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ENERGY POLICY

THE ENERGY FACTOR IN THE GEOPOLITICS OF CENTRAL ASIA IN THE POST-REFORM PERIOD

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ABSTRACT

Following the disintegration of the U.S.S.R., the geopolitical importance of Central Asia has never waned down. Instead, it emerged as a grand chessboard for regional and extra-regional players. In the quest for energy security and diversification of supply sources by the energy consumers, the heartland region has witnessed a great new game in the scramble for resources, which many now call the New Great Game that aims not merely to control but to directly administer the energy resources of the region. This article examines the nature of the great game that evolved in Central Asia in the epic quest for oil and energy of the region in the post-reform period after the dissolution of the Soviet Union. The paper attempts to examine the intensity of the great powers' game in the region by analyzing trends and variability. It concludes that the intensifying discovery and excavation of oil wells and gas fields will put increasingly greater pressure on the great game, while the declining energy profile of the heartland states would inhibit the great powers' engagement in the region.

KEYWORDS: ***energy security, geopolitics, Central Asia, New Great Game, pipeline diplomacy.***

Introduction

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are designated as former Soviet republics for the purposes of this study. The geopolitical salience of this energy-rich region located between Russia, China, South Asia, and the Middle East has never been questioned. It has indeed emerged as a global alternative energy source in the latest geological survey. The Central Asian states are blessed with huge hydrocarbon resource potential. Kazakhstan is the most energy-rich country in the region with rich reserves of oil and coal, significant uranium deposits and only a few gas fields. Turkmenistan ranks second in the heartland region in terms of energy reserves, with gas being the prevalent resource. Apart from Kazakhstan and Turkmenistan, Uzbekistan also has a fair amount of gas reserves. Kyrgyzstan and Tajikistan are the two countries with the most scarce oil and gas reserves. However, both of these small states produce a significant amount of hydroelectricity, which enables them to be net energy exporters. "With proven oil reserves estimated to range between 9 and 40 billion barrels, and natural gas reserves possibly exceeding 131 trillion cubic feet (tcf), Central Asia is, in fact, poised to become a major world supplier of energy, especially in the oil and gas sectors."[1] The opportunities afforded by the region for discovery, production, refining and transportation of large amounts of oil, gas and other energy resources attract close international interest. It remains in the global limelight due to its promising and still underdeveloped reserves of oil, gas, and coal, as well as uranium deposits. The region's energy potential is detailed by sector below.

a) Oil

Oil is the second most valuable resource after gas provided by Central Asia to the rest of the world. As of 2018, "the region's oil reserves are pegged at almost 3 percent (38.284 billion

[1] A. Patnaik, *Central Asia: Geopolitics, Security and Stability,* Routledge, New Delhi, 2016.

barrels) of the world oil reserves."[2] Kazakhstan, with its production capacity of 2,147 thousand barrels per day, is the main producer of oil in the region. In addition, it has proven reserves of 31.2 thousand million barrels.[3] According to the estimates of British Petroleum, Turkmenistan has proven oil reserves of roughly 0.6 thousand million barrels and a production capacity of 258 thousand barrels per day (2018). Uzbekistan has an estimated 0.6 thousand million barrels of proven oil, a production capacity of 54 thousand barrels per day and 171 discovered oil and natural gas fields.[4] Unlike some of their Central Asian neighbors, Kyrgyzstan and Tajikistan produce only minor quantities of oil.

