-Tahrir al-Islami (“Party of Islamic Liberation”). Designated by the US as a terrorist organization following 9/11, “the IMU has engaged in numerous cross border incursions into Uzbekistan and Kyrgyzstan. . . . The IMU and its leadership have frequently used Afghanistan as a base of operations, and the organization has close ties to both the Taliban and the al-Qaeda terrorist network. . . . The Hizb-ut-Tahrir . . . has advocated a non-violent approach toward its goals. However, it shares many broader aims with the IMU, primarily the institution of an Islamist political order in the region. While the IMU tends to stress more short-term political objectives, focusing on overthrowing the government of Uzbekistan, the Hizb-ut-Tahrir has the more utopian aim of re-establishing a caliphate that would encompass all Muslims.” See “The IMU and the Hizb-ut-Tahrir: Implications of the Afghanistan Campaign,” in *The International Crisis Group, Asia Briefing No. 11*, January 30, 2002.

35. Gulnoza Saidazimova, “Uzbekistan: Effect of Tashkent Explosions Still Felt Two Years Later,” *Radio Free Europe/Radio Liberty*, March 27, 2006, accessed August 26, 2013, <http://www.rferl.org/articleprintview/1067140.html>.

36. *Ibid.*

37. “Bombs in Uzbekistan: Cui Bono? There Is No Shortage of Suspects,” *The Economist*, April 1, 2004.

38. “Opiate Flows through Northern Afghanistan and Central Asia: A Threat Assessment,” *United Nations Office on Drugs and Crime*, May 2012, 12.

39. World Drug Report, *United Nations Office on Drugs and Crime*, 2013, x.

40. “Opiate Flows through Northern Afghanistan and Central Asia,” 7, 13.

41. *Ibid.*, 73, 77.

42. *Ibid.*, 46–47.

43. *Ibid.*, 13.

44. *Ibid.*, 70.

45. *Ibid.*, 76.

46. *Ibid.*, 75.

47. Marlene Laruelle, ‘Water in Central Asian Agriculture’: No Time to Waste,” *Environmental Security in Central Asia: One Bucket at a Time*, EUCAM WATCH, Ministry of Foreign Affairs for Finland 13 (October 2012), 4.



48. “Members of SCO Outline Group’s Strategy,” *China Daily USA*, July 26, 2012, accessed August 1, 2014, [http://usa.chinadaily.com.cn/china/2012-06/07/content\\_15480949.htm](http://usa.chinadaily.com.cn/china/2012-06/07/content_15480949.htm).
49. “CSTO Holds Informal Summit,” *Radio Free Europe/Radio Liberty*, May 28, 2013, accessed August 1, 2014, <http://www.rferl.org/content/csto-meeting-putin-rail/24999285.html>.
50. Mackinder, “The Geographical Pivot of History,” 434, 436.
51. *Ibid.*, 437.
52. *Ibid.*

## *Chapter Two*

# **Legal Reform in Central Asia**

## *Moving Past History*

Roger D. Kangas<sup>1</sup>

Studies of politics in Central Asia often focus on key leaders and their ability to exercise power. Through this lens, it is often common to call the states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan authoritarian, non-democratic, sultanistic, or other labels that suggest institutions, *as they exist*, are weak and unimportant. Any legal framework and procedural regime within the countries are designed to keep the leaders in power.<sup>2</sup> The governments themselves have contributed to this discussion, either in defending their current courses of action or in answering the criticisms of outsiders. These often have come in the form of official publications outlining a future end-state of program objectives in the coming year, or perhaps how current positive actions have been overlooked by external human rights groups and other non-governmental organizations.<sup>3</sup> Invariably, it is noted that institutions and laws do matter, and that the cultural norms of Central Asia are based on a rich juridical tradition.

Such discussions raise an important question: Is the legal culture of Central Asia part of a broader universal notion of rights and rule of law, or are there culturally distinct characteristics that must be better understood? In general, most Western experts fall on the side of the former. Others, from the Central Asian regimes themselves, or neighbors such as Russia and China, emphasize the latter. Amidst all, the five states of Central Asia seem to be walking a fine line between both narratives. They have established track records of explaining how their respective legal reforms have evolved using the *language* of Western democracies, but the *definitional framework* of more statist regimes. Over time, and perhaps out of political expediency, these very narratives have developed more along the statist approach, making the language of democracy less essential.

During the initial period of independence, the challenge of being “newly independent” evolved. The post-Soviet enthusiasm for human rights and democratic freedoms was evident in early documents. Indeed, most of the Communist Party organizations in the region renamed themselves and ensured that the word “Democratic” was highlighted. The reality of state governance, and the fear of chaos and civil war, led these regimes to gradually focus on the need to maintain institutional structures that perpetuate stability and promote prosperity. This chapter will look at how the Central Asian countries have established and justified their legal regimes, with an emphasis on the philosophical roots and practical application of these ideas. In each country, the resultant legal framework has had direct consequences for political and economic development. They allow institutions to develop, political power to be defined, and the question of civil rights and liberties to be addressed. There are similarities among the states and these needs to be recognized, both to understand Central Asian politics and to explain how future cooperation in this area can exist. At the same time, each regime has created national-specific concepts that distinguish one from the others. Finally, outside influences continue to play a part in how issues of rule of law, sovereignty, and human rights are defined.

To better assess law and legal reform in Central Asia, this chapter is divided into four parts: (1) an overview of the shared ontological roots of “rule of law” in Central Asia; (2) a comparison of how each country has operationalized these concepts; (3) an assessment of the external influences and how they are addressed; and (4) a review of the current and future challenges for legal structures in Central Asia. In the years immediately following independence, the Central Asian governments sought legal frameworks that were compatible with Western ideals. However, attitudes changed as a result of the difficulties faced when putting them into practice. Moreover, instead of supporting institutions and society, laws increasingly focused on the challenge of protecting regimes. Explanations for this evolution focused on both structure and narrative. Contrary to how a Western jurist might view law, the Central Asian approach developed differently, reintegrating the approaches experienced in the past. It should be no surprise that a rather fluid approach emerged, allowing governments to highlight a range of ideas, even if they might be logically contradictory, into a basic framework that could help define the state and its sense of legal legitimacy.

## **THE COMMON ROOTS OF CENTRAL ASIAN LEGAL REGIMES**

Central Asia has had a long tradition of legal studies, and within these traditions is a clear notion of “rule of law.” Whether from an emir, khan, tsar,

or the Communist Party of the Soviet Union, there has often been a clear, legitimizing force in the region that defines how law is perceived and interpreted.<sup>4</sup> For most of these periods, “law” was, and remains, a shorthand for how governments are organized, power distributed, and how the rights and duties of society are framed. Whether such structures were personality-based or institutional varied over time, but in all instances, a strong sense of hierarchy was in place. The current regimes, in fact, often celebrate the periods of strong leaders. Uzbekistan highlights the Timurid era, noting the “lawgiver” quality of Amir Timur and his successors. Conversely, times when weak leaders ruled in Central Asia are viewed as ones where laws were not obeyed.

### **Early Influences**

Any discussion of the Central Asian legal environment ought to acknowledge the shared experiences of both the pre-Soviet and Soviet pasts. In each, the influences have been overlapping, complimentary and sometimes contradictory. For example, several of the states lay claim to different imperial pasts. Whether one looks at the Samanid dynasty for Tajikistan or the Timurids for Uzbekistan, legitimacy is derived from a recognized imperial tradition. Regardless of the historical accuracy of these state-approved narratives, some characteristics stand out. Perhaps most importantly, traditional Central Asian empires were based on the primacy of a single individual and a hierarchical structure based on clan and fealty relations. “Rule of law” as such was more about preserving this order. On a practical level, discipline was deemed essential to maintain these vast empires, and all within had to operate as part of a greater collective entity. Those found guilty of deviating experienced rather horrific punishments. Exile, disfigurement, or death were often required—as both a punitive measure and an example to others. Indeed, the notion of “individual rights” was largely absent.

The introduction of Islam as a faith and a social code to Central Asia in the eighth and ninth centuries added an additional layer of understanding of law: a higher order (Allah) provided a definitional framework for how states need to function because it was part of a wider view of human interaction. If all aspects of life could be guided and regulated by Islam, state institutions and laws must reflect this. The overall term used is *shari’a*, which includes a range of sources, to include the Qur’an, hadiths, and other juridical writings of Muslim scholars over the years.<sup>5</sup> These latter elements addressed developments that took place after the Prophet’s time. In addition to creating a power structure that focused on legitimizing authoritarian leaders, *shari’at* law also created a broader framework applicable to all subjects. Islam became a dominant force in Central Asia, having a direct impact on how rewards and punishment would be meted out. It is important to note that “*shari’at* law” was itself

an evolving concept and has been interpreted differently over the years. In Central Asia, the cities of Samarqand and Bukhara became centers of Islamic learning by the tenth and eleventh centuries. Consequently, the shari'at-based legal codes that developed in these cities actually influenced how Islam was interpreted throughout the wider Muslim world.<sup>6</sup> This was critical in the oasis cities of Central Asia where communities lived in close contact with each other. In the nomadic countryside, it was less influential. There, traditional customs and norms remained important. An example of this is the Kazakh notion of "adat," which is a customary framework of social behavior shaped by precedent and past practices. Clan and community relations dictated how disputes were settled, and who within the community would be responsible for rendering decisions. Often, these were the "elders" (aqsaqalar, or "white beards") who addressed problems within the immediate community. Among clans and larger groups, the decision-making was elevated to higher leaders.<sup>7</sup>

In this early period, there remained a range of interpretations of law throughout the region, with the settled cities generally adhering to a more rigorous, written code. A more unified interpretation would emerge as various empires took control of Central Asia. For example, the Mongol invasion of the twelfth and thirteenth centuries introduced a strong sense of public administration, taxation, and accountability to the broader region. While often depicted as violent and chaotic, the Mongols under Chinggis Khan and his successors brought a notion of legal consistency. Especially under Chinggis Khan's son, Chagatai, the concept of a civil code was introduced.<sup>8</sup> This was essential for the empire to effectively tax the region and manage a territory that dwarfed in size the Mongolian homeland. The Mongol era did not completely dispel the tension between a universal legal regime and local tradition, as this was a challenge that continued to vex the vast multi-ethnic empire.

Later, as he began to successfully challenge Mongol rule, Amir Timur attempted to unify the definition of law and "rule of law" imbued with the hierarchical aspects of the shari'a. This fifteenth-century leader considered himself above the law, much in the manner of Chinggis Khan who ruled two centuries earlier. As long as there was a strong individual at the top, such a structure was viable. Islam itself was a foundation element of the Timurid legal code, thus bringing back the concepts developed prior to the Mongol era. Combining this teleological logic with the administrative structure of the Mongols allowed Amir Timur and his successors to rule over much of Central Asia, and even beyond.<sup>9</sup> That said, the Timurid dynasty faced existential challenges from outside forces, and within a century, the system collapsed.

Due to stronger outside forces, as well as a series of intra-Central Asian rivalries, the post-Timurid era is often seen as one of weak, competing

khanates and emirates. The powerful Shaybani Khan was able to oust the Timurids, but was ultimately unable to consolidate power over the region of Central Asia. Throughout the sixteenth, seventeenth, and eighteenth centuries, the region was ruled by a variety of outside empires and smaller local potentates. Some entities, such as Bukhara, Khiva, and Qoqand, were able to sustain themselves throughout the period, and relied on a more conservative and restricted view of law and the relationship of ruler and ruled.<sup>10</sup> This was largely due to an emphasis on regime-preservation in an unstable region and the ability to wield enough military might to maintain power.

Not surprisingly, an emphasis on regime survival created conditions for kleptocratic administrations, at the top, but also among the bureaucrats who were tasked with keeping order. A “spoils system” allowed the khans and emirs a chance to consolidate loyalty among their subalterns. Indeed, it was because these systems became corrupt that reform efforts emerged, spurred by similar experiences in neighboring states and throughout the Muslim world. The “Jadid” (“new school”) movement that developed in the late nineteenth and early twentieth centuries focused on how best one ought to interpret “rule of law” in a given society. While there were variations among the Jadidist—ranging from conservative scholars who advocated a more stringent variant of Islamic law, to radical secularists who looked to the West as a basis for new interpretations of law, the ultimate goal was to create a system that was just and universal.<sup>11</sup> As Jadidist groups advocated a range of other issues, from educational reform to economic development, the debates on law incorporated a broader range of concepts. Law was more than just the relationship between rulers and the ruled, but also how societies could develop overall. Given that the regimes in power found such discussions threatening, Jadid scholars were often imprisoned or forced into exile. For many, refuge was found in the Russian-held territories of Central Asia, creating conditions for the inclusion of Russian concepts into Central Asian legal thought.<sup>12</sup>

### **Imperial Russian and Soviet Influences**

Of course, by the time the Jadidist movement was a serious force in Central Asia, the Russian Empire had been present in the region for several centuries. As early as the sixteenth century, Russian traders conducted business deals with their Central Asian counterparts. As Russia colonized the territory of what is now northern Kazakhstan, the interaction of Russian and Central Asian communities increased. True colonial movement took place in the eighteenth and nineteenth centuries, as Russia methodically took control over the territories of the Kazakh steppes. Military confrontation was regular and largely to the benefit of the Russian forces. When Russia went to war in the

1860s with Bukhara and Qoqand, and the next decade with Khiva, it was clear that Russia was the undisputed imperial power in Central Asia.

From a legal perspective, this meant the introduction of Russian law to the region, especially for those areas with Russian communities. The efforts to reform from within were limited as well by the control that Imperial Russia had over the broader region of “Turkestan” and “Transcaspia,” as Central Asia was labeled. For Russian citizens in the region, imperial law prevailed. The challenge was when crimes or transactions involved the indigenous community. As with other parts of the Russian Empire, there were periodic efforts to reform the system, not necessarily to make it more transparent or just, but more efficient from a governance position. Several efforts to clarify the legal regime in the region were carried out, with the most important being the Giers Commission, whose report was published in 1882.<sup>13</sup> A lack of financial support and a consistent community of qualified judges, procurators, and advocates usually stymied any effort at broad reform. Up through the First World War, Russian control over the territories remained tenuous. The draft riots of 1916 were simply the latest in efforts by local communities to protest against the imposition of Russian control and the limits of the empire’s legal framework.

Following these varied experiences, the Soviet period (1917–1991) was a shock to the system due to its breadth and depth of influence. While the overall impact can be debated, the Soviet experience is critical to an understanding of legal reforms today. Clearly, for the seventy-four years that Communism was in place, Central Asian institutions and behavior were dictated by Soviet values and regulations. While the manner in which the Soviet Union shaped the legal culture of the region would require analysis beyond the scope of this chapter, a few key observations can be made. As noted by scholars such as Peter Solomon, influences from this period include an emphasis on written law, as derived from the continental system of Imperial Russia, in addition to the codified nature of Soviet law.<sup>14</sup> The question of “rights” is cast in terms of what the state provides, not necessarily as protecting “inherent rights of citizens.” The emphasis was on what is prohibited, or needs to be limited. The traditional structure of “fealty and loyalty” was ultimately transferred from a medieval leader to the Communist Party of the Soviet Union.

Each of these factors was based upon an understanding of human nature that typified the communist ideology of the Soviet Union. Rational thinking and the belief that human endeavor could conquer the environment and social relations meant that laws could form the basis for all communities. Cultural and regional diversity was not deemed relevant, and a centralized notion of what is “right” dominated the thinking in Moscow. Viewed in a positive manner, the Soviet Union focused on the ability of the state to define and protect

different categories of people. Throughout the Soviet era, law offered legitimacy for the system, provided an educational opportunity for Soviet citizens, and helped frame the economic centralization that took place from the 1930s onward. Socialist “law and order” was paramount, even as it varied from the Stalinist era to the years of Mikhail Gorbachev.

Within Central Asia, ethnic differences were acknowledged, but the overall legal regime focused more on class differences, championing the rights of workers and peasants. That said, over the years, the primacy of the titular nationality became evident and the legal and constitutional framework of each union republic tended to emphasize one nationality over the rest. The protection of minority groups from the majority became an increasingly difficult matter. For example, when economic scandals were uncovered in Uzbekistan in the late-1970s and early-1980s (the “Cotton affair” of Sharaf Rashidov), the Soviet legal regime was pitted against the Uzbek leadership in that union republic. In general, Moscow saw Soviet law as a way to keep the peripheral regions in line with the overall aims of the Communist state. The inhabitants of these very regions, obviously including Central Asia, often considered these laws as a way to keep them under control.<sup>15</sup>

The sudden collapse of the Soviet Union in 1991 put an end to this dynamic. In a matter of months, the five Central Asian successor states had to come to terms with their independence and the obligations independence entailed. Foremost among them were the creation of legal regimes that would support political institutions, define political power, and outline the rights and responsibilities of the citizenry. The experiences of over one thousand years of legal traditions would play a key role in how the post-Soviet states addressed law and order within their own newly formed boundaries.

## **OPERATIONALIZING “LAW AND ORDER” IN CENTRAL ASIA**

It was logical that the governments of Central Asia adopted the Soviet-era framework at the time of independence, as it allowed the countries a chance to establish law and order within their new state boundaries. With the exception of Tajikistan, all were able to create conditions of relative stability during these initial years. Constitutions and legal codes were written to frame the power arrangements within each country. Governments accepted the notion of using western-style language in such documents, especially because of the western assistance provided for it. Each country joined international organizations such as the United Nations and the Organization for Security and Cooperation in Europe, among others, demonstrating their commitment to such ideals. In principle, it was assumed that the Central Asian states would



honor the legal practices espoused by these organizations, but that was not always the case.

As the administrations evolved, and the leaders consolidated their authority, the legal codes were modified to reinforce and legitimize their power. To do so, the countries tapped into their earlier legal traditions to find philosophical and historical justifications, even if they continued to parrot international norms and practices. The revived traditions gained an influence and set the parameters for how the five regimes in Central Asia viewed institutional development, political power, and civil liberties, three core areas of law for any country. Institutions, which include both organizational structures and documents that set guidelines for how the government can and ought to act, were essential from the beginning as the functions of the defunct Soviet state still needed to be carried out. The second, political power, was a bit more complex. Can it be exercised in a legitimate manner, at least in the eyes of the citizenry? The collapse of the Soviet Union called the very same authority of the previous regime into question. The third, civil liberties, are ostensibly those rights ascribed to the citizens of the country, to include the individuals in leadership positions. Each state was severely challenged in creating and enforcing these elements, due to the fact that resources were extremely limited. As the poorest republics of the Soviet Union, the wherewithal to actually finance these efforts was almost non-existent.

## **Uzbekistan**

From the beginning, President Islom Karimov stressed that any reform efforts in his country would be taken “step-by-step,” and he would shy away from employing “shock therapy” approaches. This applied to economic reforms, as well as political and institutional restructuring within the county. Within the first year of independence, the Uzbek government wrote and ratified a new constitution (effective December 8, 1992), as well as legislation on the roles of the executive branch and the reformed legislature, the Oliy Majlis. Although the document has been amended since then, in 2002 and 2011, it remains a key framework within which the powers of government are outlined.<sup>16</sup> On paper, the legislative branch is afforded a significant amount of power, but in practical terms, Uzbekistan is a Presidential system, with the senior executive having the ability to control legislation, affect rulings of the Supreme Court, and manage the senior offices at the regional (Wilayat) level. During his last years in office, President Karimov would often bypass the other branches and simply rule by decree. According to official sources, the logic for having a strong executive was simple: the need to establish security and stability in an otherwise dangerous neighborhood required it. This also

meant that while specific laws were in place regarding elections and term limits, he consistently altered or ignored them for the sake of remaining in power. When elections did take place, they were often pro forma events that allowed him to receive well over 90 percent of the vote. Interestingly, the function of elections remains important, even if they are more theater than actual political contests—the legitimizing quality of these regularly scheduled public events is key to the administration. The state-run media and government offices emphasized the election campaign following the death of Islam Karimov in September 2016, which ultimately led to the victory of his prime minister, Shavkat Mirziyoyev.<sup>17</sup>

The consolidation of institutions and power in Uzbekistan has had a direct impact on how one perceives the obligations and responsibilities of citizens. From the beginning, the Soviet interpretation of citizens' rights was used, and the familiar structure of judge, advocatura and procuracy remain in place to adjudicate crimes and legal proceedings for the population. These were effective in limiting the ability of opposition figures and organizations from expressing themselves, especially as groups like *Birlik* and *Erk*, among others, were unable to register in the country. Civil society and non-governmental organizations have also consistently been denied legal status in the country, based on the fact that they would operate without strong state supervision.

Since the late 1990s, the Uzbek government has shaped its legal framework to address what it deems the primary security challenge to the country: extremist terrorist groups that express their agendas using Islam. From Tashkent's point of view, the need to define Islam in statist language is paramount. Extremist incursions in 1999 and 2000, the conflict in Afghanistan that began in 2001, suicide bombings in 2004 and 2005, and the Andijon events of 2005 have all fueled the narrative that extremist groups using Islam need to be contained using all forces—military, police, financial, and legal.<sup>18</sup> From the legal perspective, this means that the ability of the police to pursue, monitor, and arrest suspected individuals, to include citizens of Uzbekistan, is within their right. Likewise, the procurator and judicial offices are given significant latitude in prosecuting these individuals. International organizations such as Freedom House and Human Rights Watch have highlighted instances where these legal interpretations violate the human rights of Uzbek citizens—claims countered by the government, which can demonstrate that for nearly a decade, no major attacks or events have taken place within Uzbekistan.

In March 2015, the Uzbek government declared to the United Nations that it was in the process of “promoting and protecting human rights” within the country and sought to “increase the political and legal culture of the population of Uzbekistan.”<sup>19</sup> In addition to outlining a new range of courses and programs on legal education, it also suggests that the Western notions of

human rights would once again be emphasized by the Tashkent. International human rights organizations generally dismiss such statements as mere rhetoric, while government officials suggest that it signals a real change in policy. Whether President Mirziyoyev carries this out fully remains to be seen. In the end, Uzbekistan has been fairly predictable in terms of its interpretation of a post-Soviet legal culture: a strong leader with an institutional framework that emphasizes regime stability are paramount. Reforms, when they come, mainly focus on structures and will be taken at a methodical pace.

## Turkmenistan

Similar to Uzbekistan, the evolution of a constitutional and legal framework within Turkmenistan has been relatively predictable. There have been some developments in the country's legal regime since the death of the first president, Saparmurad Niyazov, who led Turkmenistan from 1991 to 2006. Much has been written on the idiosyncratic rule of this self-named "Turkmenbashi" ("Father of the Turkmen"), with emphasis placed on such visible aspects as the countless statues of the man, the renaming of months and days of the week, etc. The reverence given to this individual who led the country for twenty-one years, if one starts with his appointment as First Secretary of the Turkmen Communist Party in 1985, suggested something more than an autocrat. His two-volume book *Rukhnama* that outlines the history of the Turkmen people and the philosophical and ethical foundations of Turkmenistan itself could be seen as an addition to the legal and constitutional foundation of the country.<sup>20</sup> These documents remained the closest to the Soviet-era ones, with minimal re-writing of the overall notions of obligation to the state and an emphasis on the duties of citizens. Rights are enumerated in great detail, but all are limited by the interests of the state and society. Social cohesion and order are paramount—as they were during the Soviet period.

In terms of institutions, the constitution was initially ratified in May 1992, with a revision taking place in September 2008. Both versions contain elements that parallel the Soviet Turkmen SSR constitution in that while rights and freedoms are noted, they are limited by Article 19, which states that they cannot infringe on or harm state and social order.<sup>21</sup> This document, as well as various pieces of legislation on political parties, legislative responsibilities, and local governance outline how the institutions of Turkmenistan are supposed to function. As with Uzbekistan, a multi-tiered legal structure is in place, and there are separate offices for investigators and jurists. In reality, they are all subsumed under the office of the president, who remains the unchallenged political actor in the country. Freedom House's "Nations in Transit" report consistently ranks Turkmenistan among the bottom ten countries in the world with respect to human rights and political freedoms, emphasizing

the lack of transparency within this legal structure. Whereas other Central Asian countries at least flirted with the idea of using Western concepts of legal rights, Turkmenistan's government dismissed such efforts as "counter to the Turkmen mentality or culture." International organizations that were allowed to open offices in Ashgabat, such as the OSCE, had very limited mandates in what they could and could not address. Even discussing legal arrangements and rights within the country was curtailed, making it difficult for outsiders to even evaluate the conditions in Turkmenistan.

Some outside analysts wondered if a leadership transition would call into question this "sultanistic" model of governance.<sup>22</sup> After assuming office as an interim president in December 2006, and then duly elected as president in February 2007, Gurbanguly Berdymukhammedov appears to have carefully managed his leadership and has retained the powers of his predecessor. There were calls to soften some of the restrictions put in place by Niyazov, to include internet access, the ability to visit foreign countries, and questions of property ownership. However, most of these initial efforts were modest in scope, repealing or modifying past legislation. In terms of political power, over time, Berdymukhammedov has been able to exert his own impact on the laws of the country. To begin, one saw a gradual disappearance of the images of Turkmenbashi. While not critical of his predecessor, Berdymukhammedov quietly stopped referring to him and limited the references to the *Rukhnama* text. When Niyazov is mentioned, he is simply noted as the "first president." Personal authority remains a critical element of the Turkmen legal culture, but there is an emphasis on structuring it in a broader sense of Turkmen history. Borrowing from the lexicon of neighboring states, Berdymukhammedov highlights the balance of past traditions and modern concepts. In recent years, the president has highlighted his own role in the legal development of Turkmenistan, calling himself the Arkadag, or "Protector," of his people. In 2015, a 69-meter high statue was erected that had Berdymukhammedov himself on horseback (his favorite horse Ak Khan or "White Khan") holding a white dove. The statue, cast in bronze and covered in 24-carat gold leaf, is to symbolize his role as the supreme lawgiver and protector of order in the country. It also represents a broader understanding of law and order in the country—it remains based in the pre-Soviet traditions of a strong leader and enhanced with a Soviet legal structure.

## Tajikistan

Unlike Uzbekistan and Turkmenistan, Tajikistan faced an immediate existential crisis following the collapse of the Soviet Union. As the poorest republic in the region, it lacked the capacity to actually create a government. A disputed election in late 1991, followed by a power struggle of sub-regional

elites meant that there was neither a strong leader to consolidate power nor groups ready to agree on a power-sharing formula. Instead, by the summer of 1992, the country descended into a violent civil war. While no definitive data is available, it is assumed that the conflict, which lasted until 1996, resulted in 50 to 100 thousand dead, hundreds of thousands displaced, and countless others who simply left the country for safety abroad.<sup>23</sup> In the early years of the conflict, the force in Dushanbe elected Emomali Rahmon as president. In November 1994, a constitution was ratified, with subsequent legislation enacted in the next several years that clarified the roles of the president, the legislature, and judicial branches. In some ways, this was an opportunity for Tajikistan to create wholly new structures that could accommodate the diverse ethnic and religious community of the country, as well as move away from the personality-based dynamics that led to the civil war in the first place. On paper, these documents allow for a competitive, open political system. However, within a few short years, it was obvious that the Rahmon government not only considered itself the victor of the conflict, but the arbiter of any post-conflict power arrangement.

President Rahmon has also established himself as a necessary leader for the country. Like his regional counterparts, he repeatedly notes that under his leadership, the country has returned to a peaceful, prosperous, and stable state. Moreover, in the past decade, President Rahmon has developed a much stronger personal leadership style in the country, making increased references to the Samanid period of a millennium ago.<sup>24</sup> Along the lines of his Turkmen counterpart, the symbolism of a strong leader remains paramount in Rahmon's reasoning for staying in power long after any term limits have passed.

In terms of civil liberties, the post-civil war period in Tajikistan far outweighs those early years, and yet the specter of conflict and the need for stability still loom large. The National Reconciliation Accord that was signed in 1996 and enacted in 1997 establishes the parameters for law and order in the country.<sup>25</sup> Along with President Rahmon's desire to avoid any return to those catastrophic years, there seemed to have been an initial acceptance of maintaining a strong state even if it curtailed individual rights. As a result, the Soviet notion of law prevails with obligations outweighing rights. Moreover, the ability of opposition parties and organizations to function freely in the country is also curtailed, with the logic revolving around stability and the concern of transnational threats.

As with Uzbekistan, the threat of "terrorism" has intensified since the beginning of the international engagement in neighboring Afghanistan, and one can expect to see it continue for the foreseeable future. Opposition figures and organizations, to include the formerly legal Islamic Renaissance Party, have been cast in the same light as transnational terrorist groups such as

the Islamic Movement of Uzbekistan, Al Qa'eda, and Da'esh (the so-called Islamic State). Because there have been episodes of violence in the Rasht Valley, the region of Badakhshan, and others, the government can effectively cite counter-terrorism as a reason for any continued crackdown within the country.<sup>26</sup> Finally, as Tajikistan has the longest and most difficult border with Afghanistan, as long as instability looms in that country, the need for enhanced security in Tajikistan will remain.

## **Kyrgyz Republic**

Among the Central Asian states, the Kyrgyz Republic has experienced the most change in its legal regime due to the two political transitions resulting from leadership ousters. In the 1990s, international organizations held up the country, and the presidency of Askar Akayev, as an example of how one could become an “island of democracy” in an otherwise non-democratic Central Asia.<sup>27</sup> As with the other states, a constitution and legal code were ratified in the early 1990s. In contrast to the other states, the Kyrgyz government sought foreign assistance, especially from the West. For the international assistance community, the Kyrgyz Republic became a laboratory for developing a balanced, participatory political structure with registered political parties and an emphasis on the separation of powers.

By the early part of the 2000s, these same supporters turned to critics as Akayev consolidated power and permitted corrupt practices to dominate the government. While constitutional and legal frameworks were in place, the government largely ignored them and ruled via personal fiat. Perhaps it was a combination of rights acknowledged by Kyrgyzstan's citizens, or the activism of opposition figures, for as early as 2002, protests against the government started to take place in the country. A dubious election in 2005 prompted widespread protests throughout the country, culminating in mass anti-Akayev demonstrations in Bishkek itself. These prompted the president to flee the country to Russia, where he remains in exile, and resulted in the formation of a new government. After another round of elections, Kurmanbek Bakiyev took the office of the president where, in spite of claims to the contrary, he perpetuated the same kleptocratic rule and disregard for the law. His administration came to an end in 2010, as a cycle of protests and opposition activism forced him out. Exiled to Belarus, Bakiyev has made some claims to regain his “rightful position as President,” but these are largely ignored in the country. Through the rest of 2010 and 2011, the interim government reworked the constitution, held new elections for all levels of government, and created conditions for yet another attempt at fostering democracy in Kyrgyzstan. Since that time, there have been continual challenges within

the government about the proper balance between a strong president and an activist legislature.

The view of citizens' rights has also been an area of contestation. Early on, the debate focused on "Russian speakers" and the rights of the significant Russian minority in the country. As this community migrated to Russia, or elsewhere, the notion of a Kyrgyz national home became more prominent. In the later Akayev years, there was a focus on "our common home," suggesting that all peoples within the country were welcome.<sup>28</sup> However, following the terrorist attacks in the US in 2001, and the global concern about so-called radical Islamic groups, minorities such as the Uighurs and Uzbeks were singled out as suspicious. For the latter, in particular, the feeling of being ostracized in their own country led to protests and counter-protests and a pogrom-like action in the summer of 2010 in the southern cities of Osh and Jalalabad. In June of that year, over four hundred Uzbeks were murdered and several hundred thousand displaced. As of yet, there has been little in the way of reconciliation in the region, with civil liberties being curtailed for the sake of regime security. Nationalist groups and media have portrayed the minorities as potential "fifth columnists" in the country.<sup>29</sup> The current legal system appears to be unable to rectify this problematic situation. The current governments, from Rosa Otunbayeva to Almazbek Atambayev and into the future, will eventually have to address this thorny issue.

For the Kyrgyz Republic, pressures from outside governments have had a significant influence on the trajectory of legal reform in the country. Thus, while on one level, it has experimented the most with developing a legal framework for the country, on another level, this activity is based on a foundation that continues to shift. As a result, commentators increasingly discuss the "fragility" of Kyrgyzstan's political system and continue to raise concerns over the longevity of political arrangements as they exist.

## **Kazakhstan**

President Nursultan Nazarbayev has been the most significant actor in developing the legal framework of Kazakhstan. In power since 1989, if one considers the Soviet period, he has chaired the development of each constitution and the broader legal code of the country. While others may have had a say in writing specific elements, the documents in their entirety all have had to come across Nazarbayev's desk for his approval. The early part of the 1990s saw the country enact a series of actions that included several efforts at writing a constitution, a criminal code, and laws that specified the levels of government, the extent of political authority, and the rights and duties of citizens. After developing an initial constitution in 1993, the president found

himself challenged by a political legislature wanting to assert its own power. Similar to Tajikistan and the Kyrgyz Republic, the first post-Soviet constitution had a strong set of checks and balances in place among the branches of government. On the pretext of questioning a legislative election in 1994, President Nazarbayev dissolved the Majlis. Within a year, a new constitution was introduced (August 1995), which afforded considerably more powers to the president. Amended in 2007 and 2011, it allows the power of the chief executive vis-à-vis the legislature to increase substantially.<sup>30</sup> The ability of the president to control the legislative and judicial agendas effectively means those branches of government are subservient to the executive. As with other Central Asian states, the president has the power to appoint and dismiss regional officials (akims). While these officials have the authority to manage their regions, ultimately it is with the approval of the president. Throughout the first twenty-five years of independence, there have been a number of high-profile instances of regional akims running afoul of the president's wishes and being sacked, often on grounds of corruption or violating a range of laws. Finally, President Nazarbayev himself has been designated as the "First President of Kazakhstan" and would hold a special status in the country's political system were he to step down from office.

Since the mid-2010s, there have been several presidential declarations on the institutional future of Kazakhstan. Looking to 2050, President Nazarbayev notes that the country must focus on a representative system and one that allows diversification of economic development, private ownership, and the rights of all citizens to participate in these economic activities.<sup>31</sup> Looking ahead to the time *after his administration*, it will be the case that this "first President" was, and remains, the most influential political actor in Kazakhstan. In terms of law, what does this mean? Could it be like Turkmenistan, where once the charismatic first president is gone, his legacy is respected but the successor consolidates power and refashions a system more to his liking? The institutional fragility and the weakness of political parties in Kazakhstan suggest that there is room for chance once a new leader is in place.

The personality-focused regime has other drawbacks, as noted by organizations such as Freedom House. In its annual "Nations in Transit" report, the lack of transparency in the legal regime and judicial structures in particular make engagement problematic for outside companies. That rights are still state-derived suggests that citizens are still uncertain as to what they can say or do. In recent years, challenges to the current system have taken place, although they are limited and cast in rather negative terms. The riots in Zhanozen of 2011 and the subsequent trials of participants has been covered by opposition media in the country. While outside analysts saw these as examples of specific communities exercising their right to protest and free speech, the



government considered them as anti-state behavior, bordering on “terrorism.” In any case, a legal framework that was relatively pliant was highlighted. Even as the government closed the case and moved forward, in the following years, it acknowledged the need for greater transparency and legal efficacy, in general.<sup>32</sup> As the decade continued, further episodes of unrest have taken place. Increasingly, the government has used the rhetoric of counter-terrorism in their reactions, paralleling the experience of their Central Asian neighbors. Law and order have effectively been shaped to maintain a strong president, a power vertical that protects the system itself, and an emphasis on the obligations of citizens to help support public order. Dissent, whether verbal, written, or actual protests, can be portrayed as anti-state behavior. Because it has been an economic success, compared to the neighboring states, one could conclude that the population appears to understand the trade-off between stability and true participatory democracy, opting for the former.

Each of these countries is charting a distinct path of development—whether political or economic, and yet share a common understanding of law. After all, combining pre-Soviet and Soviet-era views on power relationships while using the language of universal political development derived from Western sources creates a range of terms and concepts that can be utilized when needed. This buffet-like approach was partially born out of necessity, however after more than a quarter century, this practice seems to be more about regime preservation than systemic transparency and justice. The reality is that these norms are fluid and open to interpretation. While having laws and institutions in place is essential, if maintaining political power is deemed more important, such structures can be modified or even ignored. Likewise, the ideal of civil liberties is a positive one, but if they diminish the control that a regime desires, they can be curtailed as well. The threat of terrorism, for example, has been part of the security make-up of Central Asia since the late 1990s. With the acceleration of this threat, either as a result of the challenges in Afghanistan, the evolution of the so-called Islamic State-Khorasan (“Da’esh”), or the openness of social media to transmit radical ideas, the state could step in to limit individual rights for the protection of the state. Since 2015, analysts have written more frequently that some of the Central Asian countries, such as Tajikistan and Turkmenistan, have used the presence of Da’esh in Afghanistan as a pretext for going after journalists and other activists who criticize the state.<sup>33</sup> Even Kazakhstan, which has traditionally placed international terrorism lower on a threat scale, have taken more active measures against individuals deemed potential Da’esh sympathizers. All five Central Asian countries have experienced this dilemma and the reactions have been similar, with only the degree of enhanced controls varying.

## EXTERNAL INFLUENCES

There is no question that foreign states have helped the Central Asian countries refine and redefine their views of rule of law. These influences ultimately come in two forms: situations where outsiders attempt to actually change or “develop” the legal regimes in the respective states, or instances where foreign discourse is used to justify the current structures. As the countries were establishing themselves as legitimate political entities in the early 1990s, this assistance was generally accepted out of necessity. These low-cost efforts, especially in contrast with security cooperation programs from the same countries, continued as long as the host countries accepted them. By the 2000s, as previously noted, concerns were raised that the West was attempting to engineer post-Soviet governments to somehow be subordinate to them. With the wave of so-called colored revolutions, the Central Asian states began to re-examine this automatic reliance on Western notions of law and rights, and accept the alternative narratives presented by other regional actors, namely Russia and China. As one Uzbek scholar noted, the Central Asian leaders understood that Western approaches were incompatible with the collectivist culture of the region, and so these states would be better served by re-emphasizing the decision-making and relationship-building strategies inherent in the region, or exemplified by other “non-Western” states, such as Russia.<sup>34</sup>

### **Toward a Universal Notion of Law and Order**

At the beginning of the post-Soviet political transition, the Western community put substantial emphasis on legal reform and assistance programs designed to better establish “rule of law.” These were represented by efforts to influence the constitutions and legal codes of Central Asian countries. The American Bar Association’s CEELI (Central and East European Legal Initiative) project and the European Union’s TACIS (Technical Assistance to the Commonwealth of Independent States) program are two examples. In terms of behavior, seminars for parliamentarians, lawyers and students interested in the legal profession were also held.<sup>35</sup> Key elements in these programs focused on how to overcome issues of corruption, transparency, and the use of legal institutions for personal retribution. As noted earlier in this chapter, it was easy for the leaderships to use the law for their own advantage, and this top-down approach adversely affected these specific areas of concern. Opposition figures could find themselves charged with various crimes as ways to remove them from the political scene. Laws could be used to coerce businesses, local and foreign, into paying additional payments in order to stay open. Moreover,

the reliance on personal ties and Soviet-era methods undermined the need for openness in the legal process. “Telephone justice,” a common phenomenon during the Soviet times, remained. Western assistance focused on rectifying these shortfalls, with further programs on developing civil societies, free media, political parties, and better understanding of human rights. Whether through USAID (the US Agency for International Development) or parallel World Bank, United Nations, or European Union offices, assistance programs attempted to foster an adherence to universal standards of law and order, at least as defined by these very organizations.

For these reasons, human rights organizations, as well as governments, began to monitor the application of and adherence to the legal measures introduced to the Central Asian countries. Freedom House began its Nations in Transit publication that focused on the political, economic, and social conditions of the post-Soviet states. The ranking system of 1–7 (1 being “democratic” and 7 being “authoritarian”) in various categories had the Central Asian states consistently at the bottom of the list. That said, the focus tended to be on where improvements could be made and instances of positive progress were highlighted. While such reports began as academic exercises, they quickly became the fodder for policy-makers when they decided how much, and in what capacity, assistance would be given to the post-Soviet states. Longitudinal comparisons allowed for “benchmark analysis” to show which countries were improving and which ones were not. For example, Turkmenistan and Uzbekistan consistently “scored” in the range of 6.50 to 7.00, while the Kyrgyz Republic flirted with levels of 4.00 or slightly higher. Especially during the middle years of the Akayev administration, this reform-accepting country was deemed “Partly Free” and seen as the legal leader of the region. Following the successive political upheavals and the ethnic violence of 2010, the scores were lowered closer to the levels of the other four. Transparency International, likewise, regularly rated the Central Asian states as among the lowest of those evaluated in the areas of “ease of doing business” and “levels of bribery.” Finally, Western transnational organizations like the OSCE repeatedly called into question the electoral processes of the countries and regularly concluded that these political exercises were “not free and fair.” In short, along with Western assistance came Western evaluations, which were often not positive.<sup>36</sup>

The 2000s witnessed a dynamic that altered how law and order was viewed in the region: the post-9/11 security situation in Afghanistan required that the United States engage the Central Asian countries on more robust security cooperative efforts. Some analysts simplistically framed this in terms of “security versus human rights,” with the US abandoning the latter for the former. The truth is that “rule of law” was not discarded in Western efforts

in Central Asia, but they did have to compete with other narratives that were gaining significant attention. Officials from the United States and European countries regularly included queries on human rights as part of their “talking points.” Moreover, as the US State Department refined areas of concerns with respect to other countries, the Central Asian states often found themselves being noted for specific violations. Successive US administrations published reports on religious freedom, trafficking in persons, child labor, and other concerns, many of which put the Central Asian states in a negative light. Indeed, Turkmenistan and Uzbekistan periodically found themselves as “Tier Three” countries, meaning that certain forms of assistance to them was sanctioned unless a waiver was issued by the Executive Branch. However, debates within the US government periodically meant that these punitive measures were waived due to the perceived security benefits of working with the Central Asian states during the campaign in Afghanistan.<sup>37</sup> It is no surprise that such contradictory messages from the West came across as confusing and disingenuous to the regional governments.

Human rights organizations viewed this relationship in a different light: Western governments were becoming lax on human rights and rule of law issues specifically because the security relationships were deemed so important. The Andijon violence of May 2005 was a watershed moment in this regard. The actual events that took place, from the reasons for the prison break-out to the use of force by Uzbek security units on civilian demonstrators, is well-described elsewhere.<sup>38</sup> Years later, the implications for religious freedom, use of force, and the general perception of the Uzbek government continue to be debated. In terms of its impact on US-Uzbek relations, there is no question that the notion of violating a “rule of law” framework was expressed by US officials and resulted in the imposition of sanctions on Uzbekistan and a decrease of assistance to that country. Moreover, from 2005 onward, Uzbekistan was regularly cast as a country that did not respect human rights or maintain a consistent standard of law. Legal assistance offices, as well as non-governmental organizations, quickly found themselves unable to register and work in Uzbekistan. In short, the political effect of Andijon was a severing of any meaningful opportunity by the West to engage within the country. Even military cooperation, which has since revived, was stymied for a number of years.

One could argue that the so-called colored revolutions that took place in Georgia, Ukraine, and then Kyrgyzstan also had an impact on how Western notions of law and human rights were perceived in the region. As noted earlier, the events in 2005 and again in 2010 in Kyrgyzstan directly affected political stability and constitutional continuity in the country. It compelled other governments in the region to re-assess their own ties with the West,

singling out Western organizations that promoted political and civil society development. Were these really fronts for the West to meddle in the internal affairs of other countries? With that in mind, one saw a consistent curtailment of foreign NGO activity in the countries, with laws established limiting their ability to function in the region. Some, such as the Soros Foundation, were expelled. Others had such onerous conditions placed on them that they de facto had to leave the region. Even apolitical organizations such as the United States Peace Corps were unceremoniously expelled from Uzbekistan and Turkmenistan, as they were deemed undue and unwanted influences on the local cultures and communities. By this time, the Central Asian governments were confident in their own abilities and regime stability seemed more assured, so challenging Western efforts to enact reform increased. Conveniently, alternative approaches to legal reform emerged at this time, allowing the Central Asian states to recraft how they justified their current systems.

### Creating a Rationale

The logic for greater distancing from the West, and from Western notions of law, was provided by another state that had faced similar “challenges”: Russia. Questions of “rule of law” were not solely the domain of Western countries, and the Russian leadership developed its own narrative for how one can create a viable and legitimate legal order without submitting to Western epistemological frameworks. Since 2000 and the emergence of Vladimir Putin as a politically dominant actor in Eurasia, Russian views on law have shifted away from attempts to emulate the West. Indeed, over the past decade, *alternatives* to Western notions of rule of law have now become the norm. The justification tends to be cast in terms of (1) how best to avoid being dominated by the West; (2) cultural uniqueness; and (3) regime preservation for the sake of national stability. Each of these has been articulated and expanded by Russian leaders and academics, and quietly adapted by Central Asian counterparts in their own discussions.<sup>39</sup> The previously mentioned laws limiting international non-governmental organizations, the limits on foreign civil society assistance, and even whether international election observers can freely operate within a country’s boundaries all started in Russia and were repeated to varying degrees in Central Asia.

It is no surprise that one can see a difference from the 1990s to the twenty-first century. In the 1990s, Russia’s engagement was unable to articulate a forceful response to Western assistance simply because it was needed, and there were still key actors who thought Russia’s future ought to look westward. The West applied more resources and effort to shape the Russian legal environment, as it was a higher-priority country in the region. Perhaps

because of his own mistrust of Western motives, President Vladimir Putin began to limit the ability of Western groups to freely work in Russia. His leadership team introduced the phrase “sovereign democracy” to the region, suggesting a new approach to how one can look at democratic and rule of law traditions. Combining a range of “Eurasianist” theories and institutional and behavior patterns from the Soviet period, the new Russian approach emphasized the unique cultural qualities of the country.<sup>40</sup>

The non-Russian post-Soviet successor states could likewise “borrow” from this narrative in their own explanations. Of particular interest was the “cultural uniqueness” argument that has slowly worked its way into the Central Asian discourse. As noted earlier, Imperial Russian and later Soviet officials felt that “modernization” meant a limitation on distinct cultural aspects of Central Asian society. However, if “modernization” is now viewed as “Westernization,” then that approach has shifted to one of celebrating the unique qualities of the region. Instead of individual rights, collective rights and respect for the state are deemed paramount. It is common to see traditional symbols reintroduced, as well as a recognition of past, strong leaders. National museums show ancient civilizations in a positive light, not as “relics” or “backward societies” as they would during the Soviet period.

Ironically, the “leader” becomes more important in this approach, as personal relations are considered to be part of establishing viable and stable societies. That Russia touts this approach makes sense, given the leadership style of President Putin. The presidents of Central Asia have paralleled this approach in their own display of authority. That it is now seen as integral to the institutional and legal make-up on the Eurasian states is a clear signal to the West that assistance and guidance from them needs to take into account “local conditions” or “local peculiarities.”

Finally, this modified approach is exhibited in the various international organizations promoted by Russia. In Eurasian organizations, such as the Collective Security Treaty Organization (CSTO) and the more recent Eurasian Economic Union (EEU), notions of national stability and the obligations of citizens to support their state are articulated, as opposed to rights of citizens *within the state*. Because certain legal regimes have to cross borders, especially trade, customs, and taxation policies over the EEU boundaries, it was essential that some of the Central Asian states alter their own legal codes to comply with that of Russia.<sup>41</sup> Kazakhstan and Kyrgyzstan, in particular, as earlier entrants into the EEU, were compelled to do this. As a result, even the institutional and non-political legal environment has changed.

Complimenting this revision of law in Central Asia is the increasing importance of China. Although much of its efforts in the region are transactional, China has offered itself as a legitimate alternative to the West, dwarfing the

latter in terms of investment and trade, and increasingly in military assistance. In short, China can offer another way in which law can be framed if any Central Asian state chooses to emulate it. Since the end of the twentieth century, China has emphasized the notion of non-interference in the domestic affairs of other states, considering it a mainstay of its foreign policy in the region. This not only precludes efforts to question China's own political system and approach to human rights and civil society, it also allows China to justify engaging with countries that are considered authoritarian by the West.<sup>42</sup> China's trade with countries in Africa, Southeast Asia, Latin America and elsewhere are premised on instrumental terms: Is the relationship economically profitable and is the partner reliable? What that partner does within its boundaries and to its own people is not China's concern. Indeed, if a country needs to use force to stop protestors or quell unrest, such actions may even be lauded and considered necessary to maintain order. This was the case with Uzbekistan immediately after the previously noted Andijon events. While Western governments and non-governmental organizations condemned the Uzbek government, the Chinese leadership praised President Karimov's tough actions, considering them necessary to keep Uzbekistan peaceful.

In the broadest context, this has been cast as a contrast between the "Washington consensus" and the "Beijing consensus." The former focuses a rule of law based on individual rights and the recognition of minority rights, for example. The security principle of the "right to protect," as well, can be seen as an extension of the Washington consensus. The Beijing consensus focuses more on a statist approach that does not deny economic freedoms and activity, but stops short of suggesting that civil liberties and rights are paramount. Indeed, for the sake of social and state stability, these can be curtailed. As this approach appears to be more appealing to the Central Asian governments, it is possible in the coming years for them to increasingly frame their "legal environment" using non-Western terms and values. If this is the case, it will lessen the role that the West can play in shaping the legal environment in Central Asia.

In terms of international organizations, the precept of not interfering in the domestic affairs of other states was enshrined in the founding documents of the Shanghai Forum/Five, renamed the Shanghai Cooperation Organization in 2001, and it remains a guiding principle to this day. Given that the *security* discourse of this organization of the past decade has been on combatting separatism, extremism, and terrorism, the rights of states are more important than those of individuals. Combined exercises and continued efforts to maintain a strong working relationship with China has meant that the Central Asian states of the SCO (all but Turkmenistan) have gradually adopted the Chinese terminology in their legal discussions.

As a result of these external influences, the Central Asian states are at an interesting crossroad. Each has instrumentalized the language of rule of law as articulated by the West. And yet, conceptions of power relations remain very much based on traditional and Soviet-era terms, with recent modifications borrowed from neighboring Russia and China. The mere re-labeling of such dynamics allows a viable alternative to what the West has to offer. In short, the Central Asian countries can all redefine their own legal regimes in an almost buffet-like manner.

## CONCLUSION

If, in fact, the legal narratives in Central Asia follow along a similar path of regime protection and legitimacy, with civil liberties and rights subsumed under these, can one assume that state stability might actually be strengthened? While it's important to note the moments of violence in the region, over the past quarter of a century, the five Central Asian states have actually appeared to be quite calm. The challenge of establishing institutions and norms has been addressed, even if in sometimes chaotic manners. Likewise, the regimes themselves are generally seen as legitimate by the populations and the international community. There are no pariahs among them. And while human rights organizations and dissidents point out the limitations on individual rights and civil liberties, the countries have not been ostracized for their behavior. Of course, it is difficult to "predict" fundamental change or those moments when the population has had enough with a given regime. The end of the Soviet Union, the so-called colored revolutions of the 2000s, and the Arab Spring of 2011 all demonstrate that regimes can appear stable and "legitimate" on the surface, while real tensions percolate underneath the surface.

It has become commonplace to suggest that leadership succession will offer opportunities to "test" regime stability in Central Asia. These also will be definite moment for each of the states to further refine or reform their legal frameworks. There have been less than ten "regime changes" in all of Central Asia since 1991, with several as a result of violence or deaths in office. The transitions in Turkmenistan in 2006, the Kyrgyz Republic in 2011, and Uzbekistan in 2016 were relatively calm and orderly affairs, so one ought not to assume each transition is going to be a crisis. Indeed, the Kyrgyz example of Interim president Otunbayeva being replaced by the elected president Atambayev was an historic first in the region.

In Kazakhstan, President Nazarbayev's focus on his legacy is opening up a new opportunity for rule of law in Kazakhstan. Over the past several years, there have been key developments in the constitution and legal code of



Kazakhstan that signal how the country could be governed in the post-Nazarbayev era. Succession questions, the specificity in the roles of the president and prime minister, as well as a greater effort to empower the legislature all support the notion that the very political and legal framework of Kazakhstan will be just as important legacies of Nazarbayev's tenure as the first President of the country and the proclaimed "Father of the Nation."

Similar legacy challenges exist for President Mirziyoyev in Uzbekistan. Although he has opted to not work on radical reform projects, rather emphasizing "step by step" efforts, the Uzbek president does appear to value the role of a codified law as a foundation for stability. His challenge has become one of maintaining a connection with the past president, and also charting his own path. In 2015, while still prime minister, he instructed the Oliy Majlis to introduce a range of legislative actions that highlight political procedures and arrangements. While under the protective guidance of President Karimov, Mirziyoyev was able to focus on legal norms as a way to frame political behavior. Reactions to this approach have generally been positive, and during his first year in office, President Mirziyoyev has been well-received by political and security officials from neighboring states, as well as political analysts in the region as a whole. As with Kazakhstan, questions arise as to whether these legal legacies will remain in place. Will successors adhere to such structures, or build their own? Such possibilities exist if power remains connected to the person in office and not the office itself—and this transition remains unknown for Uzbekistan.

Such a "soft succession" was experienced by Turkmenistan over a decade ago, offering clues as to how the Uzbek case might evolve. In early 2007, several scholars noted the potential reforms that would take place in a new Berdymukhammedov regime. Indeed, there was an increase of visits by Western officials to the country, in an attempt to better integrate the country into the broader "world of nations." Over the past decade, such efforts met with limited results.<sup>43</sup> While Turkmenistan has become more open in terms of trade contracts and energy projects, especially with China, one has not seen a concurrent revision of the legal environment within the country. Decisions remain largely personality-based, having some highlight this "sultanistic" style of politics. While he might be more subdued than that of the First President, certain qualities remain in place. Even the revisions of the political party laws allowing for an opposition party was a controlled process, as the second party remains loyal to the country's leadership.

This challenge of retaining a high level of personality-based rule is evident in Tajikistan. Legitimacy remains linked to the president himself, so reforms take place only within a framework that allows this core dynamic to exist. To a lesser degree than Uzbekistan and Kazakhstan, the discussion of "succes-

sion” has not affected how politics is viewed, or the legal framework within which it resides. That said, the challenge for Tajikistan today revolves around several key issues: the potential expansion of political rights in the country; ethnic rights, especially in the Gorno-Badakhshan region; and the status of Islam. During the current decade, as noted earlier, there have been instances of violence flaring up in the countryside over these issues. The global trend of violent extremist organizations using the language of Islam to justify their actions has had a direct impact on how Tajikistan’s leadership uses its own legal framework. Laws restricting access to mosques, especially for young persons, have been put in place as protective measures. Likewise, the ability for police to arrest and detain suspected terrorists has been expanded. There are some international efforts to infuse broader notions of respect for human rights into this process. The International Border Management School in Dushanbe, run by the OSCE, is a good example of this. Training programs include respect for law and human rights and an emphasis on procedural consistency when managing border and customs posts. That said, all of these efforts hinge on the approval of and support from President Rahmon.

Perhaps the one exception to a personality-based leadership/legitimacy is Kyrgyzstan. In contrast to the other four countries of the region, Kyrgyzstan stands as a test case of a more holistic adoption of universal legal norms and even Western-based ideas of rule of law. However, because of the successive coups in 2005 and 2010, Kyrgyzstan was in danger of completely disregarding any emphasis on rule of law. Due to corruption charges and a general popular view that the government was non-democratic, efforts to reform the constitution and government structure in 2010 and beyond have been fraught with controversy, conflict, and confusion. What exists today is a legal framework that is rhetorically more robust than that of the neighboring states, save Afghanistan, which could be considered the most democratic state in the region. Whether the government abides by these laws is another question, and current administrations remain challenged in this respect. Public opinion polls underscore a skepticism in the country that only seems to deepen as problems remain unsolved. Moreover, the admiration for the “state sovereignty” exhibited by President Vladimir Putin in Russia is evident, as well. The notion that law can be used to protect the state from the people and other disruptive forces resonates with a population that has seen too many years of political chaos and turmoil. As Russia continues to be the vital partner—in economic, security, and political spheres—one can expect to see the legal environment in Kyrgyzstan remain muddled for some time.

Complicating all of these potential transitions is whether the West will remain interested in the region and committed to continued legal reforms. The world of trade and commerce could potentially open opportunities for real

change. As noted, Transparency International highlights the low position of the region in the world of business. In order for these levels to increase, conditions friendly to foreign businesses have to be established. At present, the business environment is opaque enough to discourage investment. The prospects of developing the “Silk Road Initiative” in the coming decades ought to provide the impetus to systemize the legal environment. This initiative was born out of the hope that Afghanistan’s future depends upon an integration of South and Central Asia. Without opportunities for transit and trade across boundaries, Afghanistan won’t develop at a pace that will create stability in the country. Such integration will positively affect the landlocked states of Central Asia, as well. However, the power of the “Belt Road Initiative” of China allows these very same countries to focus on procedure and order as the basis of law, minimizing the Western influence. If that is the chosen route, it is less likely that “pressure to reform” will be significant enough to warrant true structural change.

Reviewing these five states, it is apparent that the decision to use legal frameworks to justify and legitimize political regimes can be beneficial, but open the systems up to uncertainty. Not only can such leaders be criticized by outside entities and dissidents within for being authoritarian, they also set themselves up to be solely responsible for any crisis that may arise, or problem they are unable to settle. In the end, are there real opportunities for “rule of law” to truly develop in Central Asia? While there are common trends among the five countries, speculation will continue if any one of the states can separate from the others and lead such reforms. Given the challenges noted above, such a possibility is unlikely, at least for the foreseeable future. The Central Asian states are developing along different trajectories and are facing a range of pressures—both internal and external. The current set of political leaders are unlikely to alter their country’s legal frameworks that emphasize regime stability and security. Perhaps the transitions in Kyrgyzstan will allow that country to move in a positive direction, but as noted, outside pressures call this into question. To an extent, all rely on power relationships and social dynamics that reflect their long historical experience. Try as they might, it is difficult to break this cycle.

## NOTES

1. The opinions expressed in this chapter are the author’s alone, and do not represent the official position of the US Government or any of its agencies.
2. A number of organizations monitor such trends, such as Freedom House. See *Nations in Transit 2017* (New York: Freedom House, 2017) for the most recent report.

3. Each government has official websites onto which official documents and commentaries can be found. These are often in the main language of the country, plus Russian and English.

4. For a basic overview of these periods, see Rene Grousset, *The Empire of the Steppes: A History of Central Asia* (Rutgers, NJ: The State University of New Jersey, 1970); Vasilii V. Barthold, *Four Studies on the History of Central Asia*, translated by V. Minorsky and T. Minorsky (Leiden, NL: E. J. Brill, 1958), and Christopher I. Beckwith, *Empires of the Silk Road: A History of Central Eurasia from the Bronze Age to the Present* (Princeton, NJ: Princeton University Press, 2009).

5. See Svat Soucek, *A History of Inner Asia* (Cambridge, UK: Cambridge University Press, 2000); Wilfred Cantwell Smith, *Islam in Modern History* (Princeton, NJ: Princeton University Press, 1957); Ahmed Al Shamsy, *The Canonization of Islamic Law: A Social and Intellectual History* (Cambridge, UK: Cambridge University Press, 2013).

6. For a firsthand account from that period, see Richard Frye's republishing of Abu Bakr Mukhammed Narshakhi's narrative—Richard N. Frye, *Muhammed Narshakhi's The History of Bukhara* (Princeton, NJ: Markus Wiener Publishers, 2007).

7. Anuar Galiev, "Traditional Institutions in Modern Kazakhstan" (1997), electronically published by the Slavic Research Center in Hokudai, Japan.

8. Leo de Hartog, *Genghis Khan: Conqueror of the World* (London: I. B. Tauris, 1989); and Robert Marshall, *Storm from the East: From Genghis Khan to Khublai Khan* (Berkeley, CA: The University of California Press, 1993).

9. Justin Marozzi, *Tamerlane: Sword of Islam, Conqueror of the World* (Cambridge, MA: Da Capo Press, 2006).

10. Seymour Becker, *Russia's Protectorates in Central Asia: Bukhara and Khiva, 1865–1924* (Cambridge, MA: Harvard University Press, 1968).

11. Adeeb Khalid, *The Politics of Muslim Cultural Reform: Jadidism in Central Asia* (Berkeley, CA: The University of California Press, 1998), and Faizulla Khodzhaev, *K Istorii Revoliutsii v Bukhare* (Tashkent, USSR: Uzbekscoe gosizdat, 1926).

12. Richard Pipes, *The Formation of the Soviet Union: Communism and Nationalism, 1917–1923* (New York: Atheneum, 1980).

13. Helene Carrere d'Encausse, "Organizing and Colonizing the Conquered Territories," in *Central Asia: 120 Years of Russian Rule*, ed. by Edward Allworth (Durham, NC: Duke University Press, 1989), 151–71.

14. Peter Solomon, *Soviet Criminal Justice under Stalin* (Cambridge, UK: Cambridge University Press, 1996).

15. James Critchlow, *Nationalism in Uzbekistan: A Soviet Republic's Road to Sovereignty* (Boulder, CO: Westview Press, 1991); and Gregory Gleason, "Nationalism or Organized Crime? The Case of the 'Cotton Scandal' in the USSR," *Corruption and Reform* 5, no. 2 (1990): 87–108.

16. *Constitution of the Republic of Uzbekistan* (Tashkent, Uzbekistan, Government of Uzbekistan, 2011). Accessed on <http://www.gov.uz/en/constitution/>.

17. The Uzbek views were expressed in media reports and press releases from their Ministry of Foreign Affairs. A description of events that is more critical can

be found in the OSCE's report of December 2016 from the Office for Democratic Institutions and Human Rights (ODIHR). Accessed on <http://www.osce.org/office-for-democratic-institutions-and-human-rights/elections/uzbekistan/276011>.

18. A classic explanation of the government's position can be found in Oleg Yakubov, *The Pack of Wolves: The Blood Trail of Terror* (Moscow: Veche Publishers, 2000).

19. Muzaffar Madrakhimov, *Letter from the Permanent Representative of Uzbekistan to the United Nations*, A/69/806, March 2, 2015.

20. Saparmurad Niyazov, *Ruhnama* (Ashgabat, TK: TurkGosIzdatel'stvo, 2002). This book, and the companion second volume published a few years later, have been translated into Russian, English, German, French, Chinese, among other languages.

21. *The Constitution of Turkmenistan*, adopted September 26, 2008, accessed from the OSCE website: <http://www.legislationline.org/documents/section/constitutions/country/51>.

22. Kurtov Adzhar, "Presidential Seat or Padishah's Throne?: The Distinctive Features of Supreme Power in Central Asian States," *Russian Social Science Review* 48, no. 6 (November–December 2007): 64–95; and Nicholas Kunysz, "From Sultanism to Neopatrimonialism? Regionalism within Turkmenistan," *Central Asian Survey* 31, no. 1 (March 2012): 1–16.

23. Shahram Akbarzade, "The Political Shape of Central Asia," *Central Asian Survey* 16, no. 4 (December 1997): 517–42.

24. Erica Marat, "Imagined Past, Uncertain Future: The Creation of National Ideologies in Kyrgyzstan and Tajikistan," *Problems of Post-Communism* 55, no. 1 (January–February 2008): 12–24.

25. Abdullaev Kamoludin and Catherine Barnes (eds.), *Politics of Compromise: The Tajik Peace Process*, Accord #10 (London: Conciliation Resources, 2001).

26. One explanation for this can be found in Bibhu Prasad Routray, "Islamic State in Central Asia: Threat as An Alibi to Repression?" *Mantraya Special Report* #11 (June 28, 2017). <http://www.mantraya.org/special-report-islamic-state-in-central-asia-threat-as-an-alibi-to-repression/>.

27. Eugene Huskey, "Kyrgyzstan: The Fate of Political Liberalization," in *Conflict, Cleavage, and Change in Central Asia and the Caucasus*, edited by Karen Dawisha and Bruce Parrott (Cambridge, UK: Cambridge University Press, 1997), 242–76.

28. See Marat, *op cit*.

29. *Kyrgyzstan: Recovery and Reformation*, PONARS Policy Perspectives (Washington, DC: George Washington University, August 2010).

30. *Constitution of the Republic of Kazakhstan*, Amended February 2011. For a full text in English, see <http://www.constcouncil.kz/eng/norpb/constrk/>. Analysis of the early developments can be found in Pauline Jones Luong, "After the Break-Up: Institutional Design in Transitional States," *Comparative Political Studies* 33, no. 5 (June 2000): 563–92.

31. This is outlined in a Kazakhstan-government website entitled "Kazakhstan 2050," which includes presidential speeches, reference documents, and other citations of the entire strategy. See <http://strategy2050.kz/en/>.

32. *Stress Tests for Kazakhstan*, International Crisis Group Europe and Central Asia Briefing No. 74, May 13, 2015.

33. Mariya Y. Omelicheva, "Islam in Kazakhstan: A Survey of Contemporary Trends and Sources of Securitization," *Central Asian Survey* 30, no. 2 (June 2011): 243–56; *Syria Calling: Radicalisation in Central Asia*, The International Crisis Group, Policy Briefing (Europe and Central Asia) No. 72, January 20, 2015. And Edward J. Lemon, "Daesh and Tajikistan: The Regime's (In)Security Policy," *The RUSI Journal* 160, no. 5 (October–November 2015): 68–76.

34. Alisher Faizullaev, "Institutions and Culture in Regional Interactions and Negotiations: The Case of Central Asia," *Cambridge Central Asia Reviews* 1, no. 1 (2014): 17–26.

35. How these efforts fit into a broader international engagement can be seen in US Agency for International Development, *Regional Development Cooperation Strategy: 2015–2019* (Washington, DC: USAID, October 2014).

36. These organizations all maintain longitudinal studies of performance among the Central Asian states, as well as other countries in the region (and the world, in the case of Transparency International). Each recognizes certain biases and limitations in the analysis and survey data (when surveys are taken), but stand by the belief that values they present are universal and not culturally/regionally distinct. A good specific report on the challenge of corruption is David G. Lewis, *Tackling Corruption in Uzbekistan: A White Paper, Open Society Eurasia Program* (New York: OSF, June 2016).

37. Jim Nichol, *Central Asia: Regional Developments and Implications for U.S. Interests* (Washington, DC: Congressional Research Services, March 21, 2014).

38. Both International Crisis Group and Human Rights Watch provided extensive coverage of these events, focusing on the Uzbek government's overreaction to the protests in Andijon. A good explanation of the government's view is discussed in Nick Megoran, "Framing Andijon, Narrating the Nation: Islam Karimov's Account of the Events of 13 May 2005," *Central Asian Survey* 27, no. 1 (March 2008): 15–31.

39. Nicola P. Contessi, "Foreign and Security Policy Diversification in Eurasia: Issue Splitting, Co-Alignment and Relational Power," *Problems of Post-Communism* 62 (2015): 299–311; and Ivan Safranchuk, *Russian Policy in Central Asia, Strategic Context*, Observatoire Franco-Russe, No. 8 (November 2014).

40. Tom Mileski, "Identifying the New Eurasian Orientation in Modern Russian Geopolitical Thought," *Eastern Journal of European Studies* 6, no. 2 (December 2015): 177–87.

41. Nicole J. Jackson, "Trans-Regional Security Organizations and Statist Multi-lateralism in Eurasia," *Europe-Asia Studies* 66, no. 2 (March 2014): 181–203.

42. Dadabaev Timur, "Shanghai Cooperation Organization (SCO) Regional Identity Formation from the Perspective of the Central Asian States," *Journal of Contemporary China* 23, no. 85 (2014): 102–18.

43. A good summary of the short-term optimism for reform can be found in Luca Anceschi, "External Conditionality, Domestic Insulation and Energy Security: The International Politics of Post-Niyazov Turkmenistan," *China and Eurasia Forum Quarterly* 8, no. 3 (2010): 93–114.



## *Chapter Three*

# **Human Rights and Governance in Central Asia**

Mariya Y. Omelicheva

The human rights situation in the republics of Central Asia has been a matter for grave concern. The Central Asian authorities have consistently failed to follow through on their human rights obligations, despite the rhetorical pledges to abide by the international human rights norms. All Central Asian republics have adopted legal human rights instruments, yet none has succeeded in providing functioning protections for basic human freedoms such as the right to due process, freedom of speech, and freedom of assembly and religious belief. The judicial systems of these states have consistently lacked the true judicial independence. The space for independent political activity has been limited, and dissent has been suppressed.

Twenty-five years after becoming independent in 1991, the governments of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan continue to fear any dissent magnified by social media and embark on the most intense crackdown on government critics, opposition parties and non-governmental organizations.<sup>1</sup> While there are marked differences between the five Central Asian states in terms of the magnitude of human rights violations, fundamental rights and freedoms remain endangered throughout the region. The goal of this chapter is to provide an overview of the human rights situation in Central Asia, focusing on the recent developments in this area and conjecture about why human rights violations continue to occur in these states. The chapter begins with a short overview of human rights practices in each Central Asian republic followed by a discussion of domestic and international factors that enable regimes to suppress human freedoms.

The subject of human rights is a contentious terrain. There is neither an agreed-upon definition of human rights nor consensus on what categories of rights constitute human rights. The study of human rights is further complicated by the closed nature of many authoritarian regimes that thwart public



inquiry into the governments' human rights practices and prohibit access to meaningful data. For the purpose of this chapter, human rights will include a category of rights guaranteed by Article 3 of the Universal Declaration of Human Rights (1948) and Articles 6(1), 7, and 9(1) of the International Covenant on Civil and Political Rights (ICCPR) (1966). Also known as "personal integrity rights,"<sup>2</sup> these include the right to life, the right to habeas corpus, prohibitions of torture and cruel and unusual punishment as well as prohibitions of arbitrary arrest and detention. The manifestations of violations of these rights include extrajudicial killings, instances of torture and physical abuse, unlawful detentions, trials, and disappearances. Extrajudicial killings, torture and physical abuse violate peremptory international norms safeguarding non-derogatory human rights that cannot be suspended under any circumstances.<sup>3</sup> Because these rights have been regarded as intrinsically valuable to any human being, they have been granted a special normative status and recognition as "core" human rights, or *jus cogens*.<sup>4</sup> Freedom from arbitrary arrest and procedural rights has also received a higher level of protection in the international legislative and judicial acts.<sup>5</sup> In addition to these so-called core or fundamental rights, this chapter will consider the key political and civil political liberties and religious freedoms. Freedom House rankings, annual human rights reports and religious freedoms reports published by the US Department of State, and human rights publications of reputable international organizations—Amnesty International and Human Rights Watch—will be used as the primary sources of data on the human rights situation in the Central Asian nations.

## KAZAKHSTAN

Of all Central Asian republics, Kazakhstan has carried the most promise for making human rights a reality. The vast natural resources and mineral wealth, relative political stability, and ambitious forward-looking leadership made Kazakhstan an attractive target for foreign investments that helped to resuscitate its energy, manufactory, and service sectors. Kazakhstan's standards of living are highest in Central Asia. It is the only Central Asian state that has been ranked in the "high human development" category of the Human Development Index since 2010.<sup>6</sup> Interested in harnessing the country's economic potential, the government of Kazakhstan invested wisely into the training and education of the country's managers, engineers, and bureaucrats. While Kazakhstan has one of the better human rights records in Central Asia—its citizens enjoy the freedom of movement, access to a fairly diverse print and electronic media, more educational and employment opportunities,

and greater individual freedoms—it has been ranked as “Not Free” by the Freedom House since 1993.

Nursultan Nazarbayev, Kazakhstan’s only president flaunting the official title of “the Father of the Nation,” has ruled the country since 1989. Using a public referendum to extend his term in the office and changes to Kazakhstan’s constitution regulating the terms of presidency, Nazarbayev managed to run almost uncontested in five consecutive presidential elections, claiming the margin of victory greater than 90 percent in each of them.<sup>7</sup> Following the 2005 presidential elections, Kazakhstan’s parliament eliminated the term limit for the first president, and in 2010 Nazarbayev and his family received a lifelong immunity from any prosecution.<sup>8</sup> The last presidential election was held in April 2015. President Nazarbayev claimed a landslide victory with 97.5 percent of the popular vote, but the international observers noted various irregularities and the lack of genuine political competition that remained a persistent feature of the presidential campaign. Kazakhstan’s constitution grants the president *de jure* control over the legislature, the judiciary, and local governments. The pro-presidential ruling party—Nur Otan—headed by the president maintains almost complete control over the politics of the country, ensuring *de facto* presidential authority in virtually every aspect of public policy.

Similar to the presidential campaigns, every parliamentary election held in the country since its independence fell short of the established democratic standards. Electoral fraud, media bias in favor of pro-presidential candidates, politically motivated disqualification of opposition candidates, and voters’ intimidation have been the most commonly cited violations of the principles of free and fair elections in Kazakhstan.<sup>9</sup> A seven-percent threshold requirement for entering the Mazhlis—the lower house of the Kazakh parliament—has been a major hurdle for the opposition parties. In response to the criticisms of a single-party rule in Kazakhstan, a decision was made in 2011 to allow at least one of the parties challenging the Nur Otan in the elections to have representation in the parliament, even if it failed to pass the 7 percent threshold. As a result of the early parliamentary election held in 2012, two other parties—Ak Zhol and the Communist People’s Party passed the required electoral threshold—joined the Nur Otan in the parliament. The most recent parliamentary elections called in by Nazarbayev in March 2016 following the dissolution of the parliament a few months earlier produced the same result, with more than 80 percent of votes going to the pro-Presidential party. Ak Zhol and the Communist People’s Party again barely passed the required electoral threshold and received seven seats each in a ninety-eight-seat Parliament. Both parties are, however, sympathetic to the president, while the real political challengers were blocked from running in the election. The

resounding victories of the president and the ruling Nur Otan party have been represented as unquestionable manifestations of the citizenry's backing of the Nazarbayev cabinet.

Kazakhstan's constitution guarantees freedom of worship. Although the local authorities have been criticized for harassment of "nontraditional" religious groups, such as Hare Krishnas and Jehovah's Witnesses, many registered religious communities practice their faith without much state interference. The majority of Kazakhs identify with Islam, and the number of followers of the Islamic faith has been on the rise following the country's independence. During the 1990s, the Kazakh government lauded the inter-ethnic and religious peace and harmony in Kazakhstan emphasizing the moderate character of people's faith inimical to radicalization. The Kazakh government kept a watchful eye over the Muslim groups simultaneously promoting Islamic identity in the general population.

The situation changed in the 2000s, as the Kazakh leadership, similar to the counterparts in other Central Asian states, embraced the rhetoric of the dangers of Islamist and religious fundamentalism, and adopted more strenuous religious and counterterrorism measures. A law passed in 2005 in the name of enhancing national security gave the government extensive rights to outlaw organizations designated as "extremist" and placed a ban on activities of unregistered religious groups. Kazakhstan's security services increased surveillance of religious organizations, while courts have seen an increased number of trials on charges of extremism and terrorism. Many trials of Muslims on the extremist charges have been conducted behind the closed doors and, therefore, criticized for resulting in biased verdicts based on fabricated evidence.<sup>10</sup>

The chairmanship of the OSCE that Kazakhstan assumed in 2010 provided the country's leadership with yet another opportunity to demonstrate its commitment to democratization and heightened respect for human rights. The first post-Soviet, Eurasian, Muslim-majority country that was chosen to host an OSCE summit, Kazakhstan pledged to enact extensive political and human rights reforms. Yet, Kazakhstan's progress in meeting these promises has been mixed, at best, and many observers lambasted the efforts of the Nazarbayev administration as merely a pretense for meaningful democratization. For instance, the new electoral rules adopted in advance of the chairmanship of the OSCE opened the door for registering a major opposition party, the Democratic Choice of Kazakhstan, which was quickly disbanded by a decision of the court. A law against extremism was invoked to disqualify two other opposition groups from running in the parliamentary election in 2012. In 2010–12, reports of torture and immunity for mistreatment of detainees in custody remained widespread, despite the adoption of the National Human Rights Action Plan in 2009.<sup>11</sup>

The situation with human rights in Kazakhstan deteriorated further in recent years following a series of bomb attacks in 2011 blamed on religious extremists and public dissent spurred by the economic recession. New legislation enacted immediately following the 2011 bombings gave the government unprecedented authority to regulate and control religious communities. The government's repression culminated in clashes between the oil workers protesting in the western city of Zhanaozen and police in December 2011 that left sixteen people dead. The emergency powers assumed by the government in the wake of the violence in Zhanaozen were used to severely constrain the freedom of expression across the state. The government harassed, detained, and prosecuted outspoken civil society activities and journalists attempting to report on the aftermath of violence. Several opposition groups and media outlets were shut down for propagating "extremism" by the end of 2012.<sup>12</sup> Apart from the outlets banned for extremism in 2012, the government has assumed a broader record of blocking websites that are critical of the regime.

New public protests indeed broke out in 2016 sparked by the government's announcement of land reforms, although some analysts claim many Kazakhs attended the demonstrations in order to express their general discontent. In an effort to calm the public unrest, the president evoked the image of war-torn Ukraine. In a series of public speeches, Nazarbayev recalled the outcomes of the street protests in Kiev that toppled the government of Viktor Yanukovich as an example of what could happen to Kazakhstan in the absence of national unity.<sup>13</sup> The government continued clamping down on free speech in the aftermath of the protests by suspending and shuttering critical media outlets and finding and jailing peaceful protests for violating a restrictive public assembly law.

## KYRGYZSTAN

In the early 1990s, Kyrgyzstan has earned a reputation for political and economic liberalization. Although the republic's image as an "oasis of democracy" in the sea of authoritarianism was tarnished by increasingly non-democratic policies of the Akayev and Bakiyev regimes, it has been able to retain the status of the most liberal and open state in Central Asia, according to observers from the West. The first Kyrgyz president, Askar Akayev, known for his liberal and progressive outlook, promoted the politics of democratization, human rights, and political pluralism. By the mid-1990s, Kyrgyzstan had a vocal, if poorly organized, political opposition, which was neither banned nor prosecuted. The media enjoyed greatest freedom in the region, and the "third sector," while struggling financially, encountered no constraints or repression from the ruling regime.<sup>14</sup>

By the end of the first decade of independence, Kyrgyzstan showed many signs of the reversal of these early democratic trends. The parliamentary and presidential elections held in 2000 revealed an array of irregularities ranging from ballot stuffing and intimidation of the media to the exclusion of serious opponents. The speedy privatization of the state-owned property resulted in the monopolization of ownership and control over Kyrgyzstan's strategic sectors by the members of Akayev family. As the country sank deeper into economic crisis, people showed increasing dissatisfaction with the president. Under the pretext of electoral fraud during the 2005 parliamentary elections, the disgruntled opposition staged a series of protests that spread across the Kyrgyz capital, leading to the resignation of President Akayev in a series of events that became known as the Tulip Revolution.

Kurmanbek Bakiyev, who led the 2005 revolt, came to power on popular pledges of fighting corruption, improving public welfare, and furthering democratic reforms. Despite the promises of democratization, in less than two years he managed to consolidate all power in the office of the president and his administration. A new constitution pushed through the public referendum in 2007, endorsed presidential dominance over other branches of power and eliminated local self-governance. The same year, the parliamentary elections, widely deemed as lacking transparency, established a parliament completely controlled by a pro-presidential party.

The tightened government control over religious communities and sweeping violations of the freedom of religion and belief was another worrisome trend of the Bakiyev administration. Repressive state actions included the use of counterterrorism forces in raids on Islamists suspected in terrorist intentions. The witnesses of raids claim that the Kyrgyz security services planted extremist literature, arms, and drugs in the homes of pious Muslims and, then, used this "evidence" as grounds for arrests. The number of cases of detention of the so-called "radical Muslims" rose by the mid-2000s. The Kyrgyz government increased penalties for banned religious activities, while the courts began handing down harsher sentences to Islamists. There have been numerous complaints about violations of detainees' rights, falsification of charges, and torture of prisoners.<sup>15</sup>

The Bakiyev administration also enacted laws and policies that further restricted religious freedoms. A decree signed by President Bakiyev in 2006 designated Islam and Russian Orthodoxy as "traditional religious groups." The representatives of other denominations—Catholics, Evangelical Christians, Hare Krishnas, and Jehovah's Witnesses—complained about frequent harassment by local officials and representatives of the "traditional" religious groups. The 2009 Law on Freedom of Religion and Religious Organizations established a compulsory registration process for all religious groups, imposed a ban on the involvement of children in religious activities, prohibited

the distribution of religious literature, and outlawed proselytism. The State Commission for Religious Affairs tasked with the state registration of religious groups has been restricting activities of those organizations it deemed threatening to the state or inconsistent with the traditions of the Kyrgyz society.<sup>16</sup>

President Bakiyev's regime was overthrown by mass anti-government protests in April 2010. The forcible ejection of the president was accompanied by widespread disturbances in the Kyrgyz capital, and inter-ethnic violence in the southern Osh and Jalalabad regions of Kyrgyzstan in June 2010 that left hundreds dead and thousands injured.<sup>17</sup> Although unable to halt violence and provide protective measures and humanitarian aid to the population affected by ethnic clashes, the interim government led by Roza Otunbayeva, a prominent political figure and a leader of the democratic opposition, called for the public referendum that approved a new Kyrgyz constitution in June 2010. The new constitutional law removed extensive presidential powers and, in effect, institutionalized a parliamentary democracy in Kyrgyzstan. The parliamentary and presidential elections held in October 2010 and 2011 respectively were judged to be generally free and fair by the OSCE. The former prime minister of Kyrgyzstan and a chairperson of the Social Democratic Party, Almazbek Atambayev, won the majority of votes claiming the presidential seat.

Despite the much-needed political stability and uneasy calm in inter-ethnic relations, human rights violations have been taking place with impunity, especially in the south of Kyrgyzstan, where the local authorities have been detaining, torturing, and extorting money from ethnic Uzbeks, without redress.<sup>18</sup> Although the 2010 ethnic clashes disproportionately affected the Uzbek population, most of the criminal cases in relation to violence also targeted ethnic Uzbeks. The trials are reportedly marred with allegations of police abuse and various procedural violations.<sup>19</sup> In parallel to the frequent incidents of harassment, detention, and physical abuse on human rights defenders and journalists monitoring human rights violations and working to protect the Uzbek minority, the supporters of the former president have been the targets of attacks and prosecution by state officials and criminal gangs.

In January 2016, Kyrgyzstan took a seat on the United Nations Human Rights Council. Concurrently, the Kyrgyz government rushed through the parliament a packet of twenty-six constitutional amendments that shifted authority from the president and Parliament to prime minister and placed a ban on same-sex marriage, among other things. Although Kyrgyzstan became the first Central Asian republic to change its leader by elections rather than revolution or the death of an incumbent, the presidential elections held in October 2017 were anything but problem free. Atambaeyv's hand-picked candidate, Sooronbai Jeenbekov, claimed the victory with over 54 percent of the popular

vote and was sworn in as Kyrgyzstan's new president. Restrictions on human rights, however, remain tight in the country.

## TAJIKISTAN

Shortly after becoming independent, Tajikistan plunged into a prolonged violent conflict between the United Tajik Opposition (UTO), a coalition of new nationalist and Islamic groups, and the Russian-backed Popular Front uniting communists with ties to the former Soviet regime led by Emomali Rakhmonov. Since the Tajik government was dominated by the natives of Leninabad and supported by people from Kuliab (a district in the southern Khatlon province), while the opposition coalition drew its forces mainly from the "Gharmis" and "Pamiris" residing in the northeast parts of Tajikistan, the conflict took on a regional dimension of power struggle among regional and local identity groups. In the end, the six-year civil war devastated the country, crippled its economy, and took a disastrous toll on the civilian population, leaving at least 50,000 dead and displacing some 800,000 people. The peace accord signed in June 1997 officially halted the hostilities but intermittent fighting and skirmishes between the former UTO fighters and security forces of the Tajik government persisted for years after the end of the war, which shadow continues to linger over Tajikistan's politics and human rights situation. Currently, Tajikistan has serious human rights problems. Its government hinders activities of political opposition, severely restricts the functioning of independent media, and stifles religious freedoms. Torture and abuse by the law-enforcement agencies have been a widespread and persistent problem, and high-profile political assassinations and other forms of political violence remain common.

Emomali Rakhmonov, who changed his surname to Rakhmon in 2007 in an effort to return to his Persian roots, and the ruling People's Democratic Party (PDP) have dominated political life of Tajikistan since the early 1990s. Glaring electoral machinations and widespread electoral fraud during the presidential and parliamentary elections allowed President Rakhmon and his supporters drawn from one region of the country to retain political control over Tajikistan. First elected to the newly created post of president of Tajikistan in 1994, Emomali Rakhmon ran almost uncontested in 1999, securing another seven-year term as Tajikistan's president. A highly controversial public referendum held in 2003 allowed Rakhmon to run for two more consecutive seven-year terms. In a vote nearly identical to that in Kazakhstan, Tajikistan's parliament bestowed the title of the "Leader of the Nation" to Rahmon in 2015 and afforded him and his family permanent immunity from prosecution. The following year President Rahmon claimed yet another vic-

tory: in the public referendum Tajikistan's citizens overwhelmingly voted to remove any term limits for the president.

Similar to the presidential elections, the parliamentary campaigns have been consistently marred by intimidation of opposition candidates, exclusion or obstruction of opposition parties, biased media coverage of electoral campaigns, and grave irregularities on election days to ensure victories for members of the PDP. As a result, the representatives of the ruling party, pro-government independents, and government-affiliated political parties dominate Tajikistan's bi-cameral parliament.

Until 2015, Tajikistan was the only Central Asian republic that allowed the existence of a religious party—the Islamic Renaissance Party (IRP) of Tajikistan. The legalization of political movements of a religious character was one of the major concessions made by the Tajik government to the UTO during the 1997 peace negotiations. A peace accord that ended the war also provided for the allocation of 30 percent of all government posts to the representatives of the UTO, including members of the IRP. Yet, the IRP had always been marginalized in state politics. Following the rigged 2015 parliamentary election, where the IRP did not receive enough votes to secure any seat in the Tajik Parliament for the first time since 1997, the Dushanbe authorities declared the party a terrorist group and launched a campaign of persecution of its former members and supporters. More than two hundred party members were arrested over a span of few days on politically motivated charges, and more than one thousand escaped to Europe.<sup>20</sup>

The members of other Islamist organizations have been subjected to intense surveillance and prosecution as well. For several years Tajikistan had been placed on the US government's "watch list" for suppression of independent religious activity and imprisonment of individuals on unproven criminal charges of extremist and terrorist affiliation. The Tajik government has jailed scores of the alleged members and supporters of Hizb ut-Tahrir (Party of Liberation), a radical Islamic group that is banned in all Central Asian republics. Local monitors and journalists allege that defendants charged with participation in the activities of Hizb ut-Tahrir had unfair trials and were abused and tortured in detention to extort confessions.<sup>21</sup>

In 2012, Tajikistan was placed on a US government list of the world's sixteen worst abusers of religious freedom for "systematic, ongoing, and egregious violations of freedom of religion and belief."<sup>22</sup> Several pieces of legislation approved by the Tajik government in 2011 legalize heavy fines for religious education and expression and lengthy prison terms for "unapproved" religious activity, essentially conferring on the state authorities a right to arbitrarily limit any religious practices. Another law enacted the same year banned most of religious activities for children, including the wearing of religious clothes and even limiting parental choice of children's names. The



parents of students studying Islam abroad have been subjected to pressure by the state officials to bring their children home.

Other individual freedoms have been a matter of grave concern for independent observers and human rights groups. Torture and ill treatment of detainees in all types of trials, harsh and life-threatening prison conditions, and the immunity of law enforcement and security forces has been a serious problem exacerbated by the lack of access to prisons by international monitors. The Tajik government continues to severely restrict freedom of speech, expression, and association, and allows for widespread discrimination against women. The authorities also restrict media freedom thorough censorship, burdensome licensing procedures of the independent media outlets, blocking access to impendent news and social networking sites, and threatening and harassing journalists who publish views critical of the Tajik president or his government.<sup>23</sup>

## TURKMENISTAN

During the fifteen-year reign of Saparmurat Niyazov, popularly known as Turkmenbashi, or “the father of all Turkmen,” Turkmenistan earned the reputation of one of the most repressive states in the world with the worst human rights record in the region. A home to considerable hydrocarbon resources, Turkmenistan failed to capitalize on its natural resource endowments and attract foreign capital. The erratic foreign policy of the Niyazov government, pervasive cult of personality, and police state tactics rendered the country a virtual pariah status in both regional and international affairs.<sup>24</sup> At the end of Niyazov’s rule, Turkmenistan was known to outsiders for all the wrong reasons: Pharaonic architectural projects of the president, his book of spiritual guidance *Ruhnama*, and Niyazov’s egomaniacal personality most visibly defined by the golden statues of the president built across the country using resources from the sales of its energy wealth. Western publications portrayed Turkmenistan as the least free and most corrupt of all post-Soviet states. The international community denounced the country’s arbitrary judicial practices and deplored the deteriorating human rights situation.<sup>25</sup>

Niyazov’s successor, Gurbanguly Berdymukhamedov, held out some hope that the oppressive regime that he inherited in the wake of the sudden death of Turkmenbashi in December 2006 would be eased. This hope has diminished with the passage of time. Although some observers noted “modest improvements” in Turkmenistan’s political and human rights situation,<sup>26</sup> the country’s regime is a profoundly authoritarian one. The Turkmen authorities keep a tight lid on the independent scrutiny of the republic’s politics and

social relations. The press and Internet are tightly controlled. The access to social media is banned, and the government tolerates no dissent. Political parties and movements posing any opposition to the regime of the former President Niyazov were banned in the early 1990s with the exception of the former Communist Party renamed into the Democratic Party of Turkmenistan. The only officially registered political entity (until 2012), the ruling Democratic Party has exercised control over state politics and institutions. All political dissidents and challengers of the Niyazov's administration fled the country. Those who remained in Turkmenistan have been imprisoned on fabricated charges or placed in the psychiatric facilities.<sup>27</sup> The regularly held popular elections have shown neither democratic voting nor any sense of competition.

In the run-up to the February 2007 presidential elections, Berdymukhamedov made a number of promises indicative of an imminent relaxation of the regime's grip over Turkmenistan's political landscape. In an unprecedented gesture, Berdymukhamedov accepted the Needs Assessment Mission of the Office for Democratic Institutions and Human Rights (ODIHR) of the OSCE in January 2007, but this initiative did not materialize into a standard Electoral Observation Mission of the OSCE due to a very quick turnaround for the election. Following the election, the Berdymukhamedov government abolished the Halk Maslahaty (People's Council)—the highest legislative and deliberative body of Turkmenistan consisting of about 2,500 members, some of whom were elected, transferring its powers to the president and the Turkmen Parliament (Majlis). This size of the latter was expanded from 65 to 125 members. The system of elections of provincial and district governors was terminated. The president assumed a new prerogative of appointing the governors as well as judges, members of the National Security Council, and National Electoral Commission. According to the president, these changes to the governance structure were "aimed at more efficient use of the capacity for democratization of the society and the state." The revised version of the constitution also established the right of any individual to own private property, including land and real estate, and form small and medium size businesses. Following the enactment of the constitutional changes, a new law on the parliament went into effect in January 2009 that expanded the *de jure* competencies of Turkmenistan's parliament.<sup>28</sup>

In September 2016, Turkmenistan changed its constitution by removing term limits and the seventy-year-old age limit for presidential candidates. Another amendment extended the presidential term from five to seven years. The most recent presidential election in Turkmenistan was held in February 2017, where incumbent President Berdymukhamedov received over 97 percent of the vote.

President Berdymukhamedov also expressed interest in introducing political pluralism in the republic. The initiative at forging a two-party system resurfaced in 2012 when the president announced the creation of another political party—the Party of Industrialists and Entrepreneurs—following the adoption of a new act on political parties by the Turkmen Parliament. The new party was officially registered in August 2012 and took part in the special elections for five vacant parliamentary seats the following summer. This landmark event in the political history of Turkmenistan resulted in the election of the chairman of the party—Ovezmammed Mammedov—who was not a member of the ruling Democratic Party of Turkmenistan to the Turkmen Parliament.<sup>29</sup>

In an attempt to alter its reputation for censorship, President Berdymukhamedov endorsed a long-awaited law on press freedom. A new act signed in January 2013 bans press censorship, ends state-run media monopoly, and grants the public access to all forms of information.<sup>30</sup> Until the enactment of this law, Turkmenistan's newspapers, radio and TV stations, and the country's only press agency were owned by the state with the president personally appointing their editors-in-chief. The only privately owned newspaper, *Rysgal*, launched in 2010, steered clear of political news and focused on business reviews that were also subject to censorship. The OSCE that assisted in the formulation and drafting of the new piece of legislation on press freedom evaluated it as a good framework for action and progress in moving forward in this area.<sup>31</sup>

In the area of human rights where the Turkmen regime has had the most abysmal record, the Turkmen government has also shown interest in improving its record by adopting some legislative guarantees of human rights and allowing the UN Special Rapporteur on Freedom of Religion to visit Turkmenistan.<sup>32</sup> Still, the reports of human rights groups on Turkmenistan indicate that much work needs to be done as torture, appalling detention conditions, and lack of judicial independence continue to be major problems.

The law on Public Associations adopted in 2003 gives the Turkmen authorities complete control over the activities and funding of civil society groups. The government has prevented the functioning of independent human rights organizations by denying them official registration, prosecuting human rights defenders, and using reprisals against families of human rights activists living in exile. The representatives of international human rights groups are now allowed access to the country. The freedom of mass media is still curtailed, despite the enactment of a new law, as the government blocks foreign websites reporting on the human rights situation in Turkmenistan, social networks, and internet pages criticizing the Berdymukhamedov regime. The use of internet, land-based phones, and cellular phones is under strict surveillance, while the

costs for accessing the internet remain among the highest in the world. The freedoms of expression, peaceful assembly, movement, and religious are also subjected to severe restrictions. The denial of passports and exit visas, for example, are used for controlling the freedom of movement. Some individuals are blacklisted and prevented from leaving the territory of Turkmenistan.

## UZBEKISTAN

Similar to its neighbor, Turkmenistan, Uzbekistan is one of the worst human rights offenders in the world. The Uzbekistan section of the annual human rights report published by the US Department of State catalogs every type of human rights violation observed by the US monitors ranging from torture, arbitrary arrests and detention, attacks on journalists and human rights defenders to restrictions on freedoms of speech, press, assembly, and association.<sup>33</sup> Freedom House has ranked the country higher than North Korea, but not by much.<sup>34</sup> Uzbekistan and Turkmenistan are the only Central Asian states designated as countries of particular concern which engage in “systematic, ongoing and egregious violations of religious freedom.”<sup>35</sup>

Shortly after the declaration of Uzbekistan’s independence in August 1991, the government of President Karimov established an authoritarian regime shored up in the pervasive network of highly intrusive and repressive security institutions that keep a watchful eye over the population and effectively root out any dissent. Islam Karimov had been re-elected as the republic’s president multiple times without any meaningful opposition in the elections, which OSCE observers described as inconsistent with the general benchmarks for democratic elections.<sup>36</sup> Despite the creation of a bicameral legislature—Oliy Majlis—in 2002, and a post of the prime minister the following year, President Karimov dominated all branches of power.<sup>37</sup> There was no parliamentary oversight over the president, who made decisions about all the most important political appointments and used presidential decree as a means to devise and implement public policy.

Although the Karimov government liked to point out the existence of a multi-party system in the republic, only openly pro-Karimov government parties could operate legally in Uzbekistan. As of 2012, Uzbekistan’s party spectrum encompassed the People’s Democratic Party, founded by Islam Karimov, the Adolat (Justice) Social Democratic Party, the Liberal-Democratic Party, consisting of government-connected businessmen, and the Milliy Tiklanish (National Revival) Party, consisting of state-supported intellectuals. In 2008, the National Revival Party absorbed the Fidokorlar (Self-Sacrifice) National Democracy Party, created by Karimov as a youth party.

There is also the Ecological Movement of Uzbekistan. Differences in these parties' programs appeared to be minor, with all registered parties supporting government policies.<sup>38</sup> Popular elections held in Uzbekistan have never been competitive or democratic.

The lack of judicial independence, rampant corruption of law-enforcement agencies, and stranglehold of the security apparatus make individual freedoms all but unattainable for the people of Uzbekistan. Torture and other cruel, inhuman and degrading treatment and punishment remain a routine practice that has been reported continuously by the local and international human rights organizations. The crippling restrictions on activities of human rights advocates, international organizations, and civil society groups allow the government to conceal information about the extent and nature of human rights violations. Several hundreds of local organizations and almost fifty international NGOs, such as the Open Society Institute, Eurasia Foundation, Freedom House, and Human Rights Watch, to name a few, and foreign media outlets, including the BBC, Deutsche Welle, Voice of America, and Radio Liberty have been closed down since 2005 and their foreign personnel expelled from the country.<sup>39</sup> This resulted in a situation where the majority of cases of ill-treatment of individuals or other human rights abuses and violations now remain unrecorded.

Severe suppression of freedom of association is currently the most urgent issue in Uzbekistan. The existing laws empower the state authorities to monitor activities of international organizations, including through the mandatory state accreditation and control over their funds that must be kept in state banks. Security and law enforcement forces have been also known for harassing and putting pressure on critical international NGOs. Media censorship, which was officially banned in 2002, limits people's access to unexpurgated information. The websites that publish information unfavorable of the presidential administration and those maintained from abroad are typically blocked. The exit visas required for travel outside the country constrain the freedom of movement of Uzbekistan's citizens.

The human rights situation in Uzbekistan has been affected by the existence of real and alleged threats of radical Islam. Under the pretext of fighting Islamist insurgents, the Uzbek authorities launched violent crackdowns on political and religious dissent allegedly related to terrorism. The first wave of repression of independent Muslims practicing their faith outside of state-endorsed religious institutions began in the late 1990s in response to the December 1997 murder of several policemen and the beheading of a local government official in Uzbekistan's Namangan province. A marked rise in the prosecution of "evil-doers" continued in 1998 and contributed to the patterns of arrests and unfair trials that took place in 1999 following a series of

bombings in Tashkent. State repression recurred in 2004, in the aftermath of the suicide blasts and attacks against the US and Israeli embassies and other targets in the spring and summer of 2004.<sup>40</sup>

State repression culminated in May 2005 when Uzbek security forces opened lethal fire on a crowd of peaceful protesters incriminated in ties with radical Islamic groups and killed several hundred people in an event that became known the Andijan massacre. In response to international criticisms, the government of Uzbekistan closed the US base and refused to allow a full and unbiased investigation into the incident by international observers. In the aftermath of the Andijan events, Uzbek courts continued handing down harsh punishments for terrorism-related acts as well as for less serious activities, such as the dissemination of materials intended to undermine public order on the flimsiest of evidence of the defendants' guilt in the alleged crimes.

Power transition in Uzbekistan in December 2016 ended the twenty-seven-year long rule of the late President Karimov, who died in September, and his clan. The former prime minister of Uzbekistan—Shavkat Mirziyoyev—claimed 88.6 percent of the vote in Uzbekistan's presidential election and became the new president. His consolidation of power will be accompanied by the "redistribution" of assets and reshuffling at all levels of state and local power. Until this transition is complete, uncertainty about the political future of the scores of public bureaucrats and the lack of accountability and oversight will create a situation ripe for abuses of individuals' rights.

## **WHY DO HUMAN RIGHTS VIOLATIONS PERSIST IN CENTRAL ASIA?**

While no single factor or theory can explain the persistence of repressive politics in Central Asia and account for subtle variation in the nature and magnitude of human rights abuses across these states, the scholarship on human rights and studies of societies and politics in the region located several causes of systematic violations of human rights in these nations. One of the most robust explanations of human rights abuses finds their sources in the nature of governing regimes. Authoritarian governments are more likely to use repression to secure their positions of power than the leadership of democratic states.<sup>41</sup> When confronted with the threat of instability arising from political opposition, civil war, insurgences, or terrorism, the authoritarian governments are even more prone to repressive politics than the governments that do not face such a threat.

The sudden independence of Central Asian republics thrust them into the state of insecurity, uncertainty, and domestic competition. All Central Asian

governments chose to deal with this novel situation by reinstating the Soviet-era model premised on the strong leader personifying a strong state.<sup>42</sup> Over time, the level of security and stability accomplished by these countries has become associated with the extent to which their leadership has succeeded in consolidating all state power in the office of the president—a consolidation that is designed to cope with rivalries at the top of the government and to repress dissent from below. Democracy and human rights that call for political competition, sharing of power, and public oversight have been perceived as the gravest threat to the Central Asian governing regimes. As a consequence, the politics of these republics have become permeated with repressive security measures that purport to heighten the regimes' security even at the cost of human rights.

It has also been argued that these countries' political cultures and historical legacies compounded by acute socioeconomic conditions have hindered their full democratization and respect for human rights. Although the role of cultural factors in shaping modern political practices is subject to debate and no study of post-Soviet regimes in Central Asia has made exclusively cultural arguments, the revival of traditional values in the Central Asian societies, the impact of the Soviet legacy, and the dearth of both national and democratic tradition are always recognized.

For the majority of Central Asian peoples respect for seniority, reverence for parents and elders, and gender hierarchies are inviolable characteristics of social relations. In the public realm, these values find expression in a distinct political culture that privileges strong leadership and state paternalism. The latter, in turn, limit individuals' liberties, autonomy, and freedoms, especially in the political realm. The gravitation to collectivist values encouraged during the Soviet time has reinforced the "passive-traditional" attitudes in the people who look to the state as an instrument of protection from frightening social and political realities. Many Central Asians are prone to look to the past historical, religious, and communal experiences in a search for lost identity and answers to modern questions. These beliefs and ideas about strong leadership, an orderly society, respect for authority, acceptance of hierarchy, loyalty to one's family and kin, and subordination of individual interests to the obligations to state and community have served as the obstacle to nurturing the culture of respect for individual freedoms. Furthermore, traditional ethnic, clan, and family ties have had direct influence on the political, economic, and social situation in the region reinforcing the personalization of the state, the relativization of law, corruption, and nepotism, all of which are inimical to the respect of human rights. To achieve their main purpose of providing well-being and security for the members of kin groups, these informal institu-

tions engage in a variety of nondemocratic practices, such as clientelism and patronage, which also undermine civil and political rights.<sup>43</sup>

The relationship between development and repression is less clear, but the dearth of resources can exacerbate competition for the scarce public wealth opening the door for more human rights violations. The human rights situation in the two poorest states of Central Asia—Tajikistan and Kyrgyzstan—has been aggravated by the dire economic situation, whereas in the energy rich republics—Kazakhstan and Turkmenistan—the natural wealth turned into a resource “curse.” Subject to fierce competition among the ruling elites and a main source of rampant corruption, the control of revenues from sales of hydrocarbons has become another factor in the poor human rights record in these states. An independent judiciary or free press are naturally viewed as the obstacles to the country’s leadership who wish to continue enriching their families and friends.

Although it has been common to place blame for human rights violations on the authoritarian governments of Central Asian states, the international community, too, has played a role in condoning the contravention of human rights expectations and norms. Promoting democracy and human rights in Central Asia has long been on the agenda of leading Western institutions and a foreign policy priority of several democratic states. The US, EU, and other Western governments have tried to goad the Central Asian governments into institutional reforms and political liberalization with various “stick and carrot” measures and democratic aid. In practice, however, the outcomes of human rights promotion and democratization have been inconsistent, and countless programs of democracy assistance have seen very limited success.<sup>44</sup> The international democratization efforts floundered due to many reasons, including the surrender of normative foreign policy considerations to pragmatic interests of democratizing states.

Political liberalization and human rights in Central Asia have been of genuine concern to diplomats and policymakers from the chief democracy donors, namely the European Union and the US. However, when their normative aspirations came in conflict with self-interest and expediency considerations, priority has been given to security and economic matters, such as access to energy resources and, since recently, combating the threat of radical Islam. The US disdain over the stalled democratization in Central Asia has never kept American businesses from venturing into the natural riches of these states. Nor did their human rights violations prompt the US government to cut significantly foreign aid or slow the development of bilateral relations with these nations.<sup>45</sup> In the aftermath of 9/11 and the inception of the global “war on terror,” the facilitation of cooperation with the Central Asian governments



in American global counterterrorism took precedence over all other considerations. All Central Asian governments were keen to demonstrate both their support of the global anti-terrorism coalition and their ability to cope with the terrorist threat. All have taken advantage of the US interest in fostering strategic partnerships in the novel context of “war on terror” for their own interests: to put increasing pressure on democratic and religious opposition and to fortify power of the governing regimes. In much of this, the international community has been passively complicit.

In recent years, Russia, China, and regional organizations spearheaded by Moscow and Beijing have begun to play an increasingly important role in sustaining Central Asian and other authoritarian regimes. Not only has Moscow and Beijing obstructed international democratization through political backing and economic support to authoritarian rulers, they also resisted the democracy promotion efforts through advocacy of non-democratic models and norms. The ideas of strong leadership, security, and order promulgated by the Russian and Chinese governments match the Central Asian governments’ interests in strengthening their power bases, as opposed to the Western ideas of democracy, which are perceived as threatening to the survival of the governing regimes. This interest-based compatibility of ideas promoted by Russia and China enables future learning from the expectations of Moscow and Beijing and provides the Central Asian leaders with the ideological cushion for resisting international democratization.<sup>46</sup> The norms, activities, and values of the regional organizations, such as the Shanghai Cooperation Organizations (SCO) or Collective Security Treaty Organization (CSTO), promote the authoritarian status quo against domestic challengers and external critics of these states’ governments. In this way, the SCO and CSTO have served the interests of the leadership of their member-states by providing them with a tool of authoritarian resistance to regional and global democratic trends.

## CONCLUSION

Fundamental rights and freedoms remain endangered throughout the Central Asian region. Serious abuses of human rights occur in all Central Asian states. Although the reports of reputable human rights organizations are replete with records of these countries’ practices and legislation that are at odds with the international human rights standards, there are marked differences in the scope of human rights violations across the five states. Today, as two decades ago, Kyrgyzstan is recognized as the most open and democratic regime in the region designated as a “semi-consolidated” or “soft” authoritarian regime.<sup>47</sup>

Contrary to other states, the Kyrgyz authorities allow for some political freedoms. There is real political opposition, which, however, is poorly organized, deficient ideologically and professionally, and lacking ethnic representation. Kazakhstan, too, has yet to hold completely free and competitive elections as serious cases of fraud continue accompanying each election cycle. Civil society groups are proliferating in Kyrgyzstan and Kazakhstan, but they lack resources and political clout, and are subject to various legal constraints and state harassment. Both states feature greater freedoms of movement as well as the press, broadcast media, and the Internet. Kazakhstan's human rights record, however, has deteriorated since 2011 following the government's enforcement of strict measures aimed at stamping out political opposition, exercising greater surveillance over media and civil society, and controlling religious groups. In Kyrgyzstan, too, serious human rights violations persist, especially in the south of the country recovering from the mass inter-ethnic riots in Osh and Jalalabad that took place in summer 2011.

Turkmenistan and Uzbekistan, on the other hand, are the most repressive countries in the world with the worst human rights record in Central Asia. Basic human rights, such as freedom of association, religion, and expression are systematically repressed. Torture and other abuses of personal integrity rights are, reportedly, widespread. Recent developments in Tajikistan have also raised concerns about the degenerating human rights situation there as the government of President Rahmon has imposed restriction on the freedom of information, religious freedoms, and activities of civil society groups in addition to increased prosecution of political challengers of the president.

Undeniably, the authoritarian nature of the Central Asian regimes is the primary source of human rights violations in these countries. The differences between the more authoritarian governments of Turkmenistan and Uzbekistan compared to the relatively moderate regimes of Kyrgyzstan and Kazakhstan explain the difference in the scope of human rights abuses across these states. The genesis of illiberal practices has also been found in the Central Asian traditions and history that lack democratic experiences and encourage submission to authority and political passivism. Another key factor in Central Asia's poor human rights record is their strategic location, especially in the case of the hydrocarbon exporters—Kazakhstan, Turkmenistan, and Uzbekistan—that gives these countries sufficient leverage in geopolitical maneuvers with the US, Russia, China, and major international organizations and multinational corporations. Furthermore, the Central Asian authorities have been able to benefit from the political backing provided by other like-minded states, such as Russia and China, which offered support for the Central Asian regimes.

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## *Chapter Four*

# **HIV/AIDS Responses in Central Asia**

Svetlana Ancker

The collapse of the Soviet Union was not only a significant event in world history, but it also had dramatic consequences for the republics that used to be part of it. The disappearance of the seventy-year-old command economy with its social protection system, and relative political and economic stability meant that many people were not prepared to deal with the new reality of broken social networks and safety nets, economic crisis and declining quality of life—all of which negatively affected the wellbeing of many people in the Central Asian region and contributed to the spread of HIV.<sup>1</sup>

Central Asia has historically been a transit territory, strategically linking Asia and the Middle East with Europe and the rest of the Western hemisphere.<sup>2</sup> Today, five independent states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) are at the crossroads of major world powers, such as Russia, India and China. Re-emerging on the geopolitical arena after the collapse of the Soviet Union and dealing with a new reality in the early 1990s, the Central Asian republics set on different paths of economic and socio-political development. Out of the five states, Kazakhstan boasts the biggest economy thanks to its rich oil resources, with GDP per capita of \$10,518; however, wealth and economic gains from it are not distributed equally among its population.<sup>3</sup> Also, the fall in oil prices and devaluation of national currency resulted in cuts in social and health spending.<sup>4</sup> Similar to Kazakhstan, Uzbekistan and Turkmenistan's rapid economic growth has been credited to abundance of natural resources and high commodity prices, but private and international investments have been limited due to tight state control.<sup>5</sup> In the meantime, neighboring Kyrgyzstan and Tajikistan have been struggling economically due to various factors, including lack of natural resources compared to their neighbors, high reliance on migrant remittances



(48 percent of GDP in Tajikistan and 31 percent in Kyrgyzstan), political instability and civil uprisings, inadequate infrastructure, prevalent corruption and weak governance, and administrative barriers to private investment.<sup>6</sup> In the last few years, political regimes that have been in power since the fall of the Soviet Union changed in several Central Asian countries (Kyrgyzstan, Uzbekistan and Turkmenistan), consequences of which are yet to be seen.

Yet, all five countries share a common past and have been facing similar challenges of inequality and poverty, corruption, civil dissatisfaction, proliferation of crime and illegal activities, and a breakdown of social support and public health systems, resulting in unsatisfactory health outcomes and the poor control of new or re-emerging infectious diseases, such as HIV/AIDS, tuberculosis and sexually transmitted infections.<sup>7</sup> Hardships associated with the transitional period following the demise of the Soviet Union contributed to increased involvement in the shadow economy and alternative income-generating activities, such as drug trafficking, sex work and migration, which created a favorable environment for risk-taking behaviors and spread of HIV.<sup>8</sup> Apart from the contextual factors, they also share similar epidemiological trends and “drivers” of the HIV/AIDS epidemic, which will be analyzed in this chapter in more detail. HIV/AIDS presents a particularly interesting case study—how a country addresses the HIV/AIDS epidemic (which is associated with socially marginalized populations and taboo issues and requires controversial policy and programmatic approaches) shows something important about the country itself and its society.<sup>9</sup>

This chapter investigates HIV/AIDS responses in four Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan). It begins by providing a broad overview of the HIV/AIDS epidemic in Central Asia. It investigates a number of relevant epidemiological, behavioural and contextual factors, including injecting drug use, sex work, sex between men, prison settings, mother-to-child transmission, poverty and migration, and low levels of awareness, all of which “drive” HIV/AIDS infection in the region. This overview illustrates the many similarities in HIV/AIDS transmission trends and causal pathways. The chapter then analyses how the countries have dealt with the growing HIV/AIDS epidemic, in terms of national policy and legislative frameworks, as well as prevention and treatment programs. The chapter then provides a critical evaluation of the major barriers and issues in policy and program implementation. A concluding section summarizes the key findings.

