

REGIONAL INTEGRATION

PROSPECTS FOR REGIONAL COOPERATION IN CENTRAL ASIA AS SEEN TODAY

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ABSTRACT

The authors sum up the results of studies of regional cooperation in Central Asia and identify its main positive and negative factors. They assess, in particular, the political, economic, and cultural-humanitarian aspects of the present state

of regional cooperation in Central Asia, analyze the problems related to border and water-energy issues, concentrate on the role the Kyrgyz Republic plays in regional cooperation, and point to its most promising trends.

KEYWORDS: regional cooperation, Central Asia, prospects, economic cooperation, political cooperation, cultural-humanitarian cooperation, factors of cooperation.

Introduction

Is Central Asia an integral region? What factors promote/interfere with regional cooperation? These are highly topical questions calling for profound investigation. This article is based on the report titled *Regional Cooperation as a Factor of Peace and Security in Central Asia: Achievements, Challenges and Prospects* prepared by the National Institute of Strategic Studies of the Kyrgyz Republic for the U.N. Regional Center for Preventive Diplomacy for Central Asia (UNRCCA).

The answers to the questions formulated above require a trip into the early post-Soviet period when, in 1993, Kazakhstan, Kyrgyzstan, and Uzbekistan signed a treaty on setting up an economic union, the first step toward the Central Asian Economic Community—CAEC; until July 1998 it had been functioning as the Central Asian Union.

Tajikistan joined it in March 1998; this was when the interstate council outlined the economic priorities of regional cooperation—agroindustrial and hydropower complexes and transportation. It was decided that the region needs

- (a) a free trade area as the first stage of a common economic space;
- (b) coordinated policies in the agrarian and environmental sectors; and
- (c) concerted environmental-related efforts in the Aral Sea basin.

By the mid-2000s, it became clear that cooperation among the Central Asian states had no prospects because of the region's increasing dependence on external regional and global political and economic trends and policies, its inadequate resource potential and inadequate political experience to independently achieve regional security and development, as well as compromises among the states, claiming regional leadership, etc.

In December 2001, CAEC received a new name—the Organization of Central Asian Cooperation (OCAC); in 2004, Russia joined it; and in 2005, OCAC merged with EurAsEC. The Central Asian states shifted to bilateral relations,¹ a format that left many regional problems outside its scope. In April 2007, President of Kazakhstan Nursultan Nazarbaev tried to revive the Central Asian Union² only to discover that all his Central Asian neighbors, except Kyrgyzstan, were very skeptical about his idea.

¹ This fact has been confirmed by the joint studies of the OSCE Academy and the Norwegian Institute of International Affairs (see *Central Asia Regional Data Review*, No. 7, February 2013).

² See: "Kirghizia obretat starshogo brata v litse sosednego Kazakhstana. Rossia vne igry?" available at [<http://www.fergananews.com/articles/5091>].

What Affects Regional Cooperation in Central Asia

Regional cooperation in Central Asia depended and still depends on external and internal factors. The following internal factors interfere with successful regional cooperation:

- The states consider potential threats to their sovereignty to be a very disturbing trend. Stronger statehoods and stronger regional security are believed to be incompatible. Strong statehoods create strong states that rely on special services, laws enforcers, and the army; neighbors are seen as a potential security threat, while regional security is strengthened with joint military training exercises and joint operations of law enforcers and military structures of the Central Asian countries.
- Centralized systems of governance as opposed to democracy and regionalism (two interdependent factors: wider democracy leads to stronger regionalism). Centralized systems tend toward nationalism and limit their cooperation to projects that serve the regime's interests presented as national interests. The nationalism vs. regionalism discourse dominates in the minds of decision-makers, as well as in the academic and expert communities, despite the obvious fact that regionalism, as applied to the key regional issues, could have consolidated the position of the nation-states.
- The ideas of regional identity and regionalism lost much of what made them two different concepts. Today regionalism is interpreted as the presence of supra-national structures with powers delegated to them by national states. This breeds the fear of lost sovereignty; regional integration brings to mind the experience of being part of the Soviet Union and, therefore, stirs up active opposition to the prospect of losing even some national powers to supranational structures.
- The very different resource potential and unequal distribution of natural riches among the Central Asian countries explain their mostly unequal post-Soviet economic and political development. Kazakhstan, Uzbekistan, and Turkmenistan own most of the region's energy reserves; Kyrgyzstan and Tajikistan, on the other hand, have 90% of the region's hydropower resources at their disposal. While the former group of countries was able to remain afloat during the transition period using their hydrocarbon resources as a safety belt, the latter had to cope with a deficit of energy and the vague rules of transboundary use of their hydropower and water resources.
- There are no similar political cultures, economic development or geopolitical integration strategies in the region. Kyrgyzstan, for example, opted for "fast" political and economic changes, while Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan placed the stakes on economic reforms within the old political regimes, their economic strategies, however, being very different. The same fully applies to the future courses of their political development.