b) Gas

Central Asia is primarily recognized for its gas fields and enormous production capacity. One-tenth of the CIS (Commonwealth of Independent States) known gas reserves are located in this region. Turkmenistan is the leading gas producer in Central Asia, while Uzbekistan ranks second. Kazakhstan although has some significant gas deposits but it is predominantly known for oil reserves. According to the estimates of British Petroleum, "Turkmenistan has 17.5 tcm of proven reserves with a production capacity of 72.4 bcm; Uzbekistan is home to 1.1 tcm gas reserves and a production potential of 57.7 bcm; and Kazakhstan has 0.9 tcm of gas reserves and a production capacity of 12.4 bcm."[5]

c) Coal

Kazakhstan is the biggest coal producer country in the region with an estimated 33,600 million tons of coal. Almost all of its coal fields are located in Karaganda, but there are certain deposits in other areas. Uzbekistan also has 1,900 million tons of coal to its credit as well.[6] Kyrgyzstan also possesses substantial coal reserves, but the greatest drawbacks are related to its transportation to the market. In spite of all these factors, coal continues to be an important energy source in Central Asia.

d) Electricity

The Kyrgyz Republic has the largest hydro-electricity potential in the Central Asian region. Bishkek generates most of the electricity it requires at hydroelectric power stations.[7] Unlike Kyrgyzstan, Uzbekistan heavily relies on thermal power stations fueled by natural gas. Tajikistan also produces a huge amount of electricity from hydropower sources.

e) Uranium

In Central Asia, Kazakhstan and Uzbekistan possess significant uranium deposits. They are the two important states in the region to have strategic uranium reserves. According to the estimates of the World Nuclear Association, Kazakhstan, with about 12 percent of world uranium resources, produces around 41 percent of world uranium, which makes the country the leading uranium producer in the world, surpassing Canada and Australia. In 2019, Kazakhstan has pro-

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[2] "World Energy Outlook: Understanding Our Scenarios," ENI, December 2018, available at [https://www.eni.com/en_IT/investors/global-energy-scenarios/world-energy-outlook.page].

[3] See: "BP Statistical Review of World Energy," British Petroleum, March 2018, available at [www.bp.com].

[4] Ibidem.

[5] Ibidem.

[6] Ibidem.

[7] See:J.P. Dorian, "Central Asia: A Major Emerging Energy Player in the 21st Century," *Energy Policy*, No. 34, 2006, p. 549.

duced about 22,800 tons of uranium.[8] In addition, Uzbekistan has the second-largest uranium reserves in Central Asia after Kazakhstan, and its production capacity in 2018 equaled 2,404 tons of uranium. As of February 2020, Uzbekistan ranks as the seventh-largest uranium supplier of the world.[9]

The Caspian Sea Region

The Caspian Sea is the largest inland water body on earth that contains over 40 percent of the world's inland waters. It is surrounded by five littoral states, namely Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan. The Caspian Sea bed and its coast are home to at least four major basins—the Northern Caspian, Middle Caspian, Southern Caspian basins, and the Northern Ustyurt basin. It accounts for 7 percent of the total world gas production[10] and 3.4 percent of the total global oil production.[11] The Caspian Sea region is one of the oldest oil-producing areas of the world and an increasingly important source of global energy production. EIA estimates that the greater Caspian Sea basin possesses a total of 48 billion barrels of oil and 292 trillion cubic feet of gas as both proven and probable reserves.[12] According to the U.S. Energy Information Administration, "Most of these reserves are offshore or near the Caspian Sea coast, particularly near the northern coast. EIA estimates 41 percent of total Caspian crude oil and lease condensate (19.6 billion bbl) and 36 percent of natural gas (106 Tcf) exists in offshore fields. In general, the bulk of offshore oil reserves is in the northern part of the Caspian Sea, while the biggest quantity of offshore natural gas reserves is in the southern part of the Caspian Sea. An additional 35 percent of oil (16.6 billion bbl) and 45 percent of gas (130 Tcf) can be found onshore within 100 miles of the coast, particularly in Russia's North Caucasus region. The remaining 12 billion bbl of oil and 56 Tcf of natural gas are scattered farther onshore in the large Caspian Sea basins, mostly in Azerbaijan, Kazakhstan, and Turkmenistan."[13]

