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CENTRAL ASIA AND THE CAUCASUS
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IN THIS ISSUE:

REGIONAL POLITICS

- Galia Abdrakhmanova.** CENTRAL ASIA
IN REGIONAL INTEGRATION PROJECTS:
CERTAIN ASPECTS COMPARED 7
- Vladlen Makukh.** COMPARATIVE ANALYSIS OF
THE EURO-INTEGRATION DYNAMICS OF
THE EUROPEAN NEIGHBORHOOD POLICY
MEMBER STATES 17

REGIONAL SECURITY

- Yuri Morozov, Roger McDermott.** ORGANIZATIONS AND
ALLIANCES IN CENTRAL ASIA:
COOPERATION PROSPECTS
AS SEEN FROM
MOSCOW AND LONDON 26

Vladimir Plastun.	CENTRAL ASIA: SCO AND NATO IN REGIONAL AND GLOBAL POLITICS	37
Askar Abdrakhmanov, Timur Shaymergenov.	NATO IN THE CONTEMPORARY WORLD AND ITS RELATIONS WITH KAZAKHSTAN (ACCORDING TO AN EXPERT OPINION POLL)	43
Alberto Priego.	PAKISTAN BETWEEN CENTRAL AND SOUTH ASIA RSC	55

ENERGY PROJECTS AND ENERGY POLICY

Viktoria Kondaurova.	LOOKING FOR A WAY TO RESOLVE THE LEGAL STATUS OF THE CASPIAN SEA: INTERNATIONAL LAW PROVIDES NO ANSWER	74
Vladimir Paramonov, Aleksei Strokov.	RUSSIA'S PROJECTS AND INVESTMENTS IN CENTRAL ASIA: THE OIL AND GAS INDUSTRY	89
Ludmilla Baum.	THE ENERGY INDUSTRY IN THE KYRGYZ REPUBLIC: CURRENT STATE, PROBLEMS, AND REFORMS	101
Jahangir Kakharov.	UZBEK GAS FOR EXPORT: WILL POLITICAL MANEUVERING BETWEEN CHINA AND RUSSIA RESULT IN HIGHER EXPORT PRICE?	113

NATION-BUILDING

Farkhad Tolipov.	UZBEKISTAN: SOVIET SYNDROME IN THE STATE, SOCIETY, AND IDEOLOGY	127
Lydia Karmazina.	INSTITUTIONALIZATION OF THE PARTY SYSTEM IN KAZAKHSTAN AND RUSSIA: A COMPARATIVE ANALYSIS (Part I)	141

Petr Kokaisl. DEMOCRACY
IN POST-SOVIET KYRGYZSTAN AND
TURKMENISTAN 154

FOR YOUR INFORMATION

The Special Feature section in the next issue will discuss:

- The Five-Day War and Prospects for Peace in the Caucasus
- Security Issues in Central Eurasia
- Russia, the U.S., and the EU: Their Policy in Central Eurasia

REGIONAL POLITICS

**CENTRAL ASIA
IN REGIONAL INTEGRATION PROJECTS:
CERTAIN ASPECTS COMPARED**

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From the very first days of their independence the post-Soviet Central Asian states rich in natural resources and ruled by elites with little (if any) experience in international affairs have been objects of close attention by external players who hastened to the Eurasian geopolitical arena to put pressure on what looked like easy prey. Today multisided integration structures have been and remain a popular lever of pressure.

Their popularity is easily explained by successful European experience. Like many others, the Central Asian states succumbed to the temptation to take part in the multisided cooperation structures set up within their geopolitical and geo-economic contexts.

Since the late 1991 the Central Asian states have been involved (successfully and otherwise) in several integration structures (mainly limited to the post-Soviet expanse): the Commonwealth of Independent States (since 1991), all sorts of sub-regional Central Asian cooperation formats (1994-2005), and the Collective Security Treaty Organization (since 1999).

For the purpose of this article I have selected three multisided structures functioning in three different spheres of the Central Asian republics' "extraregional" integration activity: the Economic Cooperation Organization (ECO), the Eurasian Economic Community (EurAsEC), and the Shanghai Cooperation Organization (SCO). All of them were set up to promote economic integration among their members with the prospect of setting up free trade areas and involving the regional states in cooperation with countries outside post-Soviet Central Asia. Four of the Central Asian republics take part in all of the above structures with the exception of Uzbekistan, which

left the EurAsEC in November 2008, and Turkmenistan, which has limited its involvement to the ECO.

It was not the regional states that set up the structures and they have no central roles to play in them. Still, two Eurasian giants, permanent members of the UN Security Council (Russia and China), as well as several states of regional dimensions (Iran, Turkey and Pakistan), are involved in a fierce struggle for the local countries' resources and their transit potential. In this context the Central Asian states are left with the task of maneuvering among the interests of these much stronger states.

It should be said in all justice that with fifteen years of independent foreign policies and stronger economic positions behind them the Central Asian countries have learned how to stand up for their interests and how to talk as equals with those who sponsored the regional projects in the first place.

None of the three selected structures can be described as successful even though all of them have fairly clear-cut integration aims and prerequisites for deeper interstate cooperation. (I have in mind common borders, cultural and historical factors, and the obvious need to pool efforts to develop transport and communication infrastructure together.)

I have posed myself the task of identifying the common and different features of the three structures and revealing the factors behind their efficiency as tools of regional economic cooperation.

The ECO, the oldest of the three, is related to the Muslim vector in the local states' foreign policies. Set up in 1985 by Iran, Pakistan, and Turkey, it was the de facto successor of the disintegrated Central Treaty Organization (an economic structure) and the military-political CENTO bloc. Today all the "non-Arabic" Muslim states of the vast region stretching from the Mediterranean to the Himalayas are ECO members. Five Central Asian republics, Azerbaijan, and Afghanistan joined it all together in 1992-1993.

In the early 1990s it looked to be a serious alternative to integration with Russia and a promising tool for developing infrastructure for the sake of diversifying export along the regional energy resource and transportation corridors.¹ Today the organization is barely visible.

The EurAsEC, the second of the selected structures, de facto reflects the Russian trend in the local states' foreign economic activities. It was set up in 2000 to implement the earlier initiative of President Nazarbaev of Kazakhstan. Today it unites Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.²

The SCO, the third of the multisided structures, is the only regional organization in which Central Asian states cooperate with China. It reflects the Chinese trend of Central Asia's foreign policies despite Russia's presence in it, which provides a powerful balancing-out factor.

It was set up in 2001 on the basis of the Shanghai Five (China, Russia, Kazakhstan, Tajikistan, and Kyrgyzstan) after Uzbekistan joined it. Initially a structure designed to settle border issues and ensure regional security, the SCO recently expanded its activity to include economic cooperation among the members.

The March 2008 opinion poll among leading Kazakhstani political scientists and economists supplements the information offered by the official Internet sites of the three structures.³ The poll was intended to identify the expert community's predominant opinions about the integration processes underway in Central Asia. We polled 20 leading experts employed by governmental and private analytical structures.

¹ See: M.B. Olcott, A. Åslund, Sh.W. Garnett, *Regional Cooperation and Commonwealth of Independent States. Getting It Wrong*, Washington DC., Carnegie Endowment for International Peace, 1999, pp. 191-193.

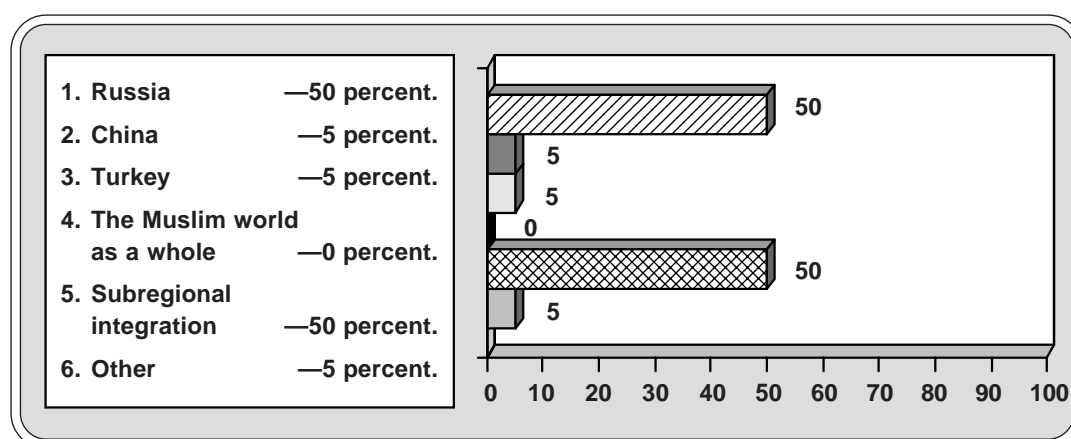
² In November 2008 Uzbekistan suspended its membership in the EurAsEC.

³ For complete results of the poll see: G. Abdrakhmanova, "Proekty regionalnoy integratsii v Tsentralnoy Azii glazami kazakhstanskikh ekspertov," *Kazakhstan v globalnykh protsessakh*, No. 3, 2008.

The first question was intended to find out which of the partners are believed to be best suited for the regional integration projects—Russia, China, Turkey, or the Muslim world as a whole—or whether the local states should limit themselves to subregional integration. The majority were divided between integration with Russia and subregional integration without external partners (50 percent for each of the options). Five percent favored multilateral cooperation with China or Turkey (some of the respondents selected more than one option). None of the respondents supported multisided cooperation with the Muslim world as a priority.

Diagram 1

**Distribution of Answers to the Question:
“Regional integration with which of the neighboring states
is best suited to the interests of
the Central Asian states?”**



In 2005, when the OCAC (Organization of Central Asian Cooperation) and EurAsEC merged, subregional integration of post-Soviet Central Asia lost its real structural representation. This idea is unlikely to be enthusiastically supported by the leaders of five Central Asian states in the near future. This explains why subregional integration that does not presuppose extra-regional involvement (an option that drew 50 percent of answers) looks like a long-term perspective.

Several factors are responsible for the obvious preference of cooperation with Moscow.

- First, the Russian-speaking Central Asian elites are still emotionally attached to the former metropolitan state.
- Second, Russia has objectively strengthened its position both in the political dialogue and in mutually advantageous business cooperation.
- Third, cooperation with Turkey and other Muslim Eastern partners produced disappointing results; there is a lot of mistrust in the lecturing West and fear of Chinese “expansion.”
- Fourth, Moscow’s advantages, as seen by the local elites, are also rooted in Central Asia’s continued dependence on the Russian Federation in the transport and communication sphere; and Russia remains an important market for a large part of Central Asian exports (oil, gas, electric power, cotton, etc.).

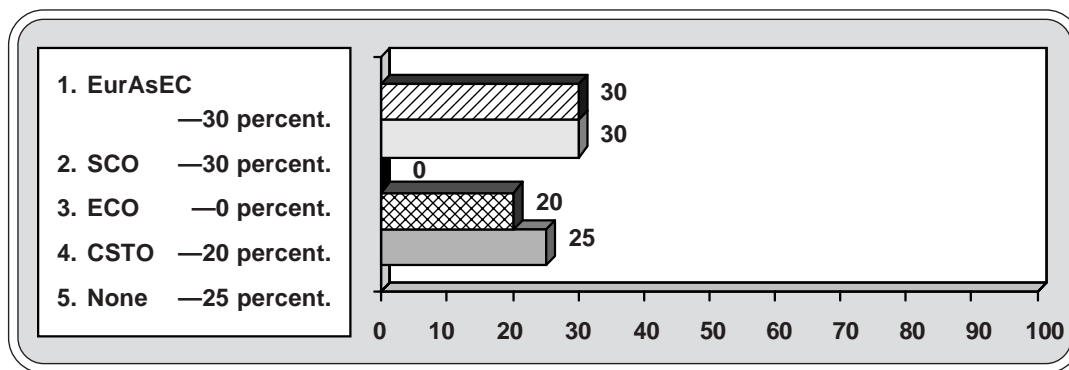
The fact that pro-Russian sentiments are still prevalent when it comes to regional cooperation was confirmed by the answers to one more question about the most efficient interstate structures present

in Central Asia. Three organizations in which Moscow was involved (one of them the CSTO, a military-political structure) were supported by the largest share of experts: the EurAsEC and SCO gained 30 percent each while CSTO chalked up 20 percent. The Kazakhstani political scientists obviously saw regional cooperation within the ECO as inefficient.

Significantly, a quarter of the polled selected the “None” option, which means that the expert community has a low opinion about the efficiency of integration projects functioning in the region.

Diagram 2

Distribution of Answers to the Question:
 “Which of the interstate structures
 in Central Asia is the most effective?”



We based our comparison of the three organizations on their structures to trace the most obvious features of the degree of each member’s interest in them as reflected by their roles.

The three structures (ECO, EurAsEC, and SCO) have similar fairly ramified structures; they organize meetings of the heads of state and government, there are councils of foreign ministers of member states; the heads of branch ministries and experts on all the various cooperation trends meet to discuss the issues at hand; and there are plans (realized in one case) to set up development banks.

Each of the organizations has a secretariat and headquarters; the location of the latter shows which of the states is most interested in any given interstate structure. The ECO has its headquarters in Tehran while Iran, more frequently than the other members, formulated all sorts of initiatives designed to deepen cooperation within this structure. The EurAsEC has its main structures divided between Moscow and Almaty, evidence of both countries’ special roles in it. The SCO is based in Beijing: China finds its involvement in the organization designed to develop its cooperation with the Central Asian republics and Russia to be of great importance: it confirms its status as one of the regional leaders.

The national affiliation of the heads of secretariats of these structures is no less eloquent. Out of four Central Asian states Kazakhstan alone had the honor (or probably it was the only one to claim it) to appoint secretary generals of these interstate structures. Today, prominent Kazakhstani diplomats Bolat Nurgaliev fills the post of the SCO Secretary General (he replaced a Chinese representative); another Kazakhstani, Tair Mansurov, replaced Russia’s citizen as the head of the EurAsEC Secretariat; at one time a Kazakhstani citizen held a high post in the ECO: be-

tween 2003 and 2006 Askhat Orazbay was its Secretary General (before him the post was transferred from one founding country to another—Iran, Pakistan and Turkey—with a strong bias toward Iran).

This is eloquent enough: together with Iran, Russia and China, the capitals of which house the ECO, EurAsEC and SCO headquarters, Kazakhstan is very active in the three structures. Other post-Soviet Central Asian republics have no instruments to actively promote their initiatives within these regional structures or they are probably not interested enough in them.

The principles on which the budgets of the three organizations are formed give more food for thought together with their impact on the role and place of each country in decision-making.

In EurAsEC, for example, the size of budget contributions is directly related to the number of votes in the decision-making procedure in the Integration Committee. According to the official information supplied by the organization's site, "the Community's budget is formed from contributions: 40 percent is contributed by Russia; 15 percent each by Belarus, Kazakhstan, and Uzbekistan, and 7.5 percent each by Kyrgyzstan and Tajikistan."⁴ The decisions are made by a two-thirds majority; when arriving at decisions the number of votes matches each country's contribution to the budget. No qualified majority, therefore, is possible without Russia, which means that it alone has the right of veto. Any other member can block out Russia's motion only if supported by two others.

The SCO budget is likewise based on different contributions, although their sizes do not affect the vote count: Russia and China are responsible for 24 per cent of the annual spending each; Kazakhstan for 21 percent; Uzbekistan for 15 percent; Kyrgyzstan for 10 percent; and Tajikistan for 6 percent.⁵ It looks as if here too Moscow profits from this pattern more than any other partner: it finds it easier than Beijing to convince its Central Asian partners. Theoretically, though, the Central Asian countries might move to China's side to oppose the Russians.

The ECO budget is formed according to the following pattern: two-thirds of spending (66 percent) is covered by equal contributions from the three founding countries (Iran, Pakistan, and Turkey), while the remaining 34 percent is collected by seven other members (Azerbaijan, Afghanistan, and five Central Asian states). The official site gives no information about the exact share of each of them; we can surmise, however, that it is between 2 and 5 percent for the Central Asian states (with the exception of Kazakhstan: its GDP suggests that it might contribute at least 10 percent to the ECO budget).

This pattern was introduced in January 2004: before that the newcomers paid even less. I have failed to locate information about the voting pattern and its possible dependence on the way the budget is formed, however Central Asia's contributions to the ECO budget are much lower than in the other two projects, which matches the level of their interest in the Tehran-based structure.

The economic cooperation programs of the three organizations pay particular attention to interaction in the financial sphere and possible joint crediting of mutually advantageous projects. This is reflected, in particular, in setting up development banks within these integration structures and in the current discussion about possible integration of their members' financial markets.

The ECO passed a decision on the Trade and Development Bank back in the early 1990s.⁶ Between 2003 and 2005 there was a lot of talk of its functioning "in the near future." It was a tripartite project of the founding members, which pledged equal contributions to its authorized capital; Istanbul was selected as the place of its location but nothing much has happened. In the past three years nothing has been said about the project.

⁴ See: [<http://www.evrases.com/ru/main/infopage/3/>].

⁵ See: [<http://www.polpred.com/country/cn/free.html?book=925&country=77&id=5332&act=text>].

⁶ See: M.B. Olcott, A. Åslund, Sh.W. Garnett, *op. cit.*, p. 192.

The EurAsEC has moved further than ECO: in January 2006 it set up the Eurasian Development Bank (EADB) with Russia and Kazakhstan as two founding members and an authorized capital of \$1.5 billion. Russia invested two-thirds and Kazakhstan contributed one-third.⁷ According to State Minister of Turkey Beşir Atalay, the authorized capital of the planned ECO Trade and Development Bank was about \$ 1billion, formed by three countries.⁸

Like any other bank, the EADB is involved in crediting large-scale projects of state or international importance, which are beyond the means of private investors. Power production and distribution, the water and energy complex, transport infrastructure, high-tech production, and innovation technologies were described as the Bank's absolute priorities.

In almost three years the Bank financed projects totaling \$605.1 million,⁹ all of them either in Russia or Kazakhstan: the Bank has nothing to do with the projects of EurAsEC members that have not contributed to its authorized capital.

The SCO, likewise, pays attention to interstate cooperation in the financial sphere, although the organization has not yet arrived at a decision about its own development bank.

The SCO members made the first step toward deeper financial cooperation by setting up a SCO Interbank Association that united the Vneshekonombank (Russia), the Development Bank of Kazakhstan, the State Development Bank of China, the Settlement and Saving Company (Kyrgyzstan), the Amonatbank National Saving Bank of Tajikistan, and the National Bank for Foreign Economic Affairs of Uzbekistan. All of them belong to the state.

For objective reasons the SCO Interbank Association cannot be compared with what the EADB is doing: the latter is a full-fledged functioning financial organization. It can be said, however, that cooperation among the national banks of the SCO members is the first step toward a joint financial center. In August 2008, the EADB and SCO IBC (Interbank Consortium) signed a memorandum on partnership principles.

Let us turn to the other forms of economic cooperation within these three structures. The SCO has recently been addressing economic issues while the other two structures have been engaged in economic programs from the very beginning. The fundamental documents of the EurAsEC and ECO are very similar: they talk about developing the economies of their members, their gradual integration into the world economy, overcoming barriers in regional trade, and, finally, setting up a free trade area.¹⁰

Today, any form of economic alliance within the SCO is absent from the agenda despite Beijing's desire to discuss it. The ECO announced that it planned to set up a free trade area by 2015. The EurAsEC plans to complete the single economic expanse project by 2010, however in both cases integration is going much slower than expected.

Within the ECO only Iran, Turkey, and Pakistan announced that they were ready to form a free trade area; the Central Asian Four, on the other hand, will probably opt for a more realistic EurAsEC project.

The latter, however, is progressing fairly slowly for several reasons: different development levels of the member-states, political disagreements, etc.

All three structures, for example, have to cope with the problem of correlating their involvement in them and their WTO membership. Each of the three structures has three groups of states—WTO members (Pakistan, Turkey, and Kyrgyzstan in the ECO; Kyrgyzstan and China in the SCO,

⁷ See: [<http://www.eabr.org/rus/about/foundation/>].

⁸ See: [http://gzt.uz/rus/ekonomika/ankara_tegeran_karachi_sozdayut_v_ramkah_oes_bank_s_kapitalom_v_1_milliar.mgr].

⁹ See: [<http://www.eabr.org/rus/projects/portfolio/>].

¹⁰ See: [http://www.ecosecretariat.org/Detail_info/About_ECO_D.htm, <http://www.evrazes.com/ru/main/infopage/3/>].

and Kyrgyzstan in the EurAsEC); some countries are actively involved in the WTO talks (Kazakhstan, Azerbaijan, and Tajikistan in the ECO; Kazakhstan, Tajikistan and Russia in the SCO, and Belarus, Kazakhstan, Russia, and Tajikistan in the EurAsEC) while others are taking their time (Iran, Uzbekistan, and Turkmenistan in the ECO; and Uzbekistan in the EurAsEC and SCO). Regional trade policy within regional economic associations is greatly complicated by WTO membership and the talks about it.

The compatibility of the economic programs and of the obligations to other partners of the states involved in the three structures with similar tasks and the parallel involvement of the same Central Asian members in all of them is a central issue.

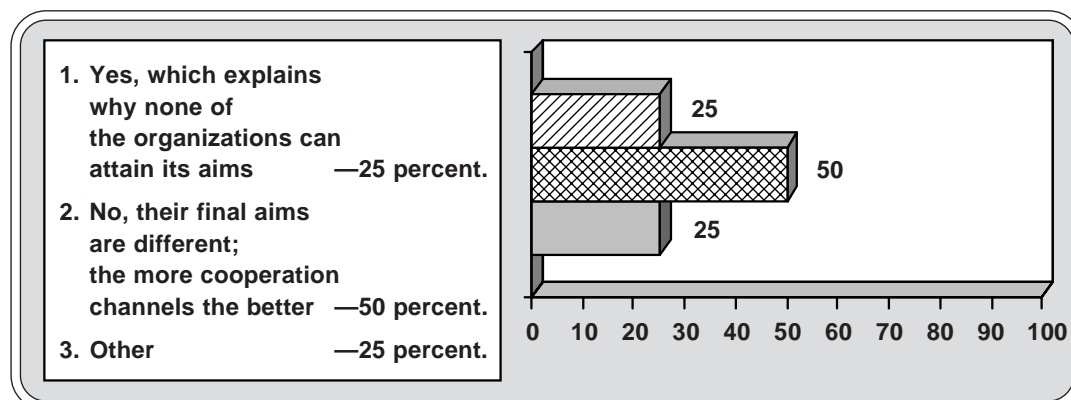
One of the questions we asked the expert community was directly related to the above: Does the functioning of several regional cooperation organizations in Central Asia interfere with the attainment of their aims?

Fifty percent of the polled were convinced that this is not an impediment; some of them believed that the final aims of these organizations are too different to interfere with their activities, while others pointed out that the more cooperation channels the better and that “they did not interfere in each other’s activities.”

A quarter of the experts, on the other hand, believed that parallel functioning of regional cooperation structures was one of the reasons for the low diplomatic effectiveness of the states in this direction.

Diagram 3

**Distribution of Answers to the Question:
“Does the functioning of several regional cooperation organizations
in Central Asia (EurAsEC, SCO, and ECO) interfere with
the attainment of their aims?”**



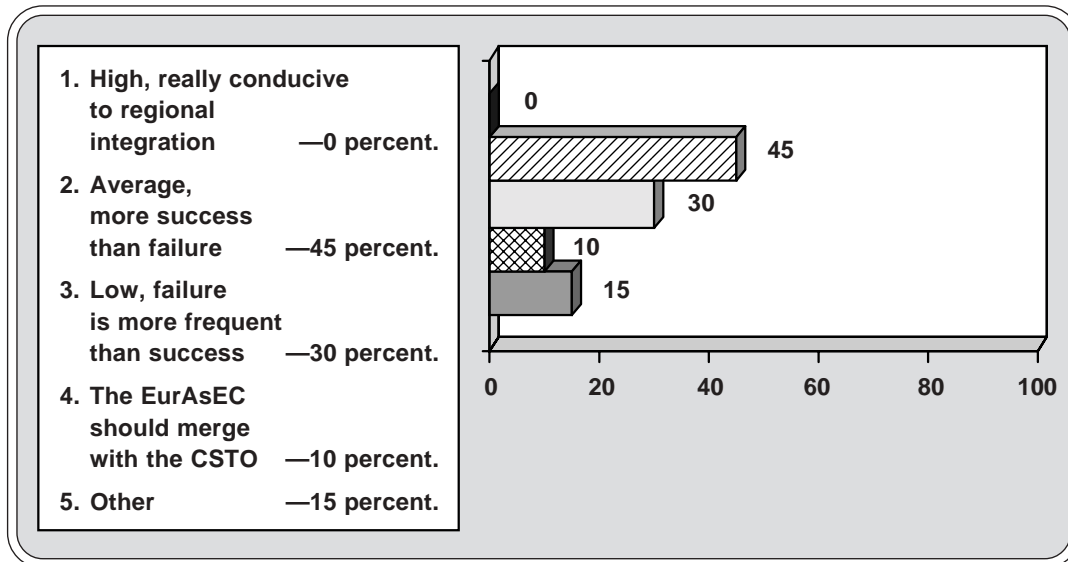
Those who selected the “Other” option (25 percent) supported either the positive or the negative choice. Here are two most typical, if opposite, approaches to the issue.

According to one of the experts, “the presence of three similar integration structures in Central Asia is a sign that the regional countries have no clear idea about why they should be involved in these structures. Quantity undermines quality—the Central Asian countries take what they need from each of the structures at any given moment and refuse to budge on unprofitable issues.”

Another expert wrote: “The continued functioning of the three organizations shows that the regional countries are seeking a balance in the far from simple geopolitical environment. Their

Diagram 4

Distribution of Answers to the Question:
 “How do you assess the EurAsEC’s efficiency?”



very location and their rich resources make it hard to select strategic partners. It is impossible, for the same reason, to limit integration to this region alone—we should look for extra-regional partners.”

At the same time I was taken aback by the fact that a (relative) majority supported the idea of parallel regional cooperation with several partners. This is a rational idea: the three regional organizations allow the Central Asian states to address several important foreign policy tasks and diversify their foreign economic contacts.

The poll included three questions related to the effectiveness of each of the structures—the ECO, EurAsEC, and SCO—or, rather, their economic programs. Significantly, none of the structures obtained the highest mark: 45 percent assessed the performance of the EurAsEC, SCO, and ECO as “average,” in which success is slightly more frequent than failure.

Thirty and thirty-five percent of the analysts offered a negative opinion about their economic cooperation programs; 10 percent supported the highly discussed possibility of joining the EurAsEC with CSTO; 15 percent pointed out that the SCO did not need economic programs at all.

Half of the respondents believed that the ECO’s efficiency was low and that the structure should be disbanded; only 15 percent said its efficiency was average.

Since today the media devote much more time and space to the EurAsEC and SCO than to the ECO, we decided to offer an option that reflected this state of affairs: 25 percent of the polled selected this variant.

The fact that even the best informed part of Kazakhstani society knows next to nothing about the ECO, the summits of which were attended by the president, premiers, and foreign ministers and the secretariat of which was headed by Kazakhstani diplomats, shows that the ECO’s prestige in Kazakhstan is very low (the same can be probably said of its Central Asian neighbors).

The poll testified, however, that the EurAsEC received fewer negative answers (that is, a relatively high assessment from the polled) to the questions about the efficiency of the regional eco-

Diagram 5

Distribution of Answers to the Question:
 “How do you assess the efficiency of
 the SCO’s economic program?”

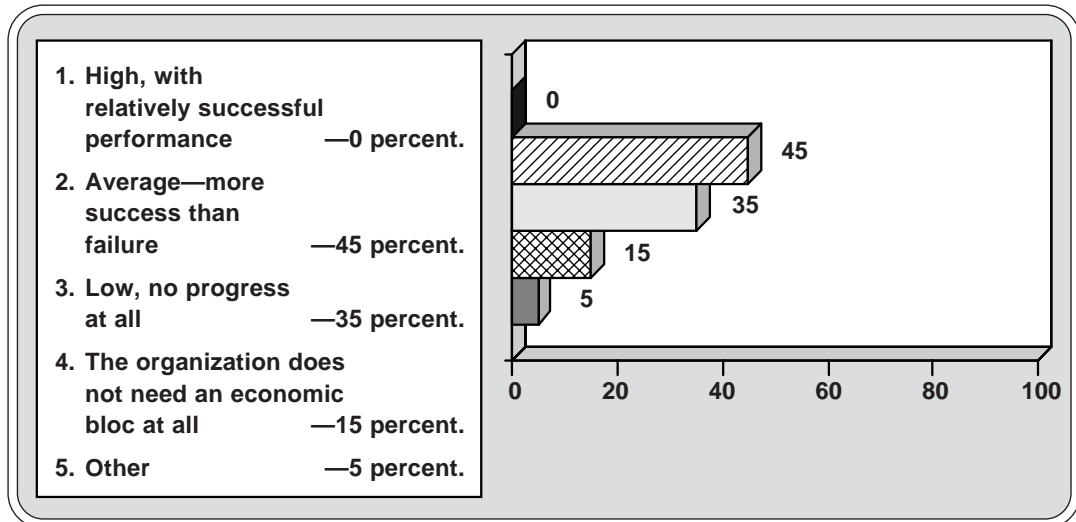
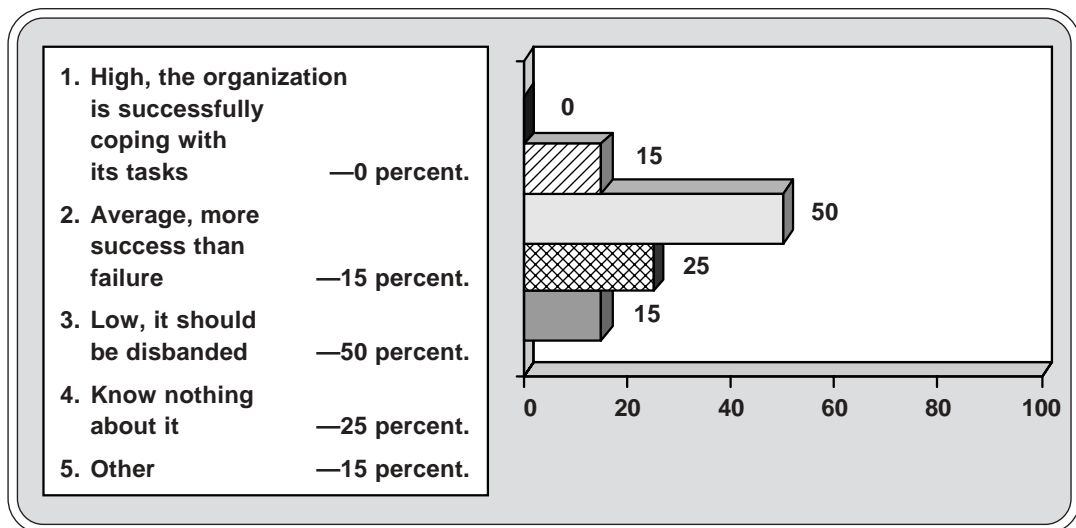


Diagram 6

Distribution of Answers to the Question:
 “How do you assess the ECO’s effectiveness?”



conomic associations. This structure, the leading role and the only right of veto in which belongs to Moscow, is regarded in Central Asia as the most acceptable instrument of multisided regional co-operation.

At the same time, the SCO is also regarded as the most efficient regional Central Asian structure. The experts were not asked to compare the economic programs of the EurAsEC and SCO. In fact, the latter's economic program was assessed slightly lower than the former. The share of experts who sided with the idea of reorganizing the SCO's economic bloc was somewhat higher than the share of those who suggested that the EurAsEC should merge with the CSTO. This suggests the conclusion that the equal efficiency rating of the EurAsEC and SCO should be regarded as an admission of the latter's efficiency in ensuring regional security.

The fact that the SCO is much more attractive than the ECO is confirmed by two of the latter's founders' (Iran and Pakistan) insistent desire to join the Shanghai Club with Russia and China as its two informal leaders.

Back in the 1990s the picture was different: there were talks about Beijing's interest in closer cooperation with the ECO.¹¹ According to the Russian Internet publication *polpred.com*, in 1995 Moscow tried to join the ECO and was rejected by Iran. Tehran was convinced that Russia's huge economic potential would move it to the fore at the expense of the Muslim component and would squeeze its potential rivals along the region's southern borders from Central Asia. In 1997, Moscow's repeated request was blocked by Baku and Islamabad for similar reasons.¹² This means that the ECO could have initially developed into a much larger regional organization.

Today the situation is different: the SCO led by China and Russia looks like a much more promising regional structure than the ECO. The obvious conclusion that Ankara, Tehran, and Islamabad lost the latent struggle for domination in Central Asia to Moscow and Beijing leads to another, much more important, consideration.

The rise of the SCO and the "dawn" of the ECO that happened in the last decade show that the ruling Central Asian elites are much more interested in the structures dealing with military-political security rather than with trade and economic integration. In the future, trade and economic integration may develop on the basis of the SCO, which ensures stable and relatively predictable political development in the region. The EurAsEC, on the other hand, can be regarded as a sort of CSTO extension.

World experience has shown that the ECO developed and flourished under the protection of NATO and the WEU (Western European Union), two military-political blocs. This means that progress and economic development are impossible without a certain security level. The ECO was deprived of a security climate: indeed, the highly unstable Iranian and Pakistani regimes could hardly protect the secular Central Asian regimes. The opposite was true: the Central Asian countries feared their religious fundamentalism. This factor coupled with the inability of the Middle Eastern partners to implement their projects within ECO pushed the Central Asian states toward Moscow and Beijing.

There is another consideration: despite the fairly complicated pattern of involvement in several multisided economic structures, multi-vector regional cooperation of the central Asian countries within the ECO, EurAsEC, and SCO offers more chance for a dialogue with their foreign policy partners in the quest for ways to realize their foreign economic interests.

At the same time, the ruling elites see the current close cooperation with Russia within the EurAsEC and possible economic integration with it as more promising than similar cooperation with the other regional players—China and the centers of power to the south of Central Asia.

¹¹ See: R.M. Mukimjanova, "Gosudarstva Tsentralnoi Azii i ikh iuzhnye sosedi," *Vostok*, No. 5, 1996, p. 61.

¹² [<http://www.turkey.polpred.ru/tom1/23.htm>].

COMPARATIVE ANALYSIS OF THE EURO-INTEGRATION DYNAMICS OF THE EUROPEAN NEIGHBORHOOD POLICY MEMBER STATES

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I n t r o d u c t i o n

Relations with the European Union within the framework of the European Neighborhood Policy (ENP) are extremely important for the European integration of its partner countries. So researchers can glean something from the experience accumulated in the East European and Caucasian countries' relations with the European Union within the framework of the ENP. This article looks at how a corresponding balance is being found in Ukraine's and the Caucasian countries' relations with the EU based on the results of the European Neighborhood Policy in the Arab Maghreb states (at the EU-Morocco, EU-Tunisia, and EU-Algeria levels).

For reference: *the EU is cooperating with 16 countries within the framework of the European Neighborhood Policy: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia, and Ukraine.*

Despite its pertinence, the problem of finding a corresponding balance in relations with the

EU within the framework of the ENP has still not been reliably covered in the scientific literature. This article aims to conduct a comparative analysis of the dynamics of the Euro-integration processes in the member states of the European Neighborhood Policy, as well as make use of the experience of the individual countries in implementing partnership programs with the European Union.