The aims are very different and cannot be harmonized. They are

- (a) achieving economic and political integration under the aegis of one country;
 - (b) establishing a dialog platform; and
 - (c) attracting investments.
- Leadership rivalry has been and remains extremely prominent partly because of the very different ideas of the presidents of Kazakhstan and Uzbekistan about the development mod-

els of their states, while the strategies and projects they have offered to the region—the Turanism of Islam Karimov and Eurasianism of Nursultan Nazarbaev—make political dialog of any kind in the region next to impossible.

- The Corruption Perceptions Index in the region is one of the highest; it slows down regional cooperation by narrowing the competitive leeway in each of the countries and relying on non-transparent interstate transactions.³

The pressure of external factors is no less, and perhaps even more important: these factors interfere with regional cooperation, on the one hand, while promoting it, on the other. Water, hydropower, and border issues interfere with cooperation in Central Asia: most experts describe the present state of interaction in these fields as an imposed status quo.⁴ Despite the 150 agreements and contracts of all sorts, the stalemate persists.⁵ The roots of the disagreements should be looked for at more general, political, and historical levels.

All the countries capitalize on border issues as pressure levers when it comes to settling hydropower disagreements.

The agreement currently being implemented between Kyrgyzstan and Kazakhstan on the joint use of the facilities on the Chu and Talas rivers signed on 21 January, 2000 is the exception rather than the rule⁶; the same can be said about the border delimitation they have achieved.

The countries situated on the lower reaches of the local rivers prefer the status quo: it ensures the irrigation regime inherited from the Soviet past; the countries on the upper reaches would have preferred to move to a new energy regime less damaging to their interests. We should also bear in mind that the large hydropower plants currently being built in Tajikistan and Kyrgyzstan will change the situation, which is fraught, as President of Uzbekistan Karimov warned, with “water wars.”

The present situation faithfully reflects what is going on with respect to managing the region’s hydropower resources. The border disputes offer more nuances: recently, the Kyrgyz-Tajik and Kyrgyz-Uzbek talks on the disputed border stretches resumed, along with the so-called economy-related issues relating to the disputed stretches or those close to them. Today, only 54% of the border between Kyrgyzstan and Tajikistan has been qualified⁷; while Kyrgyzstan and Uzbekistan have still to reach an agreement on 73% of their common border.⁸ The revived talks on economic issues bred hopes that cooperation on border delimitation could be revived.

On 10 July, 2014, the exchange of fire between Kyrgyz and Tajik border guards on the day construction of a transboundary highway was resumed buried the hopes of another round of talks.

³ See Appendix.

⁴ For more details, see: Report by the National Institute of Strategic Studies (NISI) *Regionalnoe sotrudnichestvo kak faktor mira i bezopasnosti v Tsentralnoy Azii: dostizhenia, vyzovy i perspektivy*, Bishkek, 2014.

⁵ See: “Vodnoe partnerstvo v Tsentralnoy Azii. Pozitsia Rossii po Rogunskoy i Kambar-Atinskoy GES,” available at [<http://www.centrasia.ru/news.php?st=1403887740>], 27 June, 2014.

