

REGIONAL POLITICS**INTEGRATION PROSPECTS
IN CENTRAL ASIA**

Serik PRIMBETOV

*D.Sc. (Econ.), professor,
Deputy Secretary General,
Eurasian Economic Community
(Almaty, Kazakhstan)*

For many centuries, the Central Asian region was a connecting link between the East and the West. But in the 15th century, with the advance of water transport, the overland Great Silk Road from Europe to Asia lost its initial significance: the development of shipping put Central Asia (CA) in a difficult position. Its peoples had no outlet to the sea and were obliged to develop on their own.

Today Central Asia has regained its importance and is not only an East-West corridor, but also a promising developing partner for many countries of the world. This is borne out, among

other things, by the active policy of CA states oriented toward close regional cooperation and multilateral international relations. All of this promotes socioeconomic and political development and helps to raise living standards in the countries of the region.

Why have the Central Asian countries chosen integration as a top priority of their development? What has influenced their choice and what kind of results are they reaping today along this road? Many analysts, politicians and economists are currently concerned with these questions, and this article is an attempt to provide some of the answers.

Integration as a Political Choice

In most sources, the year 1991 is defined as a turning-point for Central Asia, because that was when its development for the first time passed into the hands of national (instead of Soviet) regional

leaders. However, this did not make things easier for the CA countries, but only added new problems to those inherited from the Soviet past.

After the breakup of the U.S.S.R., the newly independent CA states were faced with even greater difficulties compared to their political and economic dependence on the Soviet Center in Moscow, from which, as it seemed to them at the time, they had to “distance” themselves as soon as possible so as to gain economic independence and political sovereignty. The highly integrated structure of the U.S.S.R. was to some extent useful to the CA republics in economic, social and political terms, although in Soviet times they were not independent because the whole system was oriented toward the Center (Moscow). The development and distribution of the productive forces, the structure of industry, social policy, the production infrastructure and regional development were geared, in the first place, to meet all-Union demands and only then to meet the interests of the Central Asian republics.

The common political and economic space of the disintegrated Soviet Union could not be destroyed right away: this was fraught with disastrous consequences for the newly independent states. Linked together by economic relations, infrastructure communications, social policy and political goals, the CA republics gaining independence were badly in need of a resumption of former relations, because otherwise no sector of their economy could function properly. The new sovereign countries found themselves in a state of total socioeconomic decline. They turned out to be unprepared to pursue their own sovereign policy or to engage in economic relations.

The post-Soviet socioeconomic crisis was not the only problem facing the newly independent CA states: globalization was yet another and no less important factor. With its advance in the second half of the 20th century, one of the main tasks of countries swept by the “tide of decolonization” was, among other things, to devise a correct economic policy ensuring the necessary proportion of openness to the world economy and protectionism. Faced with a similar problem, the CA states were no exception in this process of restructuring their own economy in order to reduce the negative effects of globalization.

Having gained long-awaited political independence, the new sovereign states fell into even more serious economic dependence on post-Soviet regional problems and globalization processes.

As we know, the second half of the 20th century brought the development of regional and other integration groupings such as the European Common Market, ASEAN, and others. Many states created economic unions with due regard for regional economic needs. This trend was only natural, because after World War II many countries and regions of the world had to restore their economy and sociopolitical situation. Thus, the Marshall Plan had a role to play in Europe’s socioeconomic recovery after 1945, and the United Nations got down to political and economic rehabilitation on a global scale.

Nevertheless, at that time (as probably today) the United Nations could not resolve the entire range of problems, especially those affecting certain regions, but was mostly concerned with global issues. That was when the states, given the need to address the “individual” problems of the regions, began to set up regional integration groupings. These groupings became quite popular, because they alone could help new countries entering the world arena to arrange economic cooperation and ensure growth while protecting them from the negative effects of globalization.

In the post-Soviet space, the first organization of this kind was the CIS, which initiated integration processes in Central Asia. But before going over to this association, let us consider the regional problems of Central Asia after the breakup of the U.S.S.R.