It should be noted that the desire to prevent the appearance of new dividing lines as the European Union expanded and avoid a security vacuum in the regions next door to the EU was the main motivating factor behind the ENP. The ENP's guiding principle is differentiation, that is, "the need to keep in mind the specific situation in certain countries of Eastern Europe and the Mediterranean and the level of relations with them."¹ The ENP is based on the support (particularly in the economic sphere) of the member states bordering on the European Union. In this way, the new EU policy replaced the MEDA and MEDA-2 programs that rendered financial aid to certain branches of the economy in the Maghreb countries.

¹ R. Shpek, "Evropeiskaia politika sosedstva glazami evropeiskogo sosedya," *2000 Journal*, No. 9, 2 March, 2007.

Bilateral Programs: Essence and Main Objectives

Economic integration of the neighboring states after the creation of a free trade zone in industry and agriculture, as well as in the service sphere, needs to gradually become fully harmonized in commerce and legislation—in particular with respect to technical regulations, competitive and industrial policy, cooperation in scientific and technological research studies, property rights, correlation of customs provisions which would make it easier to carry out reciprocal exchange, training of management personnel, efficient management, and tax measures.

The European Commission is paying a great amount of attention to the problems of human rights and jurisprudence and is continuing to provide support and cooperation in modernizing the judicial system and guaranteeing human rights. The EU is trying to expand the channels of international communication by means of Euro-Mediterranean partnership and the European Neighborhood Policy. Moreover, the European side is attempting to stimulate an inter-confessional dialog by organizing Asian-European meetings and creating a Regional Forum Association of Southeast Asian Nations. The year 2008 was declared the European Year of Inter-Cultural Dialog, and the EU is primed to achieve genuine progress with all its partners in the European Neighborhood Policy.

The bilateral programs that the EU has ratified during the last three years with ten East European, Caucasian, and Mediterranean countries provide a means for meeting the goals designated in specific spheres. These programs have already reached the implementation stage with respect to Morocco, Tunisia, Jordan, Israel, the Palestinian Authority, Armenia, Azerbaijan, Georgia, Moldova, and Ukraine.

The documents of the EU Ministerial Council envisage creating an economic group consisting of the EU and its partners in keeping with the good-neighbor policy aimed at achieving openness of goods and service markets, as well as at providing the legislative mechanisms necessary for settling disputes. These documents declare that the good-neighbor policy should not be restricted to investments and commercial gain and will not be full-fledged without the free movement of civilians.

On 4 December, 2006, 18 months after the European Neighborhood Policy was publicized, the European Commission announced new proposals aimed at reinforcing it in order to integrate the neighbor states into a single European market economy in the long term. The new proposals were designed to improve the implementation of this policy thanks to the EU initiative regarding assistance to partners who wish to continue reforming faster and at a higher qualitative level. The new proposals were accompanied by reports relating to the implementation of the European Neighborhood Policy. A communiqué was adopted to be executed during Germany's chairmanship in the EU during the first half of 2007.

The ENP aims to help member states integrate into the EU without officially joining this organization. This policy envisages adaptation to the European state systems and proposes partnership according to the selective principle, according to the level of each country's progress in creating a free trade zone. In order to meet these goals, the EU introduced new mechanisms which were presented during the introduction of national indicative programs for 2007-2010. In order to finance activity within the ENP, a new European Neighborhood and Partnership Facility (ENPF) was established, which has replaced the current TACIS and MEDA technical aid programs since 2007 in the ENP states and Russia.

Beginning in 2007, a new fiscal regime was introduced that forms the ENP's basis. Within the framework of the fiscal programs, action plans were drawn up with these countries aimed at developing medium-term cooperation with them. In the future, there are plans to sign more detailed long-

term agreements based on the relations between the indicated states and the EU. In particular, it is the intention to allot 12 million euro in economic assistance to these countries over the next five years (which is 30% more than the aid offered during recent years, which amounted to 8.5 million euros).

The fiscal budget intended for the partner states between 2007 and 2013 amounts to 12 billion euros, which is 32% more than the previous budget. Among the proposals drawn up by the European Commission, the emphasis was placed on “clear prospects for all ENP partners—both eastern and southern—with respect to intensifying economic and commercial integration with the EU directed toward creating a free trade zone,” “significant improvement of the visa regime for certain groups of people,” as well as “regular meetings at the ministerial and expert level with European Neighborhood Policy partners” in order to discuss issues in the electric power industry, transportation, and the environment. In particular, there are plans to strengthen political cooperation and increase the EU’s role in the conflict regions.²

A new investment bank capable of supporting the political and economic reforms in the ENP member countries is being upgraded. For example there are plans to create an Investment Bank of Neighboring Member States with a general fund of 700 million euros in order to help these countries in their attempts to obtain loans from investment banks. The fund will also be used to obtain additional loans from the European Bank of Investments, the European Bank of Reconstruction and Development, and other banks.³

The investment bank will be open to member states to provide them with funds and loans, obtain grants for developing the transportation sphere, the energy industry, and environmental protection. The European Commission announced the introduction of an additional fiscal mechanism of 300 million dollars in order to rationalize management aimed at providing additional assistance to national financial institutions and to encourage and support partner countries that have been most successful in implementing their action plans.

In May 2008, the work of the Neighborhood Investment Facility (NIF) officially began. The NIF is a key facility of the European Neighborhood Policy which mobilizes additional funds for financing infrastructure development projects (mainly in the energy industry, transportation, and environmental protection) in the ENP partner countries.

In the future, the NIF will render grant support for the loans taken out by state and international European financial institutions. Between 2007 and 2013, the European Commission is planning to allot 700 million euros to the NIF budget (at the moment it has already provided 100 million). The NIF is also open to deposits from all the EU member states, thanks to which funds from the budgets of the European Community, EU countries, and state and international financial institutions can be accumulated in one center and used for the needs of the partner countries.

In particular, in 2008, the following countries plan to allot funds to the NIF budget: Germany (10 million euros), Italy (1 million euros), and Sweden (1 million euros). It is expected that other EU member states will also announce their contributions. The NIF can also be used to support the development of small and medium businesses and social projects. It is expected that thanks to this mechanism the EU neighbor countries will be able to receive loans for a total of up to 5-6 billion euros. The NIF will function in those states that have signed Action Plans with the EU within the framework of the European Neighborhood Policy (Armenia, Azerbaijan, Georgia, Egypt, Jordan, Lebanon, Moldova, Morocco, the Palestinian Authority, Tunisia, and Ukraine).⁴

² “Evrokomissii obnarodovala predlozheniia sosediama,” available at [<http://www.podrobnosti.ua/power/intpol/2006/12/04/373821.html>].

³ See: *The Daily Star* (Lebanon), 5 December, 2006.

⁴ See: “ES predstavit Investitsionnyi instrument sosiedstva,” available at [<http://news.liga.net/news/N0823175.html>], 5 May, 2008.

Partnership between the Arab Maghreb and European Union Countries

The EU's relations with the countries of the Arab Maghreb have acquired strategic significance for both regions not only thanks to their strong economic and commercial ties, but also due to the need to ensure security in the Mediterranean region. The southern coast of the Mediterranean has long been the main source of illegal migration to the European countries, which the Europeans see as the main reason for the problems.

An important priority of the ENP in the Mediterranean vector is sharing experience with and providing assistance to those states making the transition to a market economy. For example, within the framework of the ENP, the Maghreb countries are provided with the opportunity to reach the EU's internal market, participate in the European Union programs, and cooperate in transportation and energy networks.

In order to understand the gist of the results of Euro-Maghreb partnership and take account of the experience and positive and negative factors in establishing a political and economic dialog in the Mediterranean, we need to analyze the development of the relations between the EU and individual member states of the Arab Maghreb Union (AMU).

Morocco. The European side intended to lay the foundation for a qualitatively new level of cooperation between the EU and Morocco ("progressive level"), which was higher than partnership and closer to membership in the European Union. In so doing, the stakes were placed on the role of the European countries in lending activity, financing, and creating suitable conditions for implementing infrastructure projects. At the present time, the main objective is to carry out measures aimed at reforming the branches of the Kingdom's economy. Morocco is efficiently carrying out a plan of political reform, transforming its judicial system, and exerting efforts to fight unemployment.⁵

The European Commission adopted a decision to provide Morocco with 654 million euros within the framework of the Assistance Program between 2007 and 2010. This Program is aimed at supporting the reform plans that Morocco introduced with the EU's support within the framework of the ENP. This assistance includes granting loans from the European Bank of Investments and other fiscal programs. The total sum of the aid provided increased by 20% compared with the average level of annual European aid the Kingdom was allotted between 1995 and 2006.

Thanks to the partnership agreements entered with the European Union, by the beginning of 2007 the Kingdom was able to increase its export volume to the EU member states by 10% (up to 65 billion dirhems). During the same period, Morocco attracted foreign direct investments amounting to a total of 20 billion dirhems, 70% of which came from the European Union.⁶

Tunisia. The economic and social reforms in the country have been making significant progress, particularly in the transportation, energy, and scientific spheres. Resolving political issues was less successful due to the difficulties that arose with convening sub-commissions within the framework of the action program, particularly with respect to human rights and democracy. Freedom of association and freedom of speech, as well as implementation of programs to modernize the judicial system, also met with little success.⁷

⁵ See: *As-Sabah* (Morocco), 6 March, 2007.

⁶ See: *As-Sabah*, 8 December, 2006.

⁷ See: *Al-Hayat* (Great Britain), 4 December, 2007.

Ratification by the European Union of the partnership agreement had a positive impact on the Tunisian economy and became the basis for its integration into the world economy. Tunisia is quite successfully integrating into the EU in the commercial sphere. At present, the European Union accounts for 80% of the country's export and 71% of its import.

Algeria is making rather efficient use of diplomatic levers in order to step up its relations with the European Union. On 16 May, 2006, Algeria received official guarantee of European support in its efforts to join the EU. The recent contact at the highest level with Portuguese colleagues was a very important event for the Algerians (keeping in mind that in the second half of 2007, Portugal became the EU chair).

In addition, the Algerian leadership expressed several doubts about the concept of "partnership" aimed at creating a region of peace, security, general prosperity, and a free trade zone. In particular it noted that Europe is using the ENP as a cover for realizing its own interests at the expense of the southern member countries.⁸

The partnership agreement that came into force between Algeria and the EU (September 2005) led to a certain imbalance in the trade relations between both sides. Over time, it became obvious that the Algerian and European economic partners had unequal opportunities, which to a certain extent lowered the level of Algerian export to the EU member states. Trade restrictions on the export of certain types of Algerian agricultural products were introduced. At the same time, the EU member countries were able to export 60,000 tons of potatoes to Algeria duty free.⁹

After this agreement came into force, the volume of Algerian import from the EU countries dropped from 258 billion (August-December 2004) to 222 billion Algerian dinars (August-December 2005) and this was in spite of the fact that this document granted Algerian importers certain privileges. During the same period, the export volume of Algerian commodities (apart from fuel resources) to the European Union shrank from 13 billion to 12 billion Algerian dinars, and this is not accounting for the fact that Algerian production was no longer subject to customs restrictions by the EU.¹⁰

It should be noted that the AMU member states have still not achieved significant progress in integration into the European expanse. Even based on the most optimistic forecasts, a free trade zone between Tunisia and the EU will not be created until 2010, between Morocco and the EU until 2013, and between Algeria and the EU until 2017. This kind of differentiation in dates among the Maghreb states is related to the internal and external obstacles that hinder integration with the EU, particularly the inefficient use of the European reform mechanisms in African conditions.¹¹

Ukraine, Armenia, Azerbaijan, and Georgia in the European Neighborhood Policy

Ukraine. Whereas the EU used to place the emphasis on democratic values and the observation of human rights, after the Ukraine improved its indices in this vector (in particular after the interna-

⁸ See: *Al-Habar* (Algeria), 19 March, 2006.

⁹ See: *Al-Habar*, 20 March, 2006.

¹⁰ See: *Al-Habar*, 3 January, 2006.

¹¹ See: *Al-Hurriia* (Tunisia), 7 March, 2007.

tional conference on the European Neighborhood Policy was held in September 2007), the emphasis shifted to a specific “economically integrated space.” That is, as of today it can be said that democratic processes are not a prerequisite in certain states for a closer “neighborhood” dialog with the EU. If we take a look at the Action Plans that were drawn up for the neighbor countries four years ago, the European Union expected its eastern neighbors to “develop” democracy and its southern ones only to “encourage” it.

EU representatives only tend to divide the ENP participants into European and Mediterranean in informal talks. At the official level the European Commission under the chairmanship of European Commissioner Benita Ferrero-Waldner is exerting the maximum efforts to ensure that the ENP is regarded as a single whole, without any regional differences. Whereby this is being done so that the EU’s southern neighbors do not feel superior to the others. This also concerns fiscal aspects: for example, until 2007, the southern neighbor countries received 70% of the funds designated within the framework of the ENP while the eastern members only obtained 30%. Parity was partially restored in the new fiscal period (2007-2013), but it is very unlikely that the states of the Southern and Eastern Mediterranean, on the one hand, and the countries of Eastern Europe and the Caucasus, on the other, will reach equality with each other any time soon. In the next five years, 62% of the European Union’s neighborhood funds will go south, while only 38% will be allotted to the eastern countries.¹²

It should be noted that most of the states Ukraine is competing with on the European Union market have a higher level of preference regarding access to this market. For example, the countries of Central and Eastern Europe entered agreements on free trade with these states before they became members in the EU. Several of the Mediterranean states (including Turkey) have such agreements or customs alliances with the European Union. Even the countries of the Balkan Peninsula signed association agreements with the EU, that is, they essentially achieved the introduction of a free trade regime.¹³

Azerbaijan. In 1996, an agreement on cooperation and partnership was signed between Azerbaijan and the EU, and in 2006 an Action Plan within the framework of the ENP was signed. The foundations of legal and political cooperation were recently laid between Azerbaijan and the EU. In July 2007, a conference called “Azerbaijan and the European Neighborhood Policy” was held in Baku at which the gist of the Action Plan signed between Azerbaijan and the European Union was discussed. Composed of several principles, the Action Plan includes issues of democracy, human rights protection, strengthening of the market economy, and peaceful settlement of the Nagorno-Karabakh conflict. European Commissioner for External Relations and the European Neighborhood Policy Benita Ferrero-Waldner stressed the importance of this document on the way to integration into the EU. She noted that the structure she represented is interested in Azerbaijan’s energy sector.¹⁴

According to Deputy Foreign Minister Mahmoud Mamedguliev, one of the main vectors in Azerbaijan’s foreign policy is integration into Europe. In 2007-2010, Azerbaijan will be allotted 92 million euros within the framework of the ENP.¹⁵

Armenia. Relations between the Republic of Armenia and the European Union are being built on the basis of an Agreement on Partnership and Cooperation between the Republic of Armenia, on

¹² See: A. Getmanchuk, “Evropeiskaia politika dlia neudachnikov,” *Zerkalo nedeli*, 15-21 September, 2007.

¹³ See: I.M. Shkola, O.M. Verstiak, “Региональні принципи та економічні аспекти інтеграції України в Європейський Союз,” *Регіональна економіка* (Regionalna ekonomika), No. 2, 2007, p. 227.

¹⁴ See: “Troika’ ES obsudila Plan deiatel’nosti po Azerbaidzhanu v ramkakh Evropeiskoi politiki sosedstva,” available at [<http://news.mail.ru/politics/1167209/>], 4 October, 2006.

¹⁵ See: M. Mamedguliev, “Oдно iz osnovnykh napravlenii vneshnei politiki Azerbajdzhana—integratsiia v Evropu i Evroatlantskie struktury,” available at [<http://www.bsanna-news.ukrinform.ua/newsitem.php?id=1338&lang=ru>], 19 July, 2007.

the one side, and the European communities and their member states, on the other, signed on 22 April, 1996 in Luxembourg. The document came into force on 1 July, 1999 after it was ratified in the National Assembly of the Republic of Armenia, the European Parliament, and all the national parliaments of the Union's and communities' member states.

On 14 November, 2006, during the seventh Armenia-EU plenary session in Brussels, the Action Plan of Armenia and the EU was approved within the framework of the ENP. During the undertaking, political issues, problems of human rights protection, and energy sector questions were discussed. The Armenian side reported on the work being carried out to diversify energy sources in the country, particularly on the construction of the Iran-Armenia gas pipeline. Implementation of the Action Plan is aimed at transferring from cooperation to a higher level of integration, including the possibility of Armenia's participation in the internal market of the European Union and in key vectors of EU programs and policy.

Adoption of the documents makes it possible to carry out a general reform packet with help from the European side right down to signing a new agreement with a higher status. By executing the provisions of this document, Armenia's social, political, and economic systems will be brought closer to the European. Special emphasis is being placed on economic cooperation between Armenia and the European Union by means of additional financial assistance from the EU, intensification of economic trade cooperation, harmonization of economic legislation, and a steady cutback in commercial tariff bans, which will promote an increase in investments, export, as well as development of the economy.¹⁶

Georgia. After the republic joined the European Neighborhood Policy in 2004, the country's Action Plan was drawn up within the framework of the ENP in 2006. The latter formulated the main cooperation priorities between Georgia and the EU and determined the spheres that were most important for the republic's development.

In 2007, this Action Plan began to be implemented. Within the framework of the ENP, the Georgian side intends to carry out reforms designed for five years within a period of three years.¹⁷

As of today, Georgia's priorities in implementing the ENP Action Plan are as follows:

- cooperation in the rule of law—bringing about a radical change in the situation in the judicial system and reform of the Prosecutor General's Office and Ministry of Justice;
- cooperation in security—in particular border protection issues;
- cooperation with respect to the so-called four freedoms. Georgia is focusing its attention on simplifying the visa regime for its citizens and assisting export of products manufactured in the country to the European markets;
- partnership in infrastructure;
- peaceful settlement of conflicts;
- environmental protection;
- regional cooperation.¹⁸

In April 2008, Germany's representatives unexpectedly suggested that Ukraine, Moldova, Azerbaijan, Georgia, and Armenia build privileged relations with the EU along the lines of those the

¹⁶ See: "Armenia i ES podpisali Programmu deistvii politiki 'novogo sosedstva,' i Evropa srazu sprosil o gazoprovode Iran-Armenia," available at [<http://news.mail.ru/politics/1195251>], 14 November, 2006.

¹⁷ See: "Gruzia namerena vpolnit plan deistvii s ES v ramkakh politiki sosedstva uskorennyimi tempami za tri goda," available at [<http://www.newsgeorgia.ru/geo1/20070124/41871242.html>], 28 October, 2005.

¹⁸ See: "Gruzia ozvuchila svoi prioritety v ramkakh politiki sosedstva ES," available at [<http://www.civil.ge/rus/article.php?id=9200>], 28 October, 2005.

European Union has with Turkey. In particular, Vice Chairman of the Bavarian Christian Social Union and representative of the European Parliament Ingo Friedrich spoke in favor of a third way for countries that are not members of the European Union. He said that an Eastern European Union could be created in the same way as the Mediterranean Union. In his words, this union could include Ukraine, Moldova, and the South Caucasian states. He noted that the Eastern European Union could be an intermediate solution for countries that are gradually drawing closer to membership in the EU.

With respect to the European Union's eastern neighbors covered by the ENP, the speech writers headed by former head of the European Parliament Foreign Affairs Committee Elmar Brok (Germany) offered an intermediate (between full-fledged membership and enhanced membership) form of relations under the provisional name of European Community. In particular, Ukraine, Moldova, and the South Caucasian countries hoping to join the EU fall into this category.¹⁹

C o n c l u s i o n

The following conclusions can be drawn based on the above.

1. The ENP is an attempt by the EU to formulate a strategy for developing relations with neighbor countries and called upon to strengthen the already existing policy and its facilities (Action Plans, general strategies, the Barcelona Process, TACIS, MEDA, and so on). The ENP is based on the European Commission's position which, by offering the possibility of interaction along partnership principles, nevertheless keeps in mind the political and economic differences among the member states as well as their initiatives. The ENP combines the experience of the existing ways of cooperation (the Barcelona Process) with the new initiatives (the so-called Eastern Dimension).
2. The ENP member states from Eastern Europe and the Caucasus should keep in mind the cooperation experience gained between the Arab Maghreb countries and the EU in the investment sphere. In particular, they should orient themselves toward entering bilateral agreements with the European Union in investment protection.
3. In the next few years, some of the ENP states should exert efforts to readjust subsequent relations with the EU in keeping with the principles of the agreements on associated partnership (along the lines of those the European Union has entered with Algeria, Morocco, and Tunisia). Such agreements could promote the subsequent formation of free trade zones between the said countries and the EU. The European Union's differentiated attitude toward the states of these regions, in particular the latency manifested with respect to entering an agreement with the Ukraine on associated partnership is surprising since the European Union has signed such partnership agreements in the past even with such remote countries as Chile.
4. It is evident that the EU is applying the differentiation principle to member states in the ENP on a selective basis and only in those cases when it is to its advantage. This applies in particular to agriculture and civilian movement issues. For example, the European Union is inclined to shy away from drawing up Action Plans with the Eastern European countries regarding cooperation in agriculture and from discussing this problem within the ENP. All the same, it

¹⁹ See: "V Evrope pridumali alternativu chlenstvu Iuzhno-kavkazskikh gosudarstv v ES," available at [<http://mosaz.fireaz.ru/content/view/3933/90/>], 22 April, 2008.

was precisely in agriculture that a dialog was recently established and talks were held between the EU and Algeria and the EU and Morocco.

5. The ENP member states from Eastern Europe and the Caucasus should keep in mind that creating a free trade zone with the European Union will not always guarantee an increase in goods turnover between the two sides, which is shown by the experience of implementing the Agreement on Associative Partnership between the EU and Algeria. So the result of creating free trade zones with the European Union for the abovementioned countries could be somewhat different in nature and commercial effect than the consequences of implementing agreements on creating free trade zones between the EU and the Arab Maghreb states.
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REGIONAL SECURITY

**ORGANIZATIONS AND
ALLIANCES IN CENTRAL ASIA:
COOPERATION PROSPECTS
AS SEEN FROM
MOSCOW AND LONDON**

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I n t r o d u c t i o n

Between 29 April and 1 May, 2008 we attended an international conference that discussed Central Asian security issues. Political scientists and politicians from 17 countries and several international structures gathered in Tashkent for this highly representative forum to assess the already obvious threats to Central Asian security; discuss the new and less obvious threats

and challenges; and outline potential cooperation trends aimed at ensuring regional security in the 21st century.

The authors, who by citizenship belong to the member states of “organizations and alliances that follow different vectors,” have taken the trouble of showing the road toward their countries’ potential partnership in the key regional

stability spheres. They deliberately avoided agitation and propaganda either of the “pro-Russian” or “pro-Western” security vectors in Central Asia to insist that cooperation rather than rivalry among the main actors present in the region can finally

produce a security system that will meet the national interests of the regional states and of the world community as a whole. This is an economically justified and civilized pattern of international relations.

Central Asia as a Target of Application of Diverse Forces: Does This Stimulate Cooperation or Fan Rivalry?

Everything going on in the 21st century is gradually transforming the Central Asian Region (CAR)¹ into a source of natural resources alternative to the volatile Middle East and the far from stable Caspian. The great powers and organizations/alliances whose interests clash in Central Asia have already appreciated the region’s newly acquired importance. They are the Soviet successor states (Russia, Azerbaijan, Ukraine, and other CIS members) and states of the Far Abroad (the U.S., India, Iran, Pakistan, Japan, and other members of the OSCE, EU, NATO, OIC, etc.). Their widening presence in the region is complicating the already intricate and fairly close relations. Cooperation and rivalry will intensify.

The Region under the Pressure of Global Trends

The new actors are not the only factor: the region is open to pressure of a global nature that might affect, in the mid-term perspective and to a certain extent, regional security.

They are:

- Depletion of sources of exported raw materials the world over accompanied by the growing prices for energy resources and the fiercer struggle over their supplies that not only affects the regional commodity, capital, and labor markets but also the national governance systems;
- Further polarization of international relations within interstate structures: the SCO and CSTO on the one hand, of which Russia is a member, and the Western structures (NATO and EU), on the other, which are involved more actively than before in regional developments;
- The possibility of the U.S. and NATO’s continued presence in the Central Asian sub-region, which has changed the strategic balance in the region previously seen as the Russian and Chinese rear;
- The transformation of China and India into new driving forces of world economic growth and their much more obvious influence in CAR where Russia still retains its domination;
- The factors responsible for limited economic growth in CAR created by traditional problems and the recent regional challenges (environmental issues, fresh water deficit, climate changes, etc.), which have moved to the fore;

¹ By the Central Asian Region the authors mean the part of Asia occupied by land-locked countries: the Central Asian sub-region (Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) as well as their neighbors: Kazakhstan in the north, Mongolia in the east, and Afghanistan in the south.

- The persistent and probably stronger trade and capital movement disbalances that will cause fluctuation of exchange rates and make restructuring of national economies inevitable;
- The mounting outflow of the workforce from CAR caused by the gap between the region's employment capacity and population growth that burdens to an ever greater extent social securities of other countries, including Europe and Russia;
- The CAR states have found themselves in a zone where the great powers' interests clash (this is especially true of Russian-American, Chinese-American, and Russian-Chinese relations);
- The conflict in Afghanistan, which is still going on; its easily detected negative impact can be described as the main factor that is rocking not only the regional stability and security of Afghanistan's neighbors but also affecting the world community as a whole.

The above suggests that in the mid-term perspective no clear strategy of international relations in the region can be expected. In the first quarter of the 21st century stronger political and cultural diffusion against the background of economic integration will move to the fore as the dominating paradigm of regional developments.

The local states acting on their own are unlikely to preserve stability in the region; at the same time the economic and political interests of the outside actors are matched by their very different ideas about the region's future. There is a tendency to deny the Asian states the status of equal partners: they are rather seen as targets of all sorts of efforts and as a "disposable pawn in the geopolitical games of others." The Russian and Western, and the Eastern and Islamic security vectors are now competing in the region. There is the Russian Eurasian Expanse project, the U.S. Larger Middle East and Larger Central Asia projects, as well as the Chinese Assimilation project and the EU Integration project. Their current competition, however, looks fairly optimistic in contrast to the prospect of Central Asia being drawn into the Universal Islamic Caliphate, which would bury the local peoples' hopes for future stability.

The highly varied and far from even marginally unified interests of the outside actors in CAR, as well as the wide range of internal and external factors that objectively promote/interfere with cooperation explain why its real results are still far from concerted cooperation efforts in the security sphere.

These factors and the relatively short history of the local countries' independence account for the national leaders' far from stable ideas about national security and foreign policy priorities in political, economic and military spheres. The official ideas about security strategy are developing together with continued restructuring. This is best illustrated by Uzbekistan with its constantly changing foreign policy priorities: it started as a CIS member; then it went over to the pro-American GU-UAM, only to abandon it to develop relations with the CSTO, SCO and EurAsEC. In the future Tashkent may turn back: it is rebuilding its contacts with the West destroyed by the Andijan events. President Karimov confirmed this at the NATO Bucharest Summit in April 2008.

The Problems of Regional Stability and Security

Earlier we wrote in this journal² that unlike Europe, which has a consistent regional security NATO/EU system, the Caucasus and Central Asia are still building up their regional security

² See: R.N. McDermott, Yu. Morozov, "GUAM-NATO Cooperation: Russian Perspectives on the Strategic Balance in the Central Caucasus," *Central Asia and the Caucasus*, No. 3-4 (51-52), 2008, pp. 242-262.

structures. Today, the Central Asian structure can be described as multi-level, contradictory, and shapeless.

Today, regional stability hinges on the military-political agreements between the U.S./NATO and Afghanistan, Kazakhstan, Tajikistan, Kyrgyzstan, and other countries that do not completely trust each other. The West European structures prefer to develop military cooperation with them on the bilateral basis. The military representatives of the Central Asian countries are involved in peace-keeping partnership; linguistic cooperation; training of border guards, police and counterterrorist units as well as in reforming armed forces.

On the other hand, the regional countries are involved in bilateral cooperation with Russia and within CSTO. Their cooperation profits from the absence of a language barrier, the fact that the CSTO members receive military equipment and armaments at Russia's domestic prices; and the high professional level of the Russian instructors who train the troops for fighting in the mountains (the Russians' fighting experience was acquired in Afghanistan and the Caucasus).

In turn, China, one of the key actors in CAR, prefers to steer clear of military-political cooperation either with the West or CSTO despite the obvious threats to its national security and identical military security interests with at least some of the actors.

It should be said that so far, the counterterrorist coalition has not yet suppressed the sources of terrorism, extremism and drug trafficking on Afghan territory. The CSTO members are not involved in the military side of the ISAF peace-keeping mission—they mainly let it use their transit air space. Because of this and other miscalculations of the counterterrorist coalition, the threat of terror, extremism, and drug trafficking spreading to the neighboring states remains and has intensified. If the ISAF pulls out of Afghanistan, the Karzai government will be doomed; the Taliban will regain power and might move into Central Asia with the help of its strongly motivated "fifth column," the radical Islamist groups. This will destabilize the domestic situation. To avoid this all the international organizations present in the region (the SCO and CSTO, on the one hand, and NATO and the EU, on the other) should close ranks to address the current problems in the most effective way. This might push them toward a new model of interstate cooperation in the region, which presupposes similar or identical strategic interests of the CAR countries and the outside states (Russia, America, and China in particular).

It should be added that CAR is gradually turning into an arena of struggle between the values of the technogenic (Western) and traditionalist (Eastern) civilizations.³ The modernization now underway in the region has no local roots and no self-development inertia. It, in fact, contradicts the values of traditional Central Asian society. The ever-increasing pressure of the developed powers and their ideologies on the less developed Central Asian states has already revived in the latter traditionalist attitudes, which, in turn, intensify the mutual repulsion of cultures. The region's national, mostly conservative and East-oriented, communities inevitably add to the conflicting potential as their countries are gradually drawn into the sphere of Western interests. This potential is further strengthened by other internal factors: the relative weakness of democracy in Central Asia that coexists with the "clan" nature of state governance and the very real internal social and economic problems that might lead to conflicts resolvable solely by force. Its external factor includes the wave of Islamic radicalism and separatism as well as the spread of terror: this is how the destitute groups of the local nations respond to global challenges.

On the whole, the present situation suggests the first conclusion related to regional security: *in the military-political sphere the leading actors, who are often indifferently moving along parallel lines, are merely duplicating their efforts and acting at random. This can hardly promote a common cause.*

³ For more detail, see: N. Omarov, "The Century of Global Alternative: A New Security Expanse in Post-Soviet Eurasia," *Central Asia and the Caucasus*, No. 2 (26), 2004, p. 37.

Domination of Any of the Outside Actors is an Illusion

We have already written that a fairly large number of outside actors are operating in the region. An analysis of their approaches to the security issues at the level of states and international organizations and alliances reveals that their ideas of ensuring CAR security are fairly one-sided: they support either the officially accepted national ideas or the approaches accepted by those regional international organizations to which these states belong. The Russian experts, for example, prefer to ignore Western initiatives while the EU and NATO members are promoting the ideas and projects of bilateral cooperation with the CAR countries in the security sphere, choosing to ignore the initiatives of Russia and its SCO and CSTO colleagues. During international discussions the sides either ignore or belittle the efficacy of the suggestions offered by their opponents. There is an obvious desire to push opponents to the region's margins. This does nothing good for regional stability; the local states find it hard to choose a leader in the security sphere from among the outside forces. However, hopes that in the future one of the outside actors will gain a monopoly in the region are unfounded for several reasons.

- *First*, the Central Asian states are pursuing multi-vector foreign policies orientated toward cooperation with as many partners as possible. They have several key partners, the roles of whom are limited to one of the main spheres (economics, politics, and security); none of them, though, plays a decisive role in all spheres of national development, which balances out their influence on the country's domestic and foreign policies.

Different vectors of national interests allow the CAR states to take part in various integration structures that are developing simultaneously in four vectors: all of them (with the exception of Turkmenistan) are members of the EurAsEC, CSTO, and SCO—this is the pro-Russian vector; their membership in the OIC, the Islamic Bank of Development, and the OEC belongs to the Islamic vector; and their involvement with the OSCE, EAPC, Partnership for Peace NATO program, and the European Union Regional Strategy Paper for Assistance to Central Asia and the European Initiative for Democracy and Human Rights programs belongs to the European development vector.

- *Second*, Russia's diplomatic and economic resources in Central Asia inherited from the past should not be ignored either. The Russian Federation is more than merely a long-term neighbor of the Central Asian countries—it is a power that is rapidly regaining its former regional prestige and influence. The Central Asian states and Russia have many civilizational features in common supported by cultural and language affinity, educational systems, personal relations and family ties, and the fairly large Russian-speaking Central Asian diaspora. These can be described as Russia's geopolitical advantages: it is a natural and constantly present factor involved in the region's developments. Economic, political, and military cooperation with the Central Asian states is developing along bilateral and multilateral lines. No matter what might happen in the region, Moscow, tied to it by allied and other contacts, will never leave it and will always remain a factor of influence. Moscow's multi-vector economic cooperation with the region within the EurAsEC, military cooperation within the CSTO, cooperation with NATO within the Partnership for Peace program, and cooperation with China within the SCO leaves it free to maneuver in the military-political and economic context under all the changing circumstances.
- *Third*, it would have been naïve to ignore the Central Asian republics' active involvement in the regional structures of security and economic development (the CSTO, EurAsEC, and SCO).

These organizations, which are recognized at the international level, differ from similar structures (the CIS being one of them) by their “relatively limited” pragmatism—they are oriented toward either economic or military-political cooperation, as well as realistic aims and tasks. The CSTO, for example, has a regional collective security subsystem—The Collective Rapid Deployment Forces—able to deal with military threats in Central Asia. In addition, there is the Customs Union, which is being consistently built up within the EurAsEC. It is expected to create institutional prerequisites for a better business climate for foreign locally operating companies. Decision-making in these organizations is based, very much as in the European structures, on the democratic principle of consensus: one state—one vote, irrespective of the states’ “weights.” In this way the Central Asian SCO members maintain the balance of interests with Russia and China.

- *Fourth*, the United States and the EU and NATO members will continue building up their presence in Central Asia by developing partnership relations with the local countries in the economic, military, and other spheres. They have enough money to pay for the region’s energy projects, which would otherwise remain unrealized. No matter how closely Russia and China cooperate with the local states, they do not have the kind of money Washington and Brussels are prepared to pour into the energy projects. More than that, Western energy companies use the latest absolutely indispensable technologies. Those holding forth about Asia’s geographic distance from the United States and Western Europe are not taken seriously. Indeed, American companies are engaged in oil production in Kazakhstan; they could just as easily invest their money in energy projects in the other republics.
- *Fifth*, it is highly unlikely for several reasons that Moscow and Beijing, on the one side, and Washington and Brussels, on the other, will stir up confrontation in the near future that could inevitably damage their relations. China and Russia believe it vitally important to preserve positive relations with the West and are carefully avoiding potential complications. China, for one, cherishes its unprecedented financial and economic relations with the United States. The local countries themselves are very positive about America’s presence in the region for economic and security reasons. A revived Cold War would cost Central Asia its stability, something that none of the entities of international relations involved in international projects on a bilateral and multilateral basis want.