In 1997, the U.S. government stepped in and announced that the Caspian Sea region possessed reserves of approximately 15.6 billion proven and 163 billion probable barrels of oil.[14] However, the first credible study of the Caspian energy potential was conducted by the Scottish consulting company Wood Mackenzie in 1998. It has revealed that the combined proven oil and gas reserves of Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan were 68 billion barrels in oil equivalent. 25.2 billion barrels out of this amount was oil, 65 percent of which belonged to Kazakhstan (16.43 bbl), and the rest to Azerbaijan (6.5 bbl), Turkmenistan (0.91 bbl), and Uzbekistan (1.34 bbl). Two further studies published in April 1998 by Rice University's Baker Institute and the International Institute of Strategic Studies of London confirmed Wood Mackenzie's figures. Even with this energy potential, Caspian is of great importance for energy-consuming countries.[15]

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[8] See: "Uranium and Nuclear Power in Kazakhstan", World Nuclear Association, April 2020, available at: https://www.world-nuclear.org/information-library/country-profiles/countries-g-n/kazakhstan.aspx

[9] See: "Uranium in Uzbekistan", World Nuclear Association, February 2020, available at: https://www.world-nuclear.org/information-library/country-profiles/countries-t-z/uzbekistan.aspx

[10] See: A. Patnaik, op. cit.; R.H.Dekmejian, H.H. Simonain, *Troubled Waters, The Geopolitics of the Caspian Region*, I. B. Tauris, London, 2001, p.28.

[11] See: "Caspian Sea", U.S. Energy Information Administration, August 26, 2013, available at: https://www.eia.gov/international/analysis/regions-of-interest/Caspian_Sea.

[12] Ibidem.

[13] Ibidem.

[14] See: R.H. Dekmejian, H.H. Simonain, op. cit., p. 30.

[15] Ibidem.

The Great Power Game in Central Asia

While there are many potential consumers of Central Asian energy, including Afghanistan, Pakistan, India, Iran, and Turkey, there are few states that are capable of influencing Central Asian energy geopolitics at the global level. While Russia remains an influential power, any examination of Central Asian energy geopolitics must now also account for the influence of the West and the growing reach of China. India's slow progress also requires attention. Our investigation will begin with the West, as its entry into the region after the Soviet-era in many ways marked the beginning of Central Asian geopolitics, challenging Russia's historical influence.

I. The U.S.

The U.S. emerged from Cold War as an unchallenged global leader. Yet, in the immediate post-Cold War euphoria, it was not until the mid-1990s that the U.S. began to really focus on Central Asian energy (the energy resources of Central Asia and the Caspian Region). It was only after the U.S. Department of Energy report that estimated the potential of the Caspian Sea oil reserves at around 200 billion barrels, which is equivalent to that of Saudi Arabia, the United States started heeding attention to Central Asia and the Caspian Sea region.[16]

The U.S. is the world's largest energy consumer, which in 2015 required 19.4 million barrels of oil per day (mbl/d) and 21.9 trillion cubic feet of natural gas per year (tcf/y).[17] Although the U.S. is also a huge oil and gas producer, it remains a net energy importer, domestically producing 12,704 tbl/d of oil in 2015 and 368.7 tcf/y of gas in 2016.[18]

The U.S. interest in Central Asian energy, however, is not primarily driven by the need for a new source of imports. The U.S. already has well-established ties with other suppliers, its top five import partners in 2016 being Canada, Saudi Arabia, Mexico, Venezuela, and Nigeria. Importing crude from Russia is the closest the U.S. comes to tapping the Central Asian energy market, and Russia only ranked as the 13th largest import partner of the U.S.[19] While the U.S. does not need Central Asian energy to cover its domestic demands, it does have strategic geopolitical interests in the region's energy. The U.S. has an interest in preventing the Russian monopolization of energy resources that might allow price manipulation, similar to that conducted by OPEC in 1973. It also has an interest in keeping certain states (like Iran) from earning profits from Central Asian energy.