⁶ See: *Monitoring pozitsiy stran Tsentralnoy Azii po voprosu ispolzovania transgranichnykh vodnykh resursov*, NISI KR Report, Bishkek, 2013.

⁷ See: “Abdyrakhman Mamataliev, vitse-premier ministr: “Rayony Zherge-Tal i Murgab prinadlezhali nam...” available at [http://www.gezitter.org/interviews/31567_abdyirahman_mamataliev_vitse-premer-ministr_rayonyi_jerge-tal_i_murgab_prinadlejali_nam/], 15 July, 2014.

⁸ According to the latest information, the Uzbek side has moved away from the earlier agreement to sign a document related to 1,007 km of the borderline and proposes revising the earlier agreement related to 300 km of border with economically profitable facilities: the oil rich Burgondu Valley and the Orto-Toko water reservoir. The total stretch of the Kyrgyz-Uzbek border is 1,378 km (see: Interview with Kurbanaby Iskandarov, Special Representative of the Government on Border Delimitation Issues, Bishkek, June 2014).

Conflicts on the Tajik-Kyrgyz border and adjacent areas have become more frequent: since 2014 the State Border Guard Service of Kyrgyzstan has registered 31 instances of fire exchange. Some think that the government is using the banal disagreements between the local people living on either side of the state border as levers of blackmail and pressure. This means that cooperation on economic and border issues remains at the lowest level.

There are people in the corridors of power and expert community of Kyrgyzstan who think that the recent incidents on the border with Tajikistan speak of disintegration trends. It should be said that there was no integration. The region survives on the mechanisms of interaction inherited from the Soviet Union; this means that no disintegration can happen where there was no integration in the first place. We can say that the situation is changing; the attempted joint border and hydropower projects might be frozen and the countries could switch to autonomous regimes of energy, water, and border security.

The following external factors push the countries toward regional cooperation:

- Common traditional and non-traditional challenges and threats to the region's countries' sustainable development;
- Similar systems of education, culture (Turkic, Islamic, etc.) and administration;
- Common interests in using the hydropower infrastructure;
- Migrations inside the region and the gradually worsening demographic situation, especially acute in the Ferghana Valley.

Trade and economic cooperation is the key to stronger regional peace and security. The local people have been involved in active trade from time immemorial; the region was crossed by the northern and southern stretches of the Silk Road.

These traditions are still alive, even if economic and trade cooperation is limited to bilateral or multilateral agreements and to those who live along the borders.

Trade and economic cooperation depends, to a great extent, on multisided structures such as EurAsEC (Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan), the Customs Union (Belarus, Kazakhstan, and Russia) and, since 2015, the Eurasian Economic Union (EEU).

The agroindustrial and hydropower complexes, transport, and free trade areas that are being formed, coordinated agrarian policy, environmental protection, and joint efforts to improve the ecology of the Aral Sea basin are seen as the cooperation priorities.

Cooperation in these fields should be preserved, its prospects resting on at least three common features:

- (1) Shared strategic identity as a crossroads in the heart of Eurasia or the "point of balance" between the main global powers—China, the U.S., and Russia.
- (2) Common problems related to the use of water, hydropower projects, transport corridors, and opposition to transboundary religious extremism.
- (3) The countries are landlocked, so if one of them wants to gain access to the sea, this presupposes land and air transit agreements with the others.

Transport cooperation is another important sphere of regional cooperation; today it is cooperation in automobile, air, and railway transport. On the whole, the Central Asian countries use or are even expanding the airports, highways, and railways built in the 1970s-1980s, as well as extending the geographical range of transport corridors.

Highways. The Central Asian countries are still using the highways inherited from the Soviet Union and expanding their network. Kyrgyzstan as a transit country is involved in the Highways of Central Asia project that will tie together Russia, Kazakhstan, and Tajikistan.⁹

The project will cost about \$850 million, the money to be spent on building new and maintaining old roads; an alternative North-South highway, which will connect the north and the south of Kyrgyzstan and reach the Chinese border, is part of a bigger project.