The political, economic, and military realities in the region suggest that *none of the leading powers will gain regional domination based on their national interests and possibilities; none of the outside countries and organizations on their own can effectively oppose the traditional and non-traditional threats and challenges in the region and the adjacent areas.*

Identical Interests as the Starting Point of Cooperation and Security

Extremism, national separatism, international terrorism, and other challenges, including non-traditional “soft ones,” which are all equally dangerous for the internal and external actors, provide the most powerful integration impetus for ensuring Central Asian stability and security. An analysis of what has been done in the last decade to keep these threats in check has convincingly demonstrated that reliance on military force, the law-enforcement structures, and special services is hardly enough.

A coordinated and balanced international policy aimed at neutralizing the regional threats and challenges has become an objective necessity. We are convinced that in practical terms this approach can take the form of a *joint anti-crisis development strategy for CAR which will bring together local actors, world powers, and organizations and alliances that need stability. The appalling conditions of a large part of the local population and the mounting threat of international terrorism mean that these strategies should be based on social and economic measures.*

Economic Cooperation: Possible Trends

Economic cooperation among the international actors is the cornerstone of Central Asian integration. Indeed, sustainable free trade areas and common markets are based on cooperation. Economic integration in CAR, however, cannot be achieved merely through free trade since more likely than not the interests of the exporters and importers might be opposite. Integration should be based on harmonized economic interests of individual states and international corporations in the context of international production and scientific-technical integration programs and JVs.

Multisided economic cooperation provides a suitable context within which experts or international corporations could suggest competitive programs for at least a couple of large-scale projects equally attractive to the limited number of main actors within the region and countries outside the region. We have in mind the Asia-Europe transportation routes, water arteries to Central Asia's arid zones, and power supplies from Asian states to neighboring countries. The countries of the region would welcome the competitive basis of such projects. The projects could bring together Western and Russian-Chinese energy, money, technologies, and services, as well as the Central Asian workforce.

Transportation of energy resources to the world markets, for example, cannot be organized outside an agreement between the producers and the consumers, the states that supply transportation infrastructure and the countries prepared to pay for its extension. It should be borne in mind that the European Union, one of the largest (along with India and China) consumers of regional energy resources, has wide interests in Central Asia. In the future either the SCO or the EU could shoulder the burden of sorting out the conflicting interests and balancing the identical interests of energy resource producers and consumers and those prepared to invest in the energy sphere.

Afghanistan is another potential sphere of cooperation. To restore peace and order the country badly needs a more ramified highway network: for example, Afghanistan and India might pool forces to build the Zaranj-Delaram highway that will join the Garland road in Afghanistan, thus creating access to the Iranian port of Chah Bahar and, later, to the ports in the west of India. It will connect India with Central Asia via Iran and Afghanistan; the Chah Bahar-Termez (Uzbekistan) stretch will shorten the route to the seacoast by 1,000 km.

Water resources, badly needed to restore and develop agriculture in Afghanistan, are another stabilization component. There are several solutions, one of which includes the Amu Darya. Afghanistan's water infrastructure needs money for its development, which means that not only Uzbekistan and Tajikistan but also international organizations should regard it as a priority.

Power supply is another important stabilization factor for Afghanistan and the region. Kabul and the adjacent areas can use the electric power supplied from Puli via the Salang Pass. The power stations in Termez (Uzbekistan) now under construction will also be able to supply Afghanistan with electricity. For obvious reasons only international organizations and transnational corporations willing to help restore the destroyed infrastructures and bring stability to Afghanistan have enough money to fund the power line project.

Military-Political Cooperation: Possible Trends

A more intensive dialog between the security structures that follow different vectors and their cooperation in the military-political sphere, in the joint use of political, military, and other methods being used against the sources of threats is one of the components leading to stability and security in CAR.

The hope for a more intensive dialog is based on NATO's official statement made at the Istanbul Summit to the effect that it was prepared to share the burden of preserving stability and security in Central Asia with the CSTO. This makes a dialog indispensable: the zones of interests and influence of both structures are superimposed. The CSTO has already taken the first step toward cooperation with the Alliance in the main spheres of their relations.⁴ The SCO has already set up a contact SCO-Afghanistan group.

Real cooperation in the stability and security spheres will not be achieved soon, which means that from the practical point of view it is advisable to start cooperation in the promising spheres of equal interest for Russia, the Central Asian countries, the U.S., and the NATO/EU members. They are fighting against international terrorism, drug trafficking, proliferation of WMD and their technologies, and other new threats. These are common tasks, which call for cooperation rather than rivalry.

At the initial stage of military-political cooperation between the security structures of different vectors the sides should build confidence. The armies of all the states involved can act together along the following lines: modification of military exchanges, into which young officers should also be drawn; extended cooperation in military training; discussion of a wider range of issues—from counterterrorist actions to peace keeping in all its forms—to extend efficient cooperation in the future; further development of the operational compatibility of troops and forces as well as of compatible means of communication and information; overcoming the language barrier; and exchange of experience in training contingents in mountain conditions (this is especially important for the personnel of the NATO and CSTO airbases in Tajikistan).

Further cooperation in the security sphere should advance in the following directions: drawing closer on issues of international, regional, and national security; containment, on a priority basis, of the threats and challenges to the vital interests of states and international organizations; reliance on political and diplomatic methods when dealing with disagreements between states and for conflict prevention; and interaction between transnational organizations and security structures on problems of mutual interest.

This would help to strengthen the position of organizations and alliances in the security sphere in all countries, including Afghanistan. In order to check the spread of terror, extremism, and drugs from Afghanistan it is absolutely indispensable to close the frontiers and use the latest technology for this purpose. The Central Asian member states of the SCO and CSTO and NATO/EU members will equally profit from this. In fact, the members of the European Union and the Alliance may extend very much needed aid to the regional countries. It will be useful to discuss the advisability of creating a joint unit based on special CSTO and NATO forces to stop the flow of drugs from Afghanistan.

Afghanistan will never become a peaceful country without wide international support. For this reason the initiative President Karimov of Uzbekistan laid on the table at the NATO/EAPC summit in

⁴ On 8 July, 2004 CSTO Secretary-General N. Bordiuzha sent a letter to NATO Secretary General Jaap Hoop Scheffer in which he outlined the main spheres of a dialogue and cooperation between the two organizations.

Bucharest in 2008 looks highly adequate. He suggested that talks concerning Afghanistan should be resumed and the 6 + 2 format (China, Uzbekistan, Tajikistan, Kyrgyzstan, Iran and Pakistan + the RF and U.S.), which was in effect until 2001, should be extended to the 6 + 3 format to include NATO. It is expedient to discuss possible cooperation between the contact SCO-Afghanistan group and the 6 + 3 project to identify the fields of common SCO and NATO interests in the security sphere and lay a cornerstone of future regional cooperation. This will allow all the sides involved to identify the acceptable cooperation fields with respect to Afghanistan.

The 6 + 3 format allows the sides to move away from discussions at the SCO and NATO forums within EAPC⁵ toward meetings and consultations of the heads of secretariats of both structures to identify the fields, aims, tasks, and vectors of future cooperation and proceed later to specific projects and programs. On the whole this will facilitate the progress toward better contacts between the SCO and NATO members to promote partnership between them.

The military-political resource of a dialog and bilateral partnership accumulated by some of the CSTO and NATO members within Partnership for Peace program should be taken into account in the context of possibly combining individual cooperation with the collective CSTO-NATO dialog. This means that the experience of bilateral contacts between CSTO and NATO members in the Partnership for Peace format should be tapped to the full in order to establish a dialog on the cooperation initiative. To pave the road toward the suggested forms of a dialog and cooperation it is advisable to assess, in a constructive way, the method of autonomous individual relations that has already taken shape within the Partnership for Peace program.

It is equally useful to take a closer look at the experience of those states that have acquired the status of special partnership with NATO; Russia's positive experience of advanced cooperation with NATO with the Russia-NATO Council deserves more attention. Systematization and exchange of experience could help the sides to find their bearings in the developing system of bilateral partnerships. An analytical survey would assist each of the CSTO members to correlate its bilateral cooperation with NATO and the dynamics of other CSTO partners within the Partnership for Peace program.

The level of Russia-NATO partnership should serve the landmark for cooperation between the other CSTO/SCO members and NATO as a factor of stronger confidence and a collective dialog. This approach would make possible to negotiate more harmonized political and military-political navigation of the states within all the formats of relations with NATO (individual partnership and collective cooperation). An improved institution of permanent coordination consultations among the representatives of the CSTO/SCO members in NATO could serve as a coordinating mechanism. The mechanism of consultations on security issues in the CSTO-NATO responsibility zone with representatives of members of other international organizations (the EU, OSCE, etc.) may improve coordination of all the steps taken by the sides.

It should be said that peacekeeping will become the central function of the CSTO in the near future. A political decision on joint peacekeeping activities has been already made.⁶ Russia and the Central Asian CSTO members can learn a lot from NATO in the field of peacekeeping, in particular in the system of readying and using the CIMIC forms and methods designed to restore the civilian infrastructure within the zone of a peacekeeping operation. The Russian author had a chance to assess

⁵ The EAPC format is used as a forum at which Central Asian countries and Russia can exchange opinions with NATO members. It does not presuppose concrete military-political steps on the issues on which the sides previously agreed.

⁶ The CSTO peacekeepers will be used in three main regimes: the main one within the CSTO framework; the second, and no less important, within the CIS, if approved by the U.N. Security Council and the states involved in the conflict; and the global regime, at the U.N.'s request.

their effectiveness at NATO training centers for peacekeepers and during the operation in Afghanistan while watching the PRT in action.

The Alliance could act as coordinator in the training the Central Asian and Russian peacekeepers in the CIMIC field for their potential involvement in the multinational peacekeeping forces. The 21st century has already provided numerous opportunities for joint peacekeeping activities. The heads of state and government of the NATO members and Russia, for example, have reached an agreement on cooperation in crisis regulation.⁷ It was decided to develop the Generic Concept of Joint NATO-Russia Peacekeeping Operations. The first document was created by the Workgroup of the Russia-NATO Council.⁸ It could be used to develop relations between the Organizations in peacekeeping; when an “anti-crisis response” calls for joint actions in any corner of the world, this becomes even more important.

Cooperation in Other Spheres

It should be said that humanitarian cooperation between the Central Asian countries and international organizations is based, very much as before, on bilateral relations. The reason is simple: multifunctional international structures (especially if they have declared priorities that are more global and significant from the security perspective) rarely concentrate on humanitarian cooperation. In addition, joint humanitarian actions cannot be realized without a collective funding mechanism; this has not been achieved to address priorities, which explains its absence in the sphere of humanitarian cooperation.

At the same time, the conflict potential in CAR is fed by the Islamist fundamentalist centers outside the region, which creates not only a political and military but also a humanitarian problem. Stability cannot be achieved in a region where part of the population can be described as legally and religiously uneducated and politically immature and in which large social groups of unemployed and functionally illiterate young people are swelling because of the complex social and economic situation.

Cooperation between organizations/alliances for the sake of regional security and stability should look at the possibility of long-term joint research program designed to study the sources, causes, and stimuli of religious extremism and the channel through which it, and the money that supports it, penetrate CAR. It is equally important to draw academic and practical forces together to launch collective international studies according to previously drawn-up plans in order to predict the places where ethnic intolerance and religious extremism might flare up next and assess their possible intensity.

The ideologists of contemporary separatism, Islamic extremism, and terrorism are past masters when it comes to manipulating public opinion through the media. For this reason it is advisable to actively promote Koranic secular Islam as a religious educational project being implemented by legal theological establishments as part of humanitarian cooperation. An agreement with trusted Islamic organizations on using the services of teachers of theology and missionaries looks possible in Central Asia where traditional religious institutions are being revived.

Humanitarian partnership could help to fight drug trafficking, another serious threat to Central Asian stability and security. It seems that ramification of the international data base on drug trafficking should receive more attention together with much more coordinated anti-drug aware-

⁷ This agreement was reached at the Rome meeting on 28 May, 2002.

⁸ Political Aspects of a Generic Concept of Joint NATO-Russia Peacekeeping Operations. Annex 1.

ness efforts, much more active exchange of experience in preventing drug abuse and treating drug addicts. Health ministers and health departments involved in anti-drug efforts at the national level should be involved in closer cooperation; the latest medical test systems under the WHO aegis should be promoted in the region.

The current problem of access to the vitally important resources such as fertile land and water is closely connected with overpopulation of the environmentally favorable parts of CAR. The region suffers from demographic pressure in these areas because of the rapid population growth and the limited natural and material means of subsistence.⁹ The land-and-water problem could become exacerbated because of the rapid population growth (the population is increasing by 3 percent every year) and cause ethnic conflicts.

Dammed mountain lakes, large water reservoirs and the storage tanks of industrial waste (radioactive and toxic, in particular) hazardous to man and the environment are the source of many regional headaches. They are mainly found in zones where water runoff is formed and where floods, mud flows, landslides, and soil erosion are frequent. Two largest problem areas of water flow diffusion include the greater parts of Kazakhstan, Turkmenistan, and Uzbekistan. They suffer from excessive water mineralization, desertification, and salinization of the soil. In Kazakhstan alone, for example, 18 million hectares are open to all types of erosion (wind, water, and irrigational) while one-third of all pastures have already become degraded. Nearly all the arable land has already lost up to one-third of its humus.¹⁰ The worn-out canalization and water treatment systems present a no less serious threat to the region's security as a potential source of infection.

The above cannot be improved by a simple statement of facts: international forces and means should take part in preventing negative developments and in eliminating their results. Today, however, the international community is exerting very little effort to eliminate the consequences of natural calamities and catastrophes. The Central Asian countries are prepared to help restore Afghanistan and Iraq and contribute to rebuilding the destroyed infrastructure by means of their own deliveries. They are also willing to open transit corridors for other states and international organizations (in the case of Afghanistan) and assist in highway and communication construction in Iraq. Practically all the Central Asian republics extended humanitarian aid to Kyrgyzstan after the March 2005 events, albeit on a bilateral level.

Transnational cooperation in eliminating the aftermath of natural disasters and catastrophes might profit from SCO involvement in efforts to create a program for monitoring the regional situation and coordinating the efforts of other international organizations and alliances in this sphere.

It can be concluded that cooperation in the fields and trends enumerated above is possible only if the Western actors become aware of the CSTO and SCO as facts of objective regional reality and enter into a constructive dialog with them on security issues without, however, damaging their bilateral relations with the Central Asian states. The CSTO and SCO leaders, on the other hand, should accept the West's presence as a permanent factor and should realize that suppressing or ignoring initiatives in the spheres of stability and security will not serve any useful purpose. The sides should show they are willing to cooperate while their leaders should support this with their political will. The local states and international organizations have adequate material and other resources.

C o n c l u s i o n

It is not easy to build a stability and security system in Central Asia: it will take time, goodwill, and effort from many actors. The process is overripe and is badly needed today amid the numerous

⁹ See: [<http://www.ca-c.org/journal/cac-09-2000/13.Musaev>].

¹⁰ See: V.A. Moiseev, *Rossia-Kazakhstan: sovremennye mify i istoricheskaja real'nost'*, Barnaul, 2001, p. 116.

threats and challenges to civilization. This means that the objectively needed conceptions, programs, and plans aimed at comprehensively ensuring regional stability and security could be guaranteed by compatible and, later, universal approaches to the security problems.

None of the transnational organizations and alliances present in the region stands a chance of becoming an effective structure attractive to all entities of international relations if their politicians, experts, and practical workers miss the chance of creating a common strategy for responding to crises that embraces all spheres in which stability and security of the CAR should be achieved (political and economic as well as humanitarian, military, and other spheres) on a multisided basis. In such a case any of these organizations might repeat the fate of the League of Nations or the CIS. Each state involved in multisided partnership should be aware of the specific results of its contribution to regional stabilization, otherwise the process will be senseless.

It should also be borne in mind that until the external actors have taken into account the interests of all the local countries no stability or security in the one-sided format will be possible. The Asian states were and still are keenly aware of their national dignity and will never accept the role of a “disposable pawn in the geopolitical games of others.”

CENTRAL ASIA: SCO AND NATO IN REGIONAL AND GLOBAL POLITICS

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There is a more or less general agreement among political scientists that the center of gravity of the most important (or even critically important) world developments is shifting toward Central Asia. The sequence of events brings us back to square one: the Soviet Union's disintegration and the emergence of the newly independent states. A potential boon that could have opened access to the region's oil and gas riches and could have enriched the local states and their extra-regional partners was buried by the inadequate behavior of the sides involved. Business cooperation presupposes mutual understanding and mutual concessions for the sake of mutual benefit. It would have been wise to keep political and ideological considerations and business strictly apart, but this is much harder to achieve in reality. Reality proved different: encouraged by the disintegration of the Soviet “empire of evil,” the West, led by the United States, tried to use this opportunity to achieve unilateral advantages.

An article by Helena Cobban, member of the Friends Committee on National Legislation, which appeared in *Christian Science Monitor* reminded everyone that the interests of the world powers were

closely intertwined. Indeed, China and Japan are the largest among America's creditors while Russia is one of Europe's largest suppliers of energy resources. Market, investment, and production structures are intertwined and know no state borders.¹

We might have rejoiced at these developments which could have improved, in the near future, the living standards of the destitute population groups across the planet, extinguished the national, religious, and ethnic conflicts, and done away with the unipolar world as the political and economic hegemony of one state. But it is too early to talk about the end of the Cold War and laying the cornerstone of mutual understanding.

Former Deputy Foreign Minister of the Soviet Union G. Kornienko, who calls himself a "Cold War participant," has the following to say on this score: "The Cold War, which never ended (contrary to numerous declarations), **stopped** all of a sudden since the Soviet Union, one of its subjects and its main object, disappeared. This is very different from the orderly discontinuation of the Cold War when international relations are smoothly transferred to a new non-confrontational level."²

This never happened; as soon as the jubilation over the death of the Soviet Union, the WTO disbandment, the melting down of the "socialist camp," and Russia's withdrawal from Vietnam and Cuba quieted down, the United States and the West demonstrated the "paternalist approach of the victors" toward Russia and the former Soviet republics. G. Kornienko has offered the following comments: "They obviously intended to treat us not as equal members of the world community; their attitude depended on our readiness to accept Western patterns in our domestic affairs and to take orders from the United States on the international arena." This treatment continued in the early 21st century; its echo can be heard today when new Russia is actively affirming itself as an equal partner in international affairs.

It was a time when the position of the former "main foe," the Soviet Union, was undermined. The Russian Federation, which had recently acquired its legal status, looked like a gravely ill patient. The former Soviet republics were engrossed in dividing the unexpected wealth of independence and lavished promises on the West European and American partners who arrived at the auction. The Central Asian newcomers, who had no previous experience of "surviving in the world of free enterprise," found themselves in dire straits: each deal was accompanied by political demands and the order to part ways with Russia.

At first the task of incorporating the newly independent states into the Western markets on the conditions imposed by the West and the United States looked easy once the main political rival was safely out of the way. The rapidly growing demand for hydrocarbons, however, added more frenzy to economic rivalry that might have easily developed into confrontation. The 9/11 events pushed the U.S. administration towards the country's ominous occupation of Afghanistan and later Iraq where protracted fighting under the slogan of struggle against terrorism and extremism is still going on and which keep the 36 NATO members and their allies riveted.

It was in this fairly complicated situation of the mid-1990s that the SCO (based on the Shanghai Five) was set up to address the regional security issues. The declaration of the SCO summit of June 2006 said that its continued successful functioning "is of significant importance for the world community looking for a new non-confrontational model of interstate relations that would exclude the Cold War patterns of thinking and would be above all ideological disagreements."

At first the West looked at the new structure as another discussion club or exertion on the part of Russia and China to expand their influence in Central Asia. Some of the political observers seemed

¹ See: *Christian Science Monitor*, 23 August, 2008.

² G.M. Kornienko, "Kholodnaia voyna." *Svidetelstvo uchastnika*, OLMA-PRESS, Moscow, 2001, p. 413.

concerned about the fact that the population of the six Eurasian and Asian members was much larger than that of Europe or the United States. On the whole, no one, except the experts in anti-Russian propaganda, was perturbed. The sober politicians knew that in no way could the SCO be presented as an “anti-Western and anti-American bloc ... since this contradicted the deeply rooted interests of the member states that wanted to cooperate with the West in various fields.”³

On the eve of the August 2008 Dushanbe summit some members of the expert community voiced the opinion that if Russia and China entered into closer cooperation the SCO would be able to stand opposed to America’s influence in Central Asia. “Bringing Iran and Pakistan into the SCO would also accredit China and Russia in the Muslim world, an important factor in their continual search for energy resources and their efforts to fight Islamists extremism within their own countries.”⁴

It was pointed out that the SCO would be unable to gain enough power to affect worldwide developments because of the polemics between Russia and China: “They have very different views on how to approach the energy crisis as they both are confronted with different problems, one being a large oil importer and the other a high-cost exporter.”⁵

The SCO’s main documents indicate that its members are concentrating on pooling their forces for the sake of regional security and stability through a stable and reliable regional security system.

- The SCO intends, first, to oppose the threat of terrorism and extremism in Central Asia that has come to stay. In many cases the threat is taking on fundamentalist hues and, as we have witnessed, pushing public sentiments toward radicalism in those local countries that are living under pressure from their neighbors’ conflict zones.
- Second, each of the SCO members should take harsh measures to stem the flow of illegal narcotics. This is treated as a priority which is expected to strengthen the regional security and national security of each of the members. Central Asia has become the crossroads of world drug routes and its by-product—illegal trade in weapons—one of the many occupations of the emissaries of Islamist terrorist organizations.
- Third, the SCO is crafting the strategy and tactics of reaching stability in the conflict situation caused “mainly by the rivalry of the world forces for regional domination.”⁶

Various international structures (the U.N., EU, OSCE, SCO, NATO, and others) are involved in the region where their offices are engaged in elaborating regional security measures. The results can hardly be described as positive not only because political, ideological, and economic disagreements keep them disunited.

Each of the structures in pursuance of the aims formulated by its founding fathers favors its own approach to what are in fact absolutely identical problems. NATO as a military-political organization is intent on defending freedom and democracy; the European Union formulates its aims as European citizenship, ensuring freedom, security and rule of law; promoting economic and social progress; and strengthening Europe’s worldwide role. The SCO has stated that it seeks stronger mutual confidence and good-neighborly relations among its members; more effective cooperation in politics, trade, economics, science, and technology and culture; it intends to exert the concerted efforts needed to pre-

³ A. Lukin, “Shankhaiskaia organizatsia sotrudnichestva: chto dalshe?” *Polit.Ru*, 10 October, 2008.

⁴ A.C. Castillo, “SCO: Rise of NATO East?” available at [<http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?ots591=4888CAA0B3DB-1461-98B9-E20E7B9C13D4&lng=en&id=90108>].

⁵ Ibidem.

⁶ E. Madiev, “Perspektivy vzaimodeystvia stran ShOS v sfere bezopasnosti,” Institute of World Economics and Politics, available at [http://www.iwep.kz/index.php?option=com_content&task=view&id=1823&Itemid=44].

serve peace, security, and stability in the region and advance toward democratic, fair, and rational new international political and economic order.

Their documents create the impression that each of the structures is devoted to the noblest of aims. This impression is superficial. U.S.-led NATO, first, relies on force to address all problems (its own in particular). Second, the absolute majority (!) of the EU members belong to NATO. They never hesitated to move NATO forces into Central Asia, a region far removed from the European continent, at the mere suspicion that “Western democracy is threatened there.”

Washington wraps its interests in a highly attractive cover: constant support of the democratic institutions, the local NGOs, and the independent media. The latest events have revealed beyond a doubt that American “democratization” goes hand in hand with an impudent expansion of America’s presence. This is, in fact, a new practice of gaining world domination through complex military-political and economic strategy realized through NGOs of all kinds.

The radical changes that are taking place in the rapidly changing world notwithstanding, the NATO leaders remain convinced (and try to convince others) that this military-political organization as an effective instrument for planting “democratic values” far away from its responsibility zone, in Central Asia in particular, has no alternatives. The results are hard to predict.

The frantic activities of America and NATO in Central Asia are aimed at perpetrating their military presence in the region through numerous bilateral and multilateral programs aimed at tying the local states to NATO. The Alliance is seeking control over their transit and transportation potential; there are plans to turn NATO into a power security instrument.

Experts from the “near” and “far” abroad have pointed out that “the NATO troops in Central Asia serve as the basis for the Alliance’s continued control over the neighboring countries that threaten, to a certain extent, the West and its interests.”⁷ NATO is obviously moving to the fore as the key geopolitical and military player in Central Asia with the foundation for this role already in place: the Partnership for Peace program, bilateral relations with the Central Asian countries, and military-political cooperation with them.

The SCO has never positioned itself as a military-political organization and it is not such. It is not guilty of the sin of democratization with the use of force and meddling in the domestic affairs of other states. In the last decade NATO troops were moved, on America’s initiative, into Afghanistan to plant the “new world order” and into Iraq to allegedly fight terrorism there.

We should always bear in mind that the SCO is very clear about its regional role and about its readiness to cooperate on the global scale. It has never mentioned the use of force, which means that it favors multisided economic and cultural cooperation. The numerous attempts to identify the SCO with the CSTO invariably failed. In one of his interviews Professor A. Kniyazev of the Kyrgyz-Russian Slavic University said that their formats are different: “The CSTO is a military-political organization with the stress on military aspects. The SCO is a political alliance with a still unclear mission and mandate. Specification of both will be slow because of China’s interests.”⁸

The above should not be dismissed as the opinion of a competent analyst who stands too close to the pro-Moscow circles of the CIS. In 2007, for example, senior analyst of the British Academy of Defense Henry Platter-Zyberk⁹ offered a more or less similar opinion: “I do not think it (the SCO.—V.P.) intends to become a military alliance. No such threat exists because two key members (Russia

⁷ T. Shaymergenov, “Problems and Prospects of NATO’s Central Asian Strategy: The Role of Kazakhstan,” *Central Asia and the Caucasus*, No. 2 (50), 2008.

⁸ See: [<http://www.np.kz/index.php?newsid=1830>], 5 October, 2008.

⁹ The interview is tagged with “The interview does not reflect the official policy of the HMG or War Office;” the usual practice of our NATO colleagues.

and China) do not need it. I'd even say that they do not trust each other sufficiently to form a military alliance. The Organization may become a trade partner for the European Union even though it will be extremely difficult because every member in both structures has its own economic and political interests. If you ask me, viewing the Organization as a sort of rival to NATO (an idea suggested by *The Times*, for example) is a mistake—to say the least.”¹⁰

Henry Platter-Zyberk pointed to another aspect of the relations among the Central Asian SCO members, the EU, and NATO or, rather, to their very important part closely related to regional developments. The SCO is operating on its own territory, that is, in a geographically important expanse, while NATO and the EU have been lured there by the smell of oil. The SCO granted Afghanistan, Mongolia, Iran, Pakistan, and India an observer status. Some of them are seeking membership which could have created certain problems for an organization “with a still unclear mission and mandate.” The British expert was very open about this: when answering the question: “What about India and Pakistan?” he said: “Offering membership to both countries simultaneously means that Cashmere will be a problem of the Organization. And the Organization does not really need it. Had the Organization been prepared to expand, it would have told India and Pakistan to sort out their problems first and then apply for membership.”

This sounds reasonable especially in view of his other comment: “I'd be surprised to see the Organization offering full membership to Iran. Europe and the United States will hit the roof. I repeat: it is a problem the Organization does not need.”

The Iranian nuclear file, the smoldering Cashmere and other problems defy simple solutions. The SCO leaders have discussed these far from simple issues while taking into account the positions of their partners, opponents, and obvious ill-wishers and being guided by the 2002 SCO Charter.

Art 1 of the document says that the Organization intends “to jointly counteract terrorism, separatism, and extremism in all their manifestations and fight against illicit narcotics and arms trafficking and other types of criminal activities of a transnational nature, as well as illegal migration.” This could have promoted cooperation between the SCO and NATO, at least in Afghanistan where the ISAF contingent staffed with NATO troops has been fighting for nearly seven years, without much success.

On 18 September, 2008, speaking at the First EU-Central Asia Forum on Security in Paris, SCO Secretary General B. Nurgaliev said that the SCO member states were ready for close cooperation with international regional organizations and other interested countries for the sake of a wide partner network to control the flow of narcotics. He reminded the Paris Forum that the latest SCO summit in Dushanbe suggested that practical steps toward a conference on Afghanistan under the SCO aegis should be convened to discuss the joint struggle against terrorism, illicit drug trafficking, and organized crime. Some of the heads of state of the SCO members pointed out that the EU, along with U.N., OSCE, CSTO, and NATO, should be invited.

The SCO is engaged in talks on these issues with all the interested sides; its cooperation with NATO in the Afghan context, however, is not smooth. On 3 September, 2008 P. Goncharov of RIA Novosti pointed out: “During the days of trial for Russia-NATO relations the issues of their cooperation on Afghanistan was removed from the agenda without much ado. This means that military transit to Afghanistan across Russia (practically the only sphere of real cooperation) has survived. No one talks any longer about possible cooperation between CSTO and NATO with respect to Afghanistan. The issue has been suspended.”¹¹ The political observer goes on to say: “The CSTO

¹⁰ For the full text, see: [<http://www.fergana.ru/article.php?id=2093>], 14 August, 2007.

¹¹ P. Goncharov, “Bez osobogo shuma. Moskva i NATO prodolzhauiut sotrudnicat po Afganistanu,” available at [<http://www.centrasia.ru/newsA.php?st=1220420580>], 3 September, 2008.

will never enter Afghanistan proper—this is totally excluded, at least today.” We can readily agree with this especially since P. Goncharov specified his statement with “Afghanistan proper” and “at least today.” He goes on to ask what format and what status would have allowed CSTO to contribute to stabilization in this country. Direct military involvement together with the ISAF under NATO command is unthinkable. Today the possibilities of such cooperation are limited since none of the sides has crafted suitable approaches (and it is unlikely that any of them will try to do this) that would make concerted actions possible and take into account the interests of Afghanistan along with the interests of NATO and CSTO.

Moscow is obviously aware of the issue’s far from simple and highly sensitive nature. Today, Moscow has limited itself to suggesting that a workgroup be set up at the CSTO Council of Foreign Ministers on post-conflict settlement in Afghanistan. It consists of national coordinators but it is not clear what they can coordinate in a country bogged down in an armed conflict and in the presence of the ISAF acting under the SC U.N. mandate.

It is advisable to move ahead on issues related to post-conflict settlement in Afghanistan by drawing on the experience of Russia’s SCO and CSTO Central Asia partners that, as P. Goncharov put it, “are tilling Afghanistan’s economic fields ... exclusively on a bilateral basis.” Kazakhstan and Kyrgyzstan are equally successful where their economic cooperation and joint security efforts are concerned. Russia, too, should learn from its SCO and CSTO colleagues; it should formulate its own suggestion to the Afghan side without delay before NATO comes up with the same through its Central Asian NGOs. In fact, today NATO prefers bilateral relations in Central Asia in an effort to fragment the region by backing the pro-Western countries and setting them against those who side with Russia. This can be described as “divide and rule diplomacy” which plays on the contradictions between the local states.

Moscow’s ample Afghan experience may prove useful today: economic cooperation and trade can be complemented with revived military-technical cooperation. There are spheres where this can be done without stepping on NATO’s toes. In any case, in the current regional situation it is advisable to pursue bilateral agreements (something that the Afghan side suggests) without missing the chance of talking to the EU and NATO (even though nearly all EU members belong to NATO).

This context suggests that our relations with the EU should be readjusted. Recently Yuli Kvitsinsky, First Deputy Chairman of the RF State Duma Committee for International Affairs, pointed out: “After the crisis Europe, for obvious reasons, has been demonstrating more independence. America is responsible for the crisis, which means that it can no longer serve a positive example for Europe.” At the same time, said the deputy, “the strategic aims of the EU members remain the same.”¹² This means that Russia, an independent state and a SCO member, should pursue an independent policy while coordinating it with its partners.

¹² *Literaturnaia gazeta*, 15-21 October, 2008, p. 2.

NATO
IN THE CONTEMPORARY WORLD AND
ITS RELATIONS
WITH KAZAKHSTAN
(ACCORDING TO AN EXPERT OPINION POLL)

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In 2008 the Institute of World Economy and Politics at the First President of the RK Foundation together with the Eurasian Rating Agency circulated a questionnaire in the expert community of Kazakhstan on NATO's role in the contemporary world and its relations with the RK. The authors have undertaken to summarize the results.

The dynamic changes in NATO caused a wide response in the academic, expert, and political community, which was expressed in an avalanche of statements, publications, and studies of real academic value; some of them were obviously suggested by the demands of the times. We all know that since the 1990s the Alliance has been trying to adjust itself to the changing realities and has been actively looking for a new role on the Western and international political scene. Based on the collective defense principle NATO is living through a multisided transformation effort designed to adapt its strategy, tactics, and military-political potential to the changes obvious in the sphere of international security, the scope and intensity of which nobody could predict.

Globalization of its strategic activities and stronger position as a factor of the international security architecture that affects the strategic situation in several regions of the world is one of the results of these transformations. NATO is doing a lot to identify and justify the missions found outside the functions outlined in its strategic documents; it is concentrating on the antiterrorist struggle, crisis settlement, and peacekeeping, expansion of its cooperation with the non-members, etc. Its Armed Forces are being modernized and the command and control structure optimized together with the AF's technical potential; their operational activity has been upgraded to allow NATO to deploy its troops anywhere in the world, etc. The bloc is rapidly acquiring political dimensions and attaching ever greater importance to the diplomatic and non-military aspects of international cooperation.

To a certain extent NATO is going global—it is gradually extending by adopting new members and widening the zone of its strategic activity. For the sake of its own security it is actively “attaching” the so-called young democracies of southeastern Europe (Serbia, Croatia, Bosnia and Herzegovina,

Macedonia, and Albania) and the East (Ukraine, probably Belarus and Armenia). Well-known Kazakhstani political scientist Murat Laumulin has pointed out that NATO is working on strategies designed to involve the largest number of states in Western geopolitics. To achieve this aim it is building up its geopolitical presence in all parts of the globe.¹

Central Asia's highly advantageous geographic location made it indispensable for the Alliance, which is seeking control over regions of military-strategic importance; today Brussels is sparing no effort to incorporate Central Asia into its collective security system. This cannot but cause concern in two other large power centers (Russia and China), which see the Alliance's expansion as challenging their interests. Countermeasures are inevitable. In fact, the still latent geopolitical rivalry in the region between the U.S. and NATO, on the one hand, and the RF and PRC, on the other, began in 2001 when the North-Atlantic Alliance set up military bases in some of the Central Asian countries. As a result Russia and China consolidated their positions through the SCO; the CSTO stepped up its regional involvement while the United States had to remove its base from Uzbekistan; America and Kyrgyzstan have to settle disagreements that resurface from time to time, etc. All this has already largely changed the region's military-political set up. The current problems notwithstanding, NATO is obviously resolved to stay put in this region of huge strategic importance: it will build up its presence and will not withdraw its troops.