## REGIONAL OVERVIEW OF THE EPIDEMIC

The regional HIV/AIDS epidemic continues to be at the concentrated stage.<sup>10</sup> However, gross differences between official national data and international

estimates suggest that registered HIV cases are grossly underreported, representing only 40–65 percent of estimated numbers, which means the real scale of HIV/AIDS epidemic may be much larger.<sup>11</sup> Little is known about the HIV/AIDS situation in *Turkmenistan*. In the early 2000s, the government reported only two officially registered HIV cases, and such low rates were credited “to the success of the governmental anti-AIDS measures.”<sup>12</sup> In the meantime, as the United Nations Joint Programme on HIV/AIDS (UNAIDS) projected, between two hundred and four hundred people were living with HIV/AIDS in Turkmenistan in 2003; however, currently there are no international estimates available.<sup>13</sup>

In *Kazakhstan* a total of 24,427 people (0.2 percent prevalence) have become HIV infected in 1987–2015.<sup>14</sup> While UNAIDS estimates current HIV/AIDS cases to be around 23,000 people, Ministry of Health (MOH) estimates suggest that 17,726 people are living with HIV/AIDS.<sup>15</sup> Injecting drug use continues to be leading mode of transmission (56.3 percent), although the proportion of new infections acquired through heterosexual mode has been increasing in the last few years.<sup>16</sup>

Since 2001, like other Central Asian countries, *Kyrgyzstan* has witnessed an increasing HIV incidence among the local population, thought to reflect a combination of improved surveillance and a deterioration of the epidemiological situation.<sup>17</sup> In 2012, according to UNAIDS, Kyrgyzstan was among seven countries in the world, where HIV incidence (number of new HIV infections) has been increasing at an annual rate over 25 percent.<sup>18</sup> As of 1 June 2015, a total of 6,402 HIV infections were officially registered.<sup>19</sup> The 2016 UNAIDS estimates showed 8,100 people living with HIV/AIDS (0.2 percent prevalence) in Kyrgyzstan.<sup>20</sup> Sexual transmission has increased in the last several years and now accounts for 62 percent of all infections.<sup>21</sup>

While official statistics report a total of 6,558 cases registered in 1991–2014, it was estimated that over 16,000 people lived with HIV/AIDS in *Tajikistan* in 2015.<sup>22</sup> In 2014, 1,008 new HIV infections were registered, which was higher than the 876 new cases registered in 2013.<sup>23</sup> National surveillance reports claim that 24.2 percent of new HIV infections registered in 2014 were due to injecting drug use, while increasing sex work, labor migration, and unsafe sexual practices among drug users have been contributing to growing heterosexual transmission, which now accounts for 60.4 percent of all registered cases.<sup>24</sup>

As the most populous republics in Central Asia, *Uzbekistan* is home to one of the largest HIV/AIDS epidemics in the region in absolute terms. UNAIDS estimated 33,000 people living with HIV/AIDS in 2015, which is close to the total number of officially registered cases in Uzbekistan since 1987—30,315 people.<sup>25</sup> In 2015, 4,236 new cases were recorded.<sup>26</sup> Heterosexual mode has increased in the last several years and has become predominant (64.7 percent),

compared to injecting drug use, which accounted for less than quarter (24.4 percent).<sup>27</sup>

## DRIVERS OF THE EPIDEMIC

The following is a brief analysis of intertwined epidemiological, behavioural and contextual factors that have propelled the spread of HIV/AIDS in Central Asia. They include: injecting drug use, sex work, sex between men, prison settings, mother-to-child transmission, poverty and migration and low levels of awareness.

## INJECTING DRUG USE

Availability and affordability of heroin and geographic proximity to major drug-trafficking routes from Afghanistan, porous and poorly controlled borders, and lack of strong anti-trafficking strategy—all contributed to the sharp (a seventeen-fold) regional increase in injecting drug use between 1990 and early 2000s.<sup>28</sup> It has been reported there are around 190,000 injecting drug users in Central Asia; however, a United Nations Office on Drugs and Crime (UNODC) report estimated this number to be much higher, ranging between 470,000 and 510,000 people in 2014.<sup>29</sup>

According to the sentinel surveillance data, HIV prevalence rates among injecting drug users ranged from 7.3 percent in Uzbekistan (2013) and 8.2 percent in Kazakhstan (2015) to 12.4 percent in Kyrgyzstan (2013) and 13.5 percent in Tajikistan (2014).<sup>30</sup> High rates of Hepatitis C, leading HIV co-infection, point to continuing high-risk behaviors among injecting drug users. For example, in Uzbekistan surveillance showed 22 percent Hepatitis C prevalence among injecting drug users, while in Tajikistan these rates were 33 percent.<sup>31</sup> About 91.8 percent of surveyed drug users reported use of sterile injecting equipment in Kyrgyzstan (2015), 52.6 percent in Kazakhstan (2015) and 33.9 percent in Uzbekistan (2013). In addition to continuing needle and syringe sharing, many injecting drug users also report hazardous sexual behavior and irregular condom use (only 40 percent in Kyrgyzstan and 49.8 percent in Kazakhstan), increasing the risk of infecting their partners.<sup>32</sup> Although the share of HIV infections transmitted through injecting drug use, compared to sexual transmission, have been decreasing, overall injecting drug users continue to have highest rates of HIV infection.<sup>33</sup>

## SEX WORK

Estimating numbers of sex workers has been challenging, and some data is outdated. For example, it was estimated that there were 7,100 sex workers in Kyrgyzstan (2013), 21,000 in Uzbekistan (2013) and 19,100 in Kazakhstan (2015), while the estimated number of sex workers in Tajikistan is around 14,000 (2012).<sup>34</sup> Although there is a lower HIV infection incidence among sex workers compared to other most-at-risk populations (1.3 percent in Kazakhstan, 2.2 percent in Kyrgyzstan and 3.3 percent in Tajikistan reported in 2015), syphilis rates, which serve as a proxy for risk of HIV transmission, have been much higher among sex workers.<sup>35</sup> National country reports revealed that 71 percent of surveyed sex workers in Tajikistan (2014), 64 percent in Kyrgyzstan (2013) and 80.7 percent in Uzbekistan (2013) used condoms during last contact with a client.<sup>36</sup>

There is also a dangerous interplay between prostitution and drug use that increases the likelihood of HIV transmission: sex workers may spend a considerable portion of their earnings on drugs, while some injecting drug users may offer sex in exchange for drugs.<sup>37</sup> In Kyrgyzstan and Tajikistan, 62 percent and 30 percent of female injecting drug users respectively offered sex services, but they often lack access to sterile injecting equipment and condoms.<sup>38</sup>

## SEX BETWEEN MEN

According to national survey data, HIV prevalence in this group ranged from 1.7 percent in Tajikistan (2011), 3.2 percent in Kazakhstan (2015) and 3.3 percent in Uzbekistan (2013) to 6.3 percent in Kyrgyzstan (2013).<sup>39</sup> However, international sources suggest these rates might be much higher. In Kazakhstan alone various estimates conducted by local NGOs and international organizations suggest that HIV prevalence among men who have sex with men ranges between 7 percent and 20 percent.<sup>40</sup>

Men who have sex with men are considered at-risk of HIV infection not only due to their physical vulnerability arising from unprotected anal sex, but also due to common risky behaviors, such as high numbers of sexual partners, low motivation to use condoms and reluctance to seek and utilize services for sexually transmitted infections or HIV/AIDS.<sup>41</sup> While “casual” sexual contacts are common, only 68 percent of men who have sex with men in Tajikistan and 70 percent of men who have sex with men surveyed in Kazakhstan reported condom use during sexual contact.<sup>42</sup>

Homosexuality was a criminal offence in the Soviet Union and remains highly stigmatized across the region.<sup>43</sup> As a result, estimating the size of this group is also challenging. The latest available estimates of men who have sex with men range from 8,000 men in Uzbekistan and 22,000 in Kyrgyzstan to 30,000 men in Tajikistan and almost 39,800 in Kazakhstan, many of whom are bi-sexual and hide sexual contacts with other men, fearing social disapproval, harassment and legal prosecution.<sup>44</sup> For example, 34.5 percent of men who have sex with men surveyed in Tajikistan in 2011 were married or cohabited with a female partner, and only 5 percent lived with a male partner.<sup>45</sup>

## PRISON SETTINGS

Former Soviet states have some of the highest rates of imprisonment.<sup>46</sup> In Kyrgyzstan, overcrowded prison environments serve as fertile grounds for HIV and other blood-borne infections, which are spread through injecting drug use and unprotected sexual intercourse. For example, there are approximately 17,000 prisoners in Kyrgyzstan, and, according to sentinel surveillance data, HIV prevalence rates in the prison population doubled from 3.3 percent to 7.6 percent in 2007–2015.<sup>47</sup> While reported HIV prevalence among prisoners was relatively low (2.4 percent in Tajikistan, 3.9 percent in Kazakhstan, 4.7 percent in Uzbekistan and 10.3 percent), high rates of Hepatitis C (40 percent in Kazakhstan, 49.7 percent in Kyrgyzstan and 31 percent in Tajikistan) indicate unsafe injecting practices.<sup>48</sup> A 2010 study in Tajikistan revealed that almost 30 percent of surveyed inmates reported sharing a syringe during drug injecting.<sup>49</sup> Also, continuously high rates of sexually transmitted infections (14 percent prevalence of syphilis in Kyrgyzstan) testify to the fact that high-risk sexual behaviors are widespread in prisons.<sup>50</sup> The risk of HIV transmission increases even more with lengthy and multiple prison terms.<sup>51</sup>

## MOTHER-TO-CHILD TRANSMISSION

Similar to other countries in Eastern Europe, Central Asian states have been witnessing a growing feminization of the HIV epidemic, as mentioned above. Women accounted for almost half of new registered HIV cases in several countries: 42.7 percent in Tajikistan, 43.7 percent in Kyrgyzstan and 44.6 percent in Uzbekistan in 2014.<sup>52</sup> According to national reports, vertical transmission of HIV from mother to child has been decreasing in Kazakhstan (from 7.4 percent in 2006 to 3.1 percent in 2015) and in Kyrgyzstan (from 30 percent in 2009 to 3.4 percent in 2014) but increasing in Tajikistan (from

1.4 percent to 4.8 percent in 2010–2015).<sup>53</sup> Although the percentage of HIV-infected pregnant women receiving antiretroviral treatment as part of the prevention of mother-to-child transmission has been increasing in Central Asia, a rising share of female infections in the total number of HIV/AIDS cases and still inadequate testing coverage among pregnant women in some Central Asian countries, like Tajikistan and Kazakhstan, are of concern and signify the potential for a generalized epidemic.<sup>54</sup>

## POVERTY AND MIGRATION

The rapid economic transition during the 1990s resulted in great income inequality and high unemployment rates, as well as a dramatic decline in the provision of social services and an overall sense of social insecurity throughout Central Asia.<sup>55</sup> Looking for better earning opportunities, labor migrants, mostly from Kyrgyzstan, Uzbekistan and Tajikistan, have chosen countries like Russia and Kazakhstan as top destinations, thanks to their relative economic stability and growth.<sup>56</sup> According to the latest data by the International Organization for Migration, the outward migration in Kyrgyzstan is over 760,000 people, while it reached almost 2 million people in Uzbekistan and 600,000 in Tajikistan.<sup>57</sup> However, unofficial labor migration numbers might be even higher—estimates for Tajik labor migrants for 2013 varied between 744,000 and 2 million people.<sup>58</sup> Although getting accurate estimates of HIV prevalence in this diverse group is challenging, Tajikistan's Ministry of Health reported 12.3 percent and 10 percent of new HIV infections registered in 2013 and 2014 respectively.<sup>59</sup> In the meantime, HIV rates among tested migrants in Uzbekistan almost doubled in 2013–2014.<sup>60</sup>

Migration heightens risk of HIV transmission and presents challenges to HIV prevention, treatment and care efforts. Uprooted from their home environments and established social networks, often living and working in dismal conditions, and alienated in host societies, migrants are more likely to practice risky behaviors, such as alcohol and drug abuse, which may contribute to unprotected sex and, as a result, transmission of HIV and other sexually transmitted infections.<sup>61</sup> Poor language skills, low levels of knowledge about HIV, lack of access to necessary HIV prevention information and means of protection (such as condoms) and health services due to migrant status can also act as risk factors for HIV infection.<sup>62</sup> A 2010 study in Kyrgyzstan revealed that 31 percent of surveyed labour migrants believed condoms do not provide protection against HIV infection, and 73 percent reported they have not used condoms during sexual contact with a sex worker.<sup>63</sup> A similar 2013

study in Uzbekistan found that 17 percent of labour migrants used services of sex workers during time abroad, and almost half of respondents practiced unprotected sex.<sup>64</sup>

## LOW LEVELS OF AWARENESS

Central Asian countries boast a large population of young people, who are particularly vulnerable to HIV infection due to physical vulnerability and lack of knowledge on HIV prevention and sexually transmitted infections. Due to widespread cultural conservatism, conversations about sex or reproductive health are taboo, so that most parents avoid this kind of conversation with their children.<sup>65</sup> In the meantime, HIV/AIDS education programs are seldom institutionalized in the formal education system, limiting access to information on prevention. As a result, young people report low levels of knowledge about HIV prevention: in 2013–2014 only 21.8 percent of young people in Tajikistan and 23.4 percent in Kyrgyzstan correctly identified ways of preventing sexual transmission of HIV and had major misconceptions about HIV transmission.<sup>66</sup>

## HIV/AIDS POLICY AND PROGRAM RESPONSES

For a while, the issue of HIV/AIDS infection has been ignored in the region, due to the lack of awareness and discriminating social views of affected population groups, relatively low infection rates, fear of a negative image of the country, socio-economic instability and competing interests of political elites in establishing political regimes.<sup>67</sup> However, in the late 1990s to early 2000s, Central Asian governments have signed all the major international and regional HIV/AIDS declarations, adopted the necessary legislation and set up coordinating committees to respond to the challenge of HIV/AIDS.<sup>68</sup> They have also been applying to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) for grant funding and collaborating with a number of bi- and multi-lateral donors on prevention, treatment and care efforts.<sup>69</sup> The following section is an overview of *legislative*, *policy* and *program* efforts in Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan, outlining similarities and differences across the countries in approaches adopted to address HIV/AIDS.

At the international level, all four countries proclaimed political commitment to HIV/AIDS as a national priority, as part of various international agreements and targets (e.g., Millennium Development Goals, followed by

Sustainable Development Goals and various United Nations goals and targets on HIV/AIDS).<sup>70</sup> To meet their international obligations and to address growing epidemics, each Central Asian state created a legislative basis for HIV/AIDS activities, passing a number of public health and HIV/AIDS-specific laws and decrees. Laws on HIV/AIDS stipulate state guarantees, and rights and responsibilities of people living with HIV/AIDS. HIV/AIDS laws, in most cases, address issues of psychological, legal and social support; access to and quality of free medical care and antiretroviral treatment for people living with HIV/AIDS; state and medical benefits provided to people affected by HIV/AIDS and their family members; conditions for obligatory and voluntary HIV testing and confidentiality; protection of the civil, political, economic, social and cultural rights of people living with HIV/AIDS, and against stigma and discrimination; social protection of children born to HIV-positive mothers or infected elsewhere; issues of professional exposure to HIV virus; and disciplinary, administrative and criminal measures associated with breaking these laws.<sup>71</sup>

Since the laws tend to be broad and non-specific, a number of legislative and normative acts, such as governmental decrees, ministerial orders and institutional guidance, regulate various areas of public health, social protection and law enforcement related to HIV/AIDS.<sup>72</sup> In addition to the legislative basis, each Central Asian state has also been developing and implementing its own state HIV/AIDS programs,<sup>73</sup> the main policy documents that guide all major efforts and set targets in the area of HIV/AIDS prevention, treatment and care. In Kyrgyzstan, for example, taking into account local priorities and needs, international recommendations and the current state of the HIV/AIDS epidemic, the State HIV/AIDS Program for 2017–2021 sets two main priorities: expanding access to HIV prevention and testing to 90 percent of representatives of most-at-risk populations; and expanding access to treatment for all people living with HIV.<sup>74</sup>

Apart from HIV/AIDS state programs, Central Asian states have also been including the issue of HIV/AIDS in other strategic policy documents on healthcare and socio-economic development. For instance, in Kazakhstan it is included in the country's long-term strategy "Kazakhstan 2030" as one of the public health priorities, as well as in the "Healthy Lifestyles" Program for 2008–2016 and the Healthcare Program "Densaulyk" for 2016–2019, while in Tajikistan HIV/AIDS is incorporated into the Healthcare Sector Strategy for 2010–2020, the Poverty Reduction Strategy for 2010–2020 and the UN Framework for Development Assistance in 2010–2015.<sup>75</sup> It is worth noting that some countries have been more proactive than others in terms of revising their existing legislation and policies to bring them in line with international norms and standards and to improve access and coverage by HIV/AIDS



programs. For instance, in 2004–2007 intense policy revisions and improvements took place in Kyrgyzstan, and representatives of various national and international organizations have worked together to revise the legal and normative base for HIV/AIDS activities.<sup>76</sup> Today, Kyrgyzstan boasts one of the most comprehensive HIV/AIDS laws in the region and is one of the few countries in Eastern Europe and Central Asia that has removed or relaxed punitive laws on drug use, sex work and sex between men that would hinder access to appropriate programs and services.<sup>77</sup>

Overall coordination of the national HIV/AIDS response in each country has been implemented through a multi-sectoral coordinating committee, which is typically headed by the (deputy) Minister of Health or the vice prime minister and includes representatives of various sectors, such as state ministries and institutions, NGOs, international organizations, communities of people living with HIV/AIDS and, in some cases, religious leaders. However, in addition to the national coordinating committees, each country has other coordinating structures, such as health protection coordination committees, inter-agency expert councils and working groups, United Nations thematic groups, and NGO steering committees.<sup>78</sup> While pushing participating members to communicate and collaborate in pursuit of common goals, these coordination structures have often been criticized for their limited decision-making power, creating parallel structures, and inefficiency and lack of transparency.<sup>79</sup>

As part of the national response, HIV prevention activities have been focusing on at-risk groups and the general population. Since injecting drug use has, until recently, been traditionally driving transmission of HIV in the region, harm reduction programs have been established in every country and include needle and syringe exchange initiatives. In Kazakhstan, Kyrgyzstan and Tajikistan these services are also available in prisons.<sup>80</sup> Other HIV prevention services include distribution of information materials and condoms, testing for HIV and sexually transmitted infections, prevention of mother-to-child transmission and post-exposure prophylaxis, detection and treatment of co-infections, blood transfusions and medical procedures' safety assurance, as well as development and implementation of various HIV/AIDS training modules for healthcare and social staff and law enforcement representatives.<sup>81</sup> However, lack of systematic HIV testing with good coverage among the general population and most-at-risk populations suggest that the actual prevalence rates are probably much higher than officially recorded.<sup>82</sup> For example, only 28 percent of injecting drug users and 32 percent of sex workers in Uzbekistan had been tested for HIV in the last year.<sup>83</sup>

Since access to free medical care and treatment is guaranteed by the state to people living with HIV/AIDS, antiretroviral treatment (ART) is, at least officially, provided free of charge in the Central Asian countries. Today,

access to and coverage of ART, which in some countries is funded by state budgets and in others by the Global Fund grants, in Central Asian states varies: in 2014–2015 while Kazakhstan reported 79.3 percent ART coverage, Tajikistan was able to offer it to 88.6 percent of newly registered cases and Kyrgyzstan to only 45 percent of all people living with HIV/AIDS in need of treatment.<sup>84</sup> However, international estimates indicate that ART coverage in these countries might be much lower.<sup>85</sup>

HIV/AIDS services, such as care and treatment of people with HIV/AIDS, distribution of ART and follow-up, and HIV testing are often carried out in specialized AIDS Centers. While in some countries, such as Uzbekistan, vertical HIV/AIDS services have been expanding and strengthening at the national and regional levels, other Central Asian states, like Kyrgyzstan, have been taking steps towards decentralization and integration of HIV/AIDS services into primary care at the local level to improve access to services and reduce stigma.<sup>86</sup> Besides state institutions, a number of NGOs have also been delivering HIV/AIDS services. In Kazakhstan, for example, some of the HIV prevention functions have been outsourced to NGOs, 40 percent of which received state funding through the social order system in 2015.<sup>87</sup> And in Kyrgyzstan, about twenty NGOs offer express HIV testing services.<sup>88</sup>

Finally, it is important to note that, despite varying levels of economic development and state funding for HIV/AIDS,<sup>89</sup> technical and financial support from international donors continues to be vital for the planning and implementation of HIV/AIDS activities in Central Asia. As already mentioned, all four countries in the past have secured funding from the Global Fund, various United Nations agencies, and other international organizations, such as the Centre for Disease Control, Population Services International, Soros Foundation, AIDS Foundation East-West, United States Agency for International Development, Médecins Sans Frontières and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).<sup>90</sup> Their support enabled such critical activities and programs as HIV prevention among at-risk population groups, national epidemiological surveillance and other data collection efforts, development and adoption of clinical protocols, purchase and distribution of ART, prevention of mother-to-child transmission, policy planning and development, medical professionals' capacity building and strengthening of communities of people living with HIV/AIDS.<sup>91</sup>

## IMPLEMENTATION ISSUES

Despite existing HIV/AIDS efforts and proclaimed political commitment in the region, there are a variety of structural, financial, legislative and social barriers that have been negatively affecting HIV/AIDS policy and program

implementation. Central Asian states inherited Soviet healthcare systems, which have traditionally focused mostly on curative rather than preventative care and been dominated by outdated practices and attitudes inherited from the Soviet past. Numerous HIV outbreaks in hospitals and infection of children in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan in 2006–2013 revealed persistent weaknesses of the public health systems, such as lack of adequate equipment and supplies, poor infection control and low levels of knowledge and motivation among health workers.<sup>92</sup>

In the meantime, state healthcare spending in many Central Asian countries has dramatically declined and, as already mentioned, some of the crucial HIV/AIDS activities and services, such as opioid substitution therapy (OST) for reducing or discontinuing use of drugs and ART, are covered only by international donors.<sup>93</sup> In the countries with low levels of state funding and high rates of international aid, such as Tajikistan, Uzbekistan and Kyrgyzstan, dependency on foreign funding, which continues to decline, has severely undermined the state's responsibility and decision-making capacity and made HIV/AIDS programs unstable and volatile. For example, Kyrgyzstan, Uzbekistan and Tajikistan reported that 2011 disruptions in Global Fund grant funding led to interruptions in HIV prevention programs, which allegedly resulted in the recurrence of risky practices and an increase in HIV transmission among at-risk populations.<sup>94</sup>

In Central Asia, HIV/AIDS control is implemented through a hierarchical state system of AIDS Centers, responsible for ART procurement and distribution, epidemiological surveillance, HIV diagnostics, and data collection and analysis.<sup>95</sup> However, strictly defined mandates of different health care providers and isolation of the network of AIDS centers from the rest of the health system resulted in few referral linkages, lack of trust and coordination between various service providers, unequal distribution and inefficient use of funding, uneven coverage by HIV/AIDS services and further stigma for people living with HIV/AIDS, leading to ineffective service provision and clients' dropping out.<sup>96</sup>

Participation of various agencies and stakeholders in country coordinating mechanisms (CCMs) has often been tokenistic, while involvement of people living with HIV/AIDS and representatives of at-risk populations in planning and implementation of the HIV policies and programs continues to be limited.<sup>97</sup> For example, only four people living with HIV/AIDS are members of CCM Secretariat in Kazakhstan, while in Tajikistan there are no representatives of any at-risk groups or people living with HIV or NGOs representing their needs and interests in the CCM.<sup>98</sup> Widespread discrimination and harassment of at-risk populations, such as injecting drug users and men who have sex with men, creates a vicious cycle: their distrust of and

disengagement with civil society and formal policy-making mechanisms leads to missed opportunities to voice their needs and protect their rights.<sup>99</sup> There is also limited collaboration between state institutions and NGOs due to a mutual sense of distrust and competition, and many HIV-servicing NGOs still lack the capacity to act as equal policy players and service providers.<sup>100</sup> In the meantime, in many Central Asian countries local legislation prevents or limits the scope and state funding for NGOs to offer HIV/AIDS-related services.<sup>101</sup>

There are also a number of barriers and disincentives for target populations to seek and remain in HIV prevention and treatment services. In Central Asia, where punitive approaches to public health are common, policies and legislation often reflect discriminative practices.<sup>102</sup> For instance, in three countries (Kazakhstan, Kyrgyzstan and Uzbekistan) foreign citizens and other population groups under the risk of exposure to HIV, such as pregnant women, blood donors, medical professionals and sexual partners of people living with HIV, are required to undergo HIV testing, while conscious transmission of HIV is a criminal offense.<sup>103, 104</sup> Some Central Asian states, such as Uzbekistan and Tajikistan, still criminalize sex between consenting same-sex adults and make sex work illegal.<sup>105</sup> Following the infamous ban on “homosexual propaganda” in Russia, there is a growing political and legislative movement in Central Asia in support of the adoption of similar policies.<sup>106</sup>

In the meantime, treatment for drug addiction and sexually transmitted diseases for drug users and sex workers detained by police has been compulsory.<sup>107</sup> Drug use is prohibited in Central Asia, and possession of drugs in excess of certain quantities, which vary across the region, is penalized.<sup>108</sup> In general, the allowed thresholds for selected narcotic drugs and psychotropic substances are purposely set low, leading to various criminal and administrative charges.<sup>109</sup> However, while Kazakhstan and Uzbekistan adopted more severe penalties and restrictive limits, Kyrgyzstan and Tajikistan have a more liberal approach to criminal liability for drug possession and use.<sup>110</sup> Even in countries such as Kyrgyzstan, where legal provisions on drug use, sex work and sex between men have been removed, interpretation of some legal clauses is still ambiguous, leaving space for misinterpretation by implementing agencies and human rights abuse.<sup>111</sup>

HIV/AIDS laws in the region seek to protect people living with HIV/AIDS and other affected groups from stigma and discrimination; however, low levels of HIV awareness and social stereotyping resulted in high levels of stigma and discrimination.<sup>112</sup> At-risk populations often do not seek or drop out from prevention, testing, treatment and care services due to high levels of stigma and fear of HIV status disclosure and backlash from their families and communities.<sup>113</sup> But when they do seek services, at-risk populations often

face discriminatory practices, negative attitudes, lack of confidentiality and refusal of services by health professionals.<sup>114</sup> For example, 2015 survey revealed that 8 percent of people living with HIV in Kyrgyzstan, 17.6 percent in Kazakhstan and 17 percent in Tajikistan reported stigma and discrimination and denial of services in the health sector.<sup>115</sup> In Tajikistan, only 41 percent of men who have sex with men and 70 percent of sex workers are covered by HIV prevention programs, while less than 50 percent of injecting drug users received needle exchange services from trust points.<sup>116</sup> In another example, only 17 percent of injecting drug users in Uzbekistan and under 30 percent in both Tajikistan and Kyrgyzstan receive ART, despite the fact that they are legally entitled to it, revealing many treatment access barriers.<sup>117</sup>

Meanwhile, law enforcement bodies often raid harm reduction sites, detain representatives of at-risk populations on bogus charges, demanding bribes or free sexual services from sex workers to avoid prosecution, and forcing at-risk populations to undergo HIV testing during so-called doctor-police raids.<sup>118</sup> As corruption and human rights violations are common in Central Asia, disciplinary measures and prosecution of those who abuse their official status are rare. Human rights violations, together with stringent bureaucratic requirements, such as *propiska* (residency registration) or identity documents, which most at-risk populations and people living with HIV/AIDS often do not possess, deter them from fully exercising their rights and utilizing existing state HIV/AIDS prevention and treatment services.<sup>119</sup> For example, pregnant women who come from other countries and/or do not possess residency registration in Kazakhstan face barriers in accessing HIV testing and PMTCT services.<sup>120</sup> To access OST and other harm reduction services, injecting drug users need to be registered as active drug users, which in turn may limit their employment prospects and expose them to the risk of potential abuse and harassment by police.<sup>121</sup>

As of today, appropriate execution of HIV/AIDS-related legislation and protection of the rights of people living with HIV/AIDS and most at-risk populations have not been institutionalized at the state level, and there are no strategies in place to ensure their long-term sustainability.<sup>122</sup> Efforts to integrate HIV/AIDS services at the primary care level have also not been adequate.<sup>123</sup> Many key HIV prevention efforts, such as harm reduction and OST programs, are still lacking or are in the pilot mode, with low levels of coverage, sluggish functioning and no legal backing.<sup>124</sup> For example, access to OST programs in Kazakhstan continues to be limited with 0.2 percent coverage, while in Tajikistan they covered only 516 (or 2 percent of estimated) injecting drug users by 2013, while in Uzbekistan the OST pilot has been discontinued in 2009.<sup>125</sup> Even in Kyrgyzstan, the first country in the region to launch OST in the community and prison settings in 2001, only 1,627 (including 400 in prisons)

or 6 percent of estimated injecting drug users receive OST.<sup>126</sup> There is great resistance to OST and harm reduction programs from the governments and general public in Central Asia, and even in Kyrgyzstan drafts of appropriate harm reduction laws have been met with hostility and resistance.<sup>127</sup> As a result, there has not been a mass scale-up of harm reduction services in the region.

Lastly, appropriate implementation of national HIV/AIDS legislation, such as free access to medical care and treatment for people living with HIV/AIDS, has been hampered by the lack of effective normative acts and mechanisms that guide and enforce their implementation at the local level.<sup>128</sup> As a result, even well-designed laws become ineffective, contradictory and unutilized.<sup>129</sup> In other instances, the daily functioning and efforts in regards to HIV/AIDS by key ministries and state agencies are often prescribed not by high-level legislation, such as the Constitution and appropriate HIV/AIDS laws, but rather internal normative acts, which may contradict current legislation and hamper its appropriate implementation. Finally, for effective HIV/AIDS response planning and implementation, issues of data quality and reporting need to be addressed. Without reliable size estimates of at-risk populations, it is difficult to grasp the epidemic's real scale and develop adequate response measures, while the lack of well-functioning monitoring and evaluation systems precludes data collection and analysis in a uniform and systematic fashion.<sup>130</sup>

## CONCLUSION

As this chapter has demonstrated, a number of social, economic and cultural transformations in the Central Asian societies since the break-up of the Soviet Union have resulted in a sharp increase in risky behaviors, as well as a decline in living conditions and access to healthcare. All these factors contributed to the rapid spread of HIV/AIDS, while regional efforts to address it included both achievements and setbacks.

Despite the challenges of socio-political instability, economic crises and widespread poverty, some countries have been more successful than others in adopting more progressive and comprehensive policy frameworks that are in line with the latest international HIV/AIDS prevention and management practices. However, even in the case of some of the most progressive laws and policies in the region, as practice shows in Kyrgyzstan, their implementation is often misinterpreted or met with resistance. In the region, where punitive and restrictive approaches to dealing with infectious diseases, drug use and sex work traditionally prevail, organizations offering HIV/AIDS prevention and care services and their client populations often face harassment and human rights violations, and are denied political voice and representation at

various decision-making bodies and mechanisms. Lack of progressive and human rights-based legislation and policies, in line with countries' international commitments and available best international practices, prevent implementation of innovative programs and reaching out to those who need these services the most. Thus, there is an urgent need not only to decriminalize and humanize legislation in a number of Central Asian states, but also to create effective mechanisms for enforcement of such legislation and to establish protective environments for affected communities.

Yet, analysis of Central Asian states provides important findings and lessons. Internationally declared goals and advanced national policies are only as good as their implementation. They need to be backed by state leadership, a strong legislative system, as well as adequate state resources allocation and stringent implementation oversight mechanisms. Harmonization of policy efforts and their implementation should take place both vertically, aligning internal institutional policies with national legislation, and horizontally, ensuring better coverage and coordination between various governmental and non-governmental actors involved in HIV/AIDS work. To avoid their fragmentation and to contribute to systems strengthening, HIV/AIDS policies and programs should be linked to overall healthcare programs. In the meantime, international donors' priorities in the region should align with countries' needs, taking into account local epidemiological, structural, social and political realities.

In the regional setting of little political accountability, transparency and representation, as well as widespread poverty, instability and corruption, there are great incentives for abuse of power and human rights violations. Increased support, awareness and compassion from individual decision-makers and implementers at various levels, as well as greater advocacy and inclusion in the decision-making processes reduces stigma and ensures better protection of the rights of populations affected by HIV/AIDS. International evidence has shown that punitive measures only alienate those in need of HIV/AIDS services and do not stop the spread of the infection in the long run. Finally, major structural, economic and social barriers discussed in this chapter still need to be addressed to decrease the vulnerability of the most at-risk and general populations to HIV/AIDS.

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## *Chapter Five*

# **Sorting Central Asian Social Media**

Stacie L. Giles

### **DEFINING SOCIAL MEDIA'S POLITICAL ROLE IN CENTRAL ASIA**

Social media matters in Central Asia—and not only for those who want to promote products, track trends, or find a following. It matters for politics, and as more than an instrument for revolution. Political impact can mean many things that are both less violent than overturning a government and more directly political than fostering purely social connections. A common example is the way social media can set the story straight. It provided clear evidence of Russian military activity in Ukraine, contrary to repeated Russian statements. This had international and domestic political impact even though it did not stimulate a change of government in Russia.<sup>1 2</sup> This essay will outline a framework for understanding how social media—a burgeoning form of communication—influences politics. The chapter will focus on Central Asia, a region that has seen tremendous growth in social media use this decade. The lack of an analytical framework with clear categories to understand the political functions of social media in authoritarian or semi-authoritarian countries such as those of Central Asia makes it difficult to assess. This chapter addresses that lack.

Central Asia is particularly useful for formulating an analytical approach to the political functions of social media because, while the countries of this region share important political, historical, cultural and geographical similarities, they also demonstrate a range of internet availability and social media usage. All ruling authorities in this region have expressed great concern over the potential political effects of social media. Each state exercises control over the internet to varying degrees, with Freedom on the Net rankings ranging from Partly Free for Kyrgyzstan to Not Free for Kazakhstan

and Uzbekistan. While not ranked in regard to the internet, Freedom House evaluates both Tajikistan and Turkmenistan as Not Free in the Freedom in the World category. Regional leaders' policies and statements have consistently demonstrated concern about social media, particularly about its ability to undermine authority and provoke revolution, as in the Color Revolutions or the Arab Spring.

A focus on revolution, a fortunately rare occurrence, does not serve analysis well. Instead, the process of evaluating social media's actual political functions is best pursued by examining the ways in which social media encourages a range of forms of popular participation in political issues. This chapter will build on the work of Professor Clay Shirky, who has written extensively on the internet's effect on society,<sup>3</sup> and apply a framework drawn from his writings to Central Asia.

As Shirky identified, social media provides three distinct capabilities that empower the population: it provides greater "access to information," more "opportunities to engage in public speech," and increased "ability to undertake collective action."<sup>4</sup> Social media users assume three separate (but interrelated) roles with these capabilities. They are either gaining knowledge, acquiring a political identity through online grouping and self-expression, or being moved to action. These three functions can be usefully reformulated as categories of analysis—Inform, Involve, and Instigate.

Business use of social media likewise stresses the necessity of going beyond informing consumers of a product—termed "positional equity"—and involving consumers with the product until they actually make a purchase. This "relational equity" is more difficult to measure but essential before a consumer can be moved to take action.<sup>5</sup> Similarly, Facebook's Ad Objectives suggests that an ad may have one of three unique aims: Get people to notice (a company or product), get people to engage (measured by app installs, traffic, lead generation, etc.), and get people to act (measured by online conversions and store visits).<sup>6</sup>

Sophisticated business analysis of social media and academic study both outline three categories of increasing consumer involvement. This chapter will use the terms Inform, Involve, and Instigate to designate these broad categories. Together they outline a relevant framework for analyzing the political effect of social media, delineated below.

*Inform:* The first category describes the use of social media to disseminate knowledge that has political value. Social media's political function begins with *access to information* that otherwise could not have become widely known<sup>7</sup>—or which would have remained generally unacknowledged even if tacitly understood. The US State Department policy established under Secretary Hillary Clinton fit squarely into this first category. It advocated more

open internet access for citizens of other countries to give them greater access to outside information, which fits into the category Informing. However, Informing, while a laudable and necessary step in creating popular participation, is only the beginning, since recipients of information may process it in a wide variety of ways.

Informing cannot determine meaning nor predict if or how consumers of information will actually participate politically. The focus on Informing reveals a common and fallacious Western assumption, which is that all peoples in any situation will react in predictable ways, particularly that they will act in a determined manner to wrench power from corrupt or repressive systems or leaders. This category is the easiest of the three to identify, since we can find and measure posts on specific topics and their views.

*Involve:* Social media is designed to create communities of interest. As Shirky points out, communities are necessary in order for people to imagine themselves as having the desire—and potential—to influence politics, to gain a political identity. Only after this change in identity has taken place can groups form with the potential for action. Social media, by providing *opportunities to engage in public speech* allows users to learn to value their own participation in a political issue enough to engage in public speech concerning it. It is essential that individuals develop this identity—that of a political actor—to motivate political participation of any sort.

This function resists investigation since it is a matter of each social media consumer's attitude and self-identity. It is clear that there can be a great divide between what a person will post on the internet—especially anonymously—and how they will act in real life. This makes it very difficult to ascertain when someone's identity has evolved from being a consumer of information to becoming an empowered actor, willing to take action even beyond the sphere of social media. Nevertheless, it is essential for analysis to divide this step from the next step of organizing action, since it is key for understanding when action is likely.

*Instigate:* The third function, dramatically evident in the Arab Spring—Shirky's *ability to undertake collective action*—seldom topples regimes, but appears most commonly in limited attempts to influence specific political matters. This category comprises much more than simply the logistical advantage social media provides for coordinating a group for a protest, something that has been discussed at great length. The most valuable aspect of this function is to define how social media promotes the development of a strategy for popular action. Its coordinating function is, of course, important for specific events. But even more important for analytical understanding is answering the question of how the use of social media itself helps to create groups that will take action. After all, most social media use does not lead to

political action, even when an issue resonates with many individuals. What is different when action results?

None of these three functions alone or even in combination predictably create political activity, since social media does not exist in a vacuum. There are many other factors that contribute to the rise of popular participation—system of government, culture, traditional media, economic status, level of repression, etc.—which are outside the scope of this chapter. This limited analysis is only intended to propose an approach to understanding the role that social media has played and can play in politics in Central Asia, drawing on research into social media generally and in neighboring China.

The inclusion of research on China is useful because Central Asian countries and China cooperate extensively concerning internet use, as clearly demonstrated in three major ways. First, by the 2011 and 2015 joint letters to the UN on the internet Code of Conduct<sup>8</sup> signed in 2015 by all five Central Asian states as well as China and Russia; second, by Chinese investment in Central Asian countries' internet development<sup>9</sup>; and third, by the attempts in many of these countries to emulate China, viz. Kazakhstan's attempt to impose internet controls similar to China's.<sup>10</sup> China's increased control over its domestic internet in 2017 only reinforces the appropriateness of its inclusion.

This chapter will first describe access to the internet and social media in the region by using statistical indicators which describe the “situational equity” of social media there. The next three sections will elucidate the analytical categories *Inform*, *Involve* and *Instigate*, providing illustrative examples from Central Asia. It is important to note that these examples are neither definitive nor exhaustive, but simply indicative, and use events that are well documented as illustrations. The following section will briefly touch on how governmental actions concerning social media can be analyzed using this schema, since government repression and control are major influences. Extremists also use social media to reach Central Asians, and the subsequent section will outline how their use also fits this paradigm. Finally, the conclusion will assess the usefulness of this paradigm and suggest directions for further research.

One further note: while anything can be “political,” not everything has clear, definite political goals or impact. This includes the actions of prominent political figures, even when they provoke furor on social media. As an example, Ramzan Kadyrov's support of the May–December polygamous marriage of a Chechen police chief and his remarks on women's wrinkles stimulated tremendous social media activity, to the extent that Kadyrov demanded that women be locked up to prevent them from using WhatsApp.<sup>11</sup> While meaningful, this activity was not intended to actually create any political change, but to taunt a ruler whose position of power was secure and not

affected significantly by social media. It would not fit this paradigm, even if within the region. In contrast, the social media furor over Uzbekistan's Gulnara Karimova showed at least two political functions. It both prompted users to discuss political topics (an infrequent use of social media for most users in Uzbekistan), and it revealed aspects of the workings of the ruling clique that were opaque to the public. This example makes clear that this paradigm does not require that social media achieve a pre-defined political goal in order for it to be applicable. However, intent to change in at least a minimal way the structure of political power is an integral part of what this paradigm examines.

## INDICATORS

Internet use has exploded in Central Asia in the twenty-first century. Internetworldstats.com claims the number of internet users in the region grew by 185 times between 2000 and 2014, from 133,000 to 24.7 million. Internet statistics are notoriously misleading,<sup>12</sup> with challenges that include the difficulty of obtaining data, ensuring that data is comparable between sources and over time, and the tendency of some governments to overstate internet availability in official statistics.<sup>13</sup> Nevertheless, it is clear that internet use has grown very rapidly. CIS-wide data from the International Telecommunications Union<sup>14</sup> (ITU) indicates that well over half the population of Central Asia used the internet in the last three months of 2014. The World Bank World Development Indicators report for 2014 shows both high growth and important variability by country.<sup>15</sup>

For context, according to ITU, internet user penetration averaged 40 percent around the world at the end of 2014, ranging from 75 percent in Europe and around 66 percent in the Americas to less than 20 percent in Africa. The average for developing countries was 32 percent,<sup>16</sup> which the CIS as a whole exceeded and, assuming that data from ITU and that from Internet World Stats is roughly comparable, so did each Central Asian country except for Turkmenistan. While the rate of growth has slowed in 2014 to 2016 from the rate during 2010–2014, growth is clearly continuing. Central Asians are on the internet!

The data also make clear that Central Asian users access the internet primarily through mobile connections,<sup>17</sup> with mobile broadband penetration more than doubling in five years, to nearly half the population.<sup>18</sup> Mobile-based Central Asian users may interact with social media differently than a fixed broadband user would,<sup>19</sup> for example by using a set of apps rather than “surfing” in a browser, giving users a different experience from that of Western

**Table 5.1. Internet Availability in Central Asia—2014 World Development Indicators World Bank<sup>1</sup>**

	<i>% pop. Internet users 2014/2016</i>	<i>percent increase 2010–2014</i>	<i>% pop. Fixed broadband 2014/2016</i>	<i>% pop. Mobile cellular subscriptions 2014/2016</i>	<i>percent increase 2010–2014</i>
Kazakhstan	66/77	74%	13/14	169/150	38%
Kyrgyz Republic	28/35	74%	4/4	134/131	36%
Tajikistan	17/20	51%	../.	95/107	22%
Uzbekistan	36/47	118%	../9.13	74/77	–2%
Turkmenistan	12/18	307%	../0.07	136/158	114%

<sup>1</sup> <https://data.worldbank.org/indicators/IT>. Accessed 12 November 2015.

early adopters. This may have implications for how information is spread, giving preference to popular apps that are widely used.<sup>20</sup>

Russian platforms predominate in social media, although platforms used do vary widely between countries and age groups. An important factor driving the growth of social media is the ease and low cost of international calls and texting that it provides, which is vital to many families with members working in Russia as migrant laborers.<sup>21 22</sup>

The three largest platforms, VK (VKontakte, or In Touch), OK (Odnoklassniki, or Classmates), and Moy Mir (My World)—all owned or operated by Russian Mail.Ru Group<sup>23</sup>—tend to be used primarily for social purposes.<sup>24</sup> Russia does exercise some censorship on these sites, particularly of extremist groups. Facebook and YouTube are somewhat easier to use for political topics,<sup>25</sup> but even in these fora, responses to politically or socially sensitive posts are commonly made offline and privately, according to Imamova.

Measuring the precise popularity of these and other websites in these countries is problematic,<sup>26</sup> but it is clear that non-Russian platforms have far fewer users. For example, VK and OK were estimated in 2013 to have 4.5 million users in Kazakhstan, or about 26 percent of Kazakhstan's population.<sup>27</sup> OK.ru is reported to be the most important social media site in Tajikistan—a country with 1.7 million migrant workers in Russia—by a large margin, followed in importance by VK, and then Facebook.<sup>28</sup> Apps like Viber and WhatsApp, as well as Facebook, are used to connect with those working abroad.

The chart below uses statistics from Internet World Stats for each Central Asian country at the end of 2014, mid-November 2015, and June 2016 for general internet access, June 2017 for Facebook.<sup>29</sup> Note that these statistics are similar to but not absolutely identical with those from the World Bank, underscoring the difficulty of compiling these numbers.

**Table 5.2. Internet Availability in Central Asia—2016 World Development Indicators World Bank<sup>1</sup>**

<i>Statistics from internetworldstats.com</i>	<i>Number of Internet users</i>	<i>% of population using the Internet</i>	<i>Date</i>	<i>Number of Facebook subscribers</i>	<i>% of pop. on Facebook</i>
Kazakhstan	9,850,123	54.2%	12/31/2014	700,020	3.9%
	9,966,444	54.9%	11/15/2015	1,200,000	6.6%
	13,873,513	76.8%	06/2016	1,500,000	8.3%
Kyrgyz Republic	2,194,400	38.7%	12/31/2014	109,060	4.9%
	2,194,400	38.7%	11/15/2015	280,000	4.9%
	2,113,1016	34.5%	06/2016	360,000	5.9%
Tajikistan	1,357,400	16.6%	12/31/2014	37,360	0.5%
	1,432,773	17.5%	11/15/2015	110,000	1.3%
	1,813,256	20.5%	06/2016	89,000	0.9%
Turkmenistan	496,507	9.5%	12/31/2014	10,120	0.2%
	638,233	12.2%	1106/2015	11,000	0.2%
	989,915	18.0%	06/2016	15,000	0.3%
Uzbekistan	11,914,665	40.8%	12/31/2014	152,900	0.5%
	12,716,575	43.6%	11/15/2015	450,000	1.5%
	15,453,227	50.4%	06/2016	530,000	1.7%

<sup>1</sup> <https://data.worldbank.org/indicators/IT>. Accessed 10 October 2017.



Facebook use is increasing rapidly in most countries, but while growth rates average approximately 31 percent across the region,<sup>30</sup> absolute numbers remain very low. Using the methodology suggested by Pearce,<sup>31</sup> even Kazakhstan had less than 7 percent of its population registered on Facebook in August 2015, rising to less than 11 percent in October 2017.<sup>32</sup> Within the region, Kyrgyzstan's users are on average the youngest; Uzbekistan has the largest percentage (10 percent) of those who use the indigenous language on this platform (Uzbek, in this case) rather than Russian or English; and women are the majority users in Kazakhstan and Kyrgyzstan by a few points while men predominate in the other countries of Central Asia. These observations suggest that, while Facebook can potentially be influential, its current use is very limited within these countries. It is used primarily by those already politically active—who prefer it for reasons of access—and by expatriates. In addition, it is used predominately in Russian, which restricts its usage by groups identified with indigenous culture and language, and potentially also by younger users and those outside of major cities as the dominance of the Russian language decreases slowly throughout the region.

There are other important variations in social media use between countries. For instance, blogging began growing in popularity several years ago, especially in Kazakhstan, with yvision.kz, a large and varied blogsite, consistently among the most popular sites in the country. Nevertheless, in 2014 it had only 80,000 bloggers, or 0.5 percent of the population.<sup>33</sup> Yvision.kz is primarily occupied with entertainment and technological information, but does include discussions of news and political events, and has been used by activists to reach the public, as for example in the 2011 drive against the snap election called by President Nazarbayev.

In the Kyrgyz Republic, however, the most popular indigenous social network is Diesel, a forum—an older format seldom used any more in most countries—rather than a blogsite. While Diesel certainly hosts political discussions, these are moderated by the site itself, and posts are in fact deleted when they cause too much controversy. Most of the remaining top 20 sites are purely social, including Namba.kg and other social networks, video and photo sharing sites, and sites for classified ads. Only three news sites make the top twenty list, two of them regional rather than nationwide. While political activists continue to use social media to promote their parties and issues, it is clear that this function still has little resonance for the Kyrgyzstani public.

Uzbekistan has created domestic sites restricted to citizens that mimic Western sites in order to draw users away from foreign-based media, but with very limited draw. For example, Mytube.uz, a knockoff of YouTube, was ranked seventeenth in popularity by Alexa, compared to YouTube at fifth place in Uzbekistan.

Reposting articles and news from Russian websites is common throughout Central Asian social media. This even occurs on sites or within posts that are in the indigenous languages. This illustrates the predominance of Russian sources of news and of the Russian language as the form in which news is most often discussed. It is vital to understand that Russian media provide much of the news and its interpretation to Central Asian audiences, including through social media, even under Central Asian regimes that tightly control information.

## INFORM

Two events in Turkmenistan, the country with the most controlled and repressive media environment in Central Asia, and nearly in the world, provide clear examples of the Inform function. Social media—specifically the expatriate Turkmen Initiative for Human Rights (TIHR)’s site *Chronicles of Turkmenistan*—broke to the world the news of the July 7, 2011, series of explosions at an arms depot in the Turkmen town of Abadan, 12 miles from the capital city Ashgabat. Additional pictures, videos, and blog posts by those in the area continued to inform the world, despite government attempts to deny the explosions that devastated the town and surrounding area, causing numerous casualties and significant damage and requiring a mass evacuation.<sup>34 35</sup> At midnight, nearly eight hours after the blast, the government announced that high summer temperatures had caused a cache of fireworks<sup>36</sup> to catch fire—earning President Berdimuhammedov the nickname “Pyrotechnic Man”<sup>37</sup>—and that there were no casualties,<sup>38 39</sup> and the ambassador to Uzbekistan repeated this assertion the next day.<sup>40</sup> Ultimately, state media reported that 15 people died in the explosions—although other reports ranged from 100–200 dead.

Social media painted a very different story from the official account. As early as the next day, Russian news sites, following up on the original social media report, were publicizing the incident. Also, local inhabitants posted their own accounts and reposted Russian information on Turkmen blogsite *teswirler*—in contrast to official announcements that the situation was completely under control.<sup>41</sup> The government reacted quickly, attempting to suppress information, searching for and intimidating bloggers,<sup>42</sup> and sending police house to house to confiscate phones and cameras or to delete relevant pictures or video. They reportedly ran checks on everyone with a mobile phone and web access through the national server Altyn Asyr. Their search particularly targeted Serdar Ayakov, the pseudonym of a Turkmen journalist connected with popular Russian radio program Ekho Moskv, to

which he had provided information about Abadan.<sup>43</sup> He reportedly was interrogated and his mobile phone inspected before he was released. An unnamed journalist said he had been warned by authorities that he must never post information on the internet again.<sup>44</sup> Eleven days later, Chronicles of Turkmenistan at [chrono-tm.org](http://chrono-tm.org) was hacked with access to the site denied, and in addition a list allegedly of subscribers to the website and of commenters on it was released to the public,<sup>45</sup> potentially threatening their safety. While there was no clear evidence of the source of the hack, the Turkmen government has the most obvious interest in learning the identities of these individuals and in blocking the website. Later in 2011, the local site [teswirler.com](http://teswirler.com) was closed and social media generally in Turkmenistan was subjected to sophisticated hacking.<sup>46 47</sup>

It is fascinating to note that people used slightly older technology to deal with the possible risks that using social media for political aims may bring. On the same day that Chronicles of Turkmenistan was hacked, [Neweurasia.net](http://Neweurasia.net) posted an interview with a man who claimed to regularly distribute to 1,300 subscribers—90 percent of whom he believed to be inside Turkmenistan—an email newsletter, “The Alternative Turkmenistan News.”<sup>48</sup> He asserted that email was much safer than blogging for author and subscribers, and also more reliable as it was far easier for the government to block a blogsite than to track and stop an email. [Neweurasia](http://Neweurasia.net)’s editor speculated about the use of email as a form of *samizdat* to disseminate views critical of the government, and how this older “new media” format may actually have greater resonance in some of these countries than more up-to-date social media since the population is more familiar with it and has greater access to it.

ScanEx, a Russian company that provides satellite observation, posted on the internet a week after the blast photos of the area immediately around the explosion taken both before and after July 7.<sup>49</sup> These photos, which ScanEx also provided to the Russian government, show clearly the devastation wrought by the blast. The prominence of the story of the blasts on Russian television prompted ScanEx to search out the pictures, send them to their government, and provide them to the public.

President Berdimuhammedow’s fall from an Akhal-Teke race horse on April 28, 2012, is another example of Informing. Although government forces tried desperately to suppress any news, and particularly pictures or video of the event,<sup>50</sup> holding the audience in the stadium for hours until all viewers’ cameras and phones could be checked, and even stopping foreigners at the airport the next day, video footage did reach the world through [EurasiaNet.org](http://EurasiaNet.org) and Turkish television.<sup>51</sup> Turkmenistan authorities shut down the internet, but soon Russian TV was showing the video and it again reached the Turkmen public through foreign satellite TV.<sup>52</sup> This coverage both supported

assertions by social media users and contradicted claims by the Turkmen government.

These examples illustrate both how difficult it can be to suppress information now, and how interconnected various media formats are. In this and other instances, information which originated on social media was picked up by foreign satellite television, which gave audiences back in the country of origin access to information on events near them which they could get in no other way. Close ties often exist between traditional and social media, and these examples show how those ties also cross national boundaries. This can create a circular movement of media, when television coverage, originally stimulated by social media, then prompts more use of the internet to document the event, both by those on the scene and by distant observers. For the Abadan blast, satellite photographs from a professional source unrelated to Turkmenistan or without interests there lent weight to the videos, pictures, and personal accounts which originally appeared on social media and soon made their way to TV.

Social media expands the audience. It spreads the information rapidly and to audiences located far from the events and who do not speak local languages, as well as those who do not follow satellite photography. Distribution through unexpected channels to unintended audiences—or those that may be difficult to reach in a timely way through traditional means—is a major factor in the political value of social media. Expanding the audience means the possibility of larger public involvement in an issue, and research has shown that the efficacy of popular political action often depends upon the sheer number of participants.<sup>53</sup>

## INVOLVE

The role of Informing is essential, and may lead naturally to Involvement once people become aware that using social media to increase awareness of political issues that are important to them can be a valuable political action. A resident of Dowgala village in Turkmenistan's Akhal Province provided to RFE/RL video footage of a devastating flood on August 10, 2017, that killed twenty-five villagers, wreaking havoc on the village and farms. Villagers reported they had been told by officials not to discuss the flood. State media provided no coverage of the disaster, but focused on preparation for the Asian Indoor and Martial Arts games, an international competition that Turkmenistan was preparing to host.<sup>54</sup>

While Informing remains just as vital in more developed social media environments, the Involve function becomes more apparent in places such

as Kazakhstan. The events of Zhanaozen in December 2011, when Kazakhstani government forces killed protesting citizens and then imposed a media blackout have been widely discussed,<sup>55</sup> and the importance of social media in publicizing those events both within Kazakhstan and to the world is undisputed.<sup>56</sup> But social media did much more than break the news. Despite subsequent increasing government restrictions on all media,<sup>57</sup> social media over the following months connected those directly involved in the events and other social activists with fellow citizens and interested parties both domestically and around the world, helping to overcome the “atomization” that Evgeniy Zhovtis decried as rendering civil society in Kazakhstan ineffective.<sup>58 59</sup> The discussion not only increased awareness of the facts, but also formed communities whose interaction helped participants form beliefs about citizen rights, norms for government behavior, and their own role in promoting these norms. Online campaigns, such as that to free Aron Atabek,<sup>60</sup> the Kazakhstani poet who wrote a book critical of President Nazarbayev and his government, involved more of the public than could have taken part in any fashion without social media, even if they had known of the situation. There are numerous more recent campaigns where social media has figured prominently in Kazakhstan, even prompting the government to set up meetings with bloggers.

Social media served as more than a way to disseminate information, or as a tool for politically aware users to organize. It functioned as a game-changer by providing the opportunity for many more people to “engage in public speech.” It provided a means for social media users to become emotionally and intellectually engaged with a political issue. For societies such as these, where individual political efficacy is low and government control of the media is high, group formation that is focused on political issues that resonate with the population is a necessary step in empowering the population. In Hussain and Howard’s analysis of the role of digital media in the Arab Spring, they emphasize the need for a period before collective action can occur during which social media helps construct “collective identities and goals.”<sup>61</sup>

Many other instances can be cited when social media in Central Asia helped create group identities by involving non-activist citizens in discussions concerning a political issue. For instance, protestors used social media in Kyrgyzstan in April 2010 to promote assemblies around the country and then to spread news of the confrontation in the North<sup>62</sup> and the events of the next day in Bishkek that ended with President Bakiyev’s abdication. Not only did social media play an important role in involving the public, it also helped stabilize the situation, as many people attributed the remarkably peaceful situation in Bishkek to social media’s influence. Another example is the discussion that developed within Uzbekistan around Gulnara Karimova’s use of Twitter and YouTube<sup>63</sup> after she was recalled to Uzbekistan and subsequently

allegedly persecuted and put under house arrest.<sup>64 65 66 67</sup> Events in Ukraine and Russia's relations with its neighbors quickly became a topic actively discussed<sup>68</sup> in Central Asian social media after Russian troops entered Crimea, with a variety of opinions expressed. Social media has been seen as an important factor in Kyrgyzstan's post-Bakiyev contentious presidential elections.

Clearly, this process does not predict politically significant public activity of any kind, much less revolution—although it can. Whatever its apparent outcome, the process of involving the public remains a highly valuable topic for research, since it is a necessary element for popular action that results in political change. Additional forms of social interaction—not primarily media-based—are essential to move a community to taking action; however, any current popular movement with political resonance uses social media in some fashion. Those who study politics must learn to evaluate how social media forms group identities and involves the public, including in Central Asia.

The Central Asia Digital Islam Project has provided valuable insight into the influence Islamic social media has in the region. For example, Wendell Schwab's research shows that Islamic social media in Kazakhstan—particularly that sponsored by the “piety movement” (Schwab's term)—promotes and supports the government and President Nazarbayev in particular, as well as a peaceful, prosperous way of life.<sup>69</sup> He outlines how Islamic leaders including the Muftiate on its official website have continued to use social media to counter many of the concerns Kazakhstani Muslims had about the 2011 law on religion,<sup>70 71</sup> thereby reinforcing readers' identification with the regime and its goals. Noah Tucker argues that the IMU uses social media both to avoid censorship and to expand its search for recruits and support.<sup>72</sup> As he delineates many of the changing social media resources employed by jihadist groups, his analysis explains how these groups target audiences, with the goal of convincing consumers to identify with extremist views and goals.<sup>73</sup> Abdulfattoh Shafiev describes how the state-backed use of social media in Tajikistan has contributed to undermining the Islamic Revival Party of Tajikistan by challenging readers' identification with the IRPT.<sup>74</sup> This kind of in-depth research and analysis are essential to understand how social media influences and motivates the public.

One challenge is measuring the level of identification that social media users experience. Clearly, participating in a discussion or promoting a viewpoint demonstrates—and inculcates—greater Involvement than passive participation, which ranges from simply observing media to “liking” on Facebook or “following” on Twitter or even to reposting. However, even apparently active participation online is not a clear predictor of sufficient identification to motivate action, and is an area ripe for study. Of course, the inherent importance of a particular issue to a specific population is obviously

a major factor, but it is also not determinative. It is essential to uncover which elements bring social media messages into users' hearts and minds, to define which aspects of social media use matter to the public.

## INSTIGATE

The ultimate political use of social media—and the nightmare of many governments—is to spur popular demands for political change. The Instigate function of social media most often does not pose a danger to stability, nor will it fundamentally alter a political structure. While it certainly includes calls to action of the sort that topple regimes, it includes much more. This function singles out the use of social media to galvanize users to political action and gives social media its relevance for politics. If it simply disseminated information or promoted the formation of groups, even helped to develop identification with group aims, it would remain far less significant for politics than when it becomes a tool to promote group action. Aims, after all, are not action.

But the action need not necessarily achieve its aim, since many factors other than social media are involved in the ultimate outcome of any action directed at a political goal. The fact of popular political involvement, particularly if it stimulates the government to respond, demonstrates the vital role of social media in politics.

Social media has been openly and repeatedly used in Kazakhstan for political aims, although it has rarely achieved its users' ostensible goals. For example, a variety of activists used social media to oppose President Nazarbayev's call for an early election in April 2011.<sup>75 76</sup> Activists have repeatedly used it to call for rallies<sup>77</sup> with some success. The YouTube video of a Kazakhstani official defending proposed pension reforms for women were an integral part of the widespread public opposition in the spring of 2013 that influenced President Nazarbayev to delay the date of the reform's implementation.<sup>78</sup> One type of action that social media can instigate is an immediate response to a warning. Kazakhstani citizens' run on banks in February 24 in response to rumors that they were about to fail is an example that has happened in countries throughout the world.<sup>79 80</sup> The protests in April and May 2016 concerning land reform were some of the largest ever in that country, and apparently resulted in both detention of some organizers and the formation of the Ministry of Information and Communication, which has been seen as a response to the protests.<sup>81</sup>

The fact that social media sometimes works to instigate action does not mean that it can do so every time. Limited research on youth activists affili-

ated with popular political parties in Kyrgyzstan<sup>82</sup> indicates that social media has very limited political effect there. Consumers who “like” or “follow” an issue rarely get involved beyond that, and calls for demonstrations issued through Facebook do not typically produce much turnout. Even activists themselves view information obtained through social media with skepticism. They continue to use it, but say its reach remains very limited in their country and is not yet an effective means for garnering public participation. In Tajikistan, Umarali Kuvatov’s Facebook call for a demonstration on October 10, 2014, roused little response from the public, but a very definite response from the government, which shut down Facebook, fast-tracked a legal ruling against Kuvatov’s Gruppa 24, and sent many government forces onto the street to discourage any protest.<sup>83</sup> The difficult task of understanding how and when social media moves from functioning as Informer to Involver to Instigator becomes clearer as we use the prism of this schema to define the questions.

## GOVERNMENT’S ROLE

Every government in the region<sup>84</sup> <sup>85</sup>—including Kyrgyzstan, the most liberal<sup>86</sup>—has acted to control and shape social media use, which demonstrates that these governments consider this arena a vitally important one. In addition to control, these governments also attempt to use social media to *inform* their citizens, as well as to encourage their personal *involvement* in the roles and goals approved by the government, with the ostensible aim of *instigating* behavior supportive of the status quo or government policies. These governments control access to the internet,<sup>87</sup> invest in its development, use it for e-government, make proclamations about the dangers of the internet and especially social media, promote certain forms of its use, and attempt to restrict use in many other ways.<sup>88</sup> <sup>89</sup> They enact laws that enable government control of the Web<sup>90</sup>, and at times take control even without advising the public.<sup>91</sup> Central Asian governments think social media matters.

This concern stems from the fact that authoritarian governments are aware of social media’s ability to create the precursors necessary to instigate collective action. Research on neighboring China reveals that governmental concern may not focus on revealing any specific information, but is spurred by social media’s ability to create groups of citizens who will take independent action on any issue. According to the work of King, Pan, and Roberts,<sup>92</sup> the pattern of social media censorship in China reveals that the Chinese government does not censor posts that are critical of the government. Instead, it censors posts that concern collective actions not sponsored by the govern-



ment. Even posts that are supportive of the government are censored when those posts concern non-governmental collective action, which “reveals that the Chinese regime believes suppressing social media posts with collective action potential, rather than suppression of criticism, is crucial to maintaining power.”<sup>93</sup> This research demonstrates that negative comments about the government, particular leaders, or policies are not censored, while those that “represent, reinforce, or spur social mobilization, regardless of content” are censored in what the authors interpret as an attempt “to forestall collective activities that are occurring now or may occur in the future.” Given the region’s close ties with China and the fact that some Central Asian countries have utilized Chinese assistance to develop and control the internet within their own borders, it would be unsurprising to see a similar pattern of control in Central Asia, a pattern which aims to forestall social media’s ability to involve the populace in politically meaningful ways that are not under the government’s control.

## TERRORIST SOCIAL MEDIA

No treatment of regional social media would be complete without consideration of its use by terrorists. Terrorists’ use of the internet is key to spreading extremist ideology, promoting its acceptance, and recruiting volunteers. Using social media, they actively *inform* the population, preaching a worldview that fosters grievances. Building on this, they encourage consumers to identify or become emotionally *involved* with extremist interpretations, goals, and methods, with the clear goal of *instigating* action by their consumer.

Extremists, including the Islamic State (IS), have long used social media to promulgate their ideologies and recruit followers.<sup>94</sup> Previously, IS propaganda efforts in Russian were aimed at and run primarily by recruits from the North Caucasus, the area from which the majority of the Russian nationals who joined IS came. However, in mid-2015 IS began specifically targeting social media to Central Asia and showing Central Asians in photographs of IS media centers—including a presumed Kazakh code-named Artyom and a prominent Tajik militant Abu Daoud, indicating a shift of focus for their propaganda.

In addition, Furat Media<sup>95</sup> was developed as a propaganda wing of the IS producing Russian-language propaganda with greater professionalism than before. Through its website, Furat.info, and accounts on major Russian social media platforms such as VK, OK, and Moy Mir—with large numbers of Central Asians<sup>96</sup>—Furat publishes IS videos with added Russian subtitles, and also produces CDs in Russian. Furat is expert at using social media to

circumvent censorship, including by using various platforms to quickly reach new followers when one site is closed and it is forced to open a new one.

In a move that underscores the ability of extremists to use technology to their advantage, Sahhi Media, an IS affiliate in the North Caucasus closely associated with Furat, released an Android app, the first in Russian, called Caucas. It allows anyone with an Android smartphone or tablet to quickly access IS materials without regard for increasing censorship on Russian social networks or fear of being monitored.<sup>97</sup> Russian-speaking IS militants within Syria also rely on the app for information about IS activities in distant areas.

These developments underscore the need to understand more clearly terrorist use of social media, particularly as it is directed toward specific regions and populations. The categories of *Inform*, *Involve*, and *Instigate* may be useful in exploring extremist social media's effect on consumers.

## CONCLUSION

The *Inform*, *Involve*, and *Instigate* schema outlined above provides benefits when examining social media for its political effects, particularly in authoritarian societies. It is parsimonious; separating social media use into three broad categories allows the researcher to focus on results instead of categories. It directs attention to the consumer of social media, and focuses on consumers' actions, specifically on those actions that potentially affect politics. While there are myriad ways to slice social media, the focus on user action is the most pertinent to assessing how social media may be part of the causal chain that leads to political change—change including new legislation, forming NGOs, or many other changes that are not fundamentally revolutionary. This brief look demonstrates that change is the culmination of steps including Informing, Involving and Instigating, and that categorizing social media's function into these categories can be very appropriate and fruitful for analysis.

One measure of a good hypothesis is its productivity: Do the questions it provokes lead to fruitful avenues for study that will produce valuable insights? This paradigm points to questions such as: How does an online community form and develop opinions or identity? At which stages and in what ways are attempts to interfere with this dynamic effective, and to what degree? How can we measure the willingness of online consumers to exert political pressure and in which forms? This brief outline has undoubtedly—and fortunately—raised more questions than it has answered.

In conclusion, consider the similarities between the Abadan explosion in 2011 and the August 16, 2015, explosions in Tianjin, China, which killed at

least 145 people.<sup>98</sup> In both instances, social media initially informed both the world and even local and regional populations about the catastrophe. Social media continued to provide more accurate information both about the initial explosions and about the circumstances leading up to and resulting from them than officially released media did. China's government sought to stifle social media and remain in control of the narrative, as had Turkmenistan's. However, online commentary revealed more and also resulted in popular pressure that forced the government to take action. As the *Economist* pointed out, despite Chinese rulers' willingness to spend exorbitantly and enforce ruthlessly their attempts to stifle social media, Tianjin demonstrated that "social media are nevertheless China's main public square for debate."<sup>99</sup>

This illustrates the close connection between the three functions distinguished in this chapter: Informing may help create Involvement which then may Instigate popular action that changes the political sphere in some way. China's social media use is some of the most developed in the world, albeit with significant government controls. Central Asian social media use is not nearly as widespread as in China, nor is the infrastructure as developed. Nevertheless, in both areas, the population uses social media to inform about issues the government attempts to hide. Perhaps over time even Turkmen social media will become the "main public square for debate." Central Asian social media certainly already functions, in some times and places, to group people and deliver shared identity, and even as a significant factor in producing political change. This chapter is a call for a structured way of looking at these phenomena that can provide more useful insights into how this most modern means of communication helps form our world.

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## Chapter Six

# The Evolution of the Islamic Movement of Uzbekistan and Its Communication Strategy

## *Public Relations or Survival?*

Sebastien Peyrouse

In August 2015, the Islamic Movement of Uzbekistan—IMU (*O‘zbekiston Islomiy harakati*), a Salafist group, publicly declared its allegiance to ISIS. Created in 1996 and placed on the list of international terrorist movements by the State Department in 2000, the IMU has been tried and tested by close to two decades of combat in Central Asia (Uzbekistan, Kyrgyzstan and Tajikistan), and then later in Afghanistan and in Pakistan. Since 2001, NATO’s military operations in Afghanistan have decimated its chief cadres and scattered its ranks among the states of Central and South Asia. The movement has also undergone several internal dissensions, seen some of its alliances with international terrorist movements weaken (the Taliban, Al Qaeda), and its financial resources run dry. In this context, its allegiance to ISIS has been analyzed as a new attempt to respond to this difficult conjuncture, to impose itself on its field of operation, to shore up some financial resources, to recruit new combatants, and to reduce the flow of militants who are quitting the movement to go and fight in Syria. Widespread in the media, it constituted one of the largest communications operations ever undertaken by the movement.

Terrorism has been described as a conjunction of violence and of communication.<sup>1</sup> Through its acts, it aims to impact both on the individuals directly affected and on those who are present or informed by an intervening witness or by media channels. Its activism must “coexist with the dissemination of a justificatory narrative that rationalizes, glorifies, and promotes its acts,” and is generally founded on an ideal (caliphate, social and economic justice, concept of martyrdom, etc.) and on conspiracy theories.<sup>2</sup> As such, Jihadist Abu Mus’ab Al-Suri analyzed the failure of the Islamist campaign against the Baathist regimes in the 1970s and 80s as a result of the movement’s failure to build a communication policy and propagate objectives that were clear and accessible to the population in order to garner its support.<sup>3</sup>

The aim of this chapter is to study the development of the Uzbek Islamic Movement's communication policy and narrative, from its origins to its recent declaration of allegiance to ISIS. Similar to every terrorist movement, the IMU builds its legitimacy by first establishing its social and religious viability while engaging in violent acts that taken at face value seem to violate the norms of civilized society and the tenets of Islam. Second, it aims to propagate its movement by spreading messages to sympathetic audiences in areas where it wants to expand. Third, it seeks to intimidate its opponents. This applies not only to existing enemies but to sympathizers in the Muslim world who might think of turning against them.<sup>4</sup> It was to respond to these three founding principles that the IMU, in its twenty years of existence, has regularly and profoundly sought to reshape its communication strategy. Elaborated at the start of the 1990s around a campaign to be "the police of Islamic morals" in a local context, namely the town of Namangan in the Fergana Valley in Uzbekistan, the IMU's geographical and discursive field has significantly broadened: It gradually developed a narrative of international Jihadism in Afghanistan and in Pakistan, and has lastly come to place itself under the banner of ISIS.

This chapter argues that this evolution stems less from a deliberate policy of the movement's leaders to develop and extend its influence than it does from a survival strategy, and from the need to respond to multiple contingencies. The IMU was first obliged to adapt to a profound upheaval in the local and regional conjuncture: the authoritarian drift of Central Asian regimes, the civil war in Tajikistan, the advent and toppling of the Taliban in Afghanistan, and instability in Afghanistan and Pakistan. The IMU, it will be shown, adapted its narrative after being constrained to leave Uzbekistan and Central Asia, under the blows of repression of the political regimes, and then, partially Afghanistan under pressure from NATO forces. It was also obliged to meet the challenge of the global revolution of means of communication and information technologies. In less than ten years, it had to go from handing out leaflets from under a coat to video montage, and then adapt to the modern channels of dissemination: Internet, social networks, cellular technology, etc. The movement has nevertheless struggled to master this evolution, curbed by its limited logistical capacity and financial means. Lastly, it was confronted with the diversification and globalization of the market of terrorism. Each terrorist formation has had to redouble its efforts in order to have an impact, through games of alliance and rivalry, in local and international movements. In the IMU's situation of exile in Afghanistan and in Pakistan this has been a difficult position to maintain.

This chapter follows a chronological order. In the first part, it presents the movement's first communication strategy, which, under its original name

*Adolat*, revolved around Islam as a social and moralizing force, in a context of economic transition and identity questioning in Uzbekistan after the fall of the Soviet Union. Part two of the article studies the IMU's narrative evolution: after the majority of its militants left for Tajikistan and then Afghanistan and Pakistan at the end of the 1990s and early 2000s, the IMU internationalized and radicalized. The last part analyzes the IMU's new communications strategy after its declared allegiance to ISIS, as well as the potential consequences of this engagement on the movement. In conclusion, this article will examine the IMU's capacity to find and use the means of communication required to compete among the various flows and global tendencies of terrorism. The common denominator of Jihad, albeit mobilizing, is fragile: in twenty years, the IMU has had to manage multiple contradictions between a national design (overturn Islam Karimov's power in Uzbekistan) and an internationalized Jihadist combat, between the necessity to respond to the expectations of its combatants and the need to convince potential funders whose aims sometimes differ, between an originally Uzbek identity and an exile on territories where it is not always welcome.

## THE BIRTH OF A "LOCAL PRODUCT": ADOLAT AGAINST THE CENTRAL ASIAN POLITICAL AUTHORITIES

### A Moral, Identity and Security Quest in a Fragile Post-Independence Context

The Islamic Movement of Uzbekistan started out as a social movement called *Adolat* (Justice), which emerged in the context of major political and economic upheavals brought on by Gorbachev's reforms under Perestroika (1987–1991) and then the collapse of the Soviet Union (December 1991). Independent as of September 1, 1991, Uzbekistan has a dearth of economic resources at its disposal. Similar to all the region's other states, it was also suddenly deprived of the subsidies it received as part of the Soviet structure, which, despite its shortcomings, had guaranteed the country's economic development (agricultural and industrial) and social welfare system (free education and health care, low unemployment, cheap travel within Soviet space, etc.).<sup>5</sup> As a result, from 1992, the country underwent a financial crisis that translated into an increase in unemployment, a drop in salaries—or in many cases even their non-payment—an increase in corruption and a criminalization of society.

First Secretary of Uzbekistan's Communist Party since 1989, Islam Karimov was elected president of the new independent state in December 1991 after extremely contested elections.<sup>6</sup> He built the legitimacy of his power by

decreeing the advent of a nation state that would reject a majority of the foundations of the previous regime:<sup>7</sup> authoritarianism, collectivist economy, anti-religious policies. After seventy years of the Soviet regime's so-called scientific atheism, Islam came to be celebrated in the country as part of its national heritage.<sup>8</sup> Karimov established freedom of belief and religious expression, took an oath on the Koran, made the pilgrimage to Mecca, and authorized the building and restoration of mosques throughout the country. Religious practice in general, and of Islam in particular, nevertheless remained highly supervised by the authorities: the state was strongly opposed to a so-called false Islam, which it denounced as extremist or fundamentalist, and as not belonging to the national heritage, which the state alone was apt to define.<sup>9</sup>

In this context of transition, the Fergana Valley, the most populous region and one of the country's economic centers, quickly came to be seen as a potential hotbed of instability.<sup>10</sup> From before the fall of the USSR, it was the theatre of social tensions and interethnic clashes, in particular between Meshket Turks and Uzbeks.<sup>11</sup> With perestroika, several political and social movements emerged and were fuelled by this background of instability, whether potential or real. Under the cover of freedom of expression, albeit rather relative and provisional, they denounced the economic and social difficulties, the corruption of police and functionaries. Some of these movements took up the banner of Islam and demanded a society based on respect for Islamic morality, in a private and professional framework: *Islamskaia Partiiia Vozrozhdeniia* (The Islamic Party of Renaissance), *Islam Militsiyasi* (Police of Islam), *Islam Lashkarlari* (The Warriors of Islam), *Odamiilik va insonparvarlik* (Humanity and Mercy) and *Adolat* (Justice), the future IMU.<sup>12</sup>

Created in 1989 by a secular personality, Abduhakim Sattimov, *Adolat* began as a movement aiming to protect the small silk production company of its founder. It rapidly changed into a social movement whose goal was to combat criminality and racketeering. After independence, it took on a religious dimension.<sup>13</sup> Sattimov appointed a young Islamic figure as leader, Tahir Yuldashev. Born into a poor family in the town of Namangan in 1968, Yuldashev radicalized after having carried out his military service as part of the Soviet troops in Afghanistan. Back in Uzbekistan, he founded an armed movement called *Tovba*<sup>14</sup> and got involved in other Islamic organizations such as *Islam Lashkorlari*.<sup>15</sup> Once at the head of *Adolat*, he gave the movement an eminently religious color, stipulating an inseparable link between Islam and the resolution of social questions.<sup>16</sup> This postulate became the basis on which *Adolat* came to build its public relations, and forge some major sympathy among the population and recruit militants.

The movement asserted itself through its physical presence in the town, by organizing patrols during the day and night, on the street, in the markets,

and over areas deemed prey to criminality. In the name of Islamic morality, its members, obliged to take the Islamic oath of allegiance (*bayat*), had shops and stalls selling alcohol closed down, and hunted thieves and delinquents, to whom they sometimes inflicted corporeal punishment (whipping). They violently attacked persons who went to discos, and burst in on marriage celebrations to force the organizers to remove alcoholic beverages from tables. They forced women to wear the veil and obliged men to go to the mosque for their daily prayer.

With these street actions and moralizing Islamic discourse, Yuldashev managed to seduce some sections of the population who were pauperized by the fall of the Soviet Union; retailers who thought they would receive more protection against criminality; believers who saw in *Adolat* a promoter of their Muslim identity; and some religious personalities and imams of mosques from the town and surrounds, some of whom supported the movement financially.<sup>17</sup>

### **From Islamic Morality to Political Islam**

To convey, publicize and promote its agenda and message further,<sup>18</sup> Yuldashev organized the movement's first *coup de force*. In 1991, where the town's chief prosecutor wanted to take legal action against *Adolat* for murders and violence, its militants besieged the building. They captured the chief prosecutor, whom they flogged in public and forced to give his apologies to a crowd gathered in front of the building.<sup>19</sup> The gesture was strong, since in Uzbekistan the prosecutor's office constitutes one of the symbols of any simple citizen's feeling of impotence against the authoritarianism and corruption of the government and its administration. Though several political and social formations had already contested Karimov's actions and authoritarianism (Erk, Berlik),<sup>20</sup> this was the first time that a group had gone beyond verbal criticism and defied a symbol of power through an act of physical violence.

Some months later, on December 19, 1991, Yuldashev took control of the Namagan town hall to demand Islam Karimov's resignation.<sup>21</sup> Standing before a crowd of demonstrators gathered for the occasion, Yuldashev demanded the foundation of an Islamic state, a reform of the parliament, the holding of fresh presidential and legislative elections, the introduction of Islamic subjects in schools and universities, the administrative legalization of *Adolat* by the interior ministry, and the simplifying of procedures to obtain passports and visas for the pilgrimage to Mecca.<sup>22</sup>

These two days signaled a notable turn in the movement's communication strategy. In a context of political and social fragility, *Adolat* participated in a joint process with many political, social and religious groups, which consisted

in instrumentalizing the corruption and the supposed human alienation in modern societies to mobilize people for a return to the so-called true values.<sup>23</sup> But through its overt criticisms of the country's official policy, the movement became increasingly politicized: by demanding Karimov's resignation and calling for fresh elections, it hinted at its capacity to take over power and govern in the name of Islam. *Adolat* thus developed from a local, social and moralizing organization to a political movement with national ambitions.

December 19's course of events nonetheless revealed a significant gap between the expectations of the demonstrators and Yuldashev's Islamic political project. *Adolat* was still perceived as a social and moral movement: although more than 90 percent of the Uzbekistani population is Muslim and claims religious identity, a vast majority supports the principle of separation between state and religion. The young Uzbek leader, who tried to legitimize his gesture by drawing in several local religious leaders, was quickly overwhelmed by secular figures, who demanded to express themselves in the name of the demonstrators. All of them presented social and economic demands, stripped of any religious character. By promising to meet them, Karimov, who had accepted the invitation to come from Tashkent to negotiate, managed to appease the crowd, depriving Yuldashev of his design to establish an Islamic political order through this *coup de force*.

Up to then the leader of *Adolat* had found his base among the poor and a pauperized class of storekeepers, and had barely sought to diversify his rhetoric in order to reach out to a broader spectrum of the population. As Sutton has shown, a common error of many theoreticians or leaders of revolutionary movements, whether secular or religious, has been to think that it is the mostly poor classes who are open to radical ideas and violent acts, a postulate gainsaid by the engagement of the middle classes in the so-called red terrorist groups in Europe and in the United States.<sup>24</sup> Many works on the composition of Islamist networks ( Hamas or Islamic Jihad in Palestine) attest to the presence in them of very diverse social groups and to a preponderance of individuals from the middle classes and from the higher professional milieus. A study undertaken by Sageman on 102 biographies of militants notes a strong representation among the middle and upper and well-educated classes.<sup>25</sup> In Namangan, one of the wealthiest towns in the country, the families and individuals gathered on the square were not all from poor backgrounds; many of them were expecting responses to the economic, identity and cultural issues that had arisen with the collapse of the USSR and independence.<sup>26</sup>

Noting his failure to convince the local population, Yuldashev revised his communication strategy, making two notable changes. He no longer mobilized only the pauperized populations around Islamic precepts declared to have been flouted by the corruption and mores of a purportedly amoral period

of post-independence, but strived to assemble people around a praxist character of radical Islam, which conjugates theory and practice. In this regard, he first sought to “inspire a movement of purification and cathartic community rebirth, and to reconcile the interests of the middle classes with marginalized groups.”<sup>27</sup> Second, Yuldashev undertook to integrate further his narrative into an internationalist Islamist rhetoric, which constitutes a source of aura and legitimacy. By suggesting a sentiment of solidarity among Muslim communities and Islamist movements throughout the world, he sought to attenuate the feeling of isolation of his militants within an increasingly authoritarian and repressive state.<sup>28</sup>

This reorientation found expression in the use of new symbolic lexicon and in a jihadist discourse that was unprecedented within the movement. Yuldashev proclaimed himself the Supreme Emir (*Bosh Amir*) and had a throne installed in the Namangan town hall that intended to embody a new power, and was a direct reference to the golden age of the Islamic caliphate and a denunciation of the republican system proclaimed by the Uzbek Constitution. First covered in a red brocade, Yuldashev had the throne’s color changed, red being a symbol of communism, and replaced it with a golden tint, which is an emblem of Islamic iconography, as in the beyond Jihadists are supposed to receive a gold throne.<sup>29</sup> He established a new oath (*Bay’a-nama*), which some years later would become the IMU’s own, after which members could be referred to as Mujahidin combatants, a term up to then not in usage among its militants.<sup>30</sup>

Yuldashev’s ambitions to make *Adolat* the avant-garde of an Islamic political program in Uzbekistan nonetheless ran up against several major obstacles. First, Yuldashev’s Islamic narrative did not spring up on virgin soil, but was part of a political and identity debate that had largely begun under the Soviet regime. For many decades, Central Asia had already experienced considerable debate among reformers, conservative and fundamentalist ulemas in the very heart of the Soviet system regulating religion, including inside the official Spiritual Administration of the Muslims of Central Asia and Kazakhstan (SADUM) that the Soviet authorities had created to manage Islam and control the population of believers.<sup>31</sup> These oppositions developed as a function of local criteria—regional traditions, relation of the region to the Soviet state, and particular social and economic conditions. The antagonisms that arose between conservatives and fundamentalists touched on very diverse aspects of religion. Some concerned the relation of Islam to modernity. Fundamentalists criticized the incompetence of local imams, the general ignorance of the population concerning religious questions, and the submission of conservative ulemas to secular power. Throughout the 1970s, the schism between conservatives and fundamentalists increased in magnitude when-



ever the Soviet regime was less violent in its repression of religion. From the 1960–70s onward, the Fergana Valley became the main region in which fundamentalist conceptions of Islam crystallized, and a leading battleground between Hanafite conservatives and fundamentalists inspired by Hanabalism and Shafi'ism.

Second, *Adolat* also had to establish itself against the other Islamic movements already present or which were trying to settle on Uzbek and other Central Asian territory under the cover of independence. These included: Hizb ut Tahrir, which, at least officially, promoted the non-violent taking of power and the restoration of an Islamic caliphate;<sup>32</sup> and Tablighi al Jamaat, a revivalist movement that, through its very active proselytizing, pushed Muslims to return to orthodox Sunni Islam.<sup>33</sup> Lastly, as he was not considered a theological figure, Yuldashev especially struggled to establish the movement within this diverse array of other movements and discourses. He himself recognized the weakness of his theological knowledge, an observation confirmed by several notebooks of which he seems to have been the author, in which the interpretations and explanations of the suras and hadiths remain very summary.<sup>34</sup>

In this context of socio-economic transition and politico-religious rivalry, Yuldashev continued to set his movement with an essentially national design: take power and set up an Islamic regime in Uzbekistan. *Adolat* was made up of a clear majority of Uzbek militants living on their national territory and did not invest in the formation of affiliated groups beyond the borders of the country. It subscribed to a religious nationalism, in the sense of a “community of religious people or the political movement of a group of people heavily influenced by religious beliefs who aspire to be politically self-determining.”<sup>35</sup> By using an international Jihadist symbolism, Yuldashev mobilized people through “feelings of national identity, through a sacred communion of the elect.”<sup>36</sup> This posture would, however, soon be tested: *Adolat*'s communication in Uzbekistan moved in a large diversity of social backgrounds, at the juncture of the contemporary political context and historical influences (Tsarist and Soviet), of the secular and the religious, of local and global experiences and influences, a diversity that was to increase in magnitude with the movement's progressive exile from the mid-1990s on.

### **From *Adolat* to the IMU: Stakes of a Revised Communication Strategy**

Yuldashev's failure to overturn the political authorities gave the Uzbek president the occasion to launch his first campaign of repression against the movement. *Adolat* was banned in March 1992, and its members faced criminal charges. Some of them found refuge in Tajikistan, which was mired in the

civil war (1992–1997).<sup>37</sup> The movement joined the ranks of the United Tajik Opposition, a coalition of groups led by an Islamist personality, Sayid Abdullo Nuri, who was combatting the regime in Dushanbe. It opened military training camps in the zones controlled by this coalition. New personalities emerged, in particular Jumaboi Ahmadzhanovitch Khojaev, who had served in the Soviet army in Afghanistan, and who soon became the group's military strategist, under the name Juma Namangani.<sup>38</sup> Between 5,000 and 10,000 youths are to have joined the ranks of the movement in the mid-1990s.<sup>39</sup>

In 1996, Yuldashev and Namangani created a movement, called the Islamic Movement of Uzbekistan (IMU), which took over from *Adolat*. Opposed to the peace agreement signed the following year in Tajikistan, they accepted to lay down their weapons but kept up their militant activities. The IMU was financed mostly by drug trafficking from Afghanistan and by the funds it received from Uzbeks in the diaspora, in particular in Saudi Arabia.<sup>40</sup> It quickly came to prominence after several large-scale operations of scope.<sup>41</sup> It launched raids from its bases in Tajikistan in the Batken region (southern Kyrgyzstan) in the summers of 1999 and 2000. During its incursions, it took hostage eight Kyrgyz military personnel, four Japanese geologists, four American mountain climbers, as well as several other foreigners, and demanded money and freedom for their imprisoned comrades. The movement acquired media celebrity for its combat capacity: fifty-five Kyrgyz soldiers died fighting the IMU in 1999 and 2000. In the spring and summer of 2000, its militants, who had gained the mountains of Sukhandarya, allegedly got to within 60 kms from Tashkent, before being repelled by the Uzbek forces. In July 2001, they tried to capture a television relay station in Kyrgyzstan that broadcasted to both Kyrgyzstan and Uzbekistan.<sup>42</sup> These operations contributed to spreading the IMU brand in Central Asia and beyond, indeed as far as the United States, which placed it on its list of terrorist organizations in 2000.

The new name *Islamic Movement of Uzbekistan* did not result from a schism within *Adolat* but rather expressed a new revision of its communications strategy in order to meet the new challenges due to its exile. By using the term *Islamic*, Yuldashev and Namangani further placed the movement within a religious and political logic, namely to Islamicize society and create an Islamic state, a posture that had been scarcely evident in its name of Justice (*Adolat*). This development was made in the name of Jihad, a notion that did not appear in the leaflets of *Adolat* but that was to occupy a growing place in the IMU's training camps in Tajikistan, and then in Afghanistan. Jihad was justified in them according to four principles: 1) The obligation for the combatants to conduct a holy war in the name of their Islamic faith and the necessity to establish an Islamic order; 2) the obligation of every individual to submit to Islamic law, the vocation of which is to manage the whole of

society and daily life; 3) to deprive Islam's enemies of economic resources and prevent them from exercising economic domination over Muslims; 4) to combat all Islam's enemies with military might.<sup>43</sup> In the second half of the 1990s, the Jihad lessons of the IMU employed a rhetoric that had increasingly more in common with foreign and international Jihadist movements: to fight against "infidels" and "false Muslims," to establish a so-called pure Islam, and to eliminate every individual opposed to it.<sup>44</sup> The concept of martyrdom (*Shahid*) came to appear in its most summary portrayals: seventy-two virgins (*Houries*) offered, sins instantly pardoned after the act, etc.<sup>45</sup> The discourse was intended to be more and more anti-Semitic and anti-western.<sup>46</sup> Karimov is described in it as a Jew in the pay of the West,<sup>47</sup> and globalization as a threat to local cultures and a programmed marginalization of Islam.

In using the label *Uzbekistan* in the title of their new organization, Yuldashev and Namangani sought to reconcile their increasingly internationalized Jihadist discourse, born of their situation of exile, with the initial project of *Adolat*. They confirm their national roots and, as a result, their project to topple Islam Karimov and his government. In the lessons of Jihad, they launch an explicit appeal to Uzbeks to distance themselves "from the luxurious life and the parasitism, and [whose] hearts demand justice."<sup>48</sup> According to Yuldashev, Tajikistan continues to be a terrain on which combatants can be trained to take over power in Uzbekistan.<sup>49</sup> All the same, both leaders are extending their movement's theatre of action into their place of exile: in the first years after the peace accords, they stood opposed to the government of Dushanbe and called for the organization of guerilla and propaganda operations in Tajikistan and in "enemy territory."

The notion of enemy territory nevertheless remains rather fuzzy. For the IMU, the exacerbation of Jihadist and anti-Western discourse, in the name of the defense of Islam, does not imply extending the combat beyond the region, and less still onto the territories of the enemy states (United States, Europe, Israel). The IMU's rhetoric, like that of many other movements in the 1970s and 1980s,<sup>50</sup> largely ignores global questions. The Israeli-Palestinian conflict, which receives scant attention from Islamist movements beyond the occupied territories and Libya, is totally avoided by the IMU. Their aim lies elsewhere: western domination is held to stem from the weakness of the powers of Muslim states and from their collusion with Western governments. Toppling these powers will therefore make it possible to redefine their relations with the western world, and to Islamicize their own societies in full.

The IMU has taken an analogous path to numerous other Islamic movements throughout the world: many have emerged in repressive states in which all citizen participation has been strangled, in which political parties, social movements and other channels of expression of civil society have been severely restricted or banned. Most have first circumscribed their operations

within a local or national space.<sup>51</sup> In Egypt for example, prior to becoming an international Jihadist, Zawahiri made the internal enemy his foremost target: he intended to overturn Egyptian power and fight the unbelievers in his immediate entourage.

This posture did not prevent some nationalist Islamic movements from extending their area of combat: in Indonesia, *Jemaah Islamiyah* strove to establish an Islamic government with, as its ultimate goal, the institution of a unified Islamic state that would extend from Thailand to the Indonesian archipelago and to the south of the Philippines.<sup>52</sup> The notion of Islamic state nevertheless remains limited to a common cultural space. For the IMU, despite an official field of action stretching between Tajikistan and the “enemy territories,” exporting itself to Central Asia is not a priority, or even an objective. Yuldashev was later to concede that he had not counted upon making his movement into a military organization active over such a geographical space.<sup>53</sup> At the end of the 1990s, the IMU remained an Islamo-nationalist movement, the members of which were Uzbek in the vast majority. However, its exile beginning in the early 2000s and the subsequent dispersion of many of its militants to Afghanistan and then Pakistan was to further shake up this fragile balance between its Uzbek identity and its forced regionalization, turning its narrative upside down.

## **THE EXILE IN AFGHANISTAN AND IN PAKISTAN: RESPONDING TO AND MANAGING THE “DE-CENTRALASIANIZATION” OF THE MOVEMENT**

### **A Deterritorialized, Weakened and Divided Movement**

At the start of the 2000s, all the states of Central Asia—Kyrgyzstan excepted—moved toward authoritarian-style politics.<sup>54</sup> Added to the repression of the Uzbek government against any dissidence, whether religious or secular, was that of the Tajik president who, at the head of a now stabilized state following the end of the civil war, had its hands free to repress terrorist movements. These measures, which were politically, and sometimes materially, supported by Moscow and Beijing, led a majority of IMU cadres and combatants to flee to Afghanistan into the regions of Kunduz and Mazar e-Sharif controlled by the Taliban. However, from 2002 on, NATO operations inflicted new setbacks on the movement: many of its combatants left the north of Afghanistan to take refuge in the border zones of the south and in Waziristan, in the district of Deh Chopan in the north of Zabul province, and in the tribal regions of Pakistan. The repressive policies in Central Asia,

and the military operations in Afghanistan and Pakistan, were to impact the IMU profoundly.

First of all, its leadership was affected. Several of its highest cadres were killed by NATO operations:<sup>55</sup> Namangani died in Afghanistan in November 2001 while fighting in the Taliban's ranks. His death left Yuldashev solely in command; after 9/11, he moved to Pakistan's Fata region. In August 2009 Yuldashev was killed in a drone missile attack in South Waziristan. He was replaced by his deputy Abu Usman Adil, who himself was killed in a drone attack in April 2012. After the death of Adil, his deputy, Usman Ghazi, took control of the IMU.

With a majority of its members exiled, the movement engaged in armed struggle in Afghanistan and Pakistan. It entered into overt conflict with the Pakistani government in October 2003 after the national army had launched raids in the tribal zones where it had taken refuge.<sup>56</sup> In December, it took its "bay'a for jihad in Pakistan," an oath to which the Pakistani security forces reacted by launching a new major offensive in Wana, in the south of Waziristan, in March 2004.<sup>57</sup> Many other clashes were to follow, in particular during 2007–08, when the Pakistani forces, in cooperation with a local Taliban chief, expelled hundreds of Uzbek militants from the chief's tribal territory. Hundreds more Uzbek militants were then killed, while the rest moved elsewhere in Waziristan.

From the 2000s on, most of the movement's operations were henceforth conducted in South Asia, far from Uzbekistan and Central Asia, a tendency that has been consolidated in recent years. The IMU claimed responsibility for an attack on an American base in Bagram in May 2010, several suicide attacks against Afghan or Pakistani officials and, in 2011, is to have participated in the attacks on a marine base in Merhan during which fifty-odd people were killed.<sup>58</sup> In 2012, about 150 IMU and TTP (*Tehrik-i-Taliban Pakistan*) combatants broke into Bannu prison in the province of Khyber Pakhtun Khwara and freed close to 4,000 prisoners. In that same year, the movement allegedly contributed to an attack on the air base at Peshawar. Two years later, it laid claim to the murderous attack on Karachi airport, which was to reverberate loudly in the national and international press.<sup>59</sup>

The movement's geographical dispersion led first to a decentralization of its leadership and its organization. Moreover, after the toppling of the Taliban, it was deprived of the protection it had enjoyed on Afghan territory, so it developed into a network further scattered into clandestine cells. Its mujahidin became more autonomous in their choice of targets and the organization of operations: during the 2000s, several attacks were conducted under the leadership of different heads.<sup>60</sup> The camps became more differentiated, with some focusing essentially on military acts, where others granted more space for religious practice and teaching.<sup>61</sup>

Second, in this situation of exile, the IMU's ranks diversified. As is attested by a propaganda film, *The Call*, the movement is no longer a local structure almost exclusively made up of Uzbeks, but began in the early 2000s to incorporate several other nationalities.<sup>62</sup> In 2007, the expulsion of Uzbeks from south Waziristan sent many of them to join forces with the Taliban, which further diluted Uzbek domination.<sup>63</sup> A list of IMU "martyrs" released in 2011 on the website, *alfurqon.com*, shows that only four of the eighty-seven martyrs were from Uzbekistan: sixty-four were from Afghanistan, ten from Tajikistan, six from Kyrgyzstan, and one each from Tatarstan (Russia), Pakistan, and Germany.<sup>64</sup> This ethnic diversification, which intensified considerably in the space of a few years, is nonetheless not specific to the IMU: many Islamist militants throughout the world, under the blows of local political repression, have left their movements and countries of origin and joined larger international organizations, such as al Qaeda. At the end of the 1990s, this latter movement listed more than twenty-five nationalities in its ranks,<sup>65</sup> and 78 percent of its fighters were cut off from their cultural and social origins.<sup>66</sup> Like many other terrorist movements, the IMU must therefore manage to federate the increased autonomy and diversification of its combatants.

Third, the IMU also has to impose itself against the political/terrorist organizations present: the Taliban, to which the movement has declared allegiance, al Qaeda, which it declares its support for and from which it receives funds,<sup>67</sup> and other groups such as the Haqqani network with which it has allied since its exile in Pakistan. The IMU indeed relied upon the Haqqani network for refuge and militant training in its bases in Waziristan, while the IMU equips the Haqqani network with soldiers for insurgent activities.<sup>68</sup> It lastly must gain acceptance from the local populations, with whom relations are sometimes tense. The IMU has regularly been accused of having recourse to methods of intimidation, demanding financial and food support from the inhabitants, and of behaving like an occupying force.<sup>69</sup> Local tensions were particularly fraught in Pakistan in March 2007, after fights between the IMU and the tribal chiefs of Waziristan led to the deaths of 160 inhabitants. To meet these multiple challenges, the IMU has had therefore to revamp its communication policy. This revamping occurred at the level of form, through the use of new means of communication, and at the level of content, through a notable evolution of its narrative.

### **Modernizing the Form, Adapting the Content: The New Stakes for a Revised Communication Strategy**

In less than twenty years, the world has undergone a revolution in communications technology to which terrorist movements have been obliged to respond. Al Zawahiri thus interpreted the failure of the Muslim Brotherhood

as due to their refusal to adapt to new technologies, which are now seen as indispensable for gaining public support and as weapons that are as powerful as Western drones and missiles.<sup>70</sup> Many terrorist organizations have migrated from physical space to cyberspace, dropping rudimentary forms of propaganda (distribution of brochures and leaflets) in order to take up first media with a large broadcast potential (TV), and then internet networks and cellular devices, enabling them to circumvent censorship and broadcast within a globalized space.

The IMU has endeavored to adapt to this evolution in communications technologies. It opened its site internet *Furqon*, which, through its online content in Uzbek Cyrillic, targets an essentially Uzbek audience.<sup>71</sup> In Tavildara, Tajikistan, the IMU created a studio, referred to as *Studio Jundullah*, which is to be transferred to Kunduz in Afghanistan. This studio has become the official media branch of the movement and addresses a much larger audience than the internet site does. It produces propaganda films designed to shape ideologically the movement's own members, recruit new combatants and improve its credibility with financiers. Jundullah has released about 170 propaganda films, several audio messages, written statements and newsletters in more than ten languages—in Uzbek, Russian, Persian, Arabic, German, Urdu and Pashto.<sup>72</sup> The videos nevertheless remain rudimentary, for the most part depicting poorly filmed war scenes, often devoid of any ideological message.<sup>73</sup>

However, the content of the IMU's narrative is what has changed the most profoundly. The movement is henceforth engaged in an effort to communicate across an enlarged geographical space, indeed a deterritorialized one, in which religion and culture have much less or no relationship with a territory or a given society. Remote from its Uzbek "soil," the IMU faces much less social authority or social pressure to conform in Afghanistan and Pakistan, and, subsequently, has to define itself solely in terms of religion and in comparison with all "others"—other religions, other values, other environments.<sup>74</sup> The IMU's narrative has begun to elaborate a community of emotion designed to generate cohesion between the local Muslim community and the international one—the ummah. This paradigm is thus common to international Islamist movements:<sup>75</sup> A study of Osama bin Laden's declarations shows, for example, how after 2001 he tried to rationalize his actions by broadening his call to a community of 1.2 billion Muslims through the notion of ummah.<sup>76</sup> The ummah is herein defined as a deterritorialized space without center or periphery, in which religion and nationality are confounded. It provides a framework of behavior, of security, a feeling of communitarianism and of collective identity.

From this viewpoint, the IMU has equipped itself with banners and a logo henceforth inspired by international Islamism. A first banner, made up of Jihadi motifs, represents a horseman on his horse, which in Islamic culture

are symbols of courage, victory and of the first generation of Muslims who fought campaigns of conquest and Islamicization. Through this symbolism, the IMU is building a link between contemporary Jihad and the origins of Jihad. The text of *shahada* (Islamic testimony of faith), written on a black banner carried by Mohammed and his companions in arms during their warrior campaigns, makes reference to Jihad and the re-establishing of a caliphate. No allusion is made to Uzbekistan: on the contrary, a map of the world in the background implies the movement's globalization. Another banner, which appears on the movement's Islamic paper *Huroson Lashkari*, is part of a similar logic. It presents mountains, symbols of grandeur and divine essence, *Shahada* written on a black banner and a calligraphic representation of *bas-mala* ("bi-smi Allah al-rahman al-rahim": "in the name of God the merciful and compassionate"). Lastly, a logo, used on the website of Jundullah studio, presents several Jihadi motifs, including an open Koran in front of a globe of the earth and born by two sabers; emblems of early Islamic history and of the first generation of Muslims, the sabers symbolize religious purity, the prophet's righteousness and again link contemporary Jihadi activities to the Islamic campaigns of the origins. The word Allah, written above a globe of the earth, invokes the globalization of Jihad and, as a result, that of the IMU.<sup>77</sup>

The ten propaganda videos of the IMU viewed in preparation of this chapter were all produced in Afghanistan and Pakistan. In them there are no allusions to Uzbekistan, or Karimov's policies or those of other Central Asian governments. Other declarations published bear on local Afghanistan and Pakistan political topics, in particular the Taliban's refusal to topple so-called Pakistani apostate power or exhort "every Muslim living in Pakistan to go out and jihad against the most filthy government of our age, the Pakistan government and its apostate army."<sup>78</sup> IMU propaganda is stamped by a Jihadist terminology shared by many other Islamist movements: "hypocritical apostates," "crusaders," "American tyrant," terms which were not used or only very little by the movement in the 1990s and early 2000s.<sup>79</sup> Following the example of ISIS, it also uses images designed to shock, by, for example, filming the execution of prisoners, up to then an unprecedented procedure in its communication strategy.<sup>80</sup>

The IMU has thus reconceptualized its field of contention from the local to the global:<sup>81</sup> its narrative has evolved from one about a war against an internal enemy, i.e., the overturning of local/national (Uzbek) power, which was still current in its propaganda film *The Call*, produced in 2000, to a struggle for a global Islamic cause and one fought against an external enemy ("Western crusaders," in particular American and Israeli), the goal of which would be to eradicate Muslim identity and power.<sup>82</sup> This conspiracy discourse nevertheless aims less to obtain a response from the said target, American or Western, than to "reshape the general atmosphere and content of the political public



sphere,”<sup>83</sup> in order to mobilize activists and sympathizers around the notion of ummah in a regionalized, or even globalized, combat. The IMU has followed an evolution comparable to numerous other Islamicist movements in Egypt, Algeria, Saudi Arabia and Indonesia, which, in the 1980s and 90s, focused their struggle on a so-called close enemy (the national political powers) and on Islamicizing local society (Muslim brotherhoods). Their failure to overturn the political authorities, repression, internal dissensions and their financial difficulties have all led them to elaborate new survival strategies. Many have drawn closer to international Jihadism and its main promoters, such as Al Qaeda and, more recently, ISIS, both of which are financially powerful.

### **THE IMU’S ALLEGIANCE TO ISIS: INTERNATIONALIZATION OR HYBRIDIZATION?**

On July 31, 2015, the spiritual leader of the IMU, Sheikh Muhammad Ali, declared his allegiance to ISIS. This gesture sealed a rapprochement between the two movements, which had been observed for more than a year. In September 2014, Usman Ghazi officially made known his support for ISIS and, in March 2015, a group of Uzbeks aligning themselves with the IMU had already declared their allegiance.<sup>84</sup>

This approach, which has been viewed as a vast campaign of self-promotion, raises two sorts of questions. Concerning the form, can this campaign be interpreted as a consecration of the IMU, henceforth condoned by the most powerful terrorist organization in the world, or does it rather constitute an avowal of weakness, an alliance by default, an umpteenth—ultimate—attempt at survival after two decades of combat, of internal dissensions and tensions with populations and certain Taliban factions of the region?<sup>85</sup> Concerning the content, has the movement, which has made official its commitment to the international Jihadist logic promoted by ISIS, definitively renounced its narrative against the Uzbek and Central Asian regimes, which was the very basis of its communication strategy in the 1990s?

In the mid-2000s, many analyses considered that IMU was on the verge of extinction.<sup>86</sup> Yet by late 2013, it claimed to have some seven hundred fighters and 140 advisers and trainers in Afghanistan, a further 2,000 fighters in Pakistan, and an undisclosed number active elsewhere, including in Central Asia, the Caucasus, Iran and Syria. About 10 percent of its troops allegedly were members of affiliated organizations.<sup>87</sup> Other sources put forward far more modest figures of about 1,200 individuals scattered across the entire region.<sup>88</sup>

Tested first by the repression of the Central Asian regimes, then by NATO and Pakistani forces, the IMU was also weakened by multiple rivalries and games of political influence on its terrain of exile. In 2002, major internal dis-

sensions, triggered by a rhetoric henceforth founded on a globalized Jihad as opposed to the combat against Central Asian political powers, brought about a schism: militants who aspired to redirect the combat against the Central Asian governments, in particular the Uzbek government, left the IMU and created the Islamic Jihad Union (IJU).<sup>89</sup>

Moreover, the IMU, which has increasingly taken a stance of non-compromise, has come up against different local factions that are more open to negotiations with their said enemies. In Pakistan, it came into open conflict with a Pakistani Taliban chief of South Waziristan, Nazir, who wanted to negotiate his relations with the Pakistani government on his own, and opposed all foreign presence, whether American or Jihadist. He enforced sharia in South Waziristan in 2006 with instructions to his supporters to avoid combat with the Pakistani army. Deemed too conciliatory by the IMU, Nazir and his tribal allies responded by demanding the departure of Uzbeks in 2007. From 2010, the IMU also had to come face to face with Quetta Shura, which envisioned negotiating with Washington and Kabul.<sup>90</sup>

The IMU's conflicts with specific Taliban factions have produced tensions also with Al Qaeda. The latter is against the IMU's call for Jihad against the Pakistani army. Bin Laden, who wanted to avoid direct confrontation with Islamabad in order to preserve his camps in Pakistan, supported Nazir, whom he presented as a "prominent Taliban official with impeccable Jihadi credentials."<sup>91</sup> In August 2009, he declined the request of the IMU's new leader, Uthman Adil, to conduct a joint operation in order to counter the Pakistani military offensive launched in North Waziristan. Al Qaeda was to maintain that political line for many subsequent years. In 2014, it refused to support the IMU during a major offensive against the Pakistani government in North Waziristan, a decision that further exacerbated tensions between both movements.

### **For an Accepted Globalized Jihad?**

In this context of weakening and rivalries, allegiance expresses a quest for legitimacy, as well as for financial and human resources. The IMU saw its finances run dry, in particular after tensions grew with Al Qaeda and the death of its leader bin Laden in 2011.<sup>92</sup> Allying itself with ISIS constitutes a new potential source of financing, although no transfer of funds has been attested. Allegiance is also a means of further establishing oneself on the media stage. Despite the different communication campaigns led on its internet site, which is closed down today, and its studio Jundullah, the IMU remains in the shadows of ISIS. Thanks to its international media notoriety, its mastery of propaganda techniques and communications technologies, ISIS has made al Qaeda and a number of other more modest movements look outdated.

This new rivalry was a further setback for the IMU, which since 2012 has seen some of its militants leave Khorassan to go and fight among the ranks of the Islamic State. Besides, a growing number of Central Asians are being recruited by the ISIS networks during their work migrations to Russia, from where they are easily able to travel to Syria via Turkey.<sup>93</sup> Through this alliance, the IMU hopes to reduce the competition and make the Khorassan branch of ISIS, created in January 2015,<sup>94</sup> a pole of attraction for militants in pursuit of ideals in a theatre of action close to their land of origin.

The IMU drew up a new profession of faith, which was published in an open letter on August 2, 2015, precisely in order to respond to this profoundly altered international and regional context: it broke with the Taliban and definitively set its narrative in intransigence in order to proclaim itself the authentic local representative of international Jihad as promoted by ISIS.

The letter begins by giving a sustained homage to Mollah Omar, which responds to the need for the IMU to position itself not as an occupying force in Afghanistan, but as a support player in a common cause, namely the Jihad and the Caliphate officially defended by the Taliban. The official announcement of Mollah Omar's death nevertheless enabled the IMU to denounce the Taliban's policies: it accused them of having concealed their leader's death for fourteen years and to be led by usurpers, members of the Shura Leading Council of the Islamic Emirate of Afghanistan from the town of Quetta in Pakistan.

Through this rupture, the IMU presented itself as the local guardian of pure Islam, from which the Taliban are said to have departed. It denounced some of the latter's nationalist-connoted declarations, accused them of treachery to the Amanah of Jihad and Sharia, and, through their policies, of having enabled the so-called crusaders to topple the Emirate of Afghanistan. The IMU letter recalled Taliban criticisms of the IMU when it raised the banner of Jihad in Pakistan, accused them of not conducting *dawah* activities against polytheism, innovations and superstitions. It condemned the Taliban's many acts of compromise, in particular their relations with "kaffir" governments, said to be contrary to dozens of Koranic verses. These acts included: opening an office in Qatar with the permission of the said apostate government, participating in a conference in Norway organized by so-called Kuffars, sending delegates to polytheist China, and participating in demonstrations to support president Morsi in Egypt who, despite his professed Islamism, led the country in accordance with democratic laws declared to be contrary to Sharia.

These criticisms indirectly targeted Al Qaeda, which gave very limited support to the IMU's policies in Pakistan and supposedly refused to implement Sharia on the invaded territories. They were an attempt to wrest from the Taliban and Al Qaeda the monopoly on Jihad rhetoric in South Asia: sup-

posedly from the Soviet invasion until today, the combat against the global crusaders in Afghanistan was led by Jihadists from throughout the world in the name of a globalized ummah. By this letter, and by the regular publication of its list of martyrs and its insistence of the ethnic diversification of its ranks, the IMU attests to its opening up to all combatants, regardless of their nationality, and, as a result, to its commitment to a globalized Jihad.<sup>95</sup> It views the Afghan and Central Asian theatre as part of the international caliphate promoted by ISIS whose regional representative it now sees itself as being.

### **Or a Return to a National Narrative?**

Beyond this rhetorical engagement, to decree one's belonging to a worldwide ummah, which demands that individuals from extremely diversified social and cultural milieus embrace a new globalized identity, is a violent identity gesture.<sup>96</sup> As Arpaduraï and Roy have shown, the globalization entailed by migrations and exiles, which turn Jihadist Muslims into "post-national" individuals who are "divorced from territorial states," is expressed more as a hybridization than a homogenization:<sup>97</sup> the multiple forms of loyalty (national, regional, familial, clan origins) continue to root individuals in specific communities, as expressed through claims that are inscribed in a local context.<sup>98</sup> In Palestine, for example, Hamas, while it makes reference to a global ummah, an Islamic world ablaze and the combatants who sacrifice their lives on Palestinian soil in the name of the Islamic cause, has continued to adopt nationalism as its essential creed.<sup>99</sup>

This hybridization underlines the challenges that the IMU faces in its exiled and weakened state to develop a narrative able to gather people together, both inside and outside its ranks. Interviews conducted with its members shed light on a double rhetoric, situated between supporters for a universal Islamic order—Central Asia, in this scenario, being a mere element in a global space—and those whose aspirations prioritize the toppling of the Central Asian regimes, a goal legitimized by the remote prospect of the advent of a universal caliphate.<sup>100</sup> These two approaches are not exclusive, but one often eclipses the other on the theatre of everyday action, as was shown in the divergences of opinion and schism that gave rise to the IJU. Ethnic diversification within one and the same movement does not eliminate a diversity of approaches: in Chechnya, for example, Chechen combatants continued to focus their fight on national liberation against Russians despite the incorporation of a growing number of foreign combatants more inclined to support the international Jihad.