For these reasons, the U.S. has supported two different pipeline projects that transport oil from the Caspian basin. The first was the Caspian Pipeline Consortium (CPC) pipeline that runs from Kazakhstan, through southern Russia, and to the Novorossiysk seaport on the Black Sea. The second pipeline is known as the Baku-Tbilisi-Ceyhan pipeline (BTC), which was completed in 2005.[20] That pipeline originates on the Caucasus side of the Caspian Sea and traverses Azerbaijan, Georgia, and Turkey to avoid Russian territory.

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[16] See: A. Patnaik, op. cit.

[17] See: "Analysis Brief: The U.S", U.S. Energy Information Administration, February, 2015 available at [www.eia.doe.gov.].

[18] See: BP, 2016.

[19] See: EIA, 2015

[20] Ibid., p. 35.

II. Russia

Because of Russia's geographical proximity to Central Asia and its historical ties to the region, the former is likely to remain a long-term major geopolitical player. Despite the new pipelines, such as the BTC and the Kazakh-China line, Russia continues to dominate export routes in its near abroad. Russia possesses the world's largest natural gas reserves and the world's eighth largest oil reserves.

Nevertheless, Central Asian energy is important because it allows Russia the opportunity to expand its economic gains in the energy market and enables it to control and administer the energy transit and transportation facilities. Access to Central Asian energy will provide Russia with profit from transit fees, allow it to sustain its energy exports to Europe, and even serve as the supplier for China's growing energy needs. By the same token, Russia stands to lose political and economic ground if foreign companies continue to encroach on the region. In the Caspian Sea basin, Western companies are already responsible for roughly 70 percent of oil production.[21]

The new pipeline routes beyond Russia's control are, therefore, the primary threats to its energy domination. The BTC pipeline is the greatest success that the West has had in creating an alternative route, a success that the EU would like to replicate with the Nabucco project. Now, after the Kazakh-Chinese pipeline had also been completed, Russia must realize that it does not have much time to act before other players secure greater access to the region.

III. China

China's economy has been growing rapidly and its transformation into a major global power is just a matter of time. Today, China is the most populated country and the second-largest economy in the world. It is, in fact, the fastest-growing trillion-dollar economy**.** With a GDP of $14.14 trillion in 2019, it makes up 16.38% of the global economy and is the largest economy based on purchasing power parity (PPP), with a GDP (PPP) of $27.31 trillion.[22] Due to the size of China's economy and its remarkable growth, China's energy consumption has soared. By 2005, China had become the world's largest consumer of oil after the U.S. China is now the third-largest importer of oil after Japan. While China's natural gas demands (1,995 bcf) are nearly met by its domestic production of 1,138.0 bcf,[23] its need for oil imports is becoming critical.

To secure its energy sources and to diversify the supply side, China started to focus on overland pipeline routes from neighboring Russia and Central Asian states. China has opened a new oil pipeline with Kazakhstan and Turkmenistan. According to CNPC, "A general agreement was signed between the Chinese and Turkmen governments on the construction of Turkmenistan-China gas pipeline and sales of Turkmen gas to China in April 2006. In July 2007, CNPC signed a production sharing contract and a gas sales & purchase agreement with the Turkmen State Agency for Management and Use of Hydrocarbon Resources and Turkmengaz State Corporation. The former provided for the exploration and development of gas fields on the right bank of the Amu Darya, and the latter stipulated the annual delivery of 30 bcm of gas from Turkmenistan to China for 30 years through the Central Asia-China Gas Pipeline. On 6 June, 2012, a cooperation agreement was signed with Turk-

[21] See: D. Trenin, "Russia and Central Asia: Interests, Policies and Prospects," in: *Central Asia: Views from Washington, Moscow and Beijing*, ed. E. Rumer, D. Trenin, Zhao Huasheng, ME Sharpe, New York, pp. 106-108.