Today, the Alliance attracted by Kazakhstan's regional leadership and its consistent foreign policies has been concentrating on the republic actively involved in the NATO regional initiatives. NATO leaders refer to the Republic of Kazakhstan as their key regional partner. Kazakhstan, in turn, regards its purposeful and constructive cooperation with NATO as one of the key strategic foreign policy trends. It is the only Central Asian state that signed the Individual Partnership Action Plan (IPAP); the first two-year plan of cooperation was completed in April 2008. Today a new document for the next two years is being drafted. NATO membership is not contemplated, but Astana needs fruitful cooperation with the Alliance for the sake of Kazakhstan's upgraded defense capability and stability in the region. This adds importance to an analysis of the current state and prospects of cooperation between NATO and Kazakhstan: it not merely opens new strategic horizons and offers various possibilities but also creates potential (geopolitical) risks for Kazakhstan and its Central Asian neighbors.

The above explains the expert opinion poll: it was designed to identify the key trends in understanding and interpreting NATO's role in the world today and its presence in Central Asia, as well as in clarifying what the expert community thinks about the present and future of Kazakhstan-NATO cooperation. The questionnaire was distributed among the leading independent experts in economic and political studies and their colleagues employed by the state and private structures. The expert community, the better informed part of society, interprets the prominent problems for the wide public through the media where it offers its comments on the hottest political and economic issues. The state structures, likewise, rely on expert opinions.

The questionnaire consisted of 15 questions with multiple-choice answers and invited experts to offer their opinions if they differed from the suggested options. Questions 1 to 3 were related to NATO's present state caused by the changed role in the post-Cold War period and the relations among its member states. The second set of questions (Nos. 4-8) invited the experts to state their opinions about the NATO military contingent deployed in the region in 2001. Questions Nos. 9-11 were related to the relations between NATO and the parallel security structures present in the region (the CSTO and SCO). The remaining four questions invited the experts to assess the present state and future of Kazakhstan's cooperation with NATO.

¹ See: M. Laumulin, *Tsentrāl'naiā Azia v zarubezhnoy politologii i mirovoy geopolitike*, Vol. II, *Vneshniaia politika i strategiya SShA na sovremennom etape i Tsentrāl'naiā Azia*, KISI under the President of the RK, Almaty, 2006, p. 150.

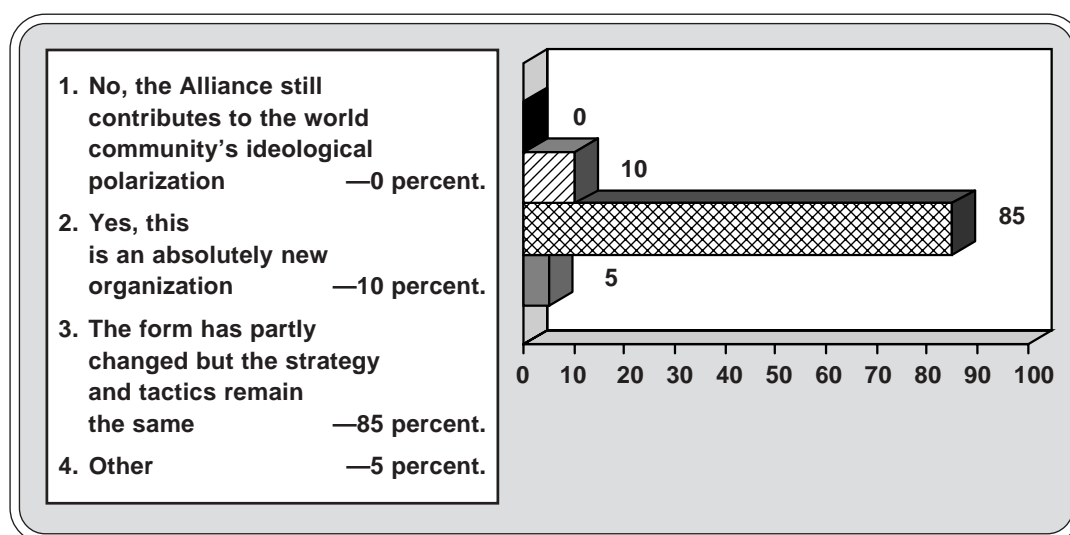
The first question was intended to measure the depth of the changes in NATO that have taken place in the more than fifteen years that affected the bloc's strategy and the tools used to achieve the aims. The Alliance's documents and statements of the member states declare that NATO today is a new structure with new tasks in the spheres of politics and security and new tools used to address these tasks.

This was approved by 10 percent of the polled; the absolute majority of the expert community (85 percent) pointed out that although changed externally, the new form concealed the old strategy and tactics.

One of the polled who marked his opinion as "Other" pointed out: "Today NATO can be described as a different organization, the potential of which can be used to increase Central Asian security and the relations between the local states and the West."

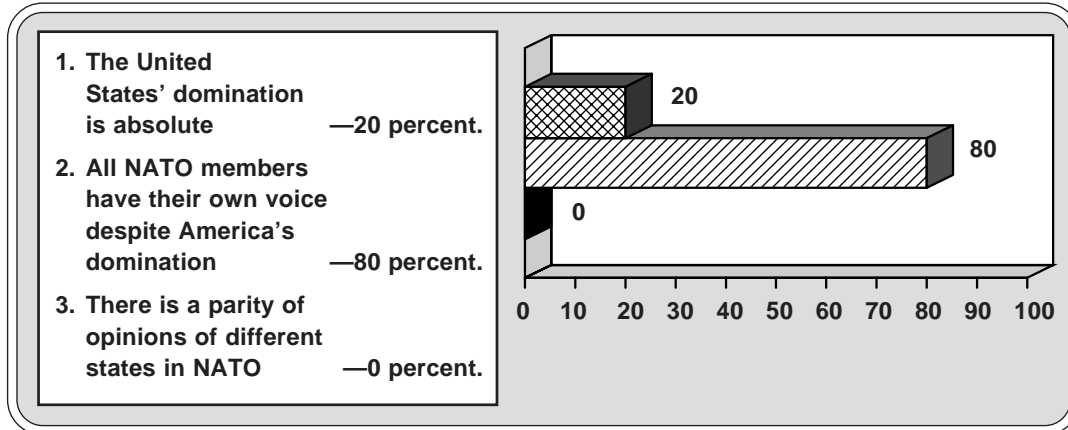
None of the respondents chose the first variant, which asserted that the Alliance was still promoting the world community's ideological polarization. This means that the traditional strategic line notwithstanding, NATO has undergone radical changes that have affected its image and the perception of its policies.

1. Since the 1990s NATO has been engaged in complex transformations, it changed its conception and the format of its activities as well as its role in world politics. To what extent has the transformed organization changed?



The international expert community agrees, on the whole, that because of its military-economic advantages over its European allies Washington completely dominates over NATO while the organization is nothing more than an instrument the United States uses to realize its geopolitical interests. Twenty percent of the polled agreed with the above while 80 percent of the respondents pointed out that, despite America's domination, all the NATO members have their own voices. They probably referred to the grave crisis created by the disagreements among the NATO members over the war in Iraq in 2003-2004. The Iraqi issue dissipated the previously popular myth about the members' common identity and their unanimity in the military-political sphere. It should be pointed out that none of the polled agreed with the statement that there was a parity of opinions inside the organization (something fully justified by the members' vastly different military-economic contributions).

2. What, in your opinion, is the correlation of the interests of the United States and the other members in NATO's policies?

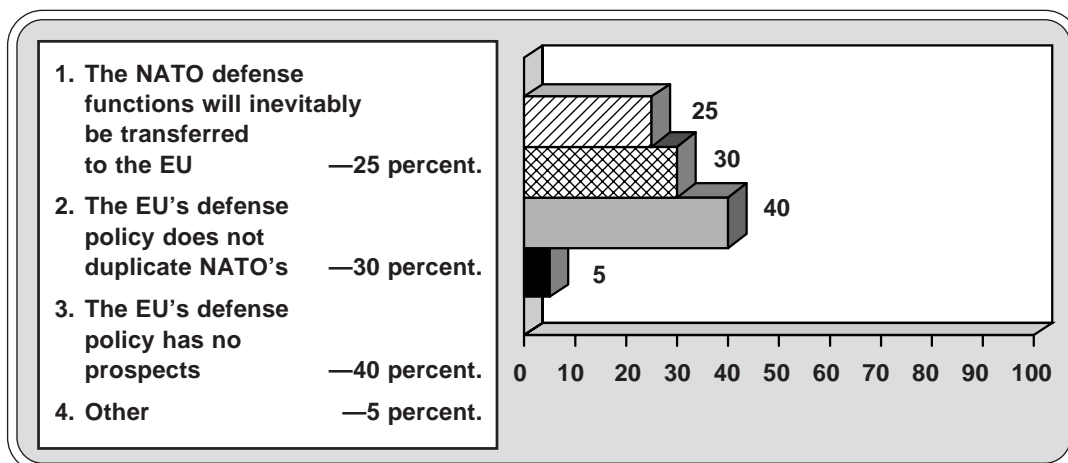


We all know that, according to the ideologists of EU integration, its economic and political integration should acquire a military dimension. It was back in the 1990s that the Europeans agreed to create a defense project of their own able, some time in future, to replace NATO.

The Kazakhstani experts could not agree when answering the third question: a quarter of the polled believed that the defense functions of NATO would inevitably be transferred to the EU; 30 percent were convinced that the EU's defense policies were not duplicating NATO's; the larger share (40 percent) was convinced that the EU's defense policy had no future. This pattern of answers is probably caused by the fact that Europe's potential of defense construction remains vague; the process has been under way for many years without tangible results.

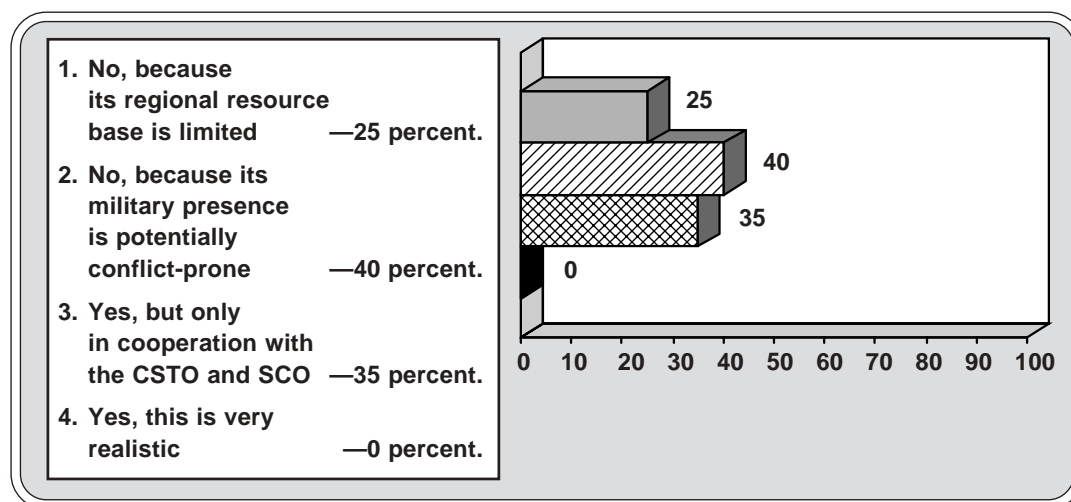
It seems that the expert who selected the "Other" option supplied the most rational comment: "Purely defensive functions will probably remain NATO's prerogative; however the EU is able to address the security issues independently of NATO as part of its united foreign policy designed to ensure the European Union's security."

3. The majority of the NATO members belong to the EU. How does the EU's desire to pursue its own defense policy correlate with NATO?



Since the early 1990s the Alliance has been consistently developing its military-political cooperation with the Central Asian states. From the moment when NATO deployed its forces in some of the region's states it has been playing the role of one of the elements of a fairly complicated and multilayered system of regional security in Central Asia. In 2004 the NATO leaders officially proclaimed it a zone of their strategic interests and have been trying to expand its political and military presence in the region as, they claim, a pillar of regional security. According to Kazakhstani experts NATO is not yet ready to shoulder the main responsibility for Central Asian security. The majority (40 percent) of them believes that NATO's military presence is potentially conflict-prone; while 25 percent believe that NATO cannot shoulder the responsibility because of the fairly limited resource base. Thirty-five percent in turn do not exclude this possibility but believe it can only be in close cooperation with the CSTO and the SCO. In view of the present tactics of distancing itself from both structures NATO's prospects as the Central Asian leader are vague.

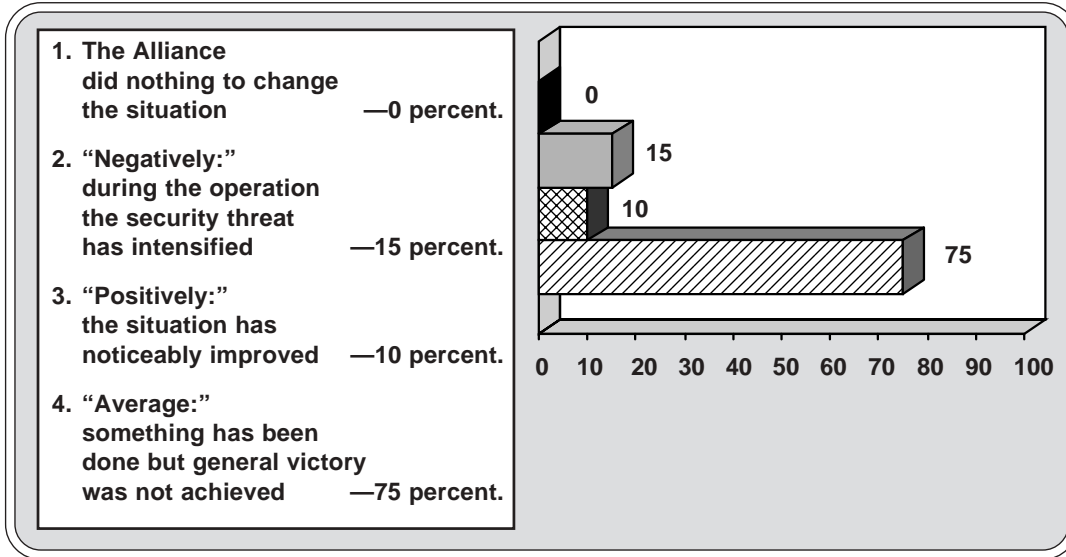
4. Does NATO have the potential and possibility of shouldering the main burden of responsibility for Central Asian security?



The above is complemented by the answers to the question about the results of the ISAF peacekeeping operation in Afghanistan unfolding under NATO command. It can be regarded as an indicator of the Alliance's possibilities and efficiency of its security policy in the region. A mere 10 percent of the polled thought positively of the NATO-led operation in Afghanistan; while 15 percent sided with the "Negative" option and pointed out that the operation created new and stronger threats.

It should be said that both groups are right on the whole: the results of the ISAF peacekeeping operation are contradictory. On the one hand, Afghanistan has taken certain steps in the direction of state development; its economy is being reconstructed thanks to foreign aid while extremist activities have subsided. On the other hand, however, the Karzai Cabinet supported by the NATO Armed Forces controls the territory in patches; heroin production in Afghanistan and drug trafficking across Central Asia have grown manifold; the Taliban resurgence has made the military situation more intense. This makes the option selected by the majority (75 percent), according to which the six years of the war produced limited success, the correct one. Indeed, no general success has been achieved so far.

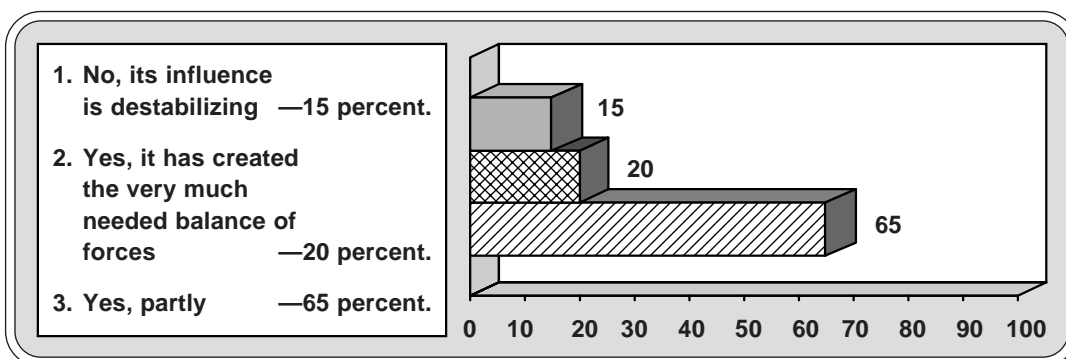
5. How do you assess the results of the NATO-led ISAF peacekeeping operation in Afghanistan?



Only 15 percent of the Kazakhstani experts gave a negative response to the question of whether NATO's military presence corresponded to the interests of the local states. Those who chose the negative response were convinced that the Alliance's impact was detrimental to regional stability. The larger part of the polled (65 percent) believed that its military presence was in the interests of the Central Asian states to a certain extent; while 20 percent of the analysts argued that NATO military presence, which created a balance of forces, obviously served the interests of the local states.

It seems that the Western military presence in Central Asia (which offers alternative international cooperation) balances out, to a certain extent, Russia's and China's powerful geopolitical impact. The region's geopolitical structure underwent considerable changes in the context of NATO's military presence; by the same token this created new risks for the local states and offered them new prospects. Aware of the intensive rivalry, Moscow and Beijing readjusted their regional policies, from which the local states also profited.

6. Does NATO's military presence in Central Asia correspond to the interest of the local states?

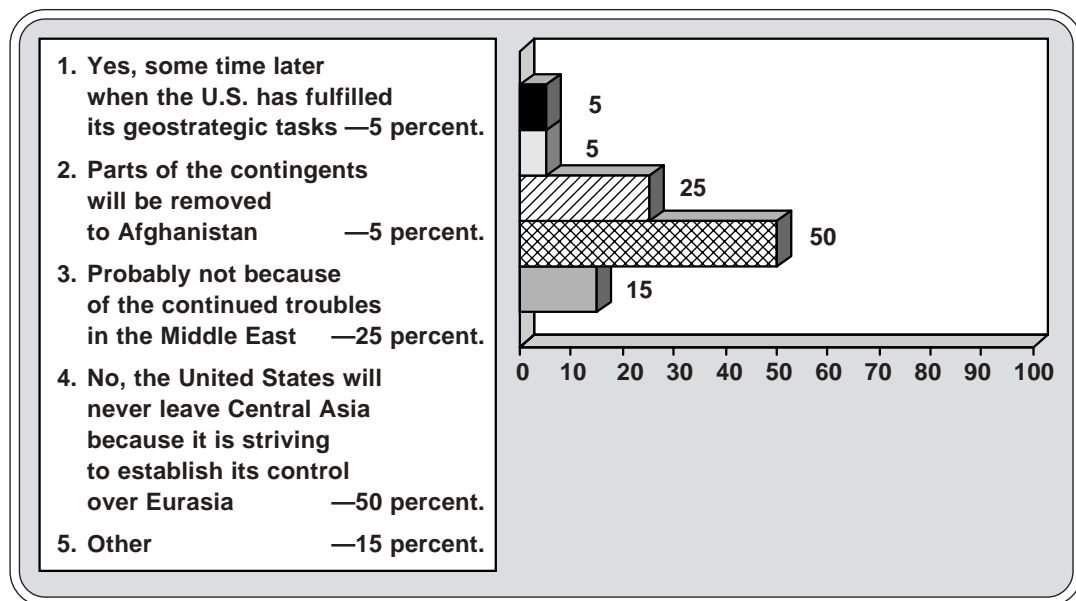


The dispute around the Western military presence in Central Asia is riveted on the question of whether the U.S. and NATO will pull their military contingents out of the region in the near future. The expert community is divided over the issue—a wide range of opinions was naturally reflected in the answers to the questionnaire. The larger part believes that the U.S. and NATO have come to stay; 25 percent believe that the Middle Eastern complications are responsible for this; and half of the polled pointed to America's obvious desire to control Eurasia as the main reason for its continued military presence in Central Asia.

Five percent still expects that the military contingents will be moved to Afghanistan; a mere 5 percent believes that the United States will evacuate its military contingents from Central Asia as soon as its geostrategic tasks have been fulfilled. The majority of those who selected "Other" expects that the future of the American and NATO military bases is in the hands of the leaders of the corresponding Central Asian states and Moscow's partial involvement.

It should be said that the future of the American and NATO military bases in Central Asia is dim: despite the no-nonsense calls on Washington to identify the time limits within which it will pull out of the region America is trying to expand its presence. It seems that even if Moscow and Beijing together with the Central Asian states increase their pressure on Washington it might move its forces to Afghanistan and leave the region. The local oil and related business interests and investments are behind America's continued military presence in Central Asia; it can be cut short only by wide-scale public protests in the United States and NATO members that might cause domestic political crises in these countries.

7. Will the United States and NATO withdraw their military contingents from Central Asia in the near future?

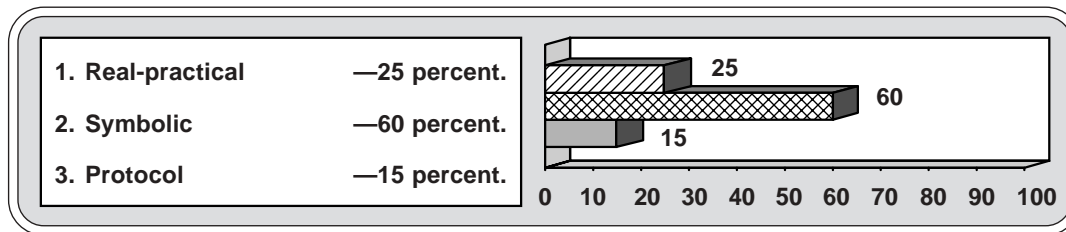


The Partnership for Peace Program is the linchpin of the NATO-Central Asian countries' cooperation, which embraces a wide spectrum of military and non-military issues. Over half of the experts, however, describe the Program's importance for the region as symbolic; they are convinced that it is much more important for NATO, which is seeking wider zones of its strategic activity. Fifteen percent is convinced that the program is of merely protocol importance that promotes diplomatic relations with individual NATO members.

A quarter of the respondents believes that the program is of real and practical importance that strengthens the technical potential and upgrades the defense capability of the Central Asian states, as well as improves their interoperability with the NATO forces indispensable for future joint missions.

The variety of answers can be explained by the fact that not all the local states, for different reasons, are equally involved in the program. Kazakhstan, which signed the IPAP in 2006, is one of the most active participants. Kyrgyzstan and Tajikistan, with NATO armed forces deployed on their territories, are noticeably active; in 2005 the program was practically discontinued in Uzbekistan while Turkmenistan prefers to remain an observer.

8. How can you describe the importance of the Partnership for Peace program for the Central Asian countries?

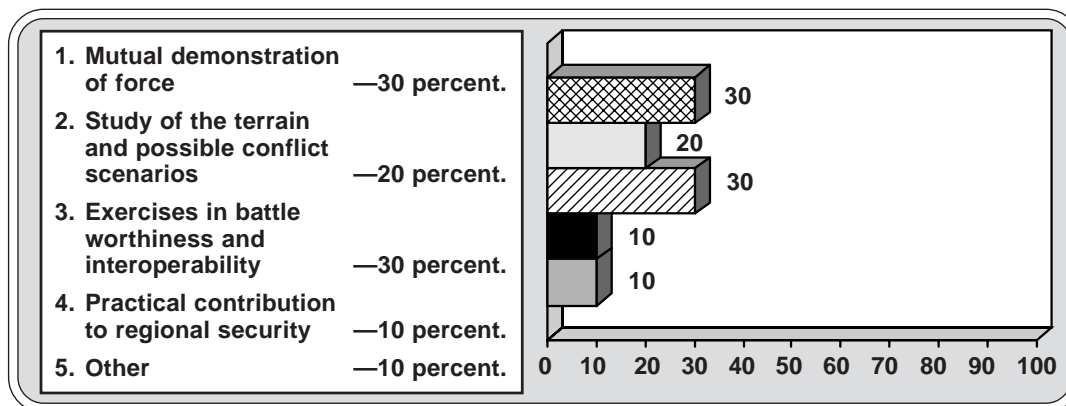


The strategic activity of the United States and NATO urged the Russian Federation and China to step up their Central Asian involvement mainly through the integration structures (the CSTO and SCO). Today, NATO, CSTO, and SCO are obviously competing for deeper cooperation with the local states. Central Asian territory is regularly used for military exercises (Rubezh under the CSTO, Peaceful Mission under the SCO, and Steppe Eagle with NATO involvement).

The expert community has no unanimous opinion on the issue. Thirty percent is convinced that the military exercises are nothing but a demonstration of force of the structures involved; 20 percent believe that they are held to study the terrain and the scenarios of possible conflicts; 30 percent described them as an exercise in battle worthiness and interoperability, while only 10 percent believes that they improve the region’s security.

Those who opted for the “Other” variant explained that the exercises were a combination of the four choices. This looks like the most adequate position: it more or less correctly reflects reality—the exercises are being carried out to upgrade the battle worthiness of the forces involved, improve interoperability, and demonstrate potential.

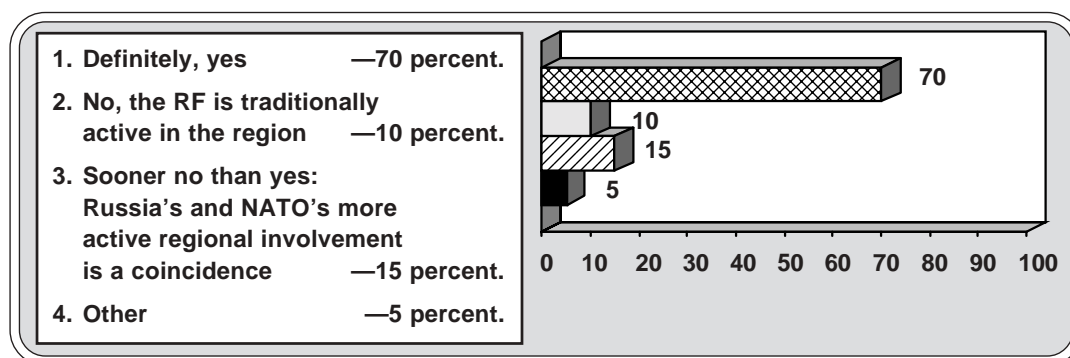
9. The annual military exercises in Central Asia—Rubezh under the CSTO aegis; Peaceful Mission under SCO, and Steppe Eagle with NATO involvement—are:



In recent years Russia has stepped up its integration efforts in Central Asia in the military-political (through the SCO and CSTO) and economic (through the EurAsEC) spheres. Most of the experts (70 percent) believe it was the presence of the NATO military contingent that urged Moscow to forward economic and political initiatives in Central Asia. These macro-projects serve one aim: Russia's stronger regional position and narrowing down NATO's and America's spheres of activity.

A quarter of the polled did not detect any correspondence between the intensified involvement of Moscow and Brussels; 10 percent believes that Russia is demonstrating its traditional diplomatic involvement; and 15 percent dismisses the simultaneous intensified activity of Russia and NATO as a mere coincidence. The "Other" option is dominated by those who believe that stronger NATO involvement was an important (but not the main) factor behind Russia's more active diplomatic presence in Central Asia.

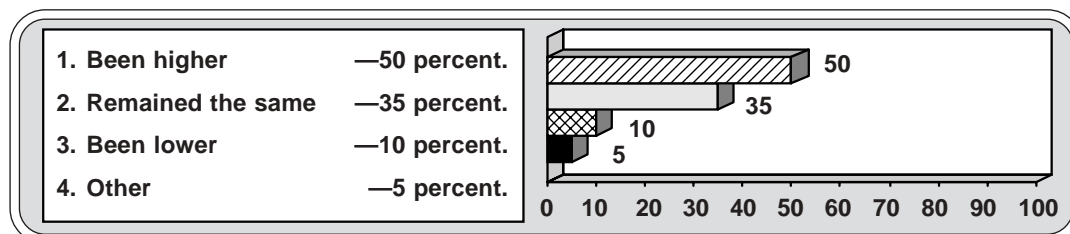
10. Can Russia's stepped up integration activities in Central Asia (within the SCO, CSTO, and EurAsEC) be described as Moscow's response to NATO's stronger post-2001 position?



For several years now the CSTO has been inviting NATO to cooperate; the expert community on the whole is convinced that an effective security system in Central Asia calls for, if not cooperation between the CSTO, SCO, and NATO, at least for their regular consultations. There is a more or less widespread opinion that tripartite cooperation could upgrade regional security and defuse geopolitical tension. Half of the polled agrees with this while 35 percent sides with the opinion that the situation in Central Asia and Afghanistan and the security level will remain the same. Ten percent agrees that the situation in the security sphere will deteriorate.

One of the experts contributed the most realistic answer by picking the "Other" option: he argued that the SCO and CSTO were not ready for bilateral, to say nothing of tripartite, cooperation which would involve NATO in the very sensitive security sphere.

11. Had NATO agreed to tripartite military cooperation and consultations with the CSTO and SCO on the situation in Central Asia and Afghanistan the security level in the region would have:

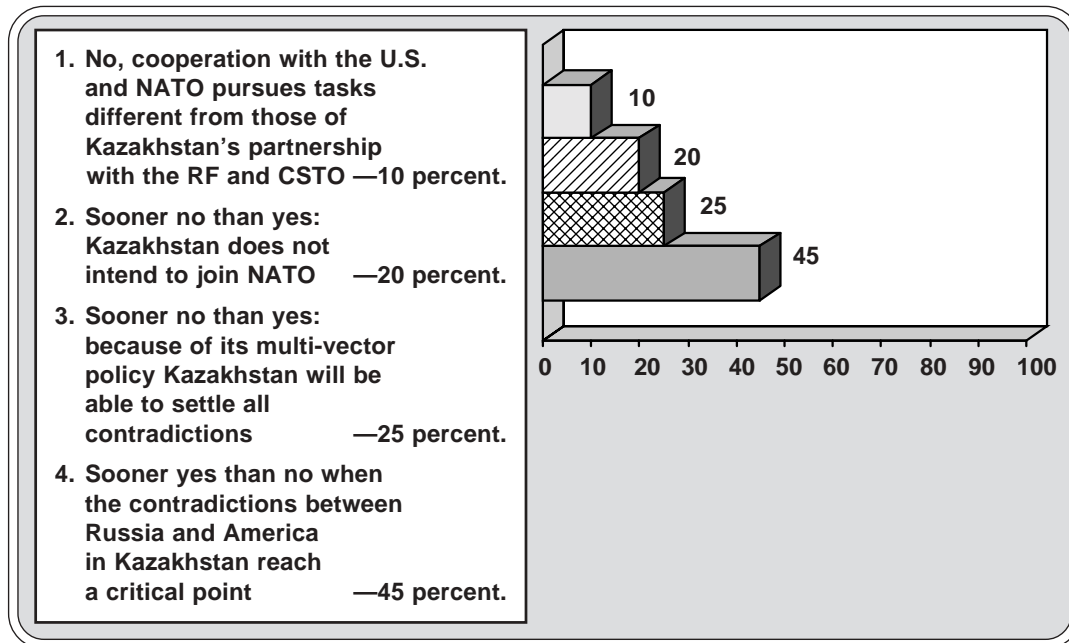


While following its multi-vector foreign policy course Kazakhstan is equally involved in military-political cooperation with Russia, America, and NATO, which is enforced in the republic's new military doctrine. Even though its military cooperation with different partners pursues different aims, there is the opinion that it might create risks in the future. This is what 45 percent of the respondents are convinced of: they believe that at some point the clash between Russia's and America's interests in Kazakhstan could reach a critical point.

Forty-five percent, however, believes that risks are probable not possible; 20 percent thinks that risks are impossible because the republic is not seeking NATO membership; 25 percent is convinced that the republic can settle all problems by diplomatic means; and 10 percent rules out any risks because Kazakhstan is pursuing different aims when cooperating with NATO and the CSTO.

It seems that its balanced position allows Kazakhstan to skillfully maneuver between two centers of power first, without being drawn into the orbit of one of them, and second, being able to realize its interests in upgrading its battle worthiness and modernization of its Armed Forces. Even though it signed the IPAP with NATO, which presupposes closer cooperation, it never doubted its obligations to Russia as its military ally.

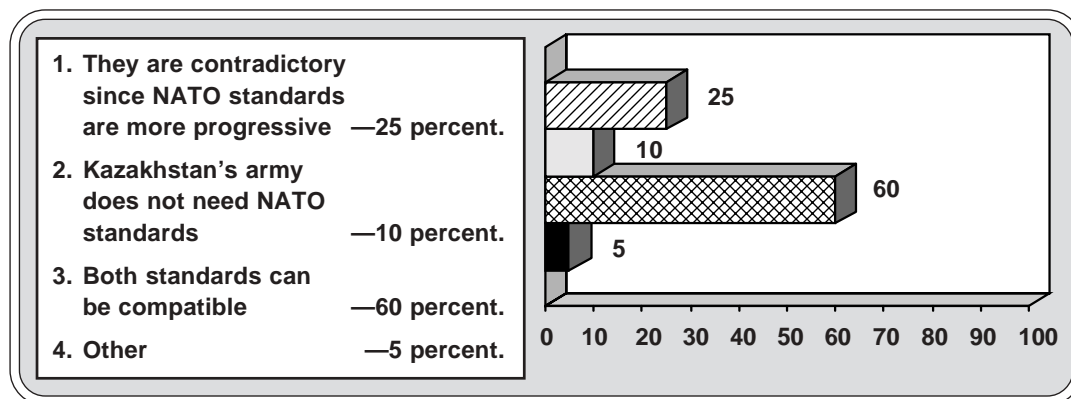
12. Are there potential risks for Kazakhstan created by its closer cooperation with the U.S. and NATO?



This question suggests another no less complicated question related to Kazakhstan's military cooperation with Russia and NATO. Deeper military-technical cooperation accumulates Russian armaments and materiel in Kazakhstan used by the CSTO members, as well as NATO-standard armaments needed for effective interoperability in the event of joint operations of the RK Armed Forces and NATO. In the future the army of Kazakhstan will use two different standards of weapons and materiel that will either improve its battle worthiness or disorganize the army. According to the majority of the polled analysts (60 percent), it is possible to combine both standards; 10 percent remains convinced that the army does not need NATO standards while 25 percent believes that the two standards are contradictory (NATO equipment was believed to be more progressive).

The cautious assessments are fully justified—the issue is far from simple and calls for careful consideration of how the two standards can be used together—so far this remains to be seen.