To interpret the allegiance to ISIS as the IMU's integration into an international Jihadist rationale fudges the desires of a number of its militants to

take the combat to the Central Asian terrain. This duality is illustrated even in the ranks of ISIS: the Central Asians who have left to fight in Syria asked Al-Baghdadi in 2015 to conduct operations in Central Asia.<sup>101</sup> In recent years, the IMU has replied to this ambivalence by invoking the Central Asian theatre of combat more often. After an attack conducted in Panshjir on June 3, 2013, the movement's leaders made clear their desire to bring their operations closer to "Mawarounnahr" (Transoxiana).<sup>102</sup> The expulsion of some of IMU's combatants from the tribal zones of Pakistan, and their resettlement in the northern areas of Afghanistan close to the border of Central Asia, might further push the IMU toward its original terrain.<sup>103</sup> By adopting this rationale of conquest, the IMU is trying, through its narrative, to preserve a fragile balance between a possible return to Central Asian territories and a combat that is henceforth to be conducted in the name of global Jihad. With ISIS's seal, the movement is seeking to reposition itself and regain its shaken legitimacy on the Afghano-Pakistani regional scene. It is nonetheless struggling to rationalize its narrative, in which its Uzbek roots and original objectives (overturning the Uzbek government) are reconciled with its evolution toward international Jihadism, ethnic diversity and scattering of its ranks, and with its uprooting.

### **CONCLUSION: THE IMU AND ITS COMMUNICATION STRATEGY: A MASTERED POLICY OF DEVELOPMENT OR THE HERALDING OF ITS EXTINCTION?**

Initially confined to a localized space, that is, the streets and markets of Namangan in Uzbekistan, the IMU disseminated its propaganda across the entire country, as well as in neighboring Central Asian states (Tajikistan and Kyrgyzstan), and in Afghanistan and Pakistan. Regularly covered in the local and foreign media, it has acquired regional and even international notoriety. Through the violence of its operations and its discourse, it is presented as a threat to Uzbek society and the region, and a destabilizing element in Afghanistan and Pakistan.

The IMU's media notoriety contrasts, however, with its current state. The movement has been durably weakened by its political repression in Uzbekistan and Tajikistan, by the toppling of the Taliban, the military operations of the Pakistani government and NATO, its geographical dispersion and by many internal dissensions. In twenty-five years, the *Adolat*/IMU's evolution and its communication have resulted less from a planned strategy of development than from contingencies, constraints and multiple acts of instrumentalization.

In its attempts at self-promotion on the local and regional levels, the movement has regularly overstated its engagement. Since its forced departure from Uzbekistan, it claims to have conducted regular incursions into South Asia and internationally from Pakistan to Africa.<sup>104</sup> Many of these claims, which have not been substantiated by any tangible evidence, have been questioned.<sup>105</sup> In 2001, for example, the IMU claimed it killed 137 NATO troops in a one night battle in Baghlan, a figure contradicted by independent sources, according to which 7 coalition soldiers were killed throughout the entire year.<sup>106</sup> By overstating its geographical reach and the impact of its activities, the IMU is striving to assert its presence, on the one hand, in Central Asia, which it does to convince its many supporters of its undertakings against local governments, and, on the other, globally, which is crucial to establishing itself on the scene of international terrorism and arousing the interest of potential funders.

Secondly, the IMU has often been instrumentalized, sometimes to its detriment, by outside actors. It has been a label for promotion of terrorist groups that are limited, fairly unknown, and whose existence it is sometimes difficult to authenticate: The Islamic Movement of Turkmenistan or the Islamic Movement of Tajikistan, for example, have asserted their affiliation with the IMU. Lastly and above all, the IMU remains at the core of the security discourses of local governments.<sup>107</sup> For twenty years, Islam Karimov justified the authoritarianism of his regime as a key rampart against the so-called Islamist threat. He regularly imputed responsibility to IMU members of terrorist acts perpetrated in the region, without ever having produced any concrete proof in the course of fair trials. In Uzbekistan, judicial power is entirely submitted to executive power, and many “confessions” by so-called members of terrorist movements have been signed under duress, and even under torture.<sup>108</sup> This unintentional promoting of the IMU, relayed by local and national media outlets, all of which are state run, spread often unsubstantiated claims about its activities.

We must then inquire into the current state of the IMU, as well as the consequences of its politico-religious choices and of its alliances. Does the movement have the capacity to find and guarantee its place in a market of globalized religious terrorism, which has diversified and is increasingly competitive?

In South Asia, following its declaration of allegiance to ISIS, the IMU must now deal with its open opposition to the Taliban, which resulted in violent clashes in Zabul province in December 2015, and which brought about the deaths of two hundred of its combatants and, depending upon the source, either the capture or the death of Usman Ghazi.<sup>109</sup> The allegiance has provoked a new schism within the movement: A new faction, independent of

ISIS, has emerged and indicated that it remains loyal to the Taliban and to Al Qaeda.<sup>110</sup> We might also inquire into the IMU's capacity, already somewhat weak, to stand up on an increasingly hostile regional context if it does not receive any solid symbolic, financial and material support from the Islamic State. This support remains very hypothetical at a time when ISIS is under attack from Russian and Western offensives, as well as from Syrian government offensives, and is retreating to its own territory.

In Central Asia, the IMU's communication strategy, now founded on its internationalized Islamist discourse, proves rather incompatible with the historical legacy and political conjuncture of its original Uzbek origin. Although some elements of the population, for example, traders who have suffered from the border closures, are receptive to the notion of a caliphate,<sup>111</sup> a majority remains attached to Uzbekistan, which has only been independent for twenty years. The idea of a global Islamic world order, within which nationalities would be merged, is further weakened by recurrent tensions among the states of the region, which, for more than twenty years, have harbored resentment against populations on both sides of their borders. Lastly, although hundreds of Central Asians are today fighting in the ranks of ISIS in Syria, the local populations, which are still profoundly marked by their secular Soviet heritage, remain extremely reluctant toward any project of political Islam, what is more one that is violent.<sup>112</sup> The IMU's and ISIS's exactions are explicitly refused by the vast majority of Central Asians, who are moreover shaped by the propaganda of local governments against terrorism. The IMU continues to contend with proselytizing groups such as Hizb ut Tahrir or Tablighi al Jamaat, both of which—at least officially—reject terrorism and ISIS.<sup>113</sup>

Lastly, the market of terrorism has seen profound mutations over the last two decades. If that small “local producer,” the IMU, remains, despite its exile, potentially able to recruit a minority in pursuit of a “home causes” (fight against the power of Karimov Mirziyoyev, local corruption and injustices), it is struggling to resist the great “multinationals,” which is to say Al Qaeda and ISIS. Through their aura, their financial means and their incomparable means of communication, these latter are able to provide Jihadist apprentices with the entire range of possible products (from combat for a national cause to the ideal of an international caliphate), and conditions judged to be attractive, whether real or virtual (financing, schooling for their children, housing). The Central Asian Islamists are increasingly eluding the grasp of the IMU: over the last two years, combatants have left Afghanistan for Syria, whereas a growing number of Central Asian migrants in Russia are being “picked up” by ISIS or other international groups, thus, upon their return they escape from their potential recruitment by the IMU.

Although considerably weakened, the IMU may nevertheless remain active to a limited extent on a regional scale. In Uzbekistan as elsewhere, the stakes however consist less in gauging this movement's capacity for nuisance and survival than the inability of the local governments to resolve, or sometimes even address the issues that are pushing members of their populations, albeit a tiny minority of them, to join the ranks of terrorist movements. The possible extinction of the IMU will not put an end to terrorism in Central Asia, but simply entail a re-arrangement of the networks of resentment that have developed thanks—though not only—to the social and economic decay of most states in the region.

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## *Chapter Seven*

### **“Brain Waste?”**

#### *Integration of Central Asian and Georgian Labor Migrants in the United States<sup>1</sup>*

Saltanat Liebert

During more than seven decades of its existence the Soviet government highly regulated the movement of its citizens within the country and, with a few exceptions, largely prohibited travel to the Western countries that did not share its socialist ideology. Upon the disintegration of USSR in 1991 massive population movements took place both within and outside of the former Soviet republics. This process is still ongoing. Modes of migration include regulated channels usually available to certain ethnic and religious groups such as migration of Jews and ethnic Germans to Israel, the United States and Germany; emigration of ethnic Russians and Ukrainians from Central Asian republics; and migration of persecuted religious groups such as Old Believers and Pentecostal Christians to the United States. Such migration requires formal admission of these immigrants into the countries of destination within an existing migration policy framework. Highly skilled migrants from the former Soviet Union who speak fluent English and can offer knowledge and skills that are in high demand (such as scientists, renowned athletes, and high-tech specialists) are also welcomed by many industrialized countries such as Canada, the United States, Germany and Australia, although the ease of migration mechanisms varies depending on the country's admission policies.

However, many other individuals from this region migrate within and outside of the Commonwealth of Independent States (CIS). They are oftentimes highly educated but do not possess skills or knowledge that are in demand in the destination countries, might not speak foreign languages, do not have relatives overseas, and thus cannot utilize legal channels available for migration. Nevertheless, largely due to economic difficulties that followed the transition from command to market economy in their home countries, these migrants are compelled to migrate abroad in search of better earnings. The United States, with its 2016 per capita GDP of \$57,300 and wages that are



considerably higher than in the developing countries,<sup>2</sup> is a major destination attracting migrants from all over the world, including the economically depressed post-Soviet states. Yet, the U.S. admission policy vis-à-vis labor migrants is very restrictive despite a significant demand for unskilled labor. As a result, thousands of Russian-speaking migrants who do not qualify for legal admission use informal channels for migration and end up in the United States as irregular (illegal) migrants.

This chapter examines the patterns of Central Asian and Georgian immigrants' economic integration in the United States. According to immigration experts, the integration of immigrants is largely an afterthought in policy discussions and is one of the most overlooked issues in American immigration policy. Previous research has found that migrants from Central Asia, despite their high levels of education and relevant professional experience, end up working in low-wage unskilled and semi-skilled jobs upon migration to the United States.<sup>3</sup> This chapter explores the reasons for such downward professional mobility and explains why irregular labor migrants from the former Soviet states do not generally succeed in transferring their skills and education into the white-collar labor market of the United States. Faced with difficulties in integrating into the labor market, immigrants often turn to self-employment and entrepreneurship. This study also examines the rates of entrepreneurship among Central Asian and Georgian migrants and explains their level of participation in entrepreneurial activities after migration. Theoretically, this study embraces grounded theory approach, building theory from field data.<sup>4</sup>

Methodologically, this study relies on ethnographic research based on in-depth semi-structured interviews with post-Soviet migrants in the United States and participant observation in the field.<sup>5</sup> More specifically, between 2005 and 2008 I interviewed forty-eight migrants from Central Asia and Georgia, recruited via snowball sampling, working and living in the United States. The majority of migrants in the sample—thirty-three individuals—came from Kyrgyzstan. In addition to migrants from Kyrgyzstan, I interviewed fifteen migrants from Georgia, Uzbekistan, Kazakhstan, and Tajikistan in the United States to provide a comparative perspective of post-Soviet migrants' integration into the American labor market.<sup>6</sup> These countries were chosen for the study because they do not have large established diasporas in the United States and thus would be more comparable to most post-Soviet sending countries in terms of migrant reception and integration.<sup>7</sup>

I restricted my sample to migrants from the former Soviet Union who legally or illegally arrived in the United States after 1991 and, at the time of the interview or at some point after migration, were employed in unskilled jobs. Migrants were interviewed in the New York metropolitan area and

in Philadelphia. The New York tri-state area<sup>8</sup> has the largest concentration of Russian-speaking immigrants in the United States (around two million), which in turn attracts other migrants from the former Soviet states. There are entire communities in Brooklyn, NY, where migrants can find work, receive various legal, medical, and dental services, shop, visit Russian-language bookstores, rent Russian movies—all without speaking any English.

### PRE-MIGRATION CHARACTERISTICS OF MIGRANTS

To provide a better picture of labor migration from the former Soviet republics to the United States, it is critical to identify as a starting point for the research who exactly is migrating to the United States in search of work. Many post-Soviet illegal migrants in the United States, despite their high levels of education and professional skills, are forced to take up unskilled jobs in the informal labor markets abroad to overcome the deteriorating economic situation at home and to support their families left behind.

Out of forty-eight migrants interviewed for this study, twenty-five were women and twenty-three were men. Over 90 percent of migrants were between the ages of 22 and 50 (Table 7.1). Only four migrants were older than 50 years of age.

There have been many reports that immigrants from the former Soviet Union are the best educated immigrant group in the history of immigration to the United States.<sup>9</sup> This is definitely true of the labor migrants in this sample—75 percent of the migrants interviewed have university degrees,<sup>10</sup> including four medical doctors and three college professors. The same share of migrants from Kyrgyzstan in this study had attained higher education. In comparison, only 15 percent of the adult population of Kyrgyzstan has completed higher education.<sup>11</sup> This finding suggests that better-educated Kyrgyz are migrating abroad, thus supporting the arguments that Kyrgyzstan is experiencing a brain drain, whereby the most educated, talented and professional

**Table 7.1. Migrants’ age**

<i>Age Group</i>	<i>Frequency</i>	<i>Percent</i>
21–30	12	25.0
31–40	16	33.3
41–50	16	33.3
51–60	2	4.2
Over 60	2	4.2
<b>Total</b>	48	100.0

**Table 7.2. Educational level of Central Asian and Georgian migrants**

<i>Level of education</i>	<i>Frequency</i>	<i>Percent</i>
Specialized secondary school	6	12.5
Complete secondary school	3	6.3
Incomplete higher education	3	6.3
Complete higher education	36	75.0
<b>Total</b>	<b>48</b>	<b>100.0</b>

cadre are leaving the country.<sup>12</sup> Another 12.5 percent of migrants interviewed have graduated from specialized vocational schools, three migrants were high school graduates, and the remaining three had incomplete higher education (see Table 7.2). Comparatively, migrants from the former Soviet republics tend to have higher levels of education than native-born Americans, 31 percent of whom have college degrees.<sup>13</sup>

One in five migrants (21 percent) interviewed for this study was an entrepreneur and/or owned their own business before migrating to the United States. Another eight percent were government employees, ten percent were students, and eight percent were college professors (Table 7.3). Only two persons were unemployed before migrating to the United States; one of them had been a career Soviet administrative official and had lost her job once the Soviet Union collapsed.<sup>14</sup> Other occupations that migrants were employed in prior to migration included two nurses, a school teacher, a market trader,<sup>15</sup> a sports coach, a medical doctor, an artist, an English language tutor, manufacturing worker, and a driver.

**Table 7.3. Occupation before migration**

<i>Occupation before migration</i>	<i>Frequency</i>	<i>Percent</i>
Entrepreneur/owner of private business	10	20.8
Employee in private company	4	8.3
Junior government official	4	8.3
Mid-level government official	4	8.3
Student	5	10.4
Professor/researcher	4	8.3
Unemployed	2	4.2
Shuttle trader <sup>a</sup>	2	4.2
Other	12	25.0
No answer	1	2.1
<b>Total</b>	<b>48</b>	<b>100.0</b>

<sup>a</sup> Shuttle traders travel to other countries to purchase goods to be resold in their home countries. Typical destination countries for Central Asian shuttle traders include China, the United Arab Emirates, Turkey, and Russia.

The share of entrepreneurs among migrants interviewed turned out to be fairly high. This could be explained by the following factors: in late 1980s and early 1990s, shortly before and after the collapse of the Soviet Union, the economic situation in the country deteriorated and official salaries no longer paid enough to cover basic needs. At the same time, the operation of private businesses was authorized for the first time by the Soviet authorities in late 1980s.<sup>16</sup> Subsequently, a wave of individuals became entrepreneurs. Many highly skilled professionals, such as medical doctors and college professors, left their profession to open their own businesses because their jobs no longer paid enough to cover the bills. A migrant who used to manage a State-owned kindergarten recounts,

I worked in the kindergarten for fifteen years. During that period, in 1992–93, there was so much instability. Instead of wages we would receive a sack of potatoes or a sack of sugar.<sup>17</sup> . . . Many parents stopped bringing children [to the kindergarten] because we couldn't get produce for children from the distribution center. No meat, we didn't even have milk for children . . . I was the director of the kindergarten. How could I manage the staff if they were not paid for months?! We were there to educate the kids but they were hungry. How were we supposed to educate them? That is why I had to change my profession—I had to think about my own family too, I needed to provide for them. So I started selling merchandise at the market, started making some money. . . I love my profession—to educate children. When I worked in the kindergarten, I saw a different world—honest, naïve and crystal clear. I saw the world through the eyes of the children. It felt like a fairy tale. . . . But unfortunately, I had to make money to be able to feed my own children.<sup>18</sup>

The second plausible explanation for a high proportion of entrepreneurs among the interviewees lies in arguments that migrants and entrepreneurs share similar characteristics in that both are usually a self-selected group of people who are more adventurous, take risks and adjust well to new situations.<sup>19</sup> It might be that a higher percentage of entrepreneurs versus other occupations migrate seeking new opportunities abroad.

## THE INTEGRATION OF CENTRAL ASIAN MIGRANTS IN THE U.S. LABOR MARKET

Consistent with the network theory of migration,<sup>20</sup> migrant social networks play a paramount role in the integration of the post-Soviet migrants into the United States. Thirty-eight percent of the respondents found work through employment agencies that specialize in placing post-Soviet migrants, and the same share of migrants interviewed were assisted by their social networks.

Five respondents found work through Russian-language newspapers such as *Russkaya Reklama* (“Russian Advertisements”). Such newspapers are published weekly and are filled with classifieds posted by job seekers and employers. However, some migrants reported that most of these advertisements are posted by employment agencies. Individuals responding to the job advertisements in this newspaper often end up having to pay the employment agency’s fee for finding them work.

Two migrants found work through classified sections of the English-language newspapers. Only one migrant had a job arranged prior to leaving Kyrgyzstan. Another migrant found work at an informal labor market in Brooklyn, where scores of immigrants wait in unofficially designated areas for employers to pick them up for day jobs or for more permanent positions. Another migrant went door-to-door from one business to another asking for work. He spoke practically no English, did not know anybody in the United States, and was desperate to find work. In his own words, he said to potential employers “I am Russian, Russian tourist. I need job. I am hungry, I need eat.”<sup>21</sup>

## EMPLOYMENT SECTORS

Ninety percent of all the migrants interviewed, regardless of their educational level, prior experience and even English language proficiency, were employed in low-wage, unskilled, low status positions that native born Americans are unlikely to seek. The types of work were clearly demarcated along gender lines (see Table 7.4). Almost 70 percent of the female migrants worked as domestic workers: 16 percent cleaned houses and/or offices and the same number were child care givers and housekeepers working as live-in domestic workers for individual families. An additional 36 percent of women worked as care givers to the elderly, also living with their employers. By providing domestic services of this nature, migrant workers enable American women to fully participate in the formal labor force. Moreover, American families are able to hire highly educated post-Soviet migrants for relatively modest wages to perform menial labor-intensive tasks. Other positions where migrants worked included restaurant work, retail industry (cashiers at supermarkets), sweatshop work, and sewing at home.

The majority of male migrants (56.5 percent) were employed in construction. This is due to the fact that entering the construction sector as an unskilled laborer does not require specific skills, experience, or knowledge of English, and the pay is attractive to many migrants. The migrants reported that the entry-level construction workers make \$150–170 per day. As they be-

come more experienced, their pay increases, usually within 3–6 months after they start working. Most Kyrgyz construction workers are employed in firms run by Russian-speaking immigrants. This underscores the role of social networks and cultural/linguistic links in the migrants' choice of employment. Migrant networks also help construction workers negotiate better wages providing them with information on current going rates for construction work. Among the migrants working in the non-construction sectors, one worked in a moving company, and another migrant (a former professional athlete) worked as a security guard at a jewelry store. As a rule, migrant workers are employed in physically, and sometimes emotionally, exhausting jobs. One migrant, for example, who worked in a Midwestern slaughterhouse for six months, shared his experience:

I was paid well there—\$25 an hour. I rented a nice two-story house with a swimming pool, billiards table, garage, etc. But I could not take it anymore. I started drinking. . . . In my sleep I would dream of cows and blood. Imagine, every day at work I would put on a robe, rubber boots, hang four knives and a knife sharpener on my belt. . . . I'd always stand in a puddle of cow's blood up to my knees. I'd see cows, cows and cows in my dreams. . . . It was just psychologically so difficult. Maybe I could last longer, but I would probably go crazy.<sup>22</sup>

## **SELF-EMPLOYMENT AMONG MIGRANTS**

Many immigrants turn to self-employment in the host country due to impediments they face in the labor market, such as lack of fluency in the local language, inappropriate or inadequate skills, and discrimination.<sup>23</sup> However, only three migrants interviewed for this study owned small businesses: two migrants ran a restaurant and one has what he called a "bread route"—a business where he sells and delivers bread to stores and supermarkets. The reasons for such low levels of entrepreneurship among migrants in this study will be examined in the Discussion section.

## **PRE- AND POST-MIGRATION OCCUPATIONAL STATUS OF MIGRANTS**

The occupational distribution of migrants after migration is in stark difference with their pre-migration occupational status. As discussed earlier, the vast majority of the migrants were white-collar professionals in their home countries. Upon migrating to the United States for labor, almost all migrants were employed in low-wage, low-prestige menial jobs that did not utilize

**Table 7.4. Distribution of respondents' employment sectors**

<i>What is your job?</i>	<i>Frequency</i>	<i>% of women</i>	<i>% of men</i>	<i>% of total</i>
Construction	13	0	56.5	27.1
Elderly care	9	36.0	0	18.8
House/office cleaning	4	16.0	0	8.3
Child care & house cleaning	4	16.0	0	8.3
Sweatshop	4	16.0	0	8.3
Retail industry (supermarket)	3	4.0	8.7	6.3
Small business	3	0	13.0	6.3
Restaurant work	2	4.0	4.3	4.2
Art/music lessons	2	4.0	4.3	4.2
Moving	1	0	4.3	2.1
Security guard	1	0	4.3	2.1
Sewing at home	1	4.0	0	2.1
Driver	1	0	4.3	2.1
<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

their education and/or professional experience gained in the former Soviet Union. Table 7.5 below demonstrates the difference between pre-migration and post-migration occupational distribution of migrants.

Such drastic downward occupational mobility is a major challenge that well-educated migrants from the former Soviet Union often face upon migrating to the United States. This is due to the difficulty of transferring their skills and credentials into the American white-collar labor market, especially when it comes to occupations with regulatory entry barriers,<sup>24</sup> lack of proficiency in English, and for some migrants, due to their illegal status in the United States. The lack of awareness about the avenues for transferring their professional training into skilled work in the United States is also a factor contributing to most migrants' downward social mobility. This trend results in the so-called brain waste, where highly educated and skilled migrants leave their home countries but make little or no use of their qualifications in the United States. This phenomenon is not unique to the post-Soviet migrants. Migrants from West Africa and Eastern Europe also tend to underutilize their skills and education upon immigrating abroad.<sup>25</sup> A World Bank study found that among other groups, Eastern European immigrants in general had a low probability of obtaining skilled work in the United States.<sup>26</sup> Similarly, Lubin in her study of émigrés from the Soviet Union stated,

Because of minimal language skills or other reasons, Soviet émigrés, even those with high levels of training, often did not find jobs utilizing their skills upon arrival in the United States. Consequently, they quickly found their work demeaning, belittling, or insulting.<sup>27</sup>

**Table 7.5. Comparison of migrants' occupation before migration (in the country of origin) and after (in the United States)**

<i>Occupation before migration</i>	<i>Occupation after migration</i>	<i>Frequency</i>
Entrepreneur/owner of private business	Construction	5
Entrepreneur/owner of private business	Security	1
Entrepreneur/owner of private business/former doctor	Elderly care	1
Entrepreneur/owner of private business	Child care & house cleaning	2
Entrepreneur/owner of private business	Sweatshop	1
Entrepreneur/owner of private business	Security guard	1
Entrepreneur/owner of private business	Small business owner	1
Employee in private company	Restaurant work	1
Accountant	Sewing at home	1
Employee in private company	Child care & house cleaning	2
Employee in private company	Small business owner	1
Junior government official	Retail industry	1
Junior government official	Elderly care	1
Junior government official	Small business owner	1
Mid-level government official	Construction	1
Mid-level government official	Elderly care	2
Student	Sweatshop	1
Student	Construction	2
Student	Retail	1
Student	Moving	1
Professor/researcher	House/office cleaning	2
Professor/researcher	Elderly care	1
Professor/researcher	Music lessons	1
Unemployed	Construction	1
Unemployed	Elderly care	1
Shuttle trader	House/office cleaning	1
Shuttle trader	Sweatshop	1
Nurse	Elderly care	2
Medical doctor	House/office cleaning	1
School teacher	Child care & house cleaning	1
Professional athlete	Construction	3
Artist	Art lessons	1
Driver	Driver	1
English language tutor	Retail	1
Market trader	Sweatshop	1
Plant worker	Restaurant work	1
<b>Total</b>		<b>48</b>



However, it is important to note that even in jobs well below their qualifications and experience, most migrants earn significantly more money than they did in their home countries. Many invest (or aspire to invest) in real estate. One migrant interviewed, for instance, has been able to save most of her earnings since migrating to the United States in the late 1990s because, as a live-in domestic worker, she does not pay for room and board. She managed to buy three apartments (one for each of her children) and a house for herself in Bishkek, the capital of Kyrgyzstan. She is a successful migrant by Kyrgyzstan's standards because of real estate investments that have since significantly appreciated in value.

In as much as most migrants interviewed did not speak English when they arrived in the United States, they started out working for Russian-speaking businesses and families—typically immigrants from the former Soviet Union who relocated to the United States and were now permanent residents or U.S. citizens. Only two migrants spoke English well when they arrived in the United States. Both had immediately started working for English-speaking American families. A few migrants reported taking English language classes once in the United States. Most learned enough conversational English to get by. Eventually, as migrants adjusted to the United States and learned about different employment options, many moved on to work for English-speaking American employers. As Table 7.6 demonstrates, almost half of the migrants interviewed reporting working for “American” families and businesses.<sup>28</sup> The predominant view among migrant workers is that the English-speaking American families pay higher wages compared to the Russian-speaking families and treat their domestic workers better.

Experiences of migrants vary widely depending on their employers. Female domestic workers are much more vulnerable to exploitation because

**Table 7.6. Migrants' employers in the United States**

<i>Employer in the U.S.</i>	<i>Frequency</i>	<i>Percent</i>
American family	11	22.9
American firm	9	18.8
Russian-speaking family	2	4.2
Russian-speaking firm	6	12.5
Business run by Kyrgyz or other CIS migrants	11	22.9
Self-employed	5	10.4
Other (business owned by non-Russian speaking immigrants)	1	2.1
No answer	3	6.3
<b>Total</b>	<b>48</b>	<b>100.0</b>

they usually live in their employers' households. One migrant recounted her experience in an American household:

I found work in New Jersey. She [the employer] picked me up and drove me to her house at 10 P.M. Instead of letting me adjust and start working the next morning, she immediately sent me to the kitchen. There was a mountain of unwashed dishes. She [the employer] made me wash all the dishes by hand, then I looked after the child until 1 A.M. I had to get up and start working at 6 A.M. every day. My responsibilities included everything: cleaning the house, cooking, taking care of an infant, ironing, and laundry. She made me do all the laundry by hand. Later, girls [other female migrants] told me that she does not have a right to make me do the laundry by hand, that nobody does the laundry by hand here [in the United States]. If clothes can't be washed, they should be dry cleaned . . . . I also had to hold the infant in my hands all day.<sup>29</sup>

Another domestic worker had a somewhat better experience:

I worked as a babysitter for a two-year-old. My responsibilities included taking care of the child, washing her clothes, cooking, and cleaning the apartment while the child was sleeping. I worked from 9 A.M. to 9 P.M. But they [the employers] didn't really exploit me. When they asked me to cook, they would take care of the child. . . . I lived like in my own house. When they had guests, they would not sit down to eat without me. They always invited me to join them. I didn't serve when there were guests. They also took me with them when they went on vacation. [They are] Really good guys.<sup>30</sup>

The male migrants generally have a very different experience in the United States compared to their female compatriots. They work outside of households and do not usually live with their employers. All male migrants lived in housing shared with other Russian-speaking immigrants. Such autonomy gives them more freedom, especially during their non-working hours, and allows for constant socialization with and support from their compatriots.

Professional and social downward mobility, long-term separation from their families and strenuous physical work require a lot of stamina on the part of migrants. There are various coping mechanisms migrants come up with to deal with their situations in the United States. One of such coping mechanisms for migrants seems to be religion. Over 75 percent of Kyrgyzstan's population, including almost all ethnic Kyrgyz, is Muslim. According to the Quran, converting from Islam is considered one of the gravest sins a Muslim can commit. Once I relocated to Brooklyn, New York, to conduct the fieldwork, I was invited to a birthday party for a female migrant from Kyrgyzstan. As we were chatting over dinner with five other women, all of them Kyrgyz domestic workers working and living in New York, the women

started quoting some author unfamiliar to me. When I asked what book they were referring to, there was a long pause, and then my hostess said it was Walsh, a writer of Christian books.<sup>31</sup> Apparently, all women in this group converted to Christianity, read religious texts on a regular basis and met in groups for discussion sessions. They exchanged Christian books, quotes and essentially comforted each other looking for some sort of explanation of the hardships they endured as domestic servants in American private households. Only one of these women told me that she had converted to Christianity prior to leaving Kyrgyzstan after meeting religious proselytizers on the streets of Bishkek, the country's capital. The rest of the group had converted once in the United States. They read religious texts purchased in the Russian bookstores in Brooklyn, NY. One of the women in this group was actually quite persistent in recommending this specific author and called me several times to promote his books.

Similarly, during the fieldwork in 2008 several non-Russian female migrants from Uzbekistan mentioned that they regularly go to a Russian-speaking church in one of the New York City boroughs. On one Sunday morning, I went to visit that church. The service was in Russian and was actually quite informal—a band was singing religious songs and members of the congregation were singing along following the lyrics presented in the form of Power-Point slides on a big screen projector. There were about 30 people attending the service; most of them knew each other. Interestingly, the majority were ethnic Koreans from Central Asia. At the end of the service collection plates were passed and all attendees discreetly put in envelopes with their donations. When the formal part of the service ended, all members of the congregation went to the common area in the basement for refreshments. This is where all the socializing takes place. Several migrants reported that this church is an important network for them where they go to find piece of mind, think of something other than grueling daily existence and exchange information with other members of the congregation about jobs, inexpensive places to live and options for legalizing their immigration status.

It also appears that a sizeable share of Central Asian migrants become devout Muslims upon migration to the United States and Russia, among other destination countries. Becoming more religious is, of course, not a concern in itself; it is a human right of every individual to practice whatever religion he/she chooses. However, if individuals become radicalized and endorse violence in the name of religion, that becomes a societal and law enforcement concern. While exact statistics on the proportion of migrants who become radicalized are not available, horrific terrorist acts, such as the 2013 Boston Marathon bombings and the 2017 subway bombing in St. Petersburg committed by immigrants of Central Asian descent, highlight the dangers of Islamist radicalization.<sup>32</sup>

## MIGRANTS' INTENTIONS TO RETURN HOME

The majority of migrants interviewed, 54 percent, stated that they did not plan to return to their home countries. Over one-fifth of migrants, 23 percent, planned to work a few more years in the United States and then return home. Eight migrants had not decided about their eventual return, and another two respondents said they would stay in the U.S. if they could legalize their immigration status. They asserted that it was "not worth it" for them to stay if they remained in the country illegally.

The migrants who did not plan to return home cited economic and political instability at home as the main reasons. The economic and political instability were the main push factors for the migration of Kyrgyz nationals in the first place. Since their departure from Kyrgyzstan, the economic and political situation has not improved but has deteriorated even further. Migrants from Georgia and Uzbekistan cited economic reasons why they decided not to return. In addition, the restrictive immigration regime instituted in the United States since 9/11 resulted in the shift of the migrants' initial intention to migrate temporarily for labor to their eventual decision to stay in the U.S. indefinitely. The migrants said that because receiving a U.S. visa has become close to impossible, they decided not to return because they feared they would never receive another visa to enter the United States. It is noteworthy that the migrants' immediate and extended families, as well as their friends, took part in the decision making. As one migrant stated,

In the beginning I wanted to eventually return home. But I call my family and friends every week and they say that the situation is becoming worse every day, that there is no work. Everybody got fired when the regime changed [referring to the popular revolution of March 2005]. They tell me not to come back because it does not look like the situation will improve. I would do this [stay in the U.S.] for my children's future.<sup>33</sup>

The decision to stay in the U.S. permanently is influenced by the extended family because of the important financial role that the individual plays helping his relatives. Migrants essentially provide a safety net for their families remaining in the unstable conditions of their homeland. Some migrants hire immigration lawyers to adjust their immigration status in the United States, mostly through legitimate marriage to U.S. nationals. Some of these lawyers are unscrupulous as they use questionable tactics advising migrants to enter into sham marriages with U.S. citizens or to apply for political asylum even if there are not grounds for it.

Of those migrants who planned to work in the United States for a few more years and then return home, two were over the age of 50. They were planning

to earn enough money in the United States to be able to retire in their home countries.

## REMITTANCES

Migrant remittances help significantly mitigate poverty in the countries of origin. The vast majority of the migrants (69 percent) support their families in the countries of origin (see Table 7.7). Those migrants, who reported never sending any money home, had their immediate families in the United States and either did not make enough to support extended families or reported that their families at home did not need financial support.

### Discussion

This study illuminates how post-Soviet labor migrants integrate into the U.S. labor market and allows us to draw some conclusions as to why so few are able to successfully transition into white-collar jobs they had occupied at home. It is likely that migrants are unable to find employment commensurate to their education and professional skills for the following reasons: 1) difficulty of transferring skills and credentials earned in the former Soviet Union into the American white-collar labor market; 2) lack of proficiency in English; 3) immigration status; 4) lack of awareness about avenues for transferring their professional training into skilled work; 5) regulatory entry barriers into some professions; 6) short period of residency in the United States; and 7) inability to engage in entrepreneurship.

*Difficulty of transferring skills and credentials earned in the former Soviet Union into the American white-collar labor market:* A critical factor preventing many migrants from obtaining positions in their profession is the difficulty of transferring credentials earned in the former Soviet Union. The United States has established strict regulatory entry barriers in legal, medical, engineering, and architectural professions, in which many Soviet

**Table 7.7. Remittances**

<i>Do you send money home?</i>	<i>Frequency</i>	<i>Percent</i>
No, never	9	18.8
Yes, regularly	27	56.3
Yes, irregularly	6	12.5
No answer	6	12.5
<b>Total</b>	<b>48</b>	<b>100.0</b>

citizens were trained. Such restrictions were put in place by many receiving countries partly to protect health and safety of their citizens and in part to protect domestically trained professionals from foreign-educated competition. Remennick and Shakhar, for example, report that the Israeli government offered retraining courses from medicine to physiotherapy to the immigrants from the former Soviet Union. However, "No conversion from medicine to nursing was offered to the immigrants due to the strong resistance by the Nurses Unions."<sup>34</sup>

*English-language proficiency:* Inadequate English proficiency is also a major problem impeding qualified post-Soviet immigrants' entrance into the white-collar labor market. Only a minority of migrants interviewed in this study spoke fluent English because most of them lived in Russian-speaking neighborhoods and socialized with other migrants from the former Soviet Union. Most migrants also work in a Russian-speaking environment, watch Russian language television, read émigré newspapers, and listen to the Russian radio. As a result of this insularity, many remain barely exposed to the English language and do not significantly improve their command of it, and thus cannot compete in their respective professions in which English is the lingua franca.

*Immigration status:* The immigration status of migrants is critical to their successful integration into the labor market. It is nearly impossible to be employed in white-collar professional positions without employment authorization issued by the Department of Homeland Security. As a result, many educated post-Soviet professionals lacking legal immigration status in the United States are bound to low-prestige, low-wage jobs in the informal economy.

*Lack of awareness about avenues for transferring their professional training into skilled work:* For migrants who are in the United States legally and have valid employment authorization there are avenues for transferring their foreign-earned education and experience. For example, migrants can have their credentials evaluated by specialized agencies such as *US World Education Services*. Such agencies, for a fee of ranging from \$100 to \$160, compare foreign credentials to their U.S. equivalent and issue detailed reports that can be used when applying for work or to universities. Migrants can also re-train professions in demand in the local labor market. However, few migrants are aware of the means to utilize their credentials to obtain better-paid jobs. An economist from Uzbekistan, for example, thought he needed to pass an exam to prove his knowledge of economics in order to get a job as a bank teller.<sup>35</sup> Waldinger argues that because immigrants rely on their co-ethnics to find work and housing, they often end up in an "ethnic occupational-and-residential ghetto."<sup>36</sup> The evidence from the interviews indicates that this argument holds true for Central Asian and Georgian migrants: they rely on limited,

imperfect information available through their networks and, therefore, often do not maximize their skills and education in selecting post-migration occupation.

*Regulatory entry barriers into some professions:* Foreign-trained medical professionals face significant barriers if they want to practice medicine in the United States. First, they must pass the United States Medical Licensing Examination. Then most medical graduates need to undergo a residency in their area of specialty. A successful completion of a residency is a requirement for practicing medicine in many U.S. jurisdictions. Prior to applying for a medical residency, foreign medical graduates need to obtain certification of the Educational Commission for Foreign Medical Graduates, which is issued after an applicant successfully passes three exams. The entire process usually involves lengthy and intensive preparation and requires time and resources. Few recent migrants have such resources because most work long hours for low wages. The situation could be different when migrants arrive with spouses: some couples decide that one of the spouses will be the breadwinner for the family while the other studies for the exams and undergoes a residency.<sup>37</sup> However, few irregular migrants are joined by their spouses as the latter are unlikely to receive entry visas to the United States.<sup>38</sup>

Obtaining a medical residency is a highly competitive undertaking and is particularly challenging for foreign medical graduates. Support of the local diaspora in placing migrants into residencies can be crucial. The Jewish diaspora in the United States, for example, is credited with helping thousands of Jewish immigrants, who were trained at medical institutions in the former Soviet Union, find medical residencies and become physicians in their new homeland. Diaspora organizations provide comprehensive assistance to Soviet Jewish immigrants, making their adjustment and integration easier,

Once new immigrants found permanent housing, NYANA<sup>39</sup> assigned vocational counselors to each working-age adult, tested them for English proficiency, and enrolled them in English as a Second Language courses. The NYANA method of teaching English enabled many new arrivals to grasp basic conversational English in a few weeks. The agency then offered vocational training in business and accounting, industrial trades, carpentry, building maintenance, and food service. It also provided retraining and licensing courses for engineers, computer scientists, and health care professionals.<sup>40</sup>

Absence of such support for migrant groups that do not have large diasporas in the United States makes the transfer of migrants' skills and education into the American labor market very difficult.<sup>41</sup>

*Length of residence in the U.S.:* The length of migrants' stay in the United States is an important factor determining the success of their integration in

the labor market.<sup>42</sup> Recent arrivals without English language proficiency are more likely to experience professional and economic downward mobility. Once migrants have lived in the country for several years, their language proficiency is likely to improve. Migrants are also likely to learn about the avenues to utilize their education and skills. Gold, for example, demonstrates rapid economic adjustment of Soviet Jewish immigrants who have been in the U.S. for eight years or more.<sup>43</sup> In contrast, Chiswick reports that in the first few years after immigration, Soviet immigrants to the United States lagged behind other European immigrants in earnings, employment and language proficiency.<sup>44</sup> Only a few migrants interviewed in this study arrived in the United States more than eight years ago, which might also partially explain why such a small share of them have integrated in the labor market at the level appropriate to their education and skills.

### SELF-EMPLOYMENT AND ENTREPRENEURSHIP AMONG MIGRANTS

Lacking the same career opportunities as natives and unable to find work in their profession commensurate with their education, some migrants turn to self-employment.<sup>45</sup> Immigrants tend to be self-employed at higher rates than the natives due to "unfamiliarity with the language of the host country, inadequate or inappropriate skills, age, and discrimination."<sup>46</sup> Most of the migrants in this study experience difficulties in labor market integration due to at least the first two of these factors; yet, only three migrants out of forty-eight interviewed for this study opened small businesses in the United States. The following section will examine the reasons for such low levels of entrepreneurship among Central Asian and Georgian migrants in the U.S.

Generally, immigrants are more likely to start their own businesses in a host country when the following conditions are present:

1) *Market conditions exist for: a) ethnic business; b) for commerce with non-ethnics.* Successful ethnic businesses find a niche in the immigrant community as "purveyors of culinary products—tropical goods among Hispanics, for example, or Oriental specialties among Asians"—or selling "cultural products" such as newspapers, magazines, films, and books.<sup>47</sup> Due to a shared Soviet past, Central Asians and the other post-Soviets generally have a preference for the same "cultural products"—many like Soviet-era or Russian films, music, and books. Russian-language stores are abundant in Brooklyn, where many of the former Soviet immigrants settled. Cuisine that is unique to Central Asia is readily available at restaurants and cafes in Brooklyn and Queens, run mainly by Jewish immigrants from Central Asia who started



arriving in the United States in late 1970s and by Central Asian immigrants who arrived more recently. Due to a relatively small number of immigrants from Central Asia in the United States, there do not seem to be many more market opportunities for selling Central Asian goods and food in the New York metropolitan area.

Commerce with non-ethnics is facilitated if there are market opportunities in the local economy for new businesses, for instance in underserved neighborhoods; with low economies of scale where immigrant business owners can be efficient by utilizing their own labor at low or no cost; or there is instability or uncertainty that impedes native and/or big businesses to enter (or stay in) the market.<sup>48</sup> Such market opportunity also arises if there is a demand among natives for ethnic goods. Central Asian migrants, in general, do not seem to have found a niche for successful commerce with non-ethnics, in contrast, for instance, with Korean immigrant entrepreneurs running small businesses in underserved American urban neighborhoods.

2) *Immigrants have access to capital either through formal channels or through informal credit-raising mechanisms.* Many recent migrants lack stable jobs, sound credit history, collateral, or even legal immigration status, and are thus unable to obtain loans through banks. Their only option is to seek alternative sources of capital, such as community credit-raising mechanisms or social circles of family and friends who have capital.<sup>49</sup> Creation of informal credit-raising mechanisms requires presence of co-ethnics with capital and a closely knit ethnic network that has social control over its members to ensure that loans are paid off.<sup>50</sup> There was no history of immigration from Central Asia to the United States until late 1970s, when small numbers of Central Asians of Jewish origin started arriving as refugees. Titular nationalities from Central Asia started arriving more recently, in the 1990s; as a result, no strong, closely tied ethnic network of Central Asians has developed yet that could offer informal credit-raising mechanisms for its members. More often than not, Central Asian migrants also lack moneyed social circles of family and close friends, since most arrived alone because of the irregular nature of their migration, or their social circles consist of similarly-situated co-ethnics. Moreover, because of the irregular immigration status in the United States and real or perceived temporariness of migration, it is hard to develop a level of trust among co-ethnics to establish informal credit-raising mechanisms when the recipient might leave the country or relocate within the United States.

3) *Immigrants have access to business ownership.* There are business vacancies and government policies that allow immigrants to own businesses. While there are certainly business vacancies in the United States economy for immigrant entrepreneurs, only legal residents and citizens can legally

own them. This study focuses on irregular labor migration which implies that most migrants in the sample are or at some point were in the United States without immigration status. It is likely that irregular immigration status is a key factor explaining such low levels of entrepreneurship among this group. Legal status provides migrants with access to starting capital through bank loans, guarantees ownership rights, and allows migrants to make long-term plans and investments. It would not be very prudent to invest in a business knowing that one might get deported from the country. One of the migrants interviewed reported that he knows quite a few undocumented migrants who own their own business but the titles are in the names of U.S. citizen friends.<sup>51</sup> A key challenge for an undocumented entrepreneur is to find a completely trustworthy U.S. citizen, because in the eyes of the law, the property/business belongs to the individual who holds the title. Consequently, such an arrangement is risky and has a potential to become a major dispute.<sup>52</sup> Therefore, opening a business without having a stable immigration status in the country is a highly risky enterprise, which few irregular migrants are likely to undertake. Nevertheless, there are still avenues to own and operate a business in the informal economy. Yet few Central Asian and Georgian migrants seem to pursue those avenues.

4) *Group characteristics*: Immigrants and migrants tend to be self-selected individuals who are more adventurous, take risks, and adjust well to new situations compared to their peers who stayed home. Waldinger argues, “The same characteristics also give immigrants an advantage in competition with native groups in the low-wage labor market, against whom they compare favorably in terms of motivation, risk propensity, and an ability to adjust to change.”<sup>53</sup>

5) *Pre-migration characteristics*: Immigrant entrepreneurs tend to succeed in business if they arrive in the host country with skills that are useful for business purposes. High levels of education do not necessarily translate into success in entrepreneurship. As Waldinger reports, “Among the U.S. immigrants there appears to be only a weak correlation between education and self-employment. It is not the immigrants with the highest or most developed general skills that flock to business; rather, it is those whose general skills are not quite appropriate to the new context.”<sup>54</sup> An example of medical doctors and economists from Central Asia is illustrative here. The training they received during the Soviet era is not easily applicable in the U.S. setting;<sup>55</sup> thus, very few doctors and economists from that region find jobs commensurate with their education. Moreover, many migrants, raised under the socialist Soviet system, lack basic business skills and have no knowledge of U.S. taxation, licensing and incorporation procedures necessary for legal businesses.

6) *Circumstances of migration and immigration status*: Scholars concur that whether migrants arrive as permanent immigrants or temporary migrants

it is critical for their integration in the receiving country. Settlers are more likely to invest in upgrading their skills and/or starting their own businesses than migrants who at some point intend to return home. Temporary migrants tend to save their earnings to invest in their home countries and/or remit to family members remaining behind. It is likely that because so many migrants interviewed send large shares of their earnings home to support their families, they are unable to save enough starting capital to start own businesses. Temporary migrants are also typically less concerned with social and professional mobility in the host society because many evaluate their success relative to their peers who stayed home. Even in low-levels jobs in the U.S., migrants still make more money (in absolute terms) than their compatriots who did not migrate.

Migrants who intend to work in the destination country temporarily are unlikely to invest in businesses there in contrast to immigrants who arrive in the United States for permanent residence. A Georgian migrant poignantly pointed out that many Georgian migrants have *chemodannoe nastroenie* (literally, living “in a suitcase mood” in Russian), meaning that migrants think they will return home soon, so they never really unpack and settle down. As a result, many Georgians do not develop long-term plans for maximizing their skills in the U.S. or for opening small businesses. It is likely that *chemodannoe nastroenie* affects other irregular post-Soviet migrants and, in part, explains why so few of them start small businesses.

7) *Post-migration characteristics*: Immigrants from communities/countries where other settled immigrants are concentrated in small businesses are more likely to be hired by co-ethnics, learn the “tricks of the trade” and then open their own businesses. Diaspora communities that exist for other former Soviet republics, such as Armenians, Ukrainians, and Jews who settled in the United States long ago, often provide integration assistance and formal and informal channels for accessing capital. Due to a recent nature of immigration to the United States from Central Asia and Georgia, migrants interviewed for this study lacked such support.

8) *Propensity of certain ethnic groups toward entrepreneurship*: It has been argued that culture plays a role in the propensity of individuals to open small businesses and that the “cultural values and ethnic origin of immigrants also influences their personal inclination towards entrepreneurship.”<sup>56</sup> Cultural theory claims that “certain ethnic groups, such as Jews, Chinese, Japanese, Greeks, Armenians and Parsis . . . possess cultural attributes which encourage and facilitate their participation in business activities. These groups are said to have access to cultural institutions for raising capital, controlling family labor and insuring economic cooperation.”<sup>57</sup> Kyrgyz and Kazakh migrants, historically being nomadic peoples with the exception of the last 70–80 years,

do not seem to have an inclination or culture of entrepreneurship. This barrier to the development of a culture of entrepreneurship was further compounded by the fact that a modern sedentary capitalistic system was never allowed to emerge in Kyrgyzstan and Kazakhstan, as these nomadic societies transitioned directly to socialism and a command economy under the Soviets. In fact, entrepreneurship was illegal under the Soviet regime. Though the black market certainly existed during Soviet times, participation in the black market was risky and if detected, those who participated risked being persecuted by authorities. As a result, entrepreneurship in Kazakhstan and Kyrgyzstan has largely begun to develop only after the collapse of the Soviet Union in 1991.

The social status of the entrepreneurial class in a society is often a strong determinant of the scale of small business development in the country. In his comparative study of immigrant entrepreneurship in Canada, the United States and Israel, Razin argues that historically "both the merchant and the manufacturing entrepreneur did not enjoy high social status in Canada."<sup>58</sup> As a result, immigrants in Canada are less likely to become small business owners than their counterparts in America and Israel. Similarly, in the Soviet Union the merchant class was practically non-existent and individuals who displayed propensity toward mercantilism were looked down upon. In fact, in Russian the adjective "mercantile" has a pejorative meaning. In Georgia, entrepreneurship among ethnic Georgians was not well developed and the society favored more intellectual and creative occupations. As a Georgian migrant stated, "Georgians historically did not have an entrepreneurial spirit. They were more predisposed toward studying, art and things like that. Merchants in Georgia were mainly Jews and Armenians."<sup>59</sup> This might help explain why none of the Georgian immigrants interviewed had thought of opening their own business in the United States.

## CONCLUSION

Irregular labor migrants from Central Asia and Georgia travel thousands of miles to reach the United States in search of higher earnings, paying tens of thousands of dollars for their passage and leaving behind families, support networks, and, often, respectable professional and social status. Jobs and lives that await such migrants in the United States are often far from their expectations. Unable to speak English, lacking work authorization, unfamiliar with professional opportunities and avenues to maximize their human capital, Georgian, Kyrgyz, Kazakh and Uzbek women work as domestic service providers and in sweatshops, while men from these countries work in construction and restaurants. Without the support of diaspora organizations

and a local ethnic network they have a difficult time transferring their skills and education into the white collar labor market. Only with legal immigration status and after a few years of living in the United States, some migrants are able to find avenues to obtain better-paid white-collar work.<sup>60</sup>

Presented with such obstacles, many immigrants turn to self-employment and entrepreneurship. However, for Central Asian and Georgian migrants, factors such as lack of access to formal and informal mechanisms for raising capital; lack of established, close-knit ethnic networks; unfamiliarity with American business practices and the know-how; pre-migration and post-migration characteristics and migration circumstances non-conducive to entrepreneurship; as well as illegal immigration status seem to add up to a set of critical obstacles to opening and operating successful businesses. Combined, these factors generally result in underutilization of migrants' education and in their eventual "deskilling" (loss of professional skills), culminating in what some development economists refer to as "brain waste."<sup>61</sup>

Labor migrants from the former Soviet Union make a significant contribution to their home countries by sending billions of dollars in remittances, thus defusing the consequences of the failed system of social welfare. At the same time, following migration, they are not fully utilizing their own human capital, not to mention the unrealized economic value of government-funded education experienced by the home countries. These migrants are also becoming an important part of the U.S. economy, raising American children, taking care of the American elderly and building homes for American families. Since there are shortages of labor in many highly skilled professions in the U.S. including medical doctors and nurses, American society would be better served by finding ways to more wisely utilize the formidable education and skills that such migrants bring with them. The home countries also need to formulate policy solutions to preserve and reap the benefits of the significant investments they have made in education and training of their citizens, even if they choose to leave the country in search of opportunities abroad.

## NOTES

1. Parts of this chapter previously appeared in Saltanat Liebert, *Irregular Migration from the Former Soviet Union to the United States* (New York: Routledge, 2009).
2. The World Factbook, Central Intelligence Agency, United States, 2017. Available from <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>.
3. Saltanat Liebert, *Irregular Migration from the Former Soviet Union to the United States* (New York: Routledge, 2009).

4. Barney G. Glaser and Anselm L. Strauss, *The Discovery of Grounded Theory: Strategies for Qualitative Research* (Chicago: Aldine Publishing Co., 1967).
5. Additional information on the study methodology is available upon request.
6. Specifically, the sample included 33 migrants from Kyrgyzstan, six from Georgia, five from Kazakhstan, two from Uzbekistan, and two from Tajikistan.
7. Migrants from Armenia, Ukraine, and immigrants of Jewish origin are often assisted in their integration to the U.S. labor market by members of their respective diasporas in the United States.
8. The New York Tri-State area includes the populated areas in the states of New Jersey, New York, and Connecticut that are within a commuting distance of Manhattan.
9. Lilia Shevtsova, “Post-Soviet Emigration Today and Tomorrow,” *International Migration Review* 26, no. 2 (Summer, 1992): 241–57; Rita J. Simon, Louise Shelley, and Paul Schneiderman, “The Social and Economic Adjustment of Soviet Jewish Women in the United States,” in *International Migration: The Female Experience*, eds. Rita J. Simon and Caroline Brettell (Totowa: Rowman & Allanheld, 1986), 76–94.
10. Percentages of migrants reported in this study are descriptive statistics and do not claim statistical generalizability of the results.
11. Education and Science in the Kyrgyz Republic: Statistical Bulletin, National Statistical Committee of the Kyrgyz Republic and UNICEF, Bishkek: National Statistical Committee, 2014.
12. Saltanat Sulaimanova, “Migration Trends in Central Asia and the Case of Trafficking of Women,” in *In the Tracks of Tamerlane: Central Asia’s Path to the 21st Century*, eds. D. L. Burghart and T. Sabonis-Helf (Washington, DC: National Defense University, Center for Technology and National Security Policy, 2004), 377–400.
13. Jeanne Batalova and Michael Fix, *New Brain Gain: Rising Human Capital among Recent Immigrants to the United States* (Washington, DC: Migration Policy Institute, 2017).
14. This migrant’s skills as the Soviet party official were not in demand under the new political regime (migrant worker interviewee 2008; this interview was conducted by the author on 17 July 2008).
15. An individual selling merchandize or produce at a *bazaar* (market).
16. Richard Pomfret, *The Economies of Central Asia* (Princeton, NJ: Princeton University Press, 1995).
17. The National Treasury of Kyrgyzstan was in such a dire state that there was no money to pay salaries. Many state agencies engaged in the barter trade among themselves, where they used goods instead of the currency. It had become common practice during that period to pay workers’ wages in-kind with bartered goods.
18. This interview was conducted by the author on 4 December 2005.
19. Roger Waldinger, Howard Aldrich, and Robin Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies* (Newbury Park: Sage Publications, 1990).
20. Network theory posits that migrant networks in origin and destination countries increase the likelihood of international migration because they make the integra-

tion of migrants into the labor market of the destination country easier and provide a support network for newly arrived migrants. See Douglas S. Massey, "Social Structure, Household Strategies, and the Cumulative Causation of Migration," *Population Index* 56, no. 1 (Spring, 1990): 3–26.

21. This interview was conducted by the author on November 9, 2005.

22. This interview was conducted by the author on November 9, 2005.

23. Waldinger, Aldrich, and Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*.

24. For example, legal and medical professions.

25. Khalid Koser and John Salt, "The Geography of Highly Skilled International Migration," *International Journal of Population Geography* 3, no. 4 (December, 1997): 285–303; B. Rhode, "Brain Drain, Brain Gain, Brain Waste: Reflections on the Emigration of Highly Educated and Scientific Personnel from Eastern Europe," in *The New Geography of European Migrations*, ed. R. King (London; New York: Belhaven Press, 1993), 228–45.

26. Aaditya Mattoo, Ileana Cristina Neagu, and Caglar Ozden, "Brain Waste? Educated Immigrants in the U.S. Labor Market," in *World Bank Research Working Paper 3581*, Washington, DC: World Bank, 2005.

27. Nancy Lubin, "Small Business Owners," in *New Lives: The Adjustment of Soviet Jewish Immigrants in the United States and Israel*, ed. R. J. Simon (Lexington, MA: Lexington Books, 1985), 151–64.

28. Interestingly, migrants referred to the former Soviet nationals who immigrated to the United States and became American citizens as "former Soviets" even if the latter had immigrated 20 years ago. Migrants referred only to Anglo or native English-speaking Americans as "Americans."

29. This interview was conducted by the author on January 16, 2006.

30. This interview was conducted by the author on January 18, 2006.

31. Neale Donald Walsh is an author of best-selling religious books with titles like *Conversations with God: An Uncommon Dialogue*, *Home with God: A Life That Never Ends*. His books were translated into Russian and are readily available in Russian-language bookstores in Brooklyn, New York.

32. "Russia Arrests 12 Central Asians on Extremism Charges in Kaliningrad," Radio Free Europe/Radio Liberty, April 27, 2017.

33. This interview was conducted by the author on January 16, 2006.

34. Larissa Remennick and Gila Shakhar, "You Never Stop Being a Doctor: The Stories of Russian Immigrant Physicians Who Converted to Physiotherapy," *Health (London)* 7, no. 1 (2003): 93.

35. This interview was conducted by the author on July 11, 2008. I told this migrant that having his Uzbek diploma evaluated by a specialized agency would probably suffice.

36. Waldinger, Aldrich, and Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, 35.

37. Remennick and Shakhar, "You Never Stop Being a Doctor: The Stories of Russian Immigrant Physicians Who Converted to Physiotherapy."

38. An applicant is very likely to be denied a visa if a family member is known to have overstayed his/her visa.

39. NYANA stands for “New York Association for New Americans,” a resettlement agency created after World War II to offer assistance to Jewish refugees in the United States (Orleck 2001).

40. Annelise Orleck, “Soviet Jews: The City’s Newest Immigrants Transform New York Jewish Life,” in *New immigrants in New York*, ed. N. Foner (New York: Columbia University Press, 2001), 119.

41. The author was told of one migrant from Kazakhstan, for example, who successfully passed all of the licensing and certification requirements described above but did not manage to find a residency. She applied for medical residencies for three years in a row and with no offers in sight decided to re-train to become a nurse. In contrast, a migrant from Kyrgyzstan of Jewish origin reported that the local Jewish diaspora found him a job shortly upon his arrival in the United States as a dental technician, his occupation in Kyrgyzstan.

42. Barry R. Chiswick, “The Effect of Americanization on the Earnings of Foreign-Born Men,” *Journal of Political Economy* 86, no. 5 (1978): 897–921.

43. Steven J. Gold, “Soviet Jews in the United States,” in *American Jewish Year Book* 94 (1994): 3–57.

44. Barry R. Chiswick, “Soviet Jews in the United States: An Analysis of Their Linguistic and Economic Adjustment,” *International Migration Review* 27, no. 2 (1993): 260–85.

45. Lubin, “Small Business Owners”; Steven J. Gold, “Refugees and Small Business: The Case of Soviet Jews and Vietnamese,” *Ethnic and Racial Studies* 11, no. 4 (1988): 411–38.

46. Waldinger, Aldrich, and Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, 32.

47. *Ibid.*, 22–23.

48. *Ibid.*

49. Gold, “Refugees and Small Business: The Case of Soviet Jews and Vietnamese.”

50. Ivan Hubert Light, *Ethnic Enterprise in America: Business and Welfare among Chinese, Japanese, and Blacks* (Berkeley, CA: University of California Press, 1972).

51. This interview was conducted by the author on 10 July 2008.

52. One migrant, for example, ran a successful business while in an irregular immigration status. He had registered all of his property and trucks used in the business in the name of his U.S. citizen wife. When the marriage deteriorated and she filed for divorce, he reported losing most of his property (migrant worker interviewee 2008).

53. Waldinger, Aldrich, and Ward, *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, 32–33.

54. *Ibid.*, 41.

55. Training curricula in medical schools, for instance, are quite dated by Western standards and do not always take into account advances in medicine and pharmacology made in the last few decades. Similarly, the principles of (socialist) economics taught in Soviet-era institutions of higher education differ fundamentally with principles of (capitalist) economics taught at U.S. colleges.



56. Eran Razin, "Immigrant Entrepreneurs in Israel, Canada, and California," in *Immigration and Entrepreneurship: Culture, Capital, and Ethnic Networks*, eds. I. H. Light and P. Bhachu (New Brunswick, U.S.A.: Transaction Publishers, 1993), 99.

57. Gold, "Refugees and Small Business: The Case of Soviet Jews and Vietnamese," 415–16.

58. Razin, "Immigrant Entrepreneurs in Israel, Canada, and California," 105.

59. This interview was conducted by the author on July 16, 2008.

60. For example, a Kyrgyz immigrant physician taught herself English and then successfully passed the U.S. nurse licensing exams. She was only able to do so because her husband, also a medical doctor, supported the family by taking a construction job while she studied for the exams. A Georgian nurse, who had been in the United States for almost a decade, had just started taking classes to prepare for the same exams at the time of our interview.

61. Mattoo, Neagu, and Ozden, "Brain Waste? Educated Immigrants in the U.S. Labor Market"; B. Rhode, "Brain Drain, Brain Gain, Brain Waste: Reflections on the Emigration of Highly Educated and Scientific Personnel from Eastern Europe."

## *Part II*

# ECONOMICS AND SECURITY

The chapters in Part II of this volume focus on the overlapping issues of prosperity and stability. This section addresses aspects of each, as well as the seam between the two. Several chapters focus on factors that contribute to both prosperity and stability, examining infrastructure, investment, and trade. Other chapters illustrate that Central Asia's efforts to improve economics and security remain very much a work in progress, with difficult borders, black and grey markets, and illicit networks, whose power exceeds that of the states in which they operate.

Part II opens with a chapter by Yuhao Du, which addresses Chinese investment in Central Asia. He identifies China's One Belt, One Road (OBOR) strategy in the region as the "world's largest platform of regional cooperation," and examines China's policy priorities, Central Asia's response to the initiative, and the prospects for Russian cooperation and competition. He offers a sophisticated analysis of China's key stakeholders in OBOR, and concludes that domestic drivers of the project are more decisive than international ones. Du demonstrates how OBOR is a more ambitious version of the "Asian Developmental State" model that follows a long-established approach. Although he emphasizes OBOR in terms of the Chinese state and its objectives and tools, he also examines key OBOR projects in each Central Asian country, and each state's evolving bilateral relations with China. Du also considers the issue of Russia, and how it perceives China's increasing role in the region. He remains optimistic about Russian-Chinese ongoing cooperation, but notes the emerging competition between their longer-term visions of economic cooperation: Russia's Eurasian Economic Union vs. China's Silk Road Economic Belt.

Du's chapter provides excellent regional context for Theresa Sabonis-Helf's chapter, in which she examines the political economies of the Central

Asian states, and the changes in trade and transit that are occurring after a long period of relative stagnation. Like Du, she finds an essential role for China. Sabonis-Helf reviews the challenges that landlocked Central Asia experienced after independence in its efforts to establish reliable economic corridors to the outside world. In spite of international assistance with project planning, many large-scale road and rail projects were proposed, but not developed, until China displayed interest. She finds that this was due in part to low trust among the nations, as well as the high costs of establishing needed infrastructure. The chapter also examines pipelines and electricity grids. Sabonis-Helf finds that Central Asia's political economy is not likely to move entirely away from commodities, but that improved interconnections, particularly in rail and electricity, provide an opportunity for the states to begin a partial shift towards services. She also finds that China's role as funder, market, and actor with an interest in being able to cross the territory with significant volumes of goods has been an essential one in the transformation.

While Sabonis-Helf provides an overview of the infrastructure associated with energy, Dan Burghart further elaborates the situation in the energy sector. He focuses on energy development and market access in the region. Beginning with the Soviet history of energy development, he shows how issues of foreign capital, new technology, and the need for pipeline access all shaped the region's energy development. He does a by-country review, finding in Kazakhstan a "poster child for benefits that being an energy producer can bring," while Turkmenistan represents the "thwarted potential" of a state whose political structure makes it almost impossible to develop an otherwise promising sector. He also provides an overview of Russia and Azerbaijan, contrasting their post-Soviet energy development with Central Asia's. Burghart's chapter places Central Asian energy firmly in a changing global context—vast price fluctuations, technological innovation (especially shale gas), and geopolitical tensions are all examined, as issues over which Central Asia has little power, leaving the region's energy sector with an uncertain future.

While Burghart makes a strong case that the Central Asian states will be more shaped by energy developments than empowered to shape them, Richard Wheeler demonstrates how a surprising range of multilateral organizations are trying to shape Central Asian energy development and energy markets. He examines three categories of energy engagement—trade and economic-oriented, security-oriented, and environmental-oriented. In each category, Wheeler identifies a range of organizations that have attempted energy engagement in the region. He finds the greatest cooperation among the environment-oriented organizations, a phenomenon he attributes to low politicization and low budgets. In the security realm, he finds traditional

security alliances have a very limited focus on energy in the region due to sensitivities about the accusation of “militarization” of the energy issue, and because the security organizations do not have an energy mandate. He finds that energy security issues are increasingly addressed by quasi-security organizations, such as the SCO and CICA, which to date provide non-binding consultation. Wheeler finds the greatest competition among the trade and economics-oriented international organizations, where institutions strongly reflect regional interests. Wheeler traces organizations such as the Russia-led EEU, the European Commission Directorate on Energy, and the Economic Cooperation Organization headquartered in Iran—each pursue institutional developments that would cause Central Asia’s energy development to fit more readily within their own energy priorities.

Institutionalization of the rules of trade remains a challenge not only in the energy sphere in Central Asia, but even in very local trade. Dena Sholk’s chapter takes up the topic of bazaars. In her estimation, the Central Asian bazaar, which is the second largest informal sector after agriculture, is not a barrier to the development of a modern market economy, but rather constitutes a functional market institution, one in which 55% of all retail trade takes place. Sholk spent ten months working in a bazaar in Almaty, and uses this experience, supplemented with official interviews and statistical analysis, to explain the economic, social, and structural factors that impact bazaars and their traders. She examines the states’ efforts to better regulate the bazaars, to bring the bazaars indoors, and to effectively tax bazaar trading. She finds no evidence that dissolving bazaars forces the shadow economy to dissipate, and concludes that better administration of bazaars themselves is perhaps a more reasonable focus for policy than efforts to reduce the role of the bazaars.

Sholk’s bazaars provide a space for economic dynamism and entrepreneurialism within the system. Moving from the grey markets to black markets, Elena Kovalova examines how the dynamism of illicit networks both threatens and co-opts the states of Central Asia. Kovalova examines the crime-corruption nexus as a persistent security threat in the region. She begins with comparative data to examine corruption and governance indicators, identifying significant differences among the states, but showing that all are threatened. Kovalova also makes use of two cases that memorably illustrate the complex levels of corruption and criminality. In her Kyrgyzstan gold mine case, the state was powerless to keep organized crime groups and local citizens from preying on an international gold mining company, even though the state was eager to keep the foreign company from leaving. Making matters worse, the state was also unable to resist the chance to extract additional revenues for itself. In her second case, two Russian cargo planes landed illegally in Tajikistan, and were seized together with their contraband. Although

Tajikistan attempted to follow proper procedure, Russia used its extensive leverage to compel Tajikistan to release the convicted pilots. Kovalova makes use of these and other examples to show how illicit networks, using corrupted elements of state institutions, extend their reach and undermine both state power and the concept of rule of law. She further demonstrates that international efforts to counter illicit networks have been repeatedly undermined by Russia's efforts to channel initiatives through organizations in which it has a strong influence.

While Kovalova finds that illicit networks significantly weaken the state, T. Jack Rowe's examination of the enclaves and exclaves of the Ferghana Valley seeks to identify the likelihood of tensions in these territories escalating to a level where the states themselves are threatened. Rowe provides very colorful observations of everyday life in the Ferghana, but the picture he describes focuses on the everyday tensions associated with living in an area of incompletely delimited borders, isolated inhabitants, and persistent poverty. Rowe examines the history of disputes and incidents of violence in the valley, examining the prospects for localized disturbances becoming interstate conflicts. Rowe provides a history of the Soviet origins of the territories, and how the successor states' efforts to control their territories have made life difficult for citizens of the region. Through examining eight cases of violence in depth, he concludes that most of the crises begin with "resource-focused squabbles" over issues such as pasture, water, and access to cemeteries. Rowe's analysis suggests that national leaders have been effective at reacting swiftly to rising tensions once an incident occurs, but that the underlying grievances remain unaddressed. He also finds that, while Ferghana local-level tensions have exacerbated relations between Kyrgyzstan, Tajikistan and Uzbekistan, large-scale or interstate conflict is unlikely to result from localized violence.

While Rowe finds that the states are relatively effective in reacting to rising tensions, Rob Timm finds that the military and security policies of the states does not appear to reflect a clear sense of the threats they face. Timm's chapter examines the puzzle that, while Central Asian security drivers have changed significantly in recent years, the posture, training, and military focus of the five Central Asian states has not. Timm reviews the structure and capabilities of the security forces in each state, together with an analysis of how each state resources and trains its military. He examines the evidence that, despite Afghanistan-related concerns, new Russian assertiveness in Ukraine and Syria, and shifts in China's role in the region, the security elites remain focused on regime preservation almost to the exclusion of other threats. The regional security architecture, which remains limited, is still dominated by the CSTO and Russia's leadership. The Central Asian states seek to cooperate with other partners, including China, the SCO, and the United States and

NATO in an effort to mitigate the risk of increasing their dependence on Russia, but such cooperation remains limited.

Part II provides the reader with insight into key elements of promise as well as the challenges facing Central Asia in the contemporary era. The promise of economic opportunity and economic dynamism shown by the natural resources, the foreign investment, and the vibrant trading culture are challenged by the problematic security challenges, including difficult borders, illicit networks, and state inability to meet threats beyond regime survival. Throughout this section, the quietly continuing role of Russia contrasts starkly with the dramatic rise in Chinese influence. Taken together, these chapters provide the reader with a sense of the opportunities and threats facing Central Asia, as well as an understanding of the shifting strategic environment.



## *Chapter Eight*

# **One Belt One Road**

## *Realizing the “China Dream” in Central Asia?*

Yuhao Du

### **ONE BELT, ONE ROAD: “CONNECTIVITY” MATTERS**

In September 2013, at a speech at the Nazarbayev University in Astana, Chinese president Xi Jinping announced plans to promote a “Silk Road Economic Belt (SREB)” across Eurasian states. At that time, few media and analysts had realized this idea, now known as “One Belt One Road (OBOR),” would bring some fundamental changes to Central Asia. The official OBOR blueprint *Vision and Actions* boasts of promoting “policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds” as its five major priorities. Many scholars have compared OBOR with the U.S.-led Marshall Plan from a geopolitics perspective, but Chinese scholars and government officials tend to reject the comparison, emphasizing OBOR’s benevolent developmental impacts. Geographically, Central Asia lies at the heart of OBOR linking China to the Western world. In recent years, China has gradually replaced Russia to become the main provider of public goods in Central Asia, as Chinese companies are building some of the biggest infrastructure projects in the post-Soviet era. China’s deepening ties with the Central Asian republics have inevitably caused Russians’ discomfort. Russia has, by far, appeared to defer to China’s expansion into Central Asia but mainly because its ability to invest is curtailed by economic contraction and low commodity prices.<sup>1</sup> In this context, this chapter tries to address two important research questions: What are China’s policy priorities in Central Asia, and how could Central Asia and Russia capitalize from the initiative? The answer, in short, is that since its “opening and reform” in the late 1970s, China has developed a mature state-led overseas investment strategy that in various ways resembles that of a developmental state, i.e., a state using selective industrial policy towards strategically targeted industries to generate rapid



economic growth. So far, few signs have indicated that China will change this strategy anytime soon. This means that OBOR presents an unprecedented opportunity for Central Asia to catch up with other more advanced economies because relocation of labor intensive industries from China create a chance for a phase of labor-intensive industrialization. The chapter will begin by discussing the key Chinese stakeholders, including political elites who are directly in charge of OBOR, state-owned enterprises who are China's main overseas investors, and China's policy banks who provide money. Next, the chapter will discuss the domestic and international drivers for OBOR, although the chapter argues that OBOR is primarily driven by China's domestic economic needs. Then, I will describe China's overseas investment strategy and what it means to be a developmental state. Finally, the chapter will discuss OBOR's potential impacts on Russia regarding Central Asia and shine some light on how Central Asia and Russia can benefit from OBOR.

## DISAGGREGATING OBOR: CHINA'S KEY STAKEHOLDERS

In September 2013, Chinese president Xi Jinping formally announced the "Silk Road Economic Belt (SREB)" in Kazakhstan and subsequently expanded the program to include the "Maritime Silk Road" in February 2014. Later the so-called belt—the land-based route connecting China's Northwest to Central Asia, Middle East and finally Europe—and the "road"—the maritime route around Southeast Asia, the Persian Gulf, and the Horn of Africa—have become known to the English readership by the abbreviation "OBOR." Despite abundant writings on OBOR's drivers and potential impacts, little has been discussed about the internal structure of OBOR because of the opaque nature of Chinese politics as well as the conventional belief that all Chinese policies are determined by a monolithic group of elites who share the same views, values, and visions.<sup>2</sup> Although senior members of the Politburo have utmost authority in policy-making, the actual effects of policies—especially a huge, transnational project such as OBOR—are influenced by the coordination between provincial governments, policy banks, state-owned enterprises (SOEs) and even specific project managers on the ground. Coordination here is not synonymous with top-down decision making. The rest of this section will disaggregate the internal structure of OBOR by describing three key stakeholders: the leadership group made for OBOR, Chinese financial institutions and SOEs. Not only do they control most leverage on OBOR's execution but, interestingly, they also have competing interests against each other.

The official body directly in charge of OBOR is called “Advancing the Development of the One Belt and One Road Leading Small Group.” Chairing the group is Vice Premier Zhang Gaoli, a member of the PBSC who holds primary responsibility for finance, reform and development, and the environment.<sup>3</sup> The group also has four vice-chairmen: Vice Premier Wang Yang, responsible for trade, agriculture, foreign assistance, and the economic track of the U.S.-China Strategic and Economic Dialogue (S&ED); Wang Huning, an academic and head of the Central Committee Policy Research Center, widely seen as the closest policy advisor to President Xi; Yang Jiechi, former Minister of Foreign Affairs and currently a state councilor, who holds the top foreign policy position; and Yang Jing, also a state councilor, who serves in several vital coordinating positions as the secretary of the Communist Party’s Central Committee Secretariat and secretary-general of the State Council.<sup>4</sup> With the exceptions of Yang Jiechi and Yang Jing, the members have been deeply involved in China’s domestic economic reforms, which reveals the exceptional weight of economic reform in OBOR’s multiple objectives. The job of these high-level political elites is to balance various interests within the initiative and most importantly, to stimulate and reform China’s slowing economy.<sup>5</sup>

Chinese financial institutions have already established track records in financing overseas projects, and they will play a larger role in financing OBOR. The amount of total funding available for OBOR-related projects is estimated to be US\$1 trillion.<sup>6</sup> The Asian Development Bank (ADB) estimates Asia’s demand for investment in infrastructure by 2020 at US\$8 trillion.<sup>7</sup> Countries along OBOR need investment, but it is too early to tell how much of that US\$1 trillion commitment will be realized, which would depend on availabilities of projects and the abilities of borrowing countries to pay back debt—Central Asia’s average sovereign debt rating has seen slight downgrades by S&P in 2016. There are three types of financial instruments which China employs to provide financing for facilitating infrastructural projects in the six economic corridors covered by OBOR: policy banks, multilateral development banks and China-backed global development funds.<sup>8</sup> The main source of funding comes from China’s state-owned policy banks, mainly the China Development Bank (CDB) and the Export-Import Bank of China (China Eximbank). Since their creations in 1994, China’s policy banks have traditionally played a supporting role for state policy objectives by bankrolling domestic as well as overseas infrastructural projects concentrated in energy and construction. Research has shown that policy banks are not an agent of state policy with no regard to profit; they usually manage to balance profitability and their mandate to advance state policy.<sup>9</sup>

China has also founded or co-founded an alphabet-soup of multilateral development banks (MDBs), including the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB, i.e., the BRICS development bank) that would provide an additional funding stream for OBOR projects.<sup>10</sup> Among these MDBs, the Asian Infrastructure Investment Bank, with fifty-seven founding member countries, has produced the most media fanfare, and it epitomizes China's latest efforts to build Asia's infrastructure. AIIB has had the initial authorized capital of US\$100 billion, with China as the largest shareholder contributing US\$29.78 billion and owning 26 percent of the votes.<sup>11</sup> Although many people were or still are convinced that the China-sponsored initiative aims to rewrite the current global economic order, AIIB has modelled itself on the existing international financial institutions. Meanwhile, AIIB has also been pursuing innovations in management governance, lending practices, and corruption avoidance, which have been the chronic problems for the existing international development system.<sup>12</sup> Compared to policy banks, the China-led MDBs will enjoy more freedom from the dictates of Beijing.

Another category of Chinese financial institutions is a group of China-led global development funds. For OBOR, China has set up the \$40 billion Silk Road Fund (SRF) in 2014, which was created by China's State Council with the initial funding financed solely by China: 65 percent from China's foreign currency reserves; 15 percent from the China Investment Corporation (CIC), the government's sovereign wealth fund; and the rest coming from policy banks.<sup>13</sup> Different from the other two instruments, SRF will work along the lines of a long-term private equity (PE) venture capital to boost businesses in countries and regions covered by OBOR.<sup>14</sup> It means investments will be made primarily through equity, although other forms of investment and financing, such as loans, debts and funds, will also be engaged. If SRF is to be a truly PE fund, people expect it to become more transparent and independent in its investment decision-making.

The last key stakeholder group is China's state-owned enterprises (SOEs), which have thus far been the vanguard of Chinese outbound investment. Chinese SOEs have been controversial because of their close relationship with the state as well as their reportedly unsustainable practices to the detriment of local environments and societies.<sup>15</sup> Chinese SOEs indeed serve political goals, such as supporting social stability, maintaining control of strategic sectors (e.g., infrastructure, aviation and power), enhancing access to resources abroad, and advancing economic initiatives abroad such as OBOR. Some analysts have even argued that the SOEs are the state's tool to lend money to countries with abundant resources in order to generate "dependency-inducing long-term relationships."<sup>16</sup> However, the reality is that Chinese SOEs

are more autonomous than these people perceive. SOEs always try, often successfully, to pursue their own interests—profits and international competitiveness—in tandem with state interests. For example, it is in the Chinese state-owned oil companies' interests to expand their international exploration and production portfolios not only because the state wants energy security, but also because exploration and production are the most profitable part of the oil business.<sup>17</sup> As late comers to a competitive global market, Chinese firms have been prone to investing in overseas projects with high risks and low returns. The explanation is a combination of lack of pressure for immediate returns, cost-efficiency of Chinese production, and focus on the mid-to-long-term profits. Furthermore, rather than just carrying out orders from the central state, SOEs are totally capable of shaping state policy, or at least the implementation of it. Implementation of state policy can often be uneven, with some policy goals achieved in advance and some lagging behind. Therefore, to what extent OBOR could achieve success in its multiple goals will largely depend on the SOEs.

## OBOR DRIVERS

The Chinese authoritative narratives of OBOR's goals are rather ambiguous and extensive, but less explicit is Beijing's priorities among them. This chapter tries to understand China's priorities in relevance to China's economic reform and foreign policies. First and foremost, OBOR serves domestic purposes. Firstly, the Chinese government needs to find new markets to absorb China's excess industrial capacity. Due to the huge amount of state-allocated investment by SOEs in infrastructure and heavy industry post-2008 financial crisis, China's steel sector has developed a surplus capacity bigger than the entire steel production of Japan, America and Germany combined.<sup>18</sup> The OBOR initiative is expected to create hundreds of billion-dollar infrastructure projects overseas for Chinese firms and workers. Although the government is planning to reform and decrease the number of SOEs to resolve excess capacity, it cannot be done quickly, as the government cannot afford mass lay-offs or any form of economic hard landing.

Secondly, China needs to restructure and upgrade its economy. Rising wages is pushing China to move up the ladder from labor-intensive to more capital- and technology-intensive industries. Chinese are seeking to relocate their firms to Myanmar or Ethiopia to take advantage of the low labor costs there; the current minimum wage in Yangon, Myanmar, is only one-third of the wage in Hangzhou, a second-tier city in China.<sup>19</sup> The government has been implementing its supply-side structural reform and formulated a "Made

in China 2025” plan to produce goods with higher added-value. SOEs are the “dragon heads” of China’s economic restructuring, obliged to become more sophisticated and technologically advanced. For example, China’s national oil companies are expanding abroad to increase their international competitiveness through the development of new capacities, such as ultra-deepwater drilling. The chairman of the Silk Road Fund, Madame Jin Qi, stated that China’s financial institutions will not only support Chinese firms to go out but also help them achieve the transition from project contracting to the BOT (build–operate–transfer) model, thereby moving up the global industrial value chain (i.e., more service-oriented).<sup>20</sup>

Thirdly, there is also the concern that economic indicators in China’s interior and western provinces have lagged behind those of China’s more affluent eastern coastal cities. China also faces growing threats in Xinjiang from terrorism, extremism, and separatism (the “Three Evil Forces”).<sup>21</sup> Beijing sees poverty as the root of instability and therefore the best solution is to accelerate economic development in the region. Urumqi, the provincial capital of Xinjiang, is “taking direction from President Xi” to become the “centerpiece” of the Silk Road Economic Belt.<sup>22</sup> Currently, some 78 percent of Xinjiang exports go to Central Asian states.<sup>23</sup> However, whether increased economic activities and trade ties will benefit the Uyghur population is still unclear.

Although OBOR is driven primarily by Chinese domestic factors, it also holds huge strategic ambitions for China globally. Firstly, China wants to lay the groundwork for advancing alternative norms and regimes where China can play a bigger role. Due to the prolonged institutional reform process of International Monetary Fund (IMF) and World Bank, China sees its voice and space in the existing global economic and developmental governance as rather limited. Numerous research reports have pointed out that Asia critically lacks infrastructure. The resources and agendas of the Asia Development Bank (ADB) and World Bank are not meeting even the clearly identified demands of Asian infrastructure development. China’s presence in Central Asia enjoys the advantage of being “free from a U.S.-dominated regional order or a pre-existing economic integration mechanism” and “(there is) more space to be filled and a perfect opportunity to advance in,” as articulated by Wang Jisi, who is among China’s most prominent and influential international relations scholars.<sup>24</sup> If OBOR’s developmental finance institutions and approach succeed, it will boost China’s status as a leader of developing countries in global governance.

Secondly, China seeks to engender diplomatic support and influence by fostering economically based “good neighborly relations.”<sup>25</sup> Chinese officials see OBOR as a way of expanding China’s economic and political ties with neighboring states and regions, creating a political community that is

responsive to China's foreign policy interests.<sup>26</sup> China's determination to help develop the two most aid-dependent countries in Central Asia, i.e., Tajikistan and Kyrgyzstan, is a political calculation more than economic or commercial. According to the World Bank, the Chinese Export-Import Bank remains by far the largest single creditor to aid-dependent Tajikistan, and as of July 2014 it held 41.3 percent of Tajikistan's external debt.<sup>27</sup> Tajikistan expects a total income of US\$3.7 billion in transit fees and taxes from the Tajik trunk of "Line D" of the Central Asia–China gas pipeline over thirty-two years, if the project can be completed.<sup>28</sup>

Lastly, Beijing also hopes that greater economic integration with its neighbors will encourage the use of the Renminbi in global trade. By channeling this investment through the New Development Bank, AIIB, and possibly even the still-underutilized Shanghai Cooperation Organization, Beijing sees opportunities to leverage more effectively its institutional voice in regional organizations into furthering its own foreign policy priorities and regional goals.<sup>29</sup>

### CHINA'S DEVELOPMENT PARADIGM: FROM "FLYING GEESE" TO "LEADING DRAGON"

Although the launch of OBOR has been accompanied with great media fanfare, the phenomenon of the state-promoted overseas investment is hardly new. What has changed is the scale. China emerged as the second largest source of global foreign direct investment (FDI) towards the end of 2016.<sup>30</sup> The underlying goals behind this have been helping Chinese firms gain access to advanced technologies, and when Chinese firms have become more sophisticated, encouraging them to explore new markets, especially for their high-value capital goods, such as high-speed rail and nuclear technology. The earliest attempt to push Chinese firms "to go out (*zou chu qu*)" started from Chinese leader Deng Xiaoping's Open Door policies in the late 1970s. The "going out" policy became formalized under former President Jiang Zeming in 1996, and it was first written into the president's report to the 16<sup>th</sup> National Party Congress in 2002.<sup>31</sup> The conducts and strategies of Chinese firms investing abroad have been well studied by political economists as well as regional specialists. Based on previous works mostly focused on Chinese investment in Africa and Latin America, this author would argue that China has already developed a set of mature overseas investment strategies which in many ways constitutes an "Asian developmental state approach." Judging by the strategic goals of OBOR, it will probably demonstrate a continuity of this existing approach.

## The Asian Developmental State Approach

The “Asian developmental state” model is one of the most powerful and persuasive attempts at a political explanation for the East Asian economic miracle in the post-WWII era. It is often related to Chalmers Johnson’s seminal work (1982) on Japan’s industrialization policy between the 1920s and 1970s.<sup>32</sup> In this approach, a developmental state actively and regularly intervenes in economic activities with the goal of improving the international competitiveness of its domestic industries. The state uses incentives and resources to guide private sectors’ activities contingent upon performance. The “East Asian Miracle” is often associated with the “Flying Geese paradigm,” initially sketched out by a Japanese economist Kaname Akamatsu (1962). The Flying Geese paradigm postulates that the advanced economies can catalyze industrialization in their neighboring, less developed countries as the former relocate their labor-intensive production industries to the latter. By doing so, the more advanced economies also restructure their sectoral focus from labor-intensive to capital-intensive and technology-intensive. This economic cycle is dubbed “the flying geese,” as the lead goose (or geese) in the V-shape formation gradually drops back and a new goose takes the lead. Since 1954, Japan has provided a huge amount of overseas developmental assistance (ODA) to Southeast Asian countries to develop their domestic infrastructure, making aid recipients more accommodating toward newly arriving industrial activities from Japan.<sup>33</sup>

Once a recipient of Japan’s ODA, patterns of China’s overseas investment appear to emulate the developmental state approach, which Justin Yifu Lin, the former World Bank Chief Economist, dubs the “Leading Dragon Phenomenon.”<sup>34</sup> Lin estimates that as China is transitioning to a technology-intensive economy, the process will free up and transfer 85 million labor-intensive manufacturing jobs from China to other developing countries. That will be enough to double manufacturing employment in low-income countries, and therefore the leading “goose” is more of a “dragon.” Regional specialists have conducted numerous field research on Chinese foreign investments since the early 2000s, and many of them have affirmed that the Chinese government intentionally incentivizes Chinese firms to invest abroad. One of the most eminent scholars on China-Africa economic engagements, Deborah Brautigam, has characterized China as a “typical East Asian developmental state” because the state uses its control over finance to influence the behaviors of firms in directions determined by political leaders in order to accelerate economic development.<sup>35</sup> A developmental state is able to choose which sectors and companies to offer policy and financial preferences. Usually, the prioritized sectors are heavy industries, such as shipbuilding and steel making for Japan and Korea in the 1970s and 1980s; and construction and steel mak-

ing for China in the 2000s. An excellent regional specialist on China-Latin American relations, Kevin P. Gallagher, also argues that Chinese investments in Latin American countries are neither “extractive diplomacy” nor geopolitical gameplay but more of a “globalizing developmental state.” Gallagher and Irwin compare Chinese developmental loans to Latin American countries with the World Bank and Inter-American Development Bank from 2007 to 2012, and they find that China’s Going Global strategy is largely commercial in nature.<sup>36</sup> Both regional specialists of Africa and Latin America agree that drivers of Chinese outbound investment are a mix of geopolitical factors and economic factors.

### Loans from Chinese Policy Banks

Although a small number of “national champions” are top of the *Fortune 500*, most of Chinese enterprises are too small to invest and compete in foreign countries. Therefore, the government has offered various incentive packages to help them “go out.” Not only does China have huge foreign exchange reserves edging just below US\$3 trillion, but Chinese money also appears to be more “attractive” than others. Chinese policy banks are the main providers of loans, export buyer’s and seller’s credits, and a relatively small amount of concessional loans to Chinese firms or to foreign governments for hiring Chinese firms. The overarching goal is to finance Chinese firms to invest abroad and facilitate the import and export of Chinese products, mainly in mechanical and high-tech sectors. Many developing countries prefer Chinese loans to those offered by Western commercial banks or international finance institutions because Chinese loans usually are not tied to economic or governance conditionality, and they usually come at slightly below market rates.<sup>37</sup> China can offer loans below market rates, not because they are offered as assistance but out of pragmatic calculations. Loans from the policy banks are almost always tied to the purchase of Chinese goods though the precise ratios vary, which is a common practice of many export credit agencies (ECAs), including the U.S. Export-Import Bank.<sup>38</sup> The purchase agreement, most often a credit line for the foreign government to buy Chinese goods and services, reduces the default risks for the creditor because the Chinese government and its affiliated SOEs do not lose too much. Chinese policy banks also provide commodity-backed loans which can reduce default risk and enable China to lend to otherwise non-creditworthy countries. Over half of the Chinese loans that went to African and Latin American governments between 2003 and 2011 were in the form of resource-secured finance, involving the export of oil, cocoa, platinum and diamonds.<sup>39</sup> In addition, China sometimes offers foreign countries package financing combining both loans, export buyer’s credits,



concessional loans and grants. The package financing is often the source of confusion for many analysts who mistakenly think of the whole package as purely “Chinese aid.”<sup>40</sup> Nevertheless, the combination of commercial and concessional loans has help sweeten China’s finance offers.

### “Special Economic Zones” Going Global

In July 1979, a year after the Deng Xiaoping–led economic liberalizations, China established four special economic zones (SEZs) which have been regarded by the Chinese as a huge success in attracting foreign investments to China’s incipient, mainly labor-intensive industries. Not only has China expanded the SEZs deeper into its inland, but it has also exported them to other countries. In the official document *Vision and Action of OBOR*, China has put “build(ing) all forms of industrial parks such as overseas economic and trade cooperation zones and cross-border economic cooperation zones, and promote industrial cluster development” as one of OBOR’s priorities. Unlike domestic SEZs which are essentially protected zones for foreign capital, China’s overseas economic zones work primarily to protect Chinese firms overseas, especially small and medium businesses. Chinese firms in an overseas economic zone will benefit from easier access to loans from policy banks and diplomatic supports from Chinese embassies in negotiations with host governments over land, tax incentives, work permits and others.<sup>41</sup> If overseas economic zones prove to be successful, the assumed benefits—infrastructure and technology built and brought by Chinese—are more likely to spill over to local economies.

## IMPLICATIONS FOR CENTRAL ASIA

Since the breakup of the Soviet Union, as Russia’s influence, especially economic influence, has gradually waned, China has intensified its economic engagement with Central Asia. Bilateral trade between China and the five newly independent Central Asian republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan—has witnessed extraordinary growths. China’s trade with the five Central Asian states increased from about \$1.5 billion in 2001 to approximately \$50 billion in 2013, an increase of thirty times.<sup>42</sup> Quietly but tangibly, China has become the main regional provider of public goods, including infrastructure, developmental financing and assistance, and even governance. Chinese companies have upgraded Central Asia’s crumbling, Soviet-era infrastructure, such as oil and gas pipelines, power grids, roads, and railways. Central Asia today remains a region that is investment-starved and therefore the upgrades China could provide are vital.<sup>43</sup>

The most immediate outcome of OBOR is that the former Soviet Central Asian republics have enjoyed the greatest strategic space since their independence. If the ancient Silk Road primarily transported silk or tea products from China to Central Asia, the OBOR mainly carries oil, natural gas and other raw materials from Central Asia to China. For most of these countries, China is not just an important trade partner; it is the largest by a wide margin. During the Soviet era and to some degree still, the Central Asian republics have relied heavily on Russia for exporting their energy resources as well as remittances sent home by migrant workers. Tajikistan and Kyrgyzstan are the most remittance-dependent countries in the world: in 2014, Tajik workers sent home remittances equivalent to 42 percent of GDP and Kyrgyzstan's ratio was over 10 percent.<sup>44</sup> Chinese financial institutions have provided much needed loans to Central Asian states, especially during the 2008 financial crisis to support energy industries and transportation infrastructure. The emergence of Chinese business activities in Central Asia have lessened the region's dependence on Russia and injected energy to help revitalize the economies.

Scholarship of international development have often asked an important question: How much benefit can Central Asian states reap from increased Chinese economic engagement? In a report published with the Center for Strategic and International Studies (CSIS), Alexander Cooley questioned OBOR's assumption that investments in infrastructure will promote economic development and political stability. Illustrating with previous Chinese-led infrastructure projects in Central Asia, Cooley cautions that physical connectivity alone will not bring sustainable economic development to the region without reforms in "software," namely corruption and all kinds of rent-seeking that plague the region.<sup>45</sup> In addition to governance challenges, Cooley also points out that political risks, such as Sinophobia and objections from civil society, could possibly hinder and slow down Chinese projects on the ground, as it has happened in Sri Lanka, Myanmar and Peru.

In order to fully capitalize on the benefits brought by Chinese investment, the land-locked Central Asian states must align with OBOR's priorities and cure the "software" problems of their own in order to complement the "hardware" built or to be built by China. Recent research shows that the current conditions of China-built infrastructure do not fully serve the purposes as OBOR intends. For example, the Khorgos Eastern Gate Special Economic Zone on the border of Kazakhstan and China, opened in 2011, has shown few signs of promoting substantial cross-border trade thus far, as the facilities have been developed much more slowly on the Kazakh side and the president of the Khorgos trade center was arrested in October 2016 on charges of bribery.<sup>46</sup>

Although such outcomes are antithetical to China's intentions, China is unlikely to impose too much pressure on individual countries due to China's

non-interfering foreign policy towards its neighbors' domestic affairs. In December 2015, the Kyrgyz prime minister informed Chinese premier Li Keqiang during his visit that Kyrgyzstan wanted to align its development strategy with China's OBOR and actively cooperate on major infrastructure construction projects.<sup>47</sup> The Kyrgyz prime minister was right to point out Central Asian countries' need to align their trade and industrial policies with China's economic engagement, but in reality there is little such policy in place. China should not be shy to mediate potential political mistrust and tensions that could negatively impact its infrastructure projects. Part of the reasons why the China-Kyrgyzstan-Uzbekistan railway, connecting Xinjiang's Kashgar via the southern Kyrgyz city of Osh to Andijon in eastern Uzbekistan, had been postponed for over twenty years is about the width of the track and Kyrgyzstan's wariness of Uzbekistan's influence on southern Kyrgyz region once the railway is built.<sup>48</sup> Since China is convinced that the China-Kyrgyzstan-Uzbekistan Railway is the ideal project for regional integration, it will be in China's interests to actively promote constructive negotiations and seek compromises from all parties.

### **Chinese OBOR-Related Investment in Central Asia**

Data of Chinese investment in Central Asia are still sketchy today, as many negotiations are done at a bilateral, government level. Nevertheless, the author has gleaned project updates from various Chinese and English sources to present an incomplete but latest picture of Chinese infrastructure investment in Central Asian states, mostly since the announcement of OBOR.

#### *Kazakhstan*

Although Astana and Beijing have signed an impressive investment agreement package worth more than \$50 billion since 2013, few specific projects have emerged. China's SRF pledged \$2 billion in 2015 to set up a new investment fund to support capacity cooperation between China and Kazakhstan and investment in related projects, but SRF has yet to announce any specific investment project in Kazakhstan. China's Jiangsu province has agreed to invest more than \$600 million over five years to build logistics and industrial zones around Khorgos Gateway, a dry port on the China-Kazakh border that is seen as a future cargo hub on the new Silk Road.<sup>49</sup>

#### *Kyrgyzstan*

Several projects have been reported to be under cooperation, including the Kyrgyzstan-China gas pipeline, the second stage of North-South highway, reconstruction and repair of roads in Bishkek, construction of the oil refinery in

the country, and modernization of the Bishkek Power Station.<sup>50</sup> Chinese Eximbank financed \$390 million for the reconstruction of Bishkek Power Station, while China's TBEA Company was offered as a contractor in September 2013.<sup>51</sup> China's State Power Investment Corporation and the government of Kyrgyzstan held negotiations for the construction of the Kazarman chain of hydropower plants on the Naryn River. If this project with a total amount of investments over \$1.565 billion is implemented, it is expected to be China's biggest investment in the energy sector of Kyrgyzstan.<sup>52</sup> The China Eximbank has also provided a \$400 million loan for the first phase of the construction of the North-South road, cofinanced by the Asian Development Bank, and the China Road Company has been carrying out the project since 2013.<sup>53</sup> A small SOE called Zhongda has built the first major oil refinery in Kara-Balta, Kyrgyzstan, in 2013, which is expected to produce 800,000 tons of fuel annually. The construction has a total investment of US\$431 million and is funded by loans from CDB.<sup>54</sup> A Chinese private investor Shangfeng Cement has set up a joint venture with Zeth International in Kyrgyzstan to build a cement clinker production line and related projects, with a total investment of about \$114.4 million.<sup>55</sup>

### *Tajikistan*

China's Huaxin Cement built a 1.2 million tonne per annum (mta) cement plant near the capital Dushanbe in 2011 and built a second 1.2 mta cement plant in northern Tajikistan in March 2016.<sup>56</sup> Few data is available on recent Chinese investment in Tajikistan, but a Tajik deputy finance minister told the *Financial Times* that China would invest \$6 billion in Tajikistan over the next three years—a figure equivalent to two-thirds of the country's annual gross domestic product.<sup>57</sup> Tajikistan also signed a swap agreement with the People's Bank of China worth \$500 million.<sup>58</sup>

### *Uzbekistan*

The AIIB has approved a loan of \$27.5 million for the Dushanbe-Uzbekistan Border Road Improvement Project on June 24, 2016, co-financed by the European Bank for Reconstruction and Development, which contributes an amount of \$62.5 million, for a total project cost of \$105.9 million. China's Eximbank also provided a loan of \$350 million for the Angren-Pap line, the part of the China-Kyrgyzstan-Uzbekistan highway within Uzbekistan. The cost of the Angren-Pap project was over \$1.6 billion, with additional sources of finance from Uzbekistan's National Reconstruction (\$1 billion) and the World Bank (\$195 million). The Qamchiq Tunnel, an important part of the Angren-Pap line and also the longest tunnel in Central Asia, was constructed by a Chinese SOE, China Tunnel Railway Group.<sup>59</sup>

*Turkmenistan*

The Central Asia-China gas pipelines run from the Turkmenistan/Uzbekistan border to China and the total cost is estimated at \$7.3 billion.<sup>60</sup> The cost would be split between China and the transit countries, but it is unclear how much and who have contributed to the financing of the project. Regarding Line C of the Central Asia-China gas pipeline, Chinese Ministry of Commerce reported the project cost \$2.2 billion, and the funding came from direct investment from CDB and China National Petroleum Corporation (CNPC).<sup>61</sup>

**THE RUSSIA FACTOR**

Probably the biggest foreign policy achievement under Putin's third term is Moscow's warming ties with Beijing. High-level officials of both countries have boasted that the bilateral relationship has been better than ever since the break-up of the Soviet Union. China has become Russia's largest single trading partner since 2009, although the EU region represented about half of Russia's total trade in 2013, compared with China's 11 percent.<sup>62</sup> Although annexation of Crimea will certainly make Russia more dependent on China, it would take at least two decades to change the big picture, according to Bobo Lo. The bilateral economic relationship looks even more unequal if one considers the fact that 73 percent of Russia's export to China are minerals and hydrocarbons, meanwhile half of China's export to Russia is made up of machinery.<sup>63</sup> Political relations are the foundation of the better-than-ever Sino-Russian relations. In a paper written for the 2016 Valdai Conference, Madame Fu Ying, chair of the Foreign Affairs Committee of China's National People's Congress, said: "The most important progress in the China-Russia relationship is that they are able to acknowledge and effectively manage friction while continuing to expand consensus."<sup>64</sup> Chinese scholars and elites indeed view cooperative Sino-Russian relations as China's national security interests. Not only do China and Russia share over 4,300 kilometers of border, Russia could also be a critical partner for China's next "grand strategy." Chinese scholar Wang Jisi, who first proposed the idea of "March West (*xi jin*)," also argues that China's west—including Central Asia, South Asia and Middle East—bears much more geopolitical importance than China's east, i.e., East Asia. The logic of his argument is that insecurities in China's east result from inter-national conflicts (such as island disputes and the North Korean nuclear issue) and that the regional hegemon in Asia, i.e., the U.S, is unlikely to split its predominance with a rising China; while the insecurities in China's west are mainly caused by internal conflicts of each individual country, such as ethnic and religious issues which could also lead to transna-

tional conflicts, but Chinese elites are willing to trust the regional hegemon, Russia, to cooperate with China in Central Asia.<sup>65</sup> As the argument goes, Wang thinks China should pursue a “stabilizing the east and marching to the west (*dong wen xi jin*)” policy: concentrating on stabilizing its relations with countries in China’s east while deepening its economic and trade ties with countries in the west. That Central Asia is still Russia’s backyard means Russian cooperation will be indispensable for OBOR’s success in Central Asia.

From the Russian perspective, as the Russian economy has been contracting due to Western sanctions and low energy prices, Russians elites view OBOR as a perfect opportunity to attract Chinese investment and technology, especially for developing Russia’s Far East. However, as this chapter argued earlier, Chinese political elites are unlikely to instruct SOEs to build a high-speed railway across Russia, or the policy banks to offer cheap loans to the Russians because of political affinity. To attract investment or obtain loans from China, Russia must have profitable infrastructure projects and be prepared to offer favorable terms to Chinese firms. For example, Chinese energy companies typically favor long-term supply contracts, upstream equity positions or equipment manufacturing contracts.<sup>66</sup> So far, there have been some modest progresses for China. In December 2015, the Silk Road Fund acquired an additional 9.9 percent stake in the Yamal LNG project in the Russian Arctic, helping the Russian gas producer Novatek circumvent Western sanctions. In the same year, in a joint communiqué of a meeting between the prime ministers of the two countries, the first-ever mention was made that their agenda of cooperation includes the development and use of the Northern Sea Route, connecting East Asia to Northern Europe across the Arctic.

Traditionally, Russia has not been very welcoming to Chinese investment in Russia, or in Central Asia for that matter. The past negotiations of energy-backed loans, including the US\$25 billion worth of loans provided by CDB with Rosneft and Transneft, have been tough and controversial over the oil price formula. To Chinese oil companies’ disappointment, Russians have also refused to provide access to their upstream projects. Russia has for several years been blocking the creation of a Development Bank of the Shanghai Cooperation Organization (SCO) in a futile bid to restrain China’s financial expansion.<sup>67</sup> Most bilateral trade links currently are still hampered by mundane obstacles, such as trade barriers and import restrictions. It would only take one or two sentences from President Xi and Putin to instruct their ministers to lower trade barriers and protect investment, but it is still a step awaiting for action. In a *Global Times* article, an associate research fellow at the Center for Russian Studies of East China Normal University said that a prudent mood still prevails in both Russian and Chinese Ministries.<sup>68</sup> Currently, Russian businessmen are more eager than the Chinese in terms of Sino-Russian

energy cooperation; Russians often complain that “the Chinese, as a rule, are liberal when it comes to promises, but do not rush to implement them.”<sup>69</sup> Since the Sino-Russian gas deal signed in May 2014, Russia has been striving hard to carve out a niche in the Chinese energy market, but the process is not very effective.<sup>70</sup> As China’s fuel demands decrease, Russia may change its mindset of merely exchanging energy with China for money.

One of the biggest potential conflicts between Russia and China in Central Asia is the co-existence of two regional integration processes: one is the Russia-led trade block Eurasian Economic Union (EEU) and the other is Silk Road Economic Belt (SREB), the land-based route of OBOR. In spite of the fact that Russia and China released a “Joint Statement on Cooperation on the Construction of Joint Eurasian Economic Union and the Silk Road Projects” in May 2015, cooperation has up till now remained mostly rhetorical. The logic of the Joint Statement is that Russian and China share a common interest to develop a “Greater Eurasian Community,” a concept likely to have emerged from Moscow first and then received endorsement from Beijing. The “Greater Eurasian Community” shall be a regional integration organization to counter the existing, “Western” organizations, such as the EU Eastern Partnership initiative and the Trans-Pacific Partnership.<sup>71</sup> However, there are many contradictions between the two geopolitical projects. Since China’s expansion of economic engagement in Central Asia, Russia has seen the end of the Russian monopsony over Turkmenistan’s gas exports; Russia’s position in the Kazakhstani and Uzbekistani energy sectors has weakened considerably as well.<sup>72</sup> Even Chinese scholars who have hailed the Joint Statement realize that EEU is Russia’s tool to protect its zone of influence and a reaction to economic pressure from China.<sup>73</sup> Alexander Cooley contends that the two projects are conceptually incompatible because EEU is an effort to fence-in economic activity within a regional block, whereas OBOR is about connectivity between regions (Asia and Europe).<sup>74</sup> Already, EEU has effectively increased the costs for its members to import goods from China, which could force Chinese entrepreneurs to leave the countries.<sup>75</sup> Regarding the concept of a “Greater Eurasian Community,” Bobo Lo contends that although both Russia and China share a common aspiration in developing the region, the two do not agree on what the new multipolar world order should be like.<sup>76</sup> For instance, Russia is willing to jeopardize relations with EU and the United States to a greater degree than China is.

## **ONE BELT, ONE ROAD: TO EMBRACE OR TO FEAR?**

Undeniably, “One Belt, One Road” is the world’s largest platform of regional collaboration and has naturally triggered many debates on its feasibility and

chance of success. Depending on perspectives, global reactions to OBOR have ranged from enthusiastic endorsement to cautious vigilance. This variance of reactions reflects a shortness of knowledge about China's intention and strategy. This chapter argues that China has developed a deliberate strategy of outbound investment since the late 1990s and there are few signs that OBOR is going to break away from it. Behaving like a developing state, the Chinese government has provided Chinese firms with financial and political support to invest abroad. Central Asia is presented an unprecedented opportunity to tap the potential latecomer advantage in a flying geese pattern and to emulate the industrialization processes of richer countries. Such process will not come naturally with increased Chinese investment, and it requires Central Asian states to align with OBOR's priorities and reform the "software" of infrastructure. The other great power in the region, Russia, has appeared to welcome China turning its backyard into Beijing's gateway to the west. Although Russia and China have shown a great amount of political trust towards each other, political trust has yet translated into deeper and broader economic cooperation. Russia's long-standing cautious attitude towards growing Chinese influence in its borders and China's reluctance to engage in projects that make no economic sense have contributed to the timid integration between the two countries. This could be the temporary equilibrium of Sino-Russia relations as both countries will continue to align their positions on important political issues while maintaining a safe distance from each other.

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## *Chapter Nine*

# **Infrastructure and the Political Economies of Central Asia**

Theresa Sabonis-Helf<sup>1</sup>

In the Soviet period, all roads (as well as all rail, all pipelines, etc.) led to Moscow. It was conventional wisdom in early independence that new infrastructure links were essential for preservation of sovereignty of Central Asian states to enable them to control their own economic destinies. In fact, many early efforts at post-Soviet development in Central Asia focused on improving the links between the Central Asian states themselves, and/or the infrastructure connections of these states to new markets and to new routes. From the GUAM/GUUAM Organization for Democracy and Economic Development (which first convened on the sidelines of the Conventional Forces in Europe treaty negotiations to discuss transport corridors), to the European Union's TRACECA (Transport Corridor Europe-Caucasus-Asia), to the Asian Development Bank's CAREC (Central Asia Regional Economic Cooperation Program), early efforts highlighted the criticality of creating the infrastructure for new transport corridors.

Among development banks and assistance programs, this theme has persisted, taking the form of electricity corridors,<sup>2</sup> military supply lines,<sup>3</sup> rail lines and roadways.<sup>4</sup> Silk Road strategies have proliferated, and amid this range of options, competition emerged over which connections and routes were the most urgent, the most desirable, and the most cost-effective. The Central Asian states as well as their patrons engaged this debate, and in many instances Russia was able to advance its own preferences. Proposed new connections in transportation, energy, and trade have enjoyed mixed results: The Baku-Tbilisi-Erzurum pipeline was completed, but not the related hope of connecting Turkmenistan across the Caspian Sea to European Markets. Regional electricity connections have foundered following Uzbekistan's decision in 2009 to bring down its share of the Soviet-era electricity corridor.<sup>5</sup> Trade between Central Asia and Russia has declined, trade between Asia and

Europe has boomed, and hubs are emerging in Central Asia that are critical to China's efforts to connect better with European markets—but little of Central Asia's product is traveling West or North, as more and more of it goes East.

## THE PERILS OF BEING LANDLOCKED

World Bank expert and development scholar, Paul Collier, devoted an influential 2007 book, *The Bottom Billion*, to explaining why some nations fail to develop. Although Collier's expertise is concentrated in Africa, the volume makes frequent reference to Central Asia, because it is home to three of the four classic "development traps" his research identifies.<sup>6</sup> In his telling, one of these key development traps is the problem of being "landlocked with bad neighbors."<sup>7</sup>

It has long been recognized that being landlocked poses measurable challenges to development. In an earlier era, in recognition of the emergence from colonialism of landlocked states in Africa, the United Nations adopted the Convention on Transit Trade of Land-Locked States (enacted in 1965, entered into force in 1967), which recognized that states without coastlines required free access to the sea in order to promote international trade.<sup>8</sup> This effort enjoyed only partial success. According to UN sources, a measurable development lag persists. Landlocked countries, largely due to their low participation in world trade, show lower per capita income and less economic growth compared to coastal states.<sup>9</sup>

There are currently thirty-one landlocked nations in the world.<sup>10</sup> The collapse of the Soviet Union added nine landlocked countries to the international community, including all five of the Central Asian states. As regional scholars Idan and Shaffer note in their work, this status has an impact on the foreign policy of the Central Asian states, constraining their foreign policy options due to their need ". . . to attain and maintain access to infrastructure and facilities in neighboring states."<sup>11</sup> Idan and Shaffer demonstrate that access to the sea allowed non-landlocked post-Soviet states to more readily develop alternatives to the Russian infrastructure system that preceded independence.<sup>12</sup>

Collier notes that "bad neighbors" significantly increase the problem of being landlocked. In a "bad neighbor" circumstance, landlocked states are "hostages to their neighbors,"<sup>13</sup> dependent on the problematic infrastructure of neighbors for transport corridors. The Central Asian states, all surrounded by similarly weak states and all connected to Russia, which had no interest in facilitating their ability to reach the outside world, met Collier's criteria for a trap that can lead to a failure to develop. Collier further notes that, if a nation has abundant natural resources, then the issue of being landlocked is usually

less important than the natural resource trap.<sup>14</sup> Usually, the international desire for access to valuable natural resources brings the necessary investment in infrastructure to overcome the problem of being landlocked. In the case of Central Asia, however, natural resource development was—in many instances—significantly impeded by its landlocked status.

Reliance on natural resources is a trap, in part, because it compels a state to bind itself to the outside world if it is to succeed. The state is always vulnerable to global fluctuations in commodities demand, and must find and maintain outside markets.<sup>15</sup> The Central Asian states have valuable commodities—oil, gas, gold, uranium, surplus electricity—but this is coupled with daunting vulnerabilities and persistent difficulties in accessing even the international markets that demonstrate desire for their commodities.