Air transport. New air routes and new directions are being developed by local and foreign firms. Kyrgyzstan is developing two projects—the International Transcontinental Air Hub and the Central Asian Regional Air Hub.

The location of the Manas airport has determined its strategic role as a hub in the worldwide air transportation system. Its advantages have been tested by the ISAF, which over the past 12 years has moved 5,300 thou. U.S. and NATO military across it to Afghanistan and back, 98% of the total number of the ISAF contingent in Afghanistan.

The international airport in Osh is one of the largest in the Ferghana Valley; it is used by people from the south of Kyrgyzstan and also from Tajikistan and Uzbekistan.

The Russia-Kazakhstan-Kyrgyzstan-Tajikistan railway was described as an initiative of the President of Kyrgyzstan, who chaired the CSTO Collective Security Council in 2013. It was supported by the presidents of the three other potential partners. Today, the heads of the railways of Russia, Kazakhstan, Kyrgyzstan, and Tajikistan are working on the problems of the project's economic and financial expediency.

Uzbekistan is the only country connected to Afghanistan by the Mazar-i Sharif (Afghanistan)-Khairaton (Uzbekistan) railway. As the monopolist, Uzbekistan changes tariffs in its territory at will. A railway from Russia to Tajikistan, which should leave Uzbekistan out of the project, will make it possible to move cargoes at predictable tariffs and in greater quantities than those permitted by the other transportation means. The planned railway can be connected to the planned Tajikistan-Afghanistan-Turkmenistan-Iran railway.

The Uzbekistan-Kyrgyzstan-China railway appeared on the agenda in 1995 in two versions: either Kashgar-Irkesham-Osh-Andijan, or Kashgar-Torugart-Balykchy-Kara-Keche-Jalal-Abad-Andijan; its total length is expected to be 268 km.

For over ten years now, the Kyrgyz side has been lobbying the latter route expected to cross a large chunk of its territory and connect the big coal and iron ore mining projects. The Kyrgyz leaders wanted to tie together the south and the north of their country by means of this single-track railway.

Its cost is assessed at \$2 to \$4 billion, the figures raising a lot of doubt; its annual profit is expected at the \$250 million level. On the other hand, a double-track railway between China and Kazakhstan cost much less and is earning \$250 million every year. One cannot but wonder how a single-track railway could bring as much income as a double-track railway (part of the fully loaded route from China to Europe and back). It should be said that with the lower tariffs of the Kazakh railway, the Uzbekistan-Kyrgyzstan-China railway will start losing money.

Cooperation in education is another factor that promotes regional cooperation. It is rooted in the common history, common traditions, religion, culture and similar languages used by the four Turkic-speaking states and is, therefore, still alive and so far remains one of the most promising cooperation trends.

Kazakhstan, which is rich in mineral resources, can pour more money into education than its Central Asian neighbors. It has 130 higher educational establishments, 59 run by private companies.¹⁰

⁹ [<http://www.gov.kg/?p=24327>], 28 July, 2014.

¹⁰ [<http://www.edu.gov.kz/ru/news/parlamentskie-slushaniya-o-kachestve-i-perspektivah-podgotovki-kadrov-v-sisteme-tehnicheskogo-i>].

According to the Statistics Board, there are 10.4 thou. foreign students in Kazakhstan, mainly from Uzbekistan, China, Russia, and Mongolia.

Uzbekistan, with 75 higher educational establishments, six of them branches of foreign universities, comes second.¹¹ In Soviet times, the republic was a major educational center that trained specialists for other Soviet republics (Kazakhstan, Kirghizia, Tajikistan, and Turkmenia); today, the highly specific features of Uzbekistan's bilateral relations with neighbors have decreased the appeal of its higher education.

Kyrgyzstan comes third in terms of number of higher educational establishments. It has 52 universities; 31 of them are run by the state; the others are private.¹² There are several private universities with a high level of instruction that are rich enough to give grants to their students. It stands to reason that this makes them highly competitive in the education market. This competitive situation has been created by the state's highly liberal policy in the education sphere.