[22] See: "The 5 largest Economies in the World and their Growth in2020", Nasdaq, January 22, available at: https://www.nasdaq.com/articles/the-5-largest-economies-in-the-world-and-their-growth-in-2020-2020-01-22

[23] Ibidem.

mengaz State Corporation, to increase gas supply from Turkmenistan to China via the Central Asia-China Gas Pipeline. On 3 September, 2013, CNPC and Turkmengaz inked an additional 25 bcm/y natural gas sale&purchase agreement and an EPC contract on the Galkynysh gas field for 30 bcm/y gas production capacity building."[24]

Similarly, China has entered into an agreement with Kazakhstan for the exploration of gas and its transportation through pipeline networks to China. As per the CNPC accounts, "On 18 August, 2007, an agreement on the construction and operation of the Kazakhstan-China Gas Pipeline was signed by the Chinese and Kazakh governments. On 8 November 2007, CNPC and KazMunayGas signed the agreement on the construction and operation of the Kazakhstan-China Gas Pipeline. On 15 February, 2008, Asia Gas Pipeline LLP (AGP) was registered in Kazakhstan, which took charge of the construction and operation of the Kazakh section of Central Asia-China Gas Pipeline. On 26 September, 2011, CNPC and KazMunayGas signed an agreement On Basic Principles of the Design, Financing, Construction and Operation of Line C of the Kazakhstan-China Gas Pipeline.[25]

Methods

This study is based on secondary data extracted from World Development Indicators. The dynamics of FDI inflow and GDP growth rate have been calculated over a period of time to understand their trends and variability patterns. Furthermore, the study used the variation coefficient and compound annual growth rate indicator to examine the variation pattern in FDI inflow among the Central Asian countries over a period of 28 years.

Result and Discussion

In recent years, there has been a growing debate over the depletion of oil and other energy sources. It has been reiterated several times by the "oil peak" theory that Russia is producing at its peak and Saudi Arabia has rather limited additional short-term capacity. Due to commercial disputes, regional instability, civic unrest and political coups in the Persian Gulf, investors have significant energy security concerns. In this scenario, the issues of energy security are now moving beyond the exclusive concerns of consumers; producers, too require a stable regimen with a coherent demand and supply scenario. While global reserves have been an important, or even the principal factor in the energy security debate, it may be recalled that the Club of Rome had cautioned the world community of depletion of non-renewable sources of energy in its report "Limits to Growth,"[26] It may be the reason why the ensuing global scramble for oil and energy quickly pervaded all energy-rich geopolitical structures. It is no wonder that the Central Asian geographical landscape, with its huge energy potential and congenial investment environment, invites global attention, thereby accentuating the competition over oil politics and pipeline diplomacy in the region and beyond.

Central Asia has long possessed huge untapped oil and gas reserves, but only emerged as a key global energy hub after the disintegration of the Soviet Union in 1991. Blessed with huge natural resources, five former Soviet republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and

[24] "Flow of Natural Gas from Central Asia," Chinese National Petroleum Company, April 2020, available at: https://www.cnpc.com.cn/en/FlowofnaturalgasfromCentralAsia/FlowofnaturalgasfromCentralAsia2.shtml

[25] Ibidem.

[26] "The Limits to Growth," Club of Rome, 2011, available at [https://www.clubofrome.org/report/the-limits-to-growth/].

Uzbekistan have managed to shift the world's demographic and economic center eastward. The prolonged western reliance on Middle Eastern oil started to crumble due to the promising potential of Central Asian energy reserves and the speedy development of infrastructure in the region. Historically a hinterland of Russia, it now started to attract global attention to its vast energy resources, particularly the oil and natural gas deposits. The attention of regional and extra-regional countries like the U.S., China, European Union members, Japan, Israel, Iran, Pakistan, and India have accentuated the conflict over resources, to which many now refer to as the New Great Game, to control the energy resources of Central Asia and the Caspian Sea region. The growing trade relations between the region and the energy consumers can be discussed in accordance with Table 1 below to understand the developing relations between FDI inflow and GDP growth, which are closely intertwined with the operation and discovery of oil wells and gas fields in the region.