As the World Economic Forum notes in its 2016 compendium on Global Competitiveness, mineral resources account for over 65 percent of Eurasia's exports, and the region still lacks the microeconomic fundamentals to diversify.<sup>16</sup> Two problems are tied together here—the dependence on export of mineral resources which are bulky and must reach outside markets makes reliable transportation critical, while the lack of economic diversification makes the states all the more vulnerable to interruptions in access to their markets. Even as the Global Competitiveness document argues for diversification in the region, it also notes, “upgrading transport infrastructure remains another priority.”<sup>17</sup>

Central Asian dependence on natural resources is considerable. Gas provides 81 percent of Turkmenistan's export revenues, gas and minerals together provide 44 percent of Uzbekistan's export revenues, and oil provides 58 percent of Kazakhstan's export revenues.<sup>18</sup> Even Kyrgyzstan and Tajikistan, whose fossil fuel endowments are poor, are dependent on export of commodities—gold accounts for 41 percent of Kyrgyzstan's exports; Tajikistan's commodity exports are raw aluminum (26 percent) and gold (17 percent).<sup>19</sup>

Outside actors—the development banks and international assistance programs—were not the only ones to recognize the importance of new corridors for these landlocked states. The post-Soviet states themselves are well aware of the significance of their landlocked status for their development prospects. As president of the world's largest landlocked country, President Nazarbayev of Kazakhstan has long been a lead advocate in promoting the interests of landlocked states.<sup>20</sup> Under his leadership, Kazakhstan hosted the first global initiative focused specifically on problems of landlocked states and export in 2003. Other Central Asian states have also focused on this issue: Uzbekistan's Ministry of Foreign Affairs stated as an official Objective of Uzbekistan's Foreign Policy Course 2008 that “. . . Uzbekistan will continue its efforts towards ‘disenclavization’ of Central Asia by creating alternative transport and



communication corridors.”<sup>21</sup> Even Turkmenistan, seldom seen on the global stage, has tried to exercise some leadership in transit challenges of landlocked states, sponsoring two successful resolutions before the UN General Assembly on reliable and stable energy transit, and calling for a global system for more safe and reliable transit of energy resources and infrastructure.<sup>22</sup>

Central Asia has found a sympathetic international audience. The 2003 Ministerial conference, which resulted in the Almaty Programme of Action, according to UN documents, galvanized international support to landlocked countries and increased it significantly.<sup>23</sup>

This Programme, aimed at “helping landlocked countries to become land-linking countries,”<sup>24</sup> subsequently evolved into a capacity-building project of the UN Economic Commission for Europe (UNECE). The Programme also amplified some infrastructure efforts already in place. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) soon joined in, making it a priority for many sponsoring and hosting nations to “. . . overcome the lack of appropriate infrastructure and transport equipment, non-harmonized legislation, and institutions and practices that are conducive to unofficial payments and red tape.”<sup>25</sup>

International multilateral attention to the regions’ problems was welcomed, but it did not entirely ameliorate the problem closer to home: Central Asian states remained suspicious of each other, eager to reduce their transit vulnerability, yet subordinate to Moscow due to existing infrastructure. International efforts and the efforts of the countries themselves to overcome the problem of being landlocked have met with mixed success. Within the constrained economic space afforded these landlocked states, the Central Asian economies that emerged post-independence were, for the most part, strongly reflective of Collier’s “natural resource” and “landlocked with bad neighbors” development traps.

## THE POLITICAL ECONOMY OF CENTRAL ASIA

The Human Development Index, maintained by the United Nations Development Programme, is a summary measure of “average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living.”<sup>26</sup> Although no former state of the Soviet Union is ranked by the United Nations as having below a “medium” level of human development, Central Asia holds the lowest four places of all former Soviet states, with Tajikistan coming in at 129th in the world. Kazakhstan, by contrast, is ranked as “Highly Developed,” and scores above the Caucasus states as well as Ukraine, coming in just below Russia.<sup>27</sup>

**Table 9.1. Basic Economic Data by Country**

<i>Country/ Population (million)<sup>1</sup></i>	<i>GDP per capita<sup>2</sup></i>	<i>Human Development Index (of 188 countries)<sup>3</sup></i>	<i>Main Exports<sup>4</sup></i>
Kazakhstan 17.5	\$10,840	56 (High)	Crude Petroleum (58%); Refined Oil & Gas (10.4%); Copper and Ferroalloys (5.8%); Radioactive Chemicals (3.3%)
Kyrgyz Republic 5.9	\$1109	120 (Med)	Gold (41%); Radioactive Chemicals (5.3%); Scrap Copper (4.8%); Dried Legumes (4.6%); Precious Metal Ore (3.7%)
Tajikistan 8.5	\$930	129 (Med)	Raw Aluminum (26%); Ores (24.2%); Gold (17%); Raw Cotton (7.1%)
Turkmenistan 5.4	\$8118	109 (Med)	Natural Gas (81%); Refined Oil (8.3%); Raw Cotton (3.0%)
Uzbekistan 31.1	\$2151	114 (Med)	Gold (23%); Natural Gas (15%); Cotton and Cotton Yarn (14%); Refined Copper & Copper Wire (8.9); Cars (7.3%)

<sup>1</sup> World Bank China-ECA, Country Pages 89, 93, 111, 115, 119

<sup>2</sup> World Bank China-ECA, Country Pages 89, 93, 111, 115, 119

<sup>3</sup> United Nations Development Programme, Human Development Report 2015: Work for Human Development, United Nations 2015, Statistical Annex, Pages 208–211

<sup>4</sup> 2014 statistics. See “Observatory of Economic Complexity,” MIT Media Atlas, accessed January 2017 at <http://atlas.media.mit.edu/en/>

Factors such as years of schooling and life expectancy at birth shape the HDI ranking, and represent persistent aspects of development. In Central Asia, these are largely remnants of the Soviet development pattern. The wealth and economic structure of the Central Asian economies, however, differs significantly across the countries, as Table 9.1 demonstrates. All Central Asian economies are characterized by a reliance, and perhaps an overreliance, on raw materials exports. As noted by regional scholars Laruelle and Peyrouse, “They have all maintained the Soviet principle of allocating subsidized fuel to central industries such as metallurgy, textiles and agriculture. They can therefore be put in the category of economies of rent.”<sup>28</sup> They are not, however, similar in the rents they have available. The two most resource-rich states, Turkmenistan and Kazakhstan, have positive trade balances, while the remaining states have persistently negative trade balances. These three remaining states have a high reliance on the “rents” associated with migrant labor and remittances.

Although trade is essential for the Central Asian economies, decades after achieving independence they remain remarkably inefficient at moving goods across borders. Only recently have they begun improving in this area. The World Bank's annual comparative assessment of the "Ease of Doing Business" in the world included 189 economies in 2016. The composite results of the rating of 10 areas of business regulation are used to rank nations globally. Although Central Asia's overall rankings show a remarkable range,<sup>29</sup> in the category of "Trade Indicators," all of Central Asia does poorly. With respect to trade, all four of the Central Asian states examined are within the bottom half for their region,<sup>30</sup> with only Kyrgyzstan scoring above the bottom quartile overall.<sup>31</sup>

As evident from Table 9.2, goods transiting Central Asia require an unusual amount of time and money regardless of whether the goods are inbound or outbound. Transit is characterized by extra costs and delays due to excessive document requirements, difficult customs procedures, and inadequate infrastructure, all of which reduce trade potential.<sup>32</sup> In most cases, requirements to cross Central Asian borders are double or more what is considered the average for the ECA region. It should be noted that for 2015, Kazakhstan led the world in performance improvements according to "Ease of Doing Business" data, but only one of these reforms was in the area of trade. Uzbekistan also emerged among the top ten economies in terms of "Ease of Doing Business" improvement, with two of its three improvements taking place in the area of trade.<sup>33</sup>

Kazakhstan leads the region in ease (in time and cost) of imports, while Kyrgyzstan leads in ease of exports. Much of the problem is tied to rent seeking, but antiquated systems pose significant barriers as well. The recent reforms that "Ease of Doing Business" notes as significant in the region are portrayed in Table 9.3. Improving the flow of documents, reducing the opportunities for corruption (by reducing the number of steps required), and modernization (in most cases computerization) of systems are each important aspects of bringing Central Asia closer to international standards.

The "Ease of Doing Business" report notes that being recognized as a top annual improver recognizes that, ". . . thanks to serious efforts in regulatory reform in the past year, they have made the biggest advances toward the frontier in regulatory practice."<sup>34</sup> Kazakhstan's opening of a border station and rail link with China was a marked improvement over the previous era, in which all customs clearance and inspection took place in Almaty, rather than at the border.<sup>35</sup> Improvement in business regulation overall, and in trade specifically, is tied to the rising presence of China—levels of trade have grown not only between Central Asia and China, but also with Kazakhstan serving as a transit point for Chinese goods traveling to European markets. It appears

**Table 9.2. Trade Indicators, World Bank Ease of Doing Business<sup>1</sup>**

<i>Indicator</i>	<i>ECA</i>				
	<i>Regional Average</i>	<i>Kazakhstan</i>	<i>Kyrgyzstan</i>	<i>Tajikistan</i>	<i>Uzbekistan</i>
Export Border compliance (Hours)	28	133	27	96	112
Export Border Compliance (Cost \$)	\$219	\$574	\$485	\$313	\$278
Export Document Compliance (Hours)	31	132	24	66	174
Export Document Compliance (Cost \$)	\$144	\$430	\$190	\$330	\$292
Import Border Compliance (Hours)	23	2	37	108	111
Import Border Compliance (Cost \$)	\$202	\$0	\$512	\$223	\$278
Import Document Compliance (Hours)	27	6	36	126	174
Import Document Compliance (Cost \$)	\$108	\$0	\$200	\$260	\$292

<sup>1</sup> World Bank, ECA 2016, from Figure 9.2: "What it takes to trade across borders in economies in Europe and Central Asia, Time to export: Border compliance (hours)," page 89 note OECD High Income is 15 days; Figure 9.3 "Cost to export—Border compliance (USD)," page 90 note OECD High Income is \$160; Figure 9.4 "Time to export—Documentary compliance (hours)," page 91, note OECD High Income is 5 hours; Figure 9.5 "Cost to export—Documentary compliance (USD)," page 92 note OECD High Income is \$36; Figure 9.6 "Time to import—Border compliance (hours)," page 93 note OECD High Income is 9 hours; Figure 9.7 "Cost to import—Border compliance (USD)" note OECD High Income is \$123; Figure 9.8 "Time to import: Documentary compliance (hours)", page 95 note OECD High Income is 4 hours; Figure 9.9 "Cost to Import—Documentary compliance (USD)," page 96 note OECD High Income is \$25

that a fundamental shift in the volume of trade—which could only come once transport links were established—may finally create the conditions for policy innovation regarding trade in the region.

## TRANSPORTATION CORRIDORS

Transportation corridors have long been sought after, harkening back to Silk Road times. As early as 1993, the Central Asian states began participating

**Table 9.3. Recent reforms in Central Asia facilitating cross-border trade<sup>1</sup>**

<i>Year</i>	<i>Country</i>	<i>Reform</i>
2016	Tajikistan	Adopts electronic customs declarations
2015	Kazakhstan	Opens border station and rail link at border with China to ease congestion
2015	Uzbekistan	Reduces number of documents required for both imports and exports, and accepts electronic customs declarations
2014	Uzbekistan	Eliminates the need to register import contracts with customs, and reduces number of export documents required
2013	Uzbekistan	Reduces time to export by introducing a single window for customs clearance and reduces number of documents required for each import transaction
2011	Kazakhstan	Modernizes customs, including implementation of risk management system, improvements in automating customs
2010	Kyrgyzstan	Eliminates some documents required previously and simplifies inspection procedures

<sup>1</sup> World Bank, ECA 2016, table of changes over time in ECA, pages 97–99.

in efforts to develop new trade routes. The first Transport Corridor Europe-Caucasus-Asia (TRACECA) meeting was convened in May 1993 with the support of the European Union. It was attended by all Central Asian and Caucasus states and developed the “Brussels Declaration,” calling for technical assistance to develop transport corridors.<sup>36</sup> TRACECA received an initial 15 million Euros to implement specific projects aimed at improving regional trade and transport. From TRACECA forward, an alphabet soup of organizations emerged, focusing on development of regional infrastructure projects. Scholar Alessandro Carano highlights three key transportation infrastructure efforts that were of particular interest to the European Union—TRACECA, EATL, and CAREC.<sup>37</sup> The Asian Development Bank shared the EU’s interest in the region, and served as the leading organizer of CAREC. The United States retained a particular interest in CAREC as well, supporting it through the World Bank. Each of these multilateral organizations and programs are briefly explained in Table 9.4. The latecomer to development assistance in the region, the AIIB, was only established in 2014, but of note, it lists a Kazakhstan transportation infrastructure project among its first seven proposed projects. Over time, the AIIB is likely to reflect China’s infrastructure preferences, since China holds 33.3 percent of AIIB’s shares. Early indications suggest that many of China’s “One Belt, One Road” projects will be chosen from the projects prepared at an earlier time by the organizations shown in Table 9.4.

Prior to China’s emergence as a strategic investor in the region, the EATL project (Phase I) set out to identify the infrastructure projects most important

to facilitating trade between Asia and Europe. Nine rail and nine road corridors were identified, and within these, 311 specific infrastructure projects were proposed. The cost of implementing the projects in full was estimated at \$215 billion, including road, railway, maritime, inland waterway projects/inland terminals, and intermodal terminals. Original estimates expected rail to account for 54 percent of the investment costs, and road projects an additional 29 percent.<sup>38</sup> Forty-two of the projects (over 13 percent) were located in Central Asia. Phase II of the project, which began in 2008, set out to find the necessary investment and begin constructing the projects that had been identified. China's entrance as an investor has had a notable impact on projects in Central Asia. As of October 2016, thirty of the forty-two projects identified by EATL were either already in process, or had secured funding but were not yet started.<sup>39</sup> This ratio is rather remarkable, given that for the EATL program overall, only 36 percent of the funding has been secured.<sup>40</sup>

Much of the international donor efforts prior to 2008 focused on institutions and regulations development, but the rail infrastructure itself also saw some development. A rail link between Central Asia and Iran was completed in 1996, and a second rail link from China to Kazakshtan (the Zhetigen-Khorgos) was completed in 2011.<sup>41</sup> The most dramatic result of longstanding infrastructure plans, however, has been the China-Europe Railway, inaugurated in July 2013. Linking Zhengzhou (the Henan province capital) to Hamburg, Germany, the route crosses Kazakhstan and Russia. Regional journalist Wade Shephard notes that China's One Belt, One Road strategy, which was announced in 2013, quickly took up the rail lines as a priority, subsidizing creation of a rail network that had originally been conceived as commercial, and turning it into a project of geopolitical significance.<sup>42</sup> According to the Stratfor analysis group, even though Central Asia transit is not likely to account for more than 7 percent of the volume of Chinese-European trade, the rail developments support efforts to reduce China's overreliance on the sea lanes in the South and East China Seas.<sup>43</sup> Moreover, they support the transformation of Kazakhstan into a transit hub for trade.

The coming online of the rail system connecting China and Europe has enjoyed dramatic success in a short period of time. Because products can be shipped in  $\frac{1}{4}$  the amount of time it takes to send by sea, and the cost of rail transport is less than 35 percent of shipping by air, rail offers advantages in either time or cost.<sup>44</sup> Although the system is still improving, according to KTZ, Kazakhstan's national railway, 2016 saw the shipment of 42,000 containers across Kazakhstan from China to Europe.<sup>45</sup>

One critical infrastructure outcome of this trade has been Khorgos-East Gate, a logistics and industrial zone that facilitates transfer of containers between gauges—China's rail gauge is 85 mm narrower than the Soviet

**Table 9.4. Multilateral programs focusing on Central Asia transportation & trade**

<i>Organization</i>	<i>Country Members/ Office Location</i>	<i>Sponsors</i>	<i>Other</i>
<b>TRACECA:</b> Transport Corridor Europe-Caucasus-Asia <sup>1</sup> First meeting convened May 1993	Armenia, Azerbaijan, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine, Uzbekistan Secretariat est. 2000, located in Baku, Azerbaijan	European Union	A program focused on economic relations, trade and transport communication for the Black Sea, South Caucasus and Central Asia
<b>CAREC:</b> Central Asia Regional Economic Cooperation Program <sup>2</sup> 11 Countries and 6 multilateral institutions Founded 1997	Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan CAREC Institute is located in Urumqi, Xinjiang Uyghur Autonomous Region, PRC	Asian Development Bank (founder); European Bank for Reconstruction and Development; International Monetary Fund; Islamic Development Bank; United Nations Development Programme; World Bank	CAREC also works with SCO and the Eurasian Economic Community. Its four priority areas are Transport, Trade Facilitation, Energy and Trade Policy As of 2015, \$27.7 billion in investments have been made in 166 CAREC projects <sup>3</sup>
<b>GUAM:</b> Organization for Democracy and Economic Development—GUAM <sup>4</sup> Established 1997	Georgia, Ukraine, Azerbaijan, Moldova (and Uzbekistan 1999–2001) Secretariat located in Kiev, Ukraine	Founded as an alliance of like-minded nations. Initial discussions took place at the CFE Treaty Conference in 1996. Provides a forum for cooperation within IOs <sup>5</sup>	Initial focus: enhancing regional economic cooperation, emphasizing transport corridor development connecting Europe to Central Asia via the Caucasus. <sup>6</sup> Current emphasis: combatting terrorism, drug trafficking, corruption and illegal migration <sup>7</sup>

<p><b>EATL:</b> Euro-Asian Transport Linkages, Project of UNECE and UNESCAP<sup>8</sup> Phase One began 2002</p>	<p>27 Member countries in Phase II and III include:<sup>9</sup> China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkey, Turkmenistan, Uzbekistan Project based at UNECE Headquarters in Geneva</p>	<p>United Nations Economic and Social Commission for Europe (UNECE) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)</p>	<p>EATL is now in Phase III. It has focused on prioritizing transport-related projects in the 27 member states All Central Asian states were members since the start of Phase I.</p>
<p><b>AIIB:</b> Asian Infrastructure Investment Bank<sup>10</sup> Established October 2014</p>	<p>22 founding member countries, 57 member countries as of January 2017. Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan are founding members Headquarters in Beijing</p>	<p>China holds 33.3308% of AIIB's shares. India: 9.36% Russia: 7.315% Germany: 5.0188% Australia: 4.1313% Korea: 4.1844%<sup>11</sup></p>	<p>Seven proposed projects currently posted on the official website, including: Kazakhstan—Center South Road Corridor Project (co-financed with World Bank)</p>

<sup>1</sup> see TRACECA official website at: <http://www.traceca-org.org/en/home/>

<sup>2</sup> see CAREC official website at: <http://carecprogram.org>

<sup>3</sup> CAREC Timeline. See CAREC official website: <http://carecprogram.org>

<sup>4</sup> see official website at: <http://guam-organization.org>

<sup>5</sup> official website at: <http://guam-organization.org>

<sup>6</sup> History as presented by the MFA of Moldova, at: <http://www.mfa.gov.md/about-guam-en/>

<sup>7</sup> official website, recent working group meetings, at: <http://guam-organization.org/en>

<sup>8</sup> see UNECE website for Euro-Sian Links: <http://www.unece.org/trans/main/eatl.html>

<sup>9</sup> full EATL membership list: Afghanistan, Azerbaijan, Belarus, Bulgaria, China, Finland, Georgia, Germany, Greece, Iran, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Mongolia, Pakistan, Republic of Moldova, Romania, Russia, Tajikistan, FYR Macedonia, Turkey, Turkmenistan, Ukraine, Uzbekistan

<sup>10</sup> see AIIB official website at: <http://euweb.aiib.org/html/aboutus/governance/MoB/?show=1>

<sup>11</sup> No other nation holds more than 3.8% of shares. See official website for current list of voting power (as of December 2016). Note that Kazakhstan holds 0.8162%; Kyrgyz Republic holds 0.0300%; Tajikistan holds 0.0346%; and Uzbekistan holds 0.2460% of shares.



standard.<sup>46</sup> Khorgos-East Gate was commissioned in July 2015, and is being developed as a logistics and industrial zone, as well as a “dry port” for rail shipping.<sup>47</sup> Plans for construction of alternate corridors are succeeding, with two ironic outcomes. The long efforts of multilateral institutions to identify and develop project designs for Central Asian networks have paved the way for large-scale Chinese investment, and landlocked Kazakhstan is developing a powerful trade hub very near the land mass’ farthest point from the ocean.<sup>48</sup>

## ENERGY CORRIDORS

Rail developments are more recent and less well-known than the oil and gas pipelines that have also redefined Central Asia’s markets and ability to reach them. Like rail developments, these pipelines connect Central Asia increasingly to an Asian destiny, although the original developers planned otherwise. At the time of independence, the only oil and gas infrastructure existing in Central Asia connected Central Asian supply into Russia. Kazakhstan had the Atyrau-Samara oil pipeline, with a capacity of 340,000 barrels of oil per day. Turkmenistan and Uzbekistan had the Central Asia-Center gas pipeline, connecting through Kazakhstan, with a historical capacity of 80 BCMA. It was known that Central Asia had undeveloped potential in oil and gas; independence brought heightened international interest in the energy resources of Central Asia. But returns on investment in oil and gas required new routes for delivering the products to market.

Kazakhstan’s oil was the first to attract significant investment attention. As home to Kashagan, the largest known oil field outside the Middle East, it was an irresistible opportunity. Russia, however, was not interested in expanding pipeline capacity across its territory. Limited pipeline capacity played an important role in domestic Russian energy politics—scarcity of space in the pipelines made it easier to enforce the Russian rule that no oil company could sell more than 35 percent of its oil for export without special permission, and limited pipeline space could also make it easier to compel less favored oil companies to use much more expensive transit means such as rail.<sup>49</sup>

Since Kazakhstan was receiving irregular access to the Russian infrastructure, early investors in Kazakhstan decided to create a pipeline for Kazakh use across Russian territory. The Caspian Pipeline Consortium (CPC) was founded in 1993, and opened in the summer of 2001, with a 600,000 barrel per day capacity. The pipeline, owned by a mix of state and private actors, was meant to be used only by shareholders. However, problems with Russia over transit fees and privileges persisted for several years, including repeated efforts by the Russian state to extend access to Russian non-shareholders at shareholder rates.<sup>50</sup>

Kazakhstan's next export route was to China. The Kazakhstan-China pipeline, with an initial capacity of 200,000 barrels per day, was completed in May 2006. Kazakhstan had tabled the line when China first proposed it, out of concern that it might not be able to produce enough oil. It appears that Russia encouraged Kazakhstan to revisit China's proposal after Russia decided to favor pipeline routes to Japan over routes to China. In fact, Russia helped keep the pipeline filled in the early years of its operation.<sup>51</sup> Kazakhstan now fills the pipeline on its own, and plans are underway to double the pipeline's capacity.<sup>52</sup>

By 2004, Kazakhstan was producing 1.22 million barrels of oil a day and was planning to increase production to 3.5 million barrels by 2015. Economic downturns, collapse in the price of oil, and the complexity of developing Kashagan delayed this dream; production in 2015 was 1.669 million barrels per day.<sup>53</sup> In the intervening years, Chinese companies have bought and managed approximately  $\frac{1}{4}$  of Kazakhstan's oil production, with the intent to connect all the acquired fields with the Kazakhstan-China pipeline.<sup>54</sup> Kazakhstan sent 16 percent of its 2013 oil exports to China,<sup>55</sup> and China succeeded in buying 8.33 percent of the Kashagan field in September 2013 after years of trying, in hopes that Kazakhstan's production goals, although delayed, will be achieved in the future.<sup>56</sup>

Russian dominance over natural gas export persisted longer than its oil dominance in Central Asia. Although Turkmenistan, Uzbekistan and Kazakhstan declined in 2002 to join Russia's proposed "Eurasian Alliance of Gas Producers" cartel and resisted a formal energy alliance,<sup>57</sup> moving even a little outside of Russia's dominance was difficult. A small pipeline—8 billion cubic meters per annum (BCMA) connecting Turkmenistan to Iran—was constructed in 1997, during a time when Turkmenistan had halted gas deliveries to Russia,<sup>58</sup> but with the exception of this pipeline—which in most years was not filled to capacity—Russia retained transport control of the gas of the region until 2009.

In the end, it was Moscow's predatory approach to its gas hegemony that destroyed its leverage. From 1994 to 2004, Russia insisted that Turkmen gas was to be sold to the "Near Abroad," meaning states of the former Soviet Union, thereby forcing Turkmenistan to attempt collection from states with high payment arrears.<sup>59</sup> Subsequently, Russia used Central Asian production as "swing" capacity—allowing access to the export pipelines only when demand in European markets was high enough to use full Russian production plus that of Central Asia. During the global economic downturn, in an effort to preserve scarce profits, Gazprom responded very slowly to a rupture on the main Turkmenistan pipeline.<sup>60</sup> Turkmenistan was unable to export any gas via the Central Asia-Center pipeline for several months. By the end of that crisis, Turkmenistan had committed to completing pipeline infrastructure to

China—infrastructure that had been discussed for years, but on which there had been little progress.

Construction of that first pipeline to China (completed in 2009) preceded China's articulation of its "One Belt, One Road" strategy, but the network of pipelines connecting Central Asian gas to China's markets is now seen as an important component of the strategy. The Central Asia-China gas pipeline is the longest pipeline in the world. Transiting Uzbekistan and Kazakhstan on its way to China, it is designed to carry gas from these states as well. By 2016 it included 3 lines, with a total capacity of 55 BCMA. Although the three existing lines run parallel to each other, a fourth line is proposed that will take an alternate route. Flowing through Uzbekistan, Tajikistan and Kyrgyzstan, this line is expected to add another 25 BCMA capacity. Table 9.5 below illustrates the fundamental shifts in gas trade that have taken place since 2008. With the introduction of Chinese infrastructure, Turkmen natural gas production has risen dramatically and has changed to an Eastern direction. Uzbek and Kazakh gas is changing course more slowly, but China is involved in infrastructure improvement that will help develop regions within these countries that are not currently on a gas grid.<sup>61</sup> In exchange for this investment, Kazakhstan and Uzbekistan will increase their contributions to the pipeline.

This new infrastructure will help overcome Central Asia's problem of landlocked gas, and Russia's ability to limit access to desirable markets. The size of China's market, as well as China's bilateral agreements with each state along the pipeline, encourage a level of cooperation that has long been lacking. The Central Asia-China line also benefits China, which is seeking ways to expand overland energy supply. The fourth—as yet unbuilt—gas line is billed by China as a regional development project. It will provide both transit fees and reduced dependence on Uzbekistan for Tajikistan and Kyrgyzstan. It also helps ensure that an alternate route is available for China in the event of local unrest or dispute.

Other proposed routes for Turkmen gas—across the Caspian Sea or southwards across Afghanistan—have been proposed, but progress is slow. Turkmenistan broke ground on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline on 13 December 2015, after years of negotiation. The pipeline, which will be a total length of 1,814 kilometers, is expected to cross 774 kilometers of Afghanistan and 826 kilometers of Pakistan.<sup>62</sup> Turkmenistan is proceeding on the construction of the estimated three hundred kilometers that cross its own territory, using a Chinese construction company.<sup>63</sup> Due to its lack of a commercial champion and desire to use state-led finance, Turkmenistan has led the development itself, and is 85 percent owner in the project. This has resulted in some skepticism as to the viability of the project on the part of energy experts.<sup>64</sup> In spite of attracting investment from India,

**Table 9.5. Central Asia trade in natural gas: 2008, 2010, and 2016<sup>1</sup>**

<i>Exports: Origin&gt; Destination</i>	<i>2008 BCMA</i>	<i>2008 as % of trade* (% of production**)</i>	<i>2010 BCMA</i>	<i>2010 as % of trade* (% of production**)</i>	<i>2015 BCMA</i>	<i>2014 as % of trade* (% of production**)</i>
Turkmenistan>Russia	47.1	86% trade* 71% prod**	9.68	49% trade* 23% prod**	2.8	7% trade (1% prod)
Uzbekistan>Russia	13.5	100% trade 22% prod	10.32	76% trade 17% prod	3.3	44% trade (5.7% prod)
Kazakhstan>Russia	9.6	100% trade 32% prod	11.95	100% trade 35.5% prod	10.9	96% trade (88% prod)
Turkmenistan>China	N/A	N/A	3.55	18% trade 8% prod	27.7	73% trade (38% prod)
Uzbekistan>China	N/A	N/A	N/A	N/A	1.5	20% trade (2.6% prod)
Kazakhstan>China	N/A	N/A	N/A	N/A	0.4	3.5% trade (3% prod)

\* percentage of natural gas trade

\*\* this trade relationship as percentage of overall natural gas production

<sup>1</sup> 2008 Data from "Trade Movements 2008 by pipeline" billion cubic meters, table on page 30 and Production BCM, table page 24, and Consumption BCM, table page 27, *BP Statistical Review of World Energy, June 2009*. 2010 Data from "Trade Movements 2010 by pipeline" billion cubic meters, table on page 28 and "Production BCM" table page 22, *BP Statistical Review of World Energy, June 2011*. 2015 data from "Trade Movements 2015 by pipeline" billion cubic meters, table on page 28, and "Production BCM" table page 22, *BP Statistical Review of World Energy, June 2016*

Pakistan, the Asian Development Bank, the Islamic Development Bank, and Chinese development banks, this skepticism may be warranted. In July 2016, it was revealed that millions had been embezzled from the Indian funds set aside for the pipeline,<sup>65</sup> and in January 2017, a “delay in achieving financial closure” resulted in the official announcement that the commissioning of the pipeline would be delayed another year to 2020.<sup>66</sup>

The TAPI pipeline is a particular challenge, as Turkmenistan has little experience with pipeline management, preferring to sell gas at its border and allow the purchasing states to manage transport to its destination. In spite of its desire to pursue projects such as TAPI to prevent China from becoming a monopsony, China has emerged as an essential player even in efforts to develop TAPI. As Turkmenistan seeks infrastructure that can help it avoid overreliance on China, it has come to an unexpected answer in electricity.

## ELECTRICITY GRIDS

Even as Russia began losing ground in pipeline infrastructure, it was gaining influence in Central Asian electricity production. The Russian parastatal, Unified Energy Systems of Russia (RAO-UES), made use of debt-for-equity swaps to purchase portions of generation, transmission and distribution throughout the Central Asian space, especially in 1999–2004. Although the Central Asian states had attempted electricity autarky in most instances, their complementary energy endowments (Tajikistan and Kyrgyzstan with hydro, Kazakhstan with coal, Uzbekistan with oil and gas) made separate systems inefficient, seasonally variable, and especially debt-prone. The re-integration via RAO-UES did improve the reliability and quantity of energy. For a time, RAO-UES became the most important foreign investor in Central Asian electricity, reaching the height of its influence in 2004, at which time it had all the Central Asian states synchronized into its grid, and held generation and transmission assets in Kazakhstan, Kyrgyzstan and Tajikistan.<sup>67</sup> At that time, RAO-UES was seeking cheap Central Asian hydroelectricity in Tajikistan and Kyrgyzstan through developing dam projects that had begun in the Soviet era, but had been abandoned before completion.

But RAO-UES did not retain its place, either in Moscow or in the region, and was never able to restore the level of regional electricity trade that had taken place in earlier years. Asian Development Bank data suggests that regional electricity trade declined from 25 GWh in 1990 to 4 GWh in 2008.<sup>68</sup> In 2005, as a result of Russian domestic politics and an effort to restructure the electricity sector, RAO-UES was disbanded. Its successor company, Inter RAO, retained the international holdings of RAO-UES, but lacked the Krem-

lin access and the prestigious leadership, as well as the access to Sovereign Wealth Funds that RAO-UES had enjoyed.

The Central Asian Power System (CAPS), which had been developed in the 1970s and was the basis for electricity trade, collapsed. First, in 2002, Turkmenistan began operating its grid in “island mode” so that it could selectively link and de-link to other states. Turkmenistan alleged this was necessary because Uzbekistan was dumping power into their grid and then charging for it.<sup>69</sup> Then, in the winter of 2008–2009, the grid came under severe strain, as Tajikistan, Kyrgyzstan and Uzbekistan all drew substantially more power from the grid than they had negotiated, endangering both the stability of the system and the recent infrastructure improvement that had been made to it. Kazakhstan withdrew from the grid, followed by Uzbekistan.<sup>70</sup> Kazakhstan returned to supply the grid shortly after the crisis, but Uzbekistan moved to an autonomous regime in 2009, leaving Tajikistan out of the system to the present day.<sup>71</sup>

Electricity trade still takes place—Kazakhstan’s north is still connected to the Russian grid, and it both buys from and sells to the Russian grid.<sup>72</sup> Its southern grid is connected to Kyrgyzstan, where it also buys from and sells to that market.<sup>73</sup> The pattern of seasonal imports and exports (the hydropower states of Kyrgyzstan and Tajikistan have electricity surplus in the spring and summer, but a significant deficit in winter) causes trade in electricity to persist, but disruption of CAPS has reduced that trade, and remains a particularly sore point with Tajikistan. According to the Minister of Energy, Tajikistan loses over four billion kWh of electricity due to lack of access to CAPS, which causes idle discharges in the summer.<sup>74</sup>

Given their endowments, all five of the Central Asian states could reasonably be exporters, or at least seasonal exporters, of electricity. This has created a strong desire to establish the ability to reach markets interested in import of power. Exports of Central Asian electricity (due mostly to international development efforts) have grown significantly to Afghanistan, which receives power from Tajikistan, Uzbekistan, and Turkmenistan. Because Afghanistan’s grid is not yet integrated or synchronized, the Afghan grid has nine separate regions, each supplied by different sources. Turkmenistan has two power transmission lines in place,<sup>75</sup> and supplies three northern provinces as well as partial supply to Herat. Uzbekistan supplies two provinces as well as parts of Kabul, and in summer also supplies Balkh province. Tajikistan supplies four provinces, and in summer provides supply to parts of Kabul as well.<sup>76</sup>

Donor organizations are pursuing two regional electricity power projects that would enlist Central Asia’s electricity to the benefit of energy-poor Afghanistan and Pakistan. The two projects, TUTAP (Turkmenistan, Uzbekistan, Tajikistan, Afghanistan and Pakistan) and CASA-1000 (Central Asia

South Asia Regional Electricity Market) both target Afghanistan and markets beyond. The projects are designed to be complementary, and together pose a truly long-term infrastructure commitment to Afghanistan. Some in the region, however, feel that pursuing both at once unnecessarily complicates the issue of power development for Afghanistan.<sup>77</sup>

The CASA-1000 project (funded mainly by the World Bank, Islamic Development Bank, and USAID) is planned to transmit 1,300 MW of seasonal hydropower from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. Construction on the project, estimated to cost \$1.7 billion, began in May 2016, with 75 percent of the project's transmission lines located in Afghanistan.<sup>78</sup> The project will supply power from May to October, which matches both water availability in Central Asia and demand in Pakistan. (Demand is high and supply is low in the summer in Pakistan.) The project aims to supply 1,000 MW to Pakistan and three hundred to Afghanistan. Although Tajikistan, Kyrgyzstan and the World Bank argue that the project would not harm the interests of Uzbekistan (as the low riparian), Uzbekistan is very sensitive to the project, and has raised frequent concerns.<sup>79</sup> As the project moves forward, it may attract other potential suppliers—Kazakhstan has expressed the possibility that it might export via CASA-1000 in the future,<sup>80</sup> and both Turkmenistan and Russia have expressed interest as well.<sup>81</sup> Wider participation might make it possible for CASA-1000 to supply in the winter as well, but it would also add some of the complexity that has bedeviled the TUTAP project.<sup>82</sup>

The more ambitious TUTAP project (funded largely by ADB) would unify the fragmented Afghan grid, and would supply power based more on gas. Such a system could deliver more power in the winter, when Afghanistan's demand is highest. The five-phase project is considered to have a fifteen-year timeline, and initial estimated costs are \$1.4 billion.<sup>83</sup> The project attempts to prepare for a five-fold increase in Afghanistan's demand and make Afghanistan a strong transit state for Pakistan's electricity.<sup>84</sup> Although back-to-back converter stations (converting AC to DC and back to AC) located in northern Afghanistan will remove the requirement that all supplier countries synchronize their grids,<sup>85</sup> the system does require synchronized planning, including creation of a regional energy market, across a set of states that have historically had trouble cooperating.

Turkmenistan has already completed its portion of the TUTAP line, although connections in Afghanistan are not yet contracted. During construction, Turkmenistan made a decision to re-route one of the lines connecting to Afghanistan without consultation, leading to new challenges in Afghanistan.<sup>86</sup> Frustration with the multilateral approach led Turkmenistan to propose, in 2016, building an independent transmission line to Pakistan, but

the government of Pakistan encouraged them to cooperate instead with the regional efforts.<sup>87</sup>

Turkmenistan is poorly equipped to engage multilateral planning of this nature, but it has been a leader in exporting bilaterally. Turkmenistan exported 15 percent of its electricity production in 2015,<sup>88</sup> and has a national electricity plan to increase production to 27.4 billion kilowatt hours by 2020, rising to 35.5 billion kilowatt hours by 2030.<sup>89</sup> Bilateral export of power has taken place for many years between Turkmenistan and its markets in Iran and Turkey.

As the evolving regional grids compel the states to harmonize their policies, domestic matters such as the significant range in electricity price (shown in Table 9.6), quality of power transmission, and reduction of pervasive corruption in the electricity sector<sup>90</sup> will have to be addressed in each of the countries. Reform of the electricity sectors has progressed at varying rates in the region, but all states in Central Asia are now producing more electricity than they did in the Soviet era (after a long period of decline). The installed capacity shown in Table 9.6 does not fully capture the magnitude of the changes, since modernization of older plants has played an important role. Improvements in the Uzbek Angren thermal power station in 2016, for example, increased its production from six hundred million kWh of electricity a year to 869.<sup>91</sup> Even more significant, the region has invested in improved domestic networks for electricity transmission enabling, which partly accounts for the reduced trade between them. Kazakhstan, Kyrgyzstan, and Tajikistan did not complete the internal capacity to transmit power within their countries until recently. Kyrgyzstan, for example, announced in August 2015 that it had achieved energy independence with the inauguration of the Datka-Kemin overhead power transmission line.<sup>92</sup> Although Kyrgyzstan continues to be a seasonal importer of power, this new line enables them to move their own power from Toktogul across the country without having to transit Uzbekistan. The states have also moved to diversify their portfolios of energy, bringing online new hydropower and solar power.<sup>93</sup>

All Central Asian states show some improvement in domestic access to electricity, as reported by the World Bank “Ease of Doing Business,” but the data show that stark differences remain in the region. The ease of obtaining a new connection to the grid is a partial indicator of “. . . a well-developed and reliable network infrastructure characterized by few outages.”<sup>94</sup> By that metric, Kazakhstan, the region’s best performer, is starkly different from Tajikistan, the region’s worst performer. In Kazakhstan, a new electricity connection can be procured in approximately eighty-three days, at a cost less than 1/16th of the (cost of living adjusted) price paid in Tajikistan, where a new connection requires 133 days.<sup>95</sup>





As the data shows, Central Asian electricity efforts are far from complete, especially in the energy-poor states. Although these states have made significant advances in metering and in recapturing the cost of electricity production, significant shortages—especially in Tajikistan but also in Kyrgyzstan—continue to plague the systems, and high losses in transmission and distribution<sup>96</sup> are both a consequence of unstable systems and a further drain on those systems. The “Ease of Doing Business” scale displayed in Table 9.6 shows the remarkable regional range for reliability of supply and transparency of tariffs.

The states have unprecedented incentive to address domestic electricity issues, given the promise of regional exports, if they can do so. Meanwhile, Kazakhstan—the high performer in electricity—is being courted by other actors with promises of electric integration. The Eurasian Economic Commission announced in 2014 its intention to create a unified electricity market including Kazakhstan, Belarus, and Russia by 2019, in recognition of Kazakhstan’s role as an importer and exporter.<sup>97</sup> Meanwhile, Kazakhstan is also exploring synchronization with China, and signed a 2014 agreement on “. . . the implementation of broad cooperation in the creation of electrical ties between China and Kazakhstan,” including research on parallel operation.<sup>98</sup> If the lagging states of the region fail to make the necessary reforms, it is likely that Turkmenistan, Uzbekistan and Kazakhstan will move without them to take full advantage of the markets emerging in their region.

## CONCLUSION

The shifts in Central Asian trade were slow in coming, but as of 2017, the outlines of a new system are clear. Commodities will continue to dominate, but services—especially transit for China’s trade, and electricity (which is part commodity and part service)—are on the rise. What has fundamentally changed is China’s entry into the region, together with the physical infrastructure needed to access new markets in China and elsewhere. Trade between China and Central Asia rose from \$1 billion to \$30 billion between 2000 and 2010, and by 2013, Central Asia’s trade with China surpassed trade with Russia, and stood at \$50 billion.<sup>99</sup> As of 2016, China’s overall share of Central Asia exports is 19 percent,<sup>100</sup> including its having become a near-monopsony for Turkmen gas, as well as an important market for a range of exports of Central Asia, from uranium to cattle.

Perhaps even more important, Central Asia has become a route across which China is building its Silk Roads to the West. The region, long characterized by being “landlocked with bad neighbors,” has found a new neighbor

that seems to be a useful one. China's investment in Central Asia, as described in this chapter, builds on decades of assessment and recommendation by International Organizations. The projects themselves are well-structured, if ambitious. China's key challenge in leading the development of new infrastructure for the region will be, as scholar Alexander Cooley notes, that its skill with the "hardware" of infrastructure is not matched with skill in the "software" of market institutions and norms.<sup>101</sup> Transit of goods is already putting considerable pressure on the region to improve its approach to trade. Transit of electricity will increase the pressure. It is possible—although far from certain—that the years of multilateral assistance-inspired institutional development have prepared Central Asia to take advantage of these opportunities. Only if this is the case will Central Asia begin to transition to a more sophisticated political economy, matching its changes in trade partners and routes.

## NOTES

1. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

2. "Central Asia: Regional Electricity Export Potential Study," World Bank Europe and Central Asia Region, World Bank, 2004.

3. See the United States Department of State, "US Support for the New Silk Road," US Department of State website, 2011, <https://www.state.gov/p/sca/ci/af/newsilkroad/>. See also, Joshua Kucera, "The New Silk Road?" *The Diplomat*, November 11, 2011, <http://thediplomat.com/2011/11/the-new-silk-road/>.

4. See United Nations EATL, "Joint Study on Developing Euro-Asia Transport Linkages," prepared under the United Nations Development Account Project "Capacity Building through Cooperation in Developing Land and Land-Sea Interregional Transport Linkages," sponsored by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, United Nations 2008 (henceforth United Nations EATL I).

5. See D. Fields, A. Kochnaky, T. Mukhamedova, G. Stuggins and J. Besant-Jones, "Tajikistan's Winter Electricity Crisis: Electricity Supply and Demand Alternatives," World Bank Study, 2014.

6. Paul Collier, *The Bottom Billion* (Oxford University Press, 2007).

7. See Collier, Chapter 4: "Landlocked with Bad Neighbors."

8. Convention on Transit Trade of Land-Locked States, Date Enacted: 1965–07–08, In force: 1967–06–09.

9. UNECE, "Euro-Asian Transport Linkages: Paving the Way for a More Efficient Euro-Asian Transport," United Nations Economic Commission for Europe, Euro-Asian Transport Linkages Phase II Expert Group Report, New York and Geneva: United Nations, 2012, 49–50 (henceforth UNECE 2012).

10. According to UNECE 2012. Note that the number of landlocked states is not consistent across sources: Wikipedia lists 44 such countries.

11. Avinoam Idan and Brenda Shaffer, "The Foreign Policies of Post-Soviet Landlocked States," *Post-Soviet Affairs* 27, no. 3 (2011): 241.

12. Idan and Shaffer, 244.

13. Collier, Chapter 4, 55.

14. Collier, 56.

15. This is only part of the natural resources trap. The other part—that natural resources tempt a developing state to focus on deriving state revenues from commodities extraction to the detriment of developing the people—will be addressed in the next section.

16. "The Global Competitiveness Report: 2016–2017," World Economic Forum (Geneva: World Economic Forum, 2016), 15. (Henceforth "WEF Global Competitiveness").

17. WEF Global Competitiveness, 15.

18. 2014 statistics. See "Observatory of Economic Complexity," MIT Media Atlas, accessed January 2017, <http://atlas.media.mit.edu/en/>.

19. Ibid.

20. Idan and Shaffer, 250.

21. Ministry of Foreign Affairs, quoted in Idan and Shaffer, 261.

22. In September 2008 and May 2013, the first resolution was co-sponsored by fifty-seven states, the second was co-sponsored by seventy-one states. See Text of Statement by HE Mr. Rashid Meredov, Deputy Chairman of the Cabinet of Ministers, Minister of Foreign Affairs of Turkmenistan, General Debates of the 63rd session of the United Nations General Assembly, New York, September 29, 2008, and News Central Asia interview with Minister Meredov on May 23, 2013, access at: <http://www.newscentralasia.net/2013/05/23/energy-policy-of-turkmenistan-and-the-un-resolution-on-reliable-and-stable-transit-of-energy/>.

23. UNECE 2012, 50.

24. UN Economic Commission for Europe, "Joint Study on Developing Euro-Asian Transport Linkages," prepared under the United Nations Development Account Project on "Capacity Building through Cooperation in Developing Land and Land-Sea Interregional Transport Linkages," United Nations, 2008, 11 (henceforth UNECE 2008).

25. UNECE 2012, 15.

26. United Nations Development Programme, "Human Development Reports" definition of the Human Development Index, accessed January 2017, <http://hdr.undp.org/en/content/human-development-index-hdi>.

27. United Nations Development Programme, "Human Development Report 2015: Work for Human Development," United Nations 2015, Statistical Annex, Table 1: Human Development Index and Its Components, 208–11.

28. Marlene Laruelle and Sebastien Peyrouse, *Globalizing Central Asia: Geopolitics and the Challenges of Economic Development* (Routledge Press/M. E. Sharpe, 2013), 135.

29. Tajikistan and Uzbekistan have the lowest rankings of any post-Soviet states, Tajikistan at 132nd and Uzbekistan at 87th. Kyrgyzstan ranks 67th, higher than Ukraine, and Kazakhstan ranks 41st, higher than Russia. See World Bank, “Doing Business 2016: Measuring Regulatory Quality and Efficiency,” World Bank Group Flagship Report (Washington, DC: World Bank, 2016), 5, DOI: 10.1596/978-1-4648-0667-4.

30. Central Asia is included in the Europe and Central Asia (ECA) region, comprised of 26 states including Russia, Macedonia, Croatia, Turkey and most post-Soviet states.

31. The bottom seven for the region in terms of trade indicators are Kyrgyzstan, Azerbaijan, Ukraine, Kazakhstan, Tajikistan, Uzbekistan, and Russia. See World Bank, “Doing Business 2016: Measuring Regulatory Quality and Efficiency. Regional Profile 2016, Europe and Central Asia (ECA),” World Bank Group Flagship Report (Washington, DC: World Bank, 2016) (henceforth World Bank ECA 2016).

32. World Bank ECA 2016, 86.

33. “Doing Business 2016,” 35.

34. *Ibid.*, 37.

35. *Ibid.*, 150.

36. See TRACECA Website: <http://www.traceca-org.org/en/traceca/history-of-traceca/>.

37. Alessandro Carano, “Financing Investments Connecting the Neighbours of the EU’s Neighbours,” in *The European Union’s Broader Neighborhood: Challenges and Opportunities for Cooperation Beyond the European Neighbourhood Policy*, eds. Sieglinde Gstohl and Erwan Lannon (Routledge Press, 2015), 249–51.

38. United Nations EATL.

39. Included are 10 projects in Kazakhstan (all underway), 7 in Kyrgyzstan (3 underway), 13 projects in Tajikistan (7 underway), and 12 projects in Uzbekistan (10 underway). See Panayota Moraiti, EATL Phase II Slide Pack, Presented to Group of Experts on Euro-Asian Transport Links: Fourteenth Session, “EATL Phase II Overview and Key Findings,” Presented in Yerevan, October 26–27, 2016, by Panayota Moraiti, External Consultant, Slides 12–14 of 27.

40. *Ibid.*, slide 15 of 27.

41. A rail linking the Trans-Siberian to China via Kazakhstan was first completed in 1990.

42. Wade Shephard, “Trains Are the New Pandas: The Real Impact That the New China-UK Rail Line Will Have,” *Forbes*, January 6, 2017, [http://www.forbes.com/sites/wadeshepard/2017/](http://www.forbes.com/sites/wadeshepard/2017/01/06/the-story-behind-the-new-china-to-uk-train/#6bd4b4874349)

[01/06/the-story-behind-the-new-china-to-uk-train/#6bd4b4874349](http://www.forbes.com/sites/wadeshepard/2017/01/06/the-story-behind-the-new-china-to-uk-train/#6bd4b4874349).

43. “China and Central Asia’s Railroad Ambitions,” *Stratfor*, November 20, 2012.

44. Wade Shepard, “Why the China-Europe ‘Silk Road’ Rail Network Is Growing Fast,” *Forbes*, January 28, 2016, <http://www.forbes.com/sites/wadeshepard/2016/01/28/why-china-europe-silk-road-rail-transport-is-growing-fast/#59d2612d7f24>.

45. Erkin Zhusanbayev, administrator with KTZ, quoted in Wade Shepard, “Why the China-Europe ‘Silk Road’ Rail Network Is Growing Fast,” *Forbes*, January 28, 2016.

46. Wade Shephard, "Why Kazakhstan Is Building a 'New Dubai' on the Chinese Border," *Forbes*, February 28, 2016, <http://www.forbes.com/sites/wadeshepard/2016/02/28/will-a-place-called-khorgos-become-the-next-dubai/#3d00e8d08bf1>.

47. Managers note that a container can be moved from one train to another in 47 minutes. See Shephard, "Why the China-Europe 'Silk Road' Rail Network Is Growing Fast."

48. Shephard, "Why Kazakhstan Is Building a 'New Dubai' on the Chinese Border."

49. Up to 35 percent of Russian oil was moved by rail or barge due to the lack of pipeline. For a discussion of the pre-2007 history of Russian domestic and regional energy policies, see T. Sabonis-Helf, "Power and Influence: Russian Energy Behavior in Central Asia," *Competition & Change* 11, no. 2 (June 2007): 199–219.

50. EIU, "Kazakhstan Country Brief 2003," Economist Intelligence Unit, London, EIU Limited, 2003.

51. See T. Sabonis-Helf, "Power and Influence."

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53. BP Statistical Review of World Energy 2016, British Petroleum June 2016, "Oil Production in Thousands of Barrels Per Day," 8.

54. Sebastien Peyrouse, "Perspectives and Limits on Sino-US Competition: The Kazakhstan Case Study," in *Sino-US Energy Triangles: Resource Diplomacy Under Hegemony*, eds. David Zweig and Yufan Hao (Routledge Press, 2016), 170.

55. Energy Information Administration, "Kazakhstan International Energy Data and Analysis," US Department of Energy, Energy Information Administration, January 14, 2015, Edition, <http://www.eia.gov/beta/international/analysis.cfm?iso=KAZ>.

56. Mariya Gordeyeva, "China Buys into Giant Kazakh Oilfield for \$5 Billion," *Reuters*, September 7, 2013, <http://www.reuters.com/article/us-oil-kashagan-china-idUSBRE98606620130907>.

57. Alexander's Gas and Oil Connections, "Putin Calls for Eurasian Alliance of Gas Producers," *Alexander's Gas and Oil Connections—News and Trends: Central Asia* 7, Issue 3, February 6, 2002.

58. Nancy Lubin, "Turkmenistan's Energy: A Source of Wealth or Instability?" in *Energy and Conflict in Central Asia and the Caucasus*, eds. Robert Ebel and Rajan Menon (Rowman & Littlefield Publishers, 2000).

59. See T. Sabonis-Helf, "Power and Influence," 211.

60. Some argue that Gazprom itself caused the rupture.

61. Martha Brill Olcott, "China's Unmatched Influence in Central Asia," *Carnegie Endowment for International Peace*, September 18, 2013.

62. Huseyn Hasanov, "German Expert: TAPI Gas Pipeline Unique," *Trend News Agency, Baku Azerbaijan*, January 23, 2017, accessed via LexisNexis.

63. Zafar Bhutta, "ADB offers \$1 billion loan for TAPI gas pipeline," *The Express Tribune (Pakistan)*, November 19, 2016, accessed via LexisNexis.

64. See, for example, Elena Kosolapova, "Successful Completion of TAPI Project in Doubt," *Trend News Agency, Baku, Azerbaijan*, May 3, 2016, accessed via

LexisNexis. Kosolapova quotes Andrew Neff, principal analyst at the Petroleum Sector Risk Group of IHS Energy as among the skeptics.

65. Rana Mushtaq, “Millions ‘Embezzled’ from Funds Allocated for TAPI, IP Gas Projects,” *Daily Times (India)*, Vol. 14, No. 205, July 25, 2016, accessed via LexisNexis.

66. Khalid Mustafa, “TAPI Gas Project Delayed by One Year,” *The News International*, Vol. 26 No. 323, accessed via LexisNexis.

67. See T. Sabonis-Helf, “The Unified Energy Systems of Russia (RAO-UES) in Central Asia and the Caucasus: Nets of Interdependence,” *Democratizatsiya* 15, no. 4 (Fall 2007): 429–44.

68. Cited by Laruelle and Peyrouse, “A Driver of Development: The Electricity Sector,” Chapter 11 in *Globalizing Central Asia: Geopolitics and the Challenges of Economic Development*, 219.

69. Interviews by the author, Turkmenistan 2014.

70. Daryl Fields, A. Kochnakyan, T. Mukhamedova, G. Stuggins and J. Besant-Jones, “Tajikistan’s Winter Energy Crisis: Electricity Supply and Demand Alternatives,” World Bank Study, 2013. See particularly “Appendix B: Electricity Trade in Central Asia” pages 69–71 for a history of the grid crisis.

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72. Kazakhstan has reduced its imports from Russia over time. In 2013, Kazakhstan exported 3.9 billion kWh and reduced its Russian imports to 1.67 billion. See “Kazakhstan, Belarus and Russia to Create Unified Electricity Market by 2019,” *Intellinews, Kazakhstan & Central Asia Today*, May 28, 2014, accessed via LexisNexis.

73. According to IEA statistics, in 2014 Kazakhstan was a net exporter, while Kyrgyzstan was a marginal net importer.

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75. The Imamnazar-Andhkoy line has a 300 million kilowatt hour capacity, and the Serhetabat-Heart-Toraghundi line is being increased from 200 to 400 million kilowatt hours. See Huseyn Hasanov, “Turkmenistan Increasing Electricity Supply to Afghanistan,” *Trend News Agency, Baku Azerbaijan*, June 25, 2016, accessed via LexisNexis.

76. Mohsin Amin, “Power to the People: How to Extend Afghanistan’s Access to Electricity,” *Afghanistan Analysts Network*, February 3, 2015, <https://www.afghanistan-analysts.org/power-to-the-people-how-to-extend-afghans-access-to-electricity/>.

77. Author interviews, Ashgabat 2014.

78. Khalid Mustafa, “No Mention of Penalty Clause in \$1.7 Billion CASA-1000 project,” *The News International (Pakistan)*, Vol. 26, No. 83, May 25, 2016, accessed via LexisNexis.

79. Khalid Mustafa, “No Mention of Penalty Clause in \$1.7 Billion CASA-1000 Project.”

80. “Kazakhstan May Build Power Plants to Export Electricity to China,” *The Times of Central Asia*, May 11, 2015, accessed via LexisNexis.

81. “Power Grid across Central and South Asia,” *Asia News Network*, August 21, 2016, accessed via LexisNexis.

82. Julia Bucknall, Manager, Energy South Asia, the World Bank, presentation to the CSIS Conference, “The TUTAP Interconnection Concept and CASA-1000,” sponsored by Center for Strategic and International Studies, June 6, 2014. Recording available at: <https://www.csis.org/events/tutap-interconnection-concept-and-casa-1000>.

83. Cost on projects is highly variable. CASA-1000 estimates have ranged from \$800 million to \$1.7 billion. Given the fifteen-year timeline, the cost of TUTAP is certain to rise. Data from Liliana Oprea, “CAREC Development of Priority Energy Corridors in Central Asia-South Asia” presentation in Manila. May 22, 2012. Slides 17–20.

84. Jim Liston, Principal Energy Specialist, Energy Division, Asian Development Bank, presentation to the CSIS Conference, “The TUTAP Interconnection Concept and CASA-1000,” sponsored by Center for Strategic and International Studies, Friday June 6, 2014. Recording available at: <https://www.csis.org/events/tutap-interconnection-concept-and-casa-1000>.

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88. “Turkmenistan Increases Electricity Production,” *Trend News Baku Azerbaijan*, March 10, 2015, accessed via LexisNexis.

89. Huseyn Hasanov, “Turkmenistan Increasing Investment in Electricity Sector,” *Tend News Agency, Baku Azerbaijan*, September 28, 2016, accessed via LexisNexis.

90. Kyrgyz and Tajik officials at the highest level have been implicated in misappropriating and selling electricity. See Laruelle and Peyrose, 224.

91. “Energy Generation Capacity Increasing,” *Uzbekistan National News Agency (UzA)*, August 26, 2016, accessed via LexisNexis.

92. “Kyrgyzstan Has Gained Energy Independence—President Atambayev about Launch of Datka-Kemin Power Transmission Line,” *Central Asian News Service*, August 28, 2015, accessed via LexisNexis.

93. Demir Azizov, “Uzbekistan to Focus on Developing Energy Sphere,” *Trend News Agency, Baku Azerbaijan*, September 15, 2015, accessed via LexisNexis.

94. “Doing Business 2016,” 70.

95. Cost of getting a new electricity connection as a percentage of income per capita is 51.25 in Kazakhstan, and 878.9% in Tajikistan. See World Bank, “Doing Business 2016: Measuring Regulatory Quality and Efficiency.” Figure 4.2 “What it takes to get an electricity connection in economies in Europe and Central Asia,” p. 41 note that OECD High Income Average is 4.8 procedures; Figure 4.3 “Getting Electricity—Time (days),” p. 42 note that OECD High Income Average is 77.7 days; Figure 4.4 “Getting Electricity—Cost (percent of income per capita),” p. 43 note that OECD High Income Average is 65.1 percent.



96. See Fields et al. who report that Tajikistan experiences 18% losses. They note that a reduction to 12% losses would save 771 GWh every winter.

97. “Kazakhstan, Belarus and Russia to Create Unified Electricity Market by 2019,” *Intellinews, Kazakhstan & Central Asia Today*, May 28, 2014, accessed via LexisNexis.

98. Trend News Agency, “Kazakhstan, China to Cooperate in Electricity Production,” *Trend News Agency, Baku Azerbaijan*, December 15, 2014, accessed via LexisNexis.

99. For a full discussion of this transformation and its significance, see Alexander Cooley, “China’s Changing Role in Central Asia and Implications for US Policy, from Trading Partner to Collective Goods Provider,” prepared remarks for “Looking West: China and Central Asia,” US-China Economic and Security Review Commission, March 18, 2015, [http://www.uscc.gov/sites/default/files/Cooley%20Testimony\\_3.18.15.pdf](http://www.uscc.gov/sites/default/files/Cooley%20Testimony_3.18.15.pdf).

100. World Bank China-ECA, 36.

101. See Alexander Cooley, “China’s Changing Role in Central Asia and Implications for US Policy: From Trading Partner to Collective Goods Provider,” prepared remarks for “Looking West: China and Central Asia.”

## *Chapter Ten*

# **Great Game Changers?—The Changing Nature of Central Asian Energy**

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Hydrocarbon energy, primarily oil and natural gas, has long been at the heart of Eurasian economies and by association Eurasian security. Going back to tsarist times, the Baku and the Caspian region was at one time the world's leading producer of oil and a major source of revenue for the Russian Government. During Soviet times, and especially after World War II, the focus of hydrocarbon development shifted to western Siberia.<sup>2</sup> At first developed to meet domestic and Warsaw Pact needs, the 1980s saw the Soviet Union build the infrastructure and markets necessary to sell its hydrocarbon resources abroad, thus securing much needed hard currency. After the breakup of the Soviet Union, the production, ownership, and sale of hydrocarbon energy changed, due to privatization and the new geostrategic realities that came with 15 countries now existing in the space that was previously occupied by one. Still, the sale of gas and oil continued to be a major portion of the economies of the energy-rich countries, affecting their internal politics, regional relations, and international affairs.

The beginning of the new millennium has brought with it still further changes in the nature of world energy markets, and how they affect the countries of Eurasia. The rise in energy prices played a large role in the recovery of Russia, and its reemergence on the world political scene.<sup>3</sup> Countries such as Kazakhstan and Azerbaijan have benefitted greatly as well, and have been able to establish themselves as independent actors in world energy markets. Even countries without their own sources of oil and gas, specifically Ukraine, Belarus, and Georgia, have taken on significant roles as transit states. While having hydrocarbon reserves is usually viewed as being advantageous, having those reserves without the ability to bring them to market is almost as bad as not having them at all, as countries like Turkmenistan have found to their distress. Many factors go into what is sometimes referred to as the “energy

game,” and these factors are constantly changing, making for a myriad of relationships among the former Soviet states.

This chapter is designed to take a “snapshot” of what these factors and relationships are today with regard to Central Asia and its neighbors, and how they may be evolving in the future. While some factors such as geography remain relatively static, others change with maddening frequency, and still others may remain fairly stable for long periods, only to change suddenly and radically. Politics, personalities, and technology all are a part of this game, and as such must be examined not only on their own but in relation to their effects on the other parts. The complexities involved are enormous; however, by examining each of the pieces of the game and how the pieces fit with one another, it should be possible to develop a better idea of the nature of the whole, and how changing one piece may affect the overall picture in the future.

## BACKGROUND

Setting nostalgia aside, Eurasian Energy was simpler in the days of the Soviet Union. Run through the Ministry System under direction from GOSPLAN, the State Planning Agency, gas and oil were generally available for domestic consumption for members of the Eastern Block, as well as for export.<sup>4</sup> The priorities for providing energy, however, were not necessarily straightforward. While satisfying domestic needs would seem to be a priority, domestic energy, as well as energy provided to members of the Socialist community, was done at a highly discounted rate to maintain tranquility at home and the allegiance of the bloc members. Since domestic prices were held artificially low, with no way of realistically setting prices in the centrally planned and controlled economy, it was commonly known that more could be gotten for energy products on the world market, especially after the 1973 Arab-Israeli conflict and the subsequent OPEC decision to restrict production.<sup>5</sup> While informally consulting with OPEC, the Soviet Union was never a member, and thus never constrained by production quotas set by that organization, even while benefiting from the increased market prices OPEC achieved.

This resulted in the Soviet Union moving in the late 1970s and early 1980s to increase its energy exports to the West as a source of hard currency and, at least in the minds of many in the West, with the hope of bringing about a dependency on this energy that would allow a degree of leverage with the West in other areas. While the latter was never truly proven, it was enough of a concern that, in an effort to forestall the building of pipelines that would carry Soviet natural gas to European markets, the United States proposed

supplying Europe's needs in this area through shipments of Liquefied Natural Gas (LNG), at the time a relatively new and untried technology. The Europeans politely but firmly rejected this option, and helped finance these pipeline projects that not only met their energy needs but provided enough funds to keep the Soviet System sputtering along.

The importance of these European markets was such that every effort was made to ensure that deliveries were on time and according to contract. The Soviet government went out of its way to gain a reputation as a reliable supplier, and put to rest the fears that energy might be used as a weapon to gain political concessions in other areas. In this, the Soviets were following what would be viewed as good business practices in the West. Developing a reputation as an unreliable supplier would only cause their European customers to rethink the decision to buy Soviet energy, and turn elsewhere for more reliable sources. Though energy supply is often looked at as a dependency relationship between supplier and buyer, what is often forgotten is that this dependency works two ways, and that suppliers are dependent on buyers for the capital needed to develop the infrastructure necessary to obtain the resource in the first place. The Soviet Union was so dependent on income from energy sales that it was believed that meeting foreign contracts would be given priority over domestic needs. If the Kremlin were forced to choose between the two, the Soviet people would probably be left to suffer the consequences.<sup>6</sup>

While both sides seemed to benefit from the energy trade relationship, there were other dynamics at play, which dictated that the relationship could not last. Soviet technology in the energy field, as with other areas of the Soviet economy, lagged far behind that of the West. Not only did this mean that energy extraction was less efficient, but even in areas where reserves were known to exist, the technology was not available for those reserves to be tapped. This, combined with several questionable decisions as to which resources would be developed, meant that energy production was dropping at the very time that energy revenues were needed most, not only for Gorbachev's reforms, but more directly to feed the country, which after seventy years of bad agricultural policies had failed to regain the self-sufficiency in foodstuffs that it had enjoyed in tsarist times. Yeagar Guidar, in his book *Collapse of an Empire*, makes the argument that at the end of the Soviet period the country was facing a crisis, in that falling energy prices combined with falling production meant that the country could no longer afford to buy the food needed to feed the population.<sup>7</sup> The truth may never be known, since before this economic crisis point was reached the political situation in the country reached its own critical mass, with the unsuccessful coup attempt against Gorbachev in August of 1991, followed several months later by the breakup of the Soviet Union.

## AFTER THE FALL

The breakup of the Soviet Union introduced several new factors into the Eurasian energy equation. The first and most obvious was that, as opposed to being the domain of one country, energy was now divided into fifteen, each with its own set of circumstances. Some (Russia, Azerbaijan, Kazakhstan and Turkmenistan) continued to be producers of hydrocarbon energy, though production, refining, and especially transport became more complex because of having to deal with multiple states and borders. Some (the Baltics, Moldova, Armenia, Kyrgyzstan and Tajikistan) found themselves entirely dependent on the producing states for their energy needs, but without the benefit of the privileged position they had enjoyed when they were part of the Soviet Union. Finally, there were transit states (Ukraine, Belarus, and Georgia) that, while energy dependent, also found themselves hosting pipelines that were needed by the producing states to get their product to market, thus giving them some leverage in the energy equation. Uzbekistan found itself in the unique position of sharing traits of all three groups. Initially possessing enough reserves to satisfy its own needs, it was able to develop its reserves to the point of allowing it to become a moderate exporter, while at the same time being part of the pipeline system that would eventually allow Turkmen gas to flow to China.<sup>8</sup>

The second major change that came about as a result of the breakup of the Soviet Union and the end of the state-controlled centrally planned economy was a change in the nature of ownership and management of energy resources. In Russia, many energy holdings were at first privatized in the 1990s, often under less-than-transparent mechanisms and shady circumstances, allowing a select few to benefit and accumulate large amounts of wealth during the process. Other energy holdings remained under state control, but with new management mechanisms. Perhaps the best example of this was the Ministry of Gas, which under the guidance of its former minister and sometimes Russian Prime Minister Victor Chernomyrdin, became the giant parastatal Gazprom.<sup>9</sup> In both cases, foreign ownership, foreign capital, and possibly most important, foreign technology, was introduced into an energy system that had been known for its autarky during Soviet times. While new capital and technology were welcomed and aided in developing resources that previously had gone unexploited, foreign ownership was not always welcomed and viewed as an undesirable loss of sovereignty, a reminder of foreign exploitation. While Russia was the prime example of all of these, the same situation repeated itself in one form or another in each of the former Soviet republics, including the states of Central Asia.

The question of foreign involvement in the energy affairs of these states was a two-edged sword, and often led to divisions within the states them-

selves over whether the benefits exceeded the drawbacks. On the plus side, foreign investors brought with them desperately needed capital that the newly independent states did not have to develop their energy resources. With energy prices rising and production of existing reserves peaking or beginning to decline, international energy companies were more than happy to have the opportunity to explore and develop new territory, especially since many times that territory was unencumbered by the restrictions in place in more developed areas of the world. Sometimes exploration was not even required. In the case of Azerbaijan, existing wells that were thought to have been played out with 60 percent of their reserves recovered were brought back into production with the use of more advanced Western technology, allowing recovery rates of 80 and even 90 percent.<sup>10</sup> The same leveraging of technology allowed for the exploitation of areas where previously it was thought to be either too hard or too uneconomical to operate. In the case of Sakhalin Island in Russia's Far East, Western companies that could bring the advanced techniques necessary to deal with this environment were more than willing to bid for the rights to partner with domestic energy companies, in what appeared to be a win-win situation. For local energy concerns, not only did the foreigners bring with them financial resources, but the technology necessary to open new areas of production. Depending on the nature of the agreement struck, the opportunity to work with the latest techniques and master the newest technologies, with the hope that in the future they would not have to turn to outsiders but be able to perform the same functions themselves, was a great attraction.

For all these plusses, however, there were also downsides. There was often resentment at what was seen as an attempt by foreign entities to exploit these newly independent states at a time of great weakness and vulnerability. Part of this was no doubt a holdover of attitudes from the ideological beliefs of Soviet times. Part of this was also from the lessons learned by looking at colonial exploitation. Much of this may have been justified, simply because Western companies were out to make a profit, and would do almost anything to improve their bottom line. In this regard, the practices of both the companies and the countries involved were often open to question.<sup>11</sup> In a part of the world long renowned for corruption, this should hardly seem surprising. But the magnitude of the money involved, and the fact that while tremendous profits were being made, legally and otherwise, very little of this seemed to end up in the hands of the people in these countries who needed it the most, caused many to question if this was the "good deal" it was purported to be.

Finally, there were issues that now arose between the states themselves. When the Soviet pipeline system was originally built, it was never anticipated that this would be broken up and run by different countries, much less that one of those countries would deny access or restrict the flow of energy to another along the route of the pipeline. The stories of "pipeline politics" are

legend and will not be dealt with in great detail here, other than to note that in a situation where relations between these nations, which were often fragile to begin with, there was now another major point of contention that could rapidly escalate beyond mere business. In Armenia's conflict with Azerbaijan, energy was cut off to the former in 1992, during what was one of the coldest winters on record, causing untold hardships.<sup>12</sup> Though the circumstances were different, the same thing occurred between Russia and Ukraine in 2006, and again in 2009, resulting in energy shortages not only in Ukraine but more importantly in Europe, the traditional customer for Russian energy. Finally, in perhaps one of the most ironic situations coming from the breakup of the Soviet Union, Turkmenistan, which variously has been reported to have either the third, fifth, or seventh largest natural gas reserves in the world, was unable, until recently, to take advantage of its reserves for lack of a means to bring those reserves to market.<sup>13</sup> In short, while the breakup of the Soviet Union has brought with it many beneficial changes, not all the changes were beneficial.

## THE ACTORS

Volumes have been written about energy in the former Soviet States since 1992, and it is not the intent to summarize these works here. However, in an effort to present the situation in Central Asia today, and where it may be headed in the future, it is necessary to look briefly at some of the actors and the pieces of the puzzle that they represent.

### Kazakhstan

In terms of energy, Central Asia probably benefitted the most from the breakup of the Soviet Union, yet at the same time stands to lose the most. After 1991, Kazakhstan, with the largest oil reserves in the area, opened its borders to Western investors and the technology they brought with them, and soon increased its output both in oil and the associated natural gas. While initially having to go through Russian-controlled pipelines to bring its product to market, the 1990s saw the development of alternate routes, such as the Baku-Tbilisi-Ceyhan pipeline (BTC). It also benefitted from growing Chinese interest, which led to the first pipeline pumping oil east, thus bypassing Russia.<sup>14</sup> While a substantial portion of the profits from these energy sales disappeared in endemic corruption, the country as a whole did benefit from the wealth brought in by energy sales, and it enjoys one of the highest GDPs among the former Soviet states.<sup>15</sup>

Having said that, overdependence on energy revenues is a two-edged sword when world energy prices go down. In the aftermath of the 2008 world economic downturn, Kazakhstan, along with all hydrocarbon-producing states whose primary source of revenue was energy sales, suffered greatly as energy demand plummeted on world markets. This situation was further exacerbated by the slow nature of economic recovery, and compounded by other economic uncertainties raised by concerns about the soundness of China's economy and fears that a Greek default would bring down the Euro zone. While arguably doing better than the other former Soviet states, the fact that Kazakhstan did not always use their energy income to help diversify and bolster other parts of their economy when times were good only seemed to make the situation worse. Another problem with the downturn was that investment capital, sorely needed both for infrastructure maintenance and development in the energy sector, was not available, so that even when demand picked up it might not be possible to meet this demand.

This latter problem is particularly acute in the case of Kazakhstan. While possessing some of the world's largest hydrocarbon deposits outside of the Middle East, these tend to be located in areas where the cost of development and extraction cannot be justified, unless the market price of the product guarantees a return on investment. In the early 90s, when the market price of a barrel of oil was ten dollars, there was little incentive for development around Kazakhstan's portion of the Caspian, where the cost of extraction was \$15.00. When oil rose to the \$147 a barrel level, investors flocked to the region with any number of schemes; when oil dropped back to the low 30s, investment dried up. Even though the price of oil seems to have stabilized since 2015, uncertainty about the future of the market, combined with the high cost of developing fields such as Kashgan, keep many of these projects from being brought to fruition.<sup>16</sup>

Likewise, the actions of the Kazakh government have given investors pause. In the early 90s, President Nazarbayev did his best to entice Western investors and their technology to Kazakhstan by offering both excellent terms and allowing foreign ownership of Kazakh assets. As prices rose, the government had second thoughts about allowing these assets out of their hands, and tried to renege on their previous commitments. Probably the most famous such case was when the government decided to enforce environmental standards which had never been applied, bringing production to a halt. The government then offered to acquire these holdings, forcing the Western companies to choose between continuing to be unable to make a profit in the short term, or cutting their short-term losses but sacrificing their long-term earnings. The decline in world energy prices brought an end to such practices, but left many in the business community with a bad taste in their mouths and a distrust of the Kazakh government.



## Turkmenistan

Where Kazakhstan has oil, Turkmenistan has natural gas; as noted earlier, depending on the source the country is estimated to have between the third and seventh largest natural gas reserves in the world. Though some Western assistance was brought in to develop these assets, the assets were kept firmly under the control of Semparmurat Niyazov or “Turkenbashi,”<sup>17</sup> the authoritarian ruler of the country from 1991 till his sudden and somewhat mysterious death in 2006. If profits from gas sales had been put back into developing the country and its infrastructure, Turkmenistan might have followed the same trajectory as Kazakhstan. Unfortunately, Niyazov used energy revenues to both secure his position and glorify it through projects of self-aggrandizement. Things have improved little under his successor Gurbanguly Berdimuhamedov, and while the country’s leadership has used energy profits to keep themselves in power, the people of Turkmenistan have benefited little from this natural source of wealth.

Turkmenistan’s ability to generate revenue has been limited in that initially after independence, all major pipelines carrying gas out of the country passed through Russia, allowing the latter to pay the Turkmen far less than their gas would have brought on the world market.<sup>18</sup> Even when the Turkmen were eventually able to increase the price paid by the Russians, due to the latter being overcommitted in their contracts to the West, they still were at a disadvantage, having only one major way to get their product to market.<sup>19</sup> At one point, when natural gas demand fell and with it its prices, the Russians sought to renegotiate their existing contracts with Turkmenistan. Turkmenistan refused, and several days later on April 9, 2009, the pipeline carrying Turkmen gas to Russia mysteriously blew up on Russian soil. The Russians then refused to pay anything to Turkmenistan, citing the Turkmen failure to deliver the contacted gas.<sup>20</sup>

Eventually the Chinese, in their never-ending search for new sources of energy, offered to build a pipeline that allowed the Turkmen to sell their gas to China, thus avoiding the Russian juggernaut.<sup>21</sup> Though the Chinese may not be paying world market prices for Turkmen gas, they are paying more than the Russians appear to be willing to pay, and by building the pipeline have given the Turkmen the ability to play one market off against the other, rather than be forced to deal with a single buyer. Following the economic downturn, Russia dramatically curtailed its import of natural gas from Turkmenistan, reducing Turkmenistan’s flexibility once again. As of late 2016, it was announced that Turkmenistan has sold over 150 BCM to China.<sup>22</sup> However, rumors persist that the Turkmen have been less than happy in their dealing with China. This, in turn, may explain their continued interest in the TAPI

(Turkmenistan-Afghanistan-Pakistan-India) pipeline, as yet another alternative for getting their gas to market.

## **Uzbekistan**

Of the Central Asian states, the case of Uzbekistan is perhaps the most surprising, and an example of how various factors combine to drive the fortunes of the country's energy sector. Though producing both gas and oil, Uzbekistan was never considered an energy powerhouse in the way that Kazakhstan and Turkmenistan are. This changed with independence as outside investors, primarily the Chinese, began to help the Uzbeks increase the output of their existing wells, while exploring their territory for additional reserves. Gradually, Uzbekistan increased its output of both gas and oil, allowing it to become energy independent and even producing some surpluses, which the Chinese were happy to buy. Unfortunately, this money went to prop up the regime of president Islam Karimov, arguably the most repressive and corrupt in Central Asia.<sup>23</sup>

Also affecting Uzbekistan, at the same time that energy prices were dropping with the economic downturn in 2008, production in their existing fields began to decline. These fields had been exploited during Soviet times, and while the introduction of Western technology after independence had extended their life, they were beginning to reach the end of their useful production cycle. The drop in prices, along with the drop in production, meant that both revenues and interest in new exploration/production projects declined. While new projects with both China and Russia continue to be announced with much fanfare by state-controlled Uzbekneftgaz (UNG), the actual implementation of these projects lags far behind the enthusiasm in their pronouncements.<sup>24</sup> The one bright spot on the horizon is that with the downturn in Turkmen-Russian energy relations, Russia has turned to Uzbekistan to fill some of their needs, and has contracted to buy over three BCM of gas in 2016.<sup>25</sup>

Though Uzbekistan's prospects as an energy producer appear muted for the near future, it still holds importance as a transit state. Centrally located and the only one of the five Stans sharing borders with the other four, Uzbekistan is a crossroads, not only for land and air transport in the region but for pipelines. In addition to the Central Asia-Center gas pipeline, which was commissioned in the 1960s to carry energy north to Russia, the Central Asia-China gas pipeline (CACGP), linking Turkmenistan, Uzbekistan, and Kazakhstan to China, has become the major conduit for Central Asian gas flowing east. Consisting of several previously existing pipelines with newly constructed connectors, the system is far from efficient, but is the major way by which

Turkmenistan delivers its gas to Chinese markets.<sup>26</sup> A planned branch line of the CACGP in Uzbekistan, which would shorten the transport distance and increase capacity, has been in the works for years. However, sagging demand and continuing low prices have resulted in delays to this improvement to the system being built.<sup>27</sup>

### **Kyrgyzstan and Tajikistan**

The two remaining Central Asian states, Kyrgyzstan and Tajikistan, have little in the way of known hydrocarbon reserves, though both have huge potential in terms of hydrogenerated energy.<sup>28</sup> During Soviet times, energy swaps orchestrated in Moscow met the needs of all the Central Asian states; specifically, the upstream states would allow water to flow to the downstream states during the summer when it was needed for agriculture, rather than holding it in reservoirs to generate power in winter. In return, the downstream states would send energy in the form of gas and oil to the upstream states during winter, when it was needed for heating. However, since that time the downstream states, especially Uzbekistan, have often failed to uphold their part of the bargain, leading to increased regional tensions.<sup>29</sup>

Both countries do, however, share potential as transit states. While the three existing lines bringing Central Asian gas to China cross Uzbekistan and Kazakhstan, a “Line D” has been proposed that would go through Kyrgyzstan and Tajikistan on its way to China. This would not only provide flexibility in routes, but it would allow access to energy for the two transit states, as well as tying them closer to China. Unfortunately, the high cost of construction, combined with an excess of natural gas on the market and increased imports of LNG by China, have led to this line being postponed indefinitely.<sup>30</sup> However, a change in markets and demand in China could cause these plans to be revisited at some point in the future.

Other transport projects could further tie Kyrgyzstan and Tajikistan to regional energy flows. The Five Nations Railway corridor, linking China to Iran via Afghanistan, Tajikistan, and Kyrgyzstan, would allow the transport of oil by railcar, long the method by which oil was provided to China from Russia.<sup>31</sup> Another project, the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) electricity transmission line, would bring electricity generated from burning natural gas in Turkmenistan to markets with growing demand in South Asia.<sup>32</sup> A similar transmission line, the Central Asia South Asia (CASA) 1000, has been proposed to bring hydrogenerated electricity from Kyrgyzstan and Tajikistan to their southern neighbors.<sup>33</sup>

In summary, while the conditions and circumstances differ for each country in the region, all of the Central Asian States have a role to play in hydrocar-

bon markets, and all of them see their future development tied to these markets. To a degree, energy has already played a role since independence, with Kazakhstan the poster child for the benefits that being an energy producer can bring, and Turkmenistan the example of thwarted potential. The amount of success these countries have, in part, depends on internal factors such as openness to foreign investment and corruption. However, it also depends on external factors that are beyond their control. It is these external factors, and the role that they play, that may determine the future of the region.

### **Russia and the Caucasus**

While not a Central Asian State, Russia continues to play a major role in the region's energy economics and politics. Russia is not only the largest country emerging from the breakup of the Soviet Union, it also has been blessed with the largest hydrocarbon energy reserves, ranking first in the world in traditional natural gas, and fourth in oil reserves.<sup>34</sup> More importantly, since 2002, Russia and Saudi Arabia have traded first and second place in the world in terms of oil production.<sup>35</sup> This production allowed Russia not only to pull itself out of the economic doldrums that it fell into in the 1990s, but to repay its debts and establish capital reserves that helped see it through the economic downturn in the late 2000s. Along the way, it has also ensured that Vladimir Putin remained the major player on the Russian political scene.

Though there is little doubt that energy has impacted Russia, it must be noted that not all impacts have been positive. Much has been written about the "Energy Curse" and "Dutch Disease," and Russia has not escaped the downsides that come with being an energy producer.<sup>36</sup> At the macro level, the income from energy has allowed the Russian state to stay afloat economically, but this has also meant that it has not been forced to make the meaningful economic reforms that the country needs if it is to complete its transition from a centrally planned to a market economic system. At the micro level (though many would argue that this is a problem of macro proportions), the glut of money from energy has fueled corruption at every level of society.<sup>37</sup> As the state has retaken control of energy properties and companies that had been in private hands, it has caused the Russian government to adjust its foreign policy to support its business interests in this area, in a type of mercantilism. While going along with the Putin's ideas about the state using energy to achieve its objectives,<sup>38</sup> it has also caused the state to take positions which may not have always been to its advantage, as in its energy disputes with Ukraine and the consequences of these disputes for Europe.

To counter European moves to lessen their dependence on Russian energy, Russia has proposed diversifying its markets by turning to the East. China

represents the world's largest market for hydrocarbon energy, with countries such as Japan, India, and South Korea also being significant potential customers for Russian energy.<sup>39</sup> The problem again is how to get the product to market. There is a notable lack of infrastructure in this part of the world, where geographic and climate conditions make the cost of building that infrastructure a major, if not prohibitive, capital investment. For years China and Russia have tried to reach agreements on pipelines and sales, but deep-seated anxieties and mutual distrust have trumped the advantages to be gained.<sup>40</sup> The same applies to Japan, where Russia's continued occupation of the Kiril Islands, and the failure to sign a peace treaty formally ending the Second World War, stand in the way of any meaningful agreement. In sum, the Far East represents a tremendous potential market, but one whose potential, at least in the near term, will probably not be fulfilled.<sup>41</sup>

The Caucasus were at the heart of the first Eurasian energy boom in the nineteenth century, and remain a center of great importance for Central Asia as a transit route for bringing energy products to world markets. Azerbaijan was the world's largest source of oil in the late nineteenth century, and since the breakup of the Soviet Union has undergone something of a renaissance.<sup>42</sup> While many thought Azerbaijan's fields had reached the end of their useful production, the introduction of Western technology brought old fields to life and new fields to light. This includes the Shah Deniz gas field, which may be one of the largest in the world.<sup>43</sup> The initial problem for Azerbaijan was how to get this energy to market, since the existing pipelines ran through Russia, and the two were at odds with Russia's support for Armenia during the war over Nagorno-Karabakh. The 1990s brought a flurry of activity, including the building of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, and the Baku-Tbilisi-Erzurum (BTE) gas pipeline closely paralleling it.<sup>44</sup> This allowed Azeri energy flow to Western markets without interference from Russia. With the rise in world energy prices, Azerbaijan's coffers soon began to overflow, and the country has sustained the world's most impressive growth in terms of GDP.

The BTC also allowed Kazakhstan to send oil to the West, with oil produced in the northern Caspian placed on barges and shipped south to Baku, where it enters the pipeline. Likewise, the potential exists for Turkmenistan to send its gas reserves to Western markets through the BTE; however, the difficulties in transporting natural gas make this more problematic. Turkmenistan would have to liquefy its natural gas, ship it across the Caspian to Baku on LNG tankers, and then de-liquefy it on the other side, requiring a substantial investment in the necessary technology and infrastructure.<sup>45</sup> The most economical solution for both Kazakhstan and Turkmenistan would be the construction of pipelines under the Caspian to carry their products to Baku and

from there to Western markets. However, until the 5 littoral countries on the Caspian can agree on the division of the sea, Trans-Caspian pipelines remain little more than a dream.<sup>46</sup>

## **China and the East**

Just as Russia has sought to expand its energy deliveries to the East, so too have the Central Asian states seen their markets to the East grow. The nature of these markets, however, may be characterized as the difference between push and pull. Where Russia is trying to push its energy to China with varying degrees of success, the Central Asians appear to be swept up by China's demand for energy. While Russia has resisted letting foreign investors, including the Chinese, obtain controlling interests in Russian energy concerns, the Central Asians have at times been overwhelmed by Chinese overtures to invest in and control Central Asian energy entities. Part of this is a matter of need; beggars seldom can be choosers, and with the need for the investment capital that the Chinese are willing to provide where others are not, the Central Asian states have increasingly found themselves drawn into the Chinese sphere of economic influence. Part of this is a matter of size; Russia is in a far better position to maintain sovereignty over its energy than the smaller Central Asian states. Part of this is a matter of location; China represents the closest market for Central Asian energy, and the only market that does not rely on Russian goodwill as a transit state. The options are limited, but this does little to lessen the unease many Central Asians have about being subsumed by their larger neighbor to the east.<sup>47</sup>

An alternative to the Chinese market does exist; however, geostrategic difficulties have hampered its development. Based on current projections, India's demand for energy will surpass China in the coming years, and when added to Pakistan presents a tremendous opportunity for Central Asian energy. For years, the TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline has been touted as a way for Turkmenistan to sell its natural gas to someone other than Russia and China. This has recently been joined by the previously mentioned TUTAP (Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan) electricity transmission line.<sup>48</sup> There have been other proposals to bring energy from the Central Asian states to the south; however, all suffer from the same problem of transiting zones of instability, much less getting the financing for such efforts.<sup>49</sup>

The biggest potential change in the relationship between China and Central Asia in general, of which energy plays a not insignificant role, is the One Belt One Road (OBOR) or Belt and Road Initiative (BRI), announced by China and discussed in this volume in Yuhao Du's chapter. Succinctly described

as a massive infrastructure project designed to upgrade the transport nets between China and markets in the West, a majority of these projects will pass through the various Central Asian States, facilitating the flow of goods and materials, including energy. Though the final results will only be known in the coming decades, the potential for not only reorienting markets but locking in long-term trading relationships is readily apparent. At the same time, however, this possibility also fuels the previously mentioned fears on the part of Central Asians that this will perpetually link Central Asia's fate to that of China, with the former losing the ability to chart an independent course.

### MOVING FORWARD OR STEPPING BACK? EXTERNAL FACTORS

The state of energy today reminds one of the Lenin formulation—"One step forward, two steps back." Much of the exploration and development in the late 1990s and the first decade of the new millennium was driven by increasing demand, which in turn drove up the price of oil and gas.<sup>50</sup> During this period, oil went from around \$30 a barrel to a high of \$147. As the price went up, so did the incentives to bring new resources into production, including many that were known to exist but viewed as too difficult and expensive to be developed profitably. The high prices also increased the stakes in many of the oil and pipeline disputes, and led to plans and pipeline proposals that under normal circumstances would not have been deemed cost effective but were now worth contemplating. Finally, the revenues generated by these high prices brought about changes and engendered behaviors that were not always beneficial to the countries involved. Corruption had always been a problem during Soviet times, but for the most part was at a lower scale and controlled to some degree by the political system. Now, however, the lures posed by the amounts of money involved were such as to affect the workings of entire governments. It should be noted that this was not a phenomenon unique to Russia and the countries of Central Asia; most states that experience a sudden influx of wealth have the same sort of experience. However, combined with the lack of developed political structures, moribund legal systems, and the absence of established institutions of civil society, the results were disheartening at best.

The problems of sudden wealth were not resolved by the economic downturn beginning in 2007. While it can be argued that the run up in energy prices represented a bubble of sorts, the fall in demand caused by slowing and in some cases negative rates of growth had the effect of driving down prices below the point where they were before the rise. This, in turn, put tremendous pressure on governments that were dependent on energy revenues to keep

them solvent. In the case of Russia, it was estimated that the Russian budget was built on the assumption that energy prices would be at \$80.00 a barrel or greater; below that point and the country would run at a deficit.<sup>51</sup> Again, while Russia and the countries of Central Asia were not the only ones to face this situation, these countries were among the hardest hit. For the producers, and to a lesser degree the transit states, the drop in the price of energy did no one any good. If there was a silver lining, it was that the drop in the cost of energy benefited those countries that depended on imports, since their energy expenditures were going down.

At the same time, other forces were in play. Projections for future energy use, driven by the projected demands of countries such as China and India, argued for expanding exploration and production, given the lead times needed to bring new energy supplies on line. Yet as long as the current market is depressed, there is little desire by investors and energy companies to move in that direction. As long as demand is down, there will be an excess amount of oil and gas available, which keeps prices down and further limits the funds available for new exploration and development. Market factors would normally dictate a certain amount of capital be spent on developing future reserves as a way of guaranteeing future revenues. However, a trend has also developed which has seen an increasing proportion of world energy stocks coming back under government control, as opposed to remaining in private hands. This trend has been explained in that energy is such an important resource that it cannot be left to the fate of the market, and has to be controlled by the government as a strategic resource. Governments, in turn, tend to be more conservative in their decision making than private firms; thus there is a hesitancy to make investments that might pay off in the long term but offer little to a government in the short term.<sup>52</sup>

Other events in recent years, from Katrina to Syria, remind energy-watchers that prices and supplies are often driven by unexpected events. At present, however, it is expected that demand for energy will continue to be low as long as world economies are stagnant. This has resulted in excess supplies being available on the market, further suppressing prices. Long-term energy demand is projected to increase, which would argue for more investment now, to ensure that resources are available to meet future demand. However, with current revenues down, there is less money available, and less incentive to make investments that will only pay off in the distant future. Even in this situation, private investors and energy companies would normally be inclined to make these sorts of expenditures, since their long-term viability depends on being able to continue to provide product. However, with a majority of the world's energy holdings now controlled in one form or another by governments, this is not the case. Governments tend to be short-sighted in



their thinking, and are less likely to make those types of investments when other demands are more pressing. It is easier to defer capital investments, especially when the rulers may not be around to reap the benefits of those investments. In the short term, such behavior can be rationalized and even justified to a certain degree; in the longer term, such decisions may have less than ideal consequences for the countries in Central Asia.

## SHALE ENERGY: TECHNOLOGICAL UNCERTAINTY

The one recent factor that has the potential to be a major “game changer” for energy, not only in Eurasia but for the world overall, is the advent of “Shale Energy,” a broad category that includes oil and gas trapped in shale formations, and can be expanded to include formations such as Canada’s oil sands.<sup>53</sup> While it has long been known that large hydrocarbon deposits are held in these formations, the technology to exploit them at a price that makes them competitive with other energy sources has been lacking.<sup>54</sup> Now, however, recent advances such as the process of hydraulic fracturing or “fracking,” combined with increasing demand has made these reserves worth developing.<sup>55</sup> Among the major changes this has brought about in world markets, the United States, which had been an importer of natural gas, is now becoming an exporter.<sup>56</sup> Large formations have been identified in both Europe and Asia, with the possibility of others as exploration techniques are refined. While the extent and feasibility of recovering these reserves is still to be determined, the potential exists for these deposits to cause a major shift in energy markets as they are presently known.<sup>57</sup>

With regard to Eurasia, the impact would be enormous.<sup>58</sup> Several countries, such as Poland, which currently depend on Russian natural gas, have deposits with the potential of making them energy independent. One of the others in this category is Ukraine; if the Ukrainians made the commitment to develop their potential in this area, they would no longer need Russian natural gas, which would substantially change the country’s relations with Russia.<sup>59</sup> China has also identified potential shale energy reserves on its territory, and while it might not become energy independent, having these would significantly improve their negotiating position when it comes to imports. Though it is too soon to know all the specifics, one need only think about the impact of large new quantities of oil and gas coming on a market that has yet to recover the demand and price levels seen in the early part of the millennium.

This is not to say that all the glowing prospects for shale energy will come to fruition, or that its development will be as easy as some sources would believe. Already major concerns have arisen with the fracking process, and

what it may be doing to underground water sources.<sup>60</sup> Legal questions exist as to mineral rights and who has title to these reserves, particularly in Europe. There are also tremendous environmental concerns. Not only are the processes used to recover these reserves energy intensive in themselves, but the impact on the planet of continuing to use hydrocarbon energy, as opposed to cleaner or renewable sources, could be devastating. While such issues are beyond the scope of this discussion, it is enough to note that far more information will be needed to determine what the exact impact will be. Whatever the case, this technology will hold great significance for Central Asian energy futures.

### **THE UKRAINE FACTOR: POLITICAL UNCERTAINTY**

A classic example of how world and even regional events can influence energy markets in the short term, as well as energy strategies in the longer term, are events in Ukraine. Since the outcome of these events is still in doubt, there is some degree of risk in even addressing them. Still, this can serve as a case study of the potential impacts of unforeseen political events, and in truth is a classic example of the changing nature of energy markets and their impact on Central Asia.<sup>61</sup>

The first and most apparent issue with regard to Ukraine is that of pipelines. Since Soviet times, Russia depended on the pipelines passing through Ukraine for the delivery of its energy to Europe.<sup>62</sup> <sup>63</sup> The war has effectively ended the use of this route, and while Russia has alternative routes through Belarus and the Baltic Sea (Nordstream), the loss of Ukraine as a transit route has had major repercussions throughout energy markets. Tied to the disruption of energy flows to Europe from Russia via Ukraine have been renewed calls for Europe to reduce its dependence on Russian energy and even stop these purchases, either voluntarily or as the result of sanctions placed on Russia.<sup>64</sup> While there has been pushback on these suggestions, the possibility remains a very real one, and one which both Russia and the states of Central Asia must take under consideration. Since Russia's ability to find alternative markets to the ones in Europe remains problematic, this has led to Russia's search for markets in the Far East, as an alternative to its European Markets.<sup>65</sup>

This, in no small measure, impacts the countries of Central Asia. While Russia would not need their cooperation or even consent in developing the infrastructure needed to support a "pivot" to the East, such a pivot would have a significant effect on these countries, especially Kazakhstan, Uzbekistan, and Turkmenistan, who already have made the East their "market of choice" for their energy products. Further, the same infrastructure that services their

sales could be “pressed” into service by the Russians, if circumstances called for this. A significant part of the infrastructure being used today is a legacy of the Soviet system, and there are some indication, that Russia is attempting to use its leverage to influence both what goes into these pipelines and the directions of their flows. Details are lacking at this moment; however, sufficient evidence exists to justify the assertion that such a shift has the potential to bring about major changes in current energy relationships in Eurasia.<sup>66</sup>

## CONCLUSION

While most scholarly works try to draw some grand or startling conclusions, this will not, simply because all the data needed to do so is not in, and may not be apparent for some time. What is available is enough to forecast that the energy field in Central Asia, and for that matter the world, is changing, and while some of the factors affecting that change may be predictable, others are not. Further, the nature of this change, or these changes since more than one element is involved, will depend in part on the decisions made by the players, both those directly responsible for the energy sector as well as political leaders. And since, more and more, the energy sector is being controlled, or at the very least influenced by states and the politicians that lead them, energy policy is becoming the concern of governments and their foreign policies.

The largest driver on the horizon will be the state of the world economy. If investor confidence is restored and global business begins to pick up, then energy demand will increase, not only generating more capital for the energy producing states but also giving incentive for exploration and future development. If, on the other hand, the economy continues to stall, or is dealt another shock such as one or more of the members of the EU going into default, a Brexit-style departure of a major member, or the problems caused by ISIL and the related refugee crisis, then recovery could be postponed for years, with energy demand remaining flat or declining, excess stocks growing, and prices depressed. This would have significant consequences for the Eurasian nations, beginning with Russia and the producing states of Central Asia, which depend on energy revenues for a substantial portion of their budgets. Not only would this impose significant hardships in the short term, but it would put off investments in exploration and infrastructure development that will be needed to meet future demands, thus raising the specter of future shortages if and when the economy begins to recover.

The second major driver in the energy field will be technology and how its application affects future energy development. As noted, the ability to extract previously ignored gas and oil reserves trapped in shale formations is already

having significant effects on energy markets. Other technologies, including deep water extraction, are opening new areas, such as off the coast of Brazil. Though promising, these techniques may come at a cost, as was seen in the Deep Water Horizon spill in the Gulf of Mexico. While some have argued that technology is the end all that will take care of all our energy problems, technology can be a two-edged sword, which when used improperly or allowed to fall into the wrong hands can cause more problems than it solves. Despite what many believe, hydrocarbon energy is not an inexhaustible resource, though if concerns about climate change prove correct, continued use of hydrocarbons may put an end to the planet even before those resources reach their limit.

How these trends will play out and impact Central Asia will depend to a large degree on the personalities and players present in the region. As seen in the early years after independence, personalities, such as President Niyazov in Turkmenistan, made decisions based on the leader's own prejudices and desires, with little thought of the consequences. The results were disastrous, but in a region where institutions were weak, these personalities stepped in to fill the void. Now, however, twenty-five years of independence has allowed a new generation of technocrats, often educated in the West, to establish themselves and start making their way into the ruling elites.<sup>67</sup> This, in turn, may begin to instill a level of rationality into the existing bureaucracies and lead to decisions with regard to energy being made on sound business practices rather than whim and fancy. While the ultimate impact of such changes again is difficult to determine, the prospect exists that this new generation will bring with them the technical and business savvy necessary to navigate whatever changes may occur, along with loyalty and concern for the good of the state and its people, rather than allegiance to a single ruler or grouping within the country.

Finally, as has been seen, not only in Central Asia but throughout the world, the competition for energy and profits can lead to conflict in political, economic, and in physical terms.<sup>68</sup> While competition in the marketplace is held up as a good thing, leading to increased efficiency and lower prices, excessive competition has been shown time and time again to be counterproductive, leading to adversarial relations, corruption, irrational actions, and disruptive behavior, all of which can be seen in the energy sector over the past twenty-five years. Just as some nations have come to the conclusion that energy is too important a resource to be left to the market mechanisms to manage, the international community may resolve that it is time to better manage the resources so that they are less easily manipulated for the advantage of single companies, countries or individuals.

It would be next to impossible to account for every aspect of hydrocarbon energy on a global scale.<sup>69</sup> However, steps can be taken to manage energy in such a way that consumers are ensured the supplies they need at a price they can afford, while producers are assured the markets they need and the profits they require, as well as secure transport between the two. OPEC has shown that it can be somewhat effective in regulating production to try to achieve price stability, while the IEA maintains the information needed to make investment decisions on a global scale. The mechanics for how to bring this about would have to be worked out, but the mechanisms necessary may already be in place. What would be required is a change in world attitudes toward energy, with cooperation taking the place of competition, and coordination taking the place of conflict. More than anything else, it would take the realization on the part of the world's major energy players that hydrocarbon energy is something of value to all, and that by ensuring all have access to it, everyone stands to benefit, including Central Asia. The pieces of the game are all present; they may just need to be re-arranged.

## NOTES

1. The author would like to recognize the assistance of Ms. Jennifer Oberholtzer, who helped in the researching of this chapter. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

2. The best overall history of the development of hydrocarbon energy is found in Daniel Yergin's *The Prize, The Quest for Oil, Money & Power* (New York: The Free Press, 1991).

3. The best single source of statistics on most aspects of hydrocarbon energy is the International Energy Agency: <http://www.iea.org/stats/index.asp>.

4. Daniel Yergin, *The Quest: Energy, Security, and the Remaking of the Modern World* (New York: The Penguin Press, 2011), 110.

5. In the aftermath of the 1973 Arab Israeli conflict, several oil-producing nations including major producers in the Middle East withheld oil deliveries as a way of signaling their displeasure with Western support of Israel. Though OPEC does not represent a majority of the world's oil production, it does represent a significant enough share to influence world markets and prices.

6. For a discussion of the foreign and domestic aspects of Soviet Energy Policy see Ed Hewitt's *Energy, Economics and Foreign Policy in the Soviet Union* (Washington, DC: The Brookings Institution, 1984).

7. Yeagar Guidar, *Collapse of an Empire: Lessons for Modern Russia* (Washington, DC: The Brookings Institution, 2007).

8. An excellent description of energy dynamics in this part of the world can be found in Ruoxi Du, *Central Asian Energy: A Point of Contention or Collaboration*

in *Russia-China Relations* (Fort Leavenworth, The Foreign Military Studies Office, 2011).

9. For a summary of the evolution of Gazprom see Marshall Goldman's *Petro-state: Putin, Power, and the New Russia* (New York, Oxford University Press, 2010).

10. For a discussion of some of the technologies used to increase recovery rates, see Citi's report: *Resurging North American Oil Production and the Death of the Peak Oil Hypothesis*, Citigroup Global Markets, February 15, 2012, 10–12.

11. Steve LeVine in his book, *The Oil and the Glory*, outlines the history of these early negotiations in the Caucasus and Central Asia, with special attention paid to the case of James Geffen who would later be brought up on charges under the Unfair Foreign Practices Act, for using bribery to secure contracts for his clients. Steve LeVine, *The Oil and the Glory: The Pursuit of Empire and Fortune on the Caspian Sea* (New York, Random House Inc., 2007).

12. The best summary of events of this time remains Tom De Waal's *Black Garden: Armenia and Azerbaijan through War and Peace* (New York University Press, 2013).

13. Differences in the ranking depend on whose data one chooses to use.

14. Du, *Central Asian Energy*, 10.

15. World Bank GDP in USD, 2012 <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?display=default>.

16. In 2016, after many delays, the Kazakh Energy Ministry announced that it had begun exporting oil from Kashagan through the Caspian Pipeline Consortium. See "Kazakhstan Starts Exports of Kashagan Oil," *Russia & CIS Oil and Gas Weekly*, October 19, 2016.

17. "Father of the Turkmen people." While legendary and amusing reading, the exploits of Niyazov are beyond the scope of this paper.

18. At various times, Russia would be paying one-third to one-half world market prices for their natural gas throughout the first two decades after the breakup of the Soviet Union. See Du, "Central Asian Energy."

19. It should be noted that there is one small pipeline carrying Turkmen gas to Iran, but its capacity and Iran's own status as a major gas producer limits its use as an alternative transport route.

20. The pipeline was not operational again until September, and did not return to full capacity until a new deal with Russia was signed in December of that year.

21. See the discussion of the Central Asia-China gas pipeline in the section on Uzbekistan below.

22. "Turkmens Ramp Up Gas Sales to China," *Nefte Compass—Energy Intelligence Group*, December 15, 2016. The Russians are now importing significantly less.

23. The death of President Karimov in September 2016, while leading to much speculation as to its impact on Uzbek politics, will probably have little effect on the Uzbek energy sector.

24. In 2015–2016, Uzbekistan announced some 54 new projects. See "Uzbekistan-New E&P & Downstream Projects," *APS Review of Oil Market Trends*, October 17, 2016.

25. Ibid.

26. In addition, Uzbekistan is projected to sell 10 BCM of natural gas annually via this system. See “Status of Uzbekistan’s Gas Transportation Projects,” *Trend News Agency*, January 9, 2017, <https://en.trend.az/casia/uzbekistan/2706453.html>.

27. “Indefinite Delay to Uzbek Stretch of Central Asia-China Gas Pipeline,” *Intel-linews—CEE Energy NewsWatch Today*, March 6, 2017.

28. Kyrgyzstan does have several producing wells, and rumors persist that it might share some of the potential shown by its northern neighbor Kazakhstan.

29. What is worse, when the upstream states tried to release water in winter to meet their energy needs, Uzbekistan threatened military action against the weaker upstream states. Disputes between the upstream and downstream countries in Central Asia continue to be one of the largest sources of potential instability in the region.

30. Michael Lelyveld, “China Shelves Central Asia Gas Plan,” *Radio Free Asia*, March 20, 2017, [http://www.rfa.org/english/commentaries/energy\\_watch/china-shelves-central-asia-gas-plan-03202017103720.html](http://www.rfa.org/english/commentaries/energy_watch/china-shelves-central-asia-gas-plan-03202017103720.html).

31. Zabihullah Mudabber, “Afghanistan’s Role in Central Asia-South Asia Energy Projects,” *The Diplomat*, July 12, 2016, <http://thediplomat.com/2016/07/afghanistans-role-in-the-central-asia-south-asia-energy-projects/>.

32. *Ibid.*

33. *Ibid.* See also Theresa Sabonis-Helf’s chapter in this volume.

34. These rankings may change based on shale energy reserves discussed later in this chapter.

35. Because of shale energy, the United States has re-emerged as one of the top three energy producers. For production figures see the IEA website, <http://www.iea.org/stats/index.asp>.

36. Dutch Disease is the term used to describe the phenomenon where a rapid increase in income from a commodity tends to skew the economy of a state or region, first seen in the Netherlands in the late 1950s with the discovery of hydrocarbon reserves in the North Sea.

37. The case of Lukoil and Mikhail Khodorkovsky is probably the best known example of this.

38. This idea is one of the main ones found in Putin’s doctoral dissertation.

39. Energy Information Administration Country Overview, <http://www.eia.gov/countries/country-data.cfm?fips=CH>.

40. Du, *Central Asian Energy*, 6–8.

41. Though disappointing, the failure to develop markets in the East may have a hidden silver lining. While rich in energy resources, Russia might not have enough to meet both the demands of Europe and Asia, while at the same time satisfying her own domestic requirements. Part of this, as mentioned earlier, is due to the failure to invest in bringing untapped reserves into production to meet future needs. Part of this is due as well to the Russian government’s policy of subsidizing domestic energy prices as a way of preserving tranquility at home. While successful, the availability of cheap energy has done little to encourage efficiency and conservation; as a result, Russia is one of the most inefficient users of energy in the world. If Russia were to make a major commitment to supply Asian contracts, while at the same time maintaining its commitments to Europe, it would be hard-pressed to do both and still meet its domes-

tic needs, especially in a situation of increased demand as was seen during the winter of 2008–2009. At such a point, the Russian government would have to choose which commitments to honor and which would be shorted; in the end, someone would lose.

42. Yergin, *The Prize*, 57.

43. Bruce Kuniholm, “The Geopolitics of the Caspian Basin,” *The Middle East Journal* 54, no. 4 (Autumn, 2000): 546–71.

44. The BTC and BTE pipelines both came on line and began deliveries in 2006.

45. Turkmenistan has long talked about developing an LNG facility on their side of the Caspian, but this project has proceeded in fits and starts.

46. The stories surrounding the proposed Trans-Caspian pipeline are legend. Sovereignty over the Caspian and its resources centers around the definition of whether this body of water is considered a sea or a lake. Each would favor some of the countries on the Caspian, while disadvantaging others under international law. Thus, reaching an agreement among the five that would allow for the construction of such pipelines has been impossible over the twenty-five-plus years since the breakup of the Soviet Union.

47. For a summary of current initiatives see Michael Hart’s “Central Asia’s Oil and Gas Now Flows to the East,” *The Diplomat*, August 18, 2016, <http://thediplomat.com/2016/08/central-asias-oil-and-gas-now-flows-to-the-east/>.

48. Nadabber, “Afghanistan’s Role in the Central Asian-South Asia Energy Projects.” It is also worth noting that since all Central Asian States are landlocked, they have to reach some accommodation with the neighboring states in order to get their goods to world markets.

49. See Theresa Sabonis-Helf’s chapter in this volume.

50. For years, the price of natural gas was tied to the price of oil, because the two were usually associated with each other and found in the same general locations, if not fields. Because of the growing presence of natural gas on world energy markets, and its current abundance as a result of shale gas technology, there has been a move of late to decouple the two.

51. Steve LeVine, “Why Oil Prices Are Keeping Putin up at Night,” *Foreign Policy*, June 20, 2012, <http://foreignpolicy.com/2012/06/20/why-oil-prices-are-keeping-putin-up-at-night/>. While various estimates exist as to the “Break Even” point for oil prices and the Russian budget, the figure hovers between \$75–\$85 dollars a barrel. One of the best sources for the current figure is the Peterson Institute for International Economics.

52. This might at first seem counterintuitive, until one considers that political leaders, while viewed as acting in the best interest of their country, all too often act in their own best interest, which is to do whatever is necessary to maintain themselves in power.

53. Citi, 11–14.

54. *Ibid.*, 10–11.

55. Citi provides a good short description of this process in the reference above.

56. “US Need for Foreign Oil Falls Dramatically,” *IISS Strategic Comments*, March 5, 2013, <https://www.iiss.org/en/publications/strategic%20comments/sections/2013-a8b5/us-need-for-foreign-oil-falls-dramatically-d203>.



57. Michael Klare, "From Scarcity to Abundance: The New Geopolitics of Energy," in *Current History*, January 2017, 3–9.

58. For an excellent summary of the implications for the world, see *Shale Revolution*, Oxford Analytica, March 19, 2013.

59. Varfolomeyev, "Ukraine Pledges to Free Itself of Russian Gas Imports."

60. For a concise listing of some of these concerns see Citi, 15–16.

61. Tyler Cowen, "Game Theory in Ukraine: Monopoly v. Chess," *The Economist*, March 19, 2014, <http://www.economist.com/node/21599191>.

62. Andrew Higgins, "Kiev Struggles to Break Russia's Grip on Gas Flow," *The New York Times*, May 4, 2014, <https://www.nytimes.com/2014/05/05/world/europe/gazprom-seen-stanching-flow-of-gas-to-ukraine.html?mcubz=3>.

63. Though much has been made of Russia raising the price of the energy it sells to Ukraine, as a way of influencing the actions of the Ukrainian government, little has been said about the ability of the Ukrainian government to raise transit fees, or even cut off the flow of Russian gas to the West. While such actions would hurt Ukraine, both in terms of the revenue it receives and its relations with Western countries which it is seeking assistance from, such possibilities cannot be excluded, especially in a crisis situation where normal logic might become swept away in the emotions of the moment. It also must be allowed that such possibilities have already been foreseen by the Russians, and were a major factor driving the development of the North Stream pipeline.

64. Selina Williams, "Ukraine Crisis Spurs Calls for Europe to Rethink Shale," *The Wall Street Journal*, March 26, 2014, <https://www.wsj.com/articles/ukraine-crisis-spurs-calls-for-europe-to-rethink-shale-1395870795>.

65. For a good summary of the issues involved, see Anca Elena Mihalache, "East of West: Where Will Russia Send Its Gas?" Wikiatrat Inc., January 31, 2016, <http://www.wikistrat.com/wikistrat-report-east-or-west-where-will-russia-send-its-natural-gas/>.

66. Since the problems outlined previously would exist, the closing of European markets and the need to find viable alternatives might cause the Russians to be more flexible in their attitudes. However, the same logic would not be lost on Russia's potential eastern customers, who realize Russia has limited options and would use this realization to drive a harder bargain. Only time and events will determine how this will play out, but given the lead times needed for developing the infrastructure to support these decisions, it is almost certain that the alternatives are being examined in all of the countries that stand to be affected.

67. This appears to be taking place in Kazakhstan, where recent governmental changes have installed many of these types of technocrats into various Ministries.

68. The continuing disputes between Azerbaijan and Turkmenistan over fields being explored in the disputed area of the Caspian Sea are a case in point. See "Azerbaijan-Turkmenistan Energy Dispute Will Worsen", *Oxford Analytica*, June 27, 2012, <https://dailybrief.oxan.com/Analysis/ES176599/Azerbaijan-Turkmenistan-energy-dispute-will-worsen>.

69. As an example, the effects of climate change may be significant but are beyond the scope of this chapter. For a thought-provoking piece on the potential ef-

fects of climate change on Central Asia, see Charles Q. Choi, “How Asia’s Melting Tian Shan Glaciers Could Fuel Conflict,” *The Christian Science Monitor*, August 17, 2015, <https://www.csmonitor.com/Science/2015/0817/How-Asia-s-melting-Tian-Shan-glaciers-could-fuel-conflict>.