In 2013, there were 7,768 foreign students in Kyrgyzstan,¹³ their share being higher than in Kazakhstan with three times more universities. The low tuition fee is one of the attractions for students with average and low incomes from different, including Central Asian, countries.

Tajikistan, which in the 1990s was shattered by political storms and socioeconomic disasters, has certain problems in the education sphere: there are not enough schools, qualified teachers, or good textbooks; planning at all levels leaves much to be desired.¹⁴

Despite the current problems, there are 2,130 foreign students in Tajikistan in 2013, according to the figures cited by its Ministry of Education; the larger part of them came from Iran (626 students), followed by students from Turkmenistan (311), Kazakhstan (149), Uzbekistan (255), Afghanistan (234), and Kyrgyzstan (137).¹⁵ Students from Afghanistan, Iran, and Turkmenistan are attracted by Tajikistan's linguistic and geographical proximity.

Turkmenistan does not attract students from Kazakhstan, Kyrgyzstan, or Uzbekistan; recently, however, Russian universities, the Gubkin Oil and Gas University among them, opened their branches in the country. In 2012-2013, preliminary talks on a Turkmen-American university in Ashgabad began. International universities might attract more foreign students and upgrade the quality of higher education.

Kyrgyzstan: Its Role in Regional Cooperation

Due to its place in the region's geopolitical configuration, Kyrgyzstan can add more vigor to regional cooperation in Central Asia.

It has vast experience in conflict moderation and settlement, as well as in implementing foreign policy initiatives: it was involved in brokering the ceasefire in Nagorno-Karabakh and in the recognition by the 56th and 57th U.N. GA of 2002 as The International Year of the Mountains and 2003 as The Year of the 2200th Anniversary of Kyrgyz Statehood.

¹¹ [http://www.edu.uz/ru/tashkent_list/higher-education-institutions/].

¹² See: "V Kyrgyzstane imeetsia 31 gosudartsvennyi i 21 chastny vuz," available at [http://www.knews.kg/society/3334_v_kyrgyzstane_imeetsya_31_gosudarstvennyiy_i_21_chastnyiy_vuz/],

¹³ See: "V vuzakh Kyrgyzstana obuchaiutsia bolee 7 tys. inostrannykh studentov," IA K-News, available at [http://www.knews.kg/society/37312_v_vuzakh_kyrgyzstana_obuchayutsya_bolee_7_tys_inostrannykh_studentov/], 29 July, 2013.

¹⁴ [<http://allinschool.org/wp-content/uploads/2014/08/Tajikistan-OOSCI-Country-Report-En.pdf>].

¹⁵ See: "Vuzy Tajikistana stanoviatsia privilekatelnymi dlia inostrantsev," Radio Ozodi, available at [<http://rus.ozodi.org/content/article/24910280.html>], 29 July, 2014.

The Bishkek Protocol on Ceasefire in the zone of the Nagorno-Karabakh conflict signed on 5 May, 1994 can be described as the country's most successful foreign policy initiative; it was initiated by the parliament of Kyrgyzstan and supported by the Interparliamentary Assembly of the CIS and Russia's Federal Assembly and Foreign Ministry.

Today, Kyrgyzstan's positive and negative images abroad are created by numerous factors, including the fact that two of its presidents had to flee the country to settle in Russia (in 2005) and in Belarus (in 2010) and that an ethnic conflict flared up in the south in June 2010, twenty years after a similar ugly incident.

There are positive factors as well: the Constitution of Kyrgyzstan adopted late in June 2010 by a nationwide referendum and described by the Venice Commission as having no analogies in Central Asia, as well as the peaceful transfer of power from the third to the fourth president that took place in 2011 and had no precedence in the Central Asian countries.

This means that Kyrgyzstan is ready to become the driving force behind regional cooperation, play a greater role in creating a legal regulatory framework of transboundary cooperation, teaching social and humanitarian sciences, and introducing international standards of border crossing, and become the regional logistics operator.