Table 1

Net Inflow of FDI as a Percentage of GDP in Central Asian Countries

Country Name	Kazakhstan	Kyrgyz Republic	Tajikistan	Turkmenistan	Uzbekistan
1991	0.00	0.00	0.00	0.00	0.00
1992	0.40	0.00	0.47	0.00	0.07
1993	5.43	0.49	0.55	2.48	0.37
1994	3.10	2.27	0.79	4.02	0.57
1995	4.73	5.79	0.81	9.39	–0.18
1991-1995	**2.73**	**1.71**	**0.52**	**3.18**	**0.16**
1996	5.41	2.58	1.72	4.54	0.65
1997	5.96	4.74	1.95	4.40	1.13
1998	5.20	6.64	2.27	2.39	0.93
1999	9.41	3.56	0.62	5.10	0.71
2000	7.49	–0.17	2.74	4.51	0.54
1996-2000	**6.69**	**3.47**	**1.86**	**4.19**	**0.79**
2001	12.72	0.33	0.88	4.81	0.73
2002	10.51	0.29	2.95	6.19	0.67
2003	8.05	2.37	2.03	3.78	0.82
2004	13.01	7.93	13.10	5.17	1.47
2005	4.46	1.73	2.36	5.16	1.34
2001-2005	**9.75**	**2.53**	**4.27**	**5.02**	**1.00**

Table 1 (continued)

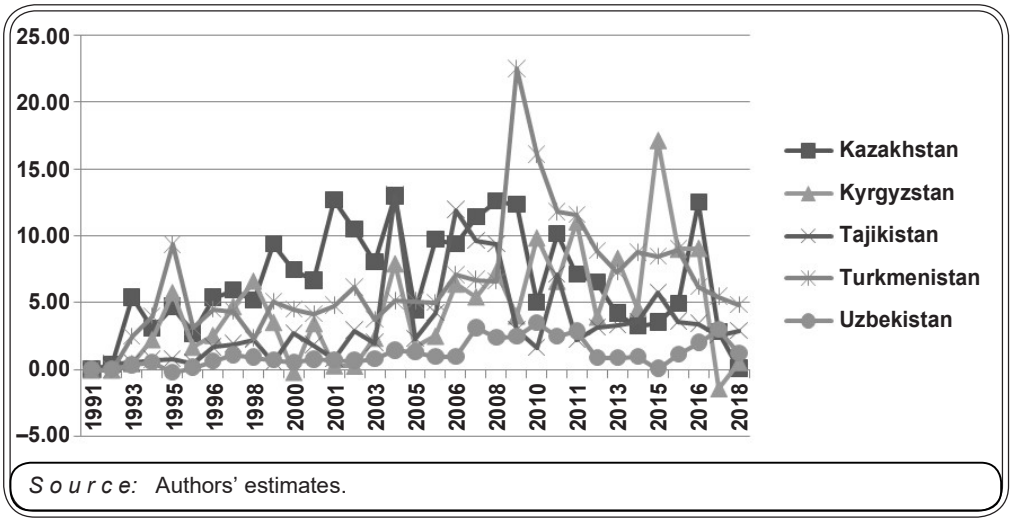
Country Name	Kazakhstan	Kyrgyz Republic	Tajikistan	Turkmenistan	Uzbekistan
2006	9.40	6.42	11.96	7.11	1.00
2007	11.42	5.47	9.68	6.76	3.16
2008	12.60	7.33	9.43	6.63	2.41
2009	12.38	4.04	2.99	22.52	2.50
2010	5.04	9.86	1.66	16.08	3.51
2006-2010	**10.17**	**6.62**	**7.15**	**11.82**	**2.52**
2011	7.14	11.06	2.24	11.60	2.89
2012	6.56	3.95	3.17	8.90	0.88
2013	4.23	8.34	3.35	7.30	0.92
2014	3.30	4.59	3.58	8.80	0.99
2015	3.57	17.13	5.78	8.50	0.08
2011-2015	**4.96**	**9.02**	**3.62**	**9.02**	**1.15**
2016	12.54	9.09	3.48	6.20	2.03
2017	2.83	–1.39	2.60	5.50	3.04
2018	0.12	0.58	2.94	4.87	1.24
2016-2018	**5.16**	**2.76**	**3.00**	**5.52**	**2.10**
MEAN	6.93	4.63	3.56	6.77	1.28
SD	3.85	4.22	3.44	4.43	1.01
CV	55.64	91.14	96.67	65.47	79.38
CAGR	–0.05	0.01	0.07	0.03	0.12