## *Chapter Eleven*

# **Multilateral Engagement with Central Asia on Energy Issues**

Richard Wheeler

Central Asia, an energy-rich region, is strategically located between two competing energy consumer markets, Europe and Asia. Before 1991, Central Asian energy resources were part of a single, large domestic (USSR) market. In the years since achieving their independence, oil, gas and electricity has begun to flow in all directions—eastwards to China, southwards to Iran and Afghanistan (with plans for Pakistan and India), and west to Turkey and Europe—rather than exclusively north to Russia. This great energy-related interconnection with the outside world has prompted Central Asian governments to integrate themselves into global and regional governance structures dealing with energy; the newfound ability of Central Asian states to direct their energy flows in multiple directions has also sparked competition between different countries and the governance structures that they control in order to politically and economically exert influence over these energy flows.

Therefore, it will come as no surprise that several multilateral organizations actively engage the region directly in energy issues. For the purposes of this chapter, engagement in energy issues has been divided into three broad categories: energy engagement from the perspective of trade and economic issues; security-related energy engagement; and environmentally related energy engagement. In order to provide a global perspective, while still concentrating on the Central Asian region, this chapter will include a description of each organization's general mandate, a summary of energy-related activities undertaken worldwide, and a description of activities which are specific to Central Asia.<sup>1</sup> The activities of both Transatlantic and Eurasian regional organizations will be considered, thus providing as broad a perspective as possible.<sup>2</sup> This contribution will show that multilateral organizations cooperate in some areas and compete in others.

It should be noted that although this chapter will be organized in accordance with each multilateral organization's engagement in the region, Central Asian countries have generally preferred to engage on energy issues with the outside world bilaterally instead of as a unified region. This is a logical approach, given that energy is often seen as a matter of national security by national governments, especially when energy exports comprise a significant source of income for energy-producing nations. Adding to the preference for a bilateral approach, each country in the Central Asian region has its own unique energy mix—both in terms of supply and usage patterns—which influences national policies related to energy relations with neighboring countries and the broader world.

### ENERGY ENGAGEMENT FROM THE PERSPECTIVE OF TRADE AND ECONOMIC ISSUES

Globally, several trade-related organizations are mandated to deal with cross-border energy trade. Some of them are active in the Central Asian region, the most prominent of which are the Energy Charter Conference; the Commonwealth of Independent States (CIS), the Eurasian Economic Union, and the Economic Cooperation Organization (ECO), as organizations which deal with trade in general and the former Soviet space in particular, as such are also involved in energy trade issues. The general characteristic of these economic-related organizations is that they tend to “stay within their own lanes,” and they cooperate only on a very limited basis with each other.

The most prominent trade-related organization dealing with energy is the Brussels-based Energy Charter Conference, which presides over the implementation of four international agreements, three of which were signed during its formative years: the European Energy Charter (signed in 1991), the Energy Charter Treaty and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA).<sup>3</sup> The latter two documents were signed in December 1994 and entered into legal force in April 1998. The fundamental aim of the Energy Charter Treaty (ECT) is to strengthen the rule of law on energy issues by creating a level playing field of rules to be observed by all participating governments, thereby mitigating risks associated with energy-related investment and trade.<sup>4</sup> The Treaty was developed on the basis of the 1991 European Energy Charter. Whereas the latter document was drawn up as a declaration of political intent to promote energy cooperation, the ECT is currently the only legally binding multilateral framework for the protection of energy investments.<sup>5</sup> Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan are all members of

the Energy Charter Conference, and have all signed and ratified the Energy Charter Treaty and PEEREA.<sup>6</sup> The Energy Charter Conference is currently undergoing a modernization process, as mandated by its 2009 Rome meeting, and further elaborated by the Consolidation, Expansion and Outreach (CONEXO) Strategy adopted in 2012. This modernization process intended to update some of the language and terminology used in some of its 1991–94 documents in order to more equally balance the interests of energy producing and consuming countries;<sup>7</sup> this modernization process culminated in the signing of a fourth international agreement, the International Energy Charter in May 2015,<sup>8</sup> making this organization truly global in scope.<sup>9</sup> As of spring 2017, the International Energy Charter had a total of eighty signatories, and like the European Energy Charter is a declaration of political intent, and does not include a legally binding obligation. In addition, the newly introduced systems of a rotating Chairmanship of the Charter Conference, and Energy Charter Liaison Embassies and Special Envoys are likely to provide impetus to the recent increase in countries which are in the process of joining the existing ECT constituency of fifty-four members.<sup>10</sup> In fact, Central Asian nations have been granted a high profile within this new chairmanship format, with Kazakhstan having served as chairman in 2014; Turkmenistan is serving as chairman in 2017. In its role as 2014 chair, Kazakhstan hosted the annual Energy Charter Conference in Astana on 26–27 November of that year.<sup>11</sup> And on 9 December 2014, the Ashgabat Energy Charter Forum, a high-level conference on the topic of “Reliable and Stable Transit of Energy,” was held in the capital of Turkmenistan.<sup>12</sup> Amongst other topics, the Ashgabat Energy Forum discussed the planned signing of the International Energy Charter—an updated version of the European Energy Charter of 1991—at the Ministerial Conference in The Hague in May 2015.<sup>13</sup> Although Russia previously enjoyed a prominent role in the Energy Charter Conference,<sup>14</sup> Russia suspended its provisional application of the ECT as of 20 October 2009, and has not signed the International Energy Charter.

The European Commission is the European Union’s executive body, headquartered in Brussels. The Commission has twenty-eight Commissioners, and its structure includes Directorate Generals, which within the context of a “federalizing” Europe function much like national ministries, as well as an External Action Service, which functions much like a foreign ministry.<sup>15</sup> DG Energy is the Directorate which is most directly related to energy. Main activities of DG Energy are the implementation of EU 20/20/20 goals; and integration of the internal European energy market; implementation of the Third Energy Package.<sup>16</sup> Building upon these steps, the EU announced the creation of an Energy Union in February 2015, with the goal of even further integration of energy flows within a common energy market in Europe.<sup>17</sup>

Relevant documents include the Directive 2009/72/EC (Electricity) and Directive 2009/73/EC (Gas).<sup>18</sup> Other Directorate Generals such as DG CLIMA are also involved in energy-related environmental issues.<sup>19</sup> DG Energy has been active in energy security and has facilitated high-level energy diplomacy through the intermittently active EU-Russia Energy Dialogue process. The External Action Service has delegations located in four of the Central Asian countries, with a charge d'affaires for Turkmenistan, and pursues European energy policy objectives within the framework of its partnership strategy with the region.<sup>20</sup> The European Commission has advocated the construction of a Trans-Caspian gas pipeline, which would facilitate the export of natural gas from the eastern Caspian region to European markets through the pipelines of the Southern Corridor.<sup>21</sup> The proposal to build a Trans-Caspian pipeline has been the subject of diplomatic activity by Central Asian and Caspian states.<sup>22</sup> In recent years, the relationship between Russia and the Commission has become increasingly strained, including in regards to energy issues. Points of contention include implementation of the Third Energy Package and the anti-trust case brought against Gazprom<sup>23</sup> which during spring 2017 was in the process of being resolved.<sup>24</sup>

The Commonwealth of Independent States (CIS), a loose association of states established in December 1991 during the dissolution of the Soviet Union, has a Free Trade Area (CIS FTA). In its current form, the CIS Free Trade Agreement came into force in 2012, and has nine members,<sup>25</sup> four of which are Central Asian.<sup>26</sup> The CIS FTA provides for the non-application of import customs duties, free movement of goods within the territory of the CIS, non-discrimination, and a gradual decrease of export customs duties and abolishment of quantitative restrictions in mutual trade between the CIS FTA member states. Interestingly, the FTA's freedom of movement of goods does not include transit by pipeline transport, although the Agreement held out the possibility for further negotiations on freedom of transit by pipeline transport.<sup>27</sup> That said, freedom of electricity transit is allowed, although "energy carriers" are commodities under the CIS FTA which are largely subject to customs duties.

The Eurasian Economic Union (EEU) is a relatively new entrant to energy trade issues in the region, although its origins date back to the 1990s. A series of trade agreements during 1995–1999 led to the creation of a Customs Union and the Single Economic Space. In the ensuing years, a series of moves towards economic convergence amongst several former Soviet republics led to the creation of a series of trade-related organizations which would eventually become the Eurasian Economic Union,<sup>28</sup> and which in its current form came into existence from 1 January 2015. Working in parallel to the Eurasian Economic Union is an organization called the European Economic

Commission,<sup>29</sup> which is based in Moscow and was structured to function much like the European Commission.<sup>30</sup> Within this Commission there is a Minister who is in charge of Energy and Infrastructure,<sup>31</sup> as well as an Energy Department,<sup>32</sup> both of which govern oil and gas trade. In regards to practical actions, the Minister of Energy and Infrastructure stated the goal of creating a single hydrocarbons market by 2025.<sup>33</sup> In addition, there are plans to create a single market for electricity by 2019.<sup>34</sup> For Central Asian states Kazakhstan and Kyrgyzstan, energy integration within the framework of the Eurasian Economic Union (EEU) will likely mean an emphasis on cross-border trade between each other and between other EEU members, and a more coordinated effort as regards energy exports to non-EEU members.

The Economic Cooperation Organization (ECO) is an intergovernmental regional organization, founded in 1985. Headquartered in Tehran, its membership increased in 1992 to include all five Central Asian states.<sup>35</sup> Its objectives include the mobilization and utilization of the ECO region's material resources, including energy resources; the organization's project activities have been limited in scope, mainly consisting of feasibility studies and economic research.<sup>36</sup> Specifically related to Central Asian energy resources, ECO has mostly advocated the Iranian position of encouraging the establishment of a region-wide common electricity grid, to be fueled by the region's natural gas and hydropower resources.<sup>37</sup>

It is not surprising that a direct attempt would be made to counter the Russian-led Eurasian Economic Union and the Iranian-led Economic Cooperation Organization in energy issues. In a statement issued in January 2015,<sup>38</sup> the Chairman of the International Association of Energy Economics (IAEE)<sup>39</sup> announced that a permanent organization called the IAEE Eurasian Energy Union would be founded in Turkey later in 2015. Countries which will be invited for membership to this proposed Istanbul-headquartered organization are dispersed along the geographic arc starting in the Caspian basin in the east, and sweeping west to include Russia, the Black Sea basin and the Balkans, with an attempt to recruit Azerbaijan, Kazakhstan, Russia and Turkmenistan as first-wave founding members.<sup>40</sup> The fact that an attempt to form a new energy-related organization was announced is symptomatic of the current geopolitical environment, namely, that nations feel a need to insure that their interests are being properly addressed in multilateral organizations, and that security- and economic-related organizations which deal with energy issues are increasingly competing with each other. Although as of spring 2017 no concrete steps towards establishing this organization had been taken, this announcement demonstrates a gap perceived by some players in the greater Caspian Sea region between the energy-related mandates as currently implemented by the existing constellations of intergovernmental organizations on



the one hand, and the national interests of regional governments on the other hand. It will be interesting to see if this fledgling organization or another one like it will eventually be formed and leave its mark in the world of energy diplomacy.

## SECURITY-RELATED ENERGY ENGAGEMENT

Several multilateral security organizations are active in energy issues both globally and in the Central Asian region. Some of these organizations—such as NATO and the Shanghai Cooperation Organization (SCO)—are primarily military alliances, while others such as the OSCE and CICA<sup>41</sup>—which will be introduced in the following section—engage the region on energy issues from the perspective of “comprehensive security.”<sup>42</sup> CICA and the OSCE have mandates endorsed by their member states to address energy security specifically. These security-related organizations, like their economic and trade-related counterparts, tend not to closely cooperate with each other.

### Security Organizations Active in Central Asian Energy Security

Three security organizations, the Vienna-based Organization for Security and Cooperation in Europe (OSCE), the Almaty-based Conference on Interaction and Confidence Building Measures in Asia (CICA), and the Beijing-based Shanghai Cooperation Organization (SCO) all include energy security within their mandates, and are all active to varying degrees in Central Asia on this issue.

The Organization for Security and Co-operation in Europe (OSCE) is the world’s largest regional security organization; it approaches the issue of energy security from both traditional<sup>43</sup> and environmental security perspectives.<sup>44</sup> Headquartered in Vienna, with an extensive network of field offices in Central Asia, the Caucasus and the Balkans, it first began to address the energy security issue as early as 1998, when “Security aspects of energy developments in the OSCE area” was the topic of the Economic Forum.<sup>45</sup> The OSCE’s involvement in energy security in more recent years was established in the 2003 Maastricht Strategy Document, which currently serves as the basis for OSCE activities in this area.<sup>46</sup> In keeping with its dual approach towards the energy issue, two political consensus documents were agreed by the Organization’s participating States during the Ministerial Council held in Kyiv (Ukraine) in December 2013.<sup>47</sup> One document addresses critical energy infrastructure protection (CEIP).<sup>48</sup> The other document adheres to the Organization’s comprehensive security mandate and deals with reducing the

environmental footprint of energy.<sup>49</sup> As a security organization, the OSCE provides a platform for dialogue on security-related issues, and possesses recognized expertise related to early warning, conflict prevention, confidence and security-building measures. The Organization's recognized platform for dialogue is often seen as providing a multiplier effect for other organizations which wish to raise the profile of their own activities. One example of action in the area of CEIP was the publication of a *Good Practices Guide on Non-Nuclear Critical Energy Infrastructure Protection from Terrorist Attacks Focusing on Threats Emanating from Cyberspace*.<sup>50</sup> Several OSCE field offices—including in Central Asia—carry out a diverse portfolio of energy-related activities, often in cooperation with other intergovernmental organizations providing technical expertise to the OSCE, which is primarily a political organization. A sampling of typical programmatic activities related to energy which have been undertaken by the OSCE in Central Asia in recent years include: (1) the training of interior ministry troops in the provision of physical security of hydropower stations in the Kyrgyz Republic; (2) a series of energy diplomacy seminars in Turkmenistan and Tajikistan on subjects including cross-border gas trade and regional integration of electricity markets; (3) workshops supporting the development of private investment in small hydropower in Tajikistan; and (4) activities supporting the implementation of renewable energy by the industrial sector in Uzbekistan.<sup>51</sup>

The Conference on Interaction and Confidence Building Measures in Asia (CICA) was first proposed by the Kazakh president Nazarbayev at the UN General Assembly in 1992. The two founding documents of CICA are "Declaration on the Principles Guiding Relations among the CICA Member States" adopted at the First Meeting of Ministers of Foreign Affairs held in Almaty on 14 September 1999, and Almaty Act, the charter of CICA, adopted at the First Summit Meeting held in Almaty on 4 June 2002.<sup>52</sup> Its membership initially consisted mostly of western Asian countries,<sup>53</sup> but now includes twenty-six states from the entire Asian continent.<sup>54</sup> CICA has a catalogue of confidence-building measures designed to combat new challenges and treats, in particular terrorism, border control and management, fighting against contraband, cooperation between police administrations, the fight against drug trafficking, and energy security cooperation.<sup>55</sup> It has been argued that outside of the Shanghai Cooperation Organization (SCO), CICA is the second most important platform for international cooperation that does not include the United States and its important Asian ally, Japan, as members.<sup>56</sup> The Declaration adopted during the Fourth Summit<sup>57</sup> held in Beijing in May 2014 underlined the importance of energy security in Asia.<sup>58</sup>

The Shanghai Cooperation Organization (SCO) was established in 2001 as the successor organization to the Shanghai Five group, which had been

founded in 1996. Current membership includes China, along with the former Soviet states of Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.<sup>59</sup> The SCO plans to officially welcome India and Pakistan as new members in 2017 at the next scheduled meeting in Astana.<sup>60</sup> SCO member states work together towards eradicating threats from the “three evils” of terrorism, separatism and extremism through military exercises and political meetings. The Organization has a Secretariat in Beijing and a Regional Anti-Terrorist Structure which is based in Tashkent.<sup>61</sup> The SCO has discussed energy cooperation for about a decade.<sup>62</sup> In addition, talks started in 2004 in regards to forming an SCO “energy club.”<sup>63</sup> These consultations culminated in the signing of a Memorandum at an SCO meeting in Moscow during December 2013.<sup>64</sup> The SCO “energy club” is envisioned to work in a similar manner to the SCO Business Council,<sup>65</sup> namely, as primarily a consultative body which will aim to foster dialogue on energy issues amongst government officials, scientists and businessmen of SCO member states, on a nonbinding basis.<sup>66</sup> In a sign that the SCO Energy Club is growing in geographical reach and influence, it was agreed that Turkey would in 2017 become the first non-SCO country to chair the Energy Club. Other non-SCO countries which are members of the SCO Energy Club have come to include Afghanistan, Belarus, Iran, Mongolia and Sri Lanka.<sup>67</sup> It is plausible that this recent expansion of SCO Energy Club membership and the naming of a non-SCO country as Chair had the practical effect of cooling interest in forming a new energy-related regional organization, such as the IAEE Eurasian Energy Union which was mentioned above.

### **Security Organizations NOT Currently Active in Central Asian Energy Security**

The North Atlantic Treaty Organization (NATO) and the Collective Security Treaty Organization (CSTO) are two security organizations which, although active in Central Asia, do not currently include energy-related issues in the region within their current mandates. NATO’s lack of involvement in Central Asian energy contrasts distinctly with NATO’s engagement on energy issues more broadly. To address emerging security challenges, the North Atlantic Treaty Organization (NATO)—undisputedly a traditional security organization—created a new Emerging Security Challenges Division (ESCD) in order to deal with a growing range of non-traditional risks and challenges; the ESCD focuses its work on terrorism, the proliferation of Weapons of Mass Destruction, cyber defense, and energy security.<sup>68</sup> NATO attention towards energy issues can be traced to 2008, when during the Bucharest Summit a report on “NATO’s Role in Energy Security” was noted, which identified

guiding principles and outlined options and recommendations for further activities. These principles were reiterated at the Strasbourg-Kehl Summit in April 2009 and the Lisbon Summit in November 2010. One of the key areas where it was determined that NATO could provide added value was in supporting the protection of critical energy infrastructure (CEIP). In recent years, discussion has included practical issues such as the protection of maritime shipping lanes, as well as the interoperability of military hardware capable of using alternative fuels in adverse field conditions. NATO has expressed sensitivity to the concern about the negative ramifications of a perceived “militarization” of the energy issue;<sup>69</sup> that being said, much work is being done in using renewable energy sources for military vehicles and hardware, because it would allow for diversity of supply in the event of a cut-off of oil sources during a military crisis.<sup>70</sup> In regards to its role within the greater energy security context, NATO proactively hosted annual roundtable discussions in Brussels during 2011–13, inviting independent energy experts and other organizations active in energy security issues within the transatlantic geographic area to share their views on how best to cooperate.

Within this policy framework, NATO supported the creation of an Energy Security Centre of Excellence, which is located in Vilnius, Lithuania. This Centre of Excellence provides technical, scientific and academic subject matter expertise in the field of energy security; provides scientific, technical and academic analysis on various aspects of energy supply and critical energy infrastructure protection in geographic areas of concern to NATO; supports NATO operations through targeted technical scientific assessment, as well as providing advice and solutions for development of energy efficient forces; and, works to prevent or mitigate emergent military threats and challenges which result from the global scarcity of energy resources and the complexity of the international energy system.<sup>71</sup> Given that NATO is a Western military alliance, any activities in the Central Asian region—including those related to energy policy—are likely to be viewed with suspicion by Moscow and Beijing, as well as by multilateral organizations such as CSTO, SCO, CIS within which Russia or China enjoy a leading role in shaping organizational policy. Such suspicions by Moscow or Beijing would likely make Central Asian states cautious in engaging with NATO on energy security issues.

Specific to its activities in Central Asia, NATO maintains dialogue and cooperation with all five regional states, which have been part of the Partnership for Peace (PfP) since its inception in the mid-1990s. Political dialogue takes place bilaterally and multilaterally, for example through the Euro-Atlantic Partnership Council (EAPC). NATO’s relations with the region also aim to foster wide-ranging cooperation, with emphasis on developing the interoperability of peacekeeping units, civil emergency capabilities and democratically

controlled defense institutions. Through its Science for Peace and Security Programme (SPS), NATO supports scientific activities with partners in Central Asia.<sup>72</sup> NATO also supports capacity building in the security sector, including in civil emergency planning and disaster response.<sup>73</sup>

By contrast to NATO, the Moscow-headquartered Collective Security Treaty Organization (CSTO) does not have an energy focus in any of its areas of operation. CSTO promotes regional security against new threats (combat against drug trafficking, terrorism, cyber terrorism), as well as traditional threats. It has developed the potential of a Collective Rapid Reaction Force (KSOR), has conducted some joint military training exercises, and plans to set up a joint air defense system.<sup>74</sup> It currently boasts six members,<sup>75</sup> and does not currently include any energy-related activities within its mandate of collective regional security.

## ENERGY ENGAGEMENT FROM THE ENVIRONMENTAL PERSPECTIVE

A handful of specialized UN agencies are among the most prominent organizations in Central Asia active in environmentally related energy issues. The purpose of their activities is to encourage the use of renewable energy sources, the alleviation of energy poverty, and the lowering of energy intensity through improved energy efficiency. Organizations active in this area include UNECE, ESCAP, UNEP, UNDP, the Asian Development Bank (ADB) and the World Bank; a discussion about each of these organizations will follow. Although the high amount of environmentally related organizations dealing with energy means that this is a very crowded field, multilateral organizations working in this area tend to cooperate very well with each other. Reasons for this include the relatively low politicization of environmental-related issues, as well as the fact that these organizations are generally underfunded in relation to the policy challenges which they collectively face.

In order to understand the role of energy within the convoluted United Nations system, it is helpful to know that UN Energy was created in order to improve coordination of the wide-ranging energy-related activities which have been undertaken by several UN bodies, was initiated as a mechanism to promote coherence within the United Nations family of organizations in the energy field, and to develop increased collective engagement between the UN and other key external stakeholders.<sup>76</sup> Sustainable Energy for All (SE4A) is one of UN Energy's priorities, enjoys the active support of the UN Secretary General, and acts to facilitate the Millennium Development Goals by pushing for three interlinked objectives to be achieved by 2030: providing universal

access to modern energy services; doubling the global rate of improvement in energy efficiency; and doubling the share of renewable energy in the global energy mix.<sup>77</sup> These goals are important for Central Asia, a region with a low amount of energy efficiency and low share of renewable energy in its energy mix.<sup>78</sup>

The UN Economic Commission for Europe (UNECE) is an excellent example of a regional organization which has made important contributions in the area of the environmental security of energy. In post-war Europe, the UNECE was established and mandated with reconstruction, economic development and the strengthening of economic relations that have taken the form of international conventions, norms and standards in areas such as transport, environment, trade and statistics. Headquartered in Geneva, the UNECE addresses the supply side of energy through its Sustainable Energy Division, the goals of which are to facilitate a transition to a more sustainable energy future and introduce renewable energy sources to reduce environmental and health impacts resulting from the production, transport and use of energy. Other UNECE goals include well-balanced energy network systems across the whole of the ECE area tailored to optimize operating efficiencies and overall regional cooperation; sustained improvements in energy efficiency, in production and use, particularly in countries with economies in transition; and in the context of post-EU enlargement, the integration of energy restructuring, legal, regulatory and energy pricing reforms, as well as of the social dimension into energy policy making.<sup>79</sup> Specific to Central Asia, UNECE's Sustainable Energy Division held a workshop on energy efficiency case studies and the promotion of advanced energy efficiency technologies in Kyrgyzstan in September 2012,<sup>80</sup> and conducts meetings and studies on a wide range of energy-related issues for the benefit of Central Asian countries.<sup>81</sup> The UNECE Land and Housing Unit addresses the demand side of energy through its work in improving the energy efficiency of buildings.<sup>82</sup>

The UN Economic and Social Commission for Asia and the Pacific (UN ESCAP) is the Bangkok-based UN regional organization for Asia, in the same way that UNECE covers Europe. Central Asia is included into the geographic coverage of both UNECE and ESCAP. Formed in 1947, ESCAP's mandate is to promote economic and social development in the Asian and Pacific region by fostering cooperation between its members and associate members. In regards to energy, ESCAP works in the areas of low carbon development, energy efficiency, and strengthening capacity of policymakers, civil society and the private sector for widening access to energy services.<sup>83</sup> In regards to its mandate in the energy field, ESCAP approved its Resolution 67/2 on "Promoting regional cooperation for enhanced energy security and the sustainable use of energy in Asia and the Pacific," and conducted the Asian & Pacific

Energy Forum (APEF) in Vladivostok during 27–30 May 2013 to facilitate continuous dialogue among member States with a view to enhancing energy security and working towards sustainable development.<sup>84</sup> Specific to Central Asia, ESCAP opened a Sub-Regional Office for North and Central Asia (SONCA) in July 2011 in Almaty, Kazakhstan, to facilitate the improvement of regional connectivity by encouraging transport infrastructure development with a focus on energy and water resources.<sup>85</sup>

UN agencies such as the United Nations Development Programme (UNDP)<sup>86</sup> and the United Nations Environment Programme (UNEP)<sup>87</sup> have been extensively involved in renewable energy activities in developing countries. The UNDP is the United Nations global development branch that advocates for change and nationally owned solutions to poverty reduction,<sup>88</sup> while UNEP, established in 1972, is the main voice and caretaker of the environment within the United Nations system.<sup>89</sup> In 2011, UNDP partnered with communities in Tajikistan in an area 30 km south of the capital to repair a mini hydropower plant and install two new turbo-generator units, each with a 100-kilowatt capacity. The plant had been in disrepair and unused since 1976. The partnership also brought solar panels and insulation to a local health centre, generating and conserving renewable energy. The mini hydropower plant will eventually be connected to the main grid, selling electricity during periods of low consumption and helping to make the power plant economically sustainable.<sup>90</sup> In Central Asia, the UNEP's Green Economy Initiative includes three sets of activities: (1) producing a Green Economy Report and related research materials; (2) providing advisory services on ways to move towards a green economy in specific countries; and (3) engaging a wide range of research, non-governmental organizations, the private sector, and UN partners in implementing the Green Economy Initiative. UNEP Green Economy Advisory Services consist of policy advice, technical assistance and capacity building that are provided to governments in support of their national and regional initiatives to transform and revitalize their economies.<sup>91</sup>

The Asian Development Bank (ADB), based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by sixty-seven members—forty-eight of which are from the region. In 2013, ADB assistance totaled \$21.0 billion, including co-financing of \$6.6 billion.<sup>92</sup> As regards a very high-profile energy project in Central Asia, the ADB was appointed as the project transaction advisor for the TAPI gas pipeline project, which if built would transit thirty-three billion cubic meters (BCM) of Turkmenistan gas annually for over thirty years, with India and Pakistan each taking 42 percent of the transit and Afghanistan retaining

the remainder.<sup>93</sup> During spring 2017, it was expected that construction of the pipeline would be completed by 2020.<sup>94</sup>

Multilateral donor organizations, such as the World Bank,<sup>95</sup> have also generously funded many renewable energy initiatives with the goal of reducing energy poverty in developing countries. Within Central Asia, the World Bank has promoted energy efficiency and has addressed the use of energy subsidies and affordability. In regards to energy efficiency, during the period 2003 to 2012, fifty-two energy efficiency projects, totaling \$3.1 billion, have been approved in the region, with the intent of overhauling the energy efficiency of industries, public buildings and homes across countries in the region. More specifically, the Energy Loss Reduction Project in Tajikistan is slated to be funded by the Bank in the amount of US\$18 million.<sup>96</sup> In regards to Energy Subsidies and Affordability, in 2012 the Bank planned to issue an assessment report, at the micro level for the whole region, on the distributional impact of raising energy tariffs to cost recovery levels and to simulate policy options to cushion these impacts.<sup>97</sup>

## CONCLUDING OBSERVATIONS

Energy governance is a complicated topic, with many moving parts. Although some significant moves towards creating a global mechanism for the protection of energy-related investments have been recently achieved by the Energy Charter Conference, there remains no overarching global governance structure for energy-related issues. Thus, the current architecture of energy-related multilateral organizations could be described as a constellation of organizations, with each organization possessing its own mandate and goals.

As we have seen throughout this contribution, multilateral organizations and their policy objectives are products of their membership. Many of the organizations tend to be lead by a dominant country or group of countries. For example, NATO and the EU are “western” organizations; CSTO, CIS, and the Eurasian Economic Union (EEU) are Russian-led organizations; the Economic Cooperation Organization (ECO) is an Iranian-led organization. The policy objectives of each of these respective organizations are in keen competition with those of other organizations. This tendency towards bloc-led policy objectives is also applicable to multilateral organizations which have a broader membership, such as SCO or CICA, where both Russia and China are lead members; although consensus amongst a broader membership will lead to less “partisan” policy objectives, SCO or CICA will still likely see themselves as a counterweight against Western-led and Iranian-led multilateral organizations.



**Table 11.1. Membership of Central Asian countries in selected international organizations (presented in order of the organizations' appearance in this chapter)**

<i>Organization/Country</i>	<i>Kazakhstan</i>	<i>Kyrgyz Rep</i>	<i>Tajikistan</i>	<i>Turkmenistan</i>	<i>Uzbekistan</i>
Energy Charter	Member state	Member state	Member state	Member state	Member state
European Union	nonmember	nonmember	nonmember	nonmember	nonmember
CIS	Member state	Member state	Member state	Unofficial associate state	Member state
CIS-FTA	Member state	Member state	Member state	nonmember	Member state
Eurasian Economic Union	Member state	Member state	nonmember	nonmember	nonmember
OSCE	participating State	participating State	participating State	participating State	participating State
CICA	Member state	Member state	Member state	nonmember	Member state
SCO	Member state	Member state	Member state	nonmember	Member state
NATO	nonmember	nonmember	nonmember	nonmember	nonmember
NATO Partnership for Peace	PfP Member	PfP Member	PfP Member	PfP Member	PfP Member
CSTO	Member state	Member state	Member state	nonmember	Former member state
UNECE	Member state	Member state	Member state	Member state	Member state
UN ESCAP	Member state	Member state	Member state	Member state	Member state
UNEP / UNDP	Member of UN Economic & Social Council in 2015 (rotating)	Currently member of UN Economic & Social in 2015 Council (rotating)	Member state	Currently member of UN Economic & Social in 2015 Council (rotating)	Member state
ADB	Member state	Member state	Member state	Member state	Member state
World Bank	Member state	Member state	Member state	Member state	Member state

It is interesting to observe that the broadest-based organizations tend to deal with environmental issues. This is true in large part because environmental issues are often perceived as less contentious than the economic or physical security aspects related to energy, which can directly impact upon countries' national security interests. As such, energy-related environmental activities are often seen both as a topic of shared interest and as a "lowest common denominator" area of agreement for multilateral organizations, which often require broad consensus from their members. Other organizations, such as the OSCE (fifty-seven participating States) and the Energy Charter Conference (fifty-four members) have such large membership with a diverse geopolitical character that they cannot be categorized as regional blocs which pursue specific country-driven policy objectives.

However, in Central Asia, energy issues are primarily seen through the perspective of national economic security for Central Asian states, especially in the current climate of low hydrocarbon prices;<sup>98</sup> for outsiders, energy is viewed as a platform for economic and security-related competition. This sense of competition has only heightened in light of the current crisis in and around Ukraine, the general instability in nearby Afghanistan and the greater Middle East, and also in the lifting of economic sanctions against Iran by the west. Given these security and economic challenges, it appears that competition between multilateral organizations dealing with security and economic issues related to energy—rather than cooperation—will continue to be the case in Central Asia for the foreseeable future.

## NOTES

1. For further reading on energy governance, see: Dries Lesage, Thijs Van de Graaf, and Kirsten Westphal, *Global Energy Governance in a Multipolar World* (Ashgate Publishing, 2010).

2. For further reading about the energy-related worldwide activities of intergovernmental organizations, see: Richard Wheeler, "Energy Security and Intergovernmental Organizations," *OGEI 2 (2014)*, *Energy Community*, [www.ogel.org http://www.ogel.org/article.asp?key=3459](http://www.ogel.org/article.asp?key=3459).

3. See Energy Charter, "The Energy Charter Treaty," <http://www.energycharter.org/process/energy-charter-treaty-1994/energy-charter-treaty/>; Energy Charter, "The Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA)," <http://www.energycharter.org/process/energy-charter-treaty-1994/energy-efficiency-protocol/>.

4. Energy Charter, "The Energy Charter Treaty"; Energy Charter, "The Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA)"; Energy Charter, "Investment: Overview," <http://www.energycharter.org/what-we-do/investment/overview/>.

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43. "Traditional" or "hard" security is defined as involving issues related to the security services such as law enforcement, military, or border guards. As regards energy, "traditional" security includes the security of physical energy infrastructure, such as pipelines and electrical transmission lines from both natural and man-made disasters, including threats emanating from the Internet.

44. "Thematically, our engagement increasingly involves good governance and transparency in the energy sector (including engagement with EITI), as well as threats to critical energy infrastructure, sustainable energy solutions, awareness-raising, and early warning mechanisms." Remarks delivered by Goran Svilanovic, OSCE Coordinator of Economic and Environmental Activities, at a meeting of the Mediterranean Contact Group in Vienna, May 18, 2012.

45. In Prague, June 1–6, 1998; the OSCE Economic Forum is now known as the OSCE Economic and Environmental Forum (EEF), and consists of an annual series of three conferences on a given topic. In 2011, the EEF topic was *Sustainable Energy and Sustainable Transportation*, while in 2013 the EEF topic was *Increasing Stability and Security: Improving the Environmental Footprint of Energy-Related Activities in the OSCE Region*.

46. The OSCE Strategy Document for the Economic and Environmental Dimension, approved by the OSCE Ministerial Council in Maastricht during December 2003, states: "*We recognize that a high level of energy security requires a predictable, reliable, economically acceptable, commercially sound and environmentally friendly energy supply, which can be achieved by means of longterm contracts in appropriate cases. We will encourage energy dialogue and efforts to diversify energy supply, ensure the safety of energy routes, and make more efficient use of energy resources. We will also support further development and use of new and renewable sources of energy.*"

47. Previous to 2013, the OSCE had agreed three MC Decisions related to energy: MC.DEC/12/06 on "*Energy Security Dialogue in the OSCE*"; MC.DEC/6/07 "*Protecting Critical Energy Infrastructure from Terrorist Attack*"; and MC.DEC/6/09, "*Strengthening Dialogue and Cooperation on Energy Security in the OSCE Area.*"

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## *Chapter Twelve*

# **Kazakhstan's Bazaar Economy**

## *A Second-Best Institution*

Dena Sholk

“Kazakhstan is an Asian country. We have always had bazaars and will always have bazaars.”

—Zhibek Azhibaeva, National Association of  
Trade Entrepreneurs of Kazakhstan

“Mojno ubrat' rynek iz goroda, a nel'zya ubrat' gorod iz rynka.”  
(You can clear the market from the city, but you can  
never rid the city from the market.)  
—Russian saying<sup>1</sup>

Spanned across the Eurasian continent, open-air bazaars acted as the primary intermediaries for the exchange of goods, services, moneys, languages, technologies and ideas during the Silk Road of antiquity, and well into the twentieth century.

Bazaars continue to play an important role in Central Asia, as modern institutions with vital economic and political functions.<sup>2</sup> The Dordoi bazaar in Bishkek, Kyrgyzstan, is the largest wholesale center in Central Asia with over 26,000 registered entities in 2016, down from 40,000 trading around 2012. By conservative estimates, business generated by Dordoi constituted 20 percent of Kyrgyzstan's GDP in 2012.<sup>3</sup> Total annual trade turnover generated by Dordoi peaked at \$7 billion in 2008, and has since fallen to around \$3–4 billion in 2012.<sup>4</sup> By 2015, 47.2 percent of retail trade materialized in bazaars, and 15 percent of the active workforce was involved in trading.<sup>5</sup> While this is down from the 2003 high of 76 percent due to recent policies towards business, informal trading networks associated with bazaars continue to endure.<sup>6</sup> A 2008 World Bank report noted that bazaar-based informal trading

constitutes the primary supply chain mechanism in Central Asia; the Karasuu wholesale bazaar in Osh, together with Dordoi, produced 96 percent of all inter-Asian trade turnover in 2007.<sup>7</sup> In 2014, the World Economic Forum estimated that informal trade is 250 percent higher than official trade figures in Kyrgyzstan, and 60 percent higher in Tajikistan.<sup>8</sup>

While bazaars have a long history in Central Asia, their contemporary incarnations date back to the early 1990s, when the dissolution of Soviet supply chains and institutions left thousands of workers either formally employed but deprived of wages or unemployed. Desperate to survive, workers bartered everything from metal pots seized from the factories where they worked to hand-woven socks. Others exploited personal ties to establish informal, import-export operations that fed into local bazaars.<sup>9</sup> For example, ethnic Turks imported towels from Turkey, while Dungans and Uighurs hauled shoes from factories in Inner China.<sup>10</sup> Bazaars were the natural venue for bartering. In Kazakhstan, one government official noted that in the 1990s, while stores stood barren, “bazaars grew like mushrooms.”<sup>11</sup>

Informal, open-air trading also grew in Eastern Europe, the Baltic States and in Russia. But widespread informal trading in bazaars largely disappeared in the Baltic states by the early 2000s, on the back of successful transition policies.<sup>12</sup> With the incentive of European Union (EU) membership, authorities in Poland, Latvia and Lithuania managed to eliminate widespread “kiosk” trading and transform such commercial exchanges into formal small and medium enterprises (SMEs). While informal trading still persists in Central and Eastern Europe, it is at a much smaller scale than in the 1990s, and these countries are considered “market economies.”

But this was not the case in Central Asia. Where realized, reforms were carried out in a sluggish, non-transparent manner, allowing informal trading to persist, and thrive. This chapter explores the questions: How does the informal trading economy in bazaars operate in Kazakhstan today, and how does its structure explain its growth? Why do workers opt into the highly informal bazaar trade? What is the current policy towards bazaars in Kazakhstan?

Drawing from research conducted between October 2013 and July 2014, when the author worked as a shoe salesperson in a bazaar in Almaty’s *Baraholka* for ten months on a Fulbright grant, this chapter provides an insiders’ perspective on how bazaars operate in Kazakhstan, highlighting the complex web of economic, social and structural factors that affect individuals and bazaars themselves. For ten hours a day, about five days per week, the author worked under a local trader, alongside native Kazakhstanis, Tajik and Kyrgyz migrants, handling moneys and catering to customers, speaking Russian and Kazakh. While fieldwork was conducted in Almaty, the geographical diversity of experiences, and individuals encountered during the research pro-

cess, suggest that these findings reflect trends in other parts of Central Asia. Fieldwork was supplemented with official interviews, a literature review and statistical analysis.<sup>13</sup>

The chapter is structured as follows: the first section discusses the importance of bazaars in Kazakhstan's economy. The second section explains the formal legal, tax and administration of bazaars, while the third section details the informal processes that materialize within bazaars. The fourth section draws on this intimate understanding of bazaar operations to explain how recent efforts to "civilize" trade in Almaty's *Baraholka* have not panned out.

This chapter advances three main arguments. First, bazaars contain formal and informal elements, and it is this unique combination of state structures and widely observed, yet uncodified practices that render bazaars attractive places of employment and explain the growth of bazaars and bazaar-related trading activity (see Textbox 1). In this respect, bazaars are not antithetical to the development of a modern, market economy, but rather, bazaars themselves represent a localized form of pure, free-market capitalism—where individuals, principles of scarcity, price and quality determine economic outcomes. In bazaars, the state does not drive economic activity. Second, bazaars act as second-best institutions and poverty alleviation mechanisms. The social networks within bazaars provide a basic standard of livelihood to migrants, invalids, uneducated youth and pensioners, among others. Bazaars provide a safe, heavily monitored, secular space for formally unemployed individuals to spend time. Bazaars in this respect compensate for leakages in formal institutions and provide positive social, and security, externalities. Third, the prevailing policy of "trade civilization" in Kazakhstan that transfixes on the modernization of bazaars' physical infrastructure, without addressing their internal trade processes, is unlikely to create an efficient trade system. Because the informal economy exists relative to the formal economy, reducing informal activity requires reforming the formal space, vis-à-vis strengthening the rule of law and building the institutional capacity of government organs. In other words, eliminating physical bazaars will not modernize trade—trade modernization requires institutional development.

## ECONOMIC IMPORTANCE OF BAZAARS IN KAZAKHSTAN

Bazaars are integral to Kazakhstan's retail and wholesale trade sectors. According to the Committee of Statistics under the Ministry of Economy (Statistics Committee), since 2000, bazaars have generated on average 55 percent of all retail trade annually (see Figure 1).<sup>14</sup> Taking into account informal and

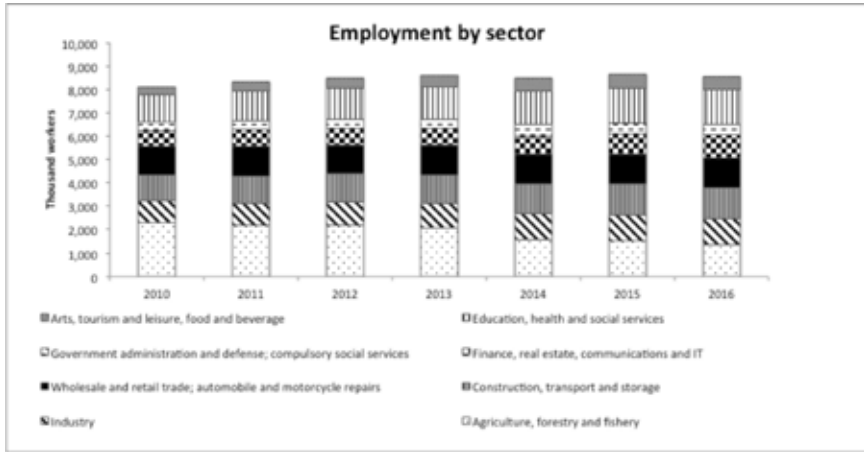


**Figure 12.1.**

Committee of Statistics, Ministry of National Economy, Republic of Kazakhstan.

indirect employment, Kazakhstani sources estimate that between 15 and 28 percent of the population—some two million people—are in trade.<sup>15</sup>

The Statistics Committee does not publish the amount of workers who indicate a bazaar as their place of employment. While the majority of workers in bazaars are traders, there are also *okhraniki* (security personnel), administrators, food and beverage proprietors, and parking officials, among others. Individuals report earnings based on vocation type, rather than place of work, which makes it difficult to quantify the number of workers in bazaars with full accuracy. However, a basic analysis of sectoral employment data suggests that between 12 percent and 18 percent of Kazakhstan's labor force is employed in bazaars. According to the Statistics Committee, between 2010 and 2016, on average 24 percent of the workforce was employed in agriculture, while 15 percent worked in trade and automobile repairs (see Figure 2). In 2016, Kazakhstan's active workforce was 8.5 million, of which 15 percent (1.3 million) worked in the trade and automobile repair sector, 7 percent (619,500) in transportation and storage, and 2 percent (174,000) in food and beverage. Assuming 100 percent of workers in all three of these categories work in bazaars, 24 percent (2.06 million) of Kazakhstan's workforce would consider a bazaar to be their place of employment. Assuming 50 percent of workers across these three categories work in bazaars, 12 percent (1.03 million) of Kazakhstan's workforce toils in bazaars, and if 25 percent of workers in these three categories consider a bazaar as their place of employment, at least 6 percent (513,660) of the workforce participates in the bazaar economy.



**Figure 12.2.**

Committee of Statistics, Ministry of National Economy, Republic of Kazakhstan.

Plus, accounting for workers involved in parking, administration, security, as well as seasonal agricultural workers and undocumented migrants, and assuming that at least 50 percent of all activity in each category is carried out in or near a bazaar, this suggests that at least 12 percent (1.03 million), and up to 18 percent (1.55 million) of Kazakhstan's active workforce, is employed in a sector that is either a part of, or dependent on, bazaars.

The largest bazaar in Kazakhstan is Almaty's *Baraholka*. *Baraholka*—the Russian word for flea market—is derived from the noun *barakhlo*, which means stuff or junk, and is related to the verb *barakhlit'*, which denotes hoarding. *Baraholka* is not a single bazaar but is a cluster of bazaars situated on the *Severnoe kol'tso* (Northern Ring) road in Almaty. Even during the Soviet Union, trading occurred on *Baraholka*'s territory, as the *Severnoe kol'tso* road leads directly to Almaty's airport and train stations. It was not until the 1990s, after the Soviet Union collapsed, when *Baraholka* burgeoned into a regional trading hub, where traders from China, Russia, Turkey, South Korea and neighboring Central Asian states amassed to barter goods. At *Baraholka*, traders, colloquially known as *chelnoki* (shuttlers), purchased goods in bulk and hauled them back to their local bazaars to be resold for profit.<sup>16</sup>

Almaty's *Baraholka* and bazaars have since developed into more sophisticated establishments. In the early 2000s, following the period of state-led enterprise privatization, private land developers utilized left-over shipping containers to construct bazaars on the territory of *Baraholka*. These bazaars are privately owned and managed enterprises with the legal status of a simplified form of a Limited Liability Partnership, or in Russian, *Tovarishchestvo s orrganichennoi otvetstvennosti* (TOO).<sup>17</sup>

By the late-2000s, *Baraholka* emerged as an international hub bazaar and wholesale center, with at least thirty-five registered TOO bazaars.<sup>18</sup> In 2012, the National Palace of Entrepreneurs of Kazakhstan (Atameken) estimated that *Baraholka*'s markets employed 20,000 individuals in nearly 11,000 trading spaces.<sup>19</sup> In 2013, Atameken valued the aggregate annual rent payments made by traders at nearly \$170 million.<sup>20</sup> According to then-Chairman of Atameken for Almaty city, trading alone constituted 70 percent of Almaty's economy in 2014.<sup>21</sup>

Despite this, the retail sector only contributes to 17 percent of GDP in 2016, and provides less than 5 percent of total tax revenue collected by the government. This is largely because trading constitutes the second largest informal sector in Kazakhstan, behind agriculture.

## HOW MONEY MOVES WITHIN BAZAARS

As already stated, almost half of all of Kazakhstan's retail trade is conducted in bazaars. Bazaars are unique structures in that they are comprised of formal structures, yet informal practices determine their economic outcomes and workforce composition.

The TOO holder possesses title over the bazaar entity and over the land on which bazaars stand. The owner of the TOO traditionally appoints a bazaar administration to manage the day-to-day affairs, ensure the legality of bazaar workers, goods, and trading activity, comply with state health and safety regulations and ensure order.<sup>22</sup>

Formal structures also exist within bazaars. Since February 2013, individual traders are legally required to register with the Ministry of Economy as an *individual'noe predprinimatelstvo* or individual enterprises (IP), which is roughly analogous to a Limited Liability Corporation (LLC).<sup>23</sup> Though, by 2012, the Independent Union of Small and Medium Enterprises estimated that around 80 percent of container owners in forty-nine bazaars in *Baraholka* had already registered as IPs.<sup>24</sup> *Chainiki*, women who sell refreshments and *chai* (tea) off of rolling carts, often register as a self-employed individual as a *patent* (license) holder, and are accordingly subject to a simplified tax regime.

As a TOO, each bazaar is required to pay taxes amounting to 3 percent of revenues per six-month period.<sup>25</sup> The bazaar administration generates income by collecting rent from traders, who pay a fixed fee called a *gosarendu*—a shorthand adaptation of the words “government rent”—to the bazaar administration for their trading space. While the TOO owns the land on which bazaars are located, traders either own or lease containers from other individuals, not the TOO entity. All traders, regardless of whether they own or

rent a container, pay a monthly *gosarenda* to the bazaar administration, that essentially guarantees the right to trade in the bazaar. *Gosarenda* amounts differ between and within bazaars based on a container's size and location, as the most attractive trading spaces border an entry or an aisle. In 2014, *gosarenda* payments in *Baraholka* ranged between \$200 and \$2,500 per month; Atameken estimated the average *gosarenda* to be \$1,000. By 2016, traders reported paying comparable rates. The August 2015 move by the National Bank of Kazakhstan to free-float the Kazakhstani tenge (KZT) did not necessarily help traders, as several bazaar administrations peg the *gosarenda* to the dollar.<sup>26</sup>

When a trader purchases a container from the administration or from another trader, s/he does not acquire property rights over the land on which the container stands. Containers are nonetheless substantial investments, selling for anywhere between \$500 to in excess of \$60,000 or \$70,000. Still, most banks do not recognize containers as property because there is often no written documentation of the transaction, and without land title, containers are mobile.<sup>27</sup> Plus, containers themselves are not valuable, but rather, it is the business that is conducted within containers that generates value. While there is a legal mechanism through which traders can declare containers to be a form of movable property, very few, if any, traders take such precautions, as the bazaar administration is still legally entitled to expel them.

In addition to a *gosarenda*, traders who rent containers are also required to pay a *sub-arenda* to the container owner. Container owners could be another trader (even a competitor), a friend or family member, or an entrepreneur who is not involved in day-to-day trade. By early 2016, while monthly *gosarenda* rates did not change significantly since 2014, traders did observe a significant increase in *sub-arenda* rates, as container owners were demanding \$2,000 in monthly rent, compared to \$800-\$1,000 a year earlier.

As IPs, traders pay taxes amounting to 6 percent of *dokhod* (earnings) for every six-month period. IP owners are also required to contribute to the national pension fund, social insurance and social security funds.<sup>28</sup> Some bazaar administrations impose income requirements in order to curtail tax evasion: in one market in *Baraholka*, reportedly per quarter, all *roznitza* (retail) traders were expected to generate one million KZT in revenues (\$5,434), and pay at least 30,000 KZT (\$163) in taxes, while *optoviki* (wholesalers) were expected to make two million KZT (\$10,870) and pay a minimum 60,000 KZT (\$326) in taxes.<sup>29</sup> <sup>30</sup> While these rates have presumably increased following the August 2015 tenge devaluation, they were not considered outrageous at the time in 2014. Thus, to provide a rough estimate of the monthly fiscal burden on a registered IP trader who rents a container, assuming an exchange rate of \$1=350 tenge, s/he pays \$700-\$1,000 for a *subarenda*, 87,000 KZT (\$249) for the *gosarenda*, and at least 5,000 KZT (\$15) in taxes, excluding pension



contributions and other social obligations, as well as undocumented “grease” payments. Even in the informal space, official rent and tax payments could constitute as much as half of revenues.

## GOVERNING BAZAARS

One of the reasons why high levels of informality persist within bazaars is due to the absence of management that effectively enforces rules, monitors activity and when appropriate, reacts to traders’ needs. All bazaars contain an on-site office staffed by administrators responsible for collecting monthly *gosarenda* payments from traders, along with *okhraniki* (security guards). Officially, the *okhraniki* are responsible for ensuring the bazaar’s security, though unofficially act as the administration’s eyes and ears. Dressed in civilian clothing and devoid of weapons, *okhraniki* lack the legal status of police officers and are not identifiable to outside observers.<sup>31</sup>

While the *okhraniki* receive a monthly wage from the bazaar administration, they lack stringent oversight and often fail to enforce formal rules within bazaars. Indeed, *okhraniki*’s lax enforcement of fire regulations jeopardizes the safety of all bazaar traders and patrons. In December 2013, the administration of *Bolashak* bazaar required that all traders install a fire alarm in their containers. My boss, Aziz, purchased three smoke detectors (not fire detectors) for his three containers, and Oleg, a coworker, installed them. The English instructions advised users to test the smoke detector upon installation. When I raised this point, Oleg and Aziz noted, “No need, the *okhraniki* will see the white alarm on the ceiling, and move on.” That is exactly what transpired.

Beyond safety regulations, *okhraniki* selectively interpret and enforce rules based on personal biases, exploiting their position as “rule enforcers” to extract informal payments from migrant workers, who are less likely to report them to local police for fear of their own wellbeing. Traders shared that in the past, disgruntled *okhraniki* have summoned the migration police, who inspect traders’ papers and sometimes detain migrant traders in custody overnight. Migrant traders are cautious not to draw attention to themselves in the presence of *okhraniki*. As one Tajik trader observed, “the *okhraniki* are bad people . . . they can start a fire, close a container or kick a trader out.” Another trader lamented that one day earlier, customers stole four pairs of shoes from his container while the trader was retrieving a different size. When the trader realized he was robbed, he called the *okhraniki*, who despite answering the phone call, arrived at the scene of the crime an hour later. By then,

there was nothing the *okhraniki* could do. Whether they *would* do anything is another question.

In an environment devoid of formal enforcement mechanisms, informal social relations are necessary to secure property rights. Traders befriend *okhraniki* and accept informal grease payments, if solicited, as a necessary cost of doing business. “What else can we do?” a Russian-Kazakh shoe trader observed. Cultivating such ties can be done in a variety of ways. One Tajik trader of men’s shoes recounted how he was robbed over a year ago. He had locked up the container around 7:00 PM, and returned the next morning at 8:00 AM, one hour after the bazaar opens, to discover that the container door had been sawed open and all of his high-value genuine leather winter models had been looted. While the trader lacked evidence, he suspected the *okhraniki* committed the crime, because they are the only ones with access to the bazaar after the gates lock at 7:00 PM. The trader has since made it a tradition to gift each *okhranik* a pair of boots at the beginning of the winter season as an insurance policy, and has incidentally been spared from further robbery. Another trader confessed that he pays the *okhraniki* 2,000 KZT (\$11, based on the old exchange rate, or \$6, based on the new exchange rate of around \$1=350 KZT) a day to keep the window open in the overhead container unit, and a comparable amount in the winter to maintain a local space heater, even though the latter constitutes a fire hazard.

Nevertheless, there are likely many undocumented incidents when traders successfully defy *okhraniki*. For instance, in January 2016, an ethnic Russian trader who had recently relocated to a new bazaar recounted how most of the traders in his row in the old bazaar were Tajik migrants, whereas in the new location, the majority of traders were citizens of Kazakhstan. When the *okhraniki* attempted to enforce a new, bogus fine, the traders en masse approached the bazaar administration, which backed down. “But we were all Kazakhs (i.e., citizens of Kazakhstan), so [the administration] is scared of us,” the trader observed.

## TRADERS’ VIEWS OF BAZAAR ADMINISTRATIONS

This lax system of governing bazaars that deprives traders of a direct line of communication with management often leaves them disgruntled, hopeless and skeptical of authorities. Traders do not trust the bazaar administration because of the seemingly arbitrary application of rules, limited communication and lack of transparency, particularly with respect to the bazaar modernization and trade civilization.

In *Baraholka*, traders' dissatisfaction has grown in the aftermath of efforts to civilize bazaars. Between October 2013 and January 2014, bazaar rows adjacent to the road were destroyed in order to add in a third lane on the road. Container owners in the first two rows of *Bolashak* bazaar, who had purchased their trade spaces for anywhere between \$50,000 and \$70,000, were given one month's advanced notice to evacuate. The traders were not compensated for their containers and forgone revenues, and the bazaar administration did not accommodate traders' relocation. Though, the Almaty Akimat (Mayor) did compensate bazaar administrations an undisclosed amount for the land pursuant of eminent domain.<sup>32</sup> While most traders in the first rows of *Bolashak* bazaar were given a month's notice, one trader who owned a twenty-ton container in the second row along the aisle was notified twenty-four hours prior to eviction in early January, as city planners had just realized that they needed the land that her container occupied. In this case, the administration offered the trader a ten-ton container in the last row as compensation.

Similarly, in *Alatau* bazaar, traders were notified at the beginning of April 2014 that they were required to evacuate by early May, only to be informed on a Friday in mid-April that they had to leave the bazaar by Sunday. By Tuesday, *Alatau* had been bulldozed. *Alatau's* sudden destruction was a surprise to many traders, as the market had garnered a reputation as a stable and profitable venue. The market included a jewelry section, fur shops (each with an extra private guard), and high-end Russian goods, such as hand-made Orenburg shawls. At the time, several traders commented that *Alatau's* quick liquidation eliminated the possibility of protests.

Traders are not necessarily opposed to the principle of modernizing bazaars' infrastructure. In fact, many traders were, and remain, proud of the newer, cleaner shopping venues, boasting them as stores "like in America." They repeatedly resented bazaars' dungy exterior in 2013–2014, which they considered offputting to customers. Rather, it is the lack of transparency, and the secrecy with which civilization policies are implemented that is distressing and offensive to traders. As one trader shared, "It would have been nice to know [about the changes]." In the formal sector, such short notifications of evictions such as occurred in *Alatau* would be unacceptable, and the bazaar administration would be required to compensate trader-tenants for losses. Yet, because container owners lack property rights, it is legally ambiguous as to whether, and how, traders would be compensated under eminent domain.<sup>33</sup>

Thus, while the modernization of *Baraholka's* bazaars has ultimately improved the retail experience for consumers, as well as the sanitary conditions for workers, the process of bazaar transformation highlights the fragility of, and leakages within, existing bazaar TOOs. *Okhraniki's* defection from their

rule-enforcement responsibilities, as part of a generally non-existent and inept management system, not only sanctions the proliferation of personalized corruption networks but also complicates, and in some ways, hijacks, economic transition and structural transformation.

## LABOR MOBILITY WITHIN BAZAARS

Insofar as there is no regulation of the employer-employee relationship and labor enjoys free-entry into, and unabated mobility within bazaars, the bazaar economy can be characterized as informal.<sup>34</sup> Where formal labor regulations are either absent or not enforced, unwritten, known and widely understood norms regulate relations.

The trading workforce that primarily works in bazaars can be divided into two categories: *khozyain* (boss) and *prodavetz* (salesman). At the top of the rank is the *khozyain*, who is almost always an IP holder, and manages the business of purchasing and reselling goods. While a *khozyain* usually owns a container, this is not necessarily the case. For example, in the spring of 2014 when *Alatau* and *Yupiter* markets were shut down, several *khozyaeva* (pl.) who had been displaced and took up container leases in other bazaars were still referred to socially as a *khozyain*. Working beneath a *khozyain* is a *prodavetz*. *Prodavtzi* (pl.) neither orders inventory nor balances the books—they sell goods. Some *prodavtzi* are based with one *khozyain* or product, while others migrate between containers or traders when opportunities arise. A *khozyain* employs a *prodavetz* through oral agreements; rarely, if ever, is employment codified in a written contract.

There is no universal “best practice” for determining compensation. In many cases, the *khozyain* pays a salesperson between 500 (\$2.72 or \$1.43) and 2,000 KZT (\$5.71 or \$10.89) per day plus commission. Some *prodavtzi* receive a fixed amount of 200 KZT (\$1.08 or \$0.57) for every item sold, while others pay their *khozyain* a certain, agreed percentage for each item sold. To illustrate, a *khozyain* purchases a pair of ballet flats for a wholesale price of 1,200 KZT (\$6.52 or \$3.43) and requires his *prodavetz* to pay him 1,500 KZT (\$8.15 or \$4.29) for each pair sold (wholesale price plus 300 KZT). The salesperson tries to sell the shoes for 3,500–3,000 KZT (\$19/\$10 to \$16.34/\$8.57) in order to pocket 2,000 KZT (\$10.87 or \$5.71) for themselves. In this case, a *prodavetz*'s price floor is 1,600 KZT (\$8.70 or \$4.57) in order to earn at least 100 KZT (\$0.54 or \$0.29). Thus, any given item could be sold for 1,600 tenge, or as much as 6,000 KZT, if the customer is a foreigner, bad bargainer or desperate for a certain size or model. The most experienced bazaar patrons know to buy goods directly from the *khozyain*, as they are not constrained by a price floor and are able to undercut their very own salespeople. The final

selling price of any given product therefore depends on the quality of the good, the customer's specifications, time of day, season and the status of the salesperson. Understanding this earnings model explains why bazaar traders are often accused of price gauging, "ripping off" and "taking advantage" of customers when they demand an exceedingly high price for a given product.

Labor's free-entry into the bazaar system enables workers to hold multiple roles simultaneously and quickly adapt to market fluctuations in order to maximize personal profit. Workers can, and do, move between containers and across different segments of the trade—from sales, to wholesale product acquisition, distribution and storage—in order to maximize income. Some experienced traders self-select to work as salespeople to take advantage of the flexible schedule and pursue analogous earnings opportunities, such as trading goods wholesale. For example, Nemat, a native of Kurgan-Tobe, Tajikistan, has lived in Almaty for seventeen years. Nemat was a *khozyain* and container owner who sold women's footwear. Unable to compete, he sold his container to a cousin, leveraged his connections, and entered the wholesale trade. Nemat regularly travels for two weeks at a time on wholesale purchase trips. On one trip to Astana's Shanghai bazaar, he purchased \$19,000 worth of jeans, shoes, dresses and anything he could get his hands on from his wholesaler friends with excess inventory. Nemat commissioned a truck from Taraz for 5,000 KZT (\$27.17 or \$14.29) per day to deliver the goods to Almaty, where he resold the items to his network of trader friends, generating an average profit of 500–1,000 KZT (\$2.76/ \$1.43 to \$5.52 /\$2.86) per item. Nemat also sold items out of his car. For a payment of 200 KZT (\$1.10 or \$0.57) per day to the parking guard, Nemat sold Turkish *khalats* (house dresses) out of his trunk to passers-by. While at first glance, to an outside eye, Nemat appears to be a less-accomplished informal trader devoid of a permanent trading venue. In reality, he is able to sell off the remainder of the goods he purchased wholesale, slightly undercut his competitors with overhead costs, and absorb all of the profit. In between trips, Nemat worked in a friend's container as a *prodavetz*, allowing him to maintain connections, earn cash, and stay apprised of fashion trends.

Nemat is just one example of employment in the bazaar. There are other traders who are more stationary in a geographic sense, but have operated in a variety of capacities within the trade. The most successful workers are those who are well-networked, flexible and agile. For example:

- Samir formerly worked as a wholesale vegetable supplier in Almaty's Green Bazaar, and switched to retailing men's shoes in the *Baraholka* the mid-2000s, as it was more profitable.
- Azir is a Tajik migrant with two wives, one in Almaty and one in Tajikistan. Azir works as a "floating" *prodavetz*, trading in any container that

needs a salesperson instead of managing his own inventory. On Monday, Azir sells children's shoes, on Wednesday women's mocassins and on Friday, athletic footwear. Azir lives exclusively off of commissions, while his local wife works as a chef in one of *Baraholka's* cafés.

- Erlan and his wife, Galya, own a container in the fifth row of the bazaar, and rent it out for a reported \$1,300 per month, allowing them to collect \$16,000 per year. Though they possess their own IP, Galya and Erlan rent half of a container in the ninth row from Ali, paying him 33,800 KZT (\$183.70 or \$96.57) per month towards the *gosarena*.
- Muzafor, also from Tajikistan, has lived in Almaty for over fifteen years. He owns three containers, fills two of them with his own inventory of men's shoes and rents out the third to a cousin who sells women's shoes. While Muzafor earns money from his sales and *sub-arena* payments, his *proadavetz*, Sharif, lives off of commissions.
- Aziz was born and raised in Osh, Kyrgyzstan, before he entered the trade in 1997 in Chelyabinsk, Russia, and moved to Almaty in 1999. In the beginning, Aziz sold women's stockings, since they were cheap, lightweight and easy to transport. Over time, he saved money, married a local Dungan whose family is a major wholesaler of Turkish menswear, and moved into shoes. Aziz managed to save enough money to purchase three containers: two for \$19,000, respectively, in 2011, and a third for \$20,000 in 2012.

While these traders who lack a higher education are unlikely to qualify for formal employment, there are traders who completed primary school, university and even served in Kazakhstan's army, but were unable to secure a formal job. Like migrant or low-skilled workers, these individuals also enter the bazaar economy in order to make a living.

- Raushan, a fifty-year old, soft-spoken yet eloquent Kazakh, worked as a history teacher until 2000, when she started trading T-shirts because teaching did not pay enough to support her family. Meanwhile, Elena holds a PhD in physics and has been selling women's purses for over twenty years.
- After graduating from KIMEP in 2013, Maria began selling women's winter coats from Belarus in the bazaar, as she was unable to pay the bribe solicited by a potential employer.
- Aga and Apa are ethnic Kazakhs originally from Katon-Karagai in Northern Kazakhstan. During the Soviet Union, Apa served in the Soviet army in Mongolia before working in a small firm, while Aga was a Kazakh language teacher. After 1991, they entered the wholesale trade, specializing in woven winter socks and leather belts from Russia, Poland and China. They currently own an IP and a container, in which Apa, with his neice, work six days a week. Aga maintains a formal part-time job working with

computers, but visits the container regularly during the summer season and once every few weeks in the off-season. Aga travels to Moscow two to three times a year to place orders with wholesalers.

Beyond employment arrangements, informality characterizes the conduct of business within bazaars. Traders rely on oral agreements and do not maintain meticulous written records of their purchase and sales receipts. Traders, by law, are required to provide a receipt to customers, though most do not, unless requested. Many traders calculate tax obligations on pocket-sized notebooks, and very few, if any, use a computer. Written purchase orders and contracts are rarely, if ever, used. Traders do not maintain buyback arrangements with wholesalers, forcing them to hold on to excess inventory at the end of the season. Depending on the quality of items, traders will either sell excess inventory at or below cost (such as faux-leather boots), or hold onto them for subsequent seasons (such as genuine leather winter boots).

While anecdotal, these portraits of individual experiences highlight the diversity of informal norms, customs, practices and traditions that thrive within bazaars. Trust largely underpins these informal practices. High levels of interpersonal trust between traders reduce transaction costs and mitigate the risk of defection. Traders build trust through everyday interactions with other traders. And traders are content to continue trading in the informal bazaar setting, which offers a “package of benefits,” such as the ability to be one’s own boss and flexible hours.<sup>35</sup> To most traders, these benefits outweigh any sort of earnings penalty. Thus, the growth in the share of the workforce engaged in the trade sector suggests workers perceive informal employment in the bazaar to be equally attractive as formal employment outside of the bazaar.<sup>36</sup>

## TRADE CIVILIZATION

Beginning around the late 2000s, municipal leaders throughout the post-Soviet space undertook the policy of “trade civilization, by moving trade activity from open-aired, outdoor structures into roofed, modern trade centers.<sup>37</sup> In 2009, authorities in Moscow closed Cherkizovskii market, also known as *Cherkizon*, arguing that it was an ungoverned, criminalized underworld that violated fire and sanitary codes and harbored “contraband” goods and pestiferous Central Asian migrants.<sup>38</sup> While the market was likely in physical disarray, the bazaar’s closure, which officials deemed necessary to “install order” (*na navedenie poryadka*), only prompted traders to relocate their activity to the outskirts of the city, rather than cease trading all together.<sup>39</sup> Similarly,

in Tashkent, Uzbekistan, authorities removed outdoor traders from the city center and moved them to the “Hippodrome” trade center on the city outskirts in order to generate a more civilized urban landscape. In Kazakhstan, President Nursultan Nazarbayev has called for the “installation of order” in all bazaars.<sup>40</sup>

In Kazakhstan, Almaty's *Baraholka* has emerged as the posterchild of the government's policy of “trade civilization.” Since around 2013, under the leadership of then-Akim Akhmetzan Esimov, the Almaty city government has taken serious measures to civilize the city's bazaars.<sup>41</sup> Under Esimov, local authorities worked with bazaar administrations to establish a road map for the modernization of all bazaars by 2020. The push for trade civilization was intensified in the fall of 2013, due to several destructive fires in Baraholka, which were speculated to have been instigated by the Akims.

In 2014–2015, four, modern blocks of the *Alatau* and *Alatau-2* markets were constructed, and by January 2016, *Alatau* had been transformed into a modern trade center. In 2015, in addition to *Alatau*, *Olzha*, *Salem* and *Aksai-3* markets were modernized. In 2016, reconstruction efforts launched at nine markets—*Sayakhat*, *Akzhar*, *Bolashak*, *Evrasiya*, *Yupiter*, *Dovun*, *Samal*, *D-Market*, *Mekhtrinis*. Another fifteen markets—*Baisat*, *Karkara*, *Yalyan*, *Rakhat*, *Batyr*, *Basarlyk*, *Nursat*, *Keruen*, *Altay*, *Zhuldyz*, *Almaty-1*, *Barlyk*, *Tastak*, *Barys* and *Tulpar*, were slated to be rebuilt starting in 2017. By early 2018, some of these bazaars, such as *Bolashak*, largely remained untouched, while others, such as *Alatau*, were completely redone. The fate of the remaining twenty-eight markets will likely be determined closer to 2020.

Despite these changes, a closer analysis of bazaars' square footage reveals that trade civilization has only led to the consolidation of bazaars, rather than their liquidation. Between 2004 and 2015, while the number of registered bazaars in Kazakhstan fell from 935 to 746, the number of trade spaces (containers, kiosks, etc.) grew from 150,497 to 186,572, after peaking at 189,177 in 2012.<sup>42</sup> That said, between 2004 and 2015, the average size of bazaars in Kazakhstan increased from 4,763 km<sup>2</sup> to 9,357 km<sup>2</sup>, while the average size of a single trading space grew from 30 km<sup>2</sup> to 37 km<sup>2</sup>. In Almaty oblast, the growth was even more pronounced, with the average size of a trade space reaching 45 km<sup>2</sup> in 2015, up from 34 km<sup>2</sup> in 2010 and 43 km<sup>2</sup> in 2004. In Almaty city, between 2010 and 2015, while the number of bazaars contracted by 33 percent, the average size of bazaars grew by a staggering 122 percent. This suggests that the policy of trade civilization has led to the creation of mega-bazaars, vis-à-vis the consolidation of smaller ones.<sup>43</sup>

It is precisely the informality within bazaars that render them invaluable to Kazakhstan's economy, and also inspired the policy of “trade civilization.” The prevailing definition of “trade civilization” presupposes that the



transformation of physical trading spaces—from open-aired bazaars to roofed trade centers—will ultimately modernize trading behaviors. This notion rests on the assumption that open-aired bazaars operate independent of the larger economy—that their creation, growth and intransigence is neither caused by, nor related to, developments in the larger economy. This notion also assumes that the dissolution of bazaars will force the shadow economy to dissipate. Though, as is seen in Kazakhstan and elsewhere, this is not the case.

Advocates of “trade civilization” argue that traders are lazy, complacent and unrighteous beneficiaries of the state pension system. In reality, many traders wanted to improve their wellbeing and leave the bazaar. Many of my interlocutors lamented the physical and psychological toll of working in the bazaar in extreme weather conditions and with an overhanging uncertainty about the security, let alone profitability, of their businesses and personal wellbeing in the future. When asked traders where they would work instead, many traders responded that they would find a new bazaar, work on a farm or drive a taxi. One trader explained that “without the bazaar, we have nothing, so what else can we do?” While economic theory suggests that the closure of one economic sub-sector would prompt unemployed members of the workforce to enter another, in reality, many (particularly) older traders continue to work informally, fulfilling random jobs.

Trade civilization, as a policy, will not necessarily transform bazaars, and the trading that occurs within them. Trade transformation requires a fundamental modernization of the informal and formal institutions in which trading activity is conducted. An effective “trade civilization” strategy, therefore, must address the informal, interpersonal nature of doing business in the bazaar, along with the heterogeneity and geographic reach of trading networks. Though, this policy must be executed in a way that preserves the entrepreneurial ethos of traders and allows them to bring this activity into the formal market economy.

## CONCLUSION

Bazaars are not just markets—they are important social and economic institutions in Kazakhstan. The prevailing “trade civilization” policy is based on a superficial understanding of internal bazaar processes that does not account for the causal relations and overlaps between formal and informal structures. The challenge for Kazakhstan is reforming bazaar structures while preserving the vivacity of the bazaar workforce. In other words, bazaar reform must ensure that people who are working, keep working. Officials must prioritize reforming the administration of bazaars rather than bazaars themselves. In

order to be successful, a trade civilization policy must be implemented within the context of institutional reforms, and in a manner that recognizes that bazaars are already functional market institutions.

## NOTES

1. I thank doctors Harley Balzer, Roger Kangas, Benjamin Loring, Daniel Burghart and Vadim Grishin for comments on early drafts, and Dr. Jeff Sahadeo for insights on a paper presented at the 2014 Central Eurasian Studies Society Conference. Many thanks to doctors Altay Massurov and Regine Spector for their guidance and inspiration. I am forever grateful to Diyar, Aibek, Sasha, Nemat and all of my brothers in Almaty's *Baraholka*. All views expressed are the author's, and do not reflect those of the U.S. Government or the Fulbright Association.

2. Gül Bern Özcan, *Building States and Markets: Enterprise Development in Central Asia* (London: Palgrave Macmillan UK, 2010), 119.

3. "Pervyy vitst-prem'er Dzh. Otorbaev: Nashi grazhdane nauchilis' torgovat' bez Garvarda i Kembridga," Posol'stvo Kyrgyzskoi Respubliki v Rossiiskoi Federatsii, September 25, 2012, accessed December 2014, <http://kyrgyzembassy.ru/?p=10386>.

4. Yuri Kopytin, "'Adil' Turkulov: Tovaroorot rynka 'Dordoy' v sotni raz prevyshaet ego nalogovyie otchisleniya," *Knews*, October 24, 2012, accessed December 2014, [http://www.knews.kg/econom/23302\\_adil\\_turdukulov\\_tovaroorot\\_ryinka\\_dordoy\\_v\\_sotni\\_raz\\_prevyshaet\\_ego\\_nalogovyie\\_otchisleniya/](http://www.knews.kg/econom/23302_adil_turdukulov_tovaroorot_ryinka_dordoy_v_sotni_raz_prevyshaet_ego_nalogovyie_otchisleniya/).

5. 1.07.00.02 Chislennost' zanyatogo naseleniya po vidam ekonomicheskoi deyatel'nosti, National Statistics Committee of the Kyrgyz Republic, <http://www.stat.kg/media/statisticsdynamic/b6e1d3c9-d349-41d5-8c96-ca70e825294a.xls>.

6. While there are several definitions of informality across disciplines, in this chapter, the informal economy is defined as "activity that is conducted by unregistered firms or by registered firms but hidden from taxation." (Rafael La Porta and Andrei Schleifer, "The Unofficial Economy and Economic Development," *Brookings Papers on Economic Activity* [Fall 2008], 275). Informal employment, according to the International Labor Organization (ILO), arises when a worker is not subject to national labor legislation, income tax, social protection or benefits such as advance notice of dismissal, severance pay, paid annual or sick leave. (Ralf Hussmanns, "Defining and Measuring Informal Employment," *Bureau of Statistics International Labour Office*, 1999.) Typically, there is no written contract codifying the employer-employee relationship. The defining characteristic of informal work is that it is *free-entry*—there are no legalistic barriers to entry and exit. (Gary S. Fields, "Labour Market Modeling and the Informal Sector: Theory and Evidence," in *The Informal Sector Revisited*, ed. D. Turnham, B. Salome and A. Schwarz [Paris: Organisation for Economic Co-Operation and Development, 1990], 53).

According to Jan Rutkowski's 2011 study on informal employment in Kazakhstan, nearly 70 percent of informal workers are employed in the market-services sector, while 85 percent of informal workers are in micro and small firms that contain fewer

than six employees. Many of these enterprises operate within bazaars. (Jan Rutkowski, “Promoting Formal Employment in Kazakhstan,” *The World Bank*, May 15, 2011, accessed December 2014, [http://www.iza.org/conference\\_files/InfoETE2011/rutkowski\\_j1928.pdf](http://www.iza.org/conference_files/InfoETE2011/rutkowski_j1928.pdf)). In a 2013 study, Kazakhstan’s Statistics Committee estimated that around 15 percent of the informal labor force is involved in the trade, automobile and retail sector, and 5 percent indicated a bazaar as their place of employment. (Committee of Statistics, Excel chart “Struktura zanyatogo naseleniia po vidam ekonomicheskoi deiatel’nosti na osnovnoi rabote i statusu zaniatosti”). Some 36 percent of surveyed workers reported that they receive neither vacation days nor medical benefits from their employers. (Committee of Statistics of the Republic of Kazakhstan, “Zanyatoe naselenie po tipu proizvodstvennoi edinitsy, rabochego mesta i polu”). These workers satisfy the ILO’s definition of an informal worker, in that they are excluded from the state social safety net.

7. Bartłomiej Kaminski and Saumya Mitra, *Skeins of Silk: Borderless Bazaars and Border Trade in Central Asia* (Washington, DC: The World Bank, 2010), 100.

8. “Scenarios for the South Caucasus and Central Asia,” World Economic Forum, September 2014, 16, [http://www3.weforum.org/docs/WEF\\_Scenarios\\_South-CaucasusCentralAsia\\_Report\\_2014.pdf](http://www3.weforum.org/docs/WEF_Scenarios_South-CaucasusCentralAsia_Report_2014.pdf).

9. See Ruta Aidis, “Officially Despised Yet Tolerated: Open-Air Markets and Entrepreneurship in Post-Socialist Countries,” *Post Communist Economies* 15, no. 3 (September 2003): 461–74.

10. See Shaun Roberts, “Waiting for Uigurstan,” YouTube.

11. Author’s interview with Kazakh government official, Almaty, Kazakhstan, April 2014.

12. For a comprehensive discussion of reforms in the Post-Soviet space, see Anders Aslund, *How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, the Caucasus and Central Asia* (Cambridge: Cambridge University Press, 2009).

13. I avoided interacting with the bazaar administration or government officials in order to safeguard the security and personal identities of my research subjects.

14. The Committee of Statistics was previously known as the Agency of Statistics. The name was changed in 2016.

15. Kazis Toguzbaev, “Plan Vlastei perenesti bazary vysval prognoz o sotzial’nom vsryve,” *Radio Assattyk*, October 17, 2012, accessed March 31, 2014, [http://rus.azattyq.mobi/a/barakholka\\_snos\\_almaty/24742084.html](http://rus.azattyq.mobi/a/barakholka_snos_almaty/24742084.html).

16. See the Kaminski and Mitra (2010) for definition of “international hub bazaar.”

17. TOO is *tovarishchestvo s organichennoi otvetstvennosti*.

18. Exact figures differ due to self-reporting biases and discrepancies in data collection methods.

19. “Regional’nyi Torgovyi Uzel,” Powerpoint presentation prepared by the Chamber of Entrepreneurs of Almaty given to the author. The exact number of bazaars that are located within Baraholka differ depending on the year of a given publication and the author.

20. Kaminski and Mitra, *Skeins of Silk*, 65.

21. Ibid.

22. *Ob utverzhdenii Pravil Organizatsii deyatel'nosti torgovykh rynkov*, No. 131, February 7, 2003, <http://ru.government.kz/docs/131.htm>.

23. Denis Kurgannikov, "Bazar otfil'trovali" *Info-Tses*, November 12, 2012, accessed March 20, 2014, <http://www.info-tses.kz/red/article.php?article=165378>. It is important to distinguish between those who own an entire trade space and cashier operators, as many traders rent a half of a container. A trader who owns three containers does not register three separate IPs, but retains one IP that includes all three trade spaces.

24. Yulia Semykina, "S Pritselom na Budushchee," *Tsentr Asii*, no. 15–16 (2011): 52–53, <http://magazine.asiakz.com/rus/article/980>.

25. Apparently, for retail TOOs, there is a special tax code. TOOs pay taxes amounting to 3 percent on revenues every six-month period, so long as total revenues do not exceed 50 million KZT. TOOs with revenues in excess of this level are required to pay a tax of 20 percent of revenues. Author's interview with Colliers International, February 2014, Almaty, Kazakhstan.

26. The old exchange rate is \$1 = 184 KZT, the average exchange rate between February 2014 and August 2015. Since the Central Bank of Kazakhstan moved the tenge to a free-floating regime, hovered around \$1=350 KZT in mid-2016, and has since stabilized around \$1=315–330 KZT. This chapter uses a conservative, "new" exchange rate of \$1=350 KZT.

27. While the container owner signs a contract that recognizes their property with the bazaar administration, the individual renting the container is not required to sign any documents.

28. For FY2013, traders paid 3 percent per quarter; this was changed to 6 percent per six-month period in FY2014.

29. Uses average exchange rate between February 2014 and August 2015 of \$1 = 184 KZT. Since the Central Bank of Kazakhstan moved the tenge to a free-floating regime, the tenge has been upwards of \$1 = 320 KZT.

30. Author's interview with *Baraholka* trader, Almaty, Kazakhstan, November 2013.

31. The *okhraniki* I met never previously worked in the bazaar as traders, but had a background in security. One of them, for example, was the security guard at KIMEP prior to working in the bazaar.

32. Author's interview with Colliers International, Almaty, Kazakhstan, February 2014.

33. Reports of unfair compensation for property in the event of a forced expulsion appear in other context. For example, residents who lived in Dachas (small, summer homes) in the left bank of Astana were expelled to make way for development. The residents were compensated for a small, summer dacha plot, but not for a full-year home. Author's interview with Zauresh Battalova, Astana, May 2016.

34. On free entry, see Gary Fields, "A Guide to Multisector Labor Market Models," Cornell University School of Industrial and Labor Relations, 2004, 6, <http://digitalcommons.ilr.cornell.edu/workingpapers/86/>.

35. William Maloney, "Informal Self-Employment: Poverty Trap or Decent Alternative?" in *Pathways out of Poverty: Private Firms and Economic Mobility in De-*

*veloping Countries*, ed. Gary S. Fields and Guy Pierre Pfeffermann (Boston: Kluwer Academic Publishers, 2003), 66.

36. This confirms Keith Hart's theory on workers' self-selection into informality in order to maximize gross incomes. There is an earnings premium to working informally. See Keith Hart, "Income Opportunities and Urban Employment in Ghana," *The Journal of Modern African Studies* 11, no. 1 (March 1973): 61–89.

37. The notion of "trade civilization," as defined as a transformation of space, dates back to the Russian Tsarist administration in Central Asia and Turkestan in the 19th century. European-minded Tsarist administrators sought to "civilize" bazaars and the backwards Asiatic peoples of the region. Many thanks to Dr. Jeff Sahadeo for this insight at the 2014 CESS conference.

38. Vladimir Bogdanov, Ol'ga Ignatova, Irina Pulya, and Lyubov Pyatiletova, "Srok dlya Rynka," *Rossiiskaya Gazeta*, July 1, 2009, accessed April 2014, <http://www.rg.ru/2009/07/01/cherkizon.html>.

39. "Cherkizovskii rynek v gorode Moskve," *RIA Novosti*, June 26, 2014, <http://ria.ru/spravka/20140629/1013883647.html>.

40. N.Nazarbayev Poruchil Oblagodarit' Okrainy Astany I Navesti Poryadok na Stolichnykh Rynkakh, *Zakon.kz*, April 25, 2014, accessed April 2014, <http://www.zakon.kz/4619785-n.nazarbaev-poruchil-oblagorodit.html>.

41. "Barakholku Modernizuyut do kontsa goda," *Kapital.kz*, May 13, 2014, accessed May 2014, <http://kapital.kz/economic/29849/baraholku-moderniziruyut-dokonca-goda.html>; "Akimat Almaty Navedet Poryadok na Barakholke," *Kapital.kz*, April 8, 2014, accessed May 2014, <http://kapital.kz/economic/28746/akimat-almaty-navedet-poryadok-na-baraholke.html>.

42. "'Set' torgovykh rynkov" *Agenstvo Statistiki RK*, 2015, <http://www.stat.gov.kz/getImg?id=ESTAT098707>.

43. See Regine Spector, "Bazaar Politics: The Fate of Marketplaces in Kazakhstan," *Problems of Post-Communism* 55, no. 6 (November/December 2008): 42–53.

## *Chapter Thirteen*

# **The Fifth Estate**

## *Illicit Networks in Central Asia*

Elena Kovalova<sup>1</sup>

The crime-corruption nexus remains the most persistent security threat in today's Central Asia. Illicit networks jeopardize the processes of state and nation-building, undermine sovereignty, and open uncontrolled corridors for drug trafficking, human trafficking, illegal migration, smuggling, contraband, and counterfeiting. Furthermore, the impact of this nexus goes far beyond the immediate boundaries of Central Asian states, turning cross-border and inter-regional alliances with Afghan, Russian, Turkish, Iranian, and Pakistani organized crime groups into powerful transnational criminal syndicates.

This chapter focuses on corruption that enables and facilitates the functioning of organized crime in Central Asia, on lawlessness as a rule of the game in the region, on the role of porous borders in the development of illicit networks, on the newest trends in transnational criminal activities in Central Asia, on attempts to counter illicit networks in the region, and security implications of the illicit networks. First, the chapter will examine the distinctive characteristics of the environmental factors that permit empowering of the illicit networks. Among them are the Soviet legacy of informal networks coupled with oppressive strongman states; a clan structure of the traditional Central Asian societies; endemic corruption in areas of critical vulnerability, such as justice systems, security forces, and financial sectors; high unemployment and severe poverty; ethnic tensions, and “leaky” borders.

Special attention will be paid to the issue of lawlessness and the role of Russia in defining rules of the game in the region. Then, the chapter will reveal trends in the development of transnational networks and examine the major problems in countering illicit networks in the region. While illicit networks are always engaged in a broad spectrum of criminal activities, narcotics smuggling is the most lucrative criminal enterprise dominating the Central Asian security landscape. Profits which it generates outshine any official

budget designated for the security sector in any Central Asian state. The complexity of criminal operations, sophistication of smuggling routes and money laundering schemes, their adaptability to changing conditions, and flexibility in forming alliances with non-traditional partners make them highly resistant to international efforts to counter illicit networks.

Finally, this chapter will explore the international security dimension. The withdrawal of troops from Afghanistan at the end of 2014 created a new geopolitical situation. Nevertheless, disruptions of drug trafficking and the dismantling of transnational crime networks has remained a priority of the U.S. and its allies.

## DEFINITIONAL AND CONCEPTUAL ISSUES

The subject of transnational organized crime (TOC) has definitional problems because of its complexity, multi-operational nature, diverse scope of activities, and multiplicity of actors involved. As it is discussed in this chapter, TOC broadly refers to those groups or individuals who operate across borders with the goal of obtaining material or non-material gains wholly or in part by illegal means.<sup>2</sup> Illicit networks include both TOC groups and corrupted elements from the state institutions. They represent the mixture of legal and illegal entities involved in cross-border criminal activities with the purpose of making a profit.

The latitude of criminal activities is enormous, including trafficking in drugs, human beings, arms, and counterfeit goods; intellectual property crimes; contraband; environmental crime; cybercrimes; and money laundering.<sup>3</sup> In Central Asia priority is certainly given to a fight against drug trafficking due to the proximity to Afghanistan and formation of the Northern trafficking route for Afghan opium. However, transnational criminal activities, although rotating around the opium trade, are becoming more and more diverse there.

It is worthwhile to reiterate the advantages of illicit networks,<sup>4</sup> which are particularly evident in Central Asia. First, they have huge profits and are able to challenge states in the region. Second, they have the ability to recruit the most active part of the population and reorganize along lines traditionally limited to corporations and militaries. Thus, the challenges posed by the illicit networks in Central Asia can be viewed as state-threatening and their countering requires complex coherent strategy.

For the purpose of this chapter, corruption has been defined as an enabler for formation, growth, and effective operations of the TOC groups in Central Asia. Throughout the region, corruption has created conditions for establishing a permissive environment, simultaneously cementing all its components

and disabling the rule of law. Paradoxically, corruption in Central Asia has evolved not only as a tool of criminal groups to coopt state authorities but also as a tool of authorities together with criminal elements to coopt citizens in the process of rent-seeking opportunities for the power holders.

There are two major difficulties in studying the subject of illicit networks in Central Asia. First, the statistics, and sources, in general, are fragmented. In many cases, especially in the case of Turkmenistan and often Uzbekistan, they are for the most part unavailable, or non-existent. In case of Kyrgyzstan and Tajikistan, a high proportion of studies is based on sporadic interpretations of unrelated episodes obtained from questionable mass media outlets. Second, the difference between domestic organized crime groups and transnational organized crime groups is often misread. Many analysts focus on the danger of state capture by domestic organized crime groups while ignoring transnational crime clusters. One of the most consistent analyses of transnational facets of organized crime in Central Asia is provided by the United Nations Office on Drugs and Crime (UNODC), which systemically collects information from the Regional Office for Central Asia established in Tashkent, Uzbekistan, and from Program Offices operating in all five Central Asian States. However, even the UNODC is unable to overcome the insufficiency of data from Turkmenistan.

## **CORRUPTION AS AN ENABLER OF TOC IN CENTRAL ASIA**

Corruption has many faces, manifests itself at different levels, reveals itself in different ways, and spoils attempts to transform societies and economies. In Central Asia, corruption boosts permissiveness of the security environment, making it easier to operate for transnational criminality.

According to assessments, the ability to earn revenue from cotton exports permitted avoidance of reform and preserved grand corruption at top levels in Uzbekistan from the 1980s through the present. In Kazakhstan revenues from energy resources were linked to large-scale corruption in the 1990s, but with soaring revenues in the 2000s their institutions evolved and to a degree improved. Kyrgyzstan and Tajikistan illustrated the challenge facing a small economy with a large potential mineral resource, with the former suffering from competition for rents among the elite and the latter from lost opportunities.<sup>5</sup> In all cases, mono economies and absence of mechanisms for control created preconditions for the formation of quasi-state structures oriented towards generation of wealth for power holders.

The permissive environment in Central Asia enables rapid growth of transnational organized crime groups. The UNODC has identified seven key



facilitating and inhibiting factors related to organized crime in Central Asian states: traditions of tribes and clans, ethnicity, unemployment and low salaries, demographic factors, motivation and mobilization factors, proliferation of firearms in society, and regional linkages along with geopolitical location.<sup>6</sup>

The populations of Central Asian states suffer from poor governance and rampant corruption, which hawks over the region either in the shape of omnipresent clan nepotism<sup>7</sup> or in the form of petty bribes (see Table 1). Three key indicators of the persistence of corruption include the lack of its reduction over decades, the absence of positive regional dynamics, and the huge distance from traditionally understood good governance, even in cases of the regional leader, Kazakhstan.

Out of 175 countries rated by Transparency International in 2013, the Corruption Perception Index (CPI) rank for Kazakhstan was 133 and its score was 28 out of 100, where 1 was a highly corrupt country and 100 was a country clean from corruption. Kyrgyzstan held 154 in CPI rank and a score of 24; Tajikistan had 157 in CPI and a score of 22, and both Turkmenistan and Uzbekistan both held 170 and 17 respectively (see Table 1). Thus, all Central Asian states rank in the bottom quartile among the nations of the world in terms of corruption. As Table I illustrates, no Central Asian state ranks above 30 out of 100, with 100 representing a country clean from corruption. The combination of systemic corruption with an extremely low level of GDP per capita, especially in Kyrgyzstan, Tajikistan, and Uzbekistan, indicates a lack of opportunities as well as a susceptibility to any sort of illegal activities.

Although the GDP per capita in Kazakhstan was six and half times higher than in Tajikistan, corruption problems were still serious and hampered Kazakhstan development. The wider region, including Russia and Afghanistan, has also been severely affected by corruption. For years, Afghanistan had the worst possible CPI rank of 175 in combination with the lowest level of GDP. Russia, despite its regional weight and ambitions, could not play the role of credible leader in an anti-corruption fight with its CPI rank of 127 and score of 27 (see Table 1).

Furthermore, corruption was not the only indicator of ineffective and inefficient governance in Central Asia. The governance indicators by the World Bank in Central Asia, Russia, and Afghanistan showed three fundamental inadequacies of governance there: sluggish progress, reversibility of improvements, and its persistently poor quality for the last sixteen years (see Table 2). With certain nuances, the whole region was given a low rank in its capacity to provide political stability, government effectiveness, promotion of private sector development, rule of law, conditions for citizens' participation in government selection, and control of corruption.

**Table 13.1. Corruption in Central Asian States, Afghanistan, and Russia, 2013–16**

Country	Measurement Tools					
	Corruption Perceptions Index <sup>3</sup>			Control of Corruption <sup>4</sup>		
	Population <sup>1</sup> (million)	GDP per capita <sup>2</sup>	Rank	Score	Percentile Rank (%)	Score
	2013/2016	2013/2016	2016	2016	2016	2016
Kazakhstan	16.9/18.4	13,000/25,700	131/176	29/100	20.57	-0.88
Kyrgyzstan	5.4/5.7	2,400/3,500	136/176	28/100	12.92	-1.09
Tajikistan	6.9/8.3	2,000/3,000	151/176	25/100	10.05	-1.18
Turkmenistan	5.0/5.3	7,500/17,300	154/176	22/100	3.35	-1.34
Uzbekistan	28.2/29.5	3,300/6,500	156/176	21/100	8.61	-1.23
Afghanistan	31.9 / 33.3	1,000/2,000	169/176	15/100	1.91	-1.41
Russia	142.5/142.4	16,700/26,100	131/176	29/100	16.27	-1.01

<sup>1</sup> Source: CIA World Fact Book, 2016 Est., accessed April 18, 2017, <https://www.cia.gov/library/publications/the-world-factbook/>.

<sup>2</sup> Ibid.

<sup>3</sup> The Transparency International's corruption perceptions index (2016) measures the perceived levels of public sector corruption in 176 countries and territories around the world. It ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions. Scores range from 0 (highly corrupt) to 100 (very clean). Source: accessed April 18, 2017, Transparency International, <http://www.transparency.org/>.

<sup>4</sup> Percentile rank indicates the percentage of countries worldwide that are ranked according to their capability to curb corruption. Higher values indicate better governance ratings, and it measures between 0 and 100. Control of corruption reflects perceptions of the extent to which public power is exercised for private gain. This includes both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Control of corruption is one of the six dimensions of the Worldwide Governance Indicators. Scores point estimates range from about -2.5 to 2.5. Higher values correspond to better governance. Source: World Bank, accessed April 18, 2017, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES0,,pagePK:180619~theSitePK:136917,00.html>.

**Table 13.2. Governance Indicators, Central Asian States, Russia, and Afghanistan, 1996–2015<sup>1</sup>**

	Kazakhstan					Kyrgyz Republic					Tajikistan				
	1996	2008	2012	2015	2015	1996	2008	2012	2015	2015	1996	2008	2012	2015	
Political Stability and Absence of Violence/ Terrorism <sup>2</sup>	-0.5	0.6	-0.4	-0.1	-0.3	-0.3	-0.6	-0.9	-0.9	-0.9	-2.2	-0.8	-1.2	-0.9	
Rule of Law <sup>3</sup>	-1.2	-0.8	-0.7	-0.4	-0.8	-0.8	-1.4	-1.2	-1.0	-1.0	-1.7	-1.2	-1.2	-1.0	
Control of Corruption <sup>4</sup>	-1.1	-0.9	-0.9	-0.8	-0.5	-0.5	-1.1	-1.1	-0.9	-0.9	-1.4	-1.1	-1.2	-1.0	
Regulatory Quality <sup>5</sup>	-0.3	-0.3	-0.4	0.0	-0.3	-0.3	-0.3	-0.3	-0.5	-0.5	-1.5	-1.1	-1.0	-1.0	
Government Effectiveness <sup>6</sup>	-1.1	-0.4	-0.4	-0.1	-0.4	-0.4	-0.8	-0.7	-0.9	-0.9	-1.5	-1.1	-1.2	-0.8	
Voice and Accountability <sup>7</sup>	-1.0	-1.0	-1.1	-1.2	-0.8	-0.8	-1.1	-0.6	-0.5	-0.5	-1.7	-1.3	-1.4	-1.5	

	Turkmenistan					Uzbekistan					Russian Federation					Afghanistan				
	1996	2008	2012	2015	2015	1996	2008	2012	2015	2015	1996	2008	2012	2015	1996	2008	2012	2015		
0.4	0.5	0.4	-0.1	-0.7	-1.3	-0.5	-0.4	-1.2	-0.8	-1.0	-2.5	-2.4	-2.5	-2.5	-2.5	-2.4	-2.4	-2.5		
-1.4	-1.4	-1.4	-1.4	-1.1	-1.1	-1.3	-1.1	-0.9	-1.0	-0.8	-1.8	-2.0	-1.7	-1.6	-1.8	-2.0	-1.7	-1.6		
-0.5	-1.4	-1.3	-1.3	-1.1	-1.0	-1.2	-1.2	-1.0	-1.0	-1.0	-1.8	-1.6	-1.4	-1.3	-1.8	-1.6	-1.4	-1.3		
-1.5	-2.0	-2.1	-2.1	-1.9	-1.4	-1.6	-1.7	-0.3	-0.4	-0.4	-2.1	-1.6	-1.2	-1.0	-2.1	-1.6	-1.2	-1.0		
-1.2	-1.4	-1.3	-0.9	-1.1	-1.0	-1.2	-0.6	-0.5	-0.3	-0.4	-2.2	-1.5	-1.4	-2.2	-1.5	-1.4	-1.3	-1.3		
-1.5	-2.0	-2.2	-2.2	-1.5	-2.1	-2.0	-1.9	-0.3	-0.8	-1.0	-1.9	-1.2	-1.3	-1.2	-1.9	-1.2	-1.3	-1.2		

- 1 Source: Worldwide Governance Indicators. <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators>.
- 2 Political Stability and Absence of Violence/Terrorism captures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.
- 3 Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Estimates give the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.
- 4 Control of Corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.
- 5 Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Estimates give the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.
- 6 Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Estimates give the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.
- 7 Voice and Accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. Estimates give the country's score on the aggregate indicator, in units of a standard normal distribution, i.e., ranging from approximately -2.5 to 2.5.

Poor quality of governance highlights the inability of Central Asia states to provide viable mechanisms in fighting illicit networks. In extreme cases, leaders of the most powerful trafficking groups occupied high-ranking government positions and misused state structures for their own illicit business.<sup>8</sup> The Failed State Index (FSI) confirms that all five key political institutions—leadership, military, police, judiciary, and civil service—were subject to widespread corruption in the region.

In general, all countries of Central Asia suffer from corruption. However, there are substantial differences between them. Despite regional similarities, Central Asian state authorities have tried to address the crime–corruption nexus in different ways. Kazakhstan clearly established a goal to reduce corruption in police and border troops. Since Kazakhstan law enforcement agencies were not reporting corruption statistics, it was highly problematic to assess how big the problem was and how adequate the measures taken by the state were. The media or press reports only occasionally disclosed corruption or illegal activity by police officers or border guards. Unlike other states of Central Asia, the Government of Kazakhstan approved incentives to encourage citizens to report cases of police corruption offering rewards ranging from \$300 to \$750 for information.

Corruption, judicial inefficiency, and organized crime were ongoing themes of two Kyrgyz revolutions. The failure of governments to implement effective civil service, tax, and law enforcement reforms, which would reduce corruption, was the subject of public debates. Regardless of the government in power, the widespread perception remained that government workers paid for their positions in order to gain direct access to bribes, including profits from smuggling and, especially, from the lucrative narcotics trade.<sup>9</sup> The last changes in power structures in 2010 after violent ethnic clashes in Osh district did not produce a change in this attitude.

In Tajikistan, the value of the illicit drug trade could be equivalent to as much as 21 percent of Tajikistan's gross domestic product according to the United Nations Office of Drug and Crime (UNODC). In this case, the scale of profits to be made and the extremely low salaries of law enforcement officers create solid bases for corruption and strong incentives for facilitating the drug trade in Tajikistan.<sup>10</sup> As in all Central Asian states, the law enforcement agencies of Tajikistan did not monitor corruption and drug-related cases, but some cases were occasionally dismissed for well-connected individuals or internal opponents were accused in corruption and drug trafficking.<sup>11</sup> The trustworthiness of those cases was often questionable.

Turkmenistan, in spite of the lack of systematic data, provides evidence that a combination of low salaries in law enforcement agencies and the broad powers enjoyed by law enforcement fostered an environment in which corruption could flourish.<sup>12</sup> This combination motivated general distrust to the

police by the population and was reinforced by evidence of police officers soliciting bribes.<sup>13</sup> Payments to junior officials at border crossing points to facilitate passage of smuggled goods occurred frequently. Allegations persist that law enforcement officials are directly linked to the drug trade.

Uzbekistan actively cooperated with the Organization for Economic Co-operation and Development (OECD) in the framework of the Anticorruption Network for Eastern Europe and Central Asia Program.<sup>14</sup> According to the OECD, Uzbekistan applied substantial efforts to raise awareness and educate public officials on corruption, but provided limited evidence of progress in the criminalization of corruption or increased integrity in the public sector. UNODC found that border security continues to be compromised through the regular occurrence of bribes and informal payments at border crossings. In many such cases, officials are being paid to overlook illicit activity rather than to participate in the smuggling process. In 2012, government media reported the arrests of corrupt government officials.<sup>15</sup> Yet, with very few exceptions, reports highlighted the arrests of administrative personnel rather than law enforcement personnel.

## **RULES OF THE GAME**

Lawlessness has always been one of the most striking characteristics of Central Asian transition states. The law has played an instrumental, rather than a foundational, role in all of them. Law was perceived, by both power holders and population, as a governmental tool to defend their privileges. Serving the interests of power holders, the law was therefore mutable. Its applications questioned all fundamentals of social justice, good governance, or functioning market economy. The law could serve the interests of any group, including organized crime groupings, if that worked in the interests of power holders.

In some cases, the law was perpetually revised by the legislature in order to divert public attention from inadequate economic policies of corrupted governments and to compensate the failures by increasing the price of access for foreign players. Apart from Russia's geopolitical pressure, continuous attempts to revise international agreements in Kyrgyzstan clearly illustrated this point. The Transit Center at Manas, finally closed in June of 2014, and the Kumtor Operating Company owned by Canada's Centerra Gold were links of the same chain. In the Manas case, the opaque financial schemes were developed to satisfy appetites of the presidents Askar Akayev's and Kurmabek Bakiev's families,<sup>16</sup> while in the Kumtor case, worrisome re-nationalization threats intertwined with alleged claims of extortion by an organized crime grouping, masked under legitimate environmental concerns

(see the brief case study of Kumtor at the chapter's end). In both cases, the revision of legal arrangements and the usage of assorted criminal tools were major attributes of political, economic, and social interactions.

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Under pressure from international organizations, Central Asian states have acknowledged the harmful influence of corruption. Kyrgyzstan signed and ratified the United Nations Convention against Corruption (UNCAC) and Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan used an instrument of accession to join to the UNCAC.<sup>17</sup> However, authorities have applied limited efforts to implement the UNCAC and thus reduce the actual level of corruption. The Russian Federation has determined the rules of the game in the region, and the fight against corruption was not included in the rule set. Besides, Russia perpetually contrasts its approach with the Western one, trying to prove that cooperation with the West damages the interests of Central Asian states and their reputation.

Russia has accused the West as a whole and the United States in particular of embarrassing the Central Asian states with negative ratings and assessments, such as the most corrupt, authoritarian, not free, non-transparent, and the like. Russia emphasized that it would never view corruption or clan economy structures as impediments for bi-lateral cooperation, while the US did and will continue to do so.<sup>18</sup> For example, Uzbekistan's attempts to renew relationships with the United States, which were broken by the Andijan massacre in 2005, were interpreted by Russia as a method of deepening Uzbekistan's dependency. Russian sources emphasized that American experts and influential public organizations were constantly including Uzbekistan in different ratings of repressive, undemocratic states, especially those indicating human trafficking, violation of the principles of religious freedom, corruption, and the clannish nature of the economy. All these allowed the United States to "hold" Uzbekistan on a short leash.<sup>19</sup> Such comments could be ignored but in the case of authoritarian country closed to alternative informational sources, they certainly were a powerful instrument of influence.

Following the Kremlin's logic, Central Asian states had no choice but to join Russian-led organizations such as the Customs Union or Eurasian Economic Space. Their "affairs" with the United States could not be sustained. Furthermore, according to Russian propaganda, bi-lateral relationships of Central Asian states with China only reinforced the importance of Eurasian integration to counter the economic might of China in the region.

Dependency on Moscow was based not only on bi-lateral trade and investments.<sup>20</sup> Russia explicitly used the high dependency on remittances from Russia of Kyrgyzstan, Tajikistan, and to a lesser degree Uzbekistan as a primary

tool for its foreign policy in the region. A threat of ousting of labor migrants could be played as a very painful instrument against any of Central Asian states with exception of Kazakhstan, if used.<sup>21</sup>

From one side, the Central Asian regimes consider emigration to Russia as a valuable escape valve for the young, discontented, and unemployed. From other side, the migrants are also a source of vulnerability because authorities always fear the return of large numbers of men who could be the catalyst that would spark “simmering political unrest in those countries and undermines the existence of the incumbent authoritarian regimes.”<sup>22</sup> Moreover, the existence of multiple taboo subjects in domestic discourse in many Central Asian states, such as unemployment, poverty, corruption, luxury life style of political elites, clan rivalry, and flourishing criminal networks, were often substituted by populist anti-migrant rhetoric, including blame of labor migrants for their attempt to find any job outside of the country.

For instance, the EurasiaNet with reference to a BBC Monitoring transcript reiterated the words of the late president of Uzbekistan Islam Karimov, “The Uzbek nation’s honor makes us different from others. Is not it better to die [than scrounge]? Therefore, I call lazy those people who disgrace all of us by wanting to make a lot of money faster there.”<sup>23</sup>

In addition, Central Asian sources suggested that Russia has enforced rules against migrants from which their own citizens are exempt regarding involvement in criminal activities in the region and have exercised control and pressure over Central Asian states, where a vast majority of the population was fully dependent on remittances from Russia. The dubious cases of smuggling activities highlighted the superiority of force and ignorance of law in dealings between Russia and Central Asian states.

There are several implications of this case. First, despite the rhetoric, the rule of law is an abstract concept in dealings between Russia and Central Asian states. Use of force, pressure, and reciprocity in dubious cases remain the rules of the game. Second, regardless of the ambiguity of the case and company involved, accusation of “political motivation” is a common approach of authorities in hiding illicit networks and their activities. Third, Central Asian states have numerous problems with the rule of law; the lawlessness stimulated by Russian counterparts legitimizes the political irresponsibility of their regimes.

## **POROUS BORDERS AND ILLICIT NETWORKS**

The combination of human trafficking, drug trafficking, and pervasive corruption exacerbated by widespread poverty is a distinctive characteristic of the security environment in Central Asia. The drastic increase in consumption



of heroin and drug trafficking through the region during the first decade of the twenty-first century was reported by numerous observers engaged in research in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.<sup>24</sup> (Less clear conclusions about drug trafficking through Turkmenistan could be explained by its self-isolated position in the region.)

Border control is a key dimension for combating illicit networks in Central Asia. Since the collapse of the Soviet Union, all Central Asian states have existed within the current boundaries. The internal borders in the former Soviet Union (FSU) had solely administrative purpose and were not bound to historical realities or ethnic distribution of population. The external borders with China, Afghanistan, and Iran were protected by all-union troops that did not have any local affiliation and were directly run by Moscow.

From a security point of view, the independent states of Central Asia inherited thousands of kilometers of borders, which they did not have the capacity to control and protect. For instance, Kazakhstan took under control 1,533 km border with China, 1,051 km border with Kyrgyzstan, 6,846 km border with Russia, 379 km border with Turkmenistan, and a 2,203 km border with Uzbekistan. Kazakhstan also had to establish control over the Aral Sea, which was split into two bodies of water with total length of 1,070 km, and the Caspian Sea along 1,894 km of coast line.<sup>25</sup> That was in total 12,185 km of land boundaries and 2,964 of water line. Even for energy-rich Kazakhstan, it was an unworkable task. During first decade of independence, all efforts were directed towards Kazakh-Chinese border, the rest was treated gradually. With the exception of external borders of the FSU, newly announced state borders were not even delimited and demarcated. After independence, Tajikistan inherited a 1,206 km border with Afghanistan, 414 km border with China, 870 km border with Kyrgyzstan, and 1,161 km border with Uzbekistan.<sup>26</sup> Tajikistan, as the poorest state of the FSU, had no resources at all to provide any border control, especially during the period of civil war, which was ongoing from 1992 to 1997. Russia's 201st military base—previously the Soviet 201st Motor Rifle Division (MRD) stationed in Tajikistan—had never left the country. Unlike the other FSU states in Central Asia, Tajikistan did not establish its army on the basis of former Soviet military units on its territory. The Dushanbe-based MRD went under control of the Russian Ministry of Defense and kept its presence in Tajikistan; while an additional substantial contingent of Russian border guards was gradually transformed into a force of combined Russian officers and Tajik conscripts.

With its lack of capabilities, Tajikistan always viewed the Russian military as instrumental in seizing large quantities of heroin from Afghanistan. Although the Russian military's involvement in the drug trade was widely

recognized and had been publicly acknowledged,<sup>27</sup> it was not considered a problem by Tajik authorities. In fact, Russia's military involvement in the drug trade mitigated issues of transnational illicit networks operating in the country primary due to their direct affiliation with Tajik authorities at different levels.

In October of 2013, the Tajik parliament ratified a deal to extend Russia's lease on military bases in the Central Asian state until 2042. The deal ensured the continuing deployment of around 7,000 Russian troops near Dushanbe and in the southern cities of Kulob and Qurghon-Teppa.<sup>28</sup> Despite the fact that the Tajikistan-Afghanistan border has remained the most porous border in Central Asia, the deal has important implications for Russia and Tajikistan after withdrawal of international forces from Afghanistan in 2014. For Russia, it signified its continuing footprint in the area. For Tajikistan, it signified enduring access to the Russian labor market and thus continued transfers of funds to the country which is otherwise incapable of reducing social tensions and increasing their GDP. As for border security in the region and in-flow of drugs from Afghanistan, it would be highly unlikely to expect significant reduction of Afghan drugs across the border due to the presence of Russian troops in the country.

Tajikistan-Afghanistan border has been a primary point of entry for Afghan opium. The economy of the cross-border Badakhshan region, which has its Tajik and Afghan parts, is based on drugs. According to the UNODC, roughly eighty tons of heroin and twenty tons of opium crossed the Afghan-Tajik border annually. There was evidence of involvement of Afghan insurgents in fighting in Tajikistan; however, such issues were resolved at a bi-lateral level after exchange of smuggling-related information between the two countries. For instance, mass media noted the arrest of a local Afghan police chief who possessed drug-processing factories in the border district and sent convoys with drugs to Tajikistan.<sup>29</sup> The arrest was made in August of 2012 after Tajik officials delivered sufficient evidences to Afghan authorities on the police chief's involvement in the fighting in Tajikistan.

Allegedly, many Taliban smugglers are trading drugs for guns at a dedicated bazaar along the Afghan-Tajik border. Smugglers in northern Afghanistan took heroin into Tajikistan, where they swapped it for guns and ammunition. Criminal insiders reported that Russian TOC groups, who smuggled the drugs into Europe, bought the heroin from them using Kalashnikovs as currency. NATO estimated that the Taliban received up to 40 percent of its income from drugs, but details of the bazaar suggest that the economy had evolved well beyond simple cash transactions, and that the real figure could be far higher.<sup>30</sup> The weapons on sale included machine guns, sniper rifles and anti-aircraft weapons.

Furthermore, the conflict potential over borders in the region increased dramatically either because of incentives to restore “historical justice,” or attempts to protect natural resources, or efforts to gain resource advantages. For example, Uzbekistan and Kyrgyzstan alone had more than 140 unresolved disputed border points and that shared border constituted only a small fraction of the regional total.

The lion’s share of disputes between them related to the Fergana and Isfara Valleys, which have an incredible mixture of Kyrgyz, Tajik, and Uzbek populations intricately dispersed in enclaves and exclaves through the territories of each other in that area. Sporadic tensions, violence, killings, incursions, and ousting of a rivalry ethnic group from its traditional location within the Fergana Valley produced fruitful ground for illicit activities. Transnational criminal groups took advantage of the weak and inefficient border control and increasingly used the Central Asia region for trafficking and smuggling. Their capabilities to build up channels for illicit transit operations significantly exceeded cross-border cooperation in the region.