Its potentially greater role in these fields rests on the following:

- Liberal laws;
- Liberal monetary policy;
- Good "Doing Business" conditions;
- Convenient flight changes to Europe and America at the Istanbul airport, to Southeast Asia in Dubai, and alternative flights via Moscow and Beijing;
- Efficient cargo logistics (Kyrgyzstan is the region's biggest logistics operator of re-export and intermediary operations);
- Developed information-communicative technologies (fast Internet access, web-design, programming, etc.);
- Flexible, student-oriented education system;
- Relatively more liberal rules for temporary residence in the republic.

Regional Cooperation: Its Future

Experts have pointed out that education and tourism are two of the most attractive and, therefore, most promising spheres of cooperation. Today, Kyrgyzstan and Kazakhstan are the only countries that offer grants to students from neighboring countries. In Kyrgyzstan, students are attracted mainly by the OSCE Academy, American University of Central Asia (AUCA), International University of Central Asia (IUCA), and University of Central Asia (UCA). Students from other Central Asian countries are attracted by the relatively low fees and possible grants.

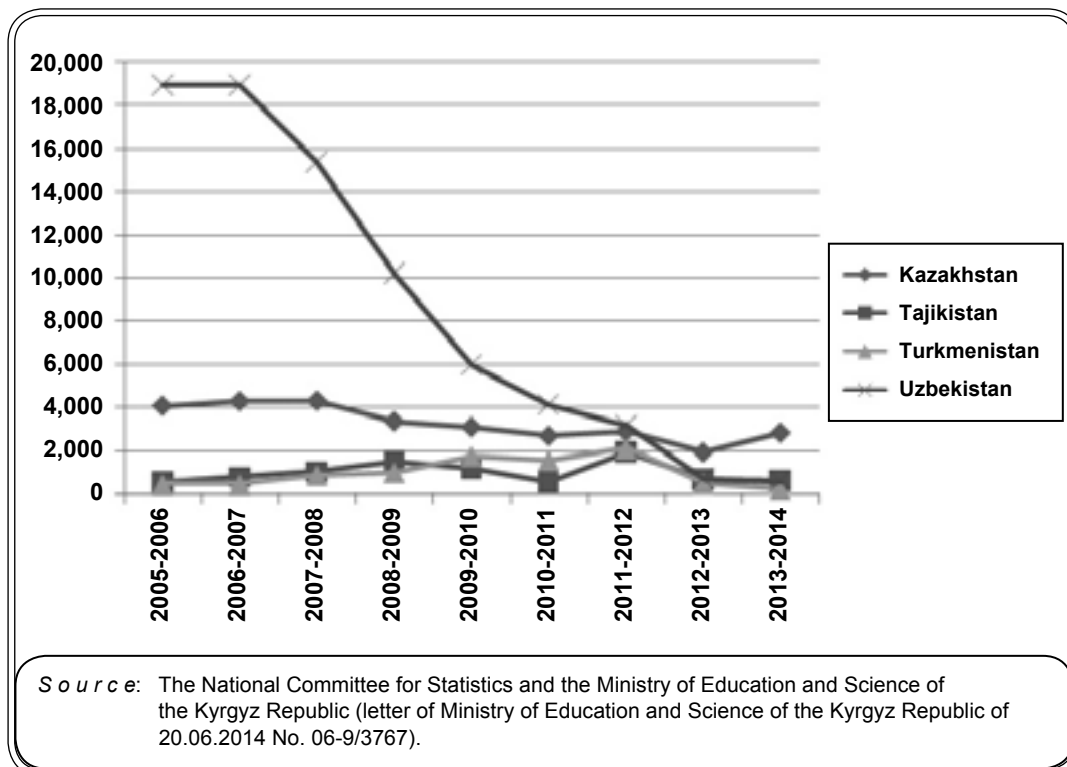
Young people are also attracted by the fact that Kyrgyzstan is a multinational state with over 100 ethnic groups. Kyrgyz constitute 72.2% of the country's five and a half million-strong population; 14.3% are Uzbeks, 6.8% are Russians, and 6.7% belong to other ethnic groups.