Source: World Development Indicators, 2019.

Table 1 presents the trend of net inflow of Foreign Direct Investment as a percentage of Gross Domestic Product in Central Asian countries after the structural adjustment period of the 1990s. The annual average FDI growth rate clearly reveals that the net inflow of FDI has been constantly increasing. The highest average growth rate was observed in Kazakhstan, where the average percentage of FDI net inflow equaled 2.73 percent during 1991-1995 and has gone up to 10.17 percent during 2006-2010, but declined again to 5.16 during 2016-2018. The compound annual FDI inflow growth rate is negative in Kazakhstan, although it has witnessed the highest capital inflow. But the variation coefficient equaled to 55.64 percent in the same period, depicting less variation in FDI inflow as compared

Figure 1

Trend of FDI Inflow as a Percentage of GDP



Source: Authors' estimates.

to other countries. The same pattern of increasing trend of FDI inflow can be observed in other Central Asian countries, such as Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. Among the above countries, Uzbekistan witnessed the lowest percentage of FDI inflow as compared to other countries. It equaled to less than 1 percent, i.e., 0.16 during first five years of the post-1990s, but slowly increased to 2.52 percent during 2006-2010, and has recently declined somewhat to 2.10 percent. Furthermore, the compound annual growth rate of FDI inflow in Uzbekistan is the highest among the Central Asian countries, even though it has experienced a smaller FDI inflow in the post-1990s period. The above table reveals that the majority of the Central Asian countries demonstrate a positive FDI inflow growth as a percentage of GDP in post-structural adjustment period, yet recently the growth has been slowing down as it occurs in developed countries.

The above table and graph demonstrate that FDI inflows into Central Asian countries have been increasing following the structural adjustment period of the early 1990s. This positive FDI inflow trend can be closely linked with the discovery of oil and gas fields in Central Asian countries, which, in turn, increased the global interest in investing in their energy sectors. Therefore, this article argues that FDI inflow into the region is intrinsically linked with energy resources, and will vary depending upon the availability of energy resources. Thus, the great power game taking place in the heartland region is closely aligned with the regional resources, especially oil and gas. Once the regional energy resources edge closer to depletion, the FDI would follow a negative trend.

Conclusion

Central Asian states undoubtedly possess enormous natural wealth and resources. The region's hydroelectric potential is second to none. Their oil and gas deposits are considered an alternative to the Middle Eastern reserves. Some of them have valuable nuclear deposits. Coal resources are also abundant in the region. However, the Central Asian countries lack the economic power to maneuver these untapped resources. Massive foreign investments are required for this purpose, and major in-

vestments are indeed coming in. But the question here is whether the Central Asia states should unilaterally focus on laws and policies to boost foreign investments in energy sector? The response would be absolutely negative. While increased oil and gas output would definitely increase the welfare of its citizens, the general picture is not entirely positive. Central Asia should take note of the fate of other states that are rich in resources, and must take a neutral and balanced approach to investment and development. Today, any chance of a bright outlook on the development of Central Asian states is only due to their attractive energy resources, which only slows down the development of the other sectors of economy. There is no benefit to this approach in the long term.