Regional Problems

One of the most pressing problems of post-Soviet Central Asia is that of rational use of water resources. With the collapse of the U.S.S.R., the structure of mutual cooperation between the coun-

tries of the region, formerly regulated by Moscow, ceased to exist; the CA states began to pursue their own policy in every area, including water distribution. Thus, Kyrgyzstan, which used to supply water to most republics of the region, has now considerably reduced its water supplies in Central Asia, and in some cases has fully cut off such supplies (as in the case of Uzbekistan due to lack of coordination between the activities of the two states in controlling reservoirs and regulating storage levels, and also lack of control over water levels in the Syr Darya and Amu Darya rivers and, consequently, in the Aral Sea).

Differences between state and regional authorities over the problems of the Ferghana Valley, which includes part of the territory, population and borders of three CA countries (Kyrgyzstan, Uzbekistan and Tajikistan), are often the cause of ethnic conflicts and failed attempts at joint use of regional water resources.

The Aral Sea also creates many difficulties for Uzbekistan and Kazakhstan. The environmental situation here is critical and poses a problem of more than regional proportions. The salt that forms along the dry shores of the Aral Sea rises into the air and settles on agricultural lands in the two countries, worsening the quality of fruits and vegetables and putting at risk the main sector of the CA economy. Moreover, it is carried long distances to other countries.

Add to this the rapid melting of glaciers in the region as a result of global warming and pollution of their surface, a process which in the near future could lead to a shortage of fresh water. Most of Central Asia's freshwater resources are concentrated in its fairly numerous mountain rivers. The rapid melting of glaciers in the CA mountains is not only fraught with disaster for the region, but could also upset the water balance on a global scale. Some CA countries already experience a shortage of fresh water. In its efforts to cope with the consequences of the 1992-1997 civil war, Tajikistan, for example, has put fresh water high on the list of key problems in the context of national rehabilitation.

The second set of regional problems derives, in the main, from the social situation in the CA countries. Poverty is one of the main obstacles to their development. The income of most people living in Central Asia is under two dollars per day. Such a state of affairs provides the setting for the emergence of a whole range of problems, including the spread of religious extremism and terrorism. The situation in which the CA countries found themselves after the breakup of the U.S.S.R. (socio-economic crises and, most important of all, a kind of ideological vacuum) triggered the spread of extremist religious doctrines under the guise of Islam. Today many terrorist and extremist organizations operating in the region recruit young people for terrorist operations in all CA states: from Afghanistan to the borders of Russia and Kazakhstan.

In addition, links between terrorist groups in the region are maintained through the Ferghana Valley, because it is the "hottest spot" in Central Asia, the main source of terrorism and religious extremism, and also the only place where it is possible to cross the borders of three CA states at once. During the breakup of the U.S.S.R. and the formation of new independent states, Central Asia had to lay the basis for the construction of these states. In each process of this kind, it is first of all necessary to "stake out" the territory of the given country, upon whose "endorsement" this country will officially acquire sovereignty. But in the case of the Central Asian states this process turned out to be quite complicated. Since the peoples of the region lived in the single territory of the former Soviet Union (in fact, in a single country), they were so "intermingled" that the process of full ethnic, political and geographical separation became practically impossible. The main area of ethnic strife associated with the demarcation of the borders of the new states was the Ferghana Valley, whose territory became the main conflict zone in the region, both ethnically and politically. In this situation, economic relations between the three new countries whose borders intersect in the Ferghana Valley ran into difficulties as well.

Apart from its convenient geography (short distances between the borders), this area has a mountainous terrain, where militants can hide from the authorities. For example, the Islamic Movement of Uzbekistan (IMU) liaises with Tajik militants precisely in this region of Central Asia (during the civil war in Tajikistan, this area was also used by militants).

Because of such ties between terrorists, the Uzbek authorities have now closed the border with Tajikistan; moreover, the Uzbek side controls this stretch of border by laying mines. Mines laid along the Uzbek border result in dozens of casualties every year, and not only among militants, but also among people trying to visit their relatives on the other side of the border. In view of the ethnic mix in the Ferghana Valley, closely located borders, irrational division of territories (during the disintegration of the U.S.S.R., the emergence of Central Asian states and today) and strict border controls, this problem—known as the “exclave problem”—has become a separate area in the work of regional governments.