13. How does the desire of Kazakhstan’s leaders correlate with NATO and “Soviet” CSTO standards?

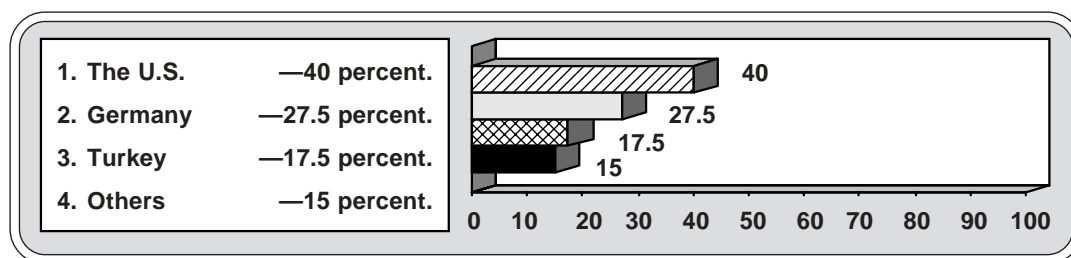


Continued cooperation with NATO promoted Kazakhstan’s cooperation with its members. The multiple-choice answers included the United States, Germany, and Turkey. The largest share of the polled (40 percent) chose the U.S. as the NATO member with which Kazakhstan has the most effective and useful cooperation. This is quite natural: Washington is the driving force behind NATO-Central Asia cooperation; the United States is involved more than any other member in modernization of the republic’s Armed Forces.

Germany with 27.5 percent was the second most popular choice followed by Turkey with 17.5 percent. This is explained by the fact that since the early 1990s these two states have been more active than the others in Kazakhstan (especially in military cooperation within NATO). Some experts believe that none of the NATO members can be singled out as a priority military partner; others point out that the republic’s cooperation with NATO as a whole is most useful; pessimists point out that in this context “effective and useful” are overstatements.

We believe, however, that it was quite right to identify individual countries because not all NATO members are active in the region and not all of them want military cooperation with Kazakhstan.

14. With which NATO members does Kazakhstan have the most effective and useful cooperation?



It is a well known fact that Kazakhstan does not plan to join NATO in either the short- or long-term perspective; its desire to deepen its cooperation with this structure is caused by Astana’s intention to be more actively involved in ensuring international security, to acquire experience of modern

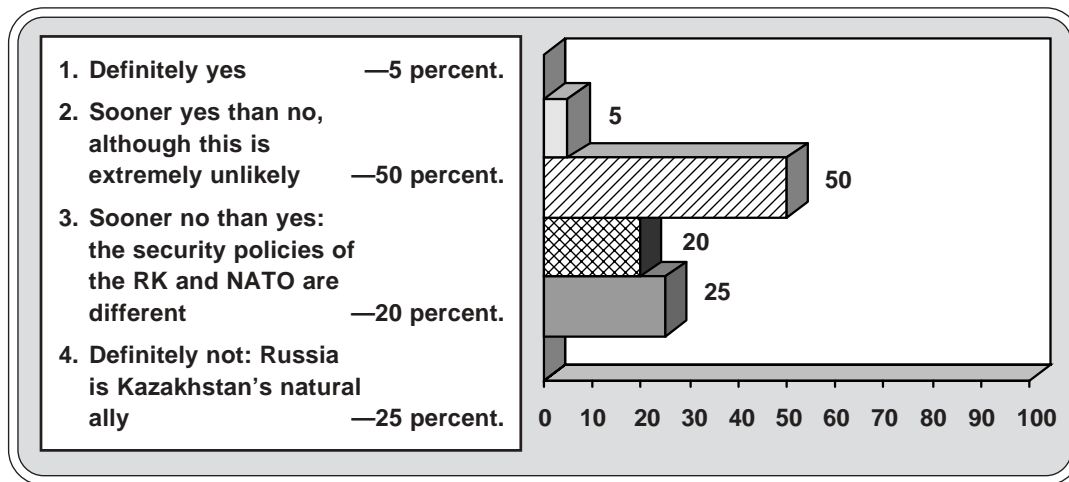
command and control skills, and to gain access to the latest military technologies and armaments. While offering its initiatives the NATO leaders know that it is useless to discuss Kazakhstan's membership. The question of whether the policy of drawing closer to NATO with the aim of joining it in the near future corresponds to the country's national interests produced unexpected and thought-provoking results.

Fifty percent of the polled believes that NATO membership will promote Kazakhstan's national interests to a certain extent but it is unlikely to come to fruition; while 5 percent are convinced that NATO membership fully corresponds to the republic's interests. It seems that those who supplied this answer proceeded from the fact that NATO possesses real military experience and powerful military-technical potential and that it is supported by influential power centers, which can have numerous advantages for Kazakhstan and offer new possibilities. It should be said, however, that due to the country's geopolitical location and historical prerequisites, the potential risks and problems created by NATO membership will outweigh the potential advantages.

Twenty percent points out that NATO membership is not in the interests of Kazakhstan because of their divergent security policies. We, in turn, believe that their security policies are divergent on the global level and identical when it comes to the struggle against terrorism and extremism, drug trafficking, illegal migration, and the proliferation of WMD.

A quarter of the polled chose the "Definitely not" answer to the question because Russia is Kazakhstan's natural ally. It seems that this answer is the most realistic and corresponds to the official foreign policy course, according to which the Russian Federation is Kazakhstan's strategic ally. Kazakhstan has never planned to join NATO and is unlikely to plan this in the future because its membership will cause considerable geopolitical transformations with unpredictable results.

15. Can the policy of drawing closer to NATO with the aim of requesting NATO membership in the near future promote Kazakhstan's national interests?



* * *

On the whole the results demonstrated an adequate and realistic assessment of NATO's current development as well as the balanced position of the Kazakhstani expert community in relation to NATO policy and strategy. The U.S. and NATO military presence in Central Asia is seen as a long-term fac-

tor that strongly affects Russia's strategy. NATO's active involvement in the region forces Moscow to step up its efforts designed to limit the scope of NATO's regional activities.

Cooperation between Kazakhstan and NATO is assessed as favorable for the former's geopolitical and military interests while a detailed analysis of the answers demonstrated that the expert community on the whole is fairly optimistic about potentially closer cooperation. This is confirmed in particular by the high share of positive answers to the question of possible correlation of NATO and CSTO standards in Kazakhstan's army. The expert community also agrees that closer military-political cooperation with the United States and NATO will hardly create risks for Kazakhstan; even if they do emerge Astana, according to the widely shared opinion, will be able to settle any disagreements by diplomatic means. The fact that over half of the polled pointed out that NATO membership would promote Kazakhstan's national interests came as a surprise even though in real life this thesis remains ambiguous.

Today the sides find the current level of cooperation satisfactory: they can address their tasks without irritating either Russia or China. Under the present conditions the Alliance could have expanded its regional involvement in the most effective and least conflicting way by establishing contacts with the CSTO and SCO. This would have allowed NATO, on the one hand, to reduce the Russian-Chinese pressure on the Alliance and to address many of its problems more successfully, including those in Afghanistan. On the other hand, NATO would have been able to deepen its cooperation with the Central Asian states in their capacity as CSTO and SCO members without irritating the Russia-China tandem.

PAKISTAN BETWEEN CENTRAL AND SOUTH ASIA RSC¹

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Main Hypothesis

The strategic gap between India and Pakistan compels Islamabad to pay attention to its northern dimension, namely Afghanistan and Central Asia. For this reason, in order to avoid being threatened from the North and the South at the same time, Pakistan has always tried to get a friendly gov-

¹ I am grateful to Najam Abbas for his insightful comments and helpful editing this article.

ernment in Afghanistan. During the 1980s and the 1990s a series of events, such as the invasion of Afghanistan, the involvement of Pakistan in the conflict and then the emergence of War on Terror, have changed dramatically the regional situation. At the end of the 1990s there were two separate Regional Security Complexes, the Central and the South Asian ones, divided by Afghanistan, an insulator state. At present, we see how these two Regional Security Complexes have converged in a common point—Afghanistan—which is the hub of a new Regional Security Complex (South-Central Asian RSC) involving these two regions.

The current situation of this huge RSC is well illustrated by the following sentence: “For this purpose, an inquiry is suggested into the nature of the <Muslim identity> of the Central Asian states, the <Russian string> attached to them, <the American fears> about the Islamic identity, <Pakistan’s hopes> to cooperate with them and the <Indian> threat to this cooperation.”²

Introduction

There are hardly any discussions on how the end of the Cold War meant a far-reaching change in the structure of the International Order. If we look specifically at Central Asia we can affirm that it is one of the regions most affected by the end of the Cold War. The demise of the Soviet Union, its 1989 withdrawal from Afghanistan and, overall, the emergence of War (so called) on Terror, have changed dramatically the situation in Central Asia. From the 1970s Afghanistan grew into a complete chaos passing from a communist state toward an Islamic regimen provoking devastation through the region.

Afghanistan was founded in 1747 by Ahmad Shah Durrani (Pearl of Pearls). He was elected by an Assembly of Pakhtun, unifying all the tribes under its kingdom. Then he changed his title from *khan* (chief) to *shah* (king in Persian). The history of Afghanistan has been a succession of revolts, plots and continuous bloodsheds aimed at controlling this strategic enclave in Central Asia. Afghan-

istan was conceived as a buffer state between the two powers which collide in this region: the Russian and British ones. Both powers tried to dominate this fierce and courageous people but the Britons and Russians only faced disgrace and defeat.

Nevertheless it is not our task here to go into the history of Afghanistan. Our purpose is to show how Afghanistan has turned its position in Central Asia passing from an insulator to be the core of an emerging Regional Security Complex. The reason for this supposed change is, following a Waltz’s approach, a re-distribution of capabilities in this area provoked by the dramatic situation experienced in Afghanistan during the 1980s and the 1990s. Afghanistan, was once created as a buffer state, as an insulator entity, suddenly became the hub of a new Regional Security Complex called South-Central Asia. Russia, China, India, Pakistan, Iran and the U.S. are involved in the current situation of Afghanistan.

1. Theoretical Approach: RSCT

The Regional Security Complex is neither a new nor a monolithic theory. Several authors have approached the Regional Security Complex Theory (RSCT) from very different perspectives. For

² D. Reetz, “Central Asia and Pakistan—A Troubled Courtship for an Arranged Marriage: Conflicting Perceptions and Realities,” in: M. Ahmar, *Contemporary Central Asia*, University of Karachi and Hanns-Seidel Foundation, Karachi, 1995, p. 85.

instance, Alexander Wendt tackled the RSCT from a constructivist angle, basing his personal approach on patterns of amity and enmity.³ Wendt argued that regional systems depend on perceptions rather than on the distribution of capabilities/power.

In a more realistic approach, Patrick Norman and Alexander Lake also used the regional perspective to analyze their security problems using the comparative method to illustrate some results in their analyses.

One might think that the most prolific scholar working on the Regional Security Complex theory is, of course, Barry Buzan who started his research on this topic in 1983. At this point, we can select two of Buzan's definitions of what a Regional Security Complex is:

- The first one was written in 1983: "A group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another."⁴
- The second one was propounded with Ole Weaver some years later, in 1998. They introduced two important dynamics which are influencing the discipline of International Relations: Securitization and Desecuritization: "A set of units whose major processes of securitization, desecuritization, or both, are so interlinked that their security problems cannot reasonably be analyzed or resolved apart from one another."⁵ This definition is closer to the constructivist paradigm because the nature of security was defined in terms of securitization that relies on perceptions, not on capabilities.

1.1. The Structure of Regional Security Complex?

Following Buzan and Weaver's works, we can clearly establish four variables that embody any RSC:

1. *"Boundary, which differentiates the RSC from its neighbors;*
2. *anarchic structure, which means that the RSC must be composed of two or more autonomous units;*
3. *polarity, which covers the distribution of power among the units; and*
4. *social construction, which covers the patterns of amity and enmity among the units."*⁶

These four variables set the structure of any Regional Security Complex. We can say that these elements collect most of the aspects involved in the current International System. The first element, the boundary, which might denominate the geographical one, is essential to locate and differentiate any Regional Security Complex from others. For instance, in the case we are analyzing here Central Asia and South Asia Regional Security Complexes, Buzan and Weaver consider that Afghanistan is an insulator state that differentiates one RSC from another. For this reason, the geographical element is essential to define RSCs.

The second variable that embodies a RSC could be called the *international* or the *Waltzian* one. The assumption that anarchy is the force that moves units in the international system is a wink to the realist and, overall, the neorealist perspective in International Relations.

³ See: A. Wendt, *Social Theory of International Politics*, Cambridge University Press, Cambridge, 1999.

⁴ B. Buzan, O. Weaver, *Regions and Power. The Structure of International Security*, Cambridge University Press, Cambridge, 2003, p. 44.

⁵ *Ibidem*.

⁶ *Ibid.*, p. 53.

That said, however, it cannot be overlooked that the third variable of the RSC also goes along with neorealist postulates because in the TIP, Kenneth N. Waltz debated about the distribution of power and its role in the international structure. The distribution of power is considered as the most important asset to determine the structure of the International System. Buzan and Weaver also took into consideration the distribution of power but they do not consider it so decisive. This pattern of distribution of power, under Buzan and Weaver point of view, can be seen as an important element but not strong enough to determine the structure of the RSC.

The last variable of RSC is related to one of the newest tendencies in International Relations, the Constructivist Paradigm. Each time, perceptions are more and more important to establish relations among the units in the International System. For this reason, patterns like amity/enmity create perceptions and misperceptions among states and peoples, which in turn give rise to alliances and/or provoke conflicts.

1.2. Possible Evaluation of RSC

The International System, especially after the end of the Cold War, changes rapidly, every hour and, even, every minute after 9/11. An interesting example of this dynamic can be seen in Central Asia where the balance of power is uncertain, unstable and changes every moment. In this article I suggest the RSC theory as a way to understand this difficult international reality. As we have seen in the previous section, there are four main variables to consider the Regional Security Complexes and combining these variables Buzan and Weaver suggested three possible evolutions of the RSCs:

1. *Maintenance of the Status Quo*. This option does not imply any change in the essential structure.
2. *The Internal Transformation*. Buzan and Weaver affirm that internal changes (regional integration, polarity, differential growth, etc.) can affect the essential structure of the RSC.
3. *The External Transformation* is a change (expansion or contraction) in the boundaries of the RSC. This change usually affects memberships involved in the RSC.

In the cases of Central and South Asia, we can easily appreciate two of the three RSCs patterns of evolution suggested by Buzan and Weaver. Thus, from a Pakistani perspective there have been two important transformations which have affected the stability of the South Asia RSC:

- *The Internal Transformation*: The gap between India and Pakistan, which I called “*strategic depth*”, has become enormous. There are several factors that could be stressed as responsible for this change but the Indian economic miracle is probably the most important. With the demise of the Soviet Union, India lost its main international ally. So India adopted a reformist economic program that has helped to increase the gap between the two South Asian countries provoking a re-distribution of power in the RSC. While India is flaunting its economic growth, Pakistan is suffering an important recession.
- *The External Transformation*: In 1989, the Afghan Mujaheddin forces with the U.S. and Saudi Arabia support got to defeat the Soviet Army. Far from becoming a safer neighbor, Afghanistan turned into a serious security threat for Pakistan. So, in this way, Afghanistan left its condition of an insulator state between these two RSCs to be the main security concern for Central Asia and South Asia. In other words, the emergence of a real threat, such as the Taliban regimen, created a new security reality which is a confluence of the Central and South Asia RSCs.

2. Pakistan's Security Threats

Historically, Pakistan has been an encircled state between India and Afghanistan. The huge asymmetric gap with India has forced Pakistan to consider Afghanistan as a strategic partner in order to avoid being attacked from the North and the South at the same time. Again the problem depends on the way in which Pakistan perceived its security situation.

Nevertheless, the threat represented by Afghanistan is intertwined with Russia's ambitions to reach a warm water port in Baluchistan. It might seem that this Russian ambition is quite new but historically Moscow has supported the Pakhtun and Baluch nationalism to create a complicated situation in Pakistan. From the 1970s, Islamabad has tried to get a friendly-government in Afghanistan in order to secure the Northern flank. This is the main reason why Islamabad worked closely with the militant groups to undermine the pro-Soviet government in Afghanistan. Islamabad was one of the only three states, along with UAE and Saudi Arabia, which recognized the Taliban regime in 1994. In between supporting the Taliban regime in Afghanistan and fighting against India, Pakistan chose to improve its relations with its northern neighbor. The "strategic depth"⁷ with India has forced Pakistan to be more and more involved not only in Afghanistan but also in Central Asia. This decision has involved Pakistan in a more complicated security reality and it has provoked a less stable domestic situation.

2.1. The Indian Factor: The Strategic Depth

Right from the beginning, when India and Pakistan became independent, Islamabad has been suffering from "strategic depth" between it and New Delhi. Pakistan is a much more modest state than India which is, indeed, an emerging regional power and might once become a global one. If we compare Indian and Pakistani main features, we can easily notice that Pakistan might be considered a dwarf while India a giant:

Table 1

Asymmetric Gap between Pakistan and India

	PAKISTAN	INDIA	Surplus
Population (m)	157.90	1,103.40	945.5
GDP (\$bn)	110.70	805.70	695.0
GDP per head (\$PPP)	2,370	3,450	1,080
Area (000 sq km)	804	3,287	2,483
Av. ann. growth in real GDP in 1995-2005 (%)	4.00	6.30	2.30
Level of reserves (\$bn)	11.1	137.8	126.7

Source: "Pocket World in Figures," *The Economist*, 2008 Edition.

⁷ R. Lal, *Central Asia and its Neighbours: Security and Commerce at the Cross Road*, RAND Corporation, Santa Mónica, 2006, p. 23.

Table 1 (Continued)

	Military Capabilities		
	PAKISTAN	INDIA	Surplus
Army	550,000	1,100,000	550,000
Navy	24,000	55,000	31,000
Air	45,000	125,000	80,000
Coast Guard		8,000	8,000
Active (Total)	619,000	1,288,000	669,000
Paramilitary	304,000	1,300,586	996,586

S o u r c e: The Military Balance 2008, IISS-Routledge, London.

The end of the Cold War brought about and even further widened the gap between India and Pakistan. This fact not only caused a redistribution of power in the South Asia RSC but also generated a need for Pakistan to be more involved in Afghanistan and Central Asia so as to correct this imbalance.

2.2. The Afghan Factor

The second strategic problem of Pakistan seems to be Afghanistan. Due to the importance of the Pakhtun population, Pakistan has maintained a special interest in Afghanistan, its northern neighbor. From Pakistan's independence, its relations with Pakistan had been characterized by "mutual antagonism."⁸ The root of the conflict between these two states was Sir Mortimer Durand's legacy. In 1893, the then British Foreign Secretary to the Government of India signed an international boundary with Amir Abdur Rahman, The Durand Line. This agreement became the international border between Afghanistan and Pakistan, although an important irredentist sentiment persists. Besides, even today, there is a sizeable Pakhtun population living East and South of the Durand Line to the point that today FATA and NWFP are mainly populated by this ethnic group.

From 1947, Afghanistan has claimed for several controversial issues such as the creation of an independent Pakhtunistan, the integration of the Pakhtun areas (NWFP and FATA) into Afghanistan or the revision of the international border between these two countries which would allow it to get a warm harbor in Baluchistan. Historically, Russia showed the same interest in the Pakhtuns in a quest for achieving a warm water port like Gwadar in Pakistan or Cha Bahar in Iran. In 1969 Moscow suggested the possibility of assisting Pakistan to build a highway from Chaman (in the border between Afghanistan and Pakistan) to the Makran Coast. Obviously, Pakistan rejected this proposal due to its international commitment to the United States. For this reason, the Soviet Union changed its strategy and Moscow started to promote Baluch nationalism in Pakistan. The Soviet Union would have been interested in an independent Baluchistan that would have allowed them to take over the 750 miles shoreline along the Arabian Sea.

In general, we could think that should Russia have achieved its objective in the Arabian Sea, Moscow would have changed its historical land-locked problems in this region. Concerning the Cold War, a control of the warm water port by Russia would have changed the distribution of power and,

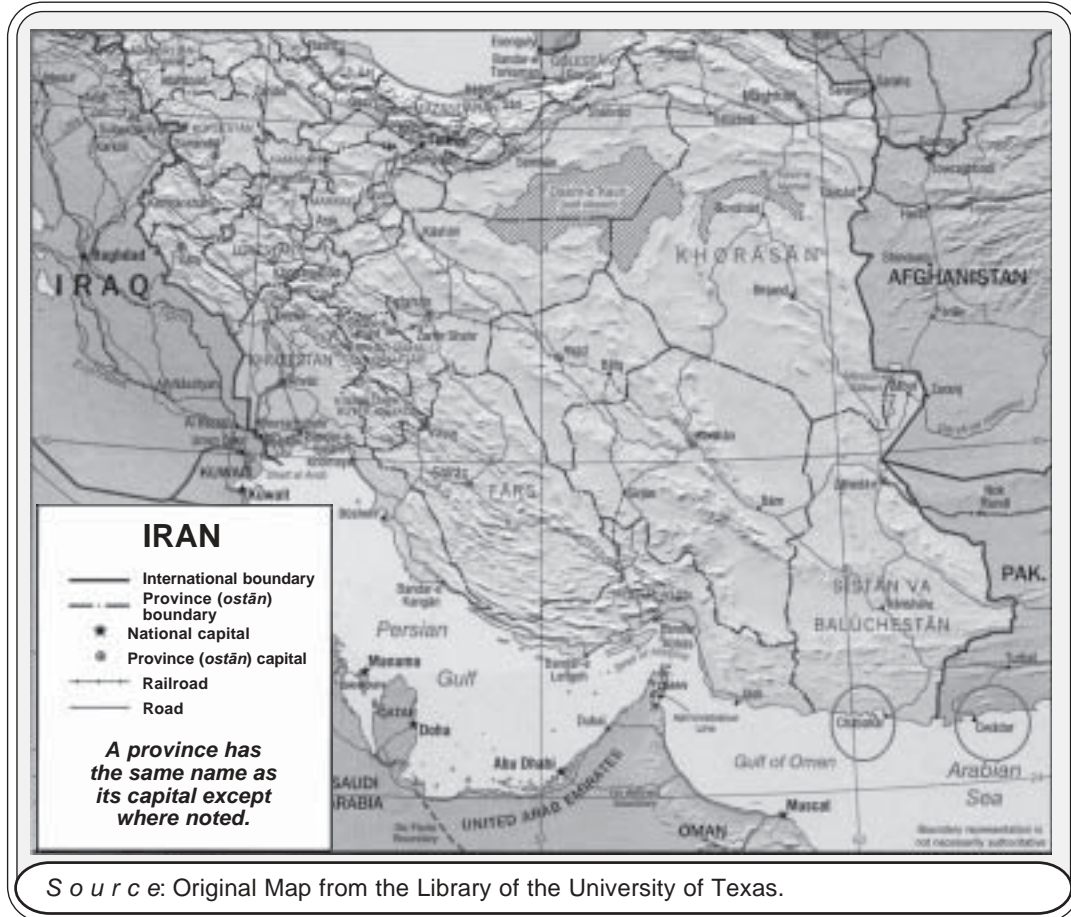
⁸ A.L. Hilali, *US-Pakistan Relations. Soviet Invasion of Afghanistan*, Ashgate, Aldershot, 2005, p. 42.

Map 1

Pakhtunistan Project



Russian Quest for Warm Water Ports



probably, the world might have taken a different direction. This fact explains the importance of Afghanistan and Pakistan for Washington and Moscow.

3. Pakistan's Interest in Central Asia

Pakistan is located in a very strategic place which belongs to Central Asia, South Asia and the Middle East. Several rulers, from Alexander the Great to Timurid prince Babur, tried to invade "*Hindustan*" to get the South Asian all-season (wet) ports. Pakistan has multiple dimensions because it is located at a crossroads between South Asia, Central Asia and the Middle East.

From the beginning of the existence of Pakistan, when Islamabad gained its independence from the colonial rule, Soviet Central Asian republics were considered as its rivals. All the then five Soviet Central Asian republics belonged to the Soviet Union and their relations were organized under the pattern of enmity/amity even if Pakistan and these republics shared the same religion. After the dissolution of the Soviet Union, Pakistan started to show a growing interest toward this region to balance its "strategic depth" with India.

Many sources agree that the beginning point of Pakistan's cooperation with Central Asian states was the official visit of the then Pakistan's Minister of State for Commerce, Sadar Assef Ahmad Ali, in December 1991. Nevertheless, it can be said that during the Soviet occupation of Afghanistan, Pakistan already started its relations with Central Asia though, in this case, it was not under the amity pattern but under the enmity one. Pakistan supported militancy and religious fundamentalism in Central Asia with the considerable help from the Central Intelligence Agency. These are two different models of relations, one based on the amity pattern and the other one on the enmity one, but both prove that Pakistan has maintained a great interest in Central Asia to compensate its "strategic depth" with India. In other words, in order to balance the distribution of power existing in the South Asia RSC, Pakistan has tried to provoke an enlargement of its RSC toward the Central Asia one. It could be said that Pakistan has tried to compensate its internal changes, namely the Indian gains, with an external one, namely the creation of a new RSC involving South and Central Asia.

Pakistan's approach is neither new nor current. In the 1970s after the loss of Bangladesh, Zulfikar Ali Bhutto tried to change the western orientation of Pakistan looking more toward the Muslim World. For this reason, the Islamic Summit was held in Lahore in 1974 to build the image of Pakistan. Indeed, Prime Minister Zulfikar Bhutto tried to work out an agreement with President Mohammed Daud Khan for the recognition of the Durand Line as an international border. What Zulfikar Bhutto wanted to do, again, was to create a better security situation to balance "its strategic depth" with India by signing a "peace agreement" with its other "enemy", Afghanistan.

During the 1980s, when the Soviet Union invaded Afghanistan, the situation in Pakistan was really terrible because Islamabad was afraid of being attacked by Moscow in order to get to the warm water port, Gwadar. For this reason, Zia-ul-Haq asked for the American help under any circumstances. At the end, it would contribute to create even a bigger security problem in Afghanistan. From 1979 up today, Afghanistan left its condition of an insulator state to become an independent unit involved in RSCs of the zone.

After the Soviet withdrawal, as I mentioned above, Pakistan started a new approach to Central Asia but while maintaining the same objective, balancing the "strategic depth" with India. For this reason, Islamabad tried to enlarge the South Asia RSC toward Central Asia supporting a friendly-regime in Afghanistan, the Taliban. Nevertheless, Islamabad's recognition of and support to the Taliban regime created several security concerns in Pakistan: a chaotic situation in border areas (NWFP, FATA and Baluchistan), religious extremism (Wahhabism and Salafism) drug trafficking and arm smuggling coming from Afghanistan. All these problems are also affecting the ex-Soviet republics because all of these units are also part of the same RSC.

According to Buzan and Weaver's RSC definition, these security problems affect a number of units and cannot be resolved individually. For these reasons we can affirm that a new Regional Security Complex has emerged in these regions. This is what has happened in this area and the best example is the Taliban regimen itself and its spread over South and Central Asia. When the Taliban took over Kabul all the Central Asian states decided that the Taliban was a security threat and they needed to cooperate if they wanted to avoid the spread of the Taliban ideas. Concerning Pakistan, some authors like Ashley Tellis, affirm that Pakistan is suffering from a process of Talibanization. This and other problems are affecting both regions and they are contributing to the creation of a new Regional Security Complex.

4. Security Problems in the South-Central Asia RSC

One summary of the current situation asserts that all the Central Asian countries, Pakistan and India are affected by the same security problems. Drug trafficking, arm smuggling and Islamic radi-

calism are some of the common security concerns affecting all the countries of this new Regional Security Complex. This article will analyze three of the most important security problems of the South-Central Asia Security Complex: Narcotics, Islamist Radicalism and Rivalry.

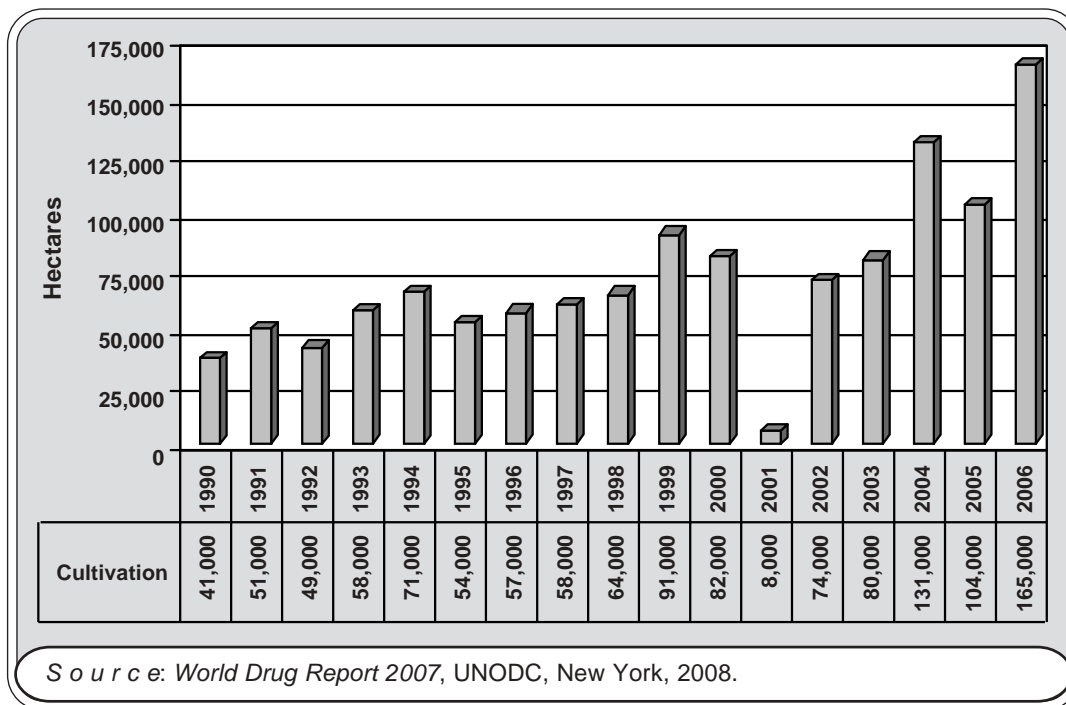
4.1. Narcotics

The trafficking of narcotics is very significant in Central Asia. The traditional poppy growing areas were Afghanistan, Kyrgyzstan and Pakistan, along with parts of Kazakhstan. At the present Tajikistan,⁹ which has turned into a “narcotic state,”¹⁰ plays an important place in the trafficking of narcotics. An example is the Tajik economy which is based on three pillars: remittances from migrants, trafficking of drugs and international solidarity. Nevertheless the relation of Tajikistan with drugs is not new. During the Soviet Union era, soldiers used to pay bribes to get posted in Tajikistan.¹¹

Notwithstanding this, the main center for drug production is still Afghanistan. Afghanistan is estimated to produce around the 90% of the world’s supply of opium which currently amounts to almost half of Afghanistan’s GDP.¹² From 1990 to date there has been a dramatic increase in the opium

Graphic 1

Afghanistan Opium Poppy Cultivation 1990-2006 (hectares)



⁹ “The Tajik economy has been dependent on three main sources of revenue, none of which bodes well for the long-term viability of the country’s economy: remittances from Tajik migrants, trafficking of narcotics and international aid” (M. Fumagalli, “Tajikistan and the EU,” *CEPS Policy Brief*, No. 130, June 2007, p. 3).

¹⁰ E. Marat, “Impact of Drug Trade and Organized Crime on State Functioning in Kyrgyzstan and Tajikistan,” *China and Eurasia Quarterly Forum*, Vol. 4, No. 1, 2006, p. 105.

¹¹ See: Sh. Akiner, *Tajikistan. Disintegration or Reconciliation*, RIIA, London, 2001, p. 74.

¹² See: R. Zeb, “Cross Border Terrorism Issues Plaguing Pakistan-Afghanistan Relations,” *China and Eurasia Forum Quarterly*, Vol. 4, No. 2, 2006, p. 69.

poppy cultivation. In only 16 years, Afghanistan has raised its opium poppy cultivation four-fold rising from 41,000 hectares in 1990 to more than 165,000 hectares.

Indeed, the poor performance of NATO in Afghanistan has not helped to solve this problem. There has been an increase in the net opium poppy cultivation, in the total percent of agricultural land dedicated to poppy, in the number of provinces involved in these activities, etc. The narco-trade structure is not helping at all to stabilize the country and the region, as criminal organizations are using the situation in their favor. The drug trafficking business is what finances the violence against the government and the international forces in Afghanistan.

Table 2

**Current Opium Situation
in Afghanistan**

	2005	Difference	2006
Net opium poppy cultivation	104,000 ha	+59%	165,000 ha
In percent of agricultural land	2.30		3.65
In percent of global cultivation	62		82
Number of provinces affected (total: 34)	26		28
Eradication	5,000 ha	+210%	15,300 ha
Potential production of opium	4,100 mt	+49%	6,100 mt
In percent of global production	87		92
Number of households involved in opium cultivation	309,000	+45%	448,000
Number of persons involved in opium cultivation (23 million)	2.0 million		2.9 million
In percent of total population	8.7		12.6

S o u r c e: *Afghanistan Opium Survey 2006* (UNODC/Ministry of Counter Narcotics, Afghanistan, October 2006).

The complicated situation makes drug proliferation a serious regional security problem which is harming all the countries in the region. Apart from security concerns related to narcotics such as organized crime or terrorism funding, there are two important problems that are affecting most of the units of the Regional Security Complex. The first one is drug trafficking and the second one is the social consequences derived from drug addiction.

Concerning drug trafficking routes we have to say that there are at least six routes all along this new Regional Security Complex. Of these six routes, two run through Pakistan and Iran and the other four through Central Asia. Those going through Central Asia are considered to be in Tajikistan and the other one through Turkmenistan.