Identity issues, the language of instruction (Russian, English, Turkish, and Uzbek), kinship, and geographic proximity are obviously the main reasons for choosing Kyrgyzstan and its universities. The cooperation potential of higher education, however, has not yet been fully tapped.

Today, students from Kazakhstan constitute the largest group of foreign students in Kyrgyzstan (2,844), followed by Tajikistan with 637 students, while there are 569 students from Uzbekistan and 229 from Turkmenistan (see Fig. 1).

Figure 1

The Number of Foreign Students at the Universities of Kyrgyzstan between 2005 and 2014

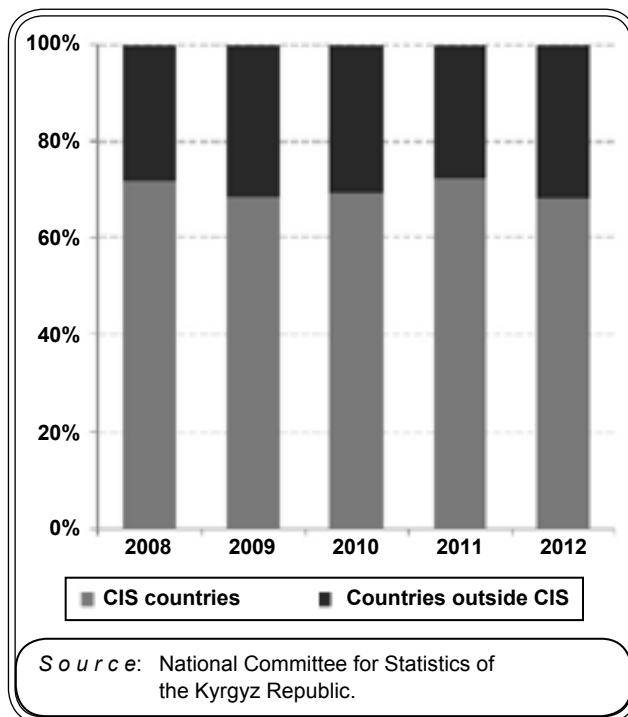


Tourism is another promising sphere of cooperation in the post-Soviet space, in which Kyrgyzstan holds a very good position needed to further develop this economic branch. There is a visa-free regime between it and its Central Asian neighbors: Kazakhstan and Tajikistan (this regime was introduced by the 2000 Agreement among the Countries Participants in EurAsEC) and Turkmenistan and Uzbekistan (the agreements were signed on a bilateral basis). This has already had a positive impact on the tourist business: for many years citizens of the CIS and Central Asian countries constitute the main tourist flow to Kyrgyzstan (see Fig. 2). It is expected that Kyrgyzstan's EurAsEC membership will make the country even more attractive.

An analysis of the tourism market in Kyrgyzstan shows that the flow of tourists, especially from the CIS countries, is increasing. In 2013, there were 2 450 77 tourists from Kazakhstan; according to the border guard service of Kyrgyzstan, there were 325,406 tourists from Uzbekistan and 137,468 tourists from Tajikistan.

Figure 2

**Import of Tourist Services,
by CIS Countries and Outside
Them (in percent of the total)**



Kyrgyzstan has established the visa-free regime with 45 mainly prospering countries (with per capita GDP over \$7 thou.), which has made it even more attractive.¹⁶

Interregional and transboundary cooperation was and remains one of the most promising spheres. Transboundary cooperation, which should include a set of legal, administrative, and economic measures, would help to distribute productive forces more rationally, level out the standards of living in different countries, and satisfy the requirements of the Central Asian countries for goods, raw materials, and services.

The mechanism of border cooperation can be used to create an interstate regional market of goods, services, capital, and labor. The border territories can be used for creating special economic zones, carrying out joint investment projects, ensuring the optimal use of these territories, engaging in joint environmental protection measures, efficient water use, settlement of border disputes, etc.