Smugglers found safe havens in administrative vacuums of enclaves (See map 1). Vorukh, a Tajik enclave within Kyrgyzstan; Sokh and Qalacha, Uzbek enclaves within Kyrgyzstan; Sarvan, a Tajik enclave within Uzbekistan; Shakhimardan, Dzhangajl, Tayan, all three Uzbek enclaves within Kyrgyzstan; and Barak, Kyrgyz enclave within Uzbekistan, all have the reputation of places safe for smugglers and traffickers of their ethnic group.<sup>31</sup> Besides the extraterritoriality issue of enclaves and exclaves, the process of delimitation and demarcation was not finished in Fergana valley and borders were frozen and even mined by Uzbekistan in an attempt to prevent violence, spread of terrorism, or free movement of people after several terrorist attacks at the end of the 1990s. (*See the Enclaves of the Ferghana Valley Map included in this volume.*)

Overall, smuggling remains the main activity in all border areas of Central Asia. Attempts to install the restrictive trade regimes and build barbed-wire fences did not bring desired results. Uzbekistan’s failure to stop smuggling despite restrictive measures became the most evident case. Through state controlled media, Uzbek reporters were ordered to prove that anti-smuggling efforts had been largely successful. With reference to Uzbekistan’s state television broadcast, EURASIANET, operated by the Central Eurasia Project of the Open Society Foundations, retrieved official data on success and effectiveness of border control in the county. The state officials claimed that the Uzbek customs service responded to 29,000 violations of Uzbek customs law, initiated close to nine hundred criminal cases against smugglers, and confiscated illicit goods worth approximately 110 billion sums [about \$60 million] in 2011.<sup>32</sup> These figures were meant to prove effectiveness of the

government, which built miles of barbed-wire fences and even dug trenches in many places of the state border in the Fergana valley area.

The reality was drastically different. Regardless of all restrictions and control, the border between Uzbekistan and Kyrgyzstan was a smuggling paradise. From Uzbekistan, fresh fruits and vegetables were shipped by trucks. From Kyrgyzstan, illegally smuggled goods were predominantly from China, consisting of 68 percent clothing and shoes, 19 percent kitchenware, and 13 percent electronic appliances.<sup>33</sup> This smuggling was primarily a response to protectionist tariffs, which were crafted to safeguard either state-owned or state-affiliated domestic manufacturers from competition. Most consumer goods, including food, clothing, appliances, and motor vehicles, were taxed at rates stretching from 40 to 100 percent.<sup>34</sup> Second, such smuggling was a lucrative job for farmers, who could earn up to \$300 per day, which was higher than the monthly salary of state employees. Third, smuggling prompted the creation of cross-border mafia-type syndicates. Customs officials and border guards from both sides of the border became a well-remunerated part of smuggling networks, investing money in real estate and infrastructure along the border. It was in their best interest to ignore the central government and to keep high profits from illicit trade.

Finally, attempts to improve regional transportation networks created additional opportunities for drug traffickers and smugglers. The rail networks, which previously linked cities in central Asia and played a vital role in the region, were extended to Afghanistan. Since that extension, several important heroin seizures had reportedly taken place along the network, suggesting that traffickers were abusing the lack of efficient law enforcement control along it.<sup>35</sup> However, it should be noted that most of the recent drug seizures made on Uzbekistan's rail network were on trains that originated in Tajikistan, rather than in Afghanistan.<sup>36</sup> This may prove allegations that Tajikistan is involved not only in the transit of heroin but in its production for the purpose of trafficking.

## **TRENDS IN TOC DEVELOPMENT IN CENTRAL ASIA**

Three distinctive trends in the development of illicit networks in Central Asia are evident. First, domestic organized criminal groups are transitioning to TOC organizations. Second, the Central Asian TOC groups are multi-ethnic and cement together former FSU citizens, including members of Diasporas living outside of the region. Third, the Central Asian TOC groups follow the Afghanistan-Pakistan-United Arab Emirates (UAE) pattern to blend together different forms of transnational crime and to launder criminal proceeds in

UAE, particularly in Dubai.<sup>37</sup> Such a shift confirms the global tendency of engagement in diverse transnational criminal activities by the same transnational criminal organization.

The UAE's money-laundering vulnerabilities are numerous because of its role as the primary transportation and trading hub for the Persian Gulf States, East Africa, and South Asia. A significant portion of the money laundering in the UAE is likely related to proceeds from illegal narcotics produced in Afghanistan. Narcotics traffickers from Afghanistan are increasingly reported to be attracted to the UAE's financial and trade centers. Groups operating primarily outside the country almost certainly control the funds.<sup>38</sup> Other money-laundering vulnerabilities in the UAE include exploitation of cash couriers, the real estate sector, and the misuse of the international gold and diamond trade. The Central Asian TOC groups are extensively exploiting the UAE vulnerabilities for their operations and for the extension of their geographical span.

Criminal networks that traffic in drugs typically also deal in small arms, light weapons, precursor chemicals, traffic in people, smuggle bulk cash, launder money through property acquisition, construction, and similar activities. The illicit networks that crisscross Afghanistan, Pakistan, Iran, Central Asia states, and Russia have tentacles reaching not only to Eurasia and Europe, but to the Western Hemisphere too. Not all transnational criminal organizations undertake the full spectrum of illegal activity, but it is increasingly rare to see major crime groups confine their business strictly to one type of criminality.<sup>39</sup> To fight such groups within borders of Central Asia or Eurasia is near to impossible because illicit networks significantly overpower local authorities, who have no capacity and will to resist corrupted influence.

International organizations, specifically the UNODC, and the US law enforcement agencies are better equipped to fight TOC groups deriving from Central Asia than local governments. For example, the US Treasury has authority and capabilities to deny physical access for individual criminals to the United States, freeze their assets, and block transactions. In February of 2014, the so-called Brothers' Circle, a criminal organization originated from Central Asia, was designated by the U.S. Treasury as a transnational criminal syndicate.<sup>40</sup> The Brothers' Circle was the first organization that possessed clear transnational attributes.

The Brothers' Circle is composed of leaders and senior members of several Eurasian criminal groups who were largely based in countries of the former Soviet Union but operated in Europe, the Middle East, Africa and Latin America. It served as a coordinating body for several criminal networks with two primary goals: to mediate disputes between the individual criminal

networks and to direct criminal activities globally. The Treasury designated representatives of criminal syndicates that operated throughout Eurasia and the Gulf, specifically within Kyrgyzstan, Uzbekistan, Russia and the United Arab Emirates (UAE).

The members of the Brothers' Circle were involved in narcotics trafficking, shootings between different regional factions, attempts to seize control over the markets in precious metals, small arms, and trafficking in explosives. Kamchybek Kolbayev, one of the leaders of Kyrgyz organized crime, acted for or on behalf of the Brothers' Circle by serving as the Brothers' Circle "overseer" for its Central Asian activities, including narcotics trafficking.<sup>41</sup> In June of 2011, President Obama identified Kolbayev as a significant foreign narcotics trafficker under the Foreign Narcotics Kingpin Designation Act.<sup>42</sup> In May of 2014, The U.S. Department of State's Transnational Organized Crime Rewards Program offered a reward of up to \$1 million for information leading to the disruption of the financial mechanisms of the criminal network of Kamchybek Kolbayev.<sup>43</sup>

In the meantime in Kyrgyzstan, Kolbayev was twice sentenced for twenty five-year prison terms. In the first case, he was released after six years in prison; in the second case, he escaped from a prison in less than one year. He was apprehended by Interpol in 2010 in Dubai,<sup>44</sup> and one year later he was returned to Bishkek where he was again sentenced in October of 2013 but that time for only five and a half years. In June of 2014 he was released in Bishkek after serving only one and a half years of his term. The decision to reduce a prison term to three years was taken by the Supreme Court, and then it was further reduced with reference to criminal code provisions.

Another key member of the Brothers' Circle is a former senior boxing official of Uzbekistan, Gafur Rakhimov.<sup>45</sup> He fled Uzbekistan in 2010 and has been staying in Dubai, UAE, ever since to avoid arrest. He is one of the leaders of Uzbek organized crime with a specialty in the organized production of drugs in the countries of Central Asia. He operates major international drug syndicates involving the trafficking in heroin. His official business in Dubai consists of a network of jewelry shops, continuing traditional money-laundering practice through legal business.

Simultaneously, Gafur Rakhimov is keeping his position of a vice-president of the Olympic Council of Asia and the AIBA world boxing association. Allegedly, his connections were instrumental for Russia to land the Winter Olympics of 2014 in Sochi. According to his own statement, he won votes for the Sochi bid from International Olympic Committee (IOC) members. In 2007, after a concluding session of the IOC in Guatemala, Russian Olympic Committee president Leonid Tyagachev thanked Rakhimov for his "single-minded work" in obtaining IOC members' votes for Sochi.<sup>46</sup>

## TRENDS IN COUNTERING ILLICIT NETWORKS

There were at least two distinct tendencies in the efforts towards countering illicit networks in Central Asia. The first tendency reflected changes in the in-country efforts to deal with TOC groups. The second showed the differentiated international approaches to the fight with illicit trafficking through participation of the United States, Russia, and international organizations.

With regard to in-country attempts to diminish the role of illicit networks, Kazakhstan clearly was a champion in the region. Kazakhstan's authorities tried to bring state borders under control, to create a legislative foundation for dealings with illicit networks, and to develop regional cooperation. The most effective border control was implemented on the Kazakh-Chinese border where special interagency groups began monitoring crossing points in an effort to eliminate corruption and increase the flow of cargo.<sup>47</sup> However, Southern and Northern Kazakh borders remained porous for drug trafficking and smuggling.

Priority was evidently given to counter-narcotics activities. Kazakhstan harmonized its legislation to create a unified list of narcotics, psychotropic substances and precursors subject to control, and trained all law enforcement agencies to fight against illicit drug trafficking through the Interagency Counternarcotics Training Center. At a regional level, Kazakhstan initiated the creation of the Central Asian Regional Information Coordination Center (CARICC), which was designed as a platform that would coordinate efforts for information exchange and counter-narcotics interactions of multi-lateral organizations such as the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organization (SCO), Interpol and Europol. According to Kazakhstan's assessments, Kazakh law enforcement agencies cooperated with the drug control agencies of Kyrgyzstan, Tajikistan, Uzbekistan, and Russia most effectively.

However, it is difficult to measure effectiveness. The lack of statistics and systems of monitoring pose a significant problem with measuring effectiveness of regional cooperation to fight illicit networks. The most comprehensive source has been the UNODC and its field office in Central Asia, however even they provided fragmented data based on reports from the region. (Data regarding Turkmenistan is a particular problem.) CARICC, discussed above, episodically gave information on disrupted networks or seized narcotics for the UNODC, but not in a systematic form.

While the UNODC reported that since the Centre officially was opened in December 2009 more than 20 trafficking channels had been disrupted, with seizures of more than 250 kg of heroin and over 115 kg of opium by the end of 2011,<sup>48</sup> such statements did not offer any information on routes,

overall volume of trafficked heroin and opium, their place of origin, involvement of local law enforcement agencies in trafficking, sharing information methods, investigation processes, and follow-up prosecution. In addition, the reported volume of seizures was indeed insignificant against the background of another UN report which indicated that approximately 90 tons of Afghan heroin were trafficked into Central Asia in 2009–11 and the Central Asian region served as a transit point for a quarter of all narcotics produced in Afghanistan.<sup>49</sup>

The United States tried to assist Central Asia to fight with illicit networks. Similar to the Central America Regional Security Initiative (CARSI) and the West Africa Cooperative Security Initiative (WACSI), the Central Asia Counter-Narcotics Initiative (CACI) to coordinate investigations, support prosecutions, and build collective capacity to identify, disrupt, and dismantle transnational organized crime groups was established.<sup>50</sup> The premises for decision were based on the assumption that Central Asian states on the Afghan border would continue facing a significant threat from illicit narcotic drugs transiting from Afghanistan after withdrawal of NATO troops from the region.

However, Russia, as a participant of the CARICC, strongly opposed the CACI initiative, seeing in it a direct threat to its influence in the region and instead offered cooperation through the CARICC.<sup>51</sup> Assessing CACI's progress at the House Foreign Affairs Committee, it held a subcommittee hearing on U.S. Counternarcotics Operations in Afghanistan in February of 2014, and William Brownfield, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, explicitly identified inadequacies of the cooperation between CARICC and CACI.<sup>52</sup>

Attempts to channel all counter-trafficking and counter-smuggling initiatives through Central Asian organizations controlled by Russia proved to be ineffective. Although counter-narcotics activities were always priorities of the CIS, SCTO, and SCO, the actual results were limited. The creation of a Customs Union and Eurasian Economic Union between Belarus, Kazakhstan, and Russia added opportunities for criminal trafficking activities. The Russian Border Service has asserted that 43 percent of smuggled goods in Russia entered through Kazakhstan in 2011.<sup>53</sup> Removal of border posts between Belarus, Kazakhstan, and Russia allowed for smuggled and pirated goods flowing into Kazakhstan from China to disperse more easily throughout Europe via Russia.

Thus, major problems of fighting illicit networks in Central Asia have remained unresolved. Analysis of initiatives shows that Central Asian states do not treat issues of illicit networks comprehensively as a complex problem. Such an approach would include not only sporadic arrests of petty traffickers



and smugglers, but also tackling the whole realm of corruption-crime interconnectedness. Russia's geopolitical stand in the region diminishes international efforts to assist Central Asian states in fighting both corruption and illicit networks. Central Asian states are not equipped with techniques and instruments to counter TOC networks alone.

## **ILLICIT NETWORKS AND SECURITY IMPLICATIONS**

Without profound changes in governance and sound economic reforms, the Central Asian region will remain among the most susceptible to the threats and challenges caused by the nexus of crime and corruption. Lack of opportunities for the population will continue creating ground for the domination of illicit networks and for their impunity. Pervasive Central Asian corruption which extensively hindered transitions in the region and, above all, affected security sector, including police, border guards, security services, and the army, will further undermine capacities of the states to bring illicit networks under control.

The most visible indication of the failure to repel the offense of the TOC groups in the region is the inability of Central Asian states to establish strong border regimes. Without significant improvements, trafficking and smuggling will gradually exceed licit activities, and further growth of black markets will outpace growth of taxable markets. The help of the international community is needed not only for adequate border equipping and training of border guards, but also for beginning the negotiations concerning the most contentious border disputes in the Fergana Valley.

Strong Russian military and economic presence in the region together with dependency on remittances from Russia, especially in the case of Kyrgyzstan, Tajikistan, and Uzbekistan, will continue determining the decision-making processes in the region. There is convincing evidence that attempts to cooperate with the international community as a whole and the United States in particular will be strictly regulated, and even opposed, by Russia. Russia's continuing vision of the region through the lens of the Great Game will be the most important impediment for Central Asian states in their efforts to use international experience in fighting corruption, illicit networks, sharing intelligence, and exchanging best practices.

Without forceful disruption, the current trends in development of the TOC groups, namely the establishment of trans-border networks, expansion of area of their activities, and manipulation by local justice systems, will accelerate. In order to stop the trends, Central Asian states will need international assistance in capacity building and judicial reforms. Counter trafficking measures after withdrawal troops from Afghanistan will need to be sustained in the

regional development strategies of the major international actors in Central Asia.

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### **BRIEF CASE 1: KUMTOR—IF THE GOVERNMENT TAKES IT ALL, WHO TAKES CARE ABOUT PEOPLE?**

From 1997, when Canada's *Centerra* Group started operation of *Kumtor* gold mine, Kyrgyzstan's most lucrative asset, the contract between *Centerra* and successive Kyrgyz governments has been continuously under threat of revision and the mine has been permanently under risk of re-nationalization. Despite the fact that *Centerra* is contributing up to 10 percent of Kyrgyzstan's gross domestic product, an additional 103 million US dollars in taxes starting from 2012, payments to local suppliers, and 2,500 local jobs,<sup>54</sup> *Kumtor* has become both a bargaining tool in the political parties' fight against the Kyrgyz government for access to *Centerra*'s profits and a subject of intensified demands from the side of the local population, whose needs have been otherwise almost neglected by local authorities.

Both local activist groups and political parties have been blaming *Centerra* Group for corruption, for opaque distribution of projects, for breaching promises to support local villages, for unfair attitudes towards local workers, and for distribution of bribes to local administrations in exchange for the needed permits.<sup>55</sup> The Kyrgyz government does not support nationalization because the central government enjoys 33 percent of shares and thus earns dividends and taxes. If *Centerra* departed, taking technology and funds with them, Kyrgyzstan could not run the mine. However, opposition parties continued playing the *Centerra* card, instigating protests, mobilizing public opinion, prompting grassroots organizations for rent-seeking opportunities, and using organized criminal groups to instigate protests.

The *Kumtor* conflict lost all proportion.<sup>56</sup> In summer and fall of 2013, local protesters sporadically blocked a highway leading to the mine, clashed with police, and even briefly held a government negotiator as a hostage. Several hundreds of protesters, some on horseback, besieged a gold mine, demanding its re-nationalization and more social benefits for their communities.

On several occasions, Kyrgyzstan's government imposed a state of emergency to protect *Kumtor* mine from protesters. Police cleared away demonstrators who blocked the road to *Kumtor* for days, and used tear gas and stun grenades in clashes with villagers who tried to cut power supplies to the mine. For years, the villagers had put forward a list of demands to *Centerra* varying from building roads and a kindergarten and laying water pipelines to giving

them long-term loans,<sup>57</sup> offering them jobs at *Kumtor*, and buying equipment for local hospitals.

In August of 2013, two men, Ermek Junushbaev and Bakhtiar Kurmanov, members of an organized criminal group and identified as leaders of the protests, were arrested on extortion charges. Released video footage showed how these two individuals tried to extort three million dollars from *Centerra* Group, threatening further grassroots action unless the company paid up.

Local media has credited Bakhtiar Kurmanov with being a member of criminal groups run by Interpol-listed Kamchi Kolbaev and later Aziz Batu-kaev. He has been convicted twice, once for robbery and once for assault. Following the release of the video, *Kumtor* Operating Company announced that it was providing “full assistance” to the authorities in investigating the incident.<sup>58</sup> In February of 2014, Junushbaev and Kurmanov were sentenced to seven years in prison.

However, it would be naïve to believe that the government forgot about self-serving interests in the *Kumtor* story. *Kumtor* Operating Company is acting on the basis of annually extended permissions, currently, up to the end of 2017. At the same time, two court decisions, dated by early 2017, ordered *Kumtor* to pay \$10,000 and \$98 million in fees related to their mine waste. There is also a court decision that bans *Kumtor* “from taking any actions relating to certain financial transactions, including transferring property or assets, declaring or paying dividends or making loans to *Centerra*.”<sup>59</sup> The lessons learned from this case are three-fold. First, weak governments in Central Asia cannot compete successfully with organized crime groups. The governments rise up to the challenge only when the threat is existential for them. The loss of *Kumtor*’s revenues in parallel with closure of the Manas transit center was certainly existential for the Kyrgyz government. Second, the population, operating in survival mode when governments cannot deliver any basic services, will always use any illegal opportunity to receive their share of benefits regardless of means involved. Corruption and extortion at the top level will be replicated at the lower level. Third, the Kyrgyz government, facing permanent financial difficulties, will use its legal instruments of power to penalize foreign investors in order to create opportunities for “legalized” illegal profit.

## BRIEF CASE 2: *QUID PRO QUO*

On the 12th of March, 2011, two Antonov-72 cargo planes flying from Afghanistan to Russia made an emergency landing at the *Qurghonteppa* (Kurgan-Tube) Airport in Southern Tajikistan after Tajik air traffic control-

lers denied them permission to land for refueling. The pilots, Russian citizen Vladimir Sadovnichy and Estonian citizen Aleksey Rudenko, claimed that they did not have enough fuel to return to Kabul. After the landing, the State Committee for National Security forces (GKNB) of Tajikistan placed the crews of both planes in a hotel, where they were held for two months. In May 2011 Sadovnichy and Rudenko were formally arrested and the other crew members were released.

On the 8th of November, after a six-month trial, the pilots were found guilty of smuggling, violating international aviation regulations, and illegally crossing Tajikistan's border.<sup>60</sup> They both were sentenced to eight and a half years in prison, and the planes were confiscated as "physical evidence." There were several explanations of what drove Tajik authorities and why such unusually harsh sentences were handed out. Russian pilot Sadovnichy and the management of Rolkan Investment Limited (RIL), the company that owned the planes, stated that the Antonov-72 aircrafts were a valuable target for the Tajik security agency and they wished to keep them by any means because of the planes' unique ability to operate from unpaved strips in the most unfavorable conditions.

Although the RIL was Russian Cargo Company, it was registered in the British Virgin Islands and had been operating in Afghanistan for three years without proper paperwork. The director of RIL, Sergey Poluyanov, informed Russia's Embassy in Dushanbe about the case two months later, only when the pilots were formally arrested.

On November 10, Tajikistan's Prosecutor General, Sherkhon Salimzoda, announced that Dushanbe impounded the two planes following a request from Afghanistan's Transport Ministry. According to Salimzoda, the RIL found out about likely problems with Afghan authorities and had ordered that its planes leave Kabul immediately, even without refilling. The swift departure from Kabul could explain why the aircrafts landed in Tajikistan without permission. The Afghan link might be supported by the report on November 16 that another freight plane belonging to the RIL was impounded in Kabul.

Russian RIA Novosti hinted that the detention of the Russian pilot was linked to the arrest of Tajik-born Rustam Khukumov, the son of Amonullo Khukumov, chairman of Tajik Railways and close relative of President of Tajikistan Emomali Rahmon. Khukumov along with three other Tajik nationals, who had been detained near Moscow in 2008 in possession of nine kilograms of Afghan heroin and was sentenced to nine years and six months in prison.<sup>61</sup> There was media speculation that President of Tajikistan Emomali Rahmon wanted to swap the Russian pilot for a close relative.

The conviction of the Russian pilot infuriated politicians in Moscow. Russia voiced a threat to use "asymmetric" means and reserved the right to use sanctions. Russian authorities launched a round-up of Tajik labor migrants with the

apparent intent of deporting them. Moscow threatened to deport as many as 10,000 Tajik labor migrants. Hundreds of Tajiks reportedly were detained. Legislators also called for visa restrictions on citizens of Tajikistan, while Russia's chief public health official announced that Tajik migrants should be temporarily banned from entering Russia due to concerns they were carriers of infectious diseases.

Tajikistan could not resist Russia's "asymmetric" response. Remittances sent home by Tajik labor migrants in Russia account for about 40 percent of the country's GDP, keeping hundreds of thousands of Tajik families out of extreme poverty. On November 12, Tajik media reported that President Rahmon "took personal control" of the jailed pilots' case. On November 22, a court used the national amnesty announced by Rahmon earlier in the year to reduce the initial sentences of Sadovnichy and Rudenko to two and a half years, and to free both individuals. While the release of the pilots was welcomed by most in Tajikistan as a critical condition for the normalization of bilateral relationships with Moscow, some analysts condemned the move as demonstrating Tajikistan's vulnerability to Russian pressures.

The end of the story caught everybody by surprise. On the 7th of January, 2012, a Russian court dropped drug-smuggling charges against Rustam Hukumov. According to news agency reports, the Moscow region court has ruled that the involvement of Hukumov junior in drug trafficking has not been proved, and has cancelled the judgment of guilt that provided for a long prison term. Other members of the group were left in prison. Russian Foreign Ministry Sergey Lavrov totally denied the media reports that Hukumov had been exchanged for Russian pilot Vladimir Sadovnichy.<sup>62</sup>

## NOTES

1. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

2. See, for example, the definition of the U.S. National Security Council: "Transnational organized crime refers to those self-perpetuating associations of individuals who operate transnationally for the purpose of obtaining power, influence, monetary and/or commercial gains, wholly or in part by illegal means, while protecting their activities through a pattern of corruption and/ or violence, or while protecting their illegal activities through a transnational organizational structure and the exploitation of transnational commerce or communication mechanisms. There is no single structure under which transnational organized criminals operate; they vary from hierarchies to clans, networks, and cells, and may evolve to other structures. The crimes they commit also vary. Transnational organized criminals act conspiratorially in their criminal activities and possess certain characteristics which may include, but are not limited to: in at least part of their activities they commit violence or other acts which are likely to intimidate, or make actual or implicit threats to do so; they exploit differences between countries to further their objectives, enriching their organization, expanding

its power, and/or avoiding detection/apprehension; they attempt to gain influence in government, politics, and commerce through corrupt as well as legitimate means; they have economic gain as their primary goal, not only from patently illegal activities but also from investment in legitimate businesses; and they attempt to insulate both their leadership and membership from detection, sanction, and/ or prosecution through their organizational structure,” accessed April 18, 2017, <https://obamawhitehouse.archives.gov/administration/eop/nsc/transnational-crime/definition>.

3. The list of the transnational organized crimes was first created by the UN in 1994, including money laundering, illicit drug trafficking, corruption and bribery, infiltration of legal business, fraudulent bankruptcy, insurance fraud, computer crime, theft of intellectual property, illicit trafficking in arms, terrorist activities, aircraft hijacking, sea piracy, hijacking on land, trafficking in persons, trade in human body parts, theft of art and cultural objects, environmental crime, and other offences committed by organized criminal groups. See: The Fourth UN Survey of Crime Trends and Operations of Criminal Justice System (UN: New York, 1994).

4. James G. Stavridis, “Foreword,” in *Convergence: Illicit Networks and National Security in the Age of Globalization* (Washington, DC: NDU Press, 2013), vii.

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6. “An Assessment of Transnational Organized Crime in Central Asia,” United Nations Office on Drugs and Crime, New York, 2007, 15.

7. On link between clans, corruption, and organized crime in Central Asia see, for example: Saltanat Berdikieva, *National Identity in Kyrgyzstan: The Case of Clan Politics*, paper was prepared for and presented at the Association for the Study of Nationalities’ 11th Annual World Convention entitled “Nationalism in an Age of Globalization,” Columbia University, New York, March 23–25, 2006, accessed April 18, 2017, [www.Eurasia21.com](http://www.Eurasia21.com); Erica Marat, “The State-Crime Nexus in Central Asia: State Weakness, Organized Crime, and Corruption in Kyrgyzstan and Tajikistan,” Central Asia-Caucasus Institute & Silk Road Studies Program, October 2006, [http://www.silkroadstudies.org/resources/pdf/SilkRoadPapers/2006\\_10\\_SRP\\_Marat\\_State-Crime-Central-Asia.pdf](http://www.silkroadstudies.org/resources/pdf/SilkRoadPapers/2006_10_SRP_Marat_State-Crime-Central-Asia.pdf).

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9. *Ibid.*, p. 221.

10. DOS INCSR, 2013, Vol. 1, p. 292.

11. For example, in 2012, several law enforcement officials, including the brother of the First Deputy Head of the GKNB [Tajikistan’s replacement of former KGB] and the head of Ministry of Interior counternarcotics department were arrested and prosecuted for drug trafficking and corruption. See: DOS INCSR, 2013, Vol. 1, p. 292.

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13. DOS INCSR, 2013, Vol. 1, p. 305.

14. “Uzbekistan, Monitoring Report,” OECD Anti-Corruption Network for Eastern Europe and Central Asia, Paris: OECD, 4–5, accessed April 18, 2017, <http://www.oecd.org/corruption/acn/49882461.pdf>.

15. DOS INCSR, 2013, Vol. 1, p. 312.

16. For more information on the Manas case, please see: Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (Oxford: Oxford University Press, 2012), 142–148.

17. For reference, please see: UNODC <http://www.unodc.org/unodc/en/corruption/index.html?ref=menuaside>.

18. “Kak dolgo prodlitsya ‘roman’ Uzbekistana s Soyedinyennymi Shtatami?” *Stan Radar*, January 27, 2014, accessed April 18, 2017, <http://www.stanradar.com/news/full/7377-kak-dolgo-prodlitsja-roman-uzbekistana-s-ssha.html>.

19. *Ibid.*

20. China’s foreign direct investments (FDI) in the region oversize Russia’s FDI significantly. See: “China’s Ambitions in Xinjiang and Central Asia, Part 1,” *Stratfor*, September 30, 2013, accessed April 18, 2017, [http://www.stratfor.com/analysis/chinas-ambitions-xinjiang-and-central-asia-part-1?0=ip\\_login\\_no\\_cache%3D9848a70861e5c27068c3e62a55fd48d4](http://www.stratfor.com/analysis/chinas-ambitions-xinjiang-and-central-asia-part-1?0=ip_login_no_cache%3D9848a70861e5c27068c3e62a55fd48d4).

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22. Murat Sadykov, “Central Asia: Labor Migrants Caught in Russian Politicians’ Crosshairs,” *Transitions Online: Regional Intelligence*, June 24, 2013, accessed April 18, 2017, <http://www.tol.org/client/article/23832-central-asia-labor-migrants-caught-in-russian-politicians-crosshairs.html>.

23. David Trilling, “Uzbekistan’s President Attacks ‘Lazy’ Labor Migrants,” *Eurasianet*, June 21, 2013, accessed April 18, 2017, <http://www.eurasianet.org/node/67157>.

24. For instance, see the country profiles of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan prepared by the Federal Research Division of the Library of Congress, accessed April 18, 2017, <http://lcweb2.loc.gov/frd/cs/profiles.html>.

25. For reference see: The World Factbook, accessed April 18, 2017, <https://www.cia.gov/library/publications/the-world-factbook/geos/kz.html>.

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27. Svante E. Cornell, “Drug Smuggling in Central Eurasia,” in *Transnational Threats: Smuggling and Trafficking in Arms, Drugs, and Human Life*, ed. Kimberley L. Thachuk (Praeger Security International, 2007), accessed April 18, 2017, <http://psi.praeger.com/doc.aspx?d=/books/gpg/C9404/C9404-2293.xml>.

28. See: “Ratification of Russian Military Base Deal Provides Tajikistan with Important Security Guarantees,” IHS Jane’s Intelligence Weekly, October 1, 2013, accessed April 18, 2017; <http://www.janes.com/article/27898/ratification-of-russian->

military-base-deal-provides-tajikistan-with-important-security-guarantees; "Russia Signs Deal to Prolong Troop Presence at Tajik Military Base," *RFE/RL*, October 5, 2012, accessed April 18, 2017, <http://www.rferl.org/content/russia-signs-deal-troop-presence-tajikistan-military-base/24730251.html>.

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31. Sally N. Cummings, *Understanding Central Asia: Politics and Contested Transformations* (Routledge, 2012), 151.

32. "Uzbekistan & Kyrgyzstan: Smugglers Own the Night," *Eurasianet*, August 22, 2012, accessed April 18, 2017, <http://www.eurasianet.org/node/65811>.

33. *Ibid.*

34. *Ibid.*

35. "Misuse of Licit Trade for Opiate Trafficking in Western And Central Asia," UNODC: Vienna, 2012, 9, accessed April 18, 2017, [http://www.unodc.org/documents/data-and-analysis/Studies/Opiate\\_Trafficking\\_and\\_Trade\\_Agreements\\_english\\_web.pdf](http://www.unodc.org/documents/data-and-analysis/Studies/Opiate_Trafficking_and_Trade_Agreements_english_web.pdf).

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40. U.S. Department of the Treasury, Treasury Imposes Sanctions on Key Members of The Yakuza and Brothers' Circle Criminal Organizations, 2/23/2012, ac-



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41. For detailed references on transformation of Kyrgyz criminal authority Kamchybek Kolbayev into the head of transnational grouping see: [http://www.primecrime.ru/characters/1817/?Event=character\\_view](http://www.primecrime.ru/characters/1817/?Event=character_view) [accessed April 18, 2017].

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## *Chapter Fourteen*

# **Problematic Puzzle Pieces**

## *Enclaves and Conflict in the Ferghana Valley*

T. Jack Rowe

In May 2011, a colleague and I hired a car in Khujand, the provincial capital of Tajikistan's Sughd Province, to drive us to the mountainous and remote Vorukh enclave. For hours we rattled along rutted dirt roads, climbing higher into the jagged Turkestan Range, with an occasional village the only sign of civilization. As we passed over the narrow neck of Kyrgyzstani territory running between the Tajikistani mothership and its Vorukh satellite, we entered a village of ethnic Kyrgyz. The Altaic features of the Kyrgyz inhabitants of the hamlet seemed incongruous when juxtaposed to the Indo-European appearance of the ethnic Tajik villagers we had passed throughout the day. A few minutes later we had left Kyrgyzstan, entered the Vorukh enclave, and were winding our way through fields tended by ethnic Tajik farmers in a narrow valley. From time to time we passed a villager and his donkey sagging under its enormous load. At one point, our driver stopped to give a local boy a ride up the steep mountain road. My Tajiki-speaking colleague engaged our new passenger in conversation, and the boy wanted to know where we were from. My colleague asked him where he thought we were from. The boy furrowed his brow in thought for a moment, and then asked, "Are you Chinese?" The pair of us, who don't have a single strand of East Asian DNA to share between us, and are more often asked if we are British or German while traveling in Central Asia, got a good laugh out of this question.

News reports of the political, social, economic, and security issues associated with the enclaves in the famed Ferghana Valley often remind me of that journey to Vorukh. On that trip I encountered jigsaw, incompletely delimited borders; inhabitants isolated from the wider world and their own nation states; poverty and poor infrastructure; and ethnic diversity. These factors, along with local concern over transit rights and access to resources, and

national-level fears of interethnic violence, the spread of radical Islam, terrorism, and drug trafficking, have often exacerbated relations between Kyrgyzstan, Tajikistan, and Uzbekistan. Since the collapse of the Soviet Union, the existence of such problems has led to constant international concern that the Ferghana Valley could be at the heart of future interstate conflicts.<sup>1</sup>

Though enclave-related disputes in the Ferghana Valley have featured prominently in the headlines in recent years, the possibility they could act as catalysts for wider, interstate conflicts has not received sufficient study. Therefore, an objective analysis of the causes of enclave-associated instability is needed to determine the likelihood and nature of future conflicts associated with these territorial complexities. Such an analysis requires, first, a firm grasp of the enclaves' geographical importance to the region as a whole, the processes which resulted in their creation, and the major conflicts associated with the "neighborhood" in which they exist.

## THE FERGHANA VALLEY: ETHNICITIES AND ENCLAVES

Located in the heart of Central Asia, the Ferghana Valley is divided between south-western Kyrgyzstan (Batken, Jalalabad, and Osh Provinces), northern Tajikistan (Sughd Province), and eastern Uzbekistan (Andijan, Ferghana, and Namangan Provinces). It is home to several important cities, including Batken, Jalalabad, Osh, Khujand (Tajikistan), Andijan, Ferghana, Kokand (Uzbekistan), and Namangan. From its historical role as a caravan stop on the Silk Road to the present, this agricultural cornucopia—with arable soil and significant access to water in an arid region—has long exerted an influence far beyond its borders.<sup>2</sup> Today, it is the most densely populated area in Central Asia, containing over 13 million people (20 percent of the entire population of the region) in an area 185 km long by 105 km wide (at its widest), while constituting a mere 5 percent of the region's territory. Fifty percent of Kyrgyzstan's population lives in its portion of the valley, while 26 percent of Tajikistan's population, and 29 percent of Uzbekistan's people, inhabit their Ferghana territories, with Uzbekistan's portion being the most densely populated of the three. In total, around 3 million Kyrgyzstanis, 2.2 million Tajikistanis, and 9 million Uzbekistanis call the valley home. However, ethnic Kyrgyz, Tajik, and Uzbek populations do not conform strictly to national borders, with Tajiks and Kyrgyz living on Uzbekistani territory, Uzbeks and Kyrgyz living on Tajikistani territory, and Uzbeks and Tajiks living on Kyrgyzstani territory.<sup>3</sup> See map of the Ferghana Valley and its enclaves/exclaves among the front leaves of this volume.

Within the valley are eight areas often collectively referred to as "enclaves" or "exclaves." Kyrgyzstan has one exclave (a non-contiguous territory com-

pletely surrounded by/constituting an enclave in foreign territory): the village of Barak (whose population was reckoned at 30 families in 2014), located in Uzbekistan. Tajikistan has three exclaves: Sarvan/Sarvak/Sarvaskoi, an 8-km<sup>2</sup> enclave in Uzbekistan; Vorukh, a 130-km<sup>2</sup> enclave in Kyrgyzstan, with a population of about 31,000 (95 percent Tajik and 5 percent Kyrgyz); and Western Qal'acha/Kayragach, a less than 1-km<sup>2</sup> enclave located in Kyrgyzstan. Uzbekistan has four exclaves, all inside Kyrgyzstan: Sokh, a 325-km<sup>2</sup> area with a population estimated between 43,000 and 70,000 (99 percent of which are Tajik and 1 percent Kyrgyz); Shakhimardan, a 90-km<sup>2</sup> area with population of over 6,000 (91 percent of whom are Uzbek and the remainder Kyrgyz); Qal'acha/Chon-Qora/Chongara with an area 1 km<sup>2</sup>; and Dzhangail/Jani-Ayil, which is even smaller. Uzbekistan also claims Tayan, a 40-hectare outcropping of arable land close to the Kyrgyzstani village of Tayan south of Sokh, though it is unclear if it legally constitutes a separate exclave.<sup>4</sup> These geographical jigsaw pieces are remnants of the complex, if consistent, logic of Soviet nationalities policy.

## SOVIET CONSTRUCTION OF NATIONALITIES AND NATIONS IN THE FERGHANA VALLEY

The national identities of the modern Kyrgyz, Tajiks, and Uzbeks owe much to the social experimentation of the Soviet era. The Soviet nation-building process was a joint effort between Moscow, local Central Asian communists, and like-minded elites in the region, who saw a place for themselves as the founding fathers of new “nations” within the Union of Soviet Socialist Republics (USSR). Ethnographers sent by the central government added a scientific element to the proceedings by determining the major ethnicities of the region and approximating their geographic boundaries. In 1924, the Central Asian Bureau of the Russian Communist Party's Central Committee began to establish the region's new polities with an eye toward creating modern nations from the “feudal” societies of the past. In 1929, Stalin, once commissar for nationalities, then ascended to the apex of the Politburo, began calling for Moscow to move “full steam ahead” in helping the people of former Tsarist realms move along the evolutionary path to a golden socialist future. This process was fraught with problems, as national identity was an alien concept to most Central Asians, who saw themselves merely as Muslims, or denizens of certain regions or cities (e.g., Samarkandis), rather than members of distinct nationalities, that could easily be transformed into the titular citizens of nation-states.<sup>5</sup> However, this process quickly resulted in local competition over resources and ethnic animosity.

### **Kyrgyz vs. Uzbeks**

In the Ferghana Valley, both Uzbek and Kyrgyz leaders sought the inclusion of the area's major towns in their respective polities. Though Kyrgyz were not the majority in any of the major urban areas, they argued that a Kyrgyz polity would not be economically viable without centers of trade and industry. This argument won for them the cities of Osh and Jalalabad, but most of the valley's other cities (i.e., Andijan, Ferghana, Khujand, Kokand, and Namangan) went to the Uzbeks. However, after 1924, self-identified Uzbeks living near Jalalabad petitioned Moscow to be included in the Uzbek Soviet Socialist Republic (SSR), claiming that the Kyrgyz villages near them were closer in culture and language to the Uzbeks than other Kyrgyz. They also claimed that the Kyrgyz government's economic focus on livestock breeding meant that they, as Uzbek farmers, were left out of the official funding loop. These petitions led to visits by Soviet officials who, after some study, agreed that this Uzbek *volost'* (Russian: "local level administrative unit") should be transferred to the Uzbek SSR.<sup>6</sup>

### **Tajiks vs. Uzbeks**

Similar arguments arose between Tajiks and Uzbeks when the Tajik SSR was carved out of the Uzbek SSR in 1929. Many Tajiks were upset that their new SSR, an upgrade from its status as ASSR, or Autonomous Soviet Socialist Republic subordinate to, and part of, the Uzbek SSR, was not awarded the cities of Bukhara and Samarkand, which for centuries had been centers of Persian culture. Tajiks appealed to Soviet officials for help, using census data to bolster their case that these were, indeed, Tajik-majority cities. The Uzbeks countered by allegedly using intimidation to affect the Uzbekization of the territory (i.e., forcing citizens of the cities to identify themselves as Uzbeks) while simultaneously claiming that the former Emir of Bukhara had fostered a policy of cultural Tajikification among his Turkic subjects. The bilingual nature of Bukhara, Samarkand, and portions of the Ferghana Valley, however, made it difficult to divide "Tajiks" from "Uzbeks," a division that had only come to prominence because of national delimitation in 1924. By 1930, perhaps to assuage the Tajik sense of loss, the Uzbeks had ceded to them the Khujand/Ferghana region, despite the presence of a substantial number of "Uzbeks" there.<sup>7</sup>

### **Kyrgyz vs. Tajiks**

As the future Tajik SSR began its existence as a portion of the Uzbek SSR, competition over territory between Kyrgyz and Tajiks during the national delimitation period was not as acute as that between Kyrgyz and Uzbeks or Tajiks and Uzbeks. After the Second World War, however, the Kyrgyz SSR

began to claim territory in the Tajik SSR inhabited by Kyrgyz herders. Without sanction from either Moscow or Dushanbe, the Kyrgyz SSR adjusted its maps to add more than 106,000 hectares to its territory from the northeastern part of the Tajik SSR's Leninabad, now Sughd, Province. Eighteen Soviet-era bilateral commissions failed to resolve the dispute, as the two republics did not recognize one another's official maps (the Tajik SSR's dated from 1927 and the Kyrgyz SSR's from 1958).<sup>8</sup>

### **Glasnost' and the Violence of 1990**

The national delimitation process, which attempted to satisfy local and national economic and cultural concerns, created the jigsaw borders of today's Ferghana Valley—including its enclaves—and left newly constituted ethnic minorities separated by state borders. The destabilizing nature of these ethnic complexities laid largely dormant until the late 1980s and the weakening of Soviet authority. In July 1989, Kyrgyz and Tajiks living in what is now Kyrgyzstan's Batken Province fought over a piece of Tajik land that the Soviet authorities had given to the Kyrgyz to build a collective farm, resulting in one dead and nineteen injured.<sup>9</sup> The next year, violence broke out in Osh, Kyrgyzstan, after a piece of a land from an ethnic Uzbek collective farm was transferred to some Kyrgyz. This ignited riots that killed an estimated three hundred people, and was only stopped by appeals for unity by local elders on both sides.<sup>10</sup> Using the new freedoms provided by *glasnost'*, ethnic Uzbeks also called for greater autonomy in the Kyrgyz SSR, more access to land and housing, and a greater Uzbek presence in the republic's administrative bodies. However, the riots and violence, and the sight of Uzbek bodies lying in the street, took a lasting toll on ethnic relations.<sup>11</sup>

While some tension bubbled below the surface in the Tajik SSR, interethnic strife did not rear its head in Khujand the way it did in the Kyrgyz and Uzbek SSRs' Ferghana territories during the late Soviet period. In fact, intermarriage between Tajiks and Uzbeks was commonplace, which, along with the traditional bilingualism of the area, made it almost impossible for some of its citizens to declare themselves as solely belonging to either ethnicity. This only became an issue during the Tajikistani civil war, when ethnic identity was crosscut by regionalism.

## **MAJOR CONFLICTS IN THE FERGHANA VALLEY SINCE INDEPENDENCE**

Whatever minutiae Soviet ethnographers and economists haggled over in delimitation-era theoretical discussions, the USSR never intended to grant



independence to its Central Asian territories. Hence, when independence came unexpectedly to the region in late 1991, all five Central Asian republics—especially the Kyrgyz and Tajik SSRs—were socially and economically unprepared. Transportation and energy infrastructure, designed to function in a unified political entity, now crossed no-longer-theoretical international borders. And, ethnic minorities were left stranded in neighboring countries. Suddenly, interethnic violence in the Ferghana Valley took on the trappings of interstate conflict.

### **Tajikistan's Civil War, Khudayberdiyev, and the Uzbeks**

When Tajikistani President Rahmon came to power in the midst of his country's civil war (1992–1997), he perpetuated the clan-based political system of his predecessor. He took his rule as an opportunity to supplant Leninabadi (what is today called Khujand, in Tajikistan's Ferghana Valley) clan rule with that of his own Kulyabi-based Dangharin clan.<sup>12</sup> The Leninabadis had held Tajikistan's top posts and excluded southerners and other mountain ethnic groups from political power for decades. In 1992, a mixed ethnicity Tajik-Uzbek army officer, Makhmud Khudayberdiyev, began supporting the Kulyabis against the Leninabadis, but after Rahmon came to power, Khudayberdiyev challenged his rule on several occasions.<sup>13</sup> Though Khudayberdiyev was defeated in 1997 and fled to Uzbekistan, he returned to the Khujand area in the fall of 1998 with around 900 men. He established control over some local security installations, branded Rahmon corrupt, and demanded more political power for the north. Within a week, Khudayberdiyev and his forces, decried by Dushanbe as puppets of an expansionist Uzbekistan, were routed by the Rahmon regime.<sup>14</sup> Since that time, Dushanbe has remained wary of Uzbekistan's influence in the Khujand area, often seeing ethnic Uzbeks as a potential fifth column for Tashkent.

### **The Islamic Movement of Uzbekistan, Vorukh, and Sokh**

Born in the midst of the Tajikistani civil war, the Islamic Movement of Uzbekistan (IMU) was founded by two Uzbekistani citizens (Tahir Yuldashev and Juma Namangani) who had previously participated in the short-lived Islamist control of the city of Namangan during the Soviet breakup. Early statements by Yuldashev and Namangani castigated the “despotic and apostate” regime of President Karimov in Tashkent.<sup>15</sup> In 1999 and 2000, the group launched raids from bases inside Tajikistan's Tavildara Valley into Kyrgyzstani parts of the Ferghana Valley, capturing Japanese geologists and American mountain climbers, and demonstrating the ineffectiveness of Kyr-

kyrgyzstan's security forces. In these raids, the IMU allegedly used the Vorukh and Sokh enclaves (both located in southwest Kyrgyzstan, in what is now Batken Province) as distribution points for supplies, and found the enclaves' populations amenable to the IMU's radical message. In early 2001, expecting a third IMU foray into the Ferghana Valley, Tashkent demanded that Bishkek allow it a territorial corridor between the Sokh exclave and Uzbekistan's Ferghana proper, in order to deal with the terrorist threat. When word spread that Kyrgyzstan's then-Prime Minister Kurmanbek Bakiyev had acquiesced to Uzbekistan's demand, officials in Bishkek and Batken Province protested and the idea was dropped.<sup>16</sup>

### **Kyrgyzstan's Pogroms of June 2010**

On 7 April 2010, President Bakiyev of Kyrgyzstan was ousted after months of street protests. The former opposition figure, turned corrupt authoritarian, did not immediately flee the country as had his predecessor, Askar Akayev. Rather, he and relatives decamped to their native village of Teyit, near Jalalabad. Bakiyev and his network attempted to stir up their local powerbase against the newly constituted provisional government, inspiring their supporters to commandeer regional administration headquarters in the southern provinces of Batken, Jalalabad, and Osh, though they ultimately failed to retake power. These actions were challenged by local powerbrokers supporting the provisional government, including the ethnic Uzbek Kadyrjan Batyrov, head of *Rodina* (Russian: "Motherland"), a political party primarily composed of his co-ethnics. Batyrov—who had urged a crowd of 5,000 Uzbeks to play a greater role in the new Kyrgyzstan a day after Bakiyev's ouster—mobilized hundreds of supporters and drove Bakiyev's followers out of the Jalalabad regional administration building on 13 May. Later that day, Batyrov and his forces participated in a march on Teyit that resulted in the burning of the Bakiyev family home.<sup>17</sup>

This series of events aroused ethnic animosities and stoked local Kyrgyz fears of political and cultural dominance by Uzbeks, who constitute a majority of the population in several districts of Osh Province.<sup>18</sup> On 19 May, in response to Batyrov's display of Uzbek mobilization, his private Friendship of the Peoples University in Jalalabad was ransacked, and he fled the country. Uzbek-Kyrgyz ethnic tensions erupted into street brawls between youths in Osh on 10 June. The exact catalyst for the brawl remains uncertain, but thereafter a group of Uzbek youths allegedly vandalized cars and shops, and attacked Kyrgyz, which in turn led to likely-manufactured rumors that Uzbeks raped and killed Kyrgyz women in a university dormitory. On 11 May, Osh's main bazaar, primarily filled with Uzbek shops, was gutted by fire, and

on 12 May the violence spread to Jalalabad. Until the violence petered out on 14 May, groups “almost exclusively [composed of] ethnic Kyrgyz” carried out a methodical destruction and looting of Uzbek homes and businesses, while local security forces largely sat by and watched.<sup>19</sup> As a result, at least four hundred people, mostly Uzbeks, were killed, over 2,000 buildings were destroyed, and approximately 120,000 refugees, mostly Uzbeks, fled across the border into Uzbekistan.<sup>20</sup>

Tashkent likely feared a repeat of 1990, when it prevented hundreds of citizens from crossing into the Kyrgyz SSR to defend their co-ethnics.<sup>21</sup> So, to halt the spread of violence and instability, the Karimov regime quickly sealed the Kyrgyzstani Uzbeks into refugee camps, and just as quickly repatriated them home after the anti-Uzbek pogroms subsided.<sup>22</sup>

## Border Disputes

Outside these major events, border violations and associated disputes, sometimes with deadly results, have been a regular feature of life in the Ferghana Valley since independence. A series of recent, headline-grabbing incidents along the Kyrgyzstani (Jalalabad Province)-Uzbekistani (Namangan Province) border is illustrative of such ongoing tensions. In July 2013, Kyrgyzstani border forces shot dead an Uzbekistani counterpart near the town of Sasiksai, whom they claimed had intruded into Kyrgyzstani territory and opened fire on them (Tashkent’s version of the story claimed drunken Kyrgyzstani border guards had violated the border and fired on the Uzbekistani officers who sought to question them).<sup>23</sup> Later that year, hundreds of Kyrgyzstanis protested Uzbekistani border guards raising Uzbekistan’s national flag on Unkur-Too (Kyrgyz)/Ungar Tepa (Uzbek) Mountain, the site of a Kyrgyz-telecom radio transmitter located on disputed territory in Kyrgyzstan’s Aksy District.<sup>24</sup> In March 2016, Aksy was again the scene of tension between the two neighbors, when Uzbekistani armored personnel carriers and troops occupied a section of road between two Kyrgyzstani settlements in the area after Tashkent was denied the right to deploy specialists to the Orto-Tokoi/Kasan-Sai Reservoir. In response, Bishkek mobilized its own forces in the area, and blockaded Tashkent’s Sokh and Shakhimardan excalves in Kyrgyzstan’s southwest. Negotiations defused the immediate dispute, but the status of the reservoir, built by the Uzbek SSR on the Kyrgyz SSR’s territory in the 1950s, remains unresolved, and Uzbekistan’s troops continue to be stationed there.<sup>25</sup> In August 2016, Uzbekistani forces deployed to Unkur-Too Mountain by helicopter and detained four Kyrgyzstani citizens, who were later released.<sup>26</sup>

High-profile border disputes have also occurred between Kyrgyzstan and Tajikistan in recent years. Following deadly altercations between Bishkek’s and Dushanbe’s border forces near Vorukh in January and July 2014—each of

which reportedly featured the use of mortars (discussed in detail below)—the sides exchanged fire in August that year in the Leilek District of Kyrgyzstan's Batken province. Bishkek claimed Tajikistani border guards had tried to set up a new border post on disputed territory and had opened fire on its forces, again, with mortars. Dushanbe maintained Kyrgyzstani citizens provoked the clash by trying to repair a bridge in disputed territory, and that Kyrgyzstan's border forces fired first. Several people were injured, some fatally, according to differing press accounts.<sup>27</sup>

### **SOKH, BARAK, SHAKHIMARDAN, AND VORUKH: CONFLICTS 2010–2016**

Except for the incursions of the IMU, and Bishkek's blockade of two of Tashkent's exclaves in 2016, the enclaves did not play a major role in any of these conflicts. However, several incidents in recent years specifically associated with the Sokh, Barak, Shakhimardan and Vorukh enclaves have reminded Central Asia watchers that these territorial complexities can also act as catalysts for clashes between neighbors, and, possibly, result in tensions between states at the national level.

#### **Sokh, Barak, and Shakhimardan**

Sokh, the largest of all the Ferghana Valley's enclaves in terms of territory and population, is almost entirely composed of ethnic Tajiks, despite the fact that it is an exclave of Uzbekistan. Serious bloodshed in this enclave is unusual, but local disturbances between Sokh's residents and their Kyrgyzstani neighbors over a variety of resource-related issues are a fact of daily life. In May 2010, Bishkek began preventing Sokh residents from grazing their livestock outside their enclave on adjacent Kyrgyzstani territory. Enclave residents retaliated with attacks on Kyrgyzstani traffic traversing the main east-west road between the cities of Batken and Osh, which passes through Sokh. Kyrgyzstani locals then began a blockade of the main north-south road that runs between the enclave and Uzbekistani Ferghana proper. Uzbekistani and Kyrgyzstani officials eventually met and cooled the situation, but failed to finish delimiting the enclave's border (part of 320 kilometers of border disputed by Bishkek and Tashkent).<sup>28</sup>

Sokh's disputed border was at the root of an even graver incident on 6 January 2013, when hundreds of Uzbekistani citizens from the enclave village Khushiyor attacked Kyrgyzstani border guards who were erecting electricity line support pylons along the area's ill-defined border.<sup>29</sup> Angry at the Kyrgyzstani intrusion into their territory, some of the villagers reportedly

attempted to seize the border guards' weapons, and five Sokh residents were injured, possibly by gunfire.<sup>30</sup> Villagers also burnt two vehicles, attacked a bus, and took several Kyrgyzstani hostages from nearby villages.<sup>31</sup> Bishkek and Tashkent reacted swiftly to these events, with both immediately closing their borders and the latter ceasing rail traffic into Kyrgyzstan.<sup>32</sup>

Border guard commanders from both sides arrived on the scene, that same day, to defuse tensions, and Kyrgyzstan's Defense Council disavowed the provocative power line laying that had been the catalyst for the event.<sup>33</sup> Negotiations led to the release of the Kyrgyzstani hostages, but border crossings shut by Bishkek and Tashkent remained closed for some time. This forced Bishkek to declare a state of emergency, supply cut-off villages on the western side of Sokh by helicopter, and begin building a road that bypasses the enclave.<sup>34</sup> In early February, Kyrgyzstani president Almazbek Atambayev, who had already dispatched his first vice prime minister to meet with affected villagers, told Kyrgyzstan's border forces to lower tension in the region. Atambayev also opened a previously negotiated humanitarian aid corridor between Uzbekistan proper and Sokh, as well as to the smaller Uzbekistani exclave of Shakhimardan.<sup>35</sup>

Tashkent allowed a similar delivery of humanitarian aid to Bishkek's exclave Barak (located about 40 km northwest of Osh city inside Uzbekistan), which had also been cut off by the governments' January border closings. Uzbekistan even paid compensation to Kyrgyzstanis whose cars were damaged in the Sokh clash.<sup>36</sup> In the midst of these tensions, Kyrgyzstan began building a barbed wire fence on the already delimited 10-km portion of the Sokh border, but said it would not extend the fence until commissions from both sides finished the process of delimitation.<sup>37</sup> However, the deprivations caused by the Uzbekistani blockade of Barak resulted in the further dwindling of the village's population, as many of its inhabitants moved to Kyrgyzstan proper.<sup>38</sup> And, further violence occurred in May 2015 when Uzbekistani border guards killed a Kyrgyzstani citizen they stated was trying to smuggle agricultural products out of Sokh.<sup>39</sup> Yet, cooperation on border issues between Kyrgyzstan and Uzbekistan has improved since the death of President Islam Karimov in September 2016, and a phone call the following month between then-acting Uzbekistani leader Shavkat Mirziyoyev and President Atambayev spurred the stagnant delimitation process to reach an agreement on forty-nine non-demarcated sections of the border.<sup>40</sup>

## Vorukh

Since 1975, the Vorukh enclave has been associated with various clashes between Tajiks and Kyrgyz over resources.<sup>41</sup> More recently, in 2009, Tajikistani

security forces arrested four armed men in the enclave, believed connected to the IMU.<sup>42</sup> In April 2011, Kyrgyzstani border guards held a truck driver attempting to reach Vorukh from Tajikistan proper, reportedly because he refused to pay a bribe. The driver, a Tajikistani, phoned associates in Tajikistan who then blocked the path of three Kyrgyzstani trucks, saying they would only let the Kyrgyz proceed if their fellow Tajik were set free.<sup>43</sup>

Dozens of protestors from both sides of the border gathered on the road between the enclave and the city of Isfara in Tajikistan. Still, Kyrgyzstani security forces managed to keep the groups separate and prevent violence. The standoff ended after regional officials from both sides met, and the Tajikistani driver was allowed to continue.<sup>44</sup> Two days later, however, a group of Tajikistani youths allegedly attacked one of the Kyrgyzstani policemen involved in the incident, which, again, led Kyrgyzstani youths to block the road. On the Tajikistani side of the border, two Kyrgyzstani trucks were attacked, and fighting broke out, though no serious injuries were reported. Regional officials met again, and decided to set up local councils to prevent such clashes in the future.<sup>45</sup>

In April 2013, another clash occurred between Tajikistanis and Kyrgyzstanis living in the vicinity of Vorukh. On 4 April, Kyrgyzstani construction crews began building a road between the villages of Ak-Sai and Tamdyk—the location of spring pasturelands for Kyrgyzstani livestock—which would bypass the enclave. Residents of Vorukh felt the road was being built on Tajikistan's territory and appealed to their government and security forces to stop the construction. At a meeting between local authorities the sides affirmed that the road violated an agreement forbidding construction on disputed territory. Despite this, Kyrgyzstani crews restarted work on 27 April, and local Tajikistanis attacked them and their equipment with stones.<sup>46</sup>

That night, Kyrgyzstani villagers from Ak-Sai blocked the road to Vorukh, stopping and beating Tajikistani drivers, including the deputy mayor of Isfara and five police. The villagers also took seventeen hostages and seized five vehicles. Tajikistanis from the nearby village of Khoja-i Alo responded with a counter-blockade of the road. Eventually, around 4,000 people became involved in a melee.<sup>47</sup> On 28 April, border guard representatives from both sides met to reduce tensions; they agreed to foster greater dialogue between local citizens and security forces from both sides, and all the Tajikistanis held hostage were released. The Kyrgyzstani side insisted on continuing construction of the road, but the outcome of the talks was confused and Tajikistan only agreed to remunerate the damaged construction equipment.<sup>48</sup>

Though Atambayev hailed the speedy cooperation that prevented an escalation of the situation, disagreement arose over which maps to use in discussing delimitation of the enclave's borders at a 4 May meeting of a

joint Tajikistani-Kyrgyzstani government commission.<sup>49</sup> On 31 May, another incident took place when Kyrgyzstani border guards detained two Tajikistani nationals for illegally crossing the border to gather firewood. Though they were released, other Tajikistanis allegedly took revenge by attacking Kyrgyzstanis in the village of Kozhol; border forces from Kyrgyzstan and Tajikistan subsequently agreed to block the Vorukh-Isfara road in order to prevent further conflict.<sup>50</sup>

In December 2013, the Vorukh-Isfara road was blocked by local Kyrgyzstanis who blamed a Tajikistani neighbor for an arson attack on a Kyrgyzstani teahouse in a disputed area along the border. This resulted in local Tajikistanis blocking the road between the Kyrgyzstani village of Ak-Sai and the city of Batken, and then-Kyrgyzstani Deputy Prime Minister Tokon Mamytov being dispatched to aid in the negotiations between local officials from both countries in Tajikistan's Isfara District.<sup>51</sup> During meetings in Dushanbe on 8 January 2014, the two sides agreed to jointly patrol this contentious border region to forestall future incidents. However, on 11 January, a shootout between Kyrgyzstani and Tajikistani border guards occurred near Ak-Sai, which left several wounded. The Kyrgyzstani side claimed their Tajikistani counterparts had fired on them after an argument over the bypass road Bishkek was constructing around Vorukh, though, inevitably, Dushanbe claimed its personnel had been fired on first by Bishkek's forces. Even more alarming, Deputy PM Mamytov claimed that Tajikistan's border forces had used mortars (which Tajikistan later admitted) and rocket-propelled grenades (RPG) in the altercation.<sup>52</sup>

In May 2014, approximately 1,500 residents of Vorukh and the Kyrgyzstani village of Kok-Tash began throwing stones at one another, resulting in twenty-five injured, and necessitating the deployment of border guards, police, and senior officials from both sides to quell the violence. Both sides claimed the genesis of the incident was the other's citizens throwing stones across the border at passing vehicles. Bishkek also claimed that Tajikistanis had burned a gas station, a store, and two vehicles near a Kyrgyzstani village during the violence. Hundreds of citizens gathered in Kok-Tash the following day to demand the border be demarcated.<sup>53</sup> Later that summer, Dushanbe's Foreign Ministry formally protested the killing of a Tajikistani citizen by Kyrgyzstani border guards near Vorukh on 10 July. Both sides blamed one another for initiating the incident, in which a Kyrgyzstani border guard was also injured, and Bishkek again claimed Dushanbe's forces had used mortars and RPGs. However, the bi-lateral mechanism set up to resolve border disputes immediately determined to create a commission to investigate the recent incidents.<sup>54</sup>

Another clash between locals took place in August 2015, when, according to Kyrgyzstan's border forces, Tajikistani citizens prevented villagers in

Kok-Tash from reaching a local cemetery, who retaliated by blocking a canal running into the Tajikistani village of Chorku. Dushanbe, however, claimed that the canal had first been blocked, resulting in its citizens' blockade of the cemetery road. As many as 1,000 locals were involved in the subsequent skirmishes (Molotov cocktails and hunting rifles reportedly were used) which injured several and damaged homes and a vehicle. Tajikistan's State Committee for National Security claimed the Kok-Tash village council head Raziya Osorova had deliberately stirred up her village's inhabitants with the goal of seizing Tajikistani territory—she again made the headlines in January 2017, when she received severe head injuries in yet another bout of stone throwing between the inhabitants of Kok-Tash and their Tajikistani neighbors.<sup>55</sup> Despite ongoing violence at the local level, the Tajikistani-Kyrgyzstani border delineation commission has continued to interact intermittently at the national level, and, according to a senior Kyrgyzstani official, had agreed, as of November 2015, to base their work on agreements from the 1990s, vice conflicting, Soviet-era maps. Approximately 520 of the 978-kilometer Kyrgyzstani-Tajikistani border has so far been agreed upon by the two sides.<sup>56</sup>

## **ANALYSIS: CAUSES OF PAST AND FUTURE CONFLICT**

The above accounts of recent clashes involving the enclaves are mere sketches of incredibly complex and ongoing issues. Despite their cursory nature, necessary given the length of the present study, these sketches contain the essential details requisite for determining both the proximate and ultimate causes of the latest conflicts. With that information, it will be possible to situate these enclave clashes within the context of the major conflicts associated with the Ferghana Valley, discuss perennial issues that are likely to result in future enclave-associated conflicts, and make some determinations as to the likely nature of these conflicts.

### **Recent Enclave Clashes: Catalysts and Underlying Issues**

The May 2010 (Sokh) and April 2011 (Vorukh) enclave clashes shared similar proximate causes. In both cases, Kyrgyzstani border guards' attempts to restrict foreign nationalities' freedom of movement served as catalysts. In the Sokh incident, Kyrgyzstan was attempting to prevent Uzbekistani citizens from using Kyrgyzstani pasture lands to graze their livestock (water and pastures are the two primary issues in regional resource disputes).<sup>57</sup> The case of Vorukh was more complex. Corruption was reportedly a key factor, but the bribe may have been demanded as an unofficial duty levied on the goods in the driver's truck, a common practice in the region.<sup>58</sup> At the same time,



harassment or intimidation of a driver for reasons of nationality or ethnic animosity cannot be ruled out, as ethnic categories in the Ferghana Valley “are institutionalized through . . . bureaucratic encounters . . . politicized by the selective allocation of resources . . . by the pronouncements of nationalist politicians-patrons . . . [and] new border regimes.”<sup>59</sup> The ultimate causes of these clashes can be described as involving local resource competition and, corruption, perhaps, mingled with interethnic tension. Disputed access to resources (cemetery, water from a canal) also appears to have been the primary driver behind the clashes near Vorukh in August 2015.

The January and April 2013 conflicts in Sokh and Vorukh were also similar, as they both involved Kyrgyzstani efforts to build infrastructure on disputed territory. In other words, while Kyrgyzstani actions were perceived as challenges to Uzbekistani and Tajikistani territorial sovereignty, it was ultimately resource distribution, and access to (as well as a threatened loss of access to) resources that was responsible for these conflicts. It seems that these infrastructure-building efforts were not part of a master plan, conceived in Bishkek, to absorb Tashkent’s and Dushanbe’s territory. Rather, they were attempts by local Kyrgyzstani authorities to satisfy the pasture- and electricity-access needs of their citizens. The fact that these attempts—which should have theoretically removed bones of contention from the Kyrgyzstan-Uzbekistan/Kyrgyzstan-Tajikistan relationships—resulted in conflict, is both ironic, and a testament to the sensitivities of all parties involved. Indeed, one of the most alarming, enclave-associated altercations, involving the use of mortars, took place in December 2013 over the Kyrgyzstani bypass road around Vorukh. This may have been an instance where the securitization of the border since independence resulted in a feeling of empowerment by local security forces to employ lethal means to respond to minor infractions, and where “legal uncertainty” resulted in “substantial abuse of power . . . allowing for violence to be used to resolve uncertainty where traditional modes of authority are unrecognized.”<sup>60</sup>

Finally, there were similarities in the incidents near Vorukh in December 2013 and May 2014. Their proximate causes were attacks (the alleged Tajikistani role in the burning down of a Kyrgyzstani tea house, and stones thrown across the border at either passing Kyrgyzstani or Tajikistani vehicles), which allowed the injured parties to mobilize networks of, probably, “kinship and friendship along ethnic lines” to block roads and engage in a rock hurling melee.<sup>61</sup> The ultimate cause of these conflicts can be ascribed to underlying, institutionalized ethnic/national tension, as discussed above, though it is well to remember that any disagreements between different ethnicities “can easily morph into a more generalized sense of grievance against the ethnic group with which one or other is identified.”<sup>62</sup>

## Enclave Conflict in the Big Picture

While these incidents, and their causes, do not provide a complete picture of the nature of enclave-associated conflict since independence, they are representative of the major trends. As such, they can be fit into the context of the Ferghana Valley's major conflicts, and their causes, over the last two and a half decades. In doing so, it becomes clear that in terms of their ultimate causes the enclave clashes are, predominantly, of a different nature than large-scale violence and conflict in the region. That is not to say that access to resources or purely economic issues played no role in Tajikistan's civil war, or the interethnic violence in Osh. It would be hard to argue that the Leninabadi clan/Khudayberdiyev fight against the Kulyabi/Dangharin clan had nothing to do with a reshuffling of resource control or lucrative patronage networks. But the length and scope of the war meant it necessarily involved regional, ethnic, ideological and political issues. In Osh too, economic issues seem to have played some role, as ethnic Uzbek businesses were targeted during the pogroms of 2010. However, the "criterion that guided looters in all the districts attacked was ethnic, not economic."<sup>63</sup> Even in the one major clash, or series of clashes, where the enclaves played an important role—the IMU incursions—the key factors were political and ideological.

However, not all clashes in the enclaves can be solely ascribed to local resource conflicts, as demonstrated in the 2011 Vorukh incident. Whatever the reason the Tajikistani truck driver was held by Kyrgyzstani border guards, he was a foreigner and an ethnic Tajik who was stopped by ethnic Kyrgyz officials. He was also able to quickly rally fellow Tajikistanis to aid him against Kyrgyzstanis in an attempt to affect his release. The December 2013 and May 2014 incidents near Vorukh also seemed to exhibit an ethnic/national dimension from their inception. In six of the eight incidents discussed above, what began as largely resource-focused squabbles resulted in attacks on, or fights between, ethnic/national groups, while the other two appear to have been acts of retribution for perceived attacks on fellow members of an ethnic/national group. It seems, then, that regardless their ultimate causes, each of the above enclave conflicts involved national or ethnic issues, though the majority of the clashes only trended in this direction as they progressed. Yet caution must be exercised in comparing these incidents in Sokh and Vorukh to major outbreaks of interethnic violence in Central Asia. Arguments, even violent ones, between enclave residents and their neighbors may be recurrent, but they have never been as systematic or lethal as the June 2010 events in Osh.

It is to the credit of the officials of the three states, at the local, regional, and national levels, that the incidents described above were not allowed to escalate further. Even when local security officials' blunders helped spark a clash, each side moved quickly to rectify the situation when its seriousness

became apparent. Meetings between border guards, the dispatch of senior officials to ease tensions or conduct negotiations, the security forces' separating of thousands of would-be brawlers, and road and border closures all helped defuse what could have become large-scale conflicts with national consequences. In addition to these tactical measures, national-level negotiations on border delimitation, though sluggish, have provided peaceful forums for airing grievances.

### **Future Conflict in the Enclaves: Resources, Trade, and Security**

Though clashes in the enclaves have not resulted in widespread violence and destruction akin to Kyrgyzstan's 2010 pogroms in Osh, their issues are neither easily solved, nor trivial. As noted above, the May 2010 incident in Sokh was rooted in Kyrgyzstan's refusal to allow enclave residents to graze livestock on its territory, but this problem is not unique. In Vorukh too, livestock plays an important role in animosity between neighbors. Kyrgyzstan's contentious road to spring pastures needed to bypass Vorukh, according to a resident of Ak-Sai, because seasonal livestock movements routinely result in conflict. He claimed that during the annual move through Vorukh to the *jailoo* (Kyrgyz: "alpine pasture") Kyrgyzstani shepherds are regularly beaten and their livestock is stolen.<sup>64</sup> A 2005 study on environmental issues and conflict in Central Asia—jointly prepared by the United Nations, the North Atlantic Treaty Organization, and the Organization for Security and Cooperation in Europe—noted the recurrent nature of this issue. It suggested that

badly defined regulations for the use of pasture in border areas or . . . competition between different local groups are frequent along the borders between Kyrgyzstan (where most of the pasture is located), Uzbekistan and Tajikistan . . . [and that pasture disputes] *seem to display many of the requisites for environmentally induced conflicts leading to violence.*<sup>65</sup>

It is not only pasture land that leads to squabbles in the vicinity of the enclaves, however. Land for housing or farming has also been an important factor. In June 2013, residents of the Kyrgyzstani village of Samarkandek (approximately 27 km from Vorukh) built a fence to prevent their Tajikistani neighbors from building houses and planting trees on disputed territory, leading to verbal sparring between the groups.<sup>66</sup> In 2013, a community leader in Vorukh accused Kyrgyzstanis of similar misappropriations of land, saying that in recent decades they had "laid claim to substantial parts of . . . [Tajikistani] land and behave like its rightful owners."<sup>67</sup> These claims and counterclaims take on a more worrisome dimension when considered in the context of the ongoing process of delimitation. They stoke fears among locals

that squatters from the neighboring country will be able to assert ownership through occupation.<sup>68</sup>

Water disputes, a potent source of disagreement in Central Asia as a whole, also play a key role in enclave-associated contentions. The distribution of water for drinking and agriculture has often resulted in fights between neighbors who inherited Soviet-built water distribution systems. As these systems were designed to exist within, and be controlled by, a single political entity, their use over the last two decades has been characterized by competition and waste, and resulted in unforeseen consequences. For example, as the water table of Tajikistan's Kairakkum Reservoir (or "Tajik Sea," in Sughd Province) has risen, Tajikistanis have been forced to resettle on higher ground in Kyrgyzstani territory. In the Kyrgyzstani village of Karabak (around 60 km from Sokh), about three hundred hectares of land have been made useless by water saturation due to inadequate drainage. Access to water is also a serious problem in the enclaves, as a single irrigation canal can run through two or three of the Ferghana Valley's states.<sup>69</sup>

Even for enclave residents with sufficient access to water and power, daily activities such as going to work or buying groceries include the hassle of crossing an international border. For example, the nearest bazaar for some Sokh residents is in Kyrgyzstan.<sup>70</sup> A similar situation exists in Barak: the border closure during the January 2013 Sokh incident prevented these Kyrgyzstanis from selling cattle and sheep at local markets in Uzbekistan.<sup>71</sup> The borders can even divide individual families, with adult children and parents—living in the same neighborhood—holding passports from two different states.<sup>72</sup>

Security-related problems in the enclaves are more opaque. Since 2001, all the Ferghana Valley's states have had political, diplomatic, and financial incentives to claim to be doing their part to eradicate global terrorism. To be sure, some concern was warranted after the cross-border incursions of 1999 and 2000; and a continued fear, in the capitals of Central Asia, of an influx of terrorist groups from Afghanistan is genuine. However, it is difficult to determine how large the terrorist threat in the enclaves is, given the paucity of information from these country's security forces' about their arrests of Islamist terrorists, and the governments' incentives to distort the issue.<sup>73</sup> The effect of the drug trade on the stability of the enclaves is also difficult to assess. Again, the governments of the Ferghana Valley states have incentives to both inflate the threats they are facing from, and their successes against, the drug trade. That said, the enclaves reportedly played an important role in the drug-trafficking activities of the IMU prior to 2001, and the Ferghana Valley likely continues to serve as a major route for the regional drug trade.<sup>74</sup> Still,

as in the case of terrorism, it is unclear what role if any, the trade has had in enclave-associated clashes.

The role of the three states' security forces in instability is yet another factor to consider. A 2011 United Nations study on the Vorukh/Batken region noted the changing roles of border guards: they have gone from patrolling the border to acting "as arbitrators, law enforcers, land surveyors, environmental authorities, as well as water and land administrators."<sup>75</sup> This coincides with what the report described as an "increasing number of cases of ethnicity-based harassment and discrimination by border guards," including restriction of movement via unauthorized roadblocks, extortion, and the beating of civilians.<sup>76</sup>

## CONCLUSION

The perennial issues listed above will continue to contribute to conflicts in the enclaves until the three states can completely delimit their borders, institute efficient and more honest border control regimes, and ensure their citizens' access to sufficient resources. However, future disputes are unlikely to rise to the level of large-scale or interstate conflict, if officials on all sides on the issue continue to react swiftly to escalating tensions. Resources clashes, in and of themselves, are probably an insufficient driver for wider conflict. But left to fester, they could take on an ethnic/national dimension. Even so, this author does not foresee widespread, interstate conflict erupting from enclave conflicts exacerbated by ethnic rivalries. After all, neither Uzbekistan's intervention into Tajikistan during the IMU incursions of 1999, nor the slaughter of hundreds of Uzbeks in Osh in 2010, resulted in large-scale, interstate warfare.<sup>77</sup>

In addition, though it may be too soon to discern the long-term trajectory of Uzbekistan's foreign policy under new President Mirziyoyev, the relationships between Tashkent and neighboring capitals have become decidedly more friendly since he came to power following President Karimov's death. Among the opening salvos of Mirziyoyev's charm offensive directed at his Fergana Valley neighbors were receiving President Atambayev in Samarkand, exchanging official delegations with Kyrgyzstan to discuss economic cooperation and border issues, opening long-closed border crossings with Kyrgyzstan, and giving significant emphasis to border delimitation and demarcation talks with Bishkek.<sup>78</sup> A delegation of entrepreneurs was also dispatched to Tajikistan's Sughd Province to visit industrial enterprises and cultural institutions, border and visa restrictions were eased for Tajikistanis, and Mirziyoyev pledged aid to Tajikistanis hit hard by avalanches in March

2017.<sup>79</sup> And, though there has not been a similar seismic shift in Kyrgyzstani-Tajikistani relations, discussions between the countries' border services and meetings on border delimitation and demarcation have taken place in recent months.<sup>80</sup> However, while these positive developments are likely to significantly lessen the possibility of interstate conflict between the Ferghana Valley states, the only certainty in the future of the valley's enclaves is their issues will require enormous political will and regional cooperation to resolve to the satisfaction of the states, and residents involved.

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## *Chapter Fifteen*

# **The Security Forces**

Robert Timm<sup>1</sup>

The year 2014 was to have been a watershed year in Central Asia. The scheduled drawdown of forces of the US and NATO-led coalition in Afghanistan was widely expected to auger in tectonic shifts in the overall security environment among the five Central Asian states, bringing the potential for increased instability and the need for states and outside powers engaged in the region to review and adjust their policies accordingly. Commentators in the west as well as in the region issued sober and sometimes dour predictions of a spillover of violence from northern Afghanistan,<sup>2</sup> of waning US interest in the region and a potential return to great power competition for influence,<sup>3</sup> and of a potential rekindling of animosities between regional rivals, coupled with efforts to play on great power competition sparking a regional arms race.<sup>4</sup>

At the same time, 2014 brought Russia's unexpected annexation of Crimea and subsequent embarkation on a proxy war against the new Ukrainian government of Petro Poroshenko, followed a year later by post-Soviet Russia's first combat deployment outside of the former Soviet Union in Syria. The image of this newly assertive Russia raised additional speculation that Central Asian elites would be prodded into reconsidering their relationship with Russia in order to protect themselves from a similar form of "hybrid" attack from the north, either by seeking to develop their own capability or by seeking security guarantees from an outside actor, particularly China.<sup>5</sup>

Seeming to bear this thesis out, the role of China in the region may be shifting. While the post-Soviet era has been characterized by a division of labor of sorts, with Russia remaining at the center of the security space and China taking an increasingly prominent role in the development of infrastructure and economic investment, China under Xi Jinping has been making greater forays into the security space, sparking some analysts to speculate about a potential future competition with Russia in the security space.<sup>6</sup>

The years since 2014 have brought additional pressures to the security elites in the region. Although the feared spread of the Islamist insurgency into the region from Afghanistan across the border failed to materialize, the specter of Islamic radicalization has continued to haunt Central Asian nations, with periodic attacks and raids providing a constant backdrop to a spirited debate as to the nature and scope of the threat. On the one hand, regional governments and counterterrorism experts warn of the potential threat of radicalization posed by a toxic mix of online Islamic propaganda, desperate local political, economic and social conditions, and opportunities to train and fight abroad.<sup>7</sup> On the other hand, skeptical scholars argue the threat is often overblown by regional leaders who see the fear of terrorism as an opportunity to crack down on local opposition, distract from failures of governance, and solicit military and economic aid from nervous outside powers.<sup>8</sup> The focus in 2014 was predominantly on the threat posed by radicalized Central Asians returning from Jihad in Afghanistan to cause trouble at home. What few at the time anticipated was the potential for radicalization among the millions of Central Asian migrant laborers struggling under harsh conditions and systematic discrimination in Russia and the potential that this could spark terrorist acts such as the April 2017 bombings of the St. Petersburg Metro. Even less anticipated was the rise of the Islamic State in Syria and Iraq and its attractiveness to radical and disaffected Central Asians, who flocked to the Levant to fight under the black flag. Central Asians among the ISIS cadres have played a prominent role, often being better educated than other foreign fighters and frequently taking up leadership positions.<sup>9</sup> Disturbing reports have surfaced with increasing frequency of Central Asian participation in the war in Syria with even the children of Central Asian fighters themselves being trained to fight and acting as executioners of bound and kneeling prisoners in macabre propaganda videos.<sup>10</sup>

Compounding these concerns was a growing anxiety on the part of many analysts at the advancing age of Central Asia's two most prominent leaders, Kazakhstan's Nursultan Nazarbayev and Uzbekistan's Islam Karimov, and the lack of any clear succession plan that could avert a potential struggle for power should they pass from the scene unexpectedly.<sup>11</sup>

Any of these pressures individually could reasonably be expected to prompt the states in the region to reexamine their approaches to security. Collectively, they would seem to be a powerful impetus for significant change. Paradoxically, this chapter will demonstrate that the opposite has been the case. In spite of shifts in the regional security environment, the approaches of regional security elites have remained largely constant. Security forces in the region continue to focus, first and foremost, on protecting their regimes from internal threats. Russia continues to dominate regional security structures,

and Central Asian states accommodate themselves to this reality based on local conditions, with countries such as Turkmenistan and Uzbekistan, who share no border with Russia and are not completely dependent on Russian largesse for their own security, able to preserve a slightly higher level of independence. All the states in the region continue to make efforts to recapitalize and modernize their Soviet legacy equipment and structures, often with very limited means and largely through attempts at soliciting aid. Mutual suspicion, mistrust, and ongoing disputes over borders, resources, and treatment of ethnic minorities contribute to a situation in which regional collaboration is almost exclusively conducted through venues sponsored by outside powers, such as the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organization (SCO), and the North Atlantic Treaty Organization (NATO). Finally, all the region's actors have sought to diversify their security options by finding partners to at least dilute, rather than balance, Russia's domination of the security space.

This chapter will start by analyzing the military and security forces in Kazakhstan and Uzbekistan, the two regional states with the most developed military capability, followed by Kyrgyzstan and Tajikistan, the two with the greatest threats and challenges. We will then turn to isolated Turkmenistan, before examining the attempts by various outside powers to foster regional security cooperation through the CSTO, SCO and NATO demonstrating that, predictions of Great Power competition in the form of a new "Great Game" notwithstanding, it is the Russian-led CSTO that remains the centerpiece of the region's security architecture.

## **KAZAKHSTAN, THE ACCOMMODATING ALLY**

The security forces in Kazakhstan, although relatively small for a country of Kazakhstan's immense geographic size, are reasonably well equipped by regional standards, participate actively in a wide variety of national and international training events, and are the only Central Asian force to be well resourced, with traditional annual funding levels around \$2 billion.<sup>12</sup> As a result, Kazakhstan is widely considered to be the country in the region with the best chance of achieving its ambitious military reform goals.<sup>13</sup>

Kazakhstan's most recent National Security Strategy and Military Doctrine were published in 2011 and have, with some clarification in presidential directives and policy pronouncements, remained the central guiding policy documents for the development and employment of Kazakhstan's security forces. The doctrine describes a threat landscape in which the threat of interstate war has largely diminished but in which domestic and internal threats



**Table 15.1. Forces in Central Asia**

	Kazakhstan	Uzbekistan	Kyrgyzstan	Tajikistan	Turkmenistan
<b>FY14 Budget<sup>1</sup></b>	\$2.02B	est \$1.57B	\$91M	\$192M	est \$719M
<b>Armed Forces<sup>2</sup></b>	39,000	48,000	10,900	8,800	36,500
<b>Army</b>	20,000	24,500	8,500	7,300	33,000
<b>Navy</b>	3,000	—	—	—	500
<b>Air Force</b>	12,000	7,500	2,400	1,500	3,000
<b>Paramilitary Forces</b>	est 31,500	est 20,000	9,500	7,500+	Up to 20,000
	National Guard (MOI)	Interior Troops	Border Guards	Interior Troops	Interior Troops up to 19,000
	20,000	19,000	5,000	3,800	
	Pres. Guard 2,000	Nat. Guard 1,000	Interior Troops	National Guard	National Guard
	Border Guards est 9,000		3,500	1,200	(MoD) 1,000
			Nat Guard 1,000	Emerg Min 2,500	
<b>Foreign Forces</b>	Russian Missile Defense Radar at Lake Balkhash, Missile Test Range at Sary Shagan, Kosmodrome at Baikonkur	None	Russian Air Base at Kant (500), Naval Comm and Torpedo Testing Station at Lake Ysyk Kul	Border Guards Unk Russian 201st Motor Rifle Division (5,000) in Dushanbe, Kulyab and Kurgan-Tyube	None

Multilateral Orgs Deployments/Force Contributions	CSTO, SCO, PfP	SCO, PfP	CSTO, SCO, PfP	PfP
CSTO Regional Air Defense	OSCE Observer (Ukraine)	UN Observers (South Sudan, Sudan)	OSCE Observers (Serbia, Ukraine)	None
37th Airmobile Bde and Marine Bn (CSTO CORF)	Hosts SCO RATS	OSCE Observers (Moldova, Kosovo, Ukraine)		
Staff to SCO RATS				
KAZBRIG				
(PKO/Coop w/ NATO- PfP)				
UN Observers (Cote d'Ivoire & W. Sahara)				
OSCE Observers (Ukraine)				

<sup>1</sup> ISS, "The Military Balance 2016," pp. 185–207. Although the numbers are old, 2014 is the last year for which IISS published budget numbers for all five Central Asian republics. There is evidence that defense budgets are sharply down for Kazakhstan at least in 2015–16, but no good data available for most of the other republics after 2014. Budget figures are from ISS 2016.

<sup>2</sup> The remainder of data in the table is compiled from ISS, "The Military Balance 2017," pp. 206–33.

have become more interrelated.<sup>14</sup> The doctrine sees Kazakhstan's chief threat as transnational terrorism and religious extremism that could be sparked by unstable economic and social conditions with a potential for other threats arising from organized crime, arms and narcotics trafficking, and competition for resources, particularly water.<sup>15</sup>

To meet these threats, Kazakhstan has devoted significant resources to reforming and modernizing its military and security forces over the last decade. Defense budgets trended sharply up each year beginning in 2007 (posting a 66 percent increase in that year alone). This trend reversed sharply in 2014 due to the collapse of energy prices with severe cuts being made through 2017. Nevertheless, analysts expect military spending to recover, although it will likely take three or more years to restore defense spending to pre-2015 levels.<sup>16</sup>

Kazakhstan maintains robust Armed Forces of around 46,000 active duty personnel, with 31,000 in the army, 12,000 in the air force, and 3,000 in the navy. In addition to Ministry of Defense forces, Kazakhstan maintains an additional 20,000 troops under the control of the Ministry of Interior, and 9,000 in the State Border Service.<sup>17</sup>

The army is the dominant service and is centered on 10 Motor Rifle Brigades supported by 7 Artillery and 2 Rocket Artillery Brigades, augmented by a mobile reserve comprised of 4 Air Assault Brigades.<sup>18</sup> While the bulk of the equipment is of Soviet origin, it is generally well-maintained and has been extensively renovated or replaced, largely with modern Russian systems in recent years, including some of the most modern, such as the TOS-1 220 mm Multiple Rocket Launcher, which is currently in service no place other than Russia.<sup>19</sup> As part of broader military reform efforts, the Land Forces are seeking to reestablish a reserve force focused on domestic security and providing military support to civil authorities. In 2016 President Nazarbayev announced the establishment of Territorial Troops comprising sixteen Directorates (one for each province plus one each for Almaty and Astana) each built around a Reserve Brigade.<sup>20</sup>

The air force has traditionally focused on its air defense role, allowing its inherited ground attack capability to atrophy, although in recent years it has devoted some effort to redeveloping a regional airlift capability with the purchase of four C295 medium transports from Airbus.<sup>21</sup> The air force also boasts some of the most modern equipment in the post-Soviet space, including the MiG 29, MiG 30SM and MiG 31, the SU27, and the S300 and S300PS Surface to Air Missile Systems.<sup>22</sup> While the equipment is modern, pilot and crew training are a key limiting factor to delivering the capability the equipment promises, and the decay of ground attack assets leaves a major capability gap, given the National Security Strategy's focus on internal, asymmetric

threats.<sup>23</sup> By far the junior service, Kazakhstan's navy was reconstituted in 2003 and given the mission of coastal defense, protection of ports and key energy infrastructure in the Caspian, and minesweeping/ASW.<sup>24</sup> The force boasts twelve patrol craft of varying designs and heritage, including three inherited South Korean *Dolphin/Wildcat* fast patrol boats and four locally manufactured, Russian-designed *Sardar* class boats. The pride of the fleet is a 240 ton, 42.2m-long Bars-MO class patrol boat christened the *Saryarka* when she was launched from Kazakhstan's Zenit Shipyard in 2014.<sup>25</sup>

Overall, the deployment of Kazakhstani forces reflects threat perceptions and infrastructure inherited from the Soviet Union, with the bulk of the Land and Border Guard forces in the south and east of the country. Ministry of Interior Forces are predominantly based near the major population centers. Kazakhstan has generally maintained an active training schedule, although efforts at reform have done little to change training methods and tactics similar to those in use during Soviet times. Kazakhstan participates in a wide variety of multinational exercises, including those conducted under the auspices of the CSTO, the SCO and NATO's Partnership for Peace program.

Kazakhstan maintains a number of formations and facilities tailored to its international commitments and aspirations. Russia maintains a presence in the country, leasing the Cosmodrome at Baikonur, as well as maintaining weapons test facilities at Sary Shagan and an air/missile defense radar site along the banks of Lake Balkhash.<sup>26</sup> An active CSTO member, Kazakhstan agreed to create a joint regional air defense network with Russia, Armenia and Belarus in 2010. They have dedicated their Thirty-Seventh Airmobile Brigade to be a part of the CSTO's Rapid Reaction Force and have assigned staff officers to the CSTO's Air Defense and Rapid Reaction Force Headquarters in Kyrgyzstan.<sup>27</sup> Kazakhstan was one of the few Central Asian states to deploy forces to Iraq, with combat engineers/deminers serving there until 2008.<sup>28</sup> Since then, the General Staff has actively sought opportunities to deploy members of Kazakhstan's dedicated peacekeeping force, the KAZ-BRIG, trained and equipped with US and NATO assistance, on peacekeeping operations that do not run afoul of the complicated politics in the region. Ultimately, Kazakhstan's political leadership settled on Africa, deploying observers in support of UN missions in Western Sahara and Cote d'Ivoire in 2015.<sup>29</sup> Kazakhstan also participates in the SCO's Regional Anti-Terrorist Structure (RATS), providing a significant portion of the staff for the structure's headquarters in Tashkent.

As the only country in the region with both resources and the will to devote them to defense, Kazakhstan has made modernization of its forces and redevelopment of its defense industry a key priority of its National Security Strategy.<sup>30</sup> Although the bulk of procurement has been made from Russia,

Kazakhstan has actively sought other international partners to develop joint ventures in Kazakhstan in order to attenuate their dependence on Russia. These efforts have yielded joint ventures with companies from France, Israel, Italy, North America, Serbia, Singapore, Slovakia, South Korea, Spain, Turkey, and Ukraine.<sup>31</sup>

While beset with a wide variety of problems and shortcomings, the net result of Kazakhstan's efforts has been to produce armed forces that, while limited, still boast the greatest capability in the region, rivaled only by Uzbekistan. This capability is more than sufficient to cope with internal threats that are likely to arise, such as civil unrest or isolated terrorist incidents, although force composition and training remain largely ill-suited to meet asymmetric threats. Kazakhstan's forces, however, would likely be hard-pressed if there were unrest in a neighboring state that resulted in significant population movements and the threat of spreading violence. In such a case, they would likely appeal to the CSTO for a multilateral response.

## UZBEKISTAN, THE REGIONAL POWER CENTER

Since independence in 1991, Uzbekistan has considered itself a natural regional metropole, given its central geographic position, large population, and historically central economic, cultural and administrative role. Although achievement of this vision has been undermined by Uzbekistan's often prickly relationships with Russia and its neighbors, Uzbekistan still maintains the largest military and security forces in the region.<sup>32</sup>

Uzbekistan's Foreign Policy Concept explicitly rules out Uzbekistan's participation in "military-political blocs," or the "deployment of foreign military bases and facilities on its . . . territory," and states that the "Armed Forces of Uzbekistan are created exclusively for protection of the state sovereignty and territorial integrity of the country. . . ."<sup>33</sup> Public policy pronouncements relating to Uzbekistan's National Security thinking have stressed a threat assessment focused on internal and transnational threats, particularly the terrorist threat posed by the Islamic Movement of Uzbekistan and related groups, narcotics and other illicit trafficking, and regional instability caused by the worsening situation in Afghanistan or resource competition, particularly over water, with Uzbekistan's upstream neighbors.<sup>34</sup>

In spite of its protestations of peaceful intent and only focusing threats emanating from domestic and other non-state actors, Uzbekistan's relations with its neighbors under former president Islam Karimov were often strained and marked by occasional violence along Uzbekistan's poorly demarcated border with Kyrgyzstan and Tajikistan, most recently in March of 2016 when

Uzbekistan moved troops into the disputed border area and closed a main highway connecting Uzbekistan with Kyrgyzstan at Madaniyat, and again in August when Uzbek troops seized a television relay station on the Kyrgyz side of the border at Ungar-Too.<sup>35</sup>

The elevation of long-serving Prime Minister Shavkat Mirziyoyev to the presidency following Karimov's death in September 2016 presented an opportunity for Tashkent to attempt to reset these troubled relationships. Mirziyoyev quickly reached out to all of Uzbekistan's neighbors, but particularly to Kyrgyzstan, releasing Kyrgyz technicians still being held from the August seizure of the relay station, evacuating Uzbek troops from the station a week later, and beginning talks on the demarcation of the disputed parts of the border. By November agreement had reportedly been reached on half of the disputed areas.<sup>36</sup> Initial talks with Tajikistan also seemed promising, inviting speculation about a softening of Uzbekistan's long-standing vigorous opposition to construction of the Roghun Dam.<sup>37</sup>

While promising, these initial overtures have been met with skepticism by many analysts, who point out that Mirziyoyev was a loyal implementer of Karimov's vision for many years and the intractability of many of Uzbekistan's disputes with her neighbors mitigate against easy or rapid solutions.<sup>38</sup> Others point out that Mirziyoyev's consolidation of power is not yet complete and he must still deal with rivals from within the elite who still exercise considerable power before he can chart any radical departures from Karimov-era policies.<sup>39</sup>

To support Tashkent's strategy (however it evolves), Uzbekistan boasts the largest military in the region, with 48,000 active duty troops and an additional 20,000 paramilitary forces under the control of the Ministry of Interior and State Border Guards.<sup>40</sup> Providing adequate financial support for this force has long been a struggle for natural resource-poor Uzbekistan, although Tashkent has invested significantly in its defense budget as its economy recovered, growing in real terms by approximately 10 percent per year each year beginning in 2011.<sup>41</sup> In spite of this growth, however, according to IISS figures, Uzbekistan in 2014 was supporting its larger military with roughly three-quarters of the funds that Kazakhstan had allocated. Although hard data is hard to come by, it is likely that funding has declined since then as the region's economic fortunes have continued to fall.

Uzbekistan's army is currently organized around eleven motor rifle and three airborne/special purpose brigades, although the army is currently restructuring. Sparked by lessons learned following the Andijan events, the army was tasked with reorienting itself towards domestic and unconventional threats and is now implementing a plan that it hopes will result in 10–15 highly mobile battalion-sized units equipped with modern weapons, commu-

nications, and surveillance equipment and who are trained in counterinsurgency and urban/mountain warfare. As part of this effort, the army is reducing its armored and artillery formations while the country is simultaneously strengthening its Border Guards and Special Forces.<sup>42</sup> The overwhelming majority of Uzbekistan's military equipment is inherited from the Soviet Union and badly in need of replacement. In addition, the heavily armored formations inherited from the Red Army are mostly comprised of weapon systems and equipment ill-suited for the highly mobile counterinsurgency force Uzbekistan is trying to build. The addition of 328 MRAP vehicles from excess ISAF stocks in 2015 was intended to enhance unit mobility, but these sophisticated and expensive vehicles will likely pose significant maintenance and support challenges for an Uzbekistani military that is already hard-pressed in these areas.

Like most post-Soviet states, Uzbekistan inherited a significant number of relatively modern military aircraft with the collapse of the Soviet Union, but all this inherited capability has been allowed to deteriorate badly. Throughout its years of independence, Uzbekistan has chronically underfunded its air force, with large numbers of its aircraft now unserviceable and in storage. Pilot training has also suffered, with most pilots receiving only a few hours of flying time a year. Maintenance and replacement of the Soviet-origin equipment has been further hampered by Uzbekistan's often strained relationship with Moscow on security matters. What pilot and aircrew training that does occur is focused primarily on the ground attack role in support of counterinsurgency operations.<sup>43</sup> There are some indications that Uzbekistan is finally taking steps to replace at least some of its aging fleet with Western purchases, but the focus thus far has been on transport aircraft, including deals to purchase 4 C295W Turboprop transporters as well as four light and eight medium lift helicopters from Airbus in 2015–2016, although it will likely take some time, resources and a great deal of training to significantly improve capabilities.<sup>44</sup>

Aircraft are not the only systems on Uzbekistan's shopping list. In recent years, Uzbekistan has attempted to correct the decay of its Soviet-era equipment with an increasing number of new purchases and assistance cases from abroad. In addition to the US-supplied MRAP vehicles and European aircraft, Uzbekistan has sought military training aircraft from South Korea, artillery ammunition from Azerbaijan, wheeled and tracked military vehicles from Belarus, electronics and avionics from France and Finland and, of course, a wide variety of potential projects with Russia. Following President Mirziyoyev's April 2017 visit to Moscow, press reporting speculated about a wide array of sales and grants, including air to air and air to ground missiles, service upgrades and extensions for Uzbekistan's S-200, S-125 and S-75 SAM systems, as well as electronic warfare and rocket artillery systems.<sup>45</sup> Many of

the non-Russian proposed purchases have been blocked in the past, however, by Western governments concerned over Uzbekistan's human rights record.<sup>46</sup> It remains to be seen how the change in administrations in both Tashkent and Washington affect this dynamic. Overall, however, the focus of Uzbekistan's military procurement remains maintenance and overhaul of its existing equipment and can only support a small fraction of that equipment.

Perhaps Uzbekistan's most stark contrast with regional rival Kazakhstan is its approach to collective security. While Kazakhstan exercises its multipolar foreign policy through a network of collective relationships, Uzbekistan is at best an ambivalent participant in these structures and prefers a measure of autarky in its security relations. This is most evident with regard to Uzbekistan's relationship with the CSTO, which it suspended in 2012 as Russia took steps to enhance the organization's capacity for collective military action. Although a member of the SCO and a host to the SCO's Regional Anti-Terrorist Structure (RATS) since its creation in 2004, Uzbekistan has generally stayed away from the occasional military exercises the organization sponsors and has even denied overflight and transit to forces from neighboring countries seeking to participate in these exercises. While a longstanding member of NATO's Partnership for Peace (PfP) Program and host to NATO's regional mission (until its closure in March 2017), cooperation has been limited by the drawdown of NATO forces in neighboring Afghanistan, human rights concerns in Western capitals following the Andijan events, and Uzbekistan's policies against cooperation with "military blocs."<sup>47</sup>

Altogether, and in spite of its many challenges, Uzbekistan remains one of the only two regional powers to field significant military capability, with the highest Global Firepower Ranking (48 to Kazakhstan's 53 in 2017) in the region.<sup>48</sup> Translating that military power into favorable policy outcomes has been a struggle, however, due largely to Uzbekistan's difficult relationships with its neighbors leading to a modicum of isolation. It remains to be seen if President Mirziyoyev's new administration will be successful in changing this pattern.

### **KYRGYZSTAN AND TAJIKISTAN, THE POTENTIAL FLASH POINTS**

While Kazakhstan and Uzbekistan contain the bulk of the region's military capability, Kyrgyzstan and Tajikistan possess a near monopoly on sources of instability and have virtually no ability to generate and sustain independent capability to counter them. The two countries have seen a protracted civil war, two presidents ousted after civil unrest, ethnic and sectarian violence,



terrorist attacks, political repression, and security threats rooted in major organized crime and trafficking rings and abetted by official corruption. Moreover, many of these tensions and the problems that they give rise to have been growing in recent years.<sup>49</sup>

Although Kyrgyzstan presents itself as the region's only democracy, the country's weak democratic institutions, complex ethnic, political, and social composition, and corrupt and incompetent bureaucracy have contributed to instability that has undermined governance and seen two presidents ousted following civil unrest within five years of each other. Tensions between ethnic Kyrgyz and Uzbeks in the Ferghana Valley have often been played upon by contending political elites and have occasionally erupted into violence, most recently in clashes in the southern cities of Osh and Jalalabad that left over four hundred dead in 2010.<sup>50</sup> At the same time, radicalization of local populations seems to be on the rise, (although scholars disagree as to the scale and source of the problem), and acts of international terrorism, such as the August 2016 suicide bombing of the Chinese Embassy in Bishkek, while rare, are on the rise.<sup>51</sup>

While the situation in Kyrgyzstan presents challenges, things in neighboring Tajikistan are worse. Tajikistan is the region's poorest country, with a per capita GDP of only \$764 in 2016<sup>52</sup> and in which remittances from abroad and drug trafficking remain among the largest sources of income. The country has always been plagued by a host of developmental and security problems, but the security situation turned sharply for the worse in the summer of 2015 when long-serving president Emomali Rahmon began to move to ban the opposition Islamic Renaissance Party of Tajikistan, contributing to an eruption of violence that left twenty-seven people dead. The government moved quickly to blame Deputy Defense Minister Abdulhalim Nazarzoda (a former opposition fighter during the 1992–97 civil war), used the violence as a pretext for finally abrogating the political accommodation with the Islamist opposition that had ended the civil war, and began a systematic crackdown on political opponents.<sup>53</sup> The banning of legal Islamist political parties and religious expression, the stifling of dissent, and the narrowing of the space for political participation are combining to squeeze more and more people into radicalism, including members of the elite, with potentially disastrous consequences.<sup>54</sup> Nothing better typifies this trend than the defection of OMON (Special Police) Commander Colonel Gulmorod Khalimov to ISIS in Syria, where he turned up in a series of propaganda videos in late 2015.<sup>55</sup> At the same time, Tajikistan's porous border with Afghanistan and tenuous control over portions of its territory leave it vulnerable to both trafficking and victimization by armed groups such as the Islamic Movement of Uzbekistan and Jamaat Ansarullah.<sup>56</sup>

To face these growing threats, both Kyrgyzstan and Tajikistan have small, ill-equipped and largely untrained conscript forces that have very limited capability. Kyrgyzstan's 10,900-man force is organized around three maneuver and one special forces brigade, all armed with aging Soviet equipment. The air force only maintains a handful of operational aircraft. The June 2013 military doctrine called for reform and modernization of the armed forces, but little has been done to implement the document's ambitious plans.<sup>57</sup>

Tajikistan is the only state in the region that did not inherit significant capabilities from the Soviet Union after her collapse, and they have struggled since the end of the civil war to build up their armed forces. IISS assesses the 8,800-man Tajikistan Armed Forces as having "little capacity to deploy other than token forces" that would "face difficulties in the event of conflict or significant internal unrest."<sup>58</sup>

To cope with this mismatch, both countries have increasingly turned to Russia as a guarantor of security. By far the most combat-capable force in the two countries is Russia's 201st Motor Rifle Division, headquartered in Dushanbe and based largely in Qurgontepa and Kulob in the south. In Kyrgyzstan, Russia's primary deployment is a squadron of modernized Su-25SM ground attack fighters, although there are frequent announcements of plans to expand and upgrade the facilities and deploy a larger force there. In 2012 Kyrgyzstan renewed Russia's lease on the base for another fifteen years.

Kyrgyzstan and Tajikistan's chronic instability and growing unrest, coupled with political dysfunction and limited military capability, leave the two countries as the region's most likely places to see flare-ups of violence and instability. Should they occur, either country would have to rely on the help of Russia, unilaterally or with other post-Soviet partners under the rubric of the CSTO to restore stability.

## **TURKMENISTAN, THE ODD MAN OUT**

Although President Gurbanguly Berdymukhamedov has slowly taken steps to lead Turkmenistan out of the isolation that characterized the rule of the country's first president, Saparmurat Niyazov, Turkmenistan's foreign and security policy remains very much rooted in its 1999 declaration of permanent neutrality. Throughout most of independent Turkmenistan's history, leadership remained convinced that this declared neutrality and the country's isolated geopolitical position meant that Ashgabat faced little risk from a direct military confrontation with its neighbors. Consequently, Turkmenistan did little to maintain the military capabilities it inherited from the Soviet Union nor, until recently, did it expend much effort or resources in developing

new ones. Moreover, Ashgabat's strict interpretation of its neutrality doctrine severely limited military and security cooperation with outside powers.

As a result of these factors, Turkmenistan's overall military capability remained low, with a "largely conscript-based armed forces" that were "poorly equipped, and . . . reliant on Soviet-era equipment and doctrine."<sup>59</sup> The force had been further hampered by "low levels of training, and a lack of spare parts."<sup>60</sup> Recent years, however, have been marked by attempts to reverse this historic trend with belated investment in Turkmenistan's military, particularly in the maritime realm.<sup>61</sup>

Turkmenistan's armed forces of 36,500 are dominated by the 33,000-man army.<sup>62</sup> With limited resources and expertise, the 3,000-man air force has essentially been left to wither on the vine, benefitting from little investment or leadership attention since independence.<sup>63</sup> Forces are organized into five Military Districts with the main army combat power divided into an Armored Regiment, four Motor Rifle Brigades, and a Special Forces Regiment, with supporting Artillery and Air Defense Brigades. After years of neglect, Ashgabat has begun making attempts at recapitalizing the force, most notably with the purchase in 2009 and 2011 of forty T-90 tanks from Russia, as well as similar numbers of artillery and air defense systems, such as the BM-30 Smerch.<sup>64</sup> In spite of these modest investments, the largely conscript force is assessed as having limited capability due to high conscript turnover, poor training, and political leadership that has not made military readiness a priority. Moreover, the MoD is regularly called upon to perform other security duties, with 1,000 troops being transferred to the National Security Ministry in 2001 for internal security duties and large numbers of troops being engaged in such activities as border security and traffic control, not to mention diverting troops for economic and infrastructure development activities.<sup>65</sup>

Turkmenistan's nascent navy of 500–700 sailors has received significant investment in recent years, with purchases of corvettes and patrol craft from Russia and Turkey, and weapons from a number of foreign suppliers, including France.<sup>66</sup> While the navy remains subordinate to the coast guard, the recent investments in new combatant ships, particularly two Project 1241.8-class missile corvettes from Russia, and arming these vessels with significant offensive and defensive military capabilities, such as new anti-aircraft missiles, has spurred speculation that the navy may soon be spun off from the coast guard into its own Navy Command.<sup>67</sup>

In spite of growing concerns in some quarters about the worsening Taliban threat, Turkmenistan's new military doctrine, published in January 2016, reaffirms Ashgabat's policy of permanent neutrality, eschews participation in multilateral military organizations, and focuses on independent military modernization.<sup>68</sup> Although Turkmenistan's exposure to risk from Islamic

radicalism is significantly lower than many of its Central Asian neighbors, recent years have seen an uptick in incidents along Turkmenistan's 460-mile border with Afghanistan, and press reports have identified Turkmenistan nationals among Islamist fighters in Syria.<sup>69</sup> Confidence in Turkmenistan's 12,000-man Border Guards Service remains low, and Ashgabat seems committed to military reform to meet any emerging threat, rather than relying on multilateral organizations such as the CSTO. As a measure of Turkmenistan's effort to remain independent, Ashgabat is distributing its weapons procurement among regional powers, with 36 percent coming from Turkey, 27 percent from China, and only 20 percent from Russia.<sup>70</sup>

While Turkmenistan's belated efforts to develop its Armed Forces are likely to garner modest increases in capability over the medium term, its commitment to preserve its neutrality and freedom from entangling alliances will ensure it remains largely separate from any emerging regional security architecture.

### **CSTO, SCO AND NATO, THE REGIONAL ALTERNATIVES**

In the face of this complex threat environment and limited military capabilities, the most logical approach would be to turn to some form of collective security architecture. Unfortunately, regional rivalries (particularly rivalries between the region's two most powerful actors—Kazakhstan and Uzbekistan) foster an environment in which the most effective regional security structures are led by outside powers. For the Central Asian states, this established a dynamic by which most states worked to accommodate themselves to Russian-led structures in the form of the CSTO, while seeking to preserve as much of their sovereignty as possible by balancing Russian influence by cooperating, where possible, with the US-led NATO alliance or Chinese-led structures such as the SCO.

By far, the most significant actor in the regional security space is the Russian-led CSTO. Founded in 2002 with the signing of a charter expanding the 1992 Commonwealth of Independent States Collective Security Treaty, the CSTO has long served as Russia's instrument of choice for pursuing its security agenda in Central Asia.<sup>71</sup> While active in its early years in fostering ongoing defense contacts, promoting military technical cooperation, and organizing multilateral exercises in the region, the CSTO lacked a credible capability for collective military action should a crisis arise. This fact was brought into stark relief in 2010 when Kyrgyzstan was gripped by ethnic clashes that escalated into a general political crisis and resulted in the removal from power and exile of Kyrgyz president Kurmanbek Bakiyev and the arrest

of several of his closest associates. Throughout the crisis, the CSTO remained on the sidelines, even as Kyrgyz and other regional leaders urgently called for intervention.<sup>72</sup>

Consternation at the inability to react effectively to the crisis, coupled with rising anxiety among the authoritarian regimes in Moscow and the region at the events of the Arab spring and the ongoing instability in Afghanistan helped to reinvigorate the CSTO's program to form a Collective Rapid Reaction Force (KSOR), which had been off to a slow start.<sup>73</sup> Since then, the KSOR has developed into the region's most significant crisis intervention force, with an estimated 20,000 men and women under arms.<sup>74</sup> While Russia supplies the backbone of the force, in the form of the Ninety-Eighth Guards Airborne Division and the Thirty-First Guards Air Assault Brigade based in south-central Russia, it is augmented by significant force contributions as well as basing and access support from other CSTO members, particularly Kazakhstan's Thirty-Seventh Air Assault Brigade and naval infantry battalion. Belarus contributes a SPETZNAZ Brigade and Armenia an infantry battalion, while Tajikistan and Kyrgyzstan both contribute infantry battalions of questionable combat effectiveness.<sup>75</sup> Far more valuable are Kyrgyzstan and Tajikistan's contributions of access and basing, particularly the airbase at Kant, Kyrgyzstan, which hosts a significant Russian ground attack force built around 13 SU-25SM FROGFOOT attack aircraft and the multiple bases in Tajikistan which host the 5,000 men of Russia's 201st Motor Rifle Division.<sup>76</sup>

Since the KSOR's inception, the CSTO's exercise program has continued to expand in terms of size, frequency, and sophistication. Since 2011, the CSTO has staged at least three major exercises of one kind or another each year, many of which involve KSOR units. Full-scale maneuvers and command post exercises with names such as *Vzaimodeistvie* (Cooperation), *Grom* (Thunder), and *Nerushimoe Bratsvo* (Indestructible Brotherhood) have tested and developed capabilities to react to conventional invasions, terrorist attacks and civil unrest, narcotics trafficking, and disaster relief. They have been held on the territory of all of the CSTO's members.<sup>77</sup>

While the CSTO has long served as the key regional guarantor of security, many regional actors have sought to balance Russian domination of the CSTO, and by extension the region, by seeking cooperation with an alternative structure. For some time, the first choice for this balancing partner has been the United States and NATO. While NATO had maintained a presence in the region through its Partnership for Peace (PfP) Program since early independence, both the presence and interest of the United States and its NATO allies in the region spiked sharply with the beginning of the war in neighboring Afghanistan in 2001.

With the opening of bases by NATO-member states in Kyrgyzstan, Uzbekistan, and Tajikistan, and with the development of the Northern Distribu-

tion Network into a vital resource to sustain NATO forces in Afghanistan, the relative importance of the Central Asian states and level of activity by NATO and its member states rose sharply. Security cooperation has taken a number of forms, including: financial and equipment support, officer education; combined exercises and training; increased grants and sales of military equipment, and defense reform programs. In spite of the hopes of many in the region, particularly in Tashkent, however, it fell far short of the sorts of cooperative structures, security guarantees, and collective security forces sponsored by the CSTO.

Early NATO efforts at fostering the development of collective security structures, such as the establishment of a multinational peacekeeping force through the CENTRASBAT series of exercises, eventually withered and died under the pressure of a combination of factors. These included mistrust and competition between Kazakhstani and Uzbekistani officials and Russian participation that sought to demonstrate the superiority of Russian Forces, as well as a NATO alliance distracted by the dual challenges of managing integration of former Warsaw Pact states and the War in Afghanistan after 9/11.<sup>78</sup> In the years following September 11, both the US and its NATO allies significantly increased their financial and training support for local armies, often as part of understandings that helped guarantee basing and transit rights in support for allied operations in Afghanistan. At the same time, it became increasingly clear that both sides had aspects of the relationship with which they were dissatisfied.<sup>79</sup> On the one hand, it became clear to regional leaders that the competing demands of operations in Afghanistan and concerns about Russian sensitivities would prevent the US and NATO from becoming fully committed to the regimes in Central Asia. On the other, in spite of the expansion of defense reform efforts such as the Partnership Action Plan—Defense Institution Building program to the region following the 2004 Istanbul Summit, it soon became clear to leaders in the US and Brussels that with the possible exception of Kazakhstan, the region's leaders lacked both the capacity and the will to reform their security forces along Euro-Atlantic lines.<sup>80</sup>

With the withdrawal of NATO combat forces from Afghanistan in 2014 in spite of the inability to bring a final end to the instability in the country, the stars of both NATO and the US have waned in regional capitals. Whether as a result of relentlessly critical Russian media coverage or the continued inability to bring peace to Afghanistan, a recent Gallup poll showed a majority of Central Asians view NATO as more of a threat than a provider of security.<sup>81</sup> After opening its own diplomatic mission to the region in Tashkent with much fanfare in 2013, the decreasing demands for coordination with regional governments led NATO to close its Liaison Office in March of 2017.<sup>82</sup> As NATO's relative presence and influence in the region declines, speculation has grown that the traditional impetus of regional leaders toward multi-vector

approaches, coupled with a growing Chinese assertiveness under Xi Jinping, would lead to a greater role for China and China's multilateral organization of choice, the SCO.