The Ferghana Valley also serves as the main “base” for drug trafficking. As a result of low living standards and socioeconomic development levels in most CA countries, drug dealing and transit have become one of the most widespread income sources for farmers in Afghanistan, Tajikistan, Kyrgyzstan and Uzbekistan.

The only highway built in Soviet times in Tajikistan runs across Uzbek territory, being Tajikistan’s only outlet to foreign markets.

Another socioeconomic problem facing the region is that of migration. Due to lack of prospects for a normal life, CA peoples are obliged to migrate to neighboring states, and this creates numerous social problems for countries hosting illegal immigrants. What makes the situation worse is improper performance of their duties by customs and border officials, who often act illegally, helping migrants to cross the borders of CA states for a fee.

Security problems in Central Asia are not confined to ineffective control over migration and the activities of terrorist groupings. Given that the Caspian countries have not yet resolved the issue of the legal status of the Caspian Sea, the Caspian region remains an unstable zone of Central Asia as well, because it is not only the Caspian states that lay claim to a share of this region’s fuel resources, but also other, world powers that are consumers of these resources. Let us recall that the U.S. has officially declared the Caspian region a zone of its “vital” interests.

The difficulty of resolving all these sets of regional problems lies, among other things, in the absence of sufficiently developed legal frameworks in the CA countries in consequence of the collapse of the integrated Soviet system.

To sum up this review of the problems facing the newly independent Central Asian states, let us emphasize the interrelated format of these difficulties: none of the regional problems of the post-Soviet period can be resolved unilaterally or even bilaterally, through the policies and efforts of one or two countries. The whole range of problems calls for a broader regional approach.

The Need for Regional Cooperation

A survey of the situation in Central Asia after the breakup of the U.S.S.R. shows that a solution of regional problems and restoration of the socioeconomic basis in each of its individual countries would be a complicated task for any future integration grouping.

Turning back to the CIS (the first attempt at post-Soviet integration), let us examine its specific features and take a look at some of the factors that influenced the development of this grouping.

The new states were clearly reluctant to give up any part, however small, of their newly acquired sovereignty. The countries of the former U.S.S.R., which had long sought political independence, were not prepared to start working together as soon as they gained such independence but were concerned with their own wellbeing, although all of them were aware of the complexities of the new socio-economic situation.

Against the background of distrust for Russia (many believed that it had compelled these states to keep together and to serve, in the first place, the interests of the U.S.S.R.), the problem of possible integration appeared to be even more complicated. Russia, for its part, was not very keen right after the breakup of the U.S.S.R. to engage in close cooperation either, because it could not cope with its own severe economic crisis (just as all the newly independent countries of the region), while some politicians continued to think for a long time that most former Soviet republics had lived at the expense of Russia.

On the whole, economic conditions and political circumstances after the breakup of the U.S.S.R. did not meet the minimally necessary criteria for integration cooperation. Hence the low effectiveness of the CIS. This organization, set up on the eve of major political changes in the region, did not become a strong grouping or provide a basis for full-scale allround cooperation. Nevertheless, it should be noted that integration initiatives first appeared within the framework of this community, making progress with the development of bilateral cooperation between Uzbekistan and Kazakhstan. Using their opportunities, scant as they were at the time, the CA states gradually prepared their governments for possible bilateral and subsequently more extensive contacts with their regional neighbors. With the proliferation of problems which the newly independent states could not resolve on their own for lack of time and economic opportunity, there were new outbursts of political activity aimed at developing integration.

In 1993, one of the first of these initiatives was the Agreement between Uzbekistan and Kazakhstan on Deepening Economic Integration for 1994-2000. But the 1994 Treaty on a Common Economic Space (CES) between these two countries was more wide-ranging (in the long term); shortly afterwards it was joined by Kyrgyzstan and Tajikistan. Consequently, Kazakhstan and Uzbekistan were the founders of Central Asian integration, subsequently continued within the framework of CAEC and CACO, and later within the framework of the Eurasian Economic Community (EurAsEC).