The Central Asian routes have a clear destination—the Russian Federation which has one of the highest rates of opiate use in the world. Russia has 1.6 million heroin users consuming up to 80 mt of

Central Asian Routes to the Russian Federation

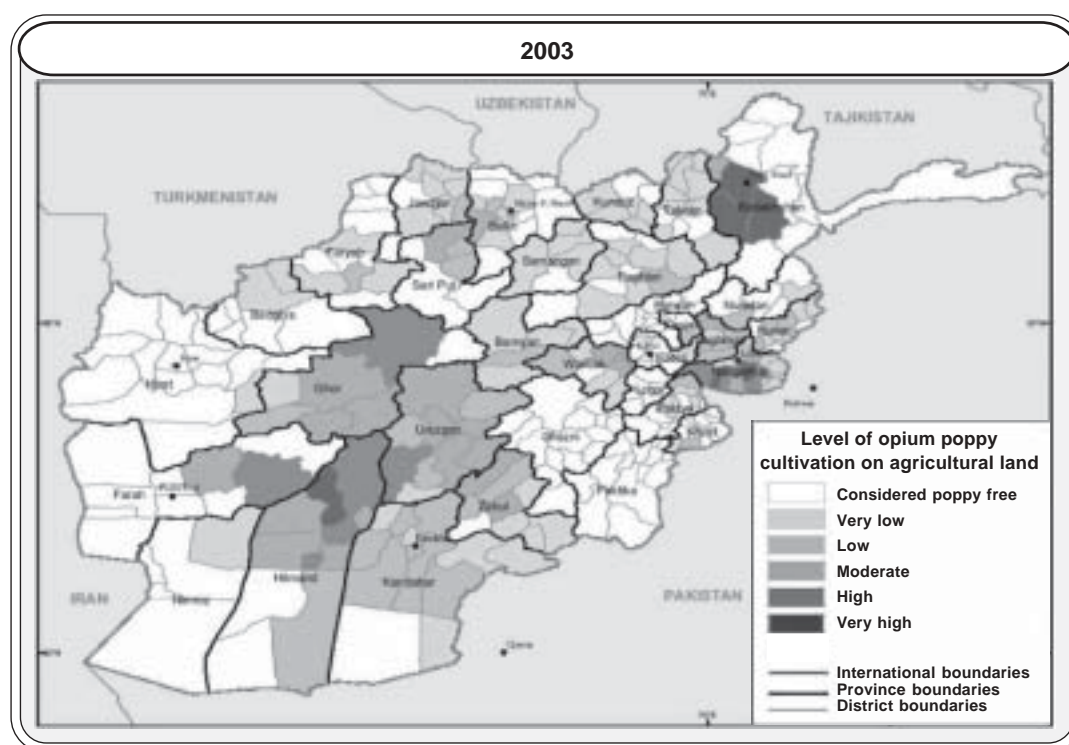


heroin each year.¹³ About 0.9% of Russians were estimated to be abusing opiates in contrast with other transit countries like Croatia, Bulgaria or Latvia with registered opiate abuse rates between 0.8% and 0.6%.¹⁴ In the former Soviet Union the levels are even worse. Tajikistan, which has been described as a narcotic state holds opiate abuse rate above 2%. In other countries, the situation is slightly better (Georgia, 1.2%, Kazakhstan, 0.9%, and Uzbekistan, 0.7%)

In addition, the other two routes go through Pakistan and Iran. The problem started in the Pakhtun areas where most of the laboratories to process opium into heroin are located. The existence of these laboratories explains why the opium production has increased in southern province like Hilmand, Nimroz and Kandahar. In the North, important laboratories have been found in the border area of Nangarhar/Khyber Agency which is controlled by Shinwari tribe. The Shinwaris are the second largest tribe of the Khyber Agency and they have important links with the inhabitants of Nangarhar. All these areas are also those the Taliban presence is stronger¹⁵ showing us the relation between these militants and the trafficking of narcotics. Following the U.S. Drug Enforcement Agency, the first route is based on Pakistani transport facilities. Trafficking groups based in Pakistan smuggle multi-ton shipments of drugs to Europe. Most drug-couriers take some of the drugs out of Pakistan through its international airports and the important port of Karachi; the remainder is sent along Pakistan's coast along the Arabian Sea to Iran and then to Turkey.

Map 4

The Evolution of the Opium Cultivation in Afghanistan

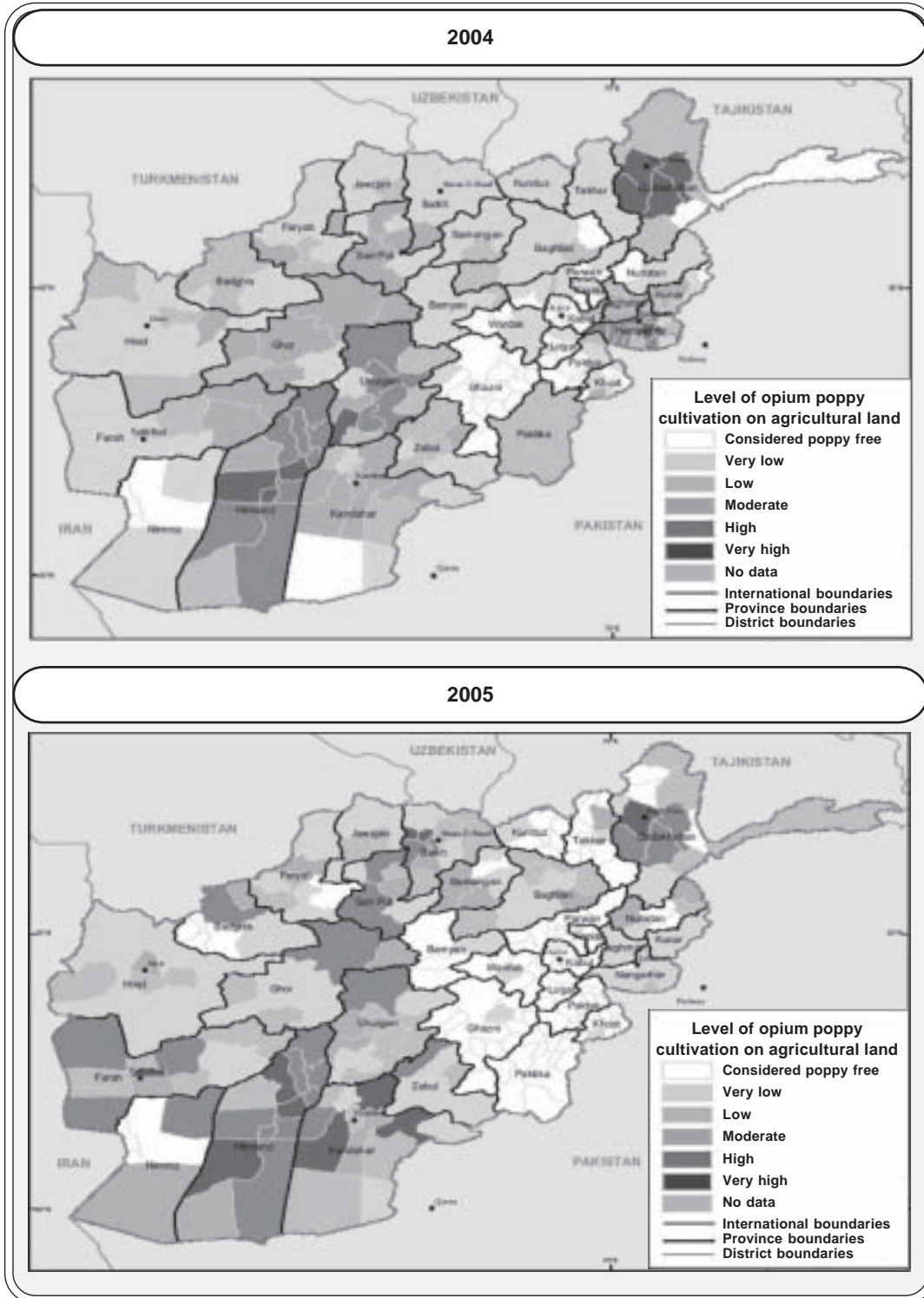


¹³ See: *World Drug Report 2007*, p. 183.

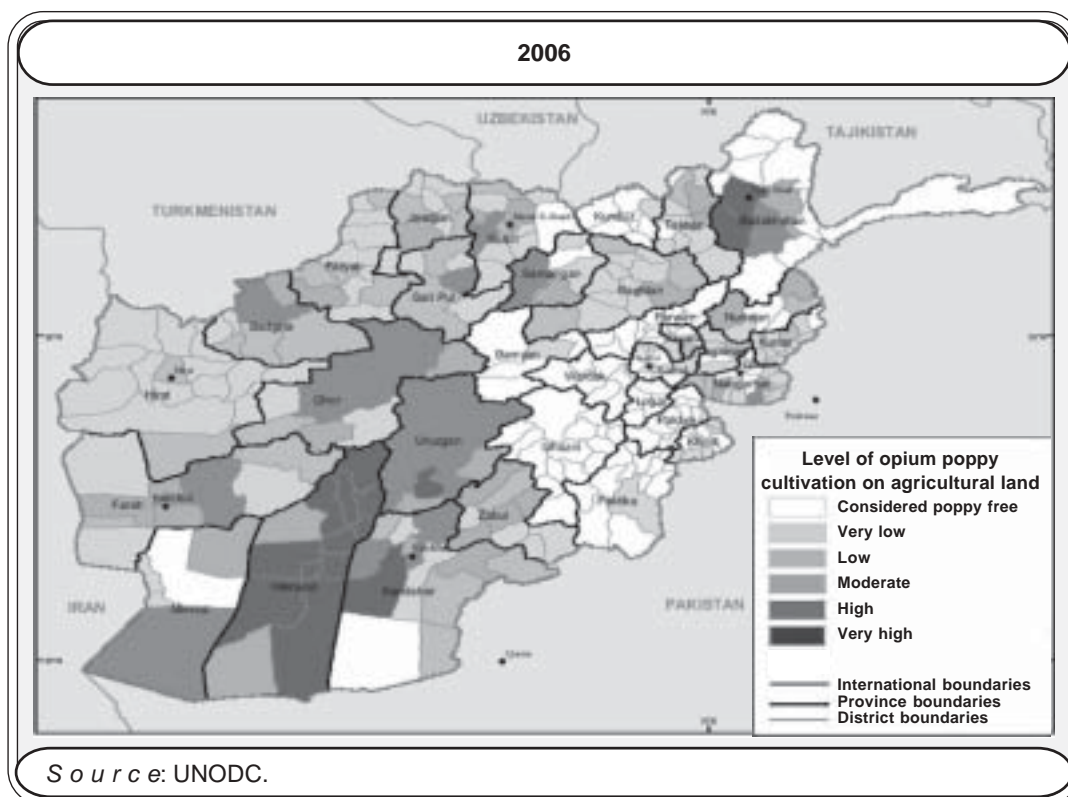
¹⁴ See: *Central Asia: Drug and Conflict*, ICG Asia Report No. 25, 26 November, 2001, pp. 3-4.

¹⁵ See: H. Abbas, "Profiles of Pakistan's Seven Tribal Agencies," *Global Terrorism Analysis*, Vol. IV, Issue 20, 19 October, 2006, p. 20.

Map 4 (continued)



Map 4 (continued)



The second route for smuggling Afghan-produced opiates from Pakistan, namely the nonprocessed drug, goes overland from Pakistani Baluchistan across the border into Iran. Then, drug passes through the Kurdish north-western region in Iran through the “desert of death,” and finally into laboratories in Turkey.¹⁶ In Turkey the opium is processed as heroin to be sold in Eastern Europe or Russia.

4.2. Islamic Radicalism

Before getting into the substance of discussion, it would be helpful to say Islamic radicalism is another problem for the whole RSC. The post-Soviet states are home to important Muslim-majority communities. Since the early 1990s, Islam has emerged as an important political force as a reaction to the Communist approach to religion. Many of the “official muftis” found their position in the new independent states but others, more radical opted for several forms of radical Islamism.

Although Afghanistan is not the cause of this Islamic revival we could affirm that it is the main source of Islamic Radicalism. During the 1980s the U.S., with the help of Pakistan and Saudi Arabia, sponsored jihad in Afghanistan. After a decade fighting in that Pakhtun majority state Mikhail Gorbachev decided to give up this ambitious adventure and subsequently the Soviet Union collapsed.

¹⁶ See: C. Gall, “Desert Drug Route Stymies Afghan Police,” *The New York Times*, 2 January, 2005.

Nevertheless, Afghanistan and Pakistan were left with armies of Islamic fundamentalists. This problem remained hidden until the Taliban took over Kabul in Afghanistan in 1996.¹⁷ A movement of Islamic students, Mullahs and tribesmen had taken over not only the Eastern province but also the capital of Afghanistan. This crisis, which had started during the 1980s in the NWFP and Baluchistan (Pakistan), arrived at the border of the Commonwealth of Independent States. The CIS activated its regional security mechanism because the Taliban turned into a real threat for the Central Asian states. "If fundamentalism comes to Afghanistan war will continue for many years. Afghanistan will turn into a center of world smuggling for narcotic drugs."¹⁸

Moreover, it is said that the chaotic situation in Afghanistan not only produced the Taliban movement but also helped to radicalize the Islamic opposition in the Central Asian states. Islamic radicalism spread over most of the republics of the region coming from Afghanistan and Pakistan. However, another important source of Islamic radicalism was Tajikistan and its Civil War.

In this sense we must remember that though with the establishment of the Soviet Union any kind of religion was brutally repressed, Islam survived in some remote areas such as Tajikistan.¹⁹ A lot of Muslims from Central Asia sought refuge in Tajikistan to avoid being repressed by the Soviet regime. After World War II, the Soviet Union softened these restrictions creating an "Official Islam."²⁰ A limited number of mosques were opened although this initiative did not satisfy the aspiration of the Muslim population of the Soviet Union. In the 1980s, probably influenced by Afghanistan/Pakistan and Iran, an Islamic revival movement, that had worked underground, began to converge. Nevertheless, there is a more moderate Central Asian orthodoxy based on native thinkers such as al-Bukhari or at-Tirmizi.

After the independence of the Central Asian republics there was a revival of Islam. This revival represents a return to the spiritual values after several decades of Atheism promoted by the Soviet Union. Prof. Akiner divides Post-Soviet Islam into three categories: Traditional Islam, Government-Sponsored Islam and Radical Islam.²¹ As far as this article is concerned we will focus our attention on the latter, Tajikistan being one of the places where we could find this phenomenon. Nevertheless, we should avoid a simplistic approach. Concerning Tajikistan, the Civil War that broke up there should be understood as a set of elements since Islamic fundamentalism was not the only cause though it got an important position.

In Central Asia, apart from Tajikistan, there are some other places where radical Islamic groups (IMU, the Islamic Movement of Turkistan, Hizb ut-Tahrir, etc.) have emerged as a threat for the New Independent States (Southern Kazakhstan, Kyrgyzstan and Uzbekistan). Concerning Uzbekistan, President Karimov has been the number one enemy of Islamic groups such as the Deobandi or the Islamic Brotherhood.²² The Deobandi is a movement created in South Asia (Pakistan) in the nineteenth century. With the Soviet invasion of Afghanistan the Deobandi network enjoying considerable control of several madrassahs in Pakistan allowed the indoctrination of several mujaheddin cadres against the Soviet soldiers. For this reason Deobandi clergies got an important presence also in Afghanistan inspiring, somehow, the Taliban movement.

¹⁷ See: R. Magnus, "Afghanistan in 1996: The Year of the Taliban," *Asian Survey*, Vol. 37, No. 2, 2006, p. 111.

¹⁸ A. Khalid, *Islam after Communism. Religion and Politics in Central Asia*, University of California Press, Los Angeles, 2007.

¹⁹ "In Tajikistan, however, Islam survived somewhat better than in most other parts of the region" (Sh. Akiner, op. cit., p. 29).

²⁰ Sh. Akiner, "The Politicization of Islam in Post-Soviet Central Asia," *Religion, State & Society*, Vol. 31, No. 2, 2003, p. 97.

²¹ See: Ibid., p. 101.

²² See: R. Zanca, "Believing in God at Your Own Risk: Religion and Terrorism in Uzbekistan," *Religion, State & Society*, Vol. 33, March 2005, p. 72.

Even today, some Deobandi elements enjoy a special relation with the Pakistani government as some of these groups are operating in Kashmir against India.²³ For instance, two of the most important terrorist groups acting in Kashmir such as Lashkar-e-Taiba and Jaish-e-Mohammed received military training not only in Afghanistan but also in other Central Asian camps where they interacted with other terrorists from Uzbekistan, Tajikistan or Xinjiang.²⁴

The above notwithstanding, the United States consider that Afghanistan is not the main hub of Islamic fundamentalism in region. The former U.S. Director of National Intelligence John Negroponte stated that Pakistan “remains a major source of Islamic extremism and home for top terrorist leaders.”²⁵ Nevertheless, although Pakistan is a state where terrorism is an important security concern, this threat is highly intertwined with the same phenomenon in Afghanistan. Col. Chris Vernon, NATO’s chief of staff for Southern Afghanistan, suggested that the Taliban have established their main headquarters (Shura) in Quetta. Apart from this council, they have a series of subsidiary *shuras* based in Quetta, Miran Shah, Peshawar and Karachi.²⁶

Having analyzed the Islamic radicalism in this region we can affirm that it is a problem for the whole RSC and, overall, that any solution would imply a coordinated and comprehensive approach involving all the units of the RSC.

The trafficking of narcotics and the emergence of radical groups are strongly intertwined. During the Tajik civil war the IMU cooperated with some “drug barons” to establish routes for crossing the border in Kyrgyzstan’s Osh region. The IMU was very involved in the opiates trade in this country, controlling 2/3 of this traffic.²⁷ The actions of the IMU went beyond the traditional limits of Central Asia. During the 1990s Uzbekistan’s efforts to combat the IMU were annulled by the ISI that supported them. For instance, Tahir Yoldosh²⁸ was moving along Pakistan from 1995 to 1998. After the American intervention in Afghanistan, several hundred members of the IMU, who were operating in this country, fled to Pakistan to avoid being captured by the American forces.²⁹ In 2004, members of the IMU were arrested in South Waziristan and Multan, while some Tajik and Uzbek³⁰ fundamentalist militants are acting in the NWFP to destabilize the Afghan government. All these links show us how both RSCs are united in a new one. Just two days before Asif Ali Zardari was elected as president of Pakistan an American ground assault killed at least 15 people in South Waziristan. It was the first known foreign attack in Pakistan against a Taliban haven.

Another important issue that is structuring the region is the potential transport cooperation. The most important project is a gas pipeline going from Turkmenistan through Afghanistan to Pakistan and then India. The feasibility of the project is still under consideration due to its financial requirements, which would be several billions of dollars.³¹ Apart from these economic problems there are at least two security concerns. The first problem is the instability and the lawless situation of Afghanistan that makes it more difficult to build a project so ambitious. The second one is the

²³ See: A.J. Tellis, *Pakistan and the War on Terror. Conflicted Goals. Compromised Performance*, Carnegie Endowment for International Peace, Washington, D.C., 2007, p. 5.

²⁴ See: D. García, G. Abad, “Estados Unidos y China en Asia Central: El nuevo Gran Juego,” *Política Exterior*, No. 123, Mayo-Junio, 2008, p. 5.

²⁵ See: *The Military Balance*, Routledge/IISS, London, 2008, p. 325.

²⁶ See: A.J. Tellis, *op. cit.*, p. 6.

²⁷ See: Z. Baran, F.S. Starr, S.E. Cornell, *Islamic Radicalism in Central Asia and the Caucasus: Implications for the EU*, Central Asia-Caucasus Institute & Silk Road Studies Program, Washington-Uppsala, 2006, p. 48.

²⁸ See: V.V. Naumkin, *Radical Islam in Central Asia: Between Pen and Rifle*, Rowman & Littlefield Inc, Oxford, 2005, p. 107.

²⁹ See: R. Lal, *op. cit.*, p. 26.

³⁰ “We know that Pakistan has some Uzbek terrorists in its area and I have assured the president that Pakistan will not allow the use of its soil by any terrorists from Uzbekistan against your national interests” (*BBC*, 6 March, 2008).

³¹ See: M.A. Durrani, “Gwadar Deep Sea Port, a New Transportation Hub for Central Asia,” *CACI Forum*, 13 February, 2008.

rivalry between India and Pakistan. India does not want to depend only on Pakistani good will for its oil supply.

In addition, there are other important transport projects to connect Central Asia with Pakistan, especially through the Gwadar port. Pakistan is trying to build a road network alongside Central Asia (Kyrgyzstan, Tajikistan and Uzbekistan) to ease their Russian dependence. The Karakorum highway could easily connect the Arabian Sea with most of the capitals of Central Asia. This possibility might allow Beijing to establish a transport network from the Persian Gulf, through Pakistan to China avoiding the conflicting Straits of Malacca. Thus, this project not only would imply a more important role for Pakistan but also a new tool for China to control this vast area.

Another example that shows us the expansion of the RSC is the Indian-Pakistani rivalry. Both governments are trying to achieve the maximum influence over Central Asia not only to improve its own situation but also to avoid a rise of the rival one. Indeed, Pakistan has ameliorated its relations with all the Central Asian republics. Initiatives such as "Made in Pakistan"³² in Tajikistan are contributing to enhance the image of Islamabad in Central Asia. Concerning Uzbekistan-Pakistan cooperation, Islamabad and Tashkent are cooperating in several and very important fields such as cotton production,³³ civil aircrafts³⁴ (IL-76 and IL-114) or counter terrorism. President Karimov and former President Musharraf³⁵ have paid official visits to Uzbekistan and Pakistan in order to improve their bilateral relations.

Besides, Kyrgyzstan, Kazakhstan and Turkmenistan are also cooperating with Pakistan in some fields, especially in energy. Although Kazakhstan and Pakistan maintain an excellent relation³⁶ the unresolved murder of a Kazakh diplomat in Islamabad has affected to the relations between Islamabad and Astana.

On its own, India has been working on its relations with Central Asian states, including Afghanistan. While Pakistan was trying to promote a friendly government in Afghanistan supporting the Taliban, India was looking for the contrary. During the Afghanistan war, Delhi kept a secret hospital in Farkhor (Tajikistan) for the treatment of Northern Alliance militants injured by the Taliban.³⁷ The Indian ties with the Northern Alliance have helped India to establish an important "proto-alliance" with Tajikistan. In 2002, India and Tajikistan started to cooperate in the field of defense. Every year Tajikistan sent 50 cadets to India for military training as engineers, paratroopers or signalmen.³⁸ In 2003, India and Tajikistan signed an agreement to establish an Indian air force base in Farkhor³⁹ where the Northern Alliance Hospital where located during the war in Afghanistan.

In spite of the special relation with Tajikistan, India has developed important agreements with all the other Central Asian Republics. For instance, India has signed several important economic agreements with Uzbekistan in the energy, pharmaceutical and the air traffic sectors. India and Kazakhstan are also working on energy cooperation through India's public sector using the Oil and Natural Gas Commission (ONGC) and the Gas authority of India Limited (GAIL).

Taking into account these developments we can affirm that India and Pakistan have launched a competition for influence in Central Asia, including Afghanistan. This is another example of the emergence of a new RSC in South-Central Asia.

³² In April 2005 Pakistan promoted an exhibition in Tajikistan to promote economic cooperation.

³³ Uzbekistan is the fourth largest cotton producer in the world and Pakistan is one of the largest cotton consumer in the world.

³⁴ See: A.Sh. Khawaja, "Uzbek President Karimov Visits Pakistan," *CACI Analyst*, 31 May, 2006.

³⁵ See: "Pakistani President Pervez Musharraf, Making the First Visit by a Pakistani Head of State for Almost a Decade, Welcomed a Bright New Future," *BBC*, 6 March, 2005.

³⁶ See: "Kazakhstan is Keen to Expand Bilateral Trade with Pakistan," *CACI Analyst* 5 March 2008.

³⁷ See: R. Lal, op. cit., p. 31.

³⁸ See: *Ibid.*, p. 32.

³⁹ See: G. Luthra, "India to Base Planes in Tajikistan: Engineers Working to Strengthen Runway," *Indian Asian News Service*, 15 October, 2003.

5. South-Central Asia RSC

Finally, we see how these two Regional Security Complexes have converged in a new one (South-Central Asia RSC) with the following characteristics:

1. *“Boundary, which differentiates the RSC from its neighbors;”* We can include inside the RSC boundaries all the Central Asian states plus India and Pakistan. Afghanistan is now the center of the RSC and Russia, China and, in somehow, the U.S. are considered as external units;
2. *anarchic structure, which means that the RSC must be composed of two or more autonomous units;”* The logic of the relation among the units is the anarchy because it is an international system.
3. *polarity, which covers the distribution of power among the units; Of course, it is a multipolar system and all the three external units are trying to control the RSC. Besides, India and Pakistan are trying to extend their rivalry to Central Asia. For this reason they are competing for influence in countries like Tajikistan, Afghanistan or Uzbekistan; and*
4. *social construction, which covers the patterns of amity and enmity among the units;”*⁴⁰ Inside the system there are allies and enmities.

⁴⁰ See: B. Buzan, O. Weaver, op. cit., p. 53.

**ENERGY PROJECTS AND
ENERGY POLICY****LOOKING FOR
A WAY TO RESOLVE THE LEGAL STATUS OF
THE CASPIAN SEA:
INTERNATIONAL LAW PROVIDES
NO ANSWER****Viktoria KONDAUROVA**

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As early as the 18th-19th centuries, the political disagreements among Great Britain, Russia, and Turkey over the Caspian Sea region brought about significant changes in its diplomatic reality. After World War I and II, the policy of the great powers also changed the diplomatic landscape of this region, which, despite all of the disputes, remained in the center of international attention. Control over the Caspian began to largely be viewed within the framework of the influence of the two main powers in the region: the Soviet Union and Persia.

Later, when geological research determined the potential of the minerals on the seabed, particularly oil and natural gas, the world once more turned its attention to the region, this time for economic considerations. By the second half of the 20th century, globalization and the world market had become part and parcel of current reality, which meant that economic interests too had spread far beyond the framework of the national market. The sea's status was settled between Iran and the Soviet Union: it was divided according to the principle of common usage or condominium

(common property). But no mention was made of ownership, division, or use of the sea's resources, thus the question of the Caspian's legal status has become pertinent.

The situation became even more aggravated at the beginning of the 1990s with the collapse of the Soviet Union and the formation of the new sovereign states in the region. The former Soviet republics, countries that are now independent of Moscow's policy, along with Iran and the Soviet Union's legal successor, Russia, began to declare their rights to the resources of the Caspian Sea, and its legal status became one of the most important and difficult-to-resolve international problems. It has been difficult to find a satisfactory answer for all the parties concerned to a question that affects national interests, the environmental aspects of the Caspian Basin, the interests of oil and gas companies, as well as the very sensitive security problems of the world powers.

At present these issues are in a state of limbo. Not one of the Caspian states is ready to accept a solution based on consensus, which in turn is creating rather unfavorable conditions for doing business and guaranteeing security in the region. The difficulties and disagreements among the governments of the Caspian countries and

between these governments and the oil and gas companies is undermining the political and business environment and making it difficult to ensure successful use of the sea's resources to the benefit of the socioeconomic development of all these countries.

Despite the fact that analysts believe there is little likelihood of an armed conflict in the Caspian region today due to 1) the developed economic cooperation documented de facto by the efforts of the governments of the Caspian countries and 2) the high level of dependence of the world market on oil, the settlement of the legal status of the Caspian is still one of the main aspects in the foreign policy and economy of many of the states.

This article takes a look at how the policy on division of the sea influences diplomatic relations, the economic and social development of the countries, and the region's environment, and also analyzes the reasons why bilateral agreements are still the main documents de facto regulating the Caspian's legal status. The reader will see that it has been impossible to establish its status de jure so far because most of the parties involved feel that the existing documents are still valid and meet their requirements with respect to settlement of the issue.

Main Legal Documents: Caspian Diplomacy of 1813-1940

Now the main principle for defining the legal status of the Caspian Sea is so-called sectoral division. Division into national sectors (with different bilateral conditions) is the most acceptable way to resolve the legal question, since it reflects the common positions of four of the five Caspian states (apart from Iran). How did the Caspian states arrive at this "consensus?"

The Treaty of Gulistan (1813) signed after the end of the First Russian-Persian War (1804-1813) in the territory of present-day Azerbaijan was the first document that regulated the legal relations of the Caspian countries. It established Russia's exclusive right to have a navy in the Caspian.

The second official legal document was the Treaty of Turkmanchai signed after the end of the Second Russian-Persian War (1826-1828) in 1828.

In 1907, Persia was divided between Great Britain and Russia into zones of influence. Its southern part went to Great Britain, and the northern, which included the southern coast of the Caspian sea, went to Russia. The territory between these zones was declared a neutral zone. This agreement between Great Britain and Russia was enforced by the Anglo-Russian Convention on Afghanistan, Per-

sia, and Tibet.¹ This document and the agreements preceding it show the high significance of the Caspian region, particularly for the Russian Empire, which tried to build its diplomacy in such a way that the British Navy would be prevented from appearing in the Caspian. Great Britain, being an extremely strong sea power at that time, did not miss the opportunity to conquer strategically important territories. After all, expansion of political and geographical boundaries was the customary diplomacy of that time (18th-19th centuries).

The situation changed in 1917 when the Bolsheviks came to power in Russia. They did not immediately gain international support, but tried to embody the principle of peaceful coexistence in their policy. The agreements signed in 1921, 1935, and 1940 created a new legal base for regulating legal relations in the Caspian. So, according to the Treaty of Friendship (signed on 26 February, 1921) between Persia and the Russian Soviet Federative Socialist Republic, all the previous documents between the two countries, including the Treaty of Turkmanchai of 1828,² were cancelled (from the day the Treaty of Friendship was signed); the Treaty of Friendship in particular recognized equal navigation rights in the Caspian for Russia and Persia. The 1935 Treaty of Establishment, Commerce, and Navigation reserved the exclusive right for each nation to fish within a zone of ten nautical miles along their respective coasts. The 1940 Treaty of Commerce and Navigation confirmed the provisions of the 1921 and 1935 documents and also reserved navigation as well as fishing rights in the Caspian for Iranian and Soviet vessels and other vessels flying their flags, thus excluding third states from the Caspian Sea (Art 13); and ships bearing the flag of one of these states would be regarded as civilian in the ports of the other side during their entry into port, anchorage in port, and exit from port (Art 12).³ The water space beyond the 10-mile zone along the coasts of the respective Caspian states remained in common usage.

These three documents regulated the legal relations of the countries in the Caspian with respect to fishing, commercial activity, and navigation. But not one of them envisaged any division of the sea's resources or rights to use of the subsoil. Despite this, however, these contracts were fundamental in further discussion of the Caspian's legal status.

In 1935, the Soviet Union unofficially and unilaterally recognized the Gasan-Kuli (Turkmenistan)-Astara (Azerbaijan) dividing line.⁴ Russia's and Iran's right to a certain part of the sea, which included the 10-mile fishing zone, was de facto determined by this line, as well as their rights to the water and subsoil in the corresponding sector. This is how today's story of de facto use of the Caspian Sea began.

In 1949, when oil was found in the Caspian, the Soviet Union began to independently research its fields, without informing Iran, although the 1935 and 1940 treaties only envisaged regulation of navigation and commerce relations and not use of the subsoil and division of the sea's resources. What is more, most of the sea, according to these treaties, remains in common use. Later Iran also agreed to develop the fields in "its" part of the sea. So de facto sectoral division existed since as early as 1949. Over time this situation led to a multitude of disagreements regarding rights to use of the subsoil and division of the sea into national sectors. But the unilateral actions of the Soviet Union and Iran were in no way the only reason for sectoral division of the sea and its further use.

¹ See: U. Suleimenov, E. Karagianis, "Kazakhstan i iuridicheskie raznoglasiia v otnoshenii Kaspiiskogo moria," *Central Asian Journal*, No. 4, 2004, p. 109.

² See: A. Abishev, *Kaspii: nefi i politika*, Almaty, 2002, p. 159.

³ See: G.B. Khan, L.S. Suvorov, G.B. Rakhmanova, *Vneshniaia politika Respubliki Kazakhstan*, Kazakhstan State Law Academy, Almaty, 2001, p. 268.

⁴ See: A. Abishev, op. cit., p. 168.

Disintegration of the Soviet Union: National Perspectives of the Caspian States on the Legal Issue

In 1970, it was decided by the U.S.S.R. Ministry of the Oil Industry to divide the Soviet part of the sea, according to the median line principle,⁵ into national sectors among the four Caspian Union republics (Kazakhstan, Russia, Azerbaijan, and Turkmenistan), which were granted the right to develop the fields in their own sectors. This line was also enforced as an administrative-territorial border (the only type of border existing in the U.S.S.R.) and when these republics gained their independence, it was recognized as the state border. For example, de facto division into sectors became the reason for not only Iran and the Soviet Union developing the sea's resources, but also subsequently all the former Soviet republics.

Today the Caspian Sea's legal status includes de facto division into national sectors and the above-mentioned de jure agreements of 1921, 1935, and 1940. This situation has not only resulted from Soviet-Iranian relations, but also (in particular) from one historical event that had an impact both on the policy of the Caspian region and on the entire system of international relations as a whole. Four new states—full-fledged entities of international law claiming parts of the Caspian Sea—appeared on the world arena after the collapse of the Soviet Union in 1991. Based on the complaints about the unregistered (meaning illegal) unilateral actions of the Soviet Union and to a lesser extent of Iran, the newly independent states began to form their own positions regarding the sea's legal status. The Caspian Basin became the focus of intense international attention due not only to the Caspian states' interest in it and its resources, but also the interest of the U.S., Turkey, and the European Union states.

Tehran, which had no objections to the status the Caspian enjoyed during the "Soviet-Iranian sea" period (this term was applied to it in the appendices to the 1935 and 1940 treaties), is now refuting de facto division of the sea, motivating this by the fact that the Gasan-Kuli–Astara boundary introduced by the Soviet Union was never legally enforced in any of the earlier documents.⁶ Theoretically this position is correct from the viewpoint of the legal force of the treaties, which do not envisage this division of the sea, but, on the contrary, mention the common, condominium, regime for it (1921, 1935, and 1940). If we follow the current de facto delimitation of the Caspian, Iran is allotted its smallest part of 14%, while Kazakhstan and Azerbaijan receive 29% and 21%, respectively, Russia acquires 19%, and Turkmenistan 17%.⁷ So Iran is now insisting on dividing the Caspian into equal parts of 20% for each of these five states, and is theoretically willing to accept the condominium regime enforced in the Soviet-Iranian agreements. But keeping in mind the current situation with respect to de facto division, this alternative already seems highly unlikely. After several meetings with the heads of the Caspian states, experts, and representatives of oil and gas companies held in 1992–1998, it is obvious that the sea must be divided. But it is still not clear whether a five-way treaty on its delimitation will be signed and when this will happen.

It should be noted that the Iranian part of the Caspian, regardless of its choice of 14% or 20%, will not play a decisive role in the country's oil policy since its oil supplies in the south, in the Persian

⁵ See: G.B. Khan, L.S. Suvorov, G.B. Rakhmanova, op. cit., p. 275.

⁶ See: A. Abishev, op. cit., p. 168.

⁷ Ibid., p. 201.

Gulf, are much larger than the potential volumes in the Caspian. It must also be kept in mind that the sea's oil supplies have been playing an enormous role in forming the economies of Azerbaijan and Kazakhstan, which insisted on division from the very beginning of the talks on the legal status of the Caspian. More than that, neither state has access to the open seas, which means they have limited oil transportation routes, that is, they need to use the territory of other countries to deliver resources to the world market.

The primary problem regarding the Caspian's status for Iran is security, which is becoming increasingly pertinent under the new geopolitical conditions that have arisen since the collapse of the Soviet Union. Nor can we fail to notice the Islamic Republic of Iran's striving to make a name for itself on the world arena, particularly with respect to the political crisis in this country over its nuclear program, which has not been resolved even in spite of the U.N. Security Council's decisions. The political prestige Tehran needs today on the world arena also prevents it from disregarding its demands regarding the Caspian's legal status. But nor can it miss out on an opportunity to develop the policy in the Caspian related to such common problems of the littoral states as protection of the Caspian's unique flora and fauna, which also does not allow the IRI to mitigate its position on the legal issue.

Kazakhstan and Azerbaijan are demanding establishment of their sovereign rights to develop fields in sectors of the sea allotted to them as early as the Soviet era. From the very beginning, Azerbaijan upheld the principle of complete division of the sea: the water layer, the seabed, and the airspace. The particular grounds for this position were the following factors:

- 1) the Azerbaijani sector of the sea was defined by the Soviet government in 1970;
- 2) the 1921 and 1940 treaties do not apply today since they regulate only commercial and navigation relations, but do not envisage how the sea's resources should be shared among the coastal states, particularly since one of these states is no longer an entity of international law (the Soviet Union);
- 3) the Caspian must be regarded as an "international lake" due to the fact that it does not have natural access to the World Ocean.