The Shanghai Cooperation Organization was founded by China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan in Shanghai in 2001. It has since added India and Pakistan as full members and an additional four nations as observers and six as dialogue partners. With both Russia and China at the helm, the organization has occasionally struggled to find a well-defined role before building momentum in recent years behind greater economic and security collaboration to combat the "three evils" of "terrorism, separatism, and extremism."<sup>83</sup>

For most of the SCO's history, Beijing has been content to allow China and the SCO to play a supporting role in security matters to Russia and the CSTO in the region. The SCO formed its Regional Anti-Terrorism Structure (RATS) in 2010, basing it in Tashkent, and has sponsored a number of dialogues on security matters at the political level, as well as periodic multilateral "PEACE MISSION" military exercises in member states. The most recent PEACE MISSION 2016 took place in Kyrgyzstan and involved more than 2,000 troops from Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan. Of the original SCO members, only Uzbekistan was absent from the multinational exercise, as is Tashkent's habit.<sup>84</sup> Nevertheless, for most of its existence, the SCO never developed the structures necessary to fill the crisis-management role to which the CSTO aspired. Much like the CSTO, the SCO was caught flat-footed by the crisis in Kyrgyzstan in 2010, with Kazakhstan's president Nazarbayev singling out the SCO as being in need of reform following the crisis.<sup>85</sup>

Current events, however, show that China may be taking a more active role in regional security through the SCO, in new bilateral and multilateral structures, and unilaterally—succeeding in recasting its image in the region from potential threat to potential security partner. China has become increasingly active in the regional arms bazaar with both sales and grants, including providing high-end HQ-9 Air Defense Systems (similar to Russia's S-300) to Turkmenistan.<sup>86</sup> Moreover, China has entered into bilateral agreements and begun bilateral training and exercise programs, particularly in the areas of border security and counter-terrorism,<sup>87</sup> and has even created a "Quadrilateral Cooperation and Coordination Mechanism" focused on counterterrorism between China, Pakistan, Tajikistan, and Afghanistan.<sup>88</sup> While this cooperation still falls far short of challenging Russia and the CSTO for its dominance of the regional security space, some analysts view it as an effort to at least displace the US and NATO.<sup>89</sup>

Two critical uncertainties permeate this regional interaction of great power politics and competing local elites. The first unanswered question is will Rus-

sia ever allow the CSTO to act militarily in a regional crisis, in spite of all of the effort to build the organization into a regional force with just such a capability? The second, is will the marriage of convenience that supports the current collaboration between China and Russia break down in the face of the dramatic shift in the balance of economic and military power between the two?

Analysts have long pointed to the cracks in the CSTO's armor. While the unwillingness and inability to act during the Kyrgyz crisis of 2010 can be explained by the newness and lack of readiness on the part of the KSOR, the reluctance or inability to act (either politically or militarily) during crises since then, including the 2016 border dispute between Uzbekistan and Kyrgyzstan and the flare-up of violence in Nagorno-Karabakh, leaves at least some analysts wondering if Russia's strategy is more focused on excluding other powers than in maintaining security, or if Russia even has the political skills to build consensus between the CSTOs European, Caucasian, and Central Asian capitals to act in a crisis.<sup>90</sup>

## CONCLUSION

In spite of the myriad of evolving pressures and changes from both outside and inside the region in recent years, both the overall structure of the security environment in Central Asia and the basic approach of the region's actors have largely stuck to historical norms. Kazakhstan and Uzbekistan remain the region's primary military powers, but competition and suspicion between the two, often encouraged by Russia, make cooperation between the two problematic. Kyrgyzstan and Tajikistan remain the greatest sources of potential instability and yet have the least meaningful capability to cope with these threats, making them almost entirely dependent on Russia and the Russian-led CSTO for their security. Turkmenistan continues to pursue its policy of permanent neutrality while belatedly taking steps to shore up its very limited military through arms purchases from a diverse group of suppliers. All of the countries in the region are struggling to modernize and develop their militaries, with Kazakhstan alone in the financial position to make significant progress without becoming dependent on outside donors.

The regional security architecture continues to be dominated by the CSTO, which has sustained its approach of aggressively developing and exercising its regional response capability, while structural issues at the political level continue to leave doubts as to whether it will ever be employed. The countries of the region still seek to mitigate the risk from their increasing dependence on Russia by maximizing their opportunities for cooperation with other partners, increasingly turning to China and the SCO as the US and NATO continue to turn their focus towards problems and priorities closer to home.



## NOTES

1. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

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## *Part III*

# CASE STUDIES

The chapters in Part III of this volume each focus on a specific case study: every Central Asian state is represented. The aspect of the state examined in each case differs widely, from matters of identity to political economy, to the polity's expectations for the state. As the reader will discover, although each issue is addressed in a country-specific fashion, each chapter raises interesting questions for the region overall.

Part III begins with a chapter by Marlene Laruelle on Kazakhstan's foreign policy. She takes up the question of Kazakhstan's longstanding preference for a Eurasian identity over an identity as a leader of Central Asia, reviewing how these two roles were usually framed as incompatible. She examines how more recent events have caused a reconsideration of that approach, and have introduced new tensions as well as new opportunities. Kazakhstan's leadership at the same time is considering a name change to Kazakh Eli, emphasizing its separateness from the neighbors, and is also growing disenchanted with the Eurasian Economic Union, which it played a vital role in creating. At the same time, the leadership is beginning to understand the vital role Kazakhstan is coming to play in food security, banking, financial investment, and as a home to migrant labor for the region, leading it to consider if it should choose to embrace a leadership role in Central Asia. Finally, Laruelle explores how Mongolia and other states may fit into an approach that is Central Asian, but more broadly defined.

While Laruelle takes on the issue of a nation's foreign policy identity, Erica Marat focuses on the domestic issue of Kyrgyzstan's experiments with democracy. She finds that the country is set apart from the region by its system of political competition, a system that resulted from two violent regime changes within a decade. Marat describes this as "democracy by default," a system in which parties have agreed that no one political faction should gain

or lose everything. In her estimation, the Kyrgyz democracy experiment has enjoyed success, but one in which the people don't demand democratic leadership, and the leaders are not exceptional or visionary. Marat examines many unique features of the electoral system, including its ban on any party holding more than 60% of the seats in parliament, and the one-term limitation that applies to presidents. Marat also examines the judicial weaknesses of the Kyrgyz system, its inadequate reach into the provinces, and the vulnerability of the system to further change that would weaken its current balance of power.

Ideology, coupled with political economy, is the subject of examination in Theresa Sabonis-Helf's chapter on Tajikistan. In this chapter, she examines the role that hydropower has played in the history and current politics and economics of Tajikistan. The Rahmon government has emphasized the massive Roghun dam project as an essential and even existential project of the Tajik state. Sabonis-Helf examines the nature of this commitment. The pursuit of Roghun is explored as a state-building project, a prestige project, and a technological imperative for Tajikistan's future. While Sabonis-Helf finds evidence of the importance of each of these three, she focuses on the last issue, finding that Roghun is in large measure an effort to safeguard a useful piece of the Soviet legacy infrastructure, as well as the industrial political economy Tajikistan enjoyed in the Soviet era. To the extent that Tajikistan's future is understood in terms of the revival of industry and mining, which is how the leadership sees the future, the entire cascade becomes critical.

In her chapter on Turkmenistan, Sophia Srinivasan also examines infrastructure and its political economy, although this case involves natural gas development and pipeline construction. Srinivasan focuses on the issue of foreign direct investment in Turkmenistan, and succeeds in identifying the conditions for successful investment, as well as the factor that most often cause companies to become disenchanted with Turkmenistan. Failure of FDI, she notes, occurs most often when a "misalignment between Turkmen government and international business practices renders an investment opportunity unprofitable for a company." Such failures have happened often and visibly enough that readers are more likely to be familiar with the failures than the successes. Srinivasan provides examples of successful FDI from Petronas (of Malaysia), CNPC (of China), and ENI (partly owned by the state of Italy). She identifies the key conditions for successful investment as: a low potential to challenge the government's authority; government-to-government relations that support development of business ties; the ability of projects to enrich Turkmen authorities directly; and the ability to contribute to pipeline diversity. Srinivasan's in-depth examination of investments, both successful and unsuccessful, displays keen insight into both the industry and how it has operated in the non-transparent environment of Turkmenistan.

The final chapter in Part III takes on the issue of corruption in everyday life. Adams, Svensson, and Urinboyev use ethnographic field research in Uzbekistan to examine how citizens there understand the role of the state, and how they define good governance. The authors use concrete examples and interviews to illustrate the rules governing informal money exchange, unofficial taxi systems, and the solicitation and payment of bribes to traffic police and midwives. They demonstrate how the state and its legal system have rather limited meaning in everyday life. Their evidence suggests that even state officials are more influenced by informal rules than by the law of the state. As one citizen notes, "Law and real life are completely different things." The authors find everyday life in Uzbekistan to be an informally organized response to a state that has largely withdrawn from all but its functions of maintaining political stability and interethnic peace. The people, they find, accept that the most important role of the government is to maintain political stability and interethnic peace. As a consequence, both the state and the polity of Uzbekistan seem content with a system that, to the outside, appears highly corrupt, but from the inside provides predictable ways to move through daily life.

Part III offers some very fresh insights that challenge common assumptions about the region. The cases display consolidation of sovereignty in the ways that citizens accept the legitimacy of their institutions, and in the increasing clarity of the states' visions of the future. But the image emerges of projects of statehood that are far from complete. The evidence presented here suggests that Central Asia may still be in the process of working out not only its collective identity, but also what states are actually members of the region; that national identity in these fiercely independent states is still sometimes very much a product of Soviet constructs; that citizens of the region take pride in the governance they are provided (and take advantage of the spaces where the state is absent); that foreign investment can and does succeed even in the least transparent environments; and that projects of state-building, not just nation-building, are still very much alive in the region. Taken together, these five chapters provide the reader with a sharper sense of how easily what is happening in the region can be misunderstood by the casual observer. The vivid examples and analysis offered give a sense of the unexpected insights that can be gained by taking a closer look.





## *Chapter Sixteen*

# **Kazakhstan's Dilemma on Eurasian and Central Asian Integrations**

Marlene Laruelle

In September 2012, in the midst of the euro crisis, George Soros made a sensational statement, calling on Germany to offer a more coherent vision of its role in Europe, under the slogan “lead or leave.”<sup>1</sup> The parallel may seem audacious, because the situations are obviously extremely different, but this slogan offers a way to question the place of Kazakhstan in the Central Asian region: Lead or leave? The inability of the five post-Soviet Central Asian states to work together to build regional institutions is a controversial topic over which much ink has been spilled in scholarly debates. Although critiques inspired by the Cold War atmosphere are content to blame Russia and to see it as the only responsible party for the current state of affairs, a less ideological perspective on the domestic and foreign policies of the Central Asian states can help to explain this failure of institutionalized regional cooperation.<sup>2</sup>

This chapter focuses on the place of Kazakhstan in Central Asia and investigates the country's hesitations between a Eurasian integration project and a Central Asian alternative. The Kazakh authorities have never explicitly addressed the potential overlap and/or competition between these two orientations. On the one hand, despite favorable economic opportunities for Kazakh businesses, prospects for deeper Central Asian integration are seen above all as a burden rather than as a blessing. They are associated with potential spillover and risks of instability coming from southern neighbors and with difficult and isolationist partners such as Uzbekistan (until recently) or Turkmenistan. On the other hand, the Russia-led Eurasian Union project, whose treaty Astana ratified in May 2014, now seen through the lens of the crisis in Ukraine and Russia's economic stagnation, is interpreted as an imbalance that favors Russia rather than Kazakhstan. Both directions carry with them their own set of problems.

This was the context for Nazarbayev's February 2014 suggestion to, at some undetermined future point, change the country's name to *Kazakh Eli*, with the goal of no longer being a *-stan*. This sly suggestion merits closer scrutiny because it is far from a simple media anecdote; on the contrary, it is part of a tangible identity debate. The first part of this chapter discusses Kazakhstan's convoluted stance on the regional integration process and the choice made in favor of Eurasian integration to the detriment of Central Asian integration. The second part looks at the role of Kazakhstan's economy in driving Central Asia, which could push the country to brand itself as Central Asia's "superpower." Thirdly, it explores Kazakhstan's potential path away from the Central Asian *-stans* and the identity components that could foster or hamper that trajectory toward *Kazakh Eli*.

### KAZAKHSTAN'S DILEMMA: EURASIAN OR CENTRAL ASIAN INTEGRATION?

Since gaining independence in December 1991, Kazakhstan's foreign policy has been very steady in its promotion of a multi-vector policy that constructively engages Russia, China, the United States, and Europe, and circuitous in terms of its stance on the regional integration process. The Kazakh authorities, led by President Nazarbayev, promote regional cooperation and multilateral institutions at all levels: Eurasian institutions that would help to maintain a certain coherence among the post-Soviet countries, from the Commonwealth of Independent States to the Eurasian Economic Union; Central Asian fora such as the International Fund for Saving the Aral Sea and the Central Asian Nuclear Weapon Free Zone; UN institutions; transatlantic institutions such as the OSCE and NATO Partnership for Peace; new regional platforms that have emerged in the 2000s, such as the Shanghai Cooperation Organization (SCO) and the Conference on Interaction and Confidence-Building Measures in Asia (CICA); and the growing role of the Organization of Islamic Cooperation and its multiple related institutions.

Participating in all these platforms is not a contradictory strategy, but a sign of Kazakhstan's multi-vector policy. However, institutions promoting Eurasian integration, which are the most influential in terms of shaping strategic and economic decision-making and the country's general orientation, often oppose, openly or not, those promoting Central Asia-wide regional integration. Thus, it is legitimate to wonder if Eurasian integration has ruined hopes for Central Asian integration, or if, conversely, the failure of Central Asian integrative projects has pushed Kazakhstan to rally behind the Eurasian ones.

An initial Central Asian Economic Cooperation (CAEC) was created in 1994, with Kazakhstan, Kyrgyzstan and Uzbekistan signing the Treaty on

the Formation of an Integrated Economic Space (IES), which was joined in 1998 by post-civil war Tajikistan. The CAEC aimed at improving trade cooperation; creating a single market for agricultural production; industrial cooperation; developing a single transport and communication system; and addressing issues related to fuel-energy resources. With the exception of some tax harmonization, the CAEC results were largely more limited than anticipated, as ties between former Soviet republics became more distant and each country was unwilling to develop joint strategies. In 2002, with a change in the regional geopolitical situation (US military involvement in Afghanistan and the birth of the SCO), the four members tried to reinvigorate the group by transforming it into the Central Asian Cooperation Organization (CACO), with the goal of forming an integrated economic space and coordinating foreign policy, especially in relation to Afghanistan. Here again, success has not been abundant.<sup>3</sup>

There were many reasons for these failures, among which the competition between Kazakhstan and Uzbekistan for leadership, personified by their respective presidents, Nursultan Nazarbayev and Islam Karimov. Tashkent only favored Central Asian cooperation when it viewed itself as the region's undisputed leader at the beginning of the 1990s. At that time, President Islam Karimov referred to the need for regional unity by reviving the historical name Turkestan and promoted an identity based on Turkic and Muslim values, which he dubbed Turanism.<sup>4</sup> He competed with Nazarbayev, who, in contrast, put forward the concept of Eurasia, which situates Central Asia—and, in particular, Kazakhstan—at the crossroads between Europe and Asia.<sup>5</sup> The Eurasian identity would be distinctly less Turkic and Muslim, more open to Russian heritage, and more oriented toward both Europe and the Asia-Pacific region. Both of these narratives served as ideological frameworks for foreign policy strategies and for diverging economic plans.<sup>6</sup> Whereas Uzbekistan sought to distance itself from Russian influence, Kazakhstan preferred to become a mainstay of post-Soviet regional integration mechanisms.

In the first years of independence, Nazarbayev was openly nostalgic for the Soviet structure. In 1994, recognizing the failure of the Commonwealth of Independent States (CIS) to become a genuine platform for regional cooperation, he proposed the creation of a Eurasian Union. This union was to be endowed with supra-national bodies and would replace the ineffective CIS with new approaches to political and economic integration, free of communist ideology.<sup>7</sup> The project was never implemented. At the time, it was met with a disapproving response both from Yeltsin's Russia and from neighboring countries, which were then busy trying to build new alliances and move away from their Soviet pasts. Nevertheless, throughout the 1990s, Kazakhstan and its president constantly distinguished themselves on the post-Soviet scene through their commitment to Eurasian integration.<sup>8</sup>

In 2000, one of Nazarbayev's greatest victories was the launch of the Eurasian Economic Community (EAEC—Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan were member states; Uzbekistan joined later and then left). It was one of the only post-Soviet regional mechanisms to deliver concrete results. Then, in 2004, Kazakhstan tried to revive its Eurasian Union proposal by commissioning the famous Russian geopolitician Alexander Dugin to write a book promoting Nazarbayev's Eurasianist vision.<sup>9</sup> However, despite a large media operation both in Russia and in Kazakhstan, the project did not bear fruit, and Dugin's neo-fascist inspiration did not serve Nazarbayev's cause. In 2005, the Central Asian Cooperation Organization merged into the EAEC and was *de facto* dissolved with Russia's accession. This significant moment confirmed that the Eurasian and Central Asian integration projects were contradictory, rather than complementary.

Since the demise of CACO, no other Central Asian holistic integration project has emerged. Relations between Tashkent and Astana have improved, with the two countries acting to defuse tensions and seeking additional cooperation. The joint struggle against the "terrorist threat" has also helped to develop a common security narrative. Nazarbayev supported Karimov during the Andijan events in 2005, and agreed to extradite several opponents of the Uzbek regime to Tashkent.<sup>10</sup> The growing instability in Kyrgyzstan led both presidents to denounce the Kyrgyz "chaos," which they contrasted with the "stability" of their own countries.<sup>11</sup> But at least until Karimov's death in September 2016, the deterioration of Uzbekistan-Kyrgyzstan and Uzbekistan-Tajikistan relations put a damper on all realistic projects of Central Asian integration. Though case-based cooperation has sometimes been welcomed by all parties, integration processes per se have stalled so far.

Kazakhstan then enthusiastically supported Putin's idea, announced in 2011, of a new Eurasian Union. Nazarbayev was probably personally pleased to see Putin recognize that the union's initial motivation came from Kazakhstan, not Russia. Kazakhstan became a member of the Customs Union with Russia and Belarus a year later, and then ratified the Eurasian Economic Union treaty in May 2014. However, Astana sees itself, over the long term, not as a loyal second to Russia but as an *equal* partner. Nazarbayev has formulated Kazakhstan's posture on the Eurasian Union project unambiguously and repeatedly. First, those who would draw a parallel with the Soviet Union, either to denounce the current integration dynamic or in hopes of reviving the defunct Soviet structure, are in the wrong. He has emphasized, "There have been many rumors of Kazakhstan reportedly losing its independence, about the USSR allegedly being revived. Complete nonsense. Those willing to get the USSR revived are not in their right mind. We have gone a long way away from that."<sup>12</sup> Second, the Eurasian Union is an economic project, not a

political one, and the Kazakh authorities have expressed strong reservations about any supranational institutions or parliament, as well as joint citizenship. Nazarbayev stated, "Economic interest, rather than abstract geopolitical ideas and slogans, is the main engine of the integration processes."<sup>13</sup> Third, Kazakhstan's membership is the result of a choice that can be reversed if the country considers its interests are not being upheld. Here, too, Nazarbayev has expressed his perspective plainly: "If the rules which were previously established in the treaty are not fulfilled, then Kazakhstan has the complete right to end its membership in the Eurasian Economic Union. Astana will never be in an organization which represents a threat to the independence of Kazakhstan."<sup>14</sup> He could not be clearer.

The reluctance of Kazakhstan's political establishment vis-à-vis Russia's reintegration project—already evident with the Customs Union, which penalized Kazakhstan's economy more than it benefited it<sup>15</sup>—became more acute with the 2014 Ukrainian crisis, the annexation of Crimea and the sanctions and countersanctions that followed. Even at the highest levels of the state, it seems there is now a desire to halt the process of integration. Indeed, Kazakhstan finds itself in a contradictory situation. At the discursive level, Eurasia, claimed by Kazakhstan as its point of reference, is defined as the whole Europe-Asia continent. But in practice, it is a framework limited to post-Soviet space. As Nazarbayev put it: "Kazakhstan is a unique state in Asia where European and Asian roots are intertwined. [ . . . ] The combination of different cultures and traditions allows us to absorb what is best in European and in Asian culture."<sup>16</sup> Identifying Kazakhstan as "the heart of Eurasia" has become a kind of official branding slogan for the country. Nazarbayev refers to it in the homonymous title of his book *V serdtse Evrazii* (2005), which he published to substantiate the birth of the new capital city, Astana. This "heart of Eurasia" notion is represented in a sculpture in an Astana park (Zhastar Ayabagy) through the very explicit metaphor of a heart whose central red point suggests Kazakhstan.<sup>17</sup> Is "Eurasia" the merging of Europe and Asia, therefore giving Kazakhstan a legitimate right to envision itself in its "middle," or synonymous with post-Soviet space, with Russia as the main heavyweight?

Nazarbayev's Eurasianist narrative, which is supposed to ideologically synthesize the country's multi-vector foreign policy, is shared widely among Kazakhstan's political class. But the second interpretation of Eurasia, as a Russia-backed integration project that may slow down Kazakhstan's engagement with other external actors, has risen in influence with the Customs Union and then the ratification of the Eurasian Economic Union treaty. These new integration projects seem to create a serious imbalance in which Russia has preeminence, sparking debate among Kazakhstan's elite and

expert community. The Kazakh authorities now therefore have to manage an unanticipated dilemma—that the Eurasian motive of their foreign policy unexpectedly became an imbalance in Russia’s favor rather than a guarantor of multi-vectoralism. In this context, some could be attracted to revisit the Central Asian integration issue as a way for Kazakhstan to increase its room for maneuver.

## KAZAKHSTAN AS CENTRAL ASIA’S ECONOMIC ENGINE

Despite this preference for Eurasian over Central Asian integration, Kazakhstan remains the economic engine of the region. Its GDP (gross domestic product, per capita) represents more than half of Central Asia’s total. Out of a combined five-state GDP (purchasing power parity) of US\$811 billion in 2016, Kazakhstan alone generated US\$468 billion. Uzbekistan comes in a distant second, with a GDP that is less than half the size of Kazakhstan’s (US\$203 billion).<sup>18</sup>

The historical picture that there are few incentives to cooperate in Central Asia, due to the lack of economic complementarities and obvious competition for resources,<sup>19</sup> has drastically changed. At present, largely diversified economic patterns are creating new, unexpected areas for cooperation. Kazakhstan now finds itself in the position of being a critical actor in the Central Asian region in many economic sectors (e.g., food security and financial investment), and its dynamic economy attracts at least one million labor migrants from neighboring states. Kazakhstan is Uzbekistan’s third-largest trading partner, and in many sectors Uzbek and Kazakh economies are complementary. In 2013, the joint Uzbek-Kazakh meeting on bilateral economic cooperation mentioned exports to Kazakhstan of Uzbek cars, cargo transport, buses, agricultural equipment, finished textiles, electronic equipment, construction materials, glass, and high-density polyethylene; and exports to Uzbekistan of Kazakh metal, ferroalloys, wood, and wood products.<sup>20</sup> Moreover, Kazakh firms are increasingly interested in locating their production processes in countries with cheaper labor costs, such as Tajikistan and Kyrgyzstan, or in using the industrial capacities of Uzbekistan to target a larger market consisting of Russia, China, and South Asia. Kazakhstan is already the largest investor in Kyrgyzstan, with direct investments amounting to more than US\$1 billion in sectors such as banking, construction and energy.<sup>21</sup>

Furthermore, as Aitolkyn Kourmanova noted, “Kazakh businesses often have a surplus of capital, and thus could become the bankers for the whole region. In 2007, before the global financial crisis hit the region, Kazakh bankers were controlling up to 50 percent of the Kyrgyz banking market<sup>22</sup>

and developing strategies to invest capital in Tajikistan, and potentially in Uzbekistan if the local legal system had been opened to them. These Kazakh private investments were not large per se, but they were sizeable compared to the smaller economies of their neighbors. According to official data from the Kazakh National Bank (which likely underestimates the true amount), the total FDI from Kazakhstan to Kyrgyzstan was around US\$537 million in the period 2005–12. FDI was also targeted toward Uzbekistan (US\$252 million) and Tajikistan (US\$88 million) during the same period. In Tajikistan, Russian investors are more important, but Kazakh mining companies are showing increasing interest.”<sup>23</sup>

Kazakhstan has also become a major grain exporter—and, to a lesser extent, an exporter of fruits and vegetables, particularly to CIS markets—and now seeks to become one of the world’s major breadbaskets. According to FAO figures, in 2009 Kazakhstan remained in twelfth position in the world in terms of wheat exports (3.2 million tons) but became the world’s second-largest exporter of flour (2.2 million tons).<sup>24</sup> It plays a crucial role in the food security of its neighbors, selling to Kyrgyzstan, Uzbekistan, Turkmenistan, Azerbaijan, Afghanistan, and Iran. Tajikistan, for example, imports more than 90 percent of its flour from Kazakhstan.<sup>25</sup> While the Uzbek authorities have declared food self-sufficiency since 2002, they still are forced to import hundreds of thousands of tons of wheat. Kazakhstan has therefore become a central actor in regional food security. Any attempt by Astana to bypass its Central Asian clients and sell cereals to more financially solvent neighbors (Kazakhstan has looked to markets in the Middle East, among others), which would make sense from a commercial perspective, would imperil Central Asia’s food security.

Despite lacking borders with Afghanistan, Kazakhstan also presents itself as a key economic partner for Kabul. In its quest for OSCE chairmanship, which it obtained in 2010, Kazakhstan implemented an assistance program for reconstruction in Afghanistan, which includes modest projects related to water supply, infrastructure development, and delivery of cement and construction commodities. For example, Astana has financed the renovation of the Kunduz-Talukan road, and the construction of a school in Samangan province and a hospital in Bamyan province at a total of US\$2 million.<sup>26</sup> More importantly, as its exports began to take off in 2002, Kazakhstan positioned itself as a major actor in Afghanistan’s wheat market, both in terms of humanitarian and commercial aid within the framework of the UN World Food Program. In some years, about 20 percent of Afghanistan’s flour imports come from Kazakhstan, and during the years of Pakistani bans on cereal exports, Kazakhstan became Afghanistan’s main supplier of wheat.<sup>27</sup> The abrupt rise in world wheat prices in 2012 had repercussions for regional



trade. Kazakh wheat sold for 40 percent more on Afghan markets, pushing the country to turn again to Pakistan.<sup>28</sup>

Last but not least, in the short span of just a few years, Kazakhstan has become a unique migration crossroads in Central Asia. In 2007, it experienced the paradox of becoming the world's ninth-largest migrant-receiving country whilst also being the seventh-largest migrant-sending country.<sup>29</sup> Simultaneously a country of departure and arrival, Kazakhstan is also a transit country hosting a growing number of non-CIS migrants, mostly Afghans, Turks, Chinese, and Indians, all of whom see it as the gateway to Russia and subsequently to Europe. After Russia, Kazakhstan has the second-largest intake of migrants from Central Asia. Attracted by the country's economic dynamism, the numbers of Uzbek, Kyrgyz, and Tajik migrants are rising. They are distributed geographically according to their professions, and are very diverse in terms of their social backgrounds and professional qualifications. Uzbeks began to migrate en masse at the start of the 2000s and now constitute about two-thirds of the so-called *gastarbeitery* in Kazakhstan.<sup>30</sup>

For all Central Asian migrant workers, Kazakhstan is easily reachable by relatively affordable public transport (mostly buses) that allows for the maintenance of close family links back home. In addition, the effectiveness of cross-border familial contacts can be reinforced by the presence of Kyrgyz or Uzbek minorities settled on Kazakh territory. Far greater cultural links between Central Asian migrants and Kazakhs, as well as the absence of violent xenophobia in Kazakhstan, also make the country an attractive destination, especially in comparison to Russia. Lastly, the country's liberal legislation governing work-related matters, developed social infrastructure (including access to medical care and schools for children), and higher salaries relative to those available in neighboring labor markets are deciding factors for many migrants when choosing Kazakhstan. As Kazakhstan seeks to position itself as a regional leader for the whole of Central Asia, it is aware that its migratory appeal works in its favor. In an address made in February 2008, President Nazarbayev pledged that his country would set up a special labor transfer scheme for the countries of the Central Asian region. However, the Kazakh authorities were not able to formulate adequate legislation, oscillating between taking a more liberal approach to migration and protecting the national employment market.<sup>31</sup>

Despite these trends in favor of a more cohesive Central Asian region, Kazakhstan can only make rhetorical noises about it when its main neighbor, Uzbekistan, did not share the same commitment. Astana continues to prioritize Eurasian over Central Asian integration, but it cannot avoid deeper involvement in Central Asian economic affairs. The country's private sector is looking for new markets to penetrate and new commercial opportunities, and

the gap in living standards between Kazakhstan and its neighbors will continue to make it a major migration destination. A large part of the country's future remains closely linked to the Central Asian region, which can present a unified or fractured stance. However, Kazakhstan's economic potential to dominate the Central Asian market can be interpreted in two opposing ways: in favor of a Kazakh foreign policy that would seek to establish the country as the driver of Central Asian integration, or, on the contrary, as a sign that Kazakhstan must distance itself from the region's unproductive economy, to say nothing of its interstate tensions, in order to pursue a distinct trajectory.

### IS KAZAKHSTAN LOOKING FOR A THIRD WAY? THE KAZAKH ELI SOLUTION

Indeed, Kazakh elites are ambivalent regarding the place of their country in Central Asian historical and cultural space. Official discourse often celebrates the region's cultural achievements dating to ancient times, and places Kazakhstan within Islamic tradition. At the same time, they frequently emphasize the distinctiveness of the country, its late adoption of Islam, and its steppe identity.<sup>32</sup> Senior Kazakh officials sometimes regard their Central Asian neighbors with thinly veiled contempt, disparaging them for their economic and cultural backwardness. Implicitly, being a part of the Central Asian region—including two others *-stans*, Afghanistan and Pakistan—is seen as depreciatory and may carry with it the risk of Islamist spillovers. These threat perceptions have spurred strong criticism from some scholars, including Farkhad Tolipov of Uzbekistan, who as early as 2006 attacked Kazakhstan's Eurasian choice as being both provocation and an illusion; he invited Kazakhstan to remain a *-stan* and be proud of that.<sup>33</sup>

The prospect of Central Asian integration remains interpreted (whether rightly or wrongly is outside the scope of this piece) as a risk of destabilization rather than as a chance for prosperity, and additional Eurasian integration no longer captivates the political class, which is worried about excessive Russian influence. Is a potential third way emerging?

In February 2014, during a visit to one of the new “Nazarbayev intellectual schools” in the Atyrau region, the president floated the idea that Kazakhstan could drop the suffix *-stan*: “In the name of our country there is the suffix *-stan*, as in many other countries of Central Asia. At the same time foreigners show interest in Mongolia, with only 2 million inhabitants, and whose name has no suffix *-stan*. Maybe in the future we will have to address the question of changing the name of our country to Kazakh Eli, but before that it needs to be discussed with the people.”<sup>34</sup> Nazarbayev's allusion to the

necessity of popular debate implies that this decision probably will be left for post-Nazarbayev generations. However, this is not the first time that the country's *-stan* seems to have been considered problematic. In 2013, Dariga Nazarbayeva, the president's older daughter and a member of parliament, stated that, "Kazakhstan borders Central Asia geographically, but it is not a Central Asian country. We are a Eurasian state (. . .). We are not one more *-stan* for the media world and some politicians. Our historical orientations are not toward Saudi Arabia, but Norway, and countries such as South Korea and Singapore."<sup>35</sup>

One week after Nazarbayev's statement, the minister of Foreign Affairs was quick to denounce it as a media trick and to offer reassurance that the country did not intend to change its name.<sup>36</sup> Despite this immediate denial, public debate sprang up around the term *Kazakh Eli*.<sup>37</sup> However, the domestic discussion did not revolve around Kazakhstan's belonging to the Central Asian *-stans*, but around the multinationality underlined in the term *Kazakhstan*. The latter not only refers to the Central Asian region, through the sharing of the same suffix, but is perceived as a Soviet legacy, with the *Kazakh Socialist Soviet Republic* as its direct predecessor. *Kazakh nationalist movements*, very active in social media since Kazakhstan's entry into the Customs Union,<sup>38</sup> have supported the idea of renaming the country *Kazakh Eli* (meaning "the land of the Kazakhs")—as well as competing ideas such as "*Kazakh Orda*"<sup>39</sup>—to reaffirm the preeminent role of ethnic Kazakhs in their own country. Minorities have preferred to reiterate their commitment to *Kazakhstan*, a term seen as a token of the country's multi-nationality and its civic, *Kazakhstani*, identity.<sup>40</sup> Some *Kazakh nationalists of Tengrist persuasion*<sup>41</sup> have pointed out the importance of distancing the country from the *-stans*, which they see as overly Islamic, but they represent a minority view. The local debate was thus shaped by the opposition between being a multinational country and being the country of the Kazakhs, not about belonging to a supranational regional unity.

It should also be noted that the Russian-Soviet tradition disassociated the *Kazakh steppes/Kazakhstan* from the rest of Central Asia. In Russian, *Srednyaya Aziya* (which can be translated as Middle Asia) refers to the *Turkestan Governorate*, which was established in the last third of the nineteenth century during a time when the *Kazakh steppes* were already part of the *Siberian Governorate*. The Soviet regime pursued this dual terminology. On several occasions, for example during the *Khrushchev era*, Moscow grouped *Kazakhstan* with *Siberia*, not *Central Asia*, in terms of its development trajectory. While *Kazakhstan* was associated with *Central Asia*, the term used, *Srednyaya Aziya i Kazakhstan*, maintained this double identity.<sup>42</sup> It was not until the collapse of the Soviet Union that the Western term *Tsentral'naya*

*Aziya* was largely adopted in Russia and Central Asia, effectively erasing the historical distinction between the ancient Transoxiana and the steppic world.

However, the fact that Nazarbayev evoked a possible name change in parallel with a reference to Mongolia invited the inclusion of foreign policy in the debate. The weakness of ties between Kazakhstan and Mongolia is striking, as only a small, 50-mile strip of Russian territory separates them. Diplomatic relations between the two countries are marked by the presence of a large Kazakh minority of about 160,000 people in western Mongolia, in the province of Bayan-Ölgii. Astana “repatriated” about 60,000 of them as part of its repatriation program for ethnic Kazakhs living abroad (Oralmans).<sup>43</sup> Economic exchanges are minimal, amounting to US\$54 million in 2015.<sup>44</sup> Kazakhstan is Mongolia’s tenth-largest trading partner, and Mongolia only ranks somewhere between thirtieth and fortieth among Kazakhstan’s trading partners.<sup>45</sup>

However, the growth of Mongolia’s economy—mostly based on the mining sector—could result in growing interest from Astana. Mongolia will need to import more, particularly vehicles and transport equipment, and industrial and textile machinery—sectors where Kazakhstan and Uzbekistan have something to offer. Although a majority of foreign investment in Mongolia comes from Russia, China, Canada, and Australia, in recent years Kazakh companies have enjoyed an increased presence, mainly in the fields of geological prospecting and industrial production related to mining. Still, Kazakh direct investment in Mongolia remains low, at less than US\$20 million in total. Mongolia has asked for Kazakhstan’s assistance in developing its oil and electricity sector, and has expressed interest in importing wheat from Kazakhstan. Mongolia is also interested in Kazakhstan’s success in the construction sector and urban planning.

Beyond bilateral relations, Mongolia is paving the way to another kind of Eurasian identity that attracts Kazakhstan. Ulaanbaatar offers an identity that is neither a Russia-dominated Eurasia project nor Central Asian “*stan-ization*.” Wedged between Russia and China, it has built a geopolitical identity that is more connected with Northeast Asia than Eurasia or Central Asia. The country is looking resolutely toward the Asia-Pacific region. Japan has been its leading donor since the early 1990s and eyes Mongolia’s rare minerals and uranium. Mongolians also have growing exposure to Japanese culture. Mongolia has relations with both Koreas: around 30,000 Mongolians currently work in South Korea, whereas over 2,000 North Koreans and 3,000 South Koreans work in Mongolia.<sup>46</sup> Mongolia has developed a “third neighbor” policy, meant to give more room for maneuver vis-à-vis Russia and China. It remains very cautious in its observer status in the Shanghai Cooperation Organization,<sup>47</sup> seeking to develop cooperation in the fields of culture, edu-

cation, health, and the prevention of natural disasters, but not in security or politics. In 2012, Mongolia signed a NATO Individual Partnership and Cooperation Program (IPCP), “a noticeable acknowledgment from Western democracies of Mongolia’s sustained commitment toward democratization and international peace and security, moreover the country neither borders a full democracy nor one that is a member in Western-led regional institutions.”<sup>48</sup>

This Mongolian brand makes sense to Kazakhstan on a number of counts. Nazarbayev has always made positive references to what he saw as an “Asian model,” lauding the economic dynamism of Asian countries, as well as political regimes that combine features of both liberalism and authoritarianism. At the end of the 1990s, Astana even translated the symbolism of the Asian Dragons (Hong Kong, Singapore, South Korea, and Taiwan) and the Asian Tigers (Thailand, Malaysia, Indonesia, the Philippines, and Vietnam) into a snow leopard symbol, insisting on Kazakhstan’s prospects for a high-tech future and rising ties with Asia-Pacific nations.<sup>49</sup>

In this vein, Malaysia has quickly become the Southeastern Asian country to which Kazakhstan has looked. A country with a Muslim majority that is also multi-ethnic and multi-religious, one of the best performing economies in Asia, and the third-largest producer of computer components after the United States and Japan, the Malaysia “model” is one that Kazakhstan could seek to emulate. Kazakhstan’s presidential party Nur Otan and the United Malays National Organization (UMNO) have established links between their parliamentarians and party structures, and the Malaysian strategy formulated in the Vision-2020 plan is similar to that of Nursultan Nazarbayev’s Kazakhstan-2030. The new administrative capital of Malaysia, Putrajaya (located twenty kilometers south of Kuala Lumpur and near the new city of Cyberjaya, which specializes in new technologies), was one of the models that Kazakh authorities considered for Astana. The transformation of KLIA (the Kuala Lumpur International Airport) into a leading aviation hub for Southeast Asia also interested Kazakhstan, as did Malaysia’s “multimedia corridor,” which overlaps with Kazakhstan’s development objectives in innovative industries. Malaysia is further considered as a model for Kazakhstan in terms of its Islamic norms. Malaysian halal food firms have been established in Kazakhstan since 2005, and the Kazakh authorities have chosen to define their halal standards according to those of Malaysia.<sup>50</sup>

The “Kazakh Eli” future of Kazakhstan that Nazarbayev discreetly mentioned is thus not only a response to pressure from increasingly nationalist public opinion. It also fits into a new potential foreign policy agenda. This could both distance Kazakhstan from Central Asia if the region sinks into economic crisis and state failure and offer an alternative to a Russia-dominated Eurasian identity and integration. Mongolia—and to a lesser extent

Malaysia—are seen as the archetypes for a possible third identity for Kazakhstan. Such an identity would not deny the dominant role of Russia and China, but would open channels of cooperation with the Asia-Pacific region and maintain a high level of cultural sovereignty, accommodating the Kazakh authorities' expectations.

## CONCLUSIONS

Since its independence, Kazakhstan has preferred Eurasian integration under Russian leadership to Central Asian integration. The choice was and remains difficult: risk being “second-in-command” behind Moscow, or compete with Uzbekistan for regional leadership. Astana has an edge: regional integration projects with Russia are preferable to being stuck with the reluctant Uzbekistan. The economic choice seems obvious: gain access to the large Russian market and its industrial production, rather than reign over a Central Asian market with far fewer opportunities and increasing Chinese dominance. However, these choices may be questionable, too: the effects of the Customs Union on Kazakhstan's economy do not seem to have lived up to their promises,<sup>51</sup> and post-Crimea Russia partly jeopardized Astana's multivectoral tradition.

On the other side, Central Asian emerging markets offer particularly easy expansion for Kazakh investors and could serve as a testing ground for Kazakhstan's private sector before reaching further afield. The change of direction of Uzbekistan's regional policy since the death of Islam Karimov in September 2016 gives some hope to those in Kazakhstan calling for more Central Asian integration: the new Uzbek president, Shavkat Mirziyoyev, seems committed to re-establishing good-neighborly relationships with Tajikistan and Kyrgyzstan and to partially reintegrating the country into its regional environment. On the strategic level, the choice seems more straightforward. Russia remains the main provider of Kazakhstan's defense needs, even at the price of strategic dependence—Kazakhstan has almost no independent air force defense and could not defend its sovereignty against Moscow. But the Central Asian region still appears instead as the “place of all dangers”: state failure, interstate conflict over water and borders, and Islamist insurgencies.

Perhaps more important is the challenge of self-representation as a state that Kazakhstan faces in choosing between Eurasian and Central Asian integrations. Historically, Kazakhstan was not fully a part of “Middle Asia” (*Srednyaya Aziya*), even if its interaction with the Transoxiani/Turkeistani world was intense. Another face of Kazakh identity can be brought to light: its steppe identity, historically largely integrated in the Siberian world, which could be a push factor to look more clearly toward Russia or Mongolia.

However, more self-identification with Siberia seems difficult. Today, Russia increasingly values ethno-centric and Orthodox components of its identity, and tends to diminish the country's federal status and its national and religious diversity. Furthermore, Russia is already such a dominant power on Kazakhstan's political, strategic, economic, and cultural landscapes that an identity project oriented toward Moscow would not make sense, and would instead reignite already vivid internal debates around the "colonial" nature of this bilateral relationship. This dual perception of a Kazakh identity that historically looks both southward and northward tends to be obliterated in the official discourse, as it would force Astana to mention the internal diversity of the Kazakh nation and its division into three *Zhuz*, or tribal confederations, with some of them more "Siberian" and others more "Turkestanian."

The perspective of renaming the country *Kazakh Eli* opens a new alternative that is neither the Russian "Eurasian" domination, nor what is interpreted as the Central Asian quagmire. The *Kazakh Eli* idea draws a third line whose features correspond to criteria that both society and the regime promote. First, it allows Kazakhstan to position itself as a "neither, nor" by creating its own distinctive brand rather than being a part of a regional entity. Second, it highlights the Kazakh ethnic component of the country and the historic destiny of its steppe culture, something that the younger generations increasingly support. Third, it takes as a model Asian countries that are seen as successful in achieving economic modernity and cultural globalization. Nevertheless, the *Kazakh Eli* idea puts aside the important issue of the role of Islam in the public sphere in Kazakhstan. Is it compatible with the mythology associated with the *Kazakh Eli* brand, or would it prevent Kazakhstan from positioning itself as the next Mongolia? A growing Islamic identity could contribute to strengthening ties with the rest of Central Asia and its progressive *stan-*ization.

Kazakhstan's population is indeed evolving quickly, which may create new challenges in the coming decades. Between 1992 and 2002, the country lost 10 percent of its population,<sup>52</sup> but thanks to a relatively high demography and to ethnic repatriation, the country reached 18 million inhabitants in 2018.<sup>53</sup> Over the last twenty years, more than three million people identified as European or Russian-speaking have emigrated. Those Russians who still live there are getting older and will progressively fade from the national landscape. At the same time, internal migration from the countryside to the city has led to significant domestic changes. Given their different reproduction patterns, southern and northern regions display different demographic dynamics: increasing in the South and decreasing in the North. Internal migrations are massive, and mostly concentrated in Southern regions, or from Southern rural regions to Astana and Almaty.<sup>54</sup> To that trend should be added almost one million "Oralmans" repatriated from Uzbekistan, Mongolia, Af-

ghanistan, and China, further intensifying the transformation of urban and rural cultures in terms of ethnic make-up and social practices. Last but not least, labor migration reinforces the Central-Asianization of Kazakhstan's population. Uzbeks, the third-largest minority in Kazakhstan after Russians and Ukrainians, are heavily concentrated in some southern provinces of the country. The arrival of hundreds of thousands of Uzbek migrants, some of whom will seek to settle in Kazakhstan permanently, risks accentuating a trend toward the "ghettoization" of the country's south, but also accelerating the interaction between the Kazakh South and its Uzbek neighbor. Finally, there are mushrooming tensions between the Western regions of Atyrau and Aktau and the rest of the country, mostly over issues related to unequal wealth redistribution but which are framed by "regional identity" arguments.

In this context, it is difficult to predict the future of Kazakhstan's foreign policy and state identity choices. For sure, the country has played its best card in balancing different orientations and pragmatically displaying multiple layers of state narrative. However, Kazakhstan's Eurasian destiny has been deeply shaken by the Ukrainian crisis and Russia's overly assertive push for regional integration. Kazakhstan's Central Asian vector could hold a certain appeal, but the somewhat bleak prospects for interstate relations (until Uzbekistan's change of policy) and the economic development of Kazakhstan's neighbors may repel possible attraction. The *Kazakh Eli* notion could therefore be progressively promoted or at least added to the previous binome, being both in tune with a more nationalist atmosphere among younger generations and offering a foreign policy that looks to Asia.

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## *Chapter Seventeen*

# **Kyrgyzstan's Experiments with Democracy**

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Political development in independent Kyrgyzstan has been cyclical, swinging between relative openness and authoritarianism. Two violent regime changes over the course of five years persuaded major political actors to establish a system that would prevent the consolidation of power in the hands of one person. Informal arrangements had not worked. Following Askar Akayev's ouster in March 2005, rival opposition leaders made an informal pact to install Kurmanbek Bakiyev as head of state.<sup>2</sup> At that time, Bakiyev was seen as a "consensus figure" who could maintain a balance among various factions without grabbing too much power himself. His job was to fulfill the expectations of the competing players who had orchestrated Akayev's removal. Bakiyev, however, quickly marginalized his supporters and promoted a small group of people loyal to him into top positions.<sup>3</sup> The April 7, 2010, violence, when Bakiyev ordered soldiers to shoot to kill protesters in central Bishkek, leading to over 90 deaths and hundreds of injuries, was the bloodiest political confrontation to date in Kyrgyzstan.

When Bakiyev was ousted a few days later, the leaders responsible recalled the lessons of 2005. Instead of relying on a single individual to manage conflicting interests and the state, they understood that changing the overall political system was required to ensure fair representation of all players. That is, whereas Bakiyev had been a consensus choice among rival political factions in 2005, the victors in 2010 actually redistributed power by adopting a new constitution and creating a two-year transitional presidency.<sup>4</sup> The consensus was the result of a rational choice among interim government members based on new rules of power sharing, rather than on an ideological accord. Politicians sought to preserve their individual powers and interests by gaining seats in the parliament and appointing the government. The 2010

constitution was designed to ensure that formal rules superseded informal patrimonial practices in politics and business. It also sought to reduce or eliminate the possibility of another violent regime change. The constitutional provisions ensure that no single leader or political force is able to centralize power to such a degree that they could refuse to hand over power if they lost the next election.<sup>5</sup>

In this chapter, I explain that the rising political dynamism in this country defies the region's tendency toward authoritarianism. But it is not the quality of political parties that makes this election exceptional; most political formations are rife with patronage relations. Nor are these parties led by visionaries fighting to bring democratic changes; all of Kyrgyzstan's top political leaders, even the young generations, have a history of autocratic decision-making. In fact, few voters are demanding democratic leadership. Instead, much of the population still supports leaders who base their campaigns on traditional values that sometimes go against political pluralism. What sets the country apart from its post-Soviet neighbors is a system of political competition that is the product of two violent regime changes within a decade. Each time an autocratic, corrupt leader was ousted, political elites hoped a fairer system would result—a system that would allow all political groups to compete for representation in the parliament.

Therefore, Kyrgyzstan's seeming democracy is not one by design, but by default. It was born from a deeply corrupt authoritarian system in which a multitude of political and entrepreneurial actors decided to block the future emergence of a single authoritarian leader. The new system is designed to ensure that no one political faction gains or loses everything. However peculiar, the system has worked for the past seven years. That elections are held at constitutionally defined intervals since 2010 is an achievement in itself. The regional norm in Central Asia is to hold parliamentary elections as needed to strengthen the power of the incumbent leader's party.

The dispersion of political capital across the country mirrors the diffusion of economic capital. Kyrgyzstan may have few energy resources, but it is famous for its ability to transport Chinese goods. Thanks to the shuttle trade and the decentralized nature of the economy, entrepreneurship has flourished in Kyrgyzstan. While some entrepreneurs relied on the transit of Chinese goods, others made their fortunes smuggling Afghan heroin through the infamous "northern route." Over time, these entrepreneurs looked to the political system for legitimacy and protection. Thus, the birth of Kyrgyzstan's competitive political landscape reflects the distribution of economic capital across the country.

## PARLIAMENTARY EXPERIMENT

Following the April 2010 regime change, Kyrgyzstan held a constitutional referendum, presidential and parliamentary elections. The referendum took place in the relatively stable environment barely two weeks after the violence in Osh, despite fears that renewed violence might interrupt the process. For many voters, the referendum represented a way to reduce instability by approving the new constitution. With a 70 percent turnout, approximately 90 percent of voters supported the new constitution and the creation of a parliamentary system to replace the existing strong presidency. The OSCE praised the vote, which was perhaps the most transparent and orderly referendum ever held in Kyrgyzstan.<sup>6</sup>

The new constitution made it more challenging for one political leader or party to emerge as an authoritarian force. All parties now recognize that winning through elections is their best option, even if winning still involves voter manipulation and other undemocratic tactics. Three constitutional provisions are especially important. First, parliament is now stronger than the presidency; parliament cannot be dissolved unless two-thirds of the MPs agree to resign. Second, no one party can receive more than 60 percent of all seats in parliament, no matter how many votes it receives; protecting the parliament from the emergence of a powerful pro-presidential party and ensuring that the majority party or coalition faces a strong opposition faction. The constitution also specifies that opposition members chair the parliamentary committees on the budget and law enforcement. The parliamentary minority can also nominate its own candidates for ministerial positions. Finally, the president can only serve one six-year term.

Kyrgyzstan's 2010 constitution guarantees equal rights to all citizens regardless of ethnicity, religion or gender. The constitutional provision on human rights, drafted by Kyrgyzstan's leading human rights activists, guarantees the rights of all Kyrgyz citizens, regardless of "sex, race, language, disability, ethnicity, religion, age, political or other opinion, education, origin, property or other status, or other factors." Furthermore, the Electoral Code includes 30 percent quotas for women, ethnic minorities and young people in the parliament. The statute on quotas for women was adopted largely in response to the sharp decline in the political participation of women during Bakiyev's regime. The parliament elected in 2007 did not include a single female MP. All political parties met the quotas when compiling their party lists ahead of the 2010 parliamentary elections, usually by recruiting a person who satisfied more than one required category (for example, a young female, Russian candidate).



However, despite these positive changes, the new government was unable to establish effective control over security forces and local government officials. Particularly in southern Kyrgyzstan, the police were headed by local leaders who remained loyal to Bakiyev even after his ouster. This lack of clear lines of authority partly explains the rapid spread of ethnic violence in the southern cities of Osh and Jalabad in June 10–14, 2010. What began as a scuffle among young patrons of a local bar in Osh on June 10 grew into one of the bloodiest incidents in Kyrgyzstan's recent history. The ethnic strife resulted in over 450 deaths and forced some 400,000 ethnic Uzbeks to flee their homes. International human rights organizations reported acts of torture, extortion, and illegal arrests during police raids of Uzbek neighborhoods. Although some ethnic Uzbek refugees have returned to Kyrgyzstan within the year, over 40,000 have emigrated to Russia, Kazakhstan, and other countries because they feared more violence and persecution.<sup>7</sup>

There is no single explanation for the June 10–14 bloodshed. Most international media outlets described the violence as an interethnic clash that reopened long-standing political and economic grievances between the two groups. For its part, the interim government accused abstract “third forces” of provoking the violence, including not just Bakiyev's proxies, but also Batyrov and radical Islamist movements. Local NGOs have put forward yet another interpretation of the conflict—that the government's lack of authority in the south forced many people to appeal to their ethnic and kinship groups to protect themselves at a time of great political uncertainty.

The aftermath of the four-day violence in June 2010 revealed some of the worst flaws of Kyrgyzstan's judicial system and the underlying problems of the Kyrgyz police force. The judicial system faced the task of identifying and prosecuting the perpetrators of the June 2010 ethnic violence. Roughly 300 cases were initiated in 2010, but only a small number reached the courts. The vast majority of cases stalled because defendants, witnesses, and lawyers encountered intimidation, and local judges refrain from taking potentially explosive cases to avoid further instability.<sup>8</sup> Among the ethnic Uzbeks sentenced to life in prison are prominent human rights activist Azimjon Askarov. He was convicted in September 2010 of complicity in the murder of an ethnic Kyrgyz policeman and of inciting ethnic hatred. Askarov has reportedly been tortured at a detention facility at least twice.<sup>9</sup>

In addition to weaknesses at the judicial level, the constitution may be subject to increasing change. Contrary to his earlier pledge to avoid amending the constitution, in 2016 President Almazbek Atambayev proposed a package of constitutional amendments to, among other things, expand the powers of the prime minister, ban same-sex marriage, reduce judicial independence, and allow Kyrgyzstan to legally disregard international rulings on alleged viola-

tions of individual rights within its borders. The president's administration insisted that an amended constitution would prevent the emergence of clan-based rule. The Constitutional Chamber quickly approved the constitutional amendments, exposing its political loyalty to the president. Although members of the Chamber had spoken out against any amendments, they eventually caved to pressure from politicians, demonstrating the judiciary's lack of independence despite ongoing judicial reform. The parliament followed suit by putting the amendments to referendum. This left just over a month for the public to understand and debate the amendments before voting day in December 2016. The twenty-six amendments were presented with one "Yes/No" option for the entire package. The referendum passed with roughly 80 percent support in a vote with 42 percent turnout.

Under the new amendments, the parliament decided whether international agreements on human rights are applicable and valid under national law. Therefore, Kyrgyzstan would not be obliged to follow any international ruling about alleged violations of individual rights within its borders. This particular amendment is linked to the case of Azimjon Askarov, who was mentioned above—an ethnic Uzbek human rights activist jailed for life in the aftermath of the June 2010 ethnic violence in southern Kyrgyzstan and, according to the UN, denied a fair trial. In 2016, the Office of the United Nations High Commissioner for Human Rights (OHCHR) urged the Kyrgyz government to drop all charges against Askarov, "quash his conviction," and release him from jail.<sup>10</sup> In response, the Supreme Court conducted a perfunctory review in July of allegations that Askarov was tortured, but it ignored the OHCHR's recommendations and sent the case to a lower-level court for appeal while Askarov remains in prison. Civil society activists say that, unlike Atambayev, when former presidents Bakiyev and Akayev attempted to reinvent the constitution, neither tried to change the section on human rights.

## ELECTIONS

Despite weaknesses mentioned above, the electoral system itself is strong. Since the April 2010 change of regimes and adoption of a new constitution Kyrgyzstan was able to hold several rounds of competitive elections. The country faced uncertainty in the October 2010 legislative elections. Twenty-nine political parties registered to participate, although only a few candidates were familiar to the general public. Tensions were especially high among parties that aspired to form a parliamentary majority and those unlikely to meet the robust thresholds for representation (5 percent of the national vote, and 0.5 percent in each of the seven regions addition to the cities of Bishkek and

Osh). Before the vote, Interim President Roza Otunbayeva warned that she would cancel the balloting should political parties resort to violence.

A myriad of new parties were formed shortly before election day. *Ata-Jurt* and *Respublika* were formed by Kamchybek Tashiyev and Omurbek Babanov respectively, shortly after the ouster of Bakiyev. They managed to win support thanks to the popularity of their leaders and intense campaigning. *Ata-Jurt*'s ethno-nationalist appeals in the aftermath of the June violence gained it the backing of a majority of ethnic Kyrgyz living in the south. For the first time, candidates participated in public televised debates. Campaigns tended to promote individual political leaders rather than ideas.

Contrary to skeptical expectations, the October 2010 parliamentary elections, the first based on the new constitution, were conducted in a peaceful fashion. Out of twenty-nine parties which fielded candidates, five passed the 5 percent threshold to win seats: *Ata-Jurt*, Social Democratic Party of Kyrgyzstan (SDPK), *Ar-Namys*, *Respublika*, and *Ata-Meken*. Turnout for the parliamentary elections was about 57 percent.<sup>11</sup> The fact that opposition parties (*Ata-Jurt*, *Ar-Namys* and *Respublika*) won the largest share of votes suggests that the interim government did not intervene in the electoral process or pressure the Central Elections Commission (CEC) to ensure victory for its constituent parties. Despite some shortcomings, the OSCE endorsed the election process, emphasizing that the political competition had taken place in a free environment and that all participating political parties had equal access to the media. Many international observers called the elections the most free and fair in Central Asia's history.<sup>12</sup>

The parliament elected in 2010 was largely comprised of wealthy political actors who gained their fortunes through entrepreneurship—legal or illegal. As they spread their influence across the nation and into the very halls of parliament, long-time political actors have had to adapt to the new situation. They had to learn how to craft their political ideas, attend to their constituents, and demonstrate their ability to produce results. The more recognizable a lawmaker became, thanks to his legislative initiatives, the better his chances of reelection.

Members of the new parliament also learned to engage in substantive debates on important issues, including the adoption of a state budget, managing ethnic tensions in southern Kyrgyzstan and investigating corruption charges. However, in the years since that election, legislation was often drafted and passed into law with limited expert consultations. Instead, in some cases, new laws contradicted portions of other bills or even limited constitutionally guaranteed freedoms. Several MPs regularly spoke out in defense of democratic principles, but the parliament showed no reluctance adopting statutes that restrict freedom of speech or appointing judges likely to protect the interests of incumbent parties.

**Table 17.1. Timeline of Major Political Events, 1990–2017**

<i>Period</i>	<i>Event</i>
June 1990	Ethnic violence in Osh, with an unofficial death toll of 1,000.
October 1990	Kyrgyz SSR's Supreme Soviet elects Askar Akayev as First Secretary.
August 31, 1991	Kyrgyzstan declares independence from Soviet Union
December 1995	Presidential elections: Akayev reelected with 72% of votes, though rival Absamat Masaliyev gains strong support in southern Kyrgyzstan.
October 2000	Presidential elections: Akayev runs for a <i>de facto</i> third term, wins with 76% of votes; Omurbek Tekebayev wins 14%, Almazbek Atambayev wins 6%.
March 17, 2002	Unrest in Aksy village in support of opposition MP Azimbek Beknazarov, five people shot dead by police and special forces.
March 24, 2005	Opposition groups convene crowds in central Bishkek following fraudulent parliamentary elections. Akayev flees to Russia. Former Prime Minister Kurmanbek Bakiyev from Jalalabad becomes interim president.
December 2007	Bakiyev changes constitution, makes his <i>Ak-Jol</i> party the major political force in the country.
April 7, 2010	Bakiyev's regime toppled after violent protests in Bishkek. Over 90 people killed by Bakiyev's forces. Roza Otunbayeva appointed Interim President.
June 10–14, 2010	Ethnic violence erupts in Osh and Jalalabad, leading to 470 deaths and dozens of rapes, pogroms and cases of arson.
June 27, 2010	The interim government holds a constitutional referendum.
October 10, 2010	Parliamentary elections take place, deemed as free and competitive by international observers.
November 11, 2011	Presidential elections: Central Asia's first peaceful transfer of power based on competitive elections. Almazbek Atambayev wins with 63% of support. His main challengers were Kamchubek Tashiev and Adakhan Madumarov.
June 26, 2013	Parliament votes to shut down the U.S. Air Transit base at the Manas airport when contract expires in June 2014, moving Kyrgyzstan closer to the Russian orbit.
August 12, 2015	Kyrgyzstan joins Russian-led Eurasian Economic Union.
October 4, 2015	Parliamentary elections take place, deemed as free and competitive by international observers.
December 11, 2016	Constitutional referendum passed with roughly 80 percent support in a vote with 42 percent turnout. 26 amendments presented with one "Yes/No" option for the entire package.
October 15, 2017	Presidential elections: Sooranbay Jeenbekov elected President

The establishment of quotas for women and minorities was not translated into pluralism in the parliament. Several issues are particularly important to highlight regarding political quotas and pluralism. First, existing quotas are not filled, and the numbers of both non-Kyrgyz MPs and women MPs have continued to fall since the parliament was elected. Second, the number of female or ethnic minority representatives in any given party does not necessarily lead to greater activism on inter-ethnic or gender issues for that party. On the contrary, some female MPs readily vote for legislation that restricts the rights of women and minorities. Finally, although quotas were established, the parliament lacks specialized committees to address issues of pluralism. Existing committees on Social Politics, Human Rights, Constitutional Legislation, and Policy rarely deal with issues related to minority rights or women. Even MPs oriented towards ethnic, cultural and gender pluralism are unable to gain enough traction to set off a discussion at the committee level, let alone a full session of parliament. As a result, nationalist factions and ultra-conservative MPs have successfully promoted policies of ethnic and gender exclusion.

One positive result of the shift to a stronger parliament has been the decrease in political violence in the country. Since the parliament represents nearly all major political forces in the country, political competition has moved from the streets to the halls of parliament. During Bakiyev's regime, the number of contract assassinations, violent protests, beatings and killings of journalists, as well as arbitrary arrests of opposition leaders, reached new heights. This was an outcome of the concentration of power in the hands of a small clique at the top of the political ladder, while other political factions lost access to government positions.

The parliamentary elections in October 2015 once again, marked Kyrgyzstan's progression toward a more competitive political landscape. The new parliament also includes slightly more female deputies with strong backgrounds in politics. President Atambayev's SDPK won a plurality of the vote but faced a stronger challenge than many expected from popular opposition parties. Fourteen parties competed, and six were able to surpass national and regional thresholds and secure seats. In the run-up to election day, political parties participated in heated televised debates and engaged in active campaigning across the country.

The elections, however, also underscored shortcomings in Kyrgyzstan's electoral process. Political parties often relied on party members' local popularity to attract votes, as opposed to policies and political platforms. Furthermore, the government required voters to submit biometric data before they were allowed to cast their votes. The decision was explained as being in line with government efforts to create a verifiable database of voters and reduce

fraud during elections, but only a little over a year's time was allocated for data collection inside the country. Cases of busing and bribing voters were reported on election day. All parties represented in the parliament have suffered internal splits since the election. Both *Ata-Jurt* and *Ar-Namys* voted to replace their party leaders in 2012, moves that were largely seen as indicators of intra-party divisions. Furthermore, several *Ata-Meken* and *Respublika* MPs have resigned from their respective parties.

According to the Kyrgyz Ministry of Justice, there are 181 political parties registered in Kyrgyzstan. Five are represented in the parliament, and several smaller parties are represented in local assemblies. Kyrgyzstan's proportional representation system has encouraged several smaller parties to band together in umbrella political groups. Most parties are the product of one political leader, but *Zamandash* (meaning "contemporary"), which represents the interests of labor migrants, is the rare exception that does not have one identifiable leader.

Thanks to competitive elections for local councils, local political parties received an opportunity to increase their chances in the next parliamentary elections. For the first time the responsibility over the formation of local governments was given to political parties that won representation. This marked a growing independence of local governments, on one hand, but also resulted in the appointment of politicized officials with inadequate backgrounds in public administration, on the other. Both large, nationwide parties and local political forces competed for seats, with larger parties facing a tough challenge from parties representing local political elites. Local governments generally tend to have greater ethnic and gender diversity compared to the national government. The Osh city council, however, does not reflect the diversity of the local population. While Uzbeks comprise roughly half the city's population, Uzbek MPs make up just 20 percent of the council (nine out of forty-five). There are only seven female MPs on the council.<sup>13</sup>

Quantitative studies conducted after the June 2010 violence demonstrate that during elections, ethnic Uzbeks are almost as politically active as the rest of the population. While ethnic Uzbeks report little political involvement during in-person interviews, studies show that roughly 80 percent have voted in elections.<sup>14</sup> However, data indicates that while ethnic Uzbeks may perform rituals of political participation such as voting, they do not perceive themselves as part of the political process.<sup>15</sup> Half the ethnic Uzbek population does not know if their interests are represented in parliament; indicating more uncertainty about the political process than any other ethnic group. Only 8.6 percent of ethnic Uzbeks believe they are adequately represented (compared with 19 percent nationwide).<sup>16</sup> Smaller ethnic minority groups are even more skeptical about their interests being represented in parliament, with just 6.6

percent of Russians and 7.1 percent of Turks believing they are adequately represented.

## TRANSFER OF PRESIDENTIAL POWER

The presidential elections in October 2011 marked the first peaceful and voluntary handover of power from one leader to another in the history of post-Soviet Central Asia. Despite some shortcomings reported by external observers, the elections took place in an environment of freedom and impartiality. Atambayev defeated fifteen other candidates, winning 63 percent of the vote with a 60 percent turnout.<sup>17</sup> Although the exact outcome of the election was largely unpredictable, Atambayev had emerged as the clear frontrunner several months before the vote. His chief opponents, Adakhan Madumarov and Kamchybek Tashiyev, captured 14.7 percent and 14.3 percent of the vote respectively. Atambayev was also the only candidate to secure at least 10 percent of the support in all seven of the country's *oblasts*. Both Tashiyev and Maduarov, widely popular in southern Kyrgyzstan, hoped to reach a runoff. The prospect of a second round pitting Atambayev against a single opponent based in the south threatened to stoke regional rivalries.<sup>18</sup>

The presidential campaign was conducted in a freer environment than any previous election in the country. For the first time, all competing candidates had the opportunity to participate in televised debates, during which citizens, especially those using the Internet, could submit questions. The debates covered pressing economic and political issues, and most candidates called for stronger rule of law, urged greater national unity in the face of north-south and ethnic divisions, and distanced themselves from corruption. Over three hundred OSCE observers and 1,000 observers from the NGO Coalition monitored the elections. The OSCE praised the peaceful and orderly manner in which the elections were conducted, even though it pointed to a number of shortcomings that must be overcome for Kyrgyzstan to consolidate its democratic practices. The candidate registration was inclusive, while the campaign was judged to be open and respecting of fundamental freedoms.

Similar to his predecessors, however, President Atambayev also managed to alienate the very political leaders who were vital to his ascent to power. These include former president Roza Otunbayeva, whom Atambayev now accuses of "covering up looting" in the aftermath of the regime change in April 2010. Other former members of the interim government were some of the loudest critics of Atambayev's calls for constitutional amendments. The president regularly blasted journalists and activists for criticizing him, sometimes using profane language. The role of the State Committee for National

Security (GKNB) in the political process expanded under Atambayev. The agency has acted as an arm of the Atambayev regime to silence its critics in politics and civil society. Leaders of the opposition People's Parliament movement were arrested for attempting to organize antigovernment protests, while political critics said they were threatened with possible arrest. GKNB also acted locally, for instance, pressuring members of the Jalal-Abad Central Election Commission to register the SDPK despite its failing to meet registration requirements. Finally, Atambayev's government supported the election of his successor Sooronbay Jeenbekov in 2017 by pressuring public employees to campaign for the candidate.

### THE "NORTH/SOUTH DIVIDE"

Patrimonial networks inside Kyrgyzstan's parliament are often labeled as "northern" and "southern" political forces. These networks are by no means based on familial ties, but are strictly contingent upon regional identity. Northern networks include Chui, Issyk-Kul, Talas and Naryn oblasts, while southern networks include Osh, Jalalabad and Batken oblasts.<sup>19</sup> Northern MPs describe politicians from the south as traditional, nationalistic, engaged in organized crime, shrewd and backward.<sup>20</sup> Similarly, MPs from the south describe their colleagues from the north as disunited, engaged in money laundering, arrogant and reluctant to share power. Some common characteristics describing the north/south cultural differences of politicians included the following dichotomies: while politicians from the south are themselves members of organized crime groups, those from the north are ready to collaborate with criminals for their own political ends; while southerners are traditional, northerners are Russified; while southerners are better consolidated, northerners are individualistic; and while southerners are underrepresented in national politics, northerners live in constant fear that the masses in the south will revolt against the northern establishment.

Assumptions about north/south bias do exist and are often cited by politicians and confirmed in voting patterns. However, there are few specific examples of their influence on politics outside of elections. It is possible to speculate that regional identities become important when all other strategies to win choice political posts are exhausted. These stereotypical perceptions are common, but regionalism tends to come to the fore only during political crises (political arrests, regime change, elections) rather than in day-to-day politics. For example, the June 2010 violence demonstrated that during times of political uncertainty, the local population of Osh perceived competition over resources and political representation primarily through an ethnic lens.



However, the alleged differences between the north and south are rarely mentioned openly during parliamentary sessions. The alignment along a southern identity seems stronger compared to that of the northern faction in parliament. Southern politicians have been able to unite against and in support of several cadre decisions. However, to date, there have been no visible manifestations of a northern alliance against southern political forces. Southern MPs have also clashed with each other on a number of issues such as control over resources in Osh and Jalalabad oblasts.<sup>21</sup>

Furthermore, some party leaders from southern Kyrgyzstan have found shared interests with politicians from the north. Southern MPs are represented in all political parties and at times unite with northern MPs to promote southern candidates for key government positions. However, the *Ata-Jurt* party, regarded as representing predominantly southern Kyrgyzstan because most of its top members are from Jalalabad and Osh regions, has seen rifts among its members. *Ar-Namys*, led by Felix Kulov, is regarded as the most multiethnic party because it recruited ethnic Russians and Uzbeks and Russified Kyrgyz for its party lists. *Respublika* and the SDPK are led by northerners who try to distance themselves from regional and ethnic divides. Politicians from the north also populate mid-level ranks across parties.

## CONCLUSIONS

The last decade has been critical for Kyrgyzstan's political development. Against all odds the country has set a precedent for a peaceful transfer of presidential and parliamentary power. Kyrgyzstan has not become a more democratic country merely by holding acceptable elections, but during the parliamentary elections in 2016, the country successfully avoided violent confrontation between various competing political groups. This alone should be considered a positive example in Central Asia's reality where state institutions are hollow and leaders are corrupt. Kyrgyzstan's stability will depend on how the various competing factions will choose to work with the new head of state Sooronbai Jeenbekov. In the meantime, Jeenbekov will need to live up to his promises and eschew the temptation to concentrate political power in his hands, thus avoiding repeating the mistakes of his predecessors.

## NOTES

1. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

2. Interviews with leaders of *Ata-Meken*, SDPK and smaller opposition parties who sought Akayev's ouster, 2005–2009.
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## Chapter Eighteen

# Tajikistan's Roghun Dam

## *Understanding Rahmon's "Palace of Light"*

Theresa Sabonis-Helf<sup>1</sup>

*The Rahmon government has emphasized Roghun as an essential and even existential project of the Tajik state. In this chapter, the pursuit of Roghun is explored as a state-building project, a prestige project, and a technological imperative. While evidence is presented of the importance of each of these three, the focus is on the technological imperative: Roghun is in large measure an effort to safeguard useful pieces of the Soviet legacy infrastructure. Tajik and international rhetoric surrounding Roghun tend to obscure a critical feature of the dam—the fact that only construction further upstream can preserve the Soviet-era Nurek Dam, a critical already existing hydropower facility which is in peril. This chapter examines the role that hydropower has played in the history and current politics and economics of Tajikistan.*

### THE "IDEOLOGY OF ROGHUN"

At the time of collapse of the Soviet Union, the massive Roghun dam facility was 40 percent complete. It had been planned as one of the mightiest power plants in all the Soviet system, essential for the expansion of Tajik industry.<sup>2</sup> Newly independent Tajikistan tried to keep development of the facility moving forward. In spite of the civil war in Tajikistan, which made it impossible for the state to pursue infrastructure projects, completion of Roghun dam continued to be high on the agenda of the Tajik government, even after a 1993 flood washed away much of the Soviet-era construction. Completion of the massive Roghun Dam has been a highly visible centerpiece of the Tajikistan

leadership's agenda since October 2004. Official government literature describes the Roghun project as follows:

Rohgun is not only the source of light, but also the driving stone of national conscience, the condition of power and durability of Tajikistan and the main factor ensuring national security. The history has entrusted our honorable and freedom-loving Tajik people another great mission—construction of a palace of light. This is for our generation both great responsibility and great honor.<sup>3</sup>

In official state documents and speeches, Tajik President Rahmon has repeatedly declared his commitment to finish Phase I of the dam—a partial dam and two turbines, in 2018, and have the whole facility in place by 2028. Phase II will include the full height of the dam and the remaining four turbines.<sup>4</sup> The completed dam is expected to stand 335 meters tall and is billed as the highest dam in the world. The completed dam will give Tajikistan the power to control the entire flow of the Vakhsh River and power six 660 megawatt (MW) generating units. At 3,600 MW, it will be the largest installed capacity of any single facility in Central Asia. Its completion would represent a near-doubling of electricity capacity in Tajikistan, which is currently in frequent electricity crisis. The facility would enable Tajikistan both to export electricity in the spring-summer season and to meet its domestic demand in the fall-winter season. The dam, which Uzbekistan vehemently opposed for over a decade, would increase regional tensions, displace an estimated 42,000 people,<sup>5</sup> and, since it is unlikely to be funded by international financial institutions, may impose a huge financial burden on Tajikistan—costing an estimated 50 percent of Tajikistan's 2013 GDP.<sup>6</sup> This chapter will examine why Roghun has become the centerpiece of Rahmon's post-civil war agenda for Tajikistan, and what it may mean for Tajikistan's future.

Roghun would be the most important remaining piece in the Vashkh River cascade, an ambitious series of hydropower dams. Tajikistan had enormous hydroelectricity potential, and because of the industrial uses (especially aluminum production), the power of Tajikistan's dams was seen as its most critical industrial contribution to the Soviet Union. The desire to complete the dam according to the original Soviet-era specifications is a reflection, in part, of the Soviet engineering expertise that retains influence in Dushanbe, but is also a reflection of the desire for Soviet-style glory. In his assessment of "Public Construction and Nation-Building in Tajikistan," Filippo Menga argues that the Tajik government's commitment to building the Roghun Dam amounts to a "Roghun Ideology" in which the dam itself is used to propagate the ruling elite's idea of the nation, as well as to gain legitimacy.<sup>7</sup> It is, indeed, the case that the rhetoric about Roghun Dam in Tajikistan sometimes seems overblown, and the government's commitment to complete the facility

against all odds is puzzling to outside observers. President Rahmon's commitment to the facility includes a quest for prestige, while construction of a massive and impressive structure such as Roghun echoes the efforts of many states to display their prowess over nature.

The Roghun project, however, goes beyond prestige and legacy: it is a perceived technological imperative with deep roots in the Soviet past. Tajikistan's Soviet-era identity, and the path it has identified for its future, are intimately tied to hydropower and to the aluminum industry it supports. While Roghun Dam is promised to be the highest dam in the world, the amount of electricity it will generate—3600 MW—is not so much greater than Tajikistan's Soviet-era Nurek Dam and its hydropower facility (3000 MW), on which Tajikistan is currently almost wholly reliant for electricity. In its day, Nurek Dam was the highest in the world,<sup>8</sup> a fact that is still referenced in official documents. Roghun is to be installed upstream of Nurek, and would transform the way the older facility is operated. Rhetoric about Roghun often obscures the fact that Nurek, a facility that was central to the Soviet-era Tajik Republic's identity, is currently in significant peril, and is unlikely to remain serviceable beyond twenty years unless the new upstream facility is built. The Vashkh River carries a level of silt much greater than the reservoir at Nurek can accommodate. As the Nurek reservoir fills with silt, clay, and even boulders, the ability of that facility to continue in use in its present manner is very much in doubt. Roghun is about both Roghun and the future of Nurek.

To explain the complex impetus for the Roghun project, it is necessary to review the history of the Vakhsh River cascade, from its Soviet origins to the double-or-nothing present-day dilemma faced by the contemporary state. Three faces of Roghun will be addressed: Roghun as a continuation of Tajikistan's longstanding economic identity, with hydropower being a state-building project for Tajikistan begun in the Soviet era; Roghun as a prestige project vital to the Rahmon regime; and Roghun as a technological imperative for the future of Tajikistan.

### **TAJIKISTAN'S ECONOMIC IDENTITY: THE PRESENT AND ITS PAST**

Tajikistan's Soviet past, as well as the future Tajikistan imagines for itself, are both closely tied to a specific kind of political economy. Tajikistan—although it has no significant oil or gas—has a commodities economy, like the rest of Central Asia. Tajikistan's exports are raw aluminum (26 percent); ores (24.2 percent); gold (17 percent) and raw cotton (7.1 percent).<sup>9</sup> These extractive industries have all experienced catastrophic decline since the collapse of

the Soviet Union, and the Government of Tajikistan is keen to restore extractive industry's prior grandeur.

Concern for the future of Tajik commodities exports reflects, in part, a desire to shift away from Tajikistan's current largest export—its labor. Officially registered Tajik migrants to Russia in 2014 totaled over one million,<sup>10</sup> or 12 percent of the entire population,<sup>11</sup> and that does not include the large number of unofficial migrants, or those who seek work in Kazakhstan when they cannot get to Russia. With Russia's economic downturn and shifts in its migrant labor policies, official migration numbers to Russia from Tajikistan fell to 879,000 in 2016,<sup>12</sup> but even this lower number is high relative to Tajikistan's population of 8.5 million. Available data suggests that Tajikistan has the highest reliance in the world on remittances. In 2015, remittances totaled an estimated \$3.1 billion, and constituted 36.6 percent of the GDP.<sup>13</sup> The impact on a country of labor migration on this scale is beyond the scope of this chapter, but it underscores the challenge Tajikistan faces in trying to build a viable economy.

For those who remain in Tajikistan, unemployment and underemployment are endemic. The Asian Development Bank noted in 2010 that “. . . although the official unemployment rate is only 2 percent, unemployment and underemployment together were believed to be as high as 40 percent.”<sup>14</sup> Agriculture is the largest single source of employment—engaging 46.5 percent of the labor force in 2015.<sup>15</sup> Given this large percentage, it is perhaps surprising that Tajikistan remains a net food importer, and that agriculture represents less of a contribution than remittances to the economy—only 20.7 percent of the GDP.<sup>16</sup> In the case of richer economies, import dependence for food is sometimes an indicator of development. In poorer countries such as Tajikistan, it reflects an increased vulnerability of the population to volatility in commodities prices. The mismatch between agriculture's labor force concentration and its contribution to GDP suggests two separate issues—subsistence farming and non-economic production of an agricultural commodity. Although the Rahmon government is making steps towards improving food security, cotton has a long tradition of competing directly with food production. Research from the World Bank and Mercy Corps has demonstrated that malnutrition in Tajikistan is concentrated in cotton-producing areas.<sup>17</sup>

For those not engaged in agriculture, mining and aluminum production are the key employment sectors. The Tajik Aluminum Company (TALCO) has long been central to Tajikistan's economy. Although employment levels at the facility have fallen in recent years, from a high of 13,000 to a low of 7,500 in 2017, the company remains the country's single largest employer.<sup>18</sup> TALCO is not only the leading employer, but is also a leading generator of hard currency, and one of three “strategic objects” in the country that are protected by law from privatization.<sup>19</sup> Somewhat counter-intuitively, Tajiki-

stan does not currently mine the inputs required for aluminum manufacture. According to TALCO company reports, as of 2015, TALCO was importing 90 percent of the raw materials required for aluminum production.<sup>20</sup> In other words, Tajikistan's only large-scale domestic raw materials input into its aluminum manufacture is the hydroelectricity that powers the massive TALCO aluminum facility. This has been the case since the plant's construction in the 1970s.

According to a 1984 (declassified) CIA analysis, the primary criterion for the location of Soviet aluminum plants was the availability of inexpensive hydropower, due to the huge amount of power required for production.<sup>21</sup> Following in this tradition, the inputs required were brought to Tajikistan, where large volumes of cheap electricity converted the imported raw materials into aluminum. The nearest Soviet sources of alumina were Pavlodar in Kazakhstan and Mykoliav in Ukraine.<sup>22</sup>

Since the Soviet era, the aluminum plant located in Tursunzade, Tajikistan, has been known variously as Tursunzade, TadAz and TALCO. The facility poured its first aluminum ingot in 1975, and came online with new French technology in 1978.<sup>23</sup> The facility at Tursunzade was state-of-the-art in the Soviet Union, as the use of pre-baked anodes (a French innovation) made possible higher yields of aluminum for the same amount of electricity, and allowed for more effective capture of toxic gases.<sup>24</sup> By 1982, the plant was the third-ranking production facility in the USSR, with the CIA estimating annual production at 240,000 tons.<sup>25</sup>

TALCO currently contracts with a private, British West Indes company that both brings in raw materials and receives the finished product. The complex and non-transparent relationships involved in both supply and running the facility have been highly controversial among international observers. It is clear that TALCO has been reliant on subsidized electricity as well as the government of Tajikistan writing off substantial debt to the electricity company in particular.<sup>26</sup> Although TALCO itself is a state-owned enterprise, it has been alleged that through supply contracts, the company came under direct control of President Rahmon's family in 2004. It has also been alleged that the company has long used a complex "tolling scheme" that enables the complex network of companies involved to avoid taxes and international regulation. Competition for control of this "tolling scheme" is well-documented in subsequent court cases, and includes an array of offshore entities as well as Russian and Norwegian companies.<sup>27</sup>

A court case alleging fraud and involving TALCO's tolling arrangements was heard in the London Court of International Arbitration from May 2005 to November 2008, and became the most expensive case in British legal history, all without arriving at a clear resolution.<sup>28</sup> Russian investment via RUSAL, which had been promised in 2004, was caught up in this court case,



with the Russians withdrawing their offer in 2007. It was after this case that the company replaced the TadAz name with TALCO, but some measure of notoriety has continued to follow the plant's operations. Most persistent is the allegation that the facility has been, and continues to serve as, a source of cash for Rahmon's family.<sup>29</sup>

These legal disputes and allegations, however, have not created permanent obstacles for TALCO. In spite of the non-transparency of its operations, the facility has received a quality management system certification recognized by the World Trade Organization,<sup>30</sup> implemented the results of an energy audit conducted by the World Bank,<sup>31</sup> and has been the recipient of significant investment and upgrades. Somewhat surprisingly, the Tajikistan Ministry of Finance released, in October 2016, a report stating that \$1.1 billion earned by TALCO between 2010 and 2016 is not accounted for and is believed to be concealed in offshore accounts.<sup>32</sup> This may suggest why the Government of Tajikistan is beginning to exercise a higher level of oversight regarding the facility. It remains the single dominant industrial asset of Tajikistan,<sup>33</sup> and as such it is widely regarded as a critical asset for the future, even if its operation is providing less to the people of Tajikistan than it should.

For its part, TALCO portrays itself as "responsible for the revival of manufacturing" in Tajikistan, and has set ambitious goals for "indigenization" of its supply chain to create jobs and reduce supply chain vulnerabilities. By 2020, the facility plans to meet 60 percent of production requirements with local alumina, aluminum fluoride, nepheline, cryolite, graphite products, equipment and parts.<sup>34</sup> Tajikistan does not have significant deposits of bauxite (a necessary ingredient in highest quality aluminum ores), but the materials noted above, particularly nepheline and alunite, are potential sources of lower-quality ores that can be used in aluminum production. Because these ores have large amounts of associated byproducts, TALCO also plans to produce cement, soda and potash. There is a precedent for this type of production; historically, the USSR was the only country to make extensive use of non-bauxite ores in aluminum production. However, even in the Soviet period, planners moved away from the use of low-quality ores due to the high cost involved.<sup>35</sup> It is not clear whether "indigenization" can be developed in a cost-competitive manner in the current market, but the move towards "indigenization" has captured the government of Tajikistan's interest, largely because it will create jobs in the Tajik economy.

### **Soviet History (Electrification, Nurek and TadAz)**

Depending on who is telling the story, massive hydropower potential led to development of the aluminum industry in the Tajik SSR, or the other way

around—the promise of the aluminum industry enabled the Tajik SSR to attract coveted Soviet investment in hydropower. Either could be the case. Since Soviet Era infrastructure in Tajikistan compares unfavorably to its Soviet neighbors in all sectors except electricity,<sup>36</sup> it is likely that the promise of industrial productivity enabled Tajikistan to capture investments in electricity.

Lenin was a very strong advocate of electrification, announcing at the 8th Congress of Soviets in December 1920 that “Communism is Soviet power plus the electrification of the whole country.”<sup>37</sup> The Soviet Union was behind the West in electrification, and the 8th Congress had to select a strategy for rapid electricity development. GOLERO, the State Commission for the Electrification of Russia, advocated for a highly centralized regional station approach, whereby industrial centers would receive large power facilities, rather than emphasizing residential needs. The plan that resulted from these debates, known as the GOLERO Plan, posited thirty regional power plants for all the Soviet Union, of which ten would be hydroelectric dams.<sup>38</sup> Hydropower was given pride of place in early Soviet planning, but its implementation was delayed because of the capital investments needed and long construction times.<sup>39</sup>

Full electrification of the provinces and remote Republics came much later, but the model of earlier electricity development persisted; industry and electrification would be built together. The Soviets did not begin assessing Tajikistan for hydropower until the 1930s, but by 1958, there were 53 small facilities (up to 12 MW each) in use. The first large hydropower plant, Qayroqqum, with 126 MW of power, came into use at full capacity in 1957,<sup>40</sup> but its role in irrigation of the Ferghana Valley was always more important than its role in power.<sup>41</sup>

Tajikistan is recognized as ranking 8th in the world for its hydropower resource potential, and is first in the world for hydropower-per-capita potential.<sup>42</sup> The prospect of developing large power facilities on the Vakhsh River was first proposed in 1958, at which time the leadership of the Central Asia division of the Hydroproject Institute of Moscow in Tashkent was ordered to explore its feasibility.<sup>43</sup> Soviet engineers began construction downstream and increased in hydropower capacity as they moved upstream along the Vakhsh River. The first hydropower facility built was the Perepadnaya power station, a modest 30 MW station commissioned in 1959. This was followed by the first large facility, Golovnaya, a 201 MW station, which was commissioned in 1962. When Nurek's 3000 megawatts came online in 1979, the dam was the tallest existing dam in the world, and a source of great pride to Tajikistan. Balpaza Dam, a 600 MW station, also on the Vakhsh River but downstream from Nurek, was completed in 1986. Nurek was not expected to

be the furthest upstream: both Shurob (750 MW) and Roghun (3600 MW) were planned further upstream, but were not completed before the Soviet collapse.<sup>44</sup> Additional facilities, a 670 MW Sanguda I and a 220 MW Sangtuda II, were planned to be built downstream of Nurek and above Golovnaya. Implementation of these was also left unfinished with the collapse.<sup>45</sup> See map of the Vashkh River Cascade among the front pages of this volume.

How Nurek proceeded, and with what support, is disputed. According to some Tajik sources, Tajikistan, frustrated with Uzbekistan's lack of enthusiasm for large hydropower in Tajikistan, began lobbying Moscow to proceed with Nurek in 1961. According to this version, Uzbekistan opposed the initial proposal, arguing that Tajikistan had no industry to justify large hydropower facilities. This led to Tajikistan's development of a proposal to build an aluminum production facility together with the hydropower facility.<sup>46</sup> This account, however, is disputed by Western scholars, who debate whether Nurek was constructed primarily for hydropower or for irrigation.<sup>47</sup> Bashmakov, Sirozhev, and Petrov argue that the streamflow-regulating hydro developments in the Amu Darya were all focused on irrigation, with power engineering ascribed subordinate significance.<sup>48</sup> It is not clear that irrigation needs would justify a dam of Nurek's magnitude, and certainly not a powerhouse of 3000 MW. Since the Nurek power station's first generator came online in 1970, its last came online in 1979, and the aluminum facility came online in 1975, it is clear that the projects were inseparable from the outset.

Nurek became and remained the largest hydropower plant in the former Soviet Union.<sup>49</sup> Since Nurek and the Tajik Aluminum Company represent Tajikistan's greatest contributions to Soviet Era industrial accomplishments, it is perhaps not surprising that the independent state of Tajikistan hopes to build on these accomplishments, rather than move away from them. The push to complete the Vakhsh cascade and to renovate and further develop TALCO is a logical extension of the past. But the commitment to Roghun as a project central to the Rahmon administration's identity goes beyond the logic of legacy. The next section will examine Rahmon's attachment to the Roghun project, in spite of considerable obstacles.

### **Roghun as a Prestige Project Central to the Rahmon Regime**

From 1991 to the present, Tajikistan has improved its installed capacity (electricity generating capacity) by nearly 1 gigawatt (GW), or 26 percent over its Soviet Era capability.<sup>50</sup> Tajikistan has very limited resources of its own, but has been successful in attracting assistance and investment for many smaller hydropower projects, transmission line improvements, and even thermal power stations. In spite of the many projects that account for increased output of electricity, the Roghun Dam—which has not yet yielded any power—re-

mains by far the most expensive and most visible Tajikistan state project in energy. Completion of the massive Roghun Dam has been President Rahmon's highest energy security priority, a centerpiece of the Tajikistan leadership's agenda since October 2004. Scholar Filippo Menga notes that

the recurring elements of the internal Rogun rhetoric include the portrayal of the dam as a source of light, heat and progress, a vital and existential issue, and as the only viable solution to solve the country's energy problems. The tools used to propagate this narrative include national TV and radio and the main state-owned news agencies, which ensure that the project has a constant visibility by duly reporting official statements and declarations on the Rogun Dam.<sup>51</sup>

President Rahmon himself speaks of the Roghun Dam as an existential objective for Tajikistan, one which must be achieved in spite of any obstacles. He explicitly ties not only his own success as a leader but Tajikistan's success as a nation to the successful completion of Roghun Dam. His 2010 national address on Roghun is illustrative:

Roghun is the prosperity and long life of Tajikistan, unprecedented development of industry and agriculture, and most importantly, regular light and warmth in every family of our people. . . . Roghun is the source of national pride of every son of Tajikistan and the symbol of our today's and tomorrow's honor! Roghun is the essence of existence of our nation and the long life of Tajikistan.<sup>52</sup>

This address launched a so-called "patriotic initiative"—the public sale of shares of Roghun Dam. Although the shares campaign lasted less than a year, posters promoting the campaign remained highly visible in the capital city and rural areas a year later.<sup>53</sup> Menga notes that national television closely followed the progress of the sale, and that only one other dam in recent history has been partially funded by citizen contributions—the Renaissance Dam in Ethiopia.<sup>54</sup> Anecdotal evidence suggests that the government went even further than exhorting citizens to do their patriotic duty to buy shares—employees in several key sectors were apparently required to purchase the shares, and schools and hospitals were given quotas to fulfill in terms of sale of shares.<sup>55</sup>

The president's impassioned Roghun speech excerpted above was given after promised Russian assistance fell through. According to official Tajik sources, the promise of the Russian aluminum company, RUSAL, to invest in Roghun led to a restarting of construction in 2005, but "disputes began between Tajikistan and RUSAL on the height, structure and method of construction of Roghun dam and the Agreement of the Government of Tajikistan with this company on cooperation was revoked."<sup>56</sup> In his work, scholar Alexy Malashenko fills in a bit more detail about the dispute. He argues that

RUSAL canceled its agreement in 2007 for a mix of financial, technical, and political reasons. RUSAL experts apparently recommended reducing the dam height to 285 meters, and making it out of concrete rather than rock fill. Both of these recommendations were based on Uzbek authorities' preferences, and were an effort to placate Uzbek objections to the dam.<sup>57</sup> These recommendations were not well received by the Tajik government, which was committed to building the highest dam in the world, following the original Soviet design. The disagreement between RUSAL and the government then widened, in Malashenko's telling, to include corruption accusations and Moscow's increasing willingness to listen to Uzbekistan's objections about the dam. RUSAL's interest in Roghun was also tied to its interest in TALCO, and RUSAL was a party in the London court case mentioned above.

When the prospects of Russian assistance faded, Tajikistan began seeking international assistance and investment, only to discover that substantial and time-consuming feasibility studies would be required by international donors, and that such donors would insist on consultations with all the riparian states. Tajikistan formally requested assistance from the World Bank in October 2007, asking for a techno-economic assessment study and an environmental and social impact assessment of the Roghun project.<sup>58</sup> According to the World Bank, the Government of Tajikistan also used its own resources to begin rehabilitation of the old Soviet-era Roghun tunnels and underground civil works in 2008.<sup>59</sup> The solicitation of citizens to become shareholders was an effort both to keep the project moving while new sources of funding were sought, and to mobilize citizen support of the project. The government reportedly raised \$200 million from sales of shares to citizens<sup>60</sup> before this approach was set aside.<sup>61</sup> This effort to inspire the people of Tajikistan towards the "patriotic initiative" was needed, in part, because the government's commitment to build Roghun Dam without Russian assistance, and despite Uzbek objections had led to substantial economic difficulty for the nation. For its part, Uzbekistan's efforts to prevent Roghun's progress ranged from international diplomatic efforts to economic warfare.

## UZBEKISTAN'S CONCERNS AND RESPONSES

Uzbekistan's principal objection to Roghun was the shift in power and control over resources that it represented. Although use of water for hydropower does not consume water which would still be available for irrigation, the rate at which Tajikistan would fill the reservoir behind Roghun would have profound impacts on Uzbek agriculture in the short term. In the longer term, such a dam would give Tajikistan incentive to prioritize energy needs over

downstream irrigation needs, reversing the priorities as set in the Soviet era. In addition, Tajikistan would have the capability to cut off water supply to Uzbekistan almost at will. The dam height issue was particularly important for the Uzbek leadership. A dam height of 285 meters would leave an estimated 40 percent of the annual flow of the Vakhsh River uncontrolled, while the full 335-meter height would enable Tajikistan to control the entire flow of the Vakhsh River.<sup>62</sup>

While the international community sought to assess Uzbekistan's concerns, and Tajikistan proceeded with its own efforts, Uzbekistan sought to impede Tajikistan's ability to construct the dam. Seizing on temporary instability in the regional Central Asian Power System (CAPS) electricity grid in winter 2008–2009 as an excuse, Uzbekistan withdrew from the regional grid altogether. Since the regional dispatch center had been located in Tashkent, this effectively destroyed regional electricity exchange, eliminating Tajikistan's seasonal electricity market for the summer and plunging Tajikistan into darkness during the cold winter.<sup>63</sup> Although Kazakhstan re-established its portions of the CAPS grid in 2009, Tajikistan was still left out of the system as of 2017. According to the World Bank, regional energy trade dropped by 90 percent from the early 2000s through 2016, which contributed significantly to winter energy shortages in Kyrgyzstan and Tajikistan.<sup>64</sup>

The exclusion of Tajikistan from the CAPS system was a significant blow to the Tajik economy. Because hydropower output is low in winter and the need for heating drives electricity demand higher, Tajikistan had historically imported from the CAPS system in the winters and exported in the summers. Without CAPS, Tajikistan was left freezing in the dark; as late as 2012, Tajikistan was experiencing a 24 percent deficit of power in the winter. Since the aluminum facility remained in operation, consuming about 40 percent of total electricity, that deficit of power was borne by the population in the form of residential blackouts.<sup>65</sup> An estimated 70 percent of the population experienced regular blackouts during the winters, and many regions were receiving only a few hours a day of electricity. Limited alternative means of heating led to the burning of solid fuels in homes, with associated health and danger risks. A 2013 World Bank study estimated the annual cost of unmet demand at about \$200 million per year, or 3 percent of GDP.<sup>66</sup>

The cost to the Tajik economy was felt not only in winter. In summer, when Tajikistan, in keeping with long-standing water sharing treaties, released large volumes of water for the downstream states that required it for irrigation, the surplus of hydropower was such that much of the water had to be released as idle discharges—in other words, the water had to be spilled without running through the hydropower turbines. Due to this, by Ministry of Energy estimates Tajikistan lost over 4 billion kWh of electricity each summer

due to lack of access to CAPS.<sup>67</sup> Loss of light and heat in the winter, including in Dushanbe, persisted from January 2009 through winter 2016, when completion of a coal-fired power plant in Dushanbe finally made it possible to supply much of the capital city without interruption.<sup>68</sup> The loss of summer revenue continued, although in 2017, negotiations concerning the possible re-institution of CAPS began in earnest.

Meanwhile, Tajikistan is reliant on Uzbek goodwill for transportation, as well as for CAPS electricity transit. The existing train routes that connect Tajikistan to the outside world all run through Uzbekistan.<sup>69</sup> In 2010, as Tajikistan attempted to continue with some construction works at Roghun, Uzbekistan began blocking freight trains that contained construction materials, fuel, and equipment that could be used at the Roghun site.<sup>70</sup> In 2008, the government of Uzbekistan began seizing railroad cargoes, and in 2011 all rail traffic was halted between the two states. In 2012, Uzbekistan also ceased selling natural gas to Tajikistan, claiming a need to fulfill contracts to China. As of 2016, only two of the 16 border crossings between the two countries remained open.<sup>71</sup>

In spite of Uzbek economic pressure, Tajikistan continued to prioritize construction at Roghun, making marginal progress until 2012, when they agreed to interrupt construction and await the results of World Bank feasibility studies, which the World Bank had agreed to do in response to repeated requests of the Uzbek government.<sup>72</sup> When the assessments were released in August 2014, concluding that Roghun was a cost-effective strategy for Tajikistan and that Uzbek environmental concerns were not well founded, the Uzbek government denounced the results.<sup>73</sup>

The Tajik-Uzbek history is one of rivals, and not all regional tensions can be attributed to Roghun. With large ethnic minorities in each country, the mining of the borders by Uzbekistan in 1999, and the introduction of a visa regime by Uzbekistan in 2001, each contributed to the longstanding tensions.<sup>74</sup> Water use and water rights have, however, been a constant source of tension between the governments, one that caused the International Crisis Group to examine the problem in 2014, as a possible cause of regional conflict.<sup>75</sup> Although relations between Tajikistan and Uzbekistan have begun to warm with the passing of President Karimov, most analysts predict that water and Roghun will continue to be a sticking point in the relationship.

Although the Roghun Dam is clearly in keeping with Tajikistan's Soviet era development trajectory, the evidence does suggest that Rahmon's elevation of the project to the highest level, and the refusal to compromise with riparian neighbors on its design, was connected more with presidential prestige than with economic logic. Regional tensions have risen in obvious ways as a result of the project—and regional tensions have become a Rahmon Admin-

istration argument for why the project must go ahead. It is likely that Menga is correct in his assertion that:

The bond between the Tajik president and his pet project is such that the two appear to share a common fate: if Tajikistan fails in realizing the Rogun Dam, Rahmon would also have failed in disseminating his national idea.<sup>76</sup>

The proximity of Roghun and Rahmon's respective identities is separate from the more essential, underlying question: Is the project itself a vanity project, or has Rahmon correctly identified a project essential to the future of the Tajik state? The next section takes up this question.

### **ROGHUN AS A TECHNOLOGICAL IMPERATIVE FOR TAJIKISTAN?**

The government of Tajikistan recognizes insufficient electricity as a critical issue. Even though the as-yet-unattained goal of the Roghun Dam and hydro-power facility has retained the highest status in Tajik government rhetoric, many other efforts have been made to address the chronic electricity shortages that plague the country. Disconnecting from the CAPS grid in 2009, and the cutoff in gas supplies from Uzbekistan in 2013, put extreme pressure on Tajikistan's system. The International Energy Agency notes that as late as 2015, most of the country was "experiencing significant supply shortages during autumn/winter, with no power and/or heat for up to 70 percent of the time when conditions are extreme."<sup>77</sup>

The ongoing crisis masks the fact that significant new hydropower has been built in Tajikistan, and many older facilities have been refurbished. The Tajik government has been creative and persistent in finding a range of financial mechanisms to make this possible. The new Sangtuda-I, with its four generators and installed total capacity of 670 MW, completed in July 2009, was funded largely by Russia, with the Russian government and a major Russian company 81 percent owners.<sup>78</sup> Sangtuda-II, with its two generators and installed total capacity of 220 MW, was funded largely by a build-own-transfer agreement with Iran; its second turbine opened in September 2014.<sup>79</sup> Older facilities have been refurbished using EBRD, ADB, and World Bank assistance. In less-accessible regions, micro-hydro added more than 130 MW of capacity by 2015.<sup>80</sup> Transmission has also significantly improved. Prior to the bringing down of CAPS by Uzbekistan, Tajikistan completed a 500 kilovolt line connecting the northern and southern portions of its grid, reducing its reliance on transit of Tajik-to-Tajik power across Uzbekistan.<sup>81</sup> Finally, in Dushanbe, 100 MW of combined heat and power, supplied by coal and



funded by China, came online in 2014. An additional 300MW of coal-fired combined heat and power were added in 2017, adding some fossil fuel generation to Tajikistan's power mix.<sup>82</sup> Tajikistan has emerged as the most avid Central Asian supporter of the CASA-1000 line that will connect Pakistan and Afghanistan to Central Asia, and provide Tajikistan a significant southern market for its summertime surplus.<sup>83</sup> The United National Development Programme estimated in 2013 that, if imported fuel and investment were both considered, the Tajik government was allocating 15 percent of its state budget for the development of the fuel-energy complex.<sup>84</sup>

According to Tajikistan's Ministry of Energy, the long-term goal for Tajikistan is energy independence. The official 15-year strategy plans for increasing capacity by 4600 MW, diversifying the sources of generation by 10 percent, increasing efficiency and renewables by 10 percent, and reducing the losses in the system by 10 percent. In that same time period, the government plans to restructure the electricity company, Barqi Tojik, and significantly increase electricity exports.<sup>85</sup> Given that electricity generation increased nearly 11 percent between 2002 and 2012, despite very difficult circumstances, the Ministry remains optimistic about further progress.<sup>86</sup>

The sector, however, has not yet been able to get out from undersupply stress. The energy crisis that persisted through 2017 is partly about regional relations, and partly about the largely unreformed character of Tajikistan's electricity sector. It is also a reflection of the fact that Tajikistan's installed capacity is insufficient, its electricity sector is undiversified, its grid is isolated, and its industry is inefficient. Given these long-standing problems, is Roghun the answer?

The World Bank began its assessments in September 2008, taking a year to develop the terms of reference. The objectives of the assessment, according to the World Bank, were:

to (a) assess the feasibility of a hydropower dam at the Rogun site in Tajikistan from the technical, economic, environmental and social perspectives; (b) compare various Rogun dam design options with alternative means to meeting Tajikistan's energy needs; and (c) promote a constructive dialogue among the riparian countries (Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan) by assuring the independence and quality of the studies and sharing the finding with all parties.<sup>87</sup>

The assessment was seen as a very important means for reducing regional tensions. Early in the process, UN Secretary General Ban Ki-Moon visited the region, and urged both Tajikistan and Uzbekistan to "respect the final outcome of this technical assessment."<sup>88</sup> As part of its process, the World Bank conducted five multi-country consultations between 2011 and 2015. Several

special measures were taken, such as the World Bank keeping a direct role in supervision of the studies and convening panels of experts in an effort to take Uzbekistan's concerns into account. Uzbekistan had repeatedly asserted that environment considerations were the reason for its concern about Roghun, and that a World Bank assessment would be critical.<sup>89</sup> Aware of the level of tension in the region, the World Bank agreed to conduct two studies; Tajikistan, in turn, agreed to suspend its efforts at construction until the results were available. The first study was a techno-economic assessment, led by Coyne & Bellier. The second was an environmental and social impact assessment led by Poyry Energy Ltd. The two-part assessment does, in large measure, vindicate the Rahmon government's belief that Roghun is the best answer for Tajikistan. Uzbekistan, for its part, did not accept the independence and objectivity of the analysis in spite of significant efforts on behalf of the World Bank to ensure both.<sup>90</sup>

The techno-economic study affirmed that a large dam at the Roghun site could be built and operated in accordance with international safety norms, that existing Soviet-era structures (the tunnels and powerhouse cavern) would require remedial measures but could be used, that a rock-fill dam is an appropriate type of dam for the area, that landslides were not a threat to the safety of the dam, that a dam of any of the three proposed heights could sustain a maximum credible earthquake, and that the high levels of sediment in the Vakhsh River make a higher dam more attractive.<sup>91</sup> In other words, all the key Tajik positions on technical issues were upheld by the independent assessors, who judged that any of the three Roghun Dam variations were more economical than any alternatives to Roghun.<sup>92</sup>

On the economic side, the World Bank estimated the cost for the project at \$3 to \$5 billion, and a construction time of ten to thirteen years. The World Bank noted that Roghun, using any of the three proposed heights and generation capacities, was the lowest cost alternative for electricity production in Tajikistan. They did recommend the highest (335 meter) design as the most cost-effective.<sup>93</sup> On the economic merits as well as the technical merits, the World Bank again appeared to concur with Tajikistan's preference for Roghun. In the financial assessment, however, the World Bank offered a caution—that it would be necessary to secure full financing for “safety critical” matters before the river was diverted, and that 28 months would likely be required from the time of decision to proceed to the time of diverting the river.<sup>94</sup> This is presumably the partial basis for Tajikistan's decision to build Roghun in two stages, the first of which will include two turbines. Breaking the project into two phases enables Tajikistan to focus on meeting the criteria of “securing full finance for safety critical matters,” rather than finding support for the full project. Completion of Phase I will enable Tajikistan to

meet domestic demand and to export power, which will serve as a source of revenue that can be used towards financing the rest of the dam. The contracting company, Salini Impregilo, reported completion of the cofferdam on June 14, 2017.<sup>95</sup>

Breaking the project into two parts also helps Tajikistan address another significant concern highlighted in the environmental-social impact study. The World Bank noted that building the dam to its full height would displace 5,743 households, or an estimated 40,219 people. This would be in addition to the 292 households which Tajikistan was already relocating in the initial stages. The World Bank stated that resettlement would have to include restoration of livelihoods of the affected persons.<sup>96</sup> Watchdog agencies, highly skeptical of Tajikistan's likely treatment of involuntarily resettled people, focused on this problem as soon as the results were made public.<sup>97</sup> Phase I has necessitated the relocation of six small villages, displacing 2,000 people. This is substantially less complex than the Phase II relocation, but in an effort to build good will, the Tajik government has allowed the World Bank office in Dushanbe to monitor this process closely.<sup>98</sup>

The most potentially volatile transboundary issue remains the rate of fill of Roghun reservoir. Tajikistan has long argued that it does not use the full amount of water allocated to it under existing (Soviet-era) agreements and confirmed in the Nukus Declaration in 1995; thus, it can fill the Roghun reservoir slowly with the difference. The World Bank noted that filling the Roghun reservoir to capacity in this manner would take sixteen years, if Tajikistan chooses to pursue the highest dam/largest reservoir option.<sup>99</sup> Phase I allows Tajikistan to begin this process in a less-threatening manner, since Tajikistan will not have the power to capture all of the Vashkh River flow until Phase II is completed in another twelve years. The World Bank study did acknowledge that the dam would give Tajikistan the physical capability to reduce summer flows of the river, with a negative impact on downstream countries, especially Uzbekistan.<sup>100</sup> Although the World Bank recommended Tajikistan offer guarantees for both the downstream countries, Turkmenistan as well as Uzbekistan, and perhaps an equity participation in the project, the latter is difficult to imagine, while the former may not be regarded as sufficiently credible.

Downstream impacts remain one of two leading concerns regarding the Roghun Dam project. The other turns on matters of governance. From resettlement of the displaced persons, to the quality of construction, and financing and economic management, transparency would be essential for international confidence. International confidence would be essential for attracting the multilateral investment that would make Phase II feasible. Unfortunately, the Government of Tajikistan has surrounded Roghun construction with se-

crecy, and, as the European Parliament Policy Department notes, “in order to acquire credible international partners, sound economic management and transparency of overall public finances are crucial. However, the economic climate under the current Tajik Government inspires little confidence.”<sup>101</sup> Although Tajikistan had originally expressed its preference for funding from multilateral bank sources, other investors may be more likely. Russia has stated its renewed interest in the project following the release of the World Bank reports, and China is also rumored to be interested. Tajikistan also launched an ambitious effort to attract private investors, offering \$500 million in high-yield bonds (its first Eurobond) in September 2017. Tajikistan was reportedly willing to incur the risk of this high-cost bond because it was “unhappy” with World Bank loan conditionality.<sup>102</sup> Standard & Poor’s have given Tajikistan a rating of B-/B, and upon their release, the bonds were finding a market eager for high-yield debt.<sup>103</sup>

## THE ROGHUN DAM AND ITS LIKELY OUTCOME

Phase I of construction was well underway at the writing of this chapter. The Rahmon government considers timely completion of the multilateral transmission project CASA-1000 to be critical, since access to the means to export power from Phase I will be essential in order to finance Phase II. Rahmon has been personally involved in regional meetings to review the progress of CASA-1000. He is also said to be very closely involved in Roghun construction oversight. Although information from the Roghun Dam works is sparse,<sup>104</sup> and the facilities closely guarded, most citizens of Tajikistan and international observers on the ground are confident that Phase I is progressing more or less on schedule. One expert based in the region expressed the sentiment thus:

I would predict that Roghun will happen on time. It is a national strategic priority and the president’s image, so they will finish it early or at least try . . . the elites have enough wealth that they don’t need more money. They care about prestige and their names and Roghun gives this. Rahmon wants to be able to say to his people, “I brought you peace and light.”<sup>105</sup>

The less certain question is how Phase II will progress. Rahmon would prefer to meet all deadlines, but one critical deadline is beyond his power to extend—the rate of siltation<sup>106</sup> at the Nurek Dam facility. World Bank estimates suggest that the Nurek reservoir is filling at such a rate that its useable lifespan (without Rogun) is estimated to be only twenty years.<sup>107</sup> Completion of Phase II, which would slow the rate of siltation and also render the Nurek

Reservoir largely irrelevant, should enable Nurek to continue in use for one hundred years longer.<sup>108</sup> Given the complexities of finance and construction, Tajikistan is likely to come dangerously close to this deadline. The problem of efficiently resettling 40,000 people in an internationally acceptable manner will also be a particular challenge.

Rahmon's commitment to Roghun as a key piece of his legacy is as well-grounded in history, ideology and necessity as it is in prestige and nation-building. Soviet history and ideology accounts for the continued commitment to aluminum, and the widespread domestic perception that restoring the historic levels of Tajikistan's exports of aluminum is the best way forward. Prestige accounts for why the Rahmon government has chosen the maximum height of Roghun, and has been unwilling to take into account any of the downstream concerns expressed by Uzbekistan, in spite of the high costs Uzbekistan was able to impose on Tajik society. The double-or-nothing challenge to Nurek perhaps best explains why Phase I and Phase II of the Roghun Dam and hydropower facility are likely to be built with bilateral and commercial, rather than multilateral, support. External time pressure will reduce Tajikistan's willingness to engage in lengthy negotiations with the riparian states, especially Uzbekistan, and may push Tajikistan away from the multilateral assistance it most hopes to receive. Such an outcome would be unfortunate, since Tajikistan's, and the whole region's, interests are best served by a Roghun built to international standards and with the consent, if not the support, of its neighbors.

## NOTES

1. The opinions expressed in this chapter are the author's alone, and do not represent the official position of the US government or any of its agencies.

2. Abdufattoh Sharifzoda and Zarobiddin Qosimi, "Emomali Rahmon and Roghun" (in Tajik, Russian and English languages), Press of the Executive Administration of the President of the Republic of Tajikistan, December 9, 2013, 214.

3. Sharifzoda and Qosimi, "Emomali Rahmon and Roghun," 222. Translation provided by the book's authors.

4. Salini Impregilo, the Italian company contracted to build the power plant lists the "start of work" date as 2016, and expected project duration as 138 months. See: <https://www.salini-impregilo.com/en/projects/in-progress/rogun-dam.html>.