In order to develop, regional cooperation should rely on an integration dialog rather than on dialogs on specific issues.

Appendix.

Corruption Perceptions Index in Central Asian Countries

There are different methods used to measure the level of corruption; here we rely on the CPI for the Central Asian countries.

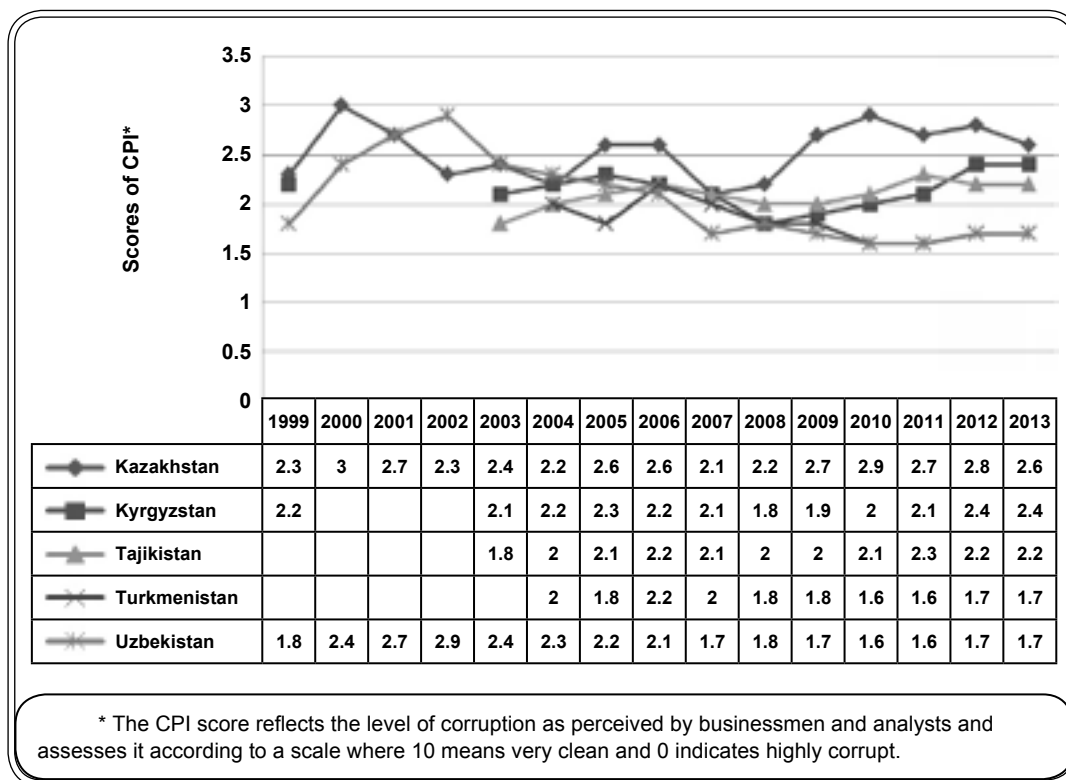
Assessed on the basis of the CPI, the Central Asian countries are highly corrupt. The following diagram shows how the corruption level changed between the late 1990s and 2013 (see Fig. 3).

According to the results of the Doing Business studies of 189 countries based on the WB methodology, the Central Asian countries demonstrated different results (see the table).

¹⁶ See: *Law of the Kyrgyz Republic on Visa-Free Regime for the Citizens of Certain Countries for up to 60 Days* of 14 June, 2012.

Figure 3

CPI in the Central Asian Countries



Table

Place of the Central Asian Countries
in the Doing Business Rating by Country
Based on the WB Methodology

Country	2014	2013
Kazakhstan	50	53
Kyrgyzstan	68	70
Uzbekistan	146	156
Tajikistan	143	141

Note: There is no information for Turkmenistan.

Source: Data were borrowed from [http://doingbusiness.org/].