Azerbaijan regards the artificial straits (canals), the Volga-Don and Volga-Baltic, which join the Caspian to the Black Sea and ocean, as insufficient grounds for recognizing the Caspian as a sea. In 1995, Azerbaijan even included this status in the country's Constitution (this decision was subsequently also regarded as unilateral and illegal), which said that the water layer, subsoil, and airspace in the Azeri sector of the sea (following the Soviet Union's division in 1970) are declared the republic's property. But Kazakhstan, in turn, considers the concept of a closed sea to be more suitable for the Caspian.

The legal status issue turned into a dispute over the Caspian's definition as a sea or a lake. In the event the Caspian is defined as a sea, the regulations of the 1982 U.N. Convention on the Law of the Sea apply to it, which makes it possible to divide the sea into sectors down the median line (at an equal distance from the states' coasts) or divide it keeping in mind the three main zones of influence: territorial sea—12 nautical miles,⁸ exclusive economic zone—200 nautical miles,⁹ and continental shelf.¹⁰ Division down the median line is envisaged by the Convention if use of the rights enjoyed by one littoral state (zone of influence) due to the insufficient size of the water body are in conflict with similar rights of another littoral state.¹¹ Both of these alternatives largely apply to Azerbaijan and Ka-

⁸ See: *U.N. Convention on the Law of the Sea of 1982*, Art 3, available at [http://www.un.org/Depts/los/convention_agreements/texts/unclos/unclos_e.pdf].

⁹ See: *Ibid.*, Art 57.

¹⁰ See: *Ibid.*, Art 76:1.

¹¹ See: *Ibid.*, Art 15.

zakhstan. But application of this Convention for resolving the Caspian's legal status is not advantageous to *Russia*. In particular, the Convention defines the Caspian as a sea, which means that all the straits in it acquire international legal status. For example, the Volga-Don and Volga-Baltic canals will be available to all vessels for passage and will not remain Russia's property, which is extremely disadvantageous for it in terms of security, the environment, as well as economic benefit, which Azerbaijan and Kazakhstan will acquire in this case after gaining access to the Black Sea. So from the very beginning, Russia insisted on the condominium regime, and as the situation gained momentum and resolutely drew nearer to reaching a resolution to the sea's division, the conception of the Caspian's status as a closed lake began to develop. In the event it is adopted, the straits (that is, canals) will remain in Russia's ownership, so delimitation appears possible.

In this context, the international practice of dividing lakes should be taken into consideration, in keeping with which the boundaries on a water body pass down the median line, upon agreement of the sides, or the boundaries on a lake are an extension of the land borders (if this is possible geographically). In world practice there are numerous examples of this kind of division. One of them is Lake Victoria, which is divided between Kenya and Uganda. An exception to this practice is Lake Titicaca on the territory of Bolivia and Peru. Under an agreement by the sides it is in common use. But this scenario will hardly be possible for the Caspian due to the irreconcilable positions of most of the littoral countries (and of Iran in the event of equal division, that is, of 20% each) regarding its division, which is possible if the provisions of the U.N. Convention of 1982 or the international practice of dividing lakes are adopted. In this event, it is only a question of Iran's nuances and position.

Kazakhstan, for example, although it upheld the Caspian's status as a sea, stated repeatedly that the U.N. Convention and international practice of dividing lakes could not be entirely applied to the Caspian. The gist of this position lay in the fact that if it was defined as a lake a multitude of state borders would appear that would have to be crossed, that is, fishing and commercial activity would become complicated. And if it was defined as a sea, the zones belonging to one state in compliance with the provisions of the U.N. Convention would be in conflict with the zones of another state, which although regulated by the Convention would also mean it was not an open sea. This, in turn, would again make navigation and fishing difficult. The environmental situation and its possible deterioration in the event of autonomous use of the individual parts of the sea were also taken into account. In this respect, Kazakhstan proposed a way to resolve the problem: divide the seabed in keeping with the median line principle and leave the water layer in common use. This position prevailed later in a bilateral agreement between Kazakhstan and Russia signed in 1998.

Incidentally, at the initial stages of reviewing the question of the Caspian's legal status (immediately after the collapse of the Soviet Union), this environmental argument was one of the most important in Russia's position, which was bent on preventing Azerbaijan and Kazakhstan from having sovereign rights to sections of the sea. Another of Russia's strong arguments in favor of condominium was the legal force of the 1921 and 1940 documents. But after 1994, Russia's position began to change. This was due to the fact that in 1994, the Azerbaijani government and consortium of international oil and gas companies signed the so-called Contract of the Century. It included such oil giants as British Petroleum, the State Oil Company of Azerbaijan Republic, and Russia's LUKoil Company. What guarantees could the state of Azerbaijan give its foreign partners regarding the legality of the actions in the Caspian Sea?

In 1993, Moscow and Baku signed an agreement on joint development of the Caspian fields in the territory of Azerbaijan. The text of this document talked about the Azeri part of the sea's territory, which also meant its sector; Russian and Azeri companies were reserved the right to this development, including LUKoil on the Russian side, with an agreement on 10% of the future profit. For this reason, Azerbaijan, having no doubts about the legality of its actions, signed the Contract of the Cen-

ture. Moreover, Russia's LUKoil was joined this contract at its first request. So despite the official statement of the Russian Federation Foreign Ministry that Russia would not stand for any unilateral actions in the Caspian (this meant in particular those not agreed upon by all five of the sea's littoral states) addressed in 1994 to the U.N., it could not stop the Contract of the Century from being signed. Russia's official position also said that it reserved itself the right to apply any necessary measures to intercept unilateral actions in the Caspian.¹²

The official position of the Russian Federation Foreign Ministry and State Duma was not related to the de facto situation or to the positions of the individual private Russian oil companies that began independent development of the oil fields legalized by the same government. At that time, the Russian government was unable to fully control the economic situation in its crisis-torn country.

The fact that Azerbaijan began actively upholding its position on the legal status—division of the Caspian into national sectors—can be explained by the above-mentioned agreement and LUKoil's membership in the international oil consortium. This made it possible for Baku to "gain legality" in the legal issue and establish control at both levels of Russian influence: the private (economic) and governmental. The Russian Federation government was unable to continue contradicting its own decisions and, despite the criticism of the action of the country's oil companies, it was forced to accept the agreement. This well-thought-out step made it possible for the Azerbaijani government to reinforce both its own position and the position of its commercial partners regarding the Caspian's legal status.

The positions of the Caspian Basin countries changed as circumstances developed. *Turkmenistan's position* also changed quite frequently. But, as Professor E. Kepbanov, who at one time was deputy foreign minister of Turkmenistan, notes, there were rather significant reasons for these changes. For example, keeping in mind the controversial fields along the proposed median line between Turkmenistan and Azerbaijan, Ashghabad could not remain neutral toward Baku's unilateral actions. In particular, E. Kepbanov believes that after the signed contracts on development of the fields in the Azeri sector, the agreements between Russia and Azerbaijan, and then between Kazakhstan and Russia On Delimitation of the Seabed in the Northern Part of the Caspian Sea Along the Modified Median Line¹³ in order to Establish Sovereign Rights to Subsoil Use of 1998, Turkmenistan was inclined toward dividing the sea into sectors.¹⁴ Prior to this Ashghabad, for security considerations in the region, upheld Tehran's position on the condominium regime. But after 1997 Turkmenistan joined those in favor of dividing the sea. Whereas Iran, Russia, and Turkmenistan used to form a counterbalance to the Kazakhstan-Azerbaijan coalition that insisted on dividing the sea into sectors, now a different picture could be seen: Iran was in the minority. But it must nevertheless be noted that Turkmenistan was still rooting for an equitable choice for the Caspian's status (based on the opinion of all five countries and enforced not in bilateral de facto agreements but in one five-way document), which also concerns Iran, primarily as an influential geopolitical neighbor.

The series of talks on the legal issue held in 1992-1994 and 1995-1998 did not achieve significant changes in defining the status of the Caspian Sea, but some results were reached in the context of the overall mood of the littoral states. For example, at the meeting of these countries' foreign ministers (Tehran, 1995) it was decided that *the legal status of the Caspian Sea must be enforced in one five-way document*, on the basis of which all other necessary legal documents and bilateral agreements in any sphere relating to the Caspian's legal status will be adopted and applied. This decision intercepted all of Russia's attempts to regulate the status by means of separate agreements, in particular

¹² See: V. Guseinov, *Kaspiiskaia neft: Ekonomika i geopolitika*, Moscow, 2002, p. 169.

¹³ "The modified line is drawn keeping in mind all the geological structures (and controversial fields in compliance with the agreements of the sides), whereby the water layer remains in common use" (V. Guseinov, op. cit., p. 187).

¹⁴ See: E. Kenbanov, "Turkmenistan za ravnopravnoe i vzaimovygodnoe sotrudnichestvo na Kaspii," *Kazakhstan spektr*, No. 2 (36), 2006, p. 29.

keeping in mind Moscow's ambiguous position elaborated in the mid-1990s regarding the environment in the Caspian and division of the sea.

The second important decision was made at a meeting in Almaty in September of the same year *on delimitation of the Caspian Sea*. It was an important step in the geopolitical respect and in the sphere of regional security since by this time the Caspian had already become a target of keen attention on the part of many of the world's nations, which made the Caspian states very concerned about their possible interference.

Russia, which had gradually been taking advantage of all the benefits of division of the sea and by 1997 had already fully realized its potential in developing the Caspian's resources, undertook measures to settle the status of its sector of the sea *de facto*. Moreover, understanding that having once been succored by foreign support Kazakhstan and Azerbaijan would not step down from their conviction that the sea should be divided into national sectors (according to the principle of a lake or according to the principle of dividing the seabed, leaving the water layer in common use, as Kazakhstan suggested), the Russian Federation agreed to this delimitation. In 1998 the above-mentioned agreement was signed *On Delimitation of the Seabed in the Northern Part of the Caspian Sea Along the Modified Median Line in order to Establish Sovereign Rights to Subsoil Use*. One of the advantages for Russia in this document was also the fact that a modified median line made it possible to resolve the question of the controversial fields of Kurmangazy and Khvalynskoe, where Kazakhstan's and Russia's sectors intersected. Here the principle of so-called point jurisdiction was used, that is, a decision was made on the joint development of these fields. Russia signed the same agreement with Azerbaijan, Kazakhstan with Azerbaijan, and Azerbaijan with Turkmenistan, despite the fact that the disputes on division of the Azeri and Chirag fields between Baku and Ashghabad are still going on. Azerbaijan, which insisted on strict division of the entire sector, including the water layer, airspace, and seabed of the Caspian, mitigated its position after the then Russian president Vladimir Putin's visit in 2001 and agreed to divide the seabed, retaining common use of the water layer and gradual separation of the entire sector. In 2002, Azerbaijan and Russia signed an agreement in Moscow on delimitation of the contiguous sections of the Caspian Sea shelf.¹⁵

As a result of long multifaceted rounds of talks on the Caspian's legal status, three main alternatives for resolving the problem were elaborated:

- The Iranian version was either the current *de jure* condominium regime enforced in the Soviet-Iranian agreements or equal division of the sea with each state being allotted 20% based on the fact that during the period of the Soviet-Iranian sea the rights of the littoral states were also equal;
- The version most actively promulgated by Azerbaijan of dividing the sea into national sectors in accordance with the 1970 delimitation and the southern Astara–Gasani–Kuli boundary on the grounds that all the boundaries in the sea were already enforced and had been officially recognized as territorial when the Soviet Union disintegrated;
- Delimitation of the sea down the median line at an equal distance from points on the opposite shores, in keeping with which Russia will acquire a sector of 19%, Kazakhstan of 29%, Azerbaijan of 21%, Turkmenistan of 17%, and Iran of 14%.¹⁶

In this way, based on the specific positions of the Caspian countries and the inability of international law to regulate this issue, the condominium regime looks to be the least pertinent solution. Strict division of the sea into sectors, including all the components (water layer, airspace, and subsoil), also

¹⁵ See: [<http://www.centrasia.ru/newsA.php4?Month=10&Day=3&Year=2002>].

¹⁶ See: A. Abishev, *op. cit.*, p. 201.

seems highly unlikely, particularly due to the need to conduct a single policy regarding the environment of the water body. But division along a modified median line and enforcement of common use of the water layer, particularly keeping in mind the work carried out with respect to this delimitation regime, is entirely acceptable for most of these countries. However ignoring the opinion of such an influential neighbor as Iran will not bode anything positive. In this respect, experts have come up with another scenario. If Iran does not change its opinion the Caspian could de jure remain under the jurisdiction of the Soviet-Iranian treaties of 1921 and 1940, whereas in terms of subsoil use rights, the states will de facto be guided by bilateral agreements. For example, as of today, the question of establishing the sea's legal status, which appears to have reached an impasse de jure, has progressed de facto quite a long way with respect to the development of its hydrocarbon supplies.

Geopolitical Reality and Pipeline Routes

As we have already noted, after the collapse of the Soviet Union, geopolitical reality in the region and the world dramatically changed. The former Soviet republics became sovereign states, but dependence on the integrated industrial structures of the former Soviet Union made it impossible for them to free themselves from economic dependence. This fact, which was not immediately taken seriously by the post-Soviet Caspian states, greatly limited their further development of alternative hydrocarbon resource transportation routes, which they were counting on. In particular, Azerbaijan and Kazakhstan, the main claimants to the hydrocarbon-rich sectors of the sea, oriented their internal market precisely toward the new export routes. Before the urgent need arose to elaborate the Caspian's legal status between five states, no one had any doubts about the sectors allotted to the Soviet republics in 1970. But after they gained their political independence, these republics began to make plans for transporting oil and gas to the world markets circumventing Russian territory, although geopolitical reality made their implementation difficult.

The beginning of the 1990s was marked by an extremely unstable situation in the Caucasus. A civil war in Georgia, the war in Chechnia, the conflict around Nagorno-Karabakh, as well as the region's high economic and other dependence on Russia created unfavorable conditions for exporting oil from the Caspian Region. Immediate independence from Russia, which the post-Soviet countries were counting on, proved unrealistic. Moscow was still able to control most of the economic and geopolitical activity of the CIS states. The CIS countries could not transport and export goods without going through the Russian Federation since the infrastructure of all these states was closely interrelated. In particular, the oil and gas transportation routes developed by the post-Soviet Caspian states were limited to a few alternatives, which additionally did not have the advantage of regional security.

Azerbaijan

The possibilities for transporting the republic's hydrocarbons mainly boiled down to two alternatives: via Georgia and Turkey, as well as via the Russian port of Novorossiisk. In 1993 Baku and Ankara signed an agreement on building the Baku-Ceyhan oil pipeline. But the war in Georgia interfered with immediate implementation of this project, postponing completion of the oil pipeline until 2006. The war in Chechnia, through the territory of which the Novorossiisk-Baku oil pipeline passes,

hindered Azerbaijan's decision to transport oil in this direction. But after signing the Contract of the Century in 1994, the proposals of foreign investors forced Baku to activate its attempts to stabilize the political and economic situation in the region.

For several reasons, Azerbaijan became a buffer zone between Turkey and Russia, which were not in open conflict with each other, but were actively spreading their influence in Azerbaijan (the first economically and the second politically). After 1993, Baku's policy became more strained with Ankara, but less conflict-prone with Moscow, which was due in particular by Turkey's inactive support of Azerbaijan in the Nagorno-Karabakh conflict (Baku expected much more). Due to this same conflict, the transportation routes through Armenia and Iran were closed. In addition, the southerly direction did not bring Azeri oil to the European market.

So unable to transport oil independently of Russia and dependent on foreign investors for further development of its part of the shelf, Azerbaijan was forced to accept both transportation alternatives (via Georgia and Russia). Russia's strategic position for delivering Azeri oil to the European market could not be ignored. Moreover, conducting oil business by circumventing Russian territory could provoke a negative reaction in Moscow. The Georgian port of Supsa proved very promising (in the absence of the planned oil pipeline to Ceyhan), that is, it offered the possibility of bypassing Russian territory.

Kazakhstan

Economic independence from Russia, particularly with respect to oil export, was one of Kazakhstan's foreign policy priorities, as well as of the other post-Soviet Caspian countries. But the republic had even fewer alternatives for transporting crude oil to the market of the European countries due to its geographic location than Azerbaijan. Kazakhstan had two possible transportation routes: along the Atyrau-Samara and Tengiz-Novorossiisk oil pipelines, which pass through Russian territory. The Atyrau-Samara route, which is regarded as part of the Druzhba pipeline network to Europe, as is the Tengiz-Novorossiisk oil pipeline, places the transportation of Kazakhstani oil under the full control of the Russian Federation. It should be noted that each of the post-Soviet Caspian states has been trying to ensure the possibility of transporting its energy resources in at least two directions in order not to suffer complete export bankruptcy in the event one neighbor refuses. So one of the few alternatives for Astana was the Trans-Caspian oil pipeline, which was designated to join the Baku-Tbilisi-Ceyhan route. But Moscow and Tehran did not approve this project, stating that it would be detrimental to the environment and without a five-way treaty on the status of the Caspian not one of the littoral states had the right to implement such a project.

An alternative oil pipeline route for Kazakhstan was in the direction of China. In 1997, Kazakhstan and the PRC signed a corresponding treaty. But the project is rather expensive and long-term. Unable to wait until it is implemented, Kazakhstan is continuing to look for suitable routes for its export potential.

So the main Caspian hydrocarbon-rich countries, Azerbaijan and Kazakhstan, are still looking for additional export routes, while the European countries and a few others are exerting efforts to find alternative sources of oil and gas. But it is becoming increasingly difficult for Kazakhstan, which is implementing a multi-vector foreign policy, to retain the balance of power in its favor. Nor is it easy for Azerbaijan, which also has large energy resources it needs to export and is in such an unstable region as the Caucasus, to build its policy. Its far from simple relations with Armenia and Iran, as well as its borders with Georgia and Chechnia, place the country in a difficult position in the region. All of this complicates the position of Kazakhstan and Azerbaijan as promising energy resource producers in the Caspian.

Turkmenistan

Being mainly a deliverer of natural gas for Russia in the Soviet period, the republic has not placed the emphasis on development of the oil industry. What is more, if we keep in mind its not entirely advantageous geographical location, its sector of the Caspian sea that is not rich in oil, and political instability due to the authoritarian regime of former leader S. Niyazov, it becomes clear why the country's oil industry is poorly developed. The law on investments has been amended many times, which is not promoting a stable investment climate in Turkmenistan.

It should also be noted that keeping in mind the republic's neutrality policy, security is the basis of Ashgabad's motivation in the Caspian's legal issue. Nor should we forget that it borders on Afghanistan, where in 1996 (at the very peak of the dispute on the sea's legal status), the Taliban movement came to power, which made security in the region more precarious.

With respect to the possible export routes of energy resources, the north—Russia (via Kazakhstan)—is the predominant one. The route via Afghanistan is still not considered safe, particularly keeping in mind the limited power of the country's current president, Hamid Karzai.

Consequently, the dependence of this former Soviet republic on developed Soviet industry and current Russian policy is making itself known again.

Russia

As for Russia, its main task (along with retaining the balance of power with respect to the West's influence in Central Asia and the Caucasus) is control over the export of hydrocarbons from the post-Soviet countries to the European markets. So Moscow has concentrated more attention on the CPC (Caspian Pipeline Consortium) oil pipeline which joins two main CIS oil pipelines via the port of Novorossiisk: the Baku-Novorossiisk and the Tengiz-Novorossiisk. Russia also controls the pumping of oil into the Druzhba oil pipeline and into the Baltic oil pipeline system via these two pipelines and the Atyrau-Samara route.

The Russian Federation is striving to diversify its oil pipeline routes and ensure the independence of its oil business on the geopolitical arena. In this context, rivalry with Ankara over oil transportation is the most pertinent issue for Moscow. In particular, Ankara introduced restrictions on the passage through the Bosphorus and Dardanelles, through which tankers carrying Russian oil go to the Mediterranean Sea, justifying this policy with the bad environmental situation related to the periodical oil spillage from Russian ships that meet with accidents near these straits. This policy worked, although this did not stop Moscow from searching for alternative routes. The recently reviewed alternative of the Burgas-Alexandroupolis pipeline is still pertinent for Russia. It will provide the Russian oil transported to Bulgaria by tanker from Novorossiisk through the port of Burgas with access to the Adriatic Sea and to Alexandroupolis (Greece), which will make it possible for Russia to bypass the Turkish straits.

Energy resource export routes from former Soviet republics circumventing Russian territory are not advantageous to Russia. So as early as the beginning of the 1990s, it strove to control the geopolitics of these countries' oil pipelines. It can be said that despite the contradiction between official Russia's tasks and the interests of its oil companies, in the 1990s it was still able to achieve its goal in the Azerbaijan Republic. With the help of the active position of Russia's LUKoil in the Azeri sector of the sea and its participation in several important projects (including in the Contract of the Century), the Russian government gained partial control over Azerbaijan's oil industry, which, it should be admitted, would have been impossible without political support from the Russian government in 1993.

In this way, Russia's pipeline geopolitics look even more complex than they do in most of the other Caspian states, since it must take into account not only the interests of the country itself, but also its own influence and that of other nations on the world arena.

Iran

Iran's geopolitical interests in the Caspian mainly represent regional security and the authority of a world power that was seriously undermined by the U.S.'s economic sanctions, as well as the entire world community's desire to freeze Iran's nuclear program. Most states, apart from Russia, followed this course. Now Tehran needs regional security and authority, and Moscow is still its main partner in achieving these goals.

As noted above, Caspian oil is not a determining factor for Iran in its economic development, or even in its oil policy, since the country's resources in the Persian Gulf are much larger than its Caspian supplies. The only thing that Iran loses in this respect is OPEC's influence, which decreases as the oil business in the Caspian becomes more independent. Dependence of the U.S. and European markets on the OPEC member states is decreasing, while regional security and prestige remain priorities.

These were the two main reasons for Iran's position on the Caspian's status: equal division of the sea into 20% sectors or condominium, which is now already highly unlikely due to the agreements entered among several littoral states. But the mechanism for applying this delimitation is still not clear.

The states that need their oil and gas industry to be independent are insisting on division of the Caspian. While Iran and previously Russia (which has currently almost entirely changed its position) are inclined toward common use of the sea's resources (in the case of the Russian Federation—the water layer and fishing industry).

But the interests of the governments of the Caspian countries are far from the last thing influencing the sea's legal status. The oil and gas companies (as well as the policy of their countries) are important elements in this respect.

Big Business

It is no secret that geopolitics and political economics on the international arena are closely related to oil and energy security today. It is obvious that the U.S., Russia, Japan, the European Union states, and China cannot sit on the fence with respect to the security and policy of the Middle Eastern, Latin American, and Caucasian countries. Today the Caspian is also part of several strategically important regions.

But there are also other important components of the Big Game for world strategic resources. Its main participants are often in no way governments, but oil and gas companies—the giants of world business. Today it is not difficult to imagine the scope of their political and economic influence, while environmental problems and social issues pale in comparison. These companies can even be called new political leaders in the world of political economics and globalization.

In the Caspian region in particular the influence of such oil and gas giants as British Petroleum, Royal Dutch Shell (the Netherlands), Agip Eni (Italy), Chevron Texaco (the U.S.), and LUKoil (Russia) can be seen. Whereby LUKoil is the only private worldwide oil and gas structure in the region from the Caspian countries. Of course, there are government companies working in these countries in

the sphere of hydrocarbon resources, for example, KazMunaiGaz (Kazakhstan) and the State Oil Company of Azerbaijan Republic, but most of the others are foreign.

Moreover, the interests of the latter are represented in the region not only by their quantity but also by their share in the production share agreements of the main projects. For example, here is the share distribution in Kazakhstan's largest projects: Karachaganak (LUKoil—15%, Chevron—20%, the British Petroleum (BP) Group—32.5%, the Eni Group—32.5%); Tengiz (Chevron—50%, Exxon Mobil—25%, KazMunaiGaz—20%, LUKoil—5%).¹⁷ In the Azeri projects: D-222 Yalama (LUKoil—80%, the State Oil Company of Azerbaijan Republic — 20%).¹⁸ These are only a few figures.

But the influence of oil and gas companies is not only limited to the economic sphere. There is also political lobbying. As L. Kleveman, a correspondent who works for CNN, *The Independent*, and other world mass media and sends reports from hotspots—Iran, Afghanistan, and Kuwait—claims that in addition to President Heydar Aliev and his son Ilham, David Woodward (head of the Amoco company) is undoubtedly the most influential person in the Azerbaijan Republic, who manages a budget of approximately 15 billion dollars... Amoco is so influential in this country that it is unlikely that any government decision is made without its unofficial consent. ... The former speaker of British Petroleum said at some point that if we leave Baku, the country will fall apart at the same time.¹⁹ At one time, the LUKoil company had similar influence over the Russian government in order to continue developing the projects it already had in the Azeri sector of the Caspian.

But the presence of foreign oil companies in the region is also undoubtedly beneficial to the governments of the Caspian countries, particularly to those whose policy is oriented toward the West (Azerbaijan and Kazakhstan). Azerbaijan is acquiring security in exchange for oil projects, which is ensured by the governments of the countries of those companies carrying out oil business in the republic. Kazakhstan in turn is not in such dire need of security as the Caucasian countries: the government is making use of the main advantage of partnership with foreign companies—investments (which, of course, is also important for Azerbaijan), and is trying to create more privileged conditions for the national contingent of the oil company's employees. Thus many of the republic's projects are divided according to PSA into the minimum share of the national company, which is 50%. AO KazMunaiGaz is the third largest company in terms of oil production volume in Kazakhstan.

Influential oil companies are another example of the Caspian's comprehensive problem, part of which is the sea's legal status. Every sphere of influence also affects all the accompanying problems. For example, since the governments of the Caspian countries do not have the necessary political will it is impossible to determine the damage and take corresponding measures regarding the problem of oil spillage in the sea.

The Environment

Another of the Caspian's problems is its environment. The sea's unique flora and fauna is threatened with extinction. The situation is close to an environmental disaster. This is possibly the most tragic consequence of the local oil business. Rapid and effective measures should be taken in this respect to protect the environment and its inhabitants in the Caspian Basin. But not one country of this basin has yet to provide sufficient financial and political support to ensure that the measures undertaken are

¹⁷ See: Official site of the LUKoil Company, available at [<http://www.lukoil.com/materials/doc/DataBook/DBP/2007/FactBook/part3.pdf>, http://www.lukoil.ru/static_6_5id255.html].

¹⁸ See: Ibidem.

¹⁹ See: L. Kleveman, *The New Great Game: Blood and Oil in Central Asia*, Atlantic Monthly Press, New York, 2003, p. 65.

effective and the money allotted from the state budgets for them is spent to its maximum benefit. This is leading to the sea being further polluted with wastes from the activity of oil companies in the region. But the main thing in this respect is that not one global decision in the environmental sphere can be executed without settlement of the sea's legal status.

The rapidly shrinking population of the Caspian seal, sturgeon, and rare birds is only part of the environmental disaster in the Caspian. Along with this corruption and poaching are flourishing. One of the most popular illegal acts of "fish businessmen" is the illegal export of sturgeon and black caviar. Taking advantage of the absence of efficient measures to preserve the unique fish and bio diversity of the Caspian and of the precise coordination of the border services, the black market is having a hey day. As a non-renewable resource, the sturgeon population is dwindling before the very eyes. Keeping in mind the average prices in 2001, one ton of oil cost around 140-150 dollars, while 1 ton of black caviar cost 500,000-700,000 dollars.²⁰

As Professor A. Butaev believes, this environmental situation in the Caspian is due to the littoral governments' faulty attitude toward this problem. They are much too carried away with the oil business, although preservation of the bio diversity of the Caspian Sea should be of greater priority. According to specialists, the oil reserves discovered in the region will run out in 40-50 years, while the fish potential could exist for centuries if it were properly maintained.²¹ A. Butaev regards the problem of the Caspian as a single whole and concludes that resolution of its environmental issues cannot be separated from questions of division of the sea's hydrocarbon resources, economic strategies, and political decisions of the littoral states. Moreover, political will is the cornerstone of this issue, which cannot be resolved without defining the legal status of the sea.²²

In this respect, the professor proposes establishing a common use regime in the Caspian (condominium). It is difficult to say if this will help to improve the current strained relations among the main political and economic players in the sea. But few are disputing the fact that preservation of its unique ecosystem should be one of the most important issues. However for the time being this is only a powerful political weapon for some countries in defense of their position regarding the Caspian's legal status.

Prospects

When talking about the prospects for resolving the Caspian's legal status, the recent summit of the Caspian states held on 16 October, 2007, is a good case in point. Despite the fact that no specific breakthroughs directly regarding this issue were made, important agreements were reached in the security sphere. The presidents agreed that the Caspian states would not allow other states to use their territories and military forces to carry out military operations against littoral states. Moreover, not one of the littoral states would use its military forces against any other of its littoral neighbors. This demilitarization of the sea became a good guarantee of security in the Caspian for Iran, for which this meeting was the most propitious in this respect. As for the other states, they did not receive any guarantees of possible mitigation in the near future of Iran's position on the legal issue.

Russia, Kazakhstan, and Azerbaijan firmly upheld their positions on division of the sea. The then Russian president Vladimir Putin even insistently recommended that the participants in the process adopt the principle of dividing the sea down its modified median line.

²⁰ See: V. Guseinov, op. cit., p. 199.

²¹ See: Ibidem.

²² See: A.M. Butaev, "Pravovoi status i problemy edinstva i raznoobraziia ekosistem Kaspiia," in: *Mezhdunarodnaia konferentsiia: Kaspii: pravovye problemy*, Moscow, 26-27 February, 2002.

There is one problem with this—the disagreements between Azerbaijan and Turkmenistan regarding certain fields. For this very reason, and also based on Iran's security considerations, the question of the sea's status remains open.

The question of the Trans-Caspian oil pipeline was also being actively discussed. Kazakhstan President Nursultan Nazarbaev said that the five Caspian states should agree upon its route together,²³ which was obviously done to attract attention to this project and to raise economic interest in it by all the sides. But Russia again argued that this project was illegal for environmental considerations.

On the whole, the forecasts of experts boil down to the fact that the possibility of a major change in the situation is very unlikely. In particular, V. Markov, an advisor in the analytical department of the Eurasian Economic Community, rather skeptically commented on this issue. In his opinion, the changes in the opinions of the countries on the legal status are very justified, although he noted that Iran's proposal (dividing the sea into 20% sectors) does not look completely justified and is hardly feasible at present. Here a parallel can also be drawn with the opinion of former special Russian representative on the Caspian V. Kaliuzhny, who believes that natural allotment of the length of the coastline should be the main argument when determining the length of the national sector in the sea.²⁴

V. Markov also noted that a unanimous, that is, by all five countries, answer to the question of the sea's legal status today does not appear realistic, keeping in mind Iran's stubbornness and the progress achieved on a bilateral basis between most of the other Caspian countries. The current de facto delimitation, in his opinion, will remain the basis of relations in the Caspian. But experts do not exclude that in the event the contradictions between Baku and Ashgabad regarding the fields are resolved pressure on Tehran could rise.

The forecast by U. Markus from the Institute of Management, Economics, and Forecasting (Almaty) is more optimistic. She believes that the de facto situation will nevertheless acquire a legal formulation (de jure) over time,²⁵ explaining this by the fact that the current agreements are nevertheless largely regulating the Caspian's legal status in relations with foreign investors.

Decisions will also greatly depend on the geopolitical situation in the region and the world, particularly keeping in mind the U.S., Turkish, and European (to a lesser extent) influence on it. Nor can we disregard the fact that Iran and Russia, being world and regional powers building their own, and at the same time world, policy, and keeping in mind the opinion of the U.N. Security Council and the world community as a whole, will also stick to their own common geopolitical course with respect to the Caspian region.

And with the current relatively high level of demilitarization in the region, the only strong mechanism of influence both from the West and from the Caspian countries is the economy. This will evidently bring regional policy to a new level based on economic cooperation. For example, Russia might possibly make greater use of economic levers of influence to have an impact on other CIS countries in the Caspian and not proceed from its political goals, as it did in the 1990s. It will evidently continue to control the oil transportation routes from these countries. It is difficult to predict how the situation with respect to environmental issues in the region will change. If the political will of the governments of its countries remains at the previous level, we cannot expect any positive changes.

So, keeping in mind the entire complexity of the issues and the comprehensive nature of the problem as a whole, the signing of a five-way treaty on the sea's legal status currently seems highly

²³ See: A. Kolesnikov, "Raznoglasiia vybrosili v more," *Kommersant*, No. 190 (3766), 17 October, 2007.

²⁴ See: *Mezhdunarodnaia konferentsiia: Kaspii: pravovye problemy*, Moscow, 26-27 February, 2002.

²⁵ See: S. Blagov, J. Lillis, "Despite Lack of Progress, Caspian Summit Leaves Participants Optimistic," *Business & Economics* [Eurasianet.org], 17 October, 2007.

unlikely. Moreover, keeping in mind the progress in reaching bilateral agreements, de facto documents could continue to regulate the relations in the region. The political situation and dependence of the Caspian states on geopolitics, as well as the state of affairs in the world in general, are so complicated that there is no time for dealing juridically with all the other multitudinous interests expressed by national and foreign companies and environmentalists. The distribution and development of resources on the shelf are regulated by the de facto situation, while fishing and water boundaries are regulated by the de jure agreements of 1921 and 1940.

RUSSIA'S PROJECTS AND INVESTMENTS IN CENTRAL ASIA: THE OIL AND GAS INDUSTRY

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In the 1990s, Russia's projects and investments in the Central Asian oil and gas industry were mainly concentrated in Kazakhstan, while its interest in other states of the region were minimal. When Vladimir Putin became Russian president in 2000 and the price of hydrocarbons steadily rose, Central Asia's importance abruptly increased. This caused the Russian Federation and Russian oil and gas companies to drastically step up their activity not only in Kazakhstan, but also in Turkmenistan and Uzbekistan. Russia has also started to show a much greater interest recently in two other states—Kyrgyzstan and Tajikistan—despite their low oil and gas potential.

Moscow's growing interest in Central Asia was largely explained by the fact that the conditions in the region make hydrocarbon production

technologically easier and economically more profitable than in the north of Russia, where most of the Russian oil and gas fields are concentrated. The Russian Federation is trying to draw as many of Central Asia's hydrocarbon resources into its fuel and energy balance as possible in order to maintain domestic consumption without lowering the volumes of hydrocarbon export to the foreign markets, particularly to Europe.

This has resulted during the past few years in a gradual increase in the volumes of hydrocarbon export from the region to Russia. But the future plans of Russia, Kazakhstan, Turkmenistan, and Uzbekistan could make significant adjustments to this trend as their own oil and gas industries grow and energy strategies are elaborated. This is mainly due to the fact that it is far from clear whether oil and gas export from the region's

states will continue to be distributed in favor of the Russian Federation or, on the contrary, everything will become gradually reoriented toward markets outside Russia and the post-Soviet expanse. Nor is it clear whether cooperation in the deeper conversion of oil and gas will be expanded between Russia and the region's countries. The latter is extremely important since in Soviet times, for example, it was precisely refining that determined the large (approximately four-fold greater than today) volumes of reciprocal deliveries of this so-called black gold.