EurAsEC: Results and Prospects of Central Asian Cooperation

Integration Initiatives

Today the EurAsEC is the main focus of the CA countries' work in the spheres of regional integration and socioeconomic development. But before acquiring its high status this organization embodied the goals, purposes and achievements of three main integration groupings that were its predecessors: *CAEC* (Central Asian Economic Cooperation), formed in 1998 and reorganized into *CACO* (Central Asian Cooperation Organization) on 28 February, 2002, and also the *Customs Union* which was set up in 1995 by Kazakhstan, Russia and Belarus and which transferred its powers, successes and problems to the EurAsEC on 10 October, 2000.

CAEC, for its part, was the successor of the Treaty on a Common Economic Space and got its name on 17 July, 1998, by decision of the CES Interstate Council, established in 1994 as the principal body of the CES.

The main result of CAEC's work during the gradual recovery of regional economies was the 1999 Agreement on the Parallel Operation of the Energy Systems of the CA Countries. This agreement was a breakthrough in the development of the integration grouping's energy sphere, because proper energy supply and regulation had ceased with the collapse of the U.S.S.R.

In 2000, the CAEC states formulated and adopted an Integration Development Strategy for the Period Until 2005 and a Program of Priority Actions to Create a Common Economic Space for the Period Until 2002.

However, Central Asian cooperation was not confined to the economic field. By the time of CAEC's reorganization into CACO, its member states had adopted a number of agreements on security policy, the fight against the threat of terrorism and religious extremism, and against drug trafficking in the region. Later on, within the framework of CACO, steps were taken to restore the economy and the social sphere in Afghanistan, and this, for its part, was a crucial factor in ensuring CA security, without which effective economic relations between CA countries are virtually impossible. In this way, an economically oriented organization evolved into a multilateral integration grouping which addressed not only economic problems, but also matters of security, social development and regional policy.

At a meeting of CACO member states in Dushanbe (2002), during which its participants took a decision to restore the Afghan economy, they also discussed matters of rational use of water and energy resources and transport communications. In 2003-2004, CACO activities were increasingly aimed to create a water-and-energy and a transport consortium in order to address the most urgent problems facing the CA countries on the way to further economic integration.

Matters of security and the fight against terrorism were on the daily agenda of CACO staff. At a regular meeting of CACO member states in Dushanbe in 2004, the Central Asian Cooperation Organization was joined by Russia, which was a significant event in CACO's life, because Russia could make the largest contribution to security policy in the Central Asian region. At the same meeting, Afghanistan joined CACO as an observer.

Russia: A Good Partner for the Central Asian States

The Russian Federation is the most real and profitable partner of the CA states, because, first, the *solution of socioeconomic problems* with Russian involvement in regional integration is considerably facilitated in view of the common social heritage and the interrelated production infrastructure and economic systems of the Russian Federation and the CA countries.

Second, for the same reason of their common Soviet heritage, Russia and the CA states constitute an "*easily integrated*" bloc, seen by many politicians and analysts as a promising approach to regional integration.

Third, *from the standpoint of foreign policy*, relations between Russia and the Central Asian countries are less "mutually repulsive" than those with some other powers of the region, such as China or Turkey. Thus, in their relations with China the CA states should pursue a cautious economic policy, since Beijing could (in case of inadequate restrictions on the part of the Central Asian states) gain full control of their market, something Russia will never do if only because of diplomatic relations and further economic benefits. As regards Turkey, this state like no other has time and again expressed its desire to dominate in the region. A case in point is Turkey's attempt to "reign supreme" in Central Asia based on the idea of the common cultural values of the CA and Turkish peoples, presented as the basis for close relations between Turkey and the CA countries at the time of the political

vacuum created in the region after the breakup of the U.S.S.R. This ideology was rejected by the leaders of the newly independent states, because none of these states was prepared to give up its sovereignty right after its acquisition.

So, Russia—as a strategic partner—is the most promising reference point in the policy of the Central Asian states.