5. Francesca Corbacho, "The World Bank's Dam Dilemma in Tajikistan," *Foreign Policy in Focus*, June 26, 2014, access at: [http://fpif.org/world-banks-dam-dilemma-tajikistan\\_](http://fpif.org/world-banks-dam-dilemma-tajikistan_)

6. Fernanco Garces de los Fayos, "The World Bank Considers Feasible the Building of the Tajik Rogun Dam," In-Depth Analysis, Directorate-General for External Policies, Policy Department, European Parliament, September 2014, p.

5, access at: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2014/536392/EXPO\\_IDA\(2014\)536392\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2014/536392/EXPO_IDA(2014)536392_EN.pdf).

7. Filippo Menga, "Public Construction and Nation-Building in Tajikistan," in *Nation-Building and Identity in the Post-Soviet Space: New Tools and Approaches*, eds. Rico Isaacs and Abel Polese (Routledge, 2016), 195–207.

8. It was only surpassed in 2013, when China completed the Jinping-I dam.

9. 2014 statistics. See "Observatory of Economic Complexity," MIT Media Atlas, accessed January 2017 at <http://atlas.media.mit.edu/en/>.

10. See "IOM Migrant Vulnerabilities and Integration Needs in Central Asia: Regional Field Assessment in Central Asia 2016," Report sponsored by USAID, the International Organization for Migration, and the Library of the First President of the Republic of Kazakhstan, Figure 11 on page 39 and Figure 12 on page 40. (Henceforth IOM Regional Field Assessment.)

11. According to the World Bank, population in 2015 was 8.5 million. See "The Impact of China on Europe and Central Asia, Europe and Central Asia Economic Update," Office of the Regional Chief Economist, World Bank, April 2016, 115.

12. See IOM Regional Field Assessment, Figure 11 on page 39 and Figure 12 on page 40.

13. "Migration and Remittances: Recent Developments and Outlook," Migration and Development Brief 26, April 2016, World Bank, Tables on page 22.

14. "Country Partnership Strategy: Tajikistan, 2010–2014," Asian Development Bank, access at: <https://www.adb.org/documents/tajikistan-country-partnership-strategy-2010-2014>.

15. FAO Statistical Yearbook 2015, 133, 136.

16. "The World Factbook," Central Intelligence Agency, accessed online August 2017.

17. See Marlene Laruelle and Sebastien Peyrouse, *Globalizing Central Asia: Geopolitics and the Challenges of Economic Development* (Routledge Press/M. E. Sharpe, 2013), 151.

18. Interviews by the author, Dushanbe July 2017.

19. The other two are Nurek and Roghun. On February 25, 2009, the Tajik Parliament passed amendments to the Law on the Privatization of State Property which specifically ban privatization of these three entities. See Martha Brill Olcott, *Tajikistan's Difficult Development Path* (Washington, DC: Carnegie Endowment for International Peace, 2012), 182.

20. As of 2015. TALCO, *40 Years: Wealth of the Tajik Nation, 40 Years of the Tajik Aluminum Company (TALCO)*, section on "Company History," March 31, 2015, (book published in English and Russian for potential investors). Provided to the Author by Igor Sattarov, TALCO Information and Public Relations Manager, June 2017.

21. The Siberian aluminum facilities had rail line supply chains of over 4,500 km. See CIA, "The Soviet Aluminum Industry: Slowing Growth and Increasing Dependence on Foreign Raw Materials: A Research Paper," SOV 84–10100, July 1984. Sanitized Copy Approved for Release 2009/12/29: CIA-RDP85T00313R000200020007–3, page 15. Accessed August 2017 at the CIA Library Reading Room: <https://www.cia.gov/library/readingroom/docs/CIA-RDP85T00313R000200020007–3.pdf>. (Henceforth CIA Soviet Aluminum 1984.)

22. See Alexander Cooley and John Heathershaw, *Dictators without Borders: Power and Money in Central Asia* (New Haven: Yale University Press, 2017), 82. According to Google Maps, Pavlodar is 1,600 miles and Mykolaiv is 2,738 miles from the facility by road.

23. TALCO, *40 Years*.

24. CIA, “The Soviet Aluminum Industry,” 9.

25. CIA, “The Soviet Aluminum Industry,” chart on page 3. Note that Krasnoyarsk was first, Bratsk was second, and Irkutsk ranked fourth behind TadAz.

26. Catherine Putz, “Tajikistan’s Aluminum Company Lives on Subsidies and Debt Write-Offs,” *The Diplomat*, October 28, 2016, access at: <http://thediplomat.com/2016/10/tajikistans-aluminum-company-lives-on-subsidies-and-debt-write-offs/>.

27. Cooley and Heathershaw, *Dictators without Borders*, 86–107.

28. Cooley and Heathershaw, *Dictators without Borders*, 21, 86.

29. For a fuller discussion of the history of TALCO, see Martha Brill Olcott, *Tajikistan’s Difficult Development Path*, (Washington, DC: Carnegie Endowment for International Peace, 2012), 181–210. Cooley and Heathershaw also devote a chapter to TALCO in *Dictators without Borders*, 80–111.

30. TALCO, *40 Years*.

31. Audit conducted in 2012 by the World Bank.

32. Cooley and Heathershaw, *Dictators without Borders*, 101.

33. Cooley and Heathershaw, *Dictators without Borders*, 81.

34. TALCO, *40 Years*.

35. CIA, “The Soviet Aluminum Industry,” 12 and 14.

36. See Olcott, *Tajikistan’s Difficult Development Path*, Table 7.1 on page 219. Only in electrification did Tajikistan rate well at independence: In central heating, pipeline gas, pipeline tap water, public sewage systems, and fixed telephone lines, households in Tajikistan lagged significantly behind other early transition countries.

37. For an excellent history of Soviet electrification debates, see Jonathan Coopersmith, *The Electrification of Russia, 1880–1926* (Ithaca, NY: Cornell University Press, 1992). Lenin’s presentation to the 8th Congress is described on pages 174–178.

38. Coopersmith, *The Electrification of Russia*, 174–78.

39. *Ibid.*, 234.

40. Sharifzoda and Qosimi, “Emomali Rahmon and Roghun,” 19.

41. Even official Tajik government sources (which tend to emphasize power over irrigation) attest to this. See Sharifzoda and Qosimi, “Emomali Rahmon and Roghun,” 60–61.

42. Roland Schmidt, S. Zambaga-Schulz, and M. Seibitz, “Bankable Feasibility Study for Rogun HEP Stage I Construction Completion in Tajikistan,” in *Dams and Reservoirs, Societies and Environment in the 21st Century*, eds. Luis Berga et al. (Philadelphia, PA: Taylor & Francis Group, 2006), 406.

43. Sharifzoda and Qosimi, “Emomali Rahmon and Roghun,” 19.

44. Schmidt et al., “Bankable Feasibility Study for Rogun HEP Stage I Construction Completion in Tajikistan,” 405–413.

45. Hydroworld, "Tajikistan Seeks Generation Optimization for Vakhsh Cascade," *HydroWorld*, January 20, 2009, accessed online at: <http://www.hydroworld.com/articles/2009/01/tajikistan-seeks-generation-optimization-for-vakhsh-cascade.html>. Note that this source puts Balpaza at 600 MW; Golovnaya at 201 MW; and Perepadnaya at 24 MW.

46. Interviews by the author, Dushanbe July 2017.

47. See Kai Wegerich, Oliver Olsson, and Jochen Froebrich, "Reliving the Past in a Changed Environment: Hydropower Ambitions, Opportunities and Constraints in Tajikistan," *Energy Policy* 35, no. 7 (July 2007): 3815–25.

48. V. M. Bashmakov, B. S. Sirozhev, and G. N. Petrov, "Increase of the Efficiency of Operating the Cascade of Vakhsh Hydroelectric Stations by Using Part of the Runoff of the Pyandzh River," *Hydrotechnical Construction* 29, no. 12 (December 1995): 681–89.

49. IEA *Energy Policies Beyond IEA Countries: Eastern Europe, Caucasus and Central Asia*, International Energy Agency 2015, 269. (Henceforth IEA 2015.)

50. Tajikistan's installed capacity in 1991 was 4.4 GW. By 2014, that number had risen to 5.278 GW, increasing again by 2017 to 5.574 GW. Installed Capacity data from EIA, International Energy Statistics, accessed January 2017. The year 2017 installed capacity from Ministry of Energy and Water Resources of the Republic of Tajikistan, "Tajikistan Energy in Figures," pamphlet with official data from the Ministry of Energy and Water Resources, 2017.

51. Menga, "Public Construction and Nation-Building in Tajikistan," 199.

52. President Emomali Rahmon in a January 5, 2010, address to the people, as quoted in Sharifzoda and Qosimi, "Emomali Rahmon and Roghun," 216. Translation provided by the authors.

53. The author's observation, May 2011.

54. Menga, "Public Construction and Nation-Building in Tajikistan," 200.

55. Interviews by the author, Dushanbe July 2017. See also Olcott, *Tajikistan's Difficult Development Path*, 250.

56. Sharifzoda and Qosimi, "Emomali Rahmon and Roghun," 216.

57. Alexy Malashenko, *The Fight for Influence: Russia in Central Asia* (Washington, DC: Carnegie Endowment for International Peace, 2013), 39–40.

58. "Key Issues for Consideration on the Proposed Rogun Hydropower Project," Summary Report, World Bank, June 18, 2016, 6.

59. *Ibid.*, 6.

60. Sharifzoda and Qosimi, "Emomali Rahmon and Roghun," 30.

61. The IMF strongly urged Tajikistan to set a ceiling on equity shares, as the campaign was expected to decrease Tajikistan's economic growth rate for up to 1 percent for every year it was in place. See Olcott, *Tajikistan's Difficult Development Path*, 249–250.

62. Olcott, *Tajikistan's Difficult Development Path*, 247. Olcott notes that the Vakhsh River accounts for 25 percent of the Amu Darya River's flow.

63. See the Sabonis-Helf chapter on "Infrastructure and Political Economy," in this volume for more details on CAPS and its dissolution.



64. World Bank, “Key Issues for Consideration on the Proposed Rogun Hydro-power Project,” 4.

65. Daryl Fields, Artur Kochnakyan, Takhmina Mukhamedova, Gary Stiggins and John Besant-Jones, “Tajikistan’s Winter Energy Crisis: Electricity Supply and Demand Alternatives,” Central Asia Energy-Water Development Program, World Bank, 2013, 4–5.

66. Fields et al., “Tajikistan’s Winter Energy Crisis,” 5.

67. “Tajikistan Annually Loses over 4 Billion kWh of Electricity Due to Idle Discharges—Energy Minister,” July 27, 2016, *Central Asian News Service*, accessed via LexisNexis.

68. Interviews with Ministry of Energy by the author, Dushanbe July 2017.

69. Edward Lemon, “Signs of Improving Relations between Uzbekistan and Tajikistan But Tensions Remain,” *CACI Analyst*, October 19, 2016, access at: <https://cacionalyst.org/publications/analytical-articles/item/13405-sings-of-improving-relations-between-uzbekistan-and-tajikistan-but-tensions-remain.html>.

70. Alexander Dodigov, “World Bank to Assess Rogun Hydropower Project in Tajikistan,” *CACI Analyst*, April 29, 2010, access at: <https://www.cacionalyst.org/publications/field-reports/item/12049-field-reports-caci-analyst-2010-4-29-art-12049.html?tmpl=component&print=1>.

71. Note that the 2016 change in presidents in Uzbekistan led to a renegotiation of many issues. See Lemon, “Signs of Improving Relations between Uzbekistan and Tajikistan But Tensions Remain.”

72. Olcott, *Tajikistan’s Difficult Development Path*, 249.

73. Deputy Prime Minister Azimov called elements of the World Bank study “complete nonsense, unprofessional, shallow, unacceptable, and miscalculated.” See Umida Hashimova, “Rogun Dam Studies Set the Scene for Further Disputes Among Central Asian Countries,” *Eurasia Daily Monitor* 11, no. 150, August 14, 2014, access at: <https://jamestown.org/program/rogun-dam-studies-set-the-scene-for-further-disputes-among-central-asian-countries/>.

74. Lemon, “Signs of Improving Relations between Uzbekistan and Tajikistan But Tensions Remain.”

75. “Water Pressures in Central Asia,” Europe and Central Asia Report No 233, International Crisis Group, September 11, 2014.

76. Menga, “Public Construction and Nation-Building in Tajikistan,” 204.

77. IEA 2015, 279.

78. Sangtuda-1 is owned 66.39 percent by the Russian government, 14.92 percent by the Russian electricity company UES, and 16.45 percent by the Tajik government. Tajikistan’s debts to the other owners have created some problems. The inability to export electricity (due to the CAPS system being non-functional) has made cost recovery difficult. See Bruce Pannier, “BOO: It’s Scariest Than You Think,” Radio Free Europe/Radio Liberty, February 3, 2014, access at: <https://www.rferl.org/a/tajikistan-kyrgyzstan-hydropower-russia/25251952.html>.

79. Note that Iran receives all revenues for the first 14.5 years, and then ownership will transfer to Tajikistan. See Mehrangez Tursunzoda, “Tajikistan Reportedly Extends the Period of Operation of Sangtuda-2 HPP for Iran by 2 Years,” *Asia-Plus*,

October 31, 2014, accessed at: <http://news.tj/en/news/tajikistan-reportedly-extends-period-operation-sangtuda-2-hpp-iran-2-years>.

80. IEA 2015, 270.
81. Fields et al., "Tajikistan's Winter Energy Crisis," 69–70.
82. IEA 2015, 270.
83. See the Sabonis-Helf chapter on Infrastructure in this volume for a more developed discussion of CASA-1000.
84. "Tajikistan Rapid Assessment and Gap Analysis," UNDP Sustainable Energy for All, United Nations Development Programme, June 24, 2013.
85. Interviews with Ministry of Energy by the author, Dushanbe July 2017.
86. IEA 2015, 271.
87. World Bank, "Key Issues for Consideration on the Proposed Rogun Hydropower Project," 3.
88. Quoted in Andrew Sodiqov, "World Bank to Assess Rogun Hydropower Project in Tajikistan," *CACI Analyst*, April 29, 2010, access at: <https://www.cacianalyst.org/publications/field-reports/item/12049-field-reports-caci-analyst-2010-4-29-art-12049.html?tmpl=component&print=1>.
89. Sodiqov, "World Bank to Assess Rogun Hydropower Project in Tajikistan."
90. World Bank, "Key Issues for Consideration on the Proposed Rogun Hydropower Project," 7.
91. *Ibid.*, 9–10.
92. For an excellent analysis of the conclusions, see Fernanco Garces de los Fayos, "The World Bank Considers Feasible the Building of the Tajik Rogun Dam."
93. World Bank, "Key Issues for Consideration on the Proposed Rogun Hydropower Project," 10–12.
94. *Ibid.*, 13.
95. A cofferdam is an enclosure that diverts water to allow construction work on a dam to proceed. See Salini Impregilo, "First Rogun Dam Milestone," June 14, 2017, company website at: <https://www.salini-impregilo.com/en/press/news-events/first-rogun-dam-milestone.html>.
96. World Bank, "Key Issues for Consideration on the Proposed Rogun Hydropower Project," 13.
97. Francesca Corbacho, "The World Bank's Dam Dilemma in Tajikistan," *Foreign Policy in Focus*, June 26, 2013, access at: <http://fpif.org/world-banks-dam-dilemma-tajikistan/>.
98. Interviews by the author, Dushanbe July 2017.
99. World Bank, "Key Issues for Consideration on the Proposed Rogun Hydropower Project," 14.
100. Fernanco Garces de los Fayos, "The World Bank considers feasible the building of the Tajik Rogun dam," 4.
101. *Ibid.*, 5.
102. "CORRECTED-Investors Explore Risky Frontier with Tajikistan's Debut Bond," *Reuters*, September 8, 2017, access at: <https://af.reuters.com/article/africaT-ech/idAFL8NILL38Z>.

103. Kamila Aliyeva, “Tajikistan Aims to Attract Investment for Rogun HPP” *Trend News Agency*, September 11, 2017, access at: <https://en.trend.az/casia/tajikistan/2794738.html>.

104. A significant exception being the SF announcement of completion of the coffer dam in June 2017. See Salini Impregilo, “First Rogun dam milestone,” June 14, 2017, company website at: <https://www.salini-impregilo.com/en/press/news-events/first-rogun-dam-milestone.html>.

105. Interviews by the author, Dushanbe July 2017.

106. This includes mud and boulders, not only silt.

107. Interviews by the author, Dushanbe July 2017.

108. Sharifzoda and Qosimi, “Emomali Rahmon and Roghun,” 27.

## *Chapter Nineteen*

# **Foreign Direct Investment in the Oil and Gas Sector of Turkmenistan**

Sophia Lee Srinivasan

Natural gas is the world's fastest growing energy source. By 2035, gas is expected to make up nearly one-third of the world's total primary energy supply.<sup>1</sup> The rise of gas will bring environmental benefits but create political complexity. As a liquid, oil is easily transportable by pipeline, tanker, or vehicle. Consequently, it is a global commodity with an integrated world price established by the average price at a given moment in the world's main trading centers. Gas, on the other hand, is mostly transported by pipeline. As a result, the natural gas trade is governed by long-term, bilateral supply contracts between producing and consuming states, each with its own political agenda. Although liquefied natural gas (LNG), which comprises one-third of the global natural gas supply, is more easily transportable, two-thirds of the LNG trade also takes place via long-term contracts.<sup>2</sup> The natural gas trade, due to its direct and long-term nature, has been inherently political, and will remain so for the foreseeable future.

The geopolitics of the natural gas trade is particularly complex in the Caspian Sea region. The former Soviet republics of Azerbaijan, Kazakhstan, and Turkmenistan possess rich gas reserves, and the fall of the Soviet Union sparked international interest in their energy sectors. Of these three countries, Turkmenistan possesses the smallest oil reserves but the largest gas reserves. The country has the world's fourth-largest gas reserves as well as the world's second-largest gas field, Galkynysh. Turkmenistan currently produces about 65 billion cubic meters (bcm) of gas annually. The Turkmen government has set an ambitious goal to more than triple gas production to 200 bcm per year by 2030. In light of the country's paucity of export pipelines and the high hydrogen sulfide content of its gas deposits, which will require advanced technological expertise to handle, Turkmenistan must turn to international oil companies (IOCs) and other nations for assistance in energy development.<sup>3</sup>

However, the country has lagged behind other Caspian countries in attracting foreign investment to its energy sector. Besides the significant involvement of the China National Petroleum Corporation (CNPC), Turkmenistan does not currently engage foreign investors in developing its onshore gas fields. Instead, Turkmenistan has mainly welcomed minor investments in its Caspian Sea offshore oil reserves.

This chapter describes the factors that have influenced oil and gas companies to either engage in or withdraw from foreign direct investment (FDI) activities in Turkmenistan's opaque oil and gas sector. The chapter adheres to the Organization for Economic Co-operation and Development's (OECD) definition of FDI, which states:

Direct investment is a category of cross-border investment made by a resident in one economy (the direct investor) with the objective of establishing a lasting interest in an enterprise (the direct investment enterprise) that is resident in an economy other than that of the direct investor. The motivation of the direct investor is a strategic long-term relationship with the direct investment enterprise to ensure a significant degree of influence by the direct investor in the management of the direct investment enterprise.<sup>4</sup>

In this study, the direct investment enterprise is either 1) upstream operations, or the exploration and production of an oil or gas resource, shown in Figure 1,<sup>5</sup> or 2) midstream operations, or the development of oil or gas export pipelines, shown in Figure 2.<sup>6</sup> The direct investor is the foreign oil and gas company, which can be a state-owned national oil company (NOC) or a publicly traded international oil company (IOC). Some investors also fall in the class of supermajors, or very large IOCs that are fully integrated, meaning that they are active across upstream, midstream, and downstream.<sup>7</sup>

The chapter finds that foreign oil and gas companies successfully engage in FDI in the Turkmen hydrocarbon sector when their projects 1) do not challenge Turkmenistan's authoritarian regime; 2) are supported by a government-to-government relationship between Turkmenistan and the company's home country; 3) directly enrich the Turkmen authorities; and 4) contribute to export pipeline diversification. Conversely, FDI fails in Turkmenistan when misalignment between the Turkmen government and international business practices renders an investment opportunity unprofitable for the company. The first section of this chapter explains the rationale for the four FDI enablers, from most to least influential, and the one FDI preventer. The second section illustrates the factors' impact on FDI through case studies of ExxonMobil, CNPC, and ENI's attempts to acquire Turkmen hydrocarbon investments.



**Figure 19.1. FDI in Turkmenistan’s Upstream Oil and Gas Opportunities.**  
 Adapted by the author from Hines and Marchenko (Morgan, Lewis and Bockius LLP), 2014.  
 See Table 19.1 for details.

## FDI ENABLERS AND PREVENTERS

### Enabler #1: The Noninterference Factor

Foremost, a foreign investor can only succeed in Turkmenistan’s hydrocarbon sector if the Turkmen government perceives the investor as having a low potential to challenge the government’s authority. The necessity of this noninterference factor stems from the authoritarianism and corruption of the Turkmen regime, which are most salient in the hydrocarbon sector. The Turkmen president personally inspects all oil and gas contracts and controls employment.<sup>8</sup> In the late 1990s and early 2000s, the government’s influence increased under Turkmenistan’s first president, Saparmurat Niyazov. Niyazov enacted the 1997 Law on Hydrocarbon Resources, also known as the Petroleum Law, which identified hydrocarbon resources as national property and placed them under the management of the Cabinet of Ministers.<sup>9</sup> Following an attempted coup in 2002, Niyazov further tightened his control over the hydrocarbon sector.<sup>10</sup> Gurbanguly Berdimuhamedov, who became president upon Niyazov’s death in 2006, has continued to maintain the extensive powers of the Turkmen executive. His presidential decrees govern the majority of foreign investment activities, and his government tightly controls foreign currency exchange flows. Berdimuhamedov conducted purges of government officials in 2007 and again in 2009. Through the purges, he has replaced the cabinet and oil and gas leadership with members of his extended family, officials who have been loyal to him throughout his career, and Turkmens from Ahal-Teke, his region of origin.<sup>11</sup> In the case of dispute settlement, the

**Table 19.1. FDI in Turkmenistan's Upstream Oil and Gas Opportunities**

	Contract Area	Oil/ Gas	Offshore/ onshore	Investors	Type	Year signed
1	Cheleken	Oil	Offshore	Dragon Oil (U.A.E., Ireland)	Production-sharing agreement (PSA)	Initial JV—1993. New PSA signed 1999.
2	Block 1	Oil	Offshore	Petronas Carigali (Malaysia)	PSA	1996
3	Nebit Dag	Oil	Onshore	Burren Plc (now owned by ENI), initially Mobil/Monument	PSA	1996
4	Khazar	Oil	Offshore	Turkmenneft and Mitro International (Austria)	PSA	2000
5	Bagtyarlyk (Amu Darya)	Gas	Onshore	CNPC (China)	PSA	2007
6	Block III	Oil	Offshore	Buried Hill (Canada)	PSA	2008
7	Block 23	Oil	Offshore	RWE (Germany)	PSA	2009
8	Block 21	Oil	Offshore	Itera (Russia)	PSA	2009
9	Galkynysh	Gas	Onshore	CNPC (China), Petrofac (UK), Hyundai, LG (S. Korea)	Straight service	2010



**Figure 19.2. Turkmenistan’s Completed and Proposed Export Pipelines.**  
 Created by the author.

**Table 19.2. FDI Enablers and Preventer**

<i>Investment Enablers (From most to least influential)</i>	<i>Scope</i>
<ol style="list-style-type: none"> <li><b>1. Noninterference factor:</b> The Turkmen government’s perception that the foreign investor has a low potential to challenge Turkmenistan’s authoritarian regime.</li> <li><b>2. Government factor:</b> A strong relationship between the Turkmen government and the government of the foreign investor’s home country.</li> <li><b>3. Money factor:</b> The ability and willingness of the foreign investor to directly enrich the Turkmen authorities.</li> <li><b>4. Pipeline factor:</b> The project’s contribution to export pipeline diversification.</li> </ol>	<ul style="list-style-type: none"> <li>• Necessary for all investments</li> <li>• Necessary for large investors</li> <li>• Drives large-scale projects such as onshore gas development and pipeline construction</li> <li>• Allows company to secure a long-term, large-scale investment in a gas field, usually to provide source gas for the pipeline</li> </ul>
<i>Investment Preventer</i>	<i>Scope</i>
<p><b>Misalignment factor:</b> Misalignment between the business practices of the Turkmen government and international companies renders an investment opportunity unprofitable for the foreign investor.</p>	<ul style="list-style-type: none"> <li>• If present, will prevent any project from proceeding</li> <li>• Most common for supermajors</li> </ul>



Berdimuhamedov government prohibits arbitration outside Turkmenistan.<sup>12</sup> Because the head of law enforcement is subordinate to the president, the arbitration process is intrinsically biased in the government's favor.<sup>13</sup> Regional experts concur that corruption is rampant in the country, and that the government is still run in the style of a Soviet bureaucracy.<sup>14</sup>

Above all, the government is anxious to control hydrocarbon revenues. Resource extraction rents in Turkmenistan have accrued to unofficial and unreported presidential funds whose value may exceed the value of the national budget.<sup>15</sup> One such presidential fund might have been the offshore firm registered in Cyprus and owned by Niyazov's son Murad, which received payments for Turkmen gas exports to Ukraine.<sup>16</sup> Berdimuhamedov has also regularly sent portions of the country's gas revenues to his family's personal bank accounts in Europe.<sup>17</sup> A foreign investor that demanded economic transparency would be perceived as a direct threat to the enrichment and influence of the Turkmen president and his inner circle.

Such an investor would also be perceived as a threat to stability—the utmost priority of the authoritarian government.<sup>18</sup> Accordingly, the Turkmen government tends to welcome small companies and NOCs, while rejecting investment from large IOCs. The government fears that the supermajors, the world's largest publicly traded international oil companies, might leverage their financial clout to demand transparency and reform.<sup>19</sup> Thus far, no supermajor has successfully acquired an upstream asset in Turkmenistan. By contrast, the NOCs Petronas of Malaysia and CNPC of China, and the partially state-owned ENI of Italy, have been extremely successful. Smaller private companies, like Dragon Oil of the UAE and Mitro International of Austria, have also established an upstream presence in Turkmenistan.

## **Enabler #2: The Government Factor**

By virtue of their size, these small companies do not threaten the Turkmen regime. For their part, larger companies and NOCs demonstrate their commitment to noninterference by cultivating the government factor: a strong relationship between the government of Turkmenistan and the government of the investor's home country. According to Edward Chow, Senior Fellow at the Center for Strategic and International Studies and former head of Chevron's International Government Affairs division, the Turkmen government conflates governments and companies—a relic of Soviet times.<sup>20</sup> For example, the Turkmen government extends investment invitations to American companies as a way to build a direct relationship with the US government.<sup>21</sup> The Turkmen government also mistakenly views the U.S.-Turkmenistan Business Council, a non-profit organization that promotes commercial relations be-

tween the United States and Turkmenistan, as a U.S. government body with decision-making powers.<sup>22</sup> These comments by Tariq Saeedi, editor of *News Central Asia*, Turkmenistan's only government-approved private newspaper, exemplify the Turkmen view of public-private relations:

These two, Chevron and ExxonMobil, are the prime example of the revolving door arrangement between the American government and the big oil. Someone is chief executive of one of these corporations one day and the next day the same person is the secretary of state. Someone is the vice president of the USA and the next day the same person is sitting atop one of these companies. Consequently, they have the ability to bring the pressure of the American government on any government including Turkmenistan. In turn, they are known to run errands for the American government. You scratch my back, I scratch yours.<sup>23</sup>

Because the Turkmen government exercises complete control over the Turkmen energy sector, it mistakenly expects other countries' governments to hold the same power over their own oil and gas companies. The US government's lack of control over American oil companies Chevron and ExxonMobil confuses Turkmen leaders, who strive to augment their control of FDI through government-to-government negotiation. Chow states, "They [the Turkmen government] don't want a free-for-all process—they want to determine the outcome."<sup>24</sup>

As will be revealed in the case study section, government-to-government negotiation has played a strong role in CNPC and ENI's success in Turkmenistan. The government factor has also enabled Petronas, Malaysia's NOC, to engage in upstream activities at Block I in the Caspian Sea. In 2011, Block I's 5 bcm per year of associated gas came online, and Petronas reached an agreement with the Turkmen government to build a gas processing plant to receive the gas.<sup>25</sup> Petronas has not been able to maximize its commercial benefits in Turkmenistan; however, the strong relationship between the Malaysian and Turkmen governments, which enables Petronas's presence, also prevents its withdrawal.<sup>26</sup>

### **Enabler #3: The Money Factor**

The government and noninterference factors were enough to enable Petronas's investment in Turkmenistan's offshore oil reserves. For larger-scale, more politically sensitive projects such as pipeline construction and gas field development, the foreign investor must also employ the money factor: it must be willing and able to enrich the Turkmen authorities. The Turkmen government's need for cash stems from the country's high deficit, caused by twenty-five years of high utilities subsidies, low gas export revenues, and lavish prestige projects.

Seeking to maintain a stable hold on power, the Turkmen government began the “Ten Years of Stability Program” in 1993. The primary function of the program was to provide free utilities to the population, funded with future revenues from oil and gas production.<sup>27</sup> Nancy Lubin and Richard Auty describe this strategy as “buying time,” or, in Auty’s words, “avoiding social dislocation by subsidizing water, gas, and electricity until the hydrocarbon rents flow to the rescue.”<sup>28</sup> However, hydrocarbon rents never flowed to the rescue. Turkmenistan never met its ambitious gas production goals, and its revenues from gas exports fell short of its debts.

A main contributor to low gas export revenues has been Turkmenistan’s reliance on the Soviet pipeline system. After the Soviet collapse in 1991, Turkmenistan continued to export its gas via the Soviet pipeline system, which traversed Russia before reaching end markets in Eastern Europe. Russia required that Turkmenistan only sell gas to countries of the former Soviet Union, and these countries soon became insolvent.<sup>29</sup> Unable to pay Turkmenistan in hard currency, they compensated Turkmenistan for the gas in barter. Even then, they could only cover 40 to 60 percent of the payment, and they paid in low-quality products that were seldom delivered on time.<sup>30</sup> Indeed, the combined gas debt owed to Turkmenistan by Ukraine, Georgia, Azerbaijan, Uzbekistan, and Tajikistan totaled 10 percent of the Turkmen GDP by the mid-1990s.<sup>31</sup> Since then, the direct gas trade between Turkmenistan and these insolvent countries has ended, and Russia has gradually transitioned to paying Turkmenistan in hard currency. However, several pricing disputes have led to a reduction in Russian imports of Turkmen gas. In 2014, Russia imported only 10 bcm of Turkmen gas; in 2015, Russia is contracted to import only 4 bcm—a far cry from the 42 bcm Russia imported in 2007 and 2008.<sup>32</sup> Because Iran and China, Turkmenistan’s other importers of gas, do not pay for gas in hard currency, sales to Russia constitute Turkmenistan’s only source of hard currency from hydrocarbon exports. The decline in the volume of these sales places Turkmenistan in a precarious financial situation.

The country’s financial woes have been exacerbated by the government’s use of national funds and hydrocarbon revenues for prestige projects, which include the golden statues and palaces of Ashgabat, Turkmenistan’s capital. In 2003, President Niyazov allocated \$35 million for the construction of a Turkmen-style Disneyland outside Ashgabat.<sup>33</sup> He also spent money on structures to challenge the hot, desert climate, including a palace constructed entirely of ice in the mountains near Ashgabat.<sup>34</sup> For his part, Berdimuhamedov has overseen the construction of an artificial lake in the center of the Karakum desert; the Avaza resort on the Caspian coast; a new airport in Ashgabat; and structures for the Fifth Indoor and Martial Arts Games, which took place in Ashgabat in 2017.<sup>35</sup>

To fund the construction projects and utilities subsidies that support its power, the Turkmen government demands cash from foreign companies that wish to participate in pipeline and gas development projects. For example, CNPC has gained access to Turkmenistan's giant gas field Galkynysh in part because the China Development Bank has loaned over \$8 billion to the Turkmen government. By contrast, the absence of the money factor hindered the proposed Trans-Caspian pipeline (TCP) project to bring Turkmen gas across the Caspian Sea to European markets. In November 1998, the US Trade and Development Agency funded a feasibility study for the pipeline, which would be conducted by Enron. However, in February 1999, the Turkmen government abruptly rebuffed the Enron contract in favor of Pipeline Solutions Group (PSG). PSG had offered Niyazov a \$10-million signing bonus in return for the contract. PSG was a joint venture between Bechtel and GE Capital, with Shell joining later as a partner.<sup>36</sup> At the Istanbul OSCE summit in November 1999, Azerbaijan, Georgia, Turkmenistan and Turkey signed an intergovernmental declaration on their preparedness to build the TCP by 2002.<sup>37</sup> By March 2000, however, the plan dissolved in the face of Niyazov's demands that PSG pay him \$3 to \$5 billion upfront.<sup>38</sup> The money factor's presence initially enabled PSG to replace Enron in the TCP project; later, its absence prevented PSG's involvement in the pipeline.

#### **Enabler #4: The Pipeline Factor**

The TCP is one of the many pipelines Turkmenistan has tried to construct in an attempt to diversify its export infrastructure. Since independence, the government has sought to build pipelines to Turkey, Europe, Pakistan, India, and China in order to 1) reduce its reliance on Russia as an importer of its gas and 2) generate greater revenue by increasing its gas sales overall. To this end, the Turkmen government has set the ambitious goal to increase gas exports from 45 to 70 percent of production by 2020.<sup>39</sup> An investor that can aid in this goal by contributing to pipeline development demonstrates the pipeline factor. The pipeline factor is less influential than the noninterference, money, and government factors; however, its presence can allow a company to secure a long-term, large-scale investment in Turkmenistan. In addition to involvement in the pipeline's construction, which can last several years, the company is often invited to develop the gas field that will provide source gas for the pipeline.

For example, CNPC has built the Central Asia-China Gas Pipeline (CACGP), which runs 1,830 kilometers from Gedaim, a Turkmen city on the border with Uzbekistan, to Horgos in the Xinjiang Uyghur Autonomous Region of western China. Line A of the pipeline was completed in 2009.

Upon the expected completion of lines B and C in 2015, the CACGP will have a total annual capacity of 55 bcm, or 84 percent of Turkmenistan's 2013 natural gas production.<sup>40</sup> The CACGP has cemented CNPC's presence in Turkmenistan for the foreseeable future and given it access to the giant gas field, Galkynysh, which will provide source gas for the pipeline.

Similarly, Turkmenistan has offered access to Galkynysh or the Yashlar natural gas field to a foreign investor willing to lead the development of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. At the Nineteenth Turkmenistan International Oil and Gas Conference, held in Ashgabat from November 18 to 20, 2014, Baymyrat Hojамuhammedov, Deputy Chairman for Oil and Gas of the Turkmen Cabinet of Ministers, announced:

In selecting the consortium leader and in construction of the pipeline portion of the [TAPI] project, we plan to sign a contract [service contract] with this “company” for onshore upstream in Galkynysh or Yashlar field and we will create incentives for this “company” to build a gas purification plant with a capacity of 33bcm per year through this contract. We plan to sign a long-term contract as per the laws of Turkmenistan.<sup>41</sup>

A company can gain access to onshore natural gas fields in Turkmenistan by demonstrating the pipeline factor—as long as the noninterference, government, and money factors are in place. As the failed TCP plan shows, the absence of these three enablers has precluded many companies' investment in Turkmenistan, despite the companies' willingness to assist in pipeline development.

### **Preventer: The Misalignment Factor**

A company's entry into Turkmenistan can also be hindered by the misalignment factor: disconnect between the business practices of the Turkmen government and the foreign investor that renders an investment opportunity unprofitable for the foreign investor. Misalignment occurs most often in upstream contracting. The Caspian Sea region is attractive to foreign companies because hydrocarbon-producing states in the region offer the companies production-sharing agreements (PSAs), where country and company share ownership of the resource.<sup>42</sup> In Turkmenistan, however, Berdimuhamedov has instituted a ban on PSAs for onshore hydrocarbon development.<sup>43</sup> Instead, the government prefers the service contract model, whereby the foreign investor receives payments, rather than control of hydrocarbon volumes, in return for its contribution to oil and gas development.<sup>44</sup> According to a US government source, IOCs responded to the Turkmen ban on onshore PSAs by attempting to negotiate hybrid agreements which contained components of both a PSA and a service contract. The lack of progress in these negotiations

**Table 19.3. Foreign E&P and Pipeline Development Activity in Turkmenistan, 1991 to 1997**

<i>Company</i>	<i>E&amp;P Activities</i>	<i>Pipeline Development</i>
<b>Bridas</b> (Argentina)	<ul style="list-style-type: none"> <li>• 1991: Yashlar PSA (onshore gas)</li> <li>• 1991: Keimir development rights (onshore oil)</li> <li>• 1996: Turkmen government nationalizes Bridas' wells</li> </ul>	<ul style="list-style-type: none"> <li>• 1993–1995: Unsuccessfully lobbies the Turkmen government to build the Trans-Afghan pipeline</li> </ul>
<b>Dragon Oil</b> (Ireland, UAE)	<ul style="list-style-type: none"> <li>• 1993: Cheleken Contract Area JV (offshore oil)</li> </ul>	
<b>Monument Oil and Gas</b> (UK)	<ul style="list-style-type: none"> <li>• 1996: Nebit Dag PSA (onshore oil)</li> </ul>	
<b>Burren Plc</b> (UK)	<ul style="list-style-type: none"> <li>• 1996: Nebit Dag PSA (onshore oil)</li> </ul>	
<b>Petronas</b> (Malaysia)	<ul style="list-style-type: none"> <li>• 1996: Block I PSA (offshore oil)</li> </ul>	
<b>Mobil Oil</b> (USA)	<ul style="list-style-type: none"> <li>• 1996: Nebit Dag PSA (onshore oil)</li> </ul>	<ul style="list-style-type: none"> <li>• 1995–1996: Part of the Turkmenistan Transcontinental Pipeline (TPP) joint stock company and its failed plan to build the Turkmenistan-Iran-Turkey pipeline.</li> </ul>
<b>Chevron</b> (USA)		
<b>Mannesmann</b> (Germany)		<ul style="list-style-type: none"> <li>• 1995–1998: Part of the CentGas consortium and its failed plan to build the Trans-Afghan pipeline</li> </ul>
<b>Unocal</b> (USA)		
<b>Delta Oil</b> (Saudi Arabia)		
<b>Gazprom</b> (Russia)		
<b>National Iranian Oil Company</b>		<ul style="list-style-type: none"> <li>• 1997: Finances 90% of the construction of the Korpje-Kurt Kui Pipeline</li> </ul>

**Table 19.4. Foreign E&P and Pipeline Development Activity in Turkmenistan, 1998 to 2006**

<i>Company</i>	<i>E&amp;P Activities</i>	<i>Pipeline Development</i>
<b>Dragon Oil</b> (Ireland, UAE)	<ul style="list-style-type: none"> <li>• 1999: New PSA for the Cheleken Contract Area</li> </ul>	
<b>Petronas</b> (Malaysia)	<ul style="list-style-type: none"> <li>• Continued E&amp;P activities at Block 1 (offshore oil)</li> </ul>	
<b>Burren Plc</b> (UK)	<ul style="list-style-type: none"> <li>• Continued E&amp;P activities at Nebit Dag (onshore oil)</li> </ul>	
<b>Mobil Oil</b> (USA)	<ul style="list-style-type: none"> <li>• 1998: Acquires exploration rights to Serdar (offshore oil)</li> <li>• 1999: Turkmen government terminates the Serdar contract</li> </ul>	
<b>Enron</b> (USA)	<ul style="list-style-type: none"> <li>• 1998: Garashyzlyk-2 PSA (offshore oil)</li> <li>• 2002: Voluntary contract termination for Garashyzlyk-2 following 1999 merger with Exxon</li> </ul>	<ul style="list-style-type: none"> <li>• 1998: Initially contracted to conduct a USAID-funded feasibility study for the TCP, but rebuffed by the Turkmen government in favor of Pipeline Solutions Group (PSG)</li> <li>• 1999–2000: Founds Pipeline Solutions Group (PSG) in a failed plan to build the TCP</li> <li>• 1997–1999: Conducts a feasibility study for the failed Turkmenistan-Turkey-Iran pipeline</li> <li>• 1999–2000: Joins PSG as a partner in the failed TCP project</li> </ul>
<b>GE Capital</b> (USA)		
<b>Becthel</b> (USA)		
<b>Royal Dutch Shell</b> (UK, Netherlands)		
<b>Monument Oil and Gas</b> (UK)	<ul style="list-style-type: none"> <li>• 1998: Garashyzlyk-2 PSA (offshore oil)</li> <li>• 2002: Voluntary contract termination for Garashyzlyk-2 following Lasmo Plc's acquisition of Monument</li> <li>• 2002: Blocks 11 and 12 PSA (offshore oil)</li> </ul>	
<b>Maersk Oil</b> (Denmark)		
<b>Wintershall</b> (Germany)		
<b>Mitro International</b> (Austria)	<ul style="list-style-type: none"> <li>• 2000: Khazar PSA with Turkmenneft (offshore oil)</li> </ul>	
<b>China National Petroleum Corporation</b>	<ul style="list-style-type: none"> <li>• 2002: Gumdak PSA (onshore oil)</li> </ul>	<ul style="list-style-type: none"> <li>• 2006: Agreement to build the CACGP</li> </ul>

**Table 19.5. Foreign E&P and Pipeline Development Activity in Turkmenistan, 2007 to 2015**

<i>Company</i>	<i>E&amp;P Activities</i>	<i>Pipeline Development</i>
<b>Petronas</b> (Malaysia)	<ul style="list-style-type: none"> <li>• 2011: Completion of a gas processing plant on Caspian coast to receive gas from Block 1 (offshore oil)</li> <li>• 2011: 5 bcm/year of associated gas from Block 1 comes online</li> </ul>	
<b>Dragon Oil</b> (Ireland, UAE)	<ul style="list-style-type: none"> <li>• Continues E&amp;P activities at the Cheleken Contract Area (offshore oil)</li> </ul>	
<b>Buried Hill</b> (Canada)	<ul style="list-style-type: none"> <li>• 2008: Block III PSA (offshore oil)</li> </ul>	
<b>Itera</b> (Russia)	<ul style="list-style-type: none"> <li>• 2009: Block 21 PSA (offshore oil)</li> </ul>	
<b>RWE</b> (Germany)	<ul style="list-style-type: none"> <li>• 2009: Block 23 PSA (offshore oil)</li> </ul>	
<b>Maersk Oil</b> (Denmark)	<ul style="list-style-type: none"> <li>• 2008: Voluntary contract termination for Blocks 11 and 12 (offshore oil)</li> </ul>	
<b>Wintershall</b> (Germany)	<ul style="list-style-type: none"> <li>• 2008: Enters Turkmenistan by acquiring Burren Plc</li> </ul>	
<b>ENI</b> (Italy)	<ul style="list-style-type: none"> <li>• 2014: Signs an addendum to Nebit Dag PSA (onshore oil) extending it to 2030</li> </ul>	<ul style="list-style-type: none"> <li>• CACGP:                             <ul style="list-style-type: none"> <li>• 2009: Completion of Line A</li> <li>• 2010: Completion of Line B</li> <li>• 2014: Completion of Line C</li> </ul> </li> </ul>
<b>China National Petroleum Corporation</b>	<ul style="list-style-type: none"> <li>• 2007: Bagtyarylyk PSA (onshore gas)</li> <li>• 2009: Bagtyarylyk 1st Gas Processing Plant becomes operational</li> <li>• 2009: Service contract to develop Galkynysh (onshore gas)</li> <li>• 2011: Construction begins on the 2nd Bagtyarylyk Gas Processing Plant</li> </ul>	<ul style="list-style-type: none"> <li>• 2010: Dauletabad-Khangiran Pipeline</li> </ul>
<b>National Iranian Oil Company</b>		



has left IOCs dismayed.<sup>45</sup> ExxonMobil was pursuing stakes in Galkynysh and the Trans-Afghan pipeline but withdrew from Turkmenistan in 2014 when it became clear that Turkmenistan would only offer service contracts for the projects.<sup>46</sup> Chevron, which had entered Turkmenistan with its 2005 acquisition of Unocal, also closed its Ashgabat office in 2015.<sup>47</sup> For many international oil companies, the misalignment factor has rendered unprofitable the exploitation of Turkmenistan's rich gas resources.

Misalignment has also occurred in project financing for pipeline construction. Standard industry practice suggests that project financing for risky resource plays requires a debt-to-equity ratio of at most 60:40, meaning that the project operator finances at least 40 percent of the project, while the bank finances at most 60 percent; however, the Turkmen government expects banks to fund close to 100 percent. Very few, if any, banks would take on this degree of financial risk.<sup>48</sup> According to Chow, the Turkmen government does not understand the degree of economic openness that is required for TAPI to succeed.<sup>49</sup> Consequently, financial misalignment has hindered the development of the TAPI pipeline. The following case studies will illustrate the role of misalignment in hindering ExxonMobil's involvement in both TAPI and Galkynysh. The case studies will also demonstrate the influence of the non-interference, government, money, and pipeline factors in enabling CNPC and ENI's success in Turkmenistan.

## CASE STUDIES: EXXONMOBIL, CNPC, ENI

CNPC, ENI and ExxonMobil are among the seven foreign companies that participate in the development of Turkmenistan's hydrocarbon sector. Of these seven, CNPC is the only foreign company involved in onshore gas production, including the Galkynysh giant gas field. The remaining six are involved in oil development, with ENI being the only one of the six to be involved onshore. ENI entered Turkmenistan through acquisition and has managed to maintain its presence in the country despite the Turkmen government's initial disapproval. The supermajors, of which ExxonMobil is the largest, have failed to establish a presence in Turkmenistan despite their financial and technical clout.

### Turkmenistan: A Drop in ExxonMobil's Ocean

In 1882, the American business magnate John D. Rockefeller's Standard Oil Trust formed to include the Standard Oil Company of New Jersey and the Standard Oil Company of New York. The former, renamed Exxon Corporation in 1972, would become leader of the publicly traded oil and gas

**Table 19.6. ExxonMobil, CNPC and ENI: Company Comparison**

	<i>Mtoe controlled per day (2012)</i>	<i>Ownership Structure</i>	<i>Industry rank</i>	<i>Current Turkmen Assets</i>
<b>Exxon Mobil</b> (USA)	<ul style="list-style-type: none"> <li>• 0.742</li> </ul>	<ul style="list-style-type: none"> <li>• 100% publicly owned</li> </ul>	<ul style="list-style-type: none"> <li>• 4th among all oil companies</li> <li>• 1st among publicly traded companies</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>CNPC</b> (People's Republic of China)	<ul style="list-style-type: none"> <li>• 0.546</li> </ul>	<ul style="list-style-type: none"> <li>• 100% owned by the Chinese government</li> </ul>	<ul style="list-style-type: none"> <li>• 7th among all oil companies</li> </ul>	<ul style="list-style-type: none"> <li>• Gumdak (PSA—onshore oil)</li> <li>• Bagtyarylyk (PSA—onshore gas)</li> <li>• Galkynysh (Service contract—onshore giant gas field)</li> <li>• CACGP</li> </ul>
<b>ENI</b> (Italy)	<ul style="list-style-type: none"> <li>• 0.308</li> </ul>	<ul style="list-style-type: none"> <li>• Publicly traded</li> <li>• Controlling stake (30% of shares) owned by Italian government</li> </ul>	<ul style="list-style-type: none"> <li>• 19th among all oil companies</li> </ul>	<ul style="list-style-type: none"> <li>• Nebit Dag (onshore oil)</li> </ul>

*Sources:* Forbes, 2012; David, Jones, and Vassarri, 2015; Moody's, 2012.

industry. The latter, renamed Mobil Oil Corporation in 1966, would occupy the second rank. On November 30, 1999, the two companies merged to form ExxonMobil Corporation, the world's largest publicly traded oil and gas company.<sup>50</sup> Headquartered in Irving, Texas, but with an upstream presence in 39 countries on six continents, ExxonMobil has maintained its industry leadership position since the merger.<sup>51</sup> It remains the largest publicly traded oil company in the world, and the fourth largest when ranked among both public and NOCs.<sup>52</sup> In 2014, the company had a market capitalization of \$416 billion, ranking behind Apple Corporation as the second-largest company in the world by market capitalization.<sup>53</sup>

In Turkmenistan, ExxonMobil's activities can be divided into two phases. In both phases, the misalignment factor hindered the company's ability to establish a lasting presence. Phase I, from the mid-1990s until 2002, saw Mobil Oil steadily increase its involvement in the upstream hydrocarbon sector while Exxon took a smaller interest. After a portfolio reevaluation following the 1999 merger, ExxonMobil withdrew from Turkmenistan. In Phase II, the company returned a decade later to pursue a stake in Turkmenistan's newly discovered gas resources and link them to foreign markets through the TAPI pipeline. Hindered by commercial and security constraints, ExxonMobil once again withdrew from the country in 2014. As a very large company with a vast portfolio of profitable resource plays around the world, ExxonMobil is able to follow a strategy of selecting and executing only the most attractive investment opportunities.<sup>54</sup> Turkmenistan, plagued by misalignment with Western business norms, fails to meet this standard.<sup>55</sup>

### *Phase I: Steady Interests until the Merger*

In the 1990s, however, Mobil Oil<sup>56</sup> had high hopes for its role in Turkmenistan. Mobil showed a strong interest in the Caspian Sea region from the Soviet collapse up until the 1999 merger with Exxon, courting Kazakhstan for its oil and gas reserves. In 1996, Mobil paid over \$1 billion for a 25 percent share in the Tengizchevroil consortium, which managed the Tengiz oil field.<sup>57</sup> In Turkmenistan, Mobil was involved in the failed construction of the Turkmenistan-Iran-Turkey pipeline and acquired interests in the Nebit Dag onshore gas deposit and the Garashyzyk-2 Caspian offshore oil block.

In 1995, along with Chevron, Mannesmann, and the energy ministers of Iran, Kazakhstan, Russia, Turkey, and Turkmenistan, Mobil formed the Turkmenistan Transcontinental Pipeline (TTP) joint-stock company to plan, fund, and build the pipeline, which would span 1,400 kilometers and have an annual capacity of 15 to 25 bcm.<sup>58</sup> Misalignment between Turkmen goals and the IOCs' bottom lines hindered the project. Turkmenistan believed that each country should operate the segment of the pipeline within its borders. IOCs

like Mobil were to act as service providers only, constructing the pipeline and leaving the rest of activities under the control of the host governments. For Mobil Oil, this was an unprofitable prospect.<sup>59</sup> Sanctions on Iran dealt the final blow to the project. The project collapsed by 1996, when the United States banned over \$40 million of foreign investment in Iran's energy sector through the Iran and Libya Sanctions Act (ILSA) and thereby precluded international funding for any gas pipeline through Iran.<sup>60</sup>

Mobil turned its attention to upstream ventures in the country. In 1996, it joined the UK's Monument Oil and Gas Company and Burren Plc in a consortium to develop the Nebit Dag onshore gas field in western Turkmenistan. The PSA for the deposit gave Mobil a 40 percent stake in the project.<sup>61</sup> In 1998, Mobil opened an office in Turkmenistan<sup>62</sup> and participated in international tenders to acquire exploration and production rights. That June, Mobil won the rights to explore the Serdar oil field, a Caspian offshore block whose ownership Turkmenistan contested with Azerbaijan. Unexpectedly, the contract lasted only a year: in February 1999, the Turkmen government terminated the agreement, citing Mobil's failure to start talks under the government's terms, which included a twenty-six-year contract with a nine-year right of extension, and a 5-to-15-percent stake for the state oil company Turkmenneft.<sup>63</sup> However, Mobil made other strides, becoming an operator of the Garashyzyk-2 offshore oil block. In July 1998, Mobil signed a twenty-five-year PSA for the block with the Turkmen government—the first PSA between an American company and Turkmenistan.<sup>64</sup> Under the agreement, Mobil held 52.4 percent; Monument, 27.6 percent; and the state oil company Turkmenneft, 20 percent.<sup>65</sup> The following year, Mobil received a license to prospect the lower layers of the largest deposits in the Garashyzyk contract territory, the Kotur-Tepe and Barsa-Kelmes deposits.<sup>66</sup>

Unlike Mobil, Exxon's<sup>67</sup> pre-merger participation in Turkmenistan was limited. Exxon's primary interest was in the development of a gas pipeline from Turkmenistan to China and onto Japan. In 1995, the company joined CNPC and Japan's Mitsubishi to explore the right bank of the Amu Darya for deposits to feed the pipeline.<sup>68</sup> Although Exxon registered a local subsidiary in Ashgabat, the Amu Darya project gained little momentum until 2002, at which point Exxon had already withdrawn. Exxon did have an 8 percent interest in the Azeri-Chirag-Deepwater Guneshli (ACG) oil field offshore Azerbaijan. It brought this stake to the November 1999 merger; in turn, Mobil brought a 25 percent interest in the Tengizchevroil project in Kazakhstan and a 40 percent interest in the Nebit Dag onshore gas deposit in Turkmenistan, as well as the 52.4 percent stake in the Garashyzyk-2 block.<sup>69</sup>

Despite the strength of Exxon and Mobil's combined presence in Turkmenistan after the merger, the company's activities in the country began to decrease. In March 2002, after disappointing wells tests at Garashyzyk-2 the

previous month, ExxonMobil ended its Turkmen operations. The company withdrew from its interests in Garashyzyk-2 and Nebit Dag and closed its offices in Ashgabat and Balkanabat.<sup>70</sup> As company executives had hoped, the Exxon-Mobil merger brought together innumerable opportunities around the globe. In the subsequent portfolio reevaluation and prioritization, Turkmenistan, hampered by its unfavorable investment climate, lost out.<sup>71</sup>

### *Phase II: A Short-Lived Comeback for Gas*

ExxonMobil would not return to Turkmenistan until the late 2000s. In the ten years that had passed since the merger, the world's second-largest gas field, Galkynysh, had been discovered in Turkmenistan. The country had also welcomed a new president, Gurbanguly Berdimuhamedov, who announced his interest in opening Turkmenistan to foreign investment. In 2009, Berdimuhamedov met ExxonMobil's CEO Rex Tillerson in New York, inviting the company to participate in the development of Turkmenistan's energy sector. Attracted by the natural gas opportunities in Turkmenistan and interested in developing the Trans-Afghan pipeline, ExxonMobil joined the US-Turkmenistan Business Council in the first American business mission to Turkmenistan in June 2010.<sup>72</sup> That October, ExxonMobil reopened its Turkmen office.<sup>73</sup> Joerg Weller, general manager of ExxonMobil Exploration and Production Turkmenistan Ventures, stated at the time of opening: "Turkmenistan has great potential to be a regional energy and economic leader given its abundance of natural gas, which is the fastest growing fuel around the world."<sup>74</sup> Two years later, the company's Vice President for the Caspian Region, Phil Muhall, met with Berdimuhamedov to discuss ExxonMobil's potential involvement in extensive hydrocarbon development programs.<sup>75</sup>

Despite both sides' verbal enthusiasm and Turkmenistan's immense proven gas reserves, two issues hampered ExxonMobil's opportunities in Turkmenistan. First, security problems in Afghanistan precluded the Trans-Afghan pipeline's development. Second, the Turkmen government maintained a policy of issuing PSAs only for offshore deposits. For onshore plays like Galkynysh, the government insisted on a service contract arrangement, as it had with the Turkmenistan-Turkey-Iran pipeline in 1995.<sup>76</sup> ExxonMobil attempted to negotiate for a hybrid agreement, a cross between a service contract and a PSA. After the Turkmen government consistently refused to consider the hybrid option, ExxonMobil withdrew from the country in 2014.<sup>77</sup> As in the 2002 withdrawal, the misalignment factor made Turkmenistan a weak candidate for investment when compared to ExxonMobil's other resource plays around the world.

The factors that alienated ExxonMobil attracted CNPC. Within three years, the state-owned Chinese giant used its government backing to build a Turkmenistan-China gas export pipeline and gain a stake in Galkynysh. Exx-

onMobil's experience in Turkmenistan is a story of misalignment between a Western corporation and an authoritarian country; CNPC's is a story of two authoritarian governments working together.

### **Turkmen Jewels in CNPC's Central Asia Portfolio**

CNPC is Turkmenistan's largest foreign investor and the only foreign company with access to the country's onshore gas fields. It is the successor to China's Ministry of Petroleum Industry, which was founded in 1955 to supervise oil and gas exploration and development. In 1988, CNPC was established as a state-owned company with some government administrative functions; in 1998, it was reorganized into an integrated group, active across upstream, midstream, downstream, oilfield services, and engineering and construction.<sup>78</sup> Headquartered in Beijing, CNPC is the largest integrated oil and gas company in China. The company provides 54 percent of China's crude production, 75 percent of natural gas production, and operates 70 and 80 percent, respectively, of China's oil and natural gas pipelines. Outside of China, CNPC has upstream interests in thirty-seven countries.<sup>79</sup> In 2013, PetroChina, the upstream arm of CNPC, was the seventh largest oil company in the world.<sup>80</sup>

In Central Asia, CNPC has partnered with local companies, like Turkmen-gaz and KazMunaiGas, to gain equity access to the region's vast gas reserves. CNPC's main achievement in Central Asia is the CACGP, which takes the majority of its gas from CNPC's two gas projects in Turkmenistan: 1) 12.88 bcm per year from the Bagtyyarlyk contract area on the right bank of the Amu Darya River; and 2) 16.8 bcm per year from Galkynysh, the giant gas field.<sup>81</sup> CNPC's great success in Turkmenistan can be attributed to the presence of all four FDI enablers and the absence of misalignment.

#### *Initial Successes: Bagtyyarlyk and the CACGP*

As early as 1992, CNPC showed interest both in Turkmenistan's gas reserves and in building the CACGP.<sup>82</sup> However, CNPC would not acquire a stake in the country until 2002. That year, CNPC and Turkmenneft signed a contract giving CNPC a 100 percent stake in the Gumdak Oilfield for five years.<sup>83</sup> In 2004, China's president, Hu Jintao, along with representatives from CNPC, met with senior Kazakhstani officials to discuss the feasibility of a gas pipeline from western Kazakhstan, with a possible later extension across Turkmenistan, to the western border of Xinjiang, and then onto China's gas-hungry southern and eastern coasts. At the time, a senior CNPC official remarked that the project would be unlikely to come to fruition.<sup>84</sup> The completion of the first line of China's West-East Gas Pipeline later that year would change his prediction. By linking gas-rich western China with gas-hungry

eastern China, the pipeline presented a viable distribution framework for Central Asian gas to enter China. The prospect of the completion of the pipeline's second line, which would supply gas to thirteen Chinese provinces, enhanced that framework.<sup>85</sup>

China and Turkmenistan soon agreed to build the CACGP. In April 2006, in one of Niyazov's last acts before his death later that year, Turkmenistan's Ministry of Oil and Gas Industry and Mineral Resources and CNPC reached an agreement for the pipeline's construction.<sup>86</sup> The following year, a deal was reached to produce the first source gas for the pipeline from the Bagtyarlyk contract area. On July 17, 2007, during President Berdimuhamedov's visit to China,<sup>87</sup> CNPC signed a PSA for Bagtyarlyk with Turkmenistan's State Agency for the Management and Use of Hydrocarbons.<sup>88</sup> This was Turkmenistan's first successful onshore gas PSA with a foreign company—an exception to Berdimuhamedov's ban on onshore PSAs with foreign companies.<sup>89</sup> In addition, CNPC signed a natural gas sale-and-purchase agreement with Turkmengaz, whereby China would import 30 bcm of natural gas from Turkmenistan via the pipeline each year for thirty years.<sup>90</sup>

Construction on the Turkmen section of the pipeline began that August. The following year, construction began for the Uzbek and Kazakh sections of the pipeline and for the first gas processing plant in Samandepe, a gas field in the Bagtyarlyk contract area.<sup>91</sup> By December 2009, both the processing plant and the first line of the CACGP were operational.<sup>92</sup> The pipeline was Turkmenistan's first major gas export pipeline to bypass Russia.

### *Hefty Loans and Giant Fields: Galkynysh and Beyond*

In 2009, after offering successful bid of \$10 billion,<sup>93</sup> CNPC signed a \$3.1 billion service contract with the government of Turkmenistan to develop the first phase of the Galkynysh giant gas field.<sup>94</sup> Four oilfield services and engineering, procurement and construction companies joined CNPC: Petrofac International and Gulf Oil and Gas of the UAE, and LG International and Hyundai Engineering of South Korea. CNPC and Petrofac would develop the field for an annual production capacity of 30 bcm. Petrofac, LG, and Hyundai would also assist in the design and construction of a gas purification<sup>95</sup> plant at the field, while Gulf Oil and Gas and Petrofac would develop ground infrastructure, including wells.<sup>96</sup> The China Development Bank loaned \$4 billion to Turkmenistan to fund this first phase of development.<sup>97</sup>

With Galkynysh development underway and the construction of the CACGP continuing, CNPC, assisted by the Chinese government, continued to build a strong relationship with the Turkmen government. Several high-level Chinese government officials, including Liang Guanlie, the Minister of National Defense, visited Turkmenistan in 2010.<sup>98</sup> In March 2011, Turkmeni-

stan's Deputy Prime Minister for Oil and Gas, Baymurat Hojammuhamedov, visited Beijing and met with China's Vice Premier, Wang Qishan. The two men, who co-chaired the China-Turkmenistan Cooperation Committee, signed a framework agreement for increasing the amount of gas supplied to China by Turkmenistan. The agreement included a soft loan for Turkmen gas from the China Development Bank. The Turkmen delegation also met with President Hu Jintao and representatives from CNPC, the China Development Bank, and the NDRC.<sup>99</sup> In November 2011, at the China-Turkmenistan Business Forum in Beijing, top government and business officials from both countries met again and delivered speeches emphasizing the importance of cooperation in the energy sector.<sup>100</sup> In June of the following year, Turkmenistan's Deputy PM and Minister of Oil and Gas Industry and Mineral Resources, Kakageldi Abdyllyayev, visited CNPC headquarters and accompanied Chairman Jiang Jiemin on a tour of Beijing's oil and gas regulation center. They held in-depth talks on strengthening oil and gas cooperation and signed a natural gas supply agreement.<sup>101</sup> Wu Hongbin, the Chinese ambassador to Turkmenistan at the time of initial CACGP agreement, described the factors enabling strong bilateral relations:

For many years Turkmenistan and China have supported each other in issues related to our national interests. Turkmenistan supports China concerning the issue of Taiwan and the province of Xinjiang. China supports Turkmenistan in human rights sphere. Some countries criticize Turkmenistan all the time for human rights situation. . . . China has never tried and never tries to interfere in the internal affairs of Turkmenistan. It is very important base for strengthening of our mutual trust. . . . [furthermore,] Our government never welcomes the activity of our companies in [Caspian]. We just warn that it is necessary to respect the sovereignty of those countries. And while these countries have disagreements, it is better to steer clear.<sup>102</sup>

As with its investments in Africa and other emerging markets, in Turkmenistan, China adhered to the principal of noninterference in domestic political affairs. Most importantly, China made no demands that the Turkmen government reform its investment climate and avoided involving itself in the Caspian Sea delimitation dispute.

This was a successful strategy. As Chow notes, a strong government-government and president-to-president relationship enables CNPC's success in Turkmenistan.<sup>103</sup> Construction of a second natural gas processing plant at Bagtyarlyk began in April 2012.<sup>104</sup> In September 2013, CNPC and Turkmen gas signed a contract for the development of the second phase of Galkynysh gas field, which would be supported by an additional \$4.1-billion loan from the China Development Bank. The two parties also signed a gas sales-and-purchase agreement to increase the amount of Turkmen gas supplied annually



to China from 30 to 55 bcm, or 84 percent of total Turkmen production.<sup>105</sup> By mid-2014, the first three lines of the CACGP were operational, the construction of both gas-processing plants at Bagtyarlyk was complete, and the second phase of Galkynysh development was underway.<sup>106</sup> The China Development Bank had loaned Turkmenistan over ten billion dollars; in turn, Turkmenistan had supplied China with 78.3 bcm of natural gas, becoming China's largest overseas supplier of natural gas.<sup>107</sup>

CNPC is arguably the most successful foreign investor in Turkmenistan, having gained a foothold in the country in the mid-2000s and then rapidly established its dominance of the upstream and midstream FDI landscape. CNPC has been supported by a close, consistently nurtured Sino-Turkmen government relationship, in which the Chinese government declared its commitment to noninterference in Turkmen affairs. Moreover, CNPC's links to the China Development Bank have enabled it to employ the money factor to gain a role in large-scale projects. CNPC has also leveraged the pipeline factor, building the CACGP and gaining a development role in two source gas fields. CNPC shares the Turkmen energy space with several smaller foreign companies. Unlike CNPC, these companies hold relatively small stakes in the country and operate almost exclusively in the offshore oil sector.

### **ENI: Entering Turkmenistan by Acquisition**

Among these small companies, ENI is unique: it is the only foreign company besides CNPC with a PSA for onshore deposits in Turkmenistan. Headquartered in Rome, ENI was founded as an Italian-government-owned company in 1953 under the original name of "Ente Nazionale Idrocarburi."<sup>108</sup> In 1992, the company became a public company and began the privatization process.<sup>109</sup> Today, the Italian government holds 30 percent of ENI's shares, which constitutes a controlling stake.<sup>110</sup> ENI is Italy's largest refiner and a fully integrated oil and gas company, active in exploration and production, marketing, gas infrastructures, power generation, oilfield services, engineering and construction, and petrochemical production.<sup>111</sup> In 2014, Fortune ranked ENI as the world's twenty-second largest company by revenue.<sup>112</sup> Ranked the nineteenth largest oil company in the world by *Forbes*,<sup>113</sup> the company is smaller than supermajors like ExxonMobil and NOCs like CNPC; still, it has a strong upstream division that operates in forty-three countries.<sup>114</sup> ENI has a strong record of participation in the development of reserves in the Caspian Sea region. It holds a 5 percent stake in the consortium managing the Baku-Tbilisi-Ceyhan pipeline, which takes oil from Azerbaijan's ACG fields to Turkey.<sup>115</sup> ENI has also been involved in the Kazakh hydrocarbon sector since 1992. It co-operates Kazakhstan's onshore Karachaganak giant

gas condensate field and participates in the North Caspian Sea PSA for the development of the offshore Kashagan gas field.<sup>116</sup> In Turkmenistan, ENI became involved in onshore oil production after acquiring Burren Plc in 2008. ENI's success in Turkmenistan can be attributed to the government factor. The Italian government has been involved in all of ENI's negotiations with the Turkmen government, providing the government-to-government cooperation and assurance of noninterference that Turkmenistan requires of its large foreign investors.

*Burren: The Original Operator of Nebit Dag*

Burren was a British firm founded in 1994 by Irishman Finian O'Sullivan.<sup>117</sup> In 1995, Burren allied with another UK firm, Monument Oil and Gas Plc, to acquire upstream projects in Turkmenistan. In August 1996, Monument and Burren signed a PSA for the Nebit Dag onshore area in western Turkmenistan. The Nebit Dag area is comprised of five oil and gas fields: Kyzyl Kum, Kum Dag, Kara Tepe, Nebit Dag, and Burun.<sup>118</sup> Monument and Burren, joined by Mobil Oil later in 1996, began to develop the Burun field, located in the westernmost part of the Nebit Dag area. In May 1998, the consortium began exporting oil from Burun. Following Monument's acquisition by Lasmo Plc and Mobil's merger with Exxon in 1999, Monument and Mobil withdrew from Nebit Dag. Consequently, Burren absorbed their assets and became the operator of the Burun field, with a 100 percent working interest in the field by August 2000 and unlimited rights to export its share of crude from the field.<sup>119</sup> Turkmenneft operated the remaining four fields in the Nebit Dag area. The PSA governing this arrangement was intended to last until 2022, with a possible ten-year extension. Burren was also given exploration rights to the other four fields under an exploration license that would expire in February 2007.<sup>120</sup>

Burren enjoyed success in Turkmenistan and began training Turkmen hydrocarbon specialists. In 2005, the company began exploration drilling outside the Burun field. In July 2006, CEO Finian O'Sullivan, accompanied by the UK Ambassador to Turkmenistan, Peter Butcher, met President Niyazov. Niyazov invited Burren to branch out from its onshore oil development by participating in natural gas development and exploring in Turkmenistan's part of the Caspian Sea.<sup>121</sup> When ENI acquired Burren in 2008, the latter's Turkmen assets made it an attractive prospect. Paolo Scaroni, CEO of ENI at the time of the purchase, stated, "We will also gain a first foothold in Turkmenistan, a hydrocarbons rich country which has increasingly attractive growth potential."<sup>122</sup> Eager to boost its production and reserves at a time when most Western majors were struggling to do so, ENI purchased Burren for \$3.6 billion.<sup>123</sup>

*Post-Acquisition: Returning to Turkmenistan's Good Graces*

The acquisition soured ENI's relations with the Turkmen government for some time. Chow explains, "The Turkmen government wants to work with a company with its government's full support. Equally, they expect foreign companies to get their permission before altering activities on Turkmen soil. When ENI took over Burren, the Turkmen government thought, 'ENI needs our permission to do this.'" <sup>124</sup> Feeling that ENI should not have acquired Turkmen operations without Berdimuhamedov's consent, the Turkmen foreign ministry denied entry visas to ENI executives for several years. <sup>125</sup>

In the years following the acquisition, a series of bilateral meetings smoothed the relationship. In November 2008, ENI and the Turkmen government signed a Memorandum of Understanding (MOU) on their collaboration in developing Turkmenistan's oil industry. <sup>126</sup> Berdimuhamedov and Italy's prime minister Silvio Berlusconi witnessed the signing. <sup>127</sup> Another MOU was signed in November 2009. This time, the MOU asked that ENI establish an education center to train Turkmen oil and gas specialists. <sup>128</sup>

In addition to the MOUs, President Berdimuhamedov met ENI's CEO Paolo Scaroni in Rome and Ashgabat in October 2009, April 2010, June 2010, and February 2014. <sup>129</sup> At the October 2009 meeting, which was part of Berdimuhamedov's official visit to Italy, Berdimuhamedov declared, "For us, Italy is an open door to Europe." <sup>130</sup> The main topic of the 2010 visits was the potential for ENI to ship Turkmen gas by tanker to Azerbaijan in the form of compressed natural gas (CNG). <sup>131</sup> In March 2011, Paolo Scaroni presented the idea to the EU energy commissioner, Gunther Oettinger, as a way to bypass Russian opposition to the TCP. <sup>132</sup> At the February 2014 meeting, Berdimuhamedov and Scaroni discussed involving ENI in gas-to-liquids technology and the exploration of Turkmenistan's section of the Caspian Sea. <sup>133</sup>

The meetings between Berdimuhamedov and ENI have continued since Claudio Descalzi replaced Scaroni as ENI's CEO in May 2014. In July 2014, Descalzi met Berdimuhamedov at the Avaza resort to continue the discussion on ENI's role in Turkmenistan's adoption of gas-to-liquids technology and offshore exploration. <sup>134</sup> In November 2014, ENI, Turkmenneft and the State Agency for the Management and Use of Hydrocarbon Resources signed an addendum to ENI's Nebit Dag PSA, extending the agreement to February 2032 and transferring 10 percent of ENI's 100-percent share to Turkmenneft. ENI and the State Agency also signed a memorandum on the possibility of extending ENI's activities to Caspian Sea blocks. <sup>135</sup>

ENI's ability to operate in Turkmenistan can be attributed in a large part to the consistently nurtured relationship between the Italian and Turkmen governments. The Turkmen government solicits relations with Italy, and in turn ENI, because Turkmenistan is interested in exporting its gas to Europe. <sup>136</sup>

**Table 19.7. Preventers and Enablers in the Case Studies**

	<i>Noninterference</i>	<i>Government</i>	<i>Money</i>	<i>Pipeline</i>	<i>Misalignment</i>	<i>Success?</i>
<b>ExxonMobil</b>	No	No	No	No	Yes	<b>No</b>
<b>CNPC</b>	Yes	Yes	Yes	Yes	No	<b>Yes</b>
<b>ENI</b>	Yes	Yes	No	No	No	<b>Yes</b>

In turn, the Italian government advocates for ENI.<sup>137</sup> In the past six years, government-to-government negotiations have smoothed the path for ENI to continue operating in Turkmenistan even after the disagreements over its acquisition of Burren's Turkmen assets. As ENI seeks a greater role in Turkmenistan going forward, the Italian government's support will be a key to the company's success.

## CONCLUSION: THE WAY FORWARD

In addition to illustrating the role of the Italian government in ENI's success, this study suggests that ENI and other small companies have been welcomed to make minor investments in Turkmenistan's oil sector because of the minimal threat they pose to the Turkmen regime. By contrast, Turkmenistan has not accepted investment from large Western corporations like ExxonMobil, whose very presence threatens to challenge the country's authoritarian economic system. For their part, Western corporations are dissuaded from investing in Turkmenistan because the misalignment between norms of business renders Turkmen opportunities relatively unprofitable. The wild success of CNPC in Turkmenistan stems from the strong relationship between the Chinese and Turkmen governments; China's principle of noninterference in Turkmenistan's domestic affairs; China's willingness and ability to loan or give Turkmenistan enormous sums of money; and China's contribution to Turkmenistan's export pipeline diversification.

To predict and understand investment outcomes in Turkmenistan's hydrocarbon sector, this study points to the importance of four investment enablers and one investment preventer. The first, the noninterference factor, is necessary for all projects. The second and third, the government and money factors are necessary to enable large-scale, onshore projects. Finally, the pipeline factor supports long-term business relationships between foreign investors and the Turkmen government. The presence of the investment preventer, the misalignment factor, often causes Western IOCs to withdraw from Turkmenistan.

As natural gas grows in importance as an energy source, oil and gas companies will need to enter difficult political and technical landscapes,

like Turkmenistan's, to acquire new reserves. This study suggests that the supermajors are technically prepared but politically unprepared to enter such environments. While they are endowed with advanced engineering and geoscientific skills, their business models clash with the authoritarian economic systems of Turkmenistan and similar countries. To bridge this gap, IOCs would benefit from following the NOC strategy of close governmental support of negotiations for foreign reserves. Development banks can assist this process by providing stronger financial guidance to governments like Turkmenistan's.

How Turkmenistan and other authoritarian countries will receive that financial advice remains to be seen. It is still unclear how much money would be enough to entice the Turkmen government to pursue economic liberalization or invite a large Western company to invest onshore. By identifying preventers and enablers of investment, this study takes an important step towards answering this question. However, further study will be needed to understand the rules of the game in this extraordinarily gas-abundant, restrictive country.

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## *Chapter Twenty*

# **Everyday Life Governance in Post-Soviet Uzbekistan**

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and Rustamjon Urinboyev<sup>1</sup>

People in the Ferghana Valley, whether on the Kyrgyz or Uzbek side of the border, like to compare their political system to that of their neighbouring country.<sup>2</sup> The following quote from rural Ferghana, Uzbekistan illustrates the essence of the matter:

Kyrgyz people often boast about their country saying that they have a democracy and that they can overthrow their presidents if they start to steal from the people. Of course, they can brag about their democracy as much as they want, but democracy brought only trouble to Kyrgyzstan. The state doesn't exist there (“Qirg'izistonda davlat yoq”) and they overthrew their presidents several times, but nothing good happened. Instead, the lack of a strong state resulted in bloody Kyrgyz-Uzbek ethnic conflicts in June 2010. Their economy and living conditions have gotten even worse in the post-Akaev period. As you see, democracy does not bring economic prosperity and political stability in our region. So, you can't fill your stomach with democracy. In Uzbekistan, it is true we don't have democracy and the level of corruption is very high, but most importantly we have a good governance (“Bizni davlatimizni boshqaruvi yaxshi”) and a very strong state that is capable of maintaining political stability and interethnic peace. We can sleep without any fear because our government really works. Even though we have a high unemployment rate and state salaries are very low, you can always find a way if you know the rules and make the right connections (“tanish-bilish”).

This comparison is useful for the following two reasons. First, it gives a clue to the existence of local (contextual) understanding of good governance in post-Soviet Uzbekistan, which implies that good governance is not about promoting democracy and rule of law, but it is more importantly about the government's capacity to maintain political stability and interethnic peace.

This means that there are multiple understandings of “good governance” and that the global (Western) notions of good governance need to be contextualised when discussing and analyzing the governance trajectories of post-Soviet societies like Uzbekistan.

Second, this comparison indicates that, like in many modern states,<sup>3</sup> the governance system in Uzbekistan is constructed in a way that induces citizens to engage in informal practices that help them “find a way” when the state (formal) structures fail to address their needs. In other words, this is a way that the “sistema” (system) works in Uzbekistan—a kind of governance that relies on informal rules, practices and networks. In both formal and informal governance systems, what is important is stability and predictability. While some analysts tend to label informal systems as “corrupt,” many anthropological studies of corruption emphasize a subjective element: the line between good sociability and corruption in many cultures is drawn by the ritual form and emotional valence of the transaction (e.g., propriety vs. humiliation).<sup>4</sup> This chapter explores the nuances in how citizens in Uzbekistan understand corruption versus good (albeit informal) governance.

There are multiple paradigms and understandings of “good governance,” some of which concur with the Western understanding, while others offer alternative criteria. Thus, questions arise as what is a local understanding of “good governance” in Uzbekistan, how it works, how it is perceived and interpreted by the local population, and what implications it has for global debates on good governance? What are the relations between formal and informal structures with regard to governance trajectories in Uzbekistan?

## DEMOCRACY VERSUS GOOD ENOUGH GOVERNANCE

Anyone who wants to understand politics in Central Asia needs to understand how local citizens perceive what, from the outside, may seem like impossibly complex negotiations in everyday life. In most introductions to Central Asian politics, one can find references to the Economist Intelligence Unit Democracy Index scores for Kyrgyzstan and Uzbekistan (they are dismal) or Freedom House rankings of Uzbekistan as “not free” and Kyrgyzstan as “partly free.” Both in terms of electoral democracy and freedom of the press, Kyrgyzstan has historically been in much better shape than Uzbekistan and other Central Asian countries, but like in most countries, the government is the result not so much of the free will of individual citizens but of coalitions and compromises between patron-client networks.<sup>5</sup>

However, democracy is not an end in itself; most of us are fans of democracy not because of some ideological prejudice that sees elections as a mani-

festation of divine grace, but because democracies help promote the good life for their citizens and tend to produce a host of desirable public goods. Thus, it is important to note that when it comes to how governments promote the good life and the public good, there are distinct differences among these more or less “unfree” states of Central Asia. Undemocratic governments may be more or less good from the point of view of their citizens, more or less efficacious at promoting and implementing popular policies, stronger or more fragile. Uninformed observers might look at the facts and figures about the poor state of democracy in these countries and conclude that they are relatively similar, but when you look at them from the point of view of governance, some striking differences emerge, and it is clear that it is safer to walk at midnight in Tashkent than in Bishkek.<sup>6</sup>

The issue of governance is a major concept in political science today, as reflected in Francis Fukayama’s *The Governance Project*.<sup>7</sup> Scholars of governance are responding to two trends: the failure of top-down reform in the post-Soviet world, and the durability of the dictatorships that were established around the time of the Soviet collapse. Still, as Fukayama observes, there is a wide variance in the states that are commonly labelled authoritarian and democratic. More democracy does not necessarily result in better governance (as he discusses in the U.S. case), and some authoritarian states are remarkably well governed (for which he draws on China as his example).<sup>8</sup> By asking whether good governance can lead to democracy and executive constraint by rule of law (rather than the other way around), Fukuyama turns on its head the first set of criteria most international organizations use when talking about comparative governance issues. For example, the World Bank defines governance as:

the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.<sup>9</sup>

Governance research questions the causal relationships between these various elements and asks us to look at whether good governance reforms in a country such as Uzbekistan can productively precede democracy.

Governance in Fukayama’s project is defined, at the most basic level, as “a government’s ability to make and enforce rules, and to deliver services” and “about the performance of agents in carrying out the wishes of principals, and not about the goals that principals set.”<sup>10</sup> Good governance in this case is something close to high state capacity, public administration as opposed to politics, a focus on output measures with no value judgment about



the policy goals that the government is pursuing. Fukuyama's approach also follows the good advice to disaggregate the state, acknowledging that some state entities will be more efficacious than others, and that states vary across regions, especially across the urban and rural divide. The state in Uzbekistan is certainly a powerful actor when it comes to using coercion and preventing political instability, but it is weak in terms of enforcing "rule of law" and service delivery. Fukuyama's notion of governance provides useful insights when measuring the state capacity, but it can hardly help us satisfactorily explain the paradoxes of governance in Uzbekistan, where the citizens equate political stability and security to good governance. This means we need to go beyond the conventional definitions of governance and thereby employ additional tools and concepts if we are to better understand the local dynamics and governance trajectories in Uzbekistan.

A concept that has more relevance is "good enough governance," forwarded by Merilee S. Grindle in the context of development assistance, and revived by Stephen D. Krasner in the context of U.S. programs to promote democracy abroad.<sup>11</sup> Krasner argues that a well-functioning democracy is hard to maintain and exceptionally difficult to promote from outside, and a more effective way to promote long-term freedoms is "to improve the prospects for security and economic growth in the short run—rather than pressing for direct democratic reforms."<sup>12</sup> Elections may make things worse in terms of prosperity and freedom, and Krasner argues that U.S. policy has been aiming at the wrong target in pushing countries like Iraq and Afghanistan toward consolidated democracy. Instead, Krasner argues that we should start thinking in terms of "good enough governance," which consists of a state being able to provide for the physical integrity of its citizens (but not their more broadly defined human rights) as well as providing some basic public services, especially in the area of health; to provide public order including a norm of property rights, and some degree of security from transnational threats; to constrain corruption and provide some form of checks on the arbitrary power of the state through media or civil society; and since free and fair elections can produce instability and trigger violence, elections "would only be useful *if* they ratified and legitimated agreements that had been reached *ex ante* among political leaders with regard to control over security forces and the distribution of spoils."<sup>13</sup>

Krasner's analysis focuses mainly on post-conflict contexts, whereas Uzbekistan has a long history of stability, so the question remains: Is good enough governance an adequate minimal standard for most people most of the time? If so, to what extent does Krasner's "good enough governance" describe Uzbekistan from the perspective of ordinary people living there? In this chapter, we explore the specifics of governance systems in Uzbekistan

and suggest the importance of a contextual understanding of *everyday life governance*. This local Uzbek governance system consists of two important interrelated components: a government that heavily relies on coercive infrastructure for maintaining political stability and interethnic peace, but at the same time induces its citizens to engage in informal practices and networks as an alternative (to the formal) source of welfare. These informal patterns can be gleaned by observing the interactions between ordinary citizens and state officials in the course of daily life. To the extent that such informal practices are knowable, predictable, and free of subjective perceptions of immorality, they may be perceived to be good enough governance, but as we will see, poor service delivery and the relative absence in the *sistema* of constraints on the arbitrary power of the state are where the government of Uzbekistan may fall short in the eyes of the population.

This chapter describes how this system emerged in the post-Soviet period and explores some local understandings of good enough governance in Uzbekistan that emerge within everyday experiences of people as they talk about the role of the state, make moral judgments and engage in informal rules and practices. We make no claims about whether these forms of governance provide better or worse outcomes for citizens in the long term than other viable alternatives, but rather point out that this form of governance seems to have become the part and parcel of everyday life in Uzbekistan, largely internalized by the ordinary citizens and low-level state officials as a “getting things done” strategy.

## THE “SISTEMA” IN POST-SOVIET UZBEKISTAN

In the early 1990s, the political leadership of Uzbekistan made all sorts of bold claims about their strong commitment to democracy, market economy, human rights and the rule of law, as well as about their intention to break the stranglehold of totalitarian forms of governance. There was a widespread euphoria in Uzbekistan and in the outside world that the introduction of institutions of democratic government and market economy would promote a transformation for the better and contribute to Uzbekistan’s emergence as a “great state” in the world. History textbooks linked this great future to a glorious past, highlighting the literary epics, great leaders, and scientists of Central Asia, while at the same time vilifying both Russian Imperial and Soviet rule in Central Asia.

However, as Ruziev et al. describe, Uzbek authorities made it clear from the beginning that the “big bang” or “shock therapy” approach to transition would not be suitable for Uzbekistan.<sup>14</sup> Instead, Uzbekistan adopted a “gradualist”

approach,<sup>15</sup> following President Karimov's decree that Uzbekistan would find "its own path" to political and economic independence.<sup>16</sup> Uzbekistan remained dependent on the importation of consumer goods, currency controls, and the exploitation of rural labour. Uzbek authorities were aware of the risk that a rapid transformation of the economy would affect the lives of millions, probably leading to social unrest. Hence, the Uzbek model of transition clearly reflected the concerns for political stability and the peculiarities of the structure of the economy. Preserving the stability of the economy and of social and political order has become an overarching rationale for rejecting all manner of economic and political reforms recommended by international institutions, and for developing a strict border regime.<sup>17</sup>

As a result of these gradualist policies, the Uzbekistan's cumulative decline in GDP between 1989 and 1996 was the lowest of all the former Soviet republics. However, although the gradualist approach to transition contributed to a prevention of sharp output loss and consequential rise in unemployment and social unrest during the early years of transition, by 2000 it became evident that the economy was simply stagnating.<sup>18</sup> As Kandiyoti notes, the partial market reforms the government of Uzbekistan implemented in pursuit of stability paradoxically resulted in inefficient resource allocation and widespread corruption that required increased recourse to coercion.<sup>19</sup> A growing body of scholarly literature demonstrates the ubiquity of corruption in Uzbekistan, focusing on kleptocratic elites in the upper echelons of the state organisation, malfunctioning public administration structures, administratively commanded economic policies, inefficient post-Soviet agricultural reforms, corrupt law-enforcement agencies, and inadequate ways of dealing with corruption by state authorities.<sup>20</sup> Hence, active government intervention created significant administrative barriers and a high tax burden, thereby causing high transaction costs for national business and the prevalence of an informal economy.

The Soviet legacy also had a profound impact on social policy strategies of the Uzbek government in the 1990s. Given the fact that the former Soviet social welfare system did provide relatively strong social protection and healthcare facilities, the general population of Uzbekistan expected the same treatment and conditions from the new Uzbek authorities. Given the high proportion of low-income groups and the dependence on the import of consumer goods, any attempt at contraction of social welfare benefits would affect millions, which consequently would lead to social unrest. In the same vein, the main concern of the Uzbek authorities in the early years of independence was the prevention of dramatic output loss, strong social protection and modernisation of the economy by strengthening the industrial sector.<sup>21</sup> Thus the social welfare strategies adopted by the Uzbek authorities during the early

years of independence were almost identical to the Soviet-era practices.<sup>22</sup> Uzbekistan did fairly well in terms of providing a social safety net, alleviating poverty and limiting spending cuts in education and healthcare, especially in the mid-1990s.<sup>23</sup> Soviet-style centralised economic management and strong social protection measures seemed to be successful in the transition period, as they prevented large output decline and served to maintain a reasonable living standard.

The “transition” lasted until about 2004 and then the picture largely stabilized, but not in a way that provided for economic prosperity for the majority of Uzbekistan’s citizens. Although the Uzbek economy has been experiencing above-trend rates of growth—about 7–8 percent since 2004—these indicators hardly reflect everyday life in Uzbekistan where state salaries do not even secure survival, and people are compelled to use informal coping strategies to meet their livelihood needs.<sup>24</sup> For much of the 2000s, the large number of Uzbek labour migrants in Russia and Kazakhstan provided clear evidence of the inadequacy of Uzbekistan’s economic and social policies for its poorer citizens. As Ruziev et al. state, the economic growth was not due to structural reforms, but to a better agricultural harvest, large inflows of money remittances sent by Uzbek migrant workers and more importantly, to favourable world prices for the country’s main products such as gold, cotton, natural gas and oil.<sup>25</sup> Furthermore, Uzbek authorities withdrew social benefits without creating alternative welfare structures. As a result, the absence of state support has created serious social problems, thereby transforming the family and communities into the main shock-absorbing structures of the society.<sup>26</sup>

The analysis of scholarly research on post-Soviet Uzbekistan indicates that very few Uzbeks reaped the rewards of the economic growth.<sup>27</sup> Instead, this energy-driven economic growth comes at the expense of ordinary people in rural areas where service interruptions, often the absence of gas and electricity supply to households during cold winter months, have become customary over the years. Uzbekistan has also made little progress in promoting the rule of law and good governance, and many formal institutions of government have merely a showcase quality.<sup>28</sup> According to the 2016 *Corruption Perceptions Index*, released annually by Transparency International (TI), Uzbekistan is among the most corrupt in the world.<sup>29</sup> The “control of corruption” indicator of the *World Bank Governance Studies* also shows an extremely high level of corruption in Central Asian countries.<sup>30</sup>

Yet the narrative of “transition” persists in the way the government justifies its inadequacies in meeting the economic needs of the population. In the authors’ research, people rarely referred to the “transition” when explaining their economic difficulties; rather they locate the source of their difficulties in economic policies and low salaries, lack of jobs and strong social protection,

corruption, the high inflation rate, excessive interference of law-enforcement bodies and tax officials in business activities, customs duties that were too high, and tightened border controls. Studies have demonstrated that Uzbeks consider their government inferior to the Soviet one.<sup>31</sup> Despite the despotic and corrupt nature of the Soviet system, the majority of Uzbeks (especially among the older generation) express nostalgia for the former Soviet Union. They frequently mention the availability of inexpensive food, jobs, medical care, affordable housing, and education during the Soviet era. As Marianne Kamp notes, “The idea that this is a passing stage, and that Uzbekistan must and will arrive at capitalism and democracy, is dying more quickly among ordinary people in Uzbekistan than it is among outside ‘experts.’”<sup>32</sup>

The Uzbek regime is a “paradoxical strong-weak state”<sup>33</sup> which now extracts resources, exercises strong social control and foists their ideology on ordinary people without giving anything in return. Most of the people the author met during his fieldwork in rural Ferghana expressed their dissatisfaction with current economic and social policies, mentioning unaffordable healthcare and the high unemployment rate. These developments have had far-reaching repercussions for political stability and security in Uzbekistan. As the state retreated from its social welfare obligations, so are ordinary citizens retreating from their loyalty to the current political system, as evidenced by growing social discontent, disobedience to legal systems and rising support for radical Islamic movements. However, this discontent does not necessarily lead to social action in Uzbekistan. The Arab Spring had a dramatic negative impact on democratic developments in Uzbekistan, serving as a “scapegoat” to demonise the Western human rights and democracy initiatives in the region. Ironically, the ruling regime often cites famous Western scholars, such as Samuel Huntington, who argue that establishing centralised authority, even by authoritarian means, is the prerequisite for any type of political or economic development. In light of rising Islamic fundamentalism and the threat posed by the Taliban in neighbouring Afghanistan, the ruling regime “securitized” the issue by convincing the population and supporters abroad that there is only one alternative to their rule—Islamic fundamentalism. In this regard, political leadership of Uzbekistan actively pursues the policy of “political stability at any cost” that provides justification for ruling regimes to deploy coercive strategies and penal sanctions as an exclusive means of social control. And this strategy appears to be working: the saying “*och qornim—tinch qulog’im*” (“*a hungry stomach is better than a worried ear*”) has become commonplace in Uzbekistan.

The international indicators of state capacity, such as World Bank governance rankings, the American Bar Association’s Central and Eastern European Law Initiative’s indices of judicial oversight, and International Crisis

Group reports, have portrayed Uzbekistan as a state that is simultaneously weak, predatory, and unstable.<sup>34</sup> However, as we will show in the next sections, what is seen as the signs of weakness, instability and corruption by international reports and policy documents actually constitute the form of governance in Uzbekistan. On the one hand, the state in Uzbekistan is heavily reliant on coercive and penal sanctions for maintaining political stability. But on the other hand, the state is potentially weak in terms of enforcing rule of law and has absolved itself from service delivery responsibilities by allowing informal practices and networks to serve as an informal welfare system. This, we argue, is the state of governance in Uzbekistan today, and to understand it simply through the lens of corruption or state collapse would be to misunderstand what this experience of everyday life governance is like.

### INFORMALITY AND “EVERYDAY LIFE GOVERNANCE” IN UZBEKISTAN

As we argued in previous sections, in order to better understand the governance trajectories in Uzbekistan, we need to explore them from the local level, since it is the local level where the state and citizens come into contact on a daily basis. The best we can do in a single chapter to give a flavour of this daily life is to feature a few vignettes from ethnographic field research. The ethnographic material illustrates the role of the informal economy as an alternative to the formal economy and the welfare structure in Uzbekistan that ordinary people and low-level state officials use in their everyday lives for coping with economic hardships. The main point we will make here is that what is viewed as a “corruption” from the outside is often an everyday form of governance from the insider’s perspective. This is the paradox of an authoritarian state with many laws and coercive structures and at the same time, daily life largely being regulated by informality, the process that we call in this chapter “everyday life governance.”

April 2009: The evening flight from Riga to Tashkent Airport on AirBaltic took just under six hours. We arrived at the Tashkent airport in the middle of the night and checked into the Radisson Hotel. After rest and breakfast, we walked through the streets to a nearby bazaar, *Alay*, to observe mundane activities and processes there. The first thing that attracted our attention was a black market for foreign currency exchange. We were welcomed by a group of money changers who immediately approached us, offering their currency exchange services. What struck us was that there were several policemen around; none of them, however, bothered about illegal transactions on the black market, thereby de-facto “decriminalising” the informal practices of

money changers. We have observed many similar incidents in the Ferghana valley as well. What is evident is that it is almost impossible to buy foreign currency at the official exchange rate in the banks of Uzbekistan, and that is why the black market was the only available source where people could acquire foreign currency. We next turned our attention to the informal taxi sector. One of our interesting findings was that almost anybody in Tashkent could work as a taxi driver. As we had some official meetings with the administration of one of the universities in Tashkent, we regularly used taxi services. There were no taxi stops, and we did not have to order a taxi. Waving your hand at the side of the street was sufficient to find a taxi in a minute. Observing the magnitude of the informal taxi sector, we came to realise that it has become a major source of self-employment and income-generating opportunities for many of the urban unemployed in Tashkent. The interaction between the taxi drivers and traffic police is also based on informal rules. During our observations, we noticed that taxi drivers often shake the hands of traffic police with money when they break traffic rules, such as exceeding the speed limit or red light crossing. One interesting insight we gained was that the behaviour of both state officials and citizens were largely guided by informal rules, while the laws and regulations were almost indiscernible in everyday life. Hence, informality has become an inalienable part of the governance mode of the political regime in Uzbekistan, making up for the incapacity of the formal structures.

Our field trip to rural Ferghana provided us with important insights on the existence of local standards and morality regarding how state officials should act. Our fieldsite *Oqtepa*,<sup>35</sup> where we conducted observations in April–May 2009 and June–August 2010, is one of the mahallas in *Shabboda* village in rural Ferghana and has a population of more than 2,000 people. Most of the residents in this mahalla were *dehqonlar* (farmers) involved in cucumber and grape production. However, due to our research focus, we were particularly interested in two mahalla residents, *Sardor* and *Rahmon*, who were both state officials and the centre of “everyday mahalla talk.” *Sardor* was a very high-level state official and worked as the deputy chief of Ferghana region police, whereas *Rahmon* was a district-level traffic policeman (a low-level official). However, in the everyday mahalla life, *Sardor*, despite having such a high official status, did not have a decent reputation and was often described as “communist,” the term that carries negative meaning and is used in relation to law-abiding state officials who do not share their political influence and resources with their kin and mahalla. As a high-level police official, *Sardor* had an enormous power, and he could easily divert the resources of the state to mahalla, but he always rejected the requests of mahalla and asked them to solve their problems through formal channels. Because of his attempts to

keep his public office separate from private sphere, *Sardor* was regarded as “communist” in the words of many mahalla residents we encountered. On the other hand, low-level official *Rahmon* was a “man of respect” and enjoyed very high social status and reputation in mahalla. Unlike *Sardor*, *Rahmon* provided patronage to mahalla residents, for instance by helping mahalla residents to avoid or manoeuvre around the state law. *Rahmon* was especially praised for his ability to act as a bridge between high-level state officials and ordinary residents in terms of negotiating the amount of informal payment for job or university admission issues, and bending state laws to meet the interests of mahalla residents. Therefore, when invited to weddings, *Rahmon* was always offered the “best table” and served more quickly than others. Thus, according to the mahalla’s norms, *Sardor* was neither a good person nor a good state official due to his law-abiding behaviour and unwillingness to help mahalla people, while *Rahmon* was the “pride of the mahalla,” due to his sensitivity to the needs and concerns of the mahalla.

These observations show the existence of “everyday life governance” in Uzbekistan that is in conflict with the Western-centric definitions of good governance and yet embraces ritual forms, norms of sociability, and moral imperatives. As shown above, the state officials in rural Ferghana are torn between loyalty to their family and mahalla networks, and honesty at work. Therefore, maintaining loyalty and respect for such networks often comes at the expense of formal structures, thereby leading to an omnipresence of informal practices in formal arenas. This indicates that behavioural instructions promoted by mahalla influence the implementation of state laws and regulations. Although the mahalla-level relations described above may seem illicit or abnormal in the eyes of Western observers, it is however accepted within rural communities in Ferghana as a legitimate coping strategy—regardless of whether they are licit or illicit. Seemingly, the analytical divide between public office and private sphere is not useful in the context of Uzbekistan where the society is mostly based on collectivist traditions and kinship networks.

Another relevant observation of the “everyday life governance” is the encounter with traffic police we experienced in May 2009 while travelling by taxi from Tashkent to Ferghana Valley. Perhaps unexpectedly for readers of this chapter who have not been to Central Asia, the traffic stops are one of the most frequent sites of state-citizen interaction in Uzbekistan and one of the most frequent topics of conversation. Hardly anyone who has been in a car in Uzbekistan has failed to witness the phenomenon of drivers being stopped, seemingly at random, and having their papers inspected, often resulting in the payment of a small bribe. Stories about resisting or subverting this ritual are the subject of popular folklore and YouTube videos.<sup>36</sup> The power of the traffic police is rarely challenged in Uzbekistan, and ordinary people always



show maximum obedience when they interact with the police. Unlike in the West, when stopped by the police, citizens in Uzbekistan get out of the car and hand over documents to the policeman, addressing him as “commander.” Thus, the relations between the traffic police and citizens are very hierarchical.<sup>37</sup>

There is only one route to Ferghana Valley via a mountain pass called *Kamchik*. Since *Kamchik* is the only route connecting the Fergana to the rest of Uzbekistan, it is heavily guarded, and there are many checkpoints where police and border officials check passports. One can also notice the large number of traffic police at the *Kamchik* pass. When we reached the pass, the driver asked us to unfasten our seat belts, as it was uncommon at that time to use seat belts. At least the traffic police did not impose any fine for driving without fastened seat belts.<sup>38</sup> Hence, any use of seat belts by the driver or the passengers could be a clear signal that there was a foreigner/non-native in the car, which may easily attract the attention of the traffic police, always seeking reasons to stop cars. In requesting us not to use the seat belts, the driver was actually trying to avoid any unnecessary attention from the police. However, out of concern for his personal safety, Måns Svensson, one of the authors of this paper, did not unfasten his seat belt. As the driver predicted, our car was soon stopped by the traffic police. As usual, they checked the driver’s documents. Due to the presence of a foreign citizen in the car, the police also wanted to check the car’s luggage compartment. Svensson, suspicious of the actions of the police, demanded that he be present while they checked the luggage compartment. This was an open challenge to the traffic policeman’s traditional authority. Trying to avoid conflict with a foreign citizen, the policeman decided not to check the luggage compartment and politely asked Svensson to sit in the car. Instead, the policeman ordered the driver to follow him to his small office to discuss some minor details in his car documents. After ten minutes, the driver returned to the car with an angry face and told us that he had to pay 15,000 som<sup>39</sup> because of Svensson’s failure to “show proper respect” towards the policeman. Not wanting the driver to take the consequences of his action, Svensson later covered the costs of the driver.

This observation provides useful insights into everyday forms of governance in Uzbekistan. As a foreigner, Svensson was unaware of local social norms and hierarchies. By demanding to be present during the luggage check, Svensson challenged the traditional authority of the policeman as the one who dictates the rules. According to Uzbek law, Svensson’s actions were entirely legal. However, from an “everyday life governance” perspective, his actions were not consistent with prevalent social norms and hierarchies, which resulted in the indirect imposition of a 15,000 som fine. Certainly, the incident described was a clear instance of corruption, since the police officer forcibly

extorted money from the driver (and the driver was angry and humiliated). But what struck us was that corruption was triggered by Svensson's failure to show due respect to the policeman (a violation of the expected form and the normative sociability). Consequently, this observation may provide a starting point for us to reconsider the nature and context of informal transactions in Uzbekistan not only as instances of illegality, but also view them as manifestations of everyday forms of governance.

Thus, our observations provided us with important insights about the nature of everyday life governance in Uzbekistan. It struck us that in Uzbekistan, informality has become the part and parcel of the governance mode where both ordinary citizens and state officials are involved in the exchange and reciprocation of material goods, favours, money and services. Wherever we looked—at institutions such as markets, banks, hospitals, traffic police—we observed the existence of a multitude of informal rules governing economic and social relations. A similar situation was also observed in Johan Rasanayagam's study in which he claimed that informal economy is so influential in Uzbekistan that, in a sense, it is all that there is.<sup>40</sup> Hence, despite the almost mythical coercive power of the political regime in Uzbekistan, especially the regime's ability to withstand internal and external challenges, we found that the state and its legal system have limited meaning in everyday life, and the coping strategies of ordinary citizens are mainly informal. Even the behaviour of state officials was more influenced by the informal rules than the law of the state. We realised that it is not the law, but the informal rules and norms that have more meaning and influence in everyday life in Uzbekistan. We have thus come to the conclusion that there is "everyday life governance" in Uzbekistan that dominates social and economic life itself. These processes will be more specifically demonstrated in the next section, with reference to two informal interviews with a traffic policeman and a midwife.

## EVERYDAY LIFE GOVERNANCE AS GETTING THINGS DONE

In this section, we present the results of two informal interviews with key informants. Our aim is to illustrate how things get done, how they are perceived by the ordinary citizens and low-level state officials, and their implications for understanding governance trajectories in Uzbekistan. The interviews were conducted in the Ferghana region of Uzbekistan and focus on two state arenas/institutions: (1) the practice of traffic safety enforcement; and (2) the practice of maternity services. The first interview is centred around *Dilshod*, a traffic policeman, and the second focuses on *Umida*, a midwife at a maternity hospital in Ferghana. In the subsequent sections *Dilshod* and *Umida* speak

in the first person, and the authors' comments are provided to explain and analyse the context.

### **Dilshod, A Traffic Policeman: I "Sell" Traffic Tickets to Drivers to Earn a Salary**

*It is not so easy to work as a traffic policeman in Uzbekistan. We have to communicate with more than a hundred people on a daily basis. We do not have fixed working hours. If you want to get a job with the traffic police, you have to pay a bribe, around 6,000–7,000 USD, to top officials of the traffic police. The biggest problem is, actually, that we do not get paid a salary for our work. The official salary for traffic policemen is 900,000 som,<sup>41</sup> but in fact, we do not receive any salary. In rare cases, we might receive 10% of this salary, 100,000 som. Of course, you may wonder how we survive. Here is the reality for you: Instead of paying salary, our administration provides us with traffic tickets which we may sell to drivers to earn a salary.<sup>42</sup> We usually sell these tickets to drivers who drive without having their seat belt fastened and/or drive cars which do not meet technical safety standards. The price of one traffic ticket is 12,500 som. So we earn our salary by selling traffic tickets to drivers. Since we do not get any salary, we are not required to return ticket receipts or reports to our administration and can keep the revenues made from the ticket sales.*

*This is not the end of the story. Our bosses give us the order (i.e., set the standard) to sell at least twenty tickets per day. However, drivers do not violate traffic rules every day. How can we sell twenty tickets per day? If I do not sell twenty tickets per day, I might get a warning from the administration or even lose my job. Under these circumstances, we are under strong pressure to find drivers to sell tickets to. There is also an informal monthly payment called "gruz" (burden) which we have to pay directly into our bosses' pocket. The amount of this monthly payment ranges from 50,000 to 100,000 soms. We have to make this payment if we want to keep our job. These circumstances compel us to sell tickets even to drivers who act legally. Ordinary people do not know about these problems and therefore hate us. It is politics. We cannot talk about these problems openly.*

*I know many people look upon traffic police as the most corrupt profession in Uzbekistan. Since we do not receive any salary from the state for our work, the money we earn through selling tickets is completely legal. I am also an ordinary man, like everybody else; I have a family, kids to feed! Instead of giving salary, our bosses force us to earn our salary through selling tickets to drivers. So tell me, how should I feed my kids when the state does not pay me any salary? Had I received a normal salary, I would not bother selling tickets to law-abiding drivers.*

## **Umida, a Midwife: “I Will Not Be Able to Feed My Kids If I Follow the Law”**

*I know maternity hospitals are often criticized for being one of the most corrupt places in Uzbekistan. But those people and organizations who label us “corrupt” are unaware of the serious problems we face in our daily working life. I think all problems are connected to the state and system. During the Soviet era, the state provided everything for hospitals and physicians received a good salary. But, after independence, the state significantly decreased financing for hospitals. There is a serious shortage of medical equipment. Hospitals are overcrowded. Electricity and gas cuts are very common. The state does not supply us with necessary medicaments.*

*According to law, all maternity hospitals are state-owned in Uzbekistan, which means giving birth in a hospital must be free of charge. But this law is rarely enforced in practice. Almost everyone pays for maternity services. Of course, we accept their payment informally through hand-shaking. Often, people themselves slip money into our pocket. Such informal payments are called “suyunchi” (literally “joy” in English), where the father or relatives of the newborn baby give cash (or sometimes expensive gifts) to the midwife and nurses who deliver the baby. Suyunchi is usually given after the birth of a child. The amount of suyunchi varies from one case to another, ranging from anywhere between 50,000 to 500,000 som. If it is an uncomplicated vaginal birth, people give us suyunchi of around 50,000–100,000 som. In cases of complicated vaginal births or C-sections, we receive a lot more suyunchi, approximately 300,000–500,000 som.*

*I know my actions are illegal according to law, but real-life circumstances force me to accept suyunchi from patients. Law and real life are completely different things. You will understand what I mean after I explain my work conditions. First, it is very difficult to get a job at a maternity hospital. For instance, if you want to work as a nurse at our hospital, you must pay a bribe of at least 500 USD to top health officials. Second, our salaries are extremely low. A midwife’s monthly salary is 280,000 som, around 100 USD, and a nurse’s salary is 180,000 som (65 USD). Isn’t it frustrating when you pay a 500 USD bribe in order to get a job with a 100 USD salary? Our salary is very low, but I have to feed my kids. I studied for seven years to become a midwife, but I do not receive a high enough salary to live on from the state. Due to my good education, I believe I should earn more money than people who sell potatoes at the bazaar. I, too, have my own dreams, so I want to have a good salary. Everything is expensive at the bazaar. For example, one kilo of meat costs 17,000 som and one sack of flour is 60,000 som. I have to buy clothes for my kids. So, you see, it is impossible to survive on my 280,000 som salary. Since the state does not reward me properly, I have a full right*

*to supplement my salary through suyunchi. I do not force anyone to give suyunchi, but people themselves voluntarily reward me. This is the only way to feed my kids and I do not see any other alternatives. I will not be able to feed my kids if I follow the law. Therefore, it is quite understandable that we expect people to reward us for our efforts.*

To what extent are the stories of the midwife and the traffic policeman comparable? In our opinion, they are comparable with respect to their “making-ends-meet” character. Their professional sphere, the amounts of informal payments, the ways of bending the law and other details may vary, but the contextual factors, reasoning, and substance are similar, and they both indicate the existence of “everyday life governance” that is normative, predictable, and articulated in relation to formal law.

The interview with traffic policeman reveals that traffic police look at traffic tickets as a commodity for earning income rather than a means to enforce state traffic laws. When describing his informal practices, the traffic policeman tends to use the expression “selling tickets to drivers” rather than saying “imposing a fine on drivers.” This shows that the work ethics of the traffic policeman are guided by the unwritten rules. Second, the traffic policeman claims that his salary earning (ticket selling) practices are completely legal, since he does not receive any salary from the state for his arduous work. In the light of these problems, one conclusion could be that informal practices allow low-level state officials such as traffic police to survive in the absence of decent salaries. This situation reminds us of Abel Polese’s anthropological study on Ukraine, in which he concluded that corruption needs to be redefined, at least when dealing with cases in which it helps people to survive.<sup>43</sup> Third, the interview illustrates that corruption has different meanings and logic within different levels of society, and that there is a difference between masses of low-level officials on the one hand and the smaller group of state elites on the other. For instance, the elite level corruption, rent-seeking, and “clan struggles” described by scholars such as Ilkhamov and Collins are not the same as the everyday “getting things done” practices of low-level traffic policemen.<sup>44</sup> During the interview, the traffic policeman expressed concerns for his working conditions and criticized the unreasonable demands of his administration. He frequently mentioned that he has to follow the unwritten rules of his organization in order to keep his job.

The midwife’s story also shows that the gap between law, which states that maternity services should be free of charge, and actual delivery (the lack of state financing for hospitals and low salaries), forced maternity hospital workers to frantically search for informal coping strategies that help them survive in the absence of decent salaries. As the midwife asserts, she will not be able to feed her children had she followed the law. Seemingly, since

Uzbek authorities fail to secure the basic needs of its citizens, so the state officials such as midwife and traffic policeman do not feel any moral obligation to act in compliance with the law. According to the midwife's moral code, her informal practices are completely "legal," and she has a full right to reap the benefits of her good education. Subsequently, informal transactions that are interpreted as corrupt in the Western moral and juridical codes could be regarded as morally acceptable behavior according to the unwritten rules of maternity hospitals in Uzbekistan.

## CONCLUSION

In one country, a driver stopped for speeding quickly pays a small amount of money to a traffic policeman, knowing most of it will go to feed the policeman's family. In another country, the same driver goes through a much longer and more expensive process knowing that the violation will have a negative impact on her auto insurance costs, might show up on a background check, and that the fine money goes to an impersonal bureaucracy run by an official she voted against. In which scenario is the driver more free, in which more tormented? The informal transaction we call corruption and the formal transaction is considered good governance, but both transactions are imbued with affect, morality, sociability, and predictability.

We assume that good governance leads to long-term benefits to the common good: bad drivers are punished and become safer drivers; fines go to benefit the community, not a single family; insurance companies and municipal authorities cooperate to produce a broader sense of generalized trust in society. But what are our assumptions about the corruption scenario? We have argued that this kind of "petty corruption" is far from disorderly and immoral, but are these informal practices also contributing to the common good, as culturally appropriate means of exchange that reinforce sociability and interdependence, strengthening the social fabric? Our answer is a qualified yes, but qualified because it seems equally true that people are making the best of a bad situation where the state has largely withdrawn from all but its functions maintaining political stability and interethnic peace.

Returning to Krasner's point, is everyday life governance in Uzbekistan the "good enough governance" that is the best many societies can hope for? Does it provide for individual physical security, public order, limited economic growth, security from transnational threats, basic health and sanitation services (all yes so far), checks on high-level corruption (no), and minimal mechanisms of accountability such as media and civil society (also no)?<sup>45</sup> Krasner argues that democracy promotion activities often create instability,

but that good enough governance creates the kind of stability that eventually gives birth to a moderately prosperous middle class, which in turn will push for democratic reforms on its own. Uzbekistan's strong coercive state has produced security for most citizens and overall stability, but its weak welfare state has withdrawn from the social sphere and in its place informal governance systems have emerged. The coexistence of these two strong/weak state systems may be the main reason for the regime's longevity. It remains to be seen if kleptocracy and the top-down closing of spaces for civil society and diverse expression will be an Achilles's heel that prevents Krasner's scenario of an expanding middle class from coming to fruition in Uzbekistan.

## NOTES

1. Authors are listed in alphabetical order. This chapter was written jointly with Laura Adams but the empirical material is primarily based on field research conducted by Måns Svensson and Rustamjon Urinboyev between 2009 and 2014 in Tashkent city and Ferghana region in Uzbekistan.

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