Given this foreign policy situation, integration initiatives of a Eurasian nature were not confined to partnership within CACO (despite distrust of Russia after the breakup of the U.S.S.R.). Parallel to the development of the Central Asian vector of integration and Russia's accession to it, other integration initiatives were launched along Eurasian lines. In 1995, they led to the establishment of a Customs Union (CU), based on the initiative to create a Eurasian Union advanced by Kazakhstan President Nursultan Nazarbaev in 1994. As he saw it, such an association could include all the CIS states, but at that time, in 1994, this conception did not meet with support among the other regional leaders, and the Eurasian ideology (as it came to be known later) remained no more than an idea. However, only a year later the situation changed: Kazakhstan, Russia and Belarus set up a Customs Union, subsequently joined by Kyrgyzstan and Tajikistan. In 2000, the Eurasian Economic Community (EurAsEC) became the successor of that organization.

In contrast to other regional groupings, the EurAsEC, which acquired international status and became an equal participant in international economic relations and a subject of international law, is an upgraded organization, combining all previous integration efforts toward economic, political and social cooperation.

Eurasian Economic Community

When the Customs Union was reorganized into the EurAsEC, all agreements signed and ratified earlier within the CU framework passed to the successor organization. Some of them deserve special mention. In particular, great progress was achieved in the social and humanitarian sphere with the adoption and implementation of a program called “Ten Steps to Meet the Needs of Ordinary People.” Today, nationals of the EurAsEC member states do not require visas to move within the Community and are entitled to acquire citizenship in Community states under a simplified procedure. Certificates, academic degrees and various documents on education issued in any Community country are recognized in the territory of all EurAsEC states.

In the Customs Union, the creation of a common customs area is now at the first stage: with the introduction of a free trade regime, the EurAsEC states enjoy significant advantages in trade relations with each other. Internal tariffs for Community goods enable national goods in the EurAsEC to compete with imports.

In the long term, the Community states are planning to create a full-scale Customs Union, a common energy market, and a common economic and customs area, but much remains to be done to achieve these goals. As the EurAsEC Secretary General, Grigory Rapota, said at an informal summit of member states in Sochi on 15-17 August, 2006, a Customs Union can only be created by 2008 because of inadequate political will and an incomplete legal framework. At present, only three countries—Russia, Belarus and Kazakhstan—are legally and economically prepared for the establishment of a Customs Union. Although Tajikistan has performed all its legal obligations, it remains outside the framework of possible cooperation because it has no geographical borders with Russia or Belarus, and also because Kyrgyzstan and Uzbekistan have not completed their legal preparations for joining the future Customs Union. In this context, President Emomali Rakhmonov of Tajikistan urged the Kyrgyz and Uzbek sides at the Sochi Summit to complete work on the project as soon as possible. It

should be borne in mind that in view of Uzbekistan’s recent entry into the EurAsEC many of its documents are still at the preparatory stage.

As regards energy cooperation between the EurAsEC countries, G. Rapota noted that the concept of a common energy market was still not ready. Nevertheless, active work is underway to establish a water and energy consortium, which is to be accomplished with the help of the Eurasian Development Bank set up in 2006 by Russia and Kazakhstan. According to G. Rapota, EurAsEC energy projects are to be financed primarily through this new bank. In addition, Uzbekistan’s accession to the Community should be very helpful in resolving the most urgent regional problem: rational distribution and use of water and energy resources.

The EurAsEC Secretary General also mentioned the Community’s achievements in the area of migration policy. He spoke of the work being done to regulate migration processes, protect migrants from arbitrary action by the authorities in the Community countries and, at the same time, to protect the host countries themselves.

G. Rapota noted the high degree of coherence between the EurAsEC countries in matters of accession to the WTO, which is an important factor of further economic integration and development of the Community states.

To summarize the results of the Community’s activity as an integration grouping seeking to promote the socioeconomic development of the Central Asian countries, a conclusion can be drawn on its importance in the post-Soviet space in matters of raising living standards in these countries. On average, ever since CAEC and from 2000 onward the EurAsEC started their intensive activities in the region, the main economic indicators of their member states have registered stable growth (see Figs. 1, 2 and 3).

Figure 1

Gross Domestic Product
in the EurAsEC Countries
(% of 1991)

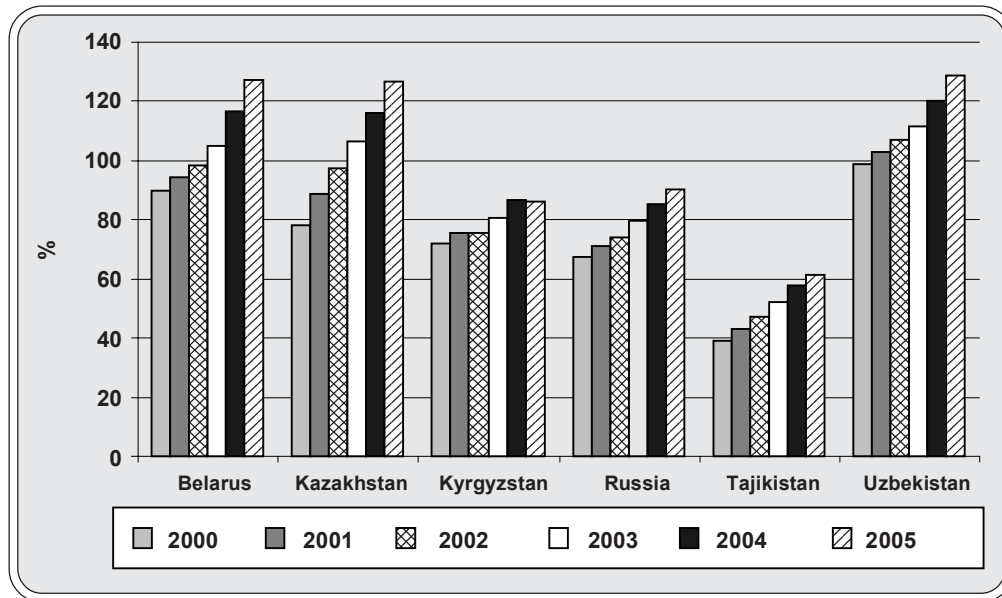


Figure 2

Industrial Production in the EurAsEC Countries (% of 1991)

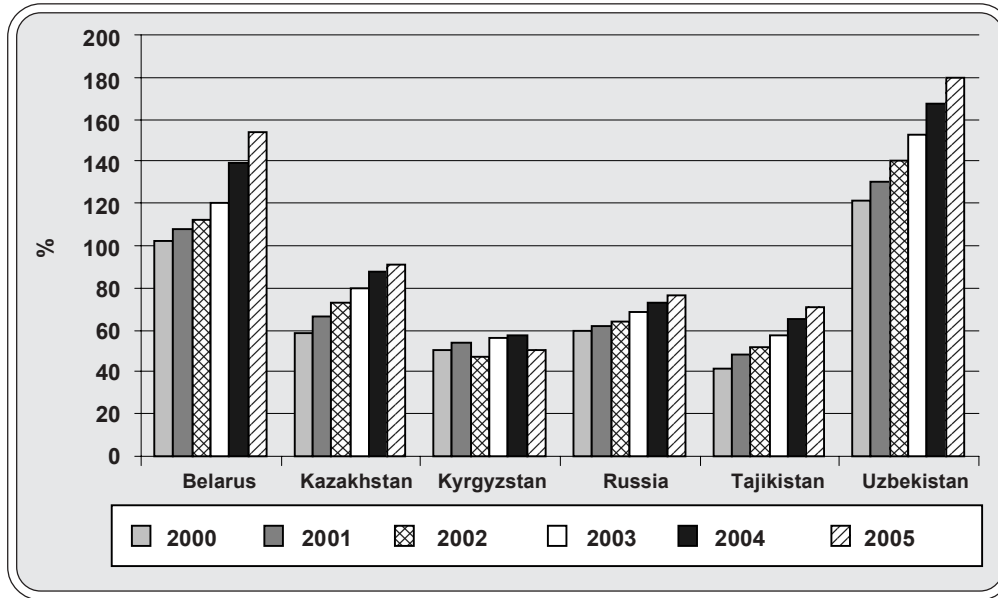
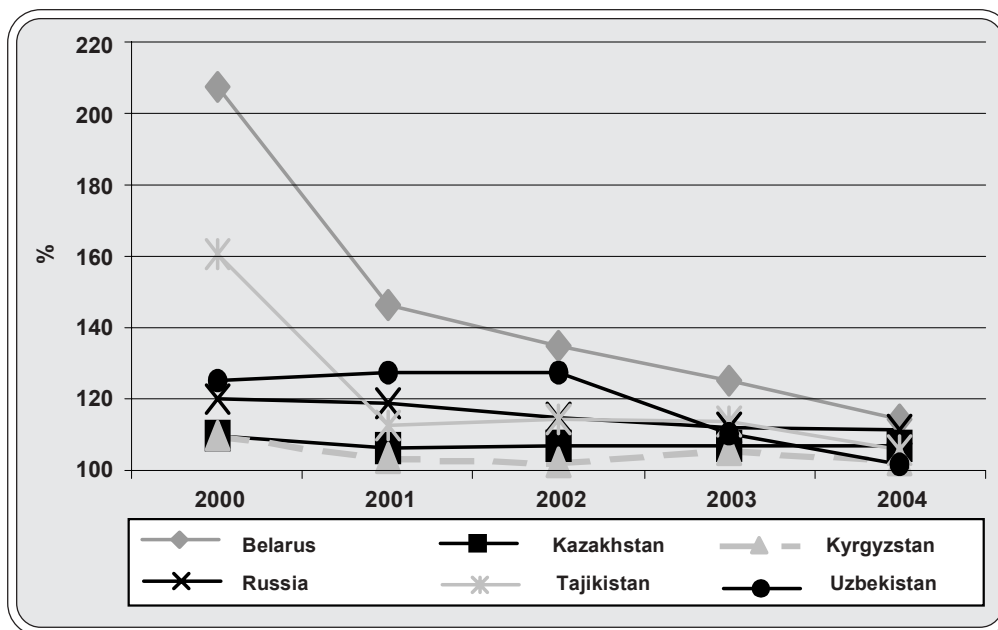


Figure 3

Consumer Price Indexes in the EurAsEC Countries (% of previous year)



Trends Toward Integration

Needless to say, there are problems of a *general nature* which slow down the development of regional integration. For example, the CA states still have no clear-cut coordinated action plan aimed at developing integration. This problem includes such component factors as significant differences in economic indicators between the CA countries and different economic reference points (different vectors of economic policy). In these circumstances, the Central Asian economies naturally find it difficult to “change tack” and move away from their one-sided (mostly natural resource) orientation.

On the other hand, the political, economic and social influence of international organizations—such as the United Nations, UNDP, OSCE and other world donors of the developing countries—does not always have a positive effect on the implementation of integration initiatives in Central Asia, because the excessive politicization of issues connected with the development of the region’s socioeconomic basis and other related factors “diverts” the actual solution of these problems toward discussion instead of practice.

But the main obstacle to full-scale integration in Central Asia is, of course, the CA states’ unpreparedness (political and legal) to delegate the necessary part of their authority to supranational bodies. This is the main reason why regional integration groupings have been reorganized into more compact organizations compared to the CIS, such as CAEC and the EurAsEC. Another component of this problem is the limited capacity for implementing regional projects due to inadequate harmonization and unification of the CA countries’ legal frameworks.

EurAsEC Peculiarities and the Future of the Central Asian States

Despite the minuses of the Central Asian countries (political unpreparedness and lack of legal coordination), one should not forget about the progress made in these and other areas owing to the EurAsEC and other regional integration groupings, and also owing to the fairly high effectiveness of the Community’s integration bodies in organizing work and implementing decisions. Experts note the weightiness of the EurAsEC in setting clear-cut goals and tasks, which is due to the adoption of its Priority Areas for 2003-2006 and Subsequent Years, establishment of the institution of observers (Ukraine, Moldova and Armenia), acquisition of international personality under the provisions of the U.N. Charter, improvement of the structure of governing bodies, and upgraded follow-up on decisions taken within the framework of this organization. In the groupings that preceded the EurAsEC, these conditions were lacking, even despite their relative success in regional development.

CACO’s recent integration into the Eurasian Economic Community, which took place simultaneously with Uzbekistan’s accession to the Community on 25 January, 2006, is another excellent example of the EurAsEC’s importance to all CA countries. Uzbek membership will undoubtedly help to resolve many of the region’s main problems. One can say that the EurAsEC is currently the most active, important and forward-looking organization necessary for the further development of the Central Asian states.