So the main problem consists of two essential elements: the unpredictability of the future nature of oil and gas export from Central Asia and interstate cooperation between the Russian Federation and the region's countries in oil and gas processing. On the one hand, the current (and in particular planned) volumes of hydrocarbon production and export in the region (and in Russia itself) could perpetrate a breakthrough in these cooperation areas. On the other hand, it is not clear whether such a major change in energy strategies is actually possible.

So an analysis of the current nature of Moscow's project and investment activity in Central Asia's oil and gas industry will make it possible to better understand the answers to extremely difficult questions regarding not only the prospects of Russian-Central Asian energy cooperation it-

self, but also the development of the entire post-Soviet expanse.

Today Russia's strategic interests largely lie in the three Central Asian states that possess hydrocarbon resources: Kazakhstan, Turkmenistan, and Uzbekistan. Hydrocarbon recoverable reserves have still not been found in two other countries of the region—Tajikistan and Kyrgyzstan—and so Russia has little interest in their production and import and is mainly focusing its attention on assimilating the petroleum products market.

At the beginning of 2008, the total volume of Russian investments in Central Asia's oil and gas industries amounted to between 4 and 5.2 billion dollars.¹ The overwhelming majority of investments (around 80-85%) is concentrated in Kazakhstan (approximately between 3.4 and 4.1 billion dollars), less in Uzbekistan (between 0.5 and 1 billion dollars), and a very insignificant amount in Turkmenistan, Tajikistan, and Kyrgyzstan (a total of approximately 50 million dollars). In the next five years, Russian companies intend to invest between approximately 14 and 16 billion dollars mainly in exploring and developing oil and natural gas fields in Central Asia, as well as in the region's pipeline infrastructure.

¹ The evaluations are estimates obtained on the basis of published information on the investment volume for each project in each of the region's countries.

Kazakhstan

At present, such Russian companies as LUKoil Open Joint-Stock Company (OJSC), Gazprom OJSC, and Rosneft National Company OJSC are actively operating in the republic. At the beginning of 2008, the volume of accumulated Russian investments in Kazakhstan's oil and gas industry amounted to between about 3.4 and 4.1 billion dollars. Until 2012 inclusively, the Russian Federation is planning to invest another 6.7 to 7.5 billion dollars. These resources are mainly to be invested in projects designed to carry out geological exploration and development of upside oil and gas fields (primarily on the shelf of the Caspian Sea), as well as in enhancing the pipeline system.

Geological Exploration and Field Development Projects

Developing the Karachaganak Gas Condensate Field (West Kazakhstan Region, northwestern part of Kazakhstan). This field is one of the largest in the republic: proven reserves amount to

approximately 1.35 tcm of natural gas and 1.2 billion tons of oil. The companies of several countries began developing this structure in 1997 and will continue operating there until 2037. Russia's LUKoil owns 15% (750 billion dollars).

Development of the Kumkol Severny Oil and Gas Field (Kzyl-Orda Region, central part of south Kazakhstan). The field's oil reserves are evaluated at 42 million tons and gas reserves at 4.5 bcm. The structure has been developed since 1996 by the Turgai-Petroleum Closed Joint-Stock Company (CJSC) (until 2000 by Kumkol-LUKoil CJSC), which is owned under parity conditions by Kazakh-Chinese PetroKazakhstan² and LUKoil.

Development of the Severnye Buzachi Oil Field (Mangistau Region, western part of Kazakhstan). The oil reserves of this field, which went into operation in 1999, are evaluated at approximately 80 million tons. Since 2003, this structure has been owned under parity conditions by Canada's Nelson Resources Company and the Chinese National Oil Corporation (CNOC). In 2005 LUKoil purchased 100% of the shares of Nelson Resources for 2 billion dollars.

Development of the Alibekmola and Kozhasai Oil and Gas Condensate Fields (Aktiubinsk Region, northwestern part of Kazakhstan). The oil reserves at these fields are estimated at 70 million tons and the gas condensate reserves at around 13,000 tons. The structures have been developed by the Kazakhoil-Aktobe State Kazakhstan Company: Alibekmola since 2001 and Kozhasai since 2003. As early as 2000, Kazakhoil-Aktobe sold 50% of its assets in the development of these fields to Nelson Resources, which has been a subsidiary enterprise of LUKoil since 2005.

Development of the Karakuduk Oil Field (Mangistau Region, western Kazakhstan). The oil reserves at the field are estimated at approximately 45 million tons. It has been developed since 2000 by Karakudukmunai CJSC (100% subsidiary enterprise of LUKoil).

Geological Exploration and Subsequent Development of the Tiub-Karagan and Atashskaia Oil and Gas Condensate Fields (central part of the Kazakhstan section of the Caspian Sea shelf). The oil reserves (including gas condensate) at the Tiub-Karagan field are estimated at 324 million tons of standard oil and at the Atashskaia field at 249 million tons. The project is being implemented by LUKoil along with the Kazakhstan Sea Oil Company KazMunaiTeniz (100% subsidiary company of KazMunaiGaz) between 2003 and 2043. There are plans to drill the wildcat wells at the structures between 2008 and 2010.

Geological Exploration and Subsequent Development of the Kurmangazy Oil and Gas Condensate Field (southern part of the Kazakhstan section of the Caspian Sea shelf). The estimates of oil and gas condensate reserves at the field vary greatly from 500 million tons to 1.8 billion tons. Rosneft, in cooperation with the Kazakhstan Ministry of Energy and Mineral Resources, began operating at this field in 2005 and will continue to work there until 2060. There are plans to drill the wildcat wells at the structure before 2012.

Geological Exploration and Subsequent Development of the Zhambai Oil and Gas Field (on the Caspian Sea shelf). Oil and gas reserves are still not known. In 2006, an agreement was signed stipulating that KazMunaiGaz will transfer a 25% share of the project to LUKoil and Spain's Repsol. Seismic survey was carried out at the field until 2007 inclusively, which is now being followed by analytical work. In 2008-2009, there are plans to carry out preparatory work and drill the wildcat well.

Preparations for Geological Exploration and Subsequent Development of the Imashevskoe Gas Condensate Field (Atyrau Region, western part of Kazakhstan and the Astrakhan Region, Rus-

² Until 1996, PetroKazakhstan was the State Iuzhneftegaz Company established in 1993. In 1995, LUKoil and Iuzhneftegaz created the Kumkol North development joint venture. In 1996, Canada's Hurricane Hydrocarbon Company acquired 89.5% of the shares of Iuzhneftegaz, after which this company was renamed PetroKazakhstan. At present, PetroKazakhstan belongs to China's PetroChina and KazMunaiGaz.

sia). The field's reserves are estimated at 129 bcm of natural gas and 21 million tons of gas condensate. Work at the structure should begin in the very near future. On the Kazakh side it will be carried out by KazMunaiGaz, while on the Russian side the developer (subsoil user) has still not been determined.

Preparations for Geological Exploration and Subsequent Development of the Khvalynskoe and Tsentralnoe Oil and Gas Fields (north Caspian, Russian and Kazakh sections of the shelf). The hydrocarbon reserves of the Khvalynskoe field are estimated at 480 million tons of oil equivalent, including 300 million tons of oil, and of the Tsentralnoe field at 522 million tons of oil and 92 bcm of casing head gas. Work is not yet being carried out at the structures but should begin in the near future. On the Kazakh side, it will be carried out by KazMunaiGaz. On the Russian side, LUKoil will carry out the work at the Khvalynskoe field, and LUKoil and Gazprom at the Tsentralnoe structure.

Hydrocarbon Processing Projects

Joint Processing of Gas and Gas Condensate at the Orenburg (Orenburg, Russia) Gas Processing Plant (GPP). In October 2006, an intergovernmental agreement was signed between Russia and Kazakhstan on creating a joint venture for processing gas at this GPP. The project is being carried out by Gazprom and KazMunaiGaz. In 2007, a buy-sell agreement was signed for delivering hydrocarbons from the Karachaganak field to the Orenburg GPP for 15 years (from 2007 to 2022). It is expected that gas will be processed at a level of 8 bcm until 2010, 12 bcm will be processed in 2011, and no less than 15 bcm a year beginning in 2012.

Preparations for Building a Caspian Gas Chemical Complex (GCC) in the Zone of the Khvalynskoe Oil and Gas Field (Atyrau Region, western part of Kazakhstan). A working group of KazMunaiGaz and LUKoil representatives has been created for implementing the project in 2006. There are plans to process approximately 14 bcm of gas every year at the GCC. Talks are being held to discuss Russia's and Kazakhstan's shares in the project as well as the deadlines for its implementation.

Pipeline Projects

Preparations for Increasing the Throughput Capacity of the Atyrau-Samara Oil Pipeline.³ This project is being implemented on the basis of an intergovernmental agreement signed in 2002 between Russia and Kazakhstan. The KazTransOil National Oil Transportation Company CJSC is the pipeline operator in the Kazakh section and Transneft OJSC is the operator in the Russian section.

By 2017 (when the oil transit agreement expires), Russia and Kazakhstan plan to increase the pipeline's throughput capacity from the current 15 to 25 million tons a year. At present, the conditions and provisions of a packet agreement for increasing the pipeline's capacity are being drawn up. It is presumed that some of the oil (around 17 million tons from Kazakhstan alone) will go through the planned Burgas-Alexandroupolis (Bulgaria-Greece) pipeline, which bypasses the Turkish straits.

Plans to Increase the Throughput Capacity of the Tengiz-Novorossiisk Oil Pipeline.⁴ The pipeline operator is the Caspian Pipeline Consortium (CPC). The Russian Federation's share in the

³ Oil is being transported along this 697-kilometer pipeline put into operation in 1970 from the fields of the western part of Kazakhstan to Russia's Samara Region.

⁴ Oil is transported via this pipeline, which was put into operation in 2001 (it is approximately 1,510 km long), from the western part of Kazakhstan (the Tengiz field) to the Russian port of Novorossiisk (and on by tankers through the Turkish straits—the Bosphorus and Dardanelles).

CPC amounts to 24% (625 million dollars), while Russian companies hold another 20% (520 million dollars).⁵ Russia and Kazakhstan are planning to increase the throughput capacity of the pipeline from the current 32 to 67 million tons a year (including Kazakh oil to 50 million tons). But the prospects and time limits for implementing the project to raise the pipeline's throughput capacity are still not clear.

Cooperation on the Transit of Turkmen and Uzbek Gas via the Central Asia-Center (CAC) and Bukhara-Ural pipelines, **as well as Russian Gas** via the Orenburg-Novopskov and Soiuz pipelines.⁶

This cooperation is being realized on the basis of an intergovernmental agreement on cooperation in the gas industry signed in 2001. In 2005, two medium-term agreements for 2006-2010 were signed between Gazprom and the Intergaz Central Asia Company, the operator of Kazakhstan's main gas pipelines and a 100% subsidiary enterprise of the KazTransGaz Joint-Stock Company. The first of them determines an increase in the volumes of Russian gas transit through the Ural Region of Kazakhstan to 70 bcm a year by 2010 via the Soiuz and Orenburg-Novopskov gas pipelines.⁷ The second agreement envisages volumes of Central Asia gas transit through Kazakhstan via the CAC system of up to 55 bcm a year.

Today the actual throughput capacity of the Kazakhstan section of the CAC gas pipeline amounts to approximately 60 bcm a year, of the Bukhara-Ural pipeline up to 7 bcm, and of the Orenburg-Novopskov and Soiuz gas pipelines (total) to 47 bcm. By 2010, Kazakhstan is planning to raise the throughput capacity of the CAC pipeline, after its modernization, to 80 bcm a year and later (whereby in the next few years) to 100 bcm.

On the whole, all the work to modernize the major gas pipelines passing through Kazakhstan is being carried out by KazMunaiGaz and KazTransGaz independently, without investments or other involvement on the part of the Russian Federation and its companies. But since Kazakhstan's gas-transportation system is part of the entire post-Soviet space, interaction with Russia regarding gas transportation is inevitable.

Plans to Join the Druzhba and Adria Oil Pipelines.⁸ At present, Moscow and Astana are looking at the possibility of creating a new export oil transportation vector from Russia and Kazakhstan to the world markets through Europe and the sea port of Omišalj (Croatia). It is presumed that after the Druzhba and Adria oil pipelines are joined, the volumes of oil exported from Russia and Kazakhstan to Europe will increase to 15 million tons a year, but the prospects and time limits for implementing this project are still not clear.

Petroleum Products Sale Projects

Gazprom is planning to assimilate Kazakhstan's petroleum products market with its products. Gazpromneft (Gazprom's subsidiary company) is already renting out 11 tank farms in Kazakhstan

⁵ LUKARCO BV, Russia has 12.5% (326 million dollars) and Rosneft-Shell Caspian Ventures Ltd., Russia has 7.5% (195 million dollars).

⁶ The Soiuz and Orenburg-Novopskov main gas pipelines, each 760 km in length, were put into operation in Soviet times (the Orenburg-Novopskov in 1976 and the Orenburg-Soiuz in 1978). Gas is transported via these pipelines from the Orenburg Region to the Saratov Region of Russia through the Ural Region of Kazakhstan.

⁷ The Soiuz and Orenburg-Novopskov gas pipelines had a throughput capacity of 42 bcm a year (total) at the time they went into operation. In 2004, their actual throughput capacity amounted to around 30 bcm a year due to wear and tear of the infrastructure. But in 2004, Kazakhstan began reconstructing and modernizing these pipelines. Today the throughput capacity of these gas pipelines amounts to a total of 47 bcm a year. Precisely this amount of gas is planned to be pumped in 2008.

⁸ Oil is transported from Russia to the European countries via the Druzhba pipeline which went into operation in 1964 (it is approximately 6,000 km in length). The Adria oil pipeline is a system consisting of two sections: the Hungarian section passes through Hungary from the city of Százhalombatta to the Hungarian-Croatian border, and the other section—the Jadran oil pipeline—passes from the Hungarian-Croatian border through Croatia to the port of Omišalj (Croatia, the coast of the Adriatic Sea). The total length of the route via which oil is to be transported from Samara through Russia, Belarus, Ukraine, Slovakia, Hungary, and Croatia to the port of Omišalj is 3,087 km.

and intends to develop a network of gasoline filling stations. Beginning in 2008, Gazprom plans to deliver approximately 25-30,000 tons of petroleum products a month and 300-620,000 tons a year, respectively. According to preliminary estimates, this will allow Gazprom to occupy approximately 3% of Kazakhstan's petroleum products market.

Turkmenistan

Such companies as Gazprom and the ITERA International Company Group are currently operating in Turkmenistan. The project-investment activity of Russia and Russian companies in Turkmenistan's oil and gas industry is still very low: it encompasses only the transportation of gas, while the volume of Russian investments at the beginning of 2008 amounted to a mere 25 million dollars. These funds were used to deliver technological equipment from the Russian Federation for Turkmenistan's gas industry and for renovating and modernizing gas pipelines, compressor and gas-distribution stations, and so on.

All the same, keeping in mind Turkmenistan's significant hydrocarbon and, primarily, gas reserves, there is every reason to believe that the investment activity of Russian companies will rapidly rise in the very near future. Until 2012 inclusively, Gazprom alone is planning to invest at least 2 billion dollars in Turkmenistan's gas industry (primarily in developing gas fields, as well as in increasing the capacity of the CAC main pipeline). We should also expect other Russian or joint companies to appear in Turkmenistan, in particular LUKoil and TNK-British Petroleum.

Keeping in mind that Turkmenistan's export potential in oil is low and is of no importance to the Russian Federation, Russian interests in the republic are limited to the gas industry. Gazprom is inclined to believe that its investments will give it control over Turkmenistan's national gas transportation system. In May 2007, Gazprom made sure that it was transferred dispatcher functions in the Turkmen section of the regional gas transportation system after modernization and expansion.

Today Russia does not have any real projects in Turkmenistan's oil and gas industry, unless we regard cooperation on deliveries of Turkmen gas to the Russian Federation and in the Russian vector as a project. In so doing, the following project trends are top priorities for Moscow:

Modernization of Turkmenistan's Gas Infrastructure. The project is to be carried out in keeping with an agreement on cooperation in the gas industry (between 2003 and 2028), which in particular presumes building modern installations to raise the quality requirements for natural gas. But the nature, scope, and time limits of these measures are still not clear.

Modernization and Raising the Throughput Capacity of the Central Asia-Center Gas Pipeline. This project, like the previous one, is to be carried out in compliance with an agreement on cooperation in the gas industry.

Keeping in mind that Russia is focusing particular attention on raising the import volumes of Turkmen gas, a dramatic increase in Turkmenistan's gas transportation capacities in the Russian vector is of principal importance. Today the actual throughput capacity of the Turkmen section of CAC amounts to approximately 50 bcm a year and has already been tapped to almost its full capacity. But the nature, scope and time limits for implementing the project to reconstruct and modernize the Turkmen gas pipelines with Russia's participation are still not clear.

At present, ITERA is also planning to implement a project to develop several oil and gas fields in Turkmenistan. Today, ITERA is the only Russian company permitted to develop Turkmenistan's land-based hydrocarbon fields. At the end of December 2007, Turkmen President Berdymukhammedov held talks in Ashgabad with ITERA's Chairman of the Board I. Makarov, during which several questions were discussed, including the prospects for developing oil and gas fields in Central Kara Kum and on the shelf of the Caspian Sea.

In March 2008, an ITERA delegation visited Ashgabad again, where the prospects were discussed for developing several sections of oil and gas fields on the shelf of the Caspian. The details of this meeting are not being publicized, but no specific documents were signed. In all likelihood, the main obstacle is the expense and complexity of work on the Turkmen section of the shelf, which is much deeper than the Kazakh section, for example. So ITERA intends to carry out work on the Turkmen section of the shelf along with Rosneft and Zarubezhneft under product-share conditions. It is presumed that a corresponding agreement between the government of Turkmenistan and ITERA may be entered in the near future, but just when the PSA will be signed and work begun is still not known. The ITERA Company has obvious advantages over other Russian companies in Turkmenistan, since it has been actively operating in the country since 1994 and has shares in the most diverse business spheres (not only in the oil and gas industry).

On the whole, it will be no exaggeration to say that for the moment we can only talk about Russia's project-investment activity in Turkmenistan's oil and gas industry as something that will occur in the future. This is due to the fact that all land-based hydrocarbon production is still controlled by the state in Turkmenistan (the only exception was made for the Chinese National Oil Company, ITERA, and possibly for Kazakhstan's KazMunaiGaz), while foreign investors may only develop offshore fields (in the Turkmen section of the Caspian coast) under PSA conditions.

But on the whole Russian companies are not showing any particular interest in developing oil and gas fields on the shelf. This is largely due to the fact that the offshore hydrocarbon fields that interest Russia are located close to the Turkmen-Iranian sea border. The status of the Caspian sea has still not been determined, and Iran is insisting on an increase in its sector. The development of offshore fields is also technologically more complicated than on dry land, which requires additional investments.

Uzbekistan

At present, such Russian companies as Gazprom and LUKoil are operating in Uzbekistan. As of the beginning of 2008, Russian investments in Uzbekistan's oil and gas industry amounted to between 520 and 1,050 million dollars. Until 2012, Russia is planning to invest between 4.7 and 6.2 billion dollars in Uzbekistan's oil and gas industry. These funds are mainly to be spent on geological exploration and oil and gas field development projects, as well as on modernizing the pipeline infrastructure.

Geological Exploration and Field Development Projects

Development of the Shakhpakhty Gas Condensate Field (Republic of Karakalpakstan, Ustiurt plateau, western part of Uzbekistan). The field was opened in 1962 and its recoverable reserves are estimated at approximately 46.5 bcm (including gas condensate) and 7.7 million tons of oil. Gazprom and the Uzbekneftegaz National Holding Company are developing this structure between 2004 and 2019.

Development and Geological Exploration of the Kandym-Khauzak-Shady Gas Condensate Fields (Bukhara Region, central part of Uzbekistan) **and the Kungrad Field** (Republic of Karakalpakstan). The total raw gas reserves at these structures are estimated at about 283-329 bcm (the

largest Kandym fields at 150 bcm and more), while oil reserves amount to 8 million tons. LUKoil and Uzbekneftegaz have been operating at the fields since 2004 and plan to continue until 2039. Hydrocarbon production at the Khauzak field and its delivery to the Mubarek gas processing plant (Uzbekistan) began at the end of 2007.

Geological Exploration and Subsequent Development of Oil and Gas Fields in the Uzbek Sector of the Aral Sea. The gas reserves of these fields are estimated at approximately 1 tcm, while oil reserves amount to around 150 million tons. The project is being implemented between 2005 and 2040 by an international consortium that includes LUKoil, which owns 10% of the total volume of the future production.

Geological Exploration and Subsequent Development of Several Oil and Gas Fields in the Southwestern Part of the Gissar Region (on the border between the Kashkadaria and Surkhandaria regions of Uzbekistan, the southern part of Uzbekistan, close to the town of Karshi) **and Central Ustiurt** (Republic of Karakalpakstan). The estimated gas reserves at these fields (two oil and seven gas condensate) amount to approximately 150 bcm, while oil reserves reach around 50 million tons. The project is being implemented by Russia's SoiuzNefteGaz investment financial group and Uzbekneftegaz between 2007 and 2048. In February 2008, LUKoil acquired a control stake of SoiuzNefteGaz's shares, including in its projects in Uzbekistan.

Geological Exploration of Several Other Gas Condensate Fields on the Ustiurt Plateau. The prospective reserves of only a few of the largest fields (Urga, Kuanysh, and the Akchalak Group) amount to around 1-1.27 tcm of raw gas. Gazprom has been carrying out geological exploration of seven investment sections on the Ustiurt plateau since 2007 under agreements signed in 2006 with the Uzbekistan Government and Uzbekneftegaz.⁹

Raw Gas Processing Projects

Plans for Liquefied Gas and Gasoline Production at the Mubarek Gas Processing Plant (Mubarek, Uzbekistan). Gazprom and Uzbekneftegaz have been carrying out this project since 2006 within the framework of a joint venture. There are plans to build and operate production capacities for processing 12 bcm of raw gas a year. In addition to commercial methane (the main component of natural gas by weight), the gas processing plant will produce approximately 270,000 tons of liquefied gas and 70,000 tons of stable gas condensate. Production is to begin in 2009.

Preparations for Building the Kandym Gas Processing Complex in the region of the Kandym field. The project is being implemented by LUKoil. The first line of the gas processing complex is to go into operation by 2011 with a capacity from between 6 and 8 and, according to some estimates, up to 10 bcm of raw gas a year.

Pipeline Projects

Cooperation in the Transit of Turkmen and the Delivery of Uzbek Gas. This project is being carried out by Uztransgaz (a subsidiary company of Uzbekneftegaz) on the basis of an agreement signed in 2005 between Gazprom and Uztransgaz for 2006-2010. The agreement was signed in order

⁹ The agreement between Gazprom and Uzbekneftegaz on the main principles of conducting geological exploration of the subsoil of investment blocs in the Ustiurt Region of Uzbekistan; PSA between Gazprom and Uzbekneftegaz for the Urga, Kuanysh, and the Akchalak Group fields.

to organize deliveries of Central Asian gas (from Turkmenistan and Uzbekistan) using the Central Asia-Center and the Bukhara-Ural gas transportation systems that pass through Uzbekistan. Uzbekistan's gas transportation system (CAC-1, 2, 4, 5, and Bukhara-Ural) is largely in a satisfactory state and capable of transporting at least 55 bcm of raw gas a year.

Plans for Modernizing and Increasing the Throughput Capacity of the Uzbek Sections of the Central Asia-Center and Bukhara-Ural Gas Pipelines.¹⁰ Uztransgaz is carrying out regular work to expand and repair the Uzbek sections of the CAC and Bukhara-Ural gas pipelines. Gazprom intends to increase the throughput capacity of the Uzbek sections of the main pipelines, but the nature and time limits of the possible undertakings in Uzbekistan are still not clear, and consequently the future throughput capacity of the Uzbek sections of the Central Asia-Center and Bukhara-Ural gas pipelines has not been determined.

Tajikistan

Gazprom is the only real operator in Tajikistan at the present time. Large reserves of industrial oil and gas have not yet been found in the republic. The high price of hydrocarbons is stimulating Gazprom's interest first in Tajikistan's petroleum products market and only then in the country's potential gas resources.

The following two vectors are singled out among the main areas of Russia's activity in Tajikistan's oil and gas sphere:

Petroleum Products Sale. Gazprom is planning to assimilate Tajikistan's petroleum products market with its products. Gazpromneft is already renting out four tank farms and intends to develop a network of gasoline filling stations. According to the results of 2008, Gazprom's share in the Tajik petroleum products market is expected to amount to around 30-35%.

Seismic Survey of Gas Fields in the Sargazon (Dangara district of the Khatlon Region) **and Rengan Areas** (close to Dushanbe). The prospective resources of raw gas at these fields are estimated at 65 bcm. In December 2006, Gazprom entered an agreement with the Tajikistan government for carrying out seismic prospecting, which has been underway since 2007. This work was completed at the Sargazon area in January 2008.

Gazprom is also studying the prospects for oil exploration in Tajikistan. In addition to Gazprom, LUKoil is also showing a certain interest in the country's oil and gas industry.

Kyrgyzstan

At present, only one Russian company, Gazprom, is operating in the republic. Recoverable reserves of oil and gas have still not been discovered in Kyrgyzstan.

In 2003, an agreement was signed between Gazprom and the Kyrgyzstan government on cooperation in the gas sphere. At that time, Moscow and Bishkek planned to draw up a feasibility report of their development after carrying out prospecting works at several of the most upside fields. On the basis of this, a decision will be made about the expediency of creating a joint venture for developing these fields.

¹⁰ The Bukhara-Ural gas pipeline is intended for delivering Uzbek gas from the Gazli field (Bukhara Region of Uzbekistan) to the industrial centers of Russia's South Ural Region.

Nothing specific has been achieved so far in this respect. Talks are still going on, and the prospecting works being carried out by Gazprom are directly associated with the purchase of assets in Kyrgyzstan's oil and gas industry: Kyrgyzgaz (100% of the shares in the state's property) and Kyrgyzneftegaz (85% of the shares in the state's property).

In 2008, a whole series of talks was held between Gazprom Chairman A. Miller and Kyrgyzstan Prime Minister I. Chudinov. One of the meetings ended in an agreement being reached in February 2008 to the effect that Gazprom would begin geological exploration of the gas fields in the south of Kyrgyzstan, and the Kyrgyzstan government could allow Gazprom to privatize Kyrgyzgaz and Kyrgyzneftegaz. But privatization of these facilities will be possible only after corresponding approval by the Kyrgyz parliament.

In October 2008, talks were held in Bishkek between the presidents of the two countries—Dmitri Medvedev and Kurmanbek Bakiev. A joint statement adopted on 9 October notes that special attention will be focused on implementing large mutually advantageous projects in Kyrgyzstan (including with the use of long-term loans) in the electric power industry (building Kambaratin HPP-1 and HPP-2 and other electric power facilities), as well as on geological exploration of the subsoil in oil- and gas-bearing areas and modernization and development of the republic's oil and gas complex with the participation of Gazprom. The packet of official documents signed at the end of the Russian-Kyrgyz talks includes a Memorandum on Mutual Understanding between the Government of Kyrgyzstan and Gazprom to enhance cooperation with respect to privatization of Kyrgyzgaz and Kyrgyzneftegaz.

As a result, Gazprom is focusing priority attention on the following project vectors:

Preparations for Acquiring Assets in Kyrgyzstan's Oil and Gas Industry. Gazprom is planning to acquire a state share in Kyrgyzneftegaz and Kyrgyzgaz after the country's parliament legalizes the privatization of these facilities, but the time limits for this are still not clear. As of today, there is only a corresponding memorandum on mutual understanding between the Kyrgyzstan government and Gazprom.

Geological Exploration of Several Gas Fields. In February 2008, Gazprom received a license for carrying out prospecting works at gas fields in the southern part of Kyrgyzstan. Between 2008 and 2010, Gazprom is planning to invest 300 million dollars in prospecting works; the scope of future production is estimated at approximately 300 mcm a year.

Petroleum Products Sale. Today this is the only realistic Russian project in Kyrgyzstan's oil and gas industry. Gazpromneft began operating in the republic in mid-2006 and already has a network of 73 gasoline filling stations (mainly in the north of the country). At present, Gazprom only has a 2% share of the petroleum products retail sales market (mainly gasoline) in the republic, but it is planning to increase this share to 35-41% by 2011.

C o n c l u s i o n

Oil and gas projects in Kazakhstan, Uzbekistan, and Turkmenistan are of strategic priority for Russia and Russian companies. Today each of the indicated countries is essentially of equal importance to Russia. So it can be presumed with a high degree of probability that in the medium term the current gap between the scope of Russia's project activity in Kazakhstan's oil and gas sectors, on the one hand, and Uzbekistan's and Turkmenistan's, on the other, will dramatically shrink. In the next five years, Russian companies intend to invest from between 14 and 18 billion dollars mainly in the exploration and development of oil and natural gas fields in Central Asia (primarily in Kazakhstan, Turkmenistan, and Uzbekistan), as well as in the region's pipeline infrastructure.

Theoretically, in the event that Russia's projects and investments justify themselves and ensure an increase in hydrocarbon production in the volumes Russia and the region's countries plan (this particularly applies to big oil from the Caspian shelf), the volume of oil and gas deliveries to the Russian Federation will most likely significantly grow compared with their current level and will reach approximately the following indices:

- **with respect to oil:** from 12 to 13 million tons by 2010, from 14 to 17 million tons by 2015, and from 23 to 45 million tons by 2020;
- **with respect to gas:** up to 70 bcm by 2010, up to 80 bcm by 2015, and up to 110 bcm by 2020.

In turn, the transit volumes of hydrocarbons from Central Asia through Russia could potentially reach the following volumes:

- **with respect to oil:** up to 40 million tons by 2010, up to 55 million tons by 2015, and up to 65 million tons by 2020;
- **with respect to gas:** up to 77 bcm by 2010, from 90 to 100 bcm by 2015, and from 110 to 120 bcm by 2020.

In practice, however, it is still not known whether all the projects will find the necessary practical implementation or whether Russian investments (if they are offered) will be able to ensure an increase in the production of hydrocarbons and their transportation to Russia and in the Russian vector in the volumes Moscow plans. Several negative aspects of Russian-Central Asian cooperation in the oil and gas sphere appear to be the main reasons for this indefiniteness.

- **First**, Russia and several countries of the region are paying very little attention to the deeper oil and gas conversion to obtain products with a high added value. This is leading to the inefficient use of hydrocarbon resources from the viewpoint of Russia's and Central Asia's long-term economic interests. As a result, Russia is helping the region's countries to merely squander their hydrocarbons, while the national industries of all the abovementioned states are experiencing an unsatisfied demand for these strategic resources. This in turn is leading to a standstill and ultimately to gradual disintegration of a whole slew of processing industries both in Russia and in the region's states.
- **Second**, the increase in export volumes of oil and natural gas planned by the Russian Federation and the region's countries is not only putting the prospect of their industrial-innovative development at risk, but is also a delayed-action bomb with respect to the security of these states. The matter concerns the fact that hydrocarbons play an extremely important role in the fuel and energy balance of Russia and the region's republics (as well as other CIS countries), much greater than in most of the world's countries. It is very likely that an acute shortage of hydrocarbons (mainly of natural gas) will occur in the long term and perhaps even in the medium term in the internal markets of Russia and Central Asia due to the increase in the export volumes of energy resources.
- **Third**, the production and delivery of hydrocarbons in themselves form a rather fragile foundation for building long-term and stable interstate relations in the oil and gas and other spheres.

This is mainly why the current project-investment activity of the Russian Federation and Russian companies in Central Asia and the trend toward an increase in the volumes of hydrocarbon trade are not providing a full answer to the question of the future nature of oil and gas cooperation.

In the conditions described above, international competition over hydrocarbon resources makes Russia's position in Central Asia extremely vulnerable. In particular, the project-investment activity of companies from Asian countries (China, Japan, Korea, and Malaysia) is growing. The crisis in mutual understanding between the Russian Federation and the European Union regarding energy security undermines not only Moscow's position, but Brussels' as well. Particularly since Russia's monopoly on hydrocarbon transportation from Central Asia to the foreign (European) markets is already being broken down.

The political will of both Russia and the regional countries must be consolidated in order to build more reliable relations in the future in the oil and gas industry and make the most efficient use of the composite hydrocarbon potential. In this respect, a single and effective economic strategy must be drawn up in which the long-term interests of all the abovementioned states are taken equally into account.

This strategy should not aim mainly at helping each other to increase raw hydrocarbon export to the foreign markets (which is happening today), but at multifaceted integration in processing hydrocarbons within the framework of economically efficient division of labor taking into account the location of hydrocarbon fields, the presence of transportation and other infrastructure, the prospects for putting new processing capacities into operation, and the development of scientific-intensive sectors of the economy.

In order for Russia and the Central Asian countries to form and adopt a single strategy in the energy/economic spheres, it would be expedient to look for opportunities precisely in multifaceted cooperation and make use of the EurAsEC's potential, as well as possibly the SCO's. It would be expedient even now to form working teams of specialists from different countries on the basis of these organizations with the aim of carrying out a detailed analysis of the entire set of measures (organizational, technical, administrative, legal) for elaborating efficient integration mechanisms among the national energy companies.

As a result, a rational alternative to the banal squandering of hydrocarbon resources can only be a radical shift in the strategic priorities not only in oil and gas, but also in general economic cooperation between Russia and Central Asia: turning away from increasing export volumes of hydrocarbons to the foreign markets toward accelerating multilateral regional integration in the innovative-industrial sphere.

In this respect, the idea of creating a single energy EurAsEC holding deserves attention (for example, in the form of a transnational corporation). In so doing, this structure's prerogative should not only be the oil and gas industry, but the energy sector as a whole, including the coal industry, the atomic power industry, the hydropower industry, and the development of renewable sources of energy in general. Today it is difficult to say how efficiently such a corporation could ensure the optimal use of energy resources. This is a separate question. But it is nevertheless obvious that it could more efficiently defend the interests of all the structure's member states and oppose the negative influence of global factors much more successfully than is being done today. It is also presumed that creating a unified energy holding would dramatically increase the interest of Central Asia and other countries in cooperation precisely with Russia and would have a powerful stimulating effect on economic development, particularly of the post-Soviet space and possibly of Eurasia as a whole.

THE ENERGY INDUSTRY IN THE KYRGYZ REPUBLIC: CURRENT STATE, PROBLEMS, AND REFORMS

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The energy industry is of special importance to Kyrgyzstan. Most of the electric power generated is used to meet the economy's intermediate needs in industrial and agricultural production.

At present, Kyrgyzstan's energy sector, which has a large share of the republic's GDP, is threatened with a significant drop in its potential due to:

- the imbalanced use of hydropower resources necessary for generating electricity caused by the low-water level period;
- the high level of physical and moral wear and tear of the operating equipment due to the long absence of investments;
- unstable financial and economic activity, as well as the increase in technical and commercial losses.

This sector can consequently become a potential source of macroeconomic instability for the country, thus undermining the efforts being made to achieve stable economic growth. The current restructuring of the energy industry has liberalized the electricity sector to a certain extent, which has helped to make spending on the production, transmission, and distribution of electricity, as well as the formation of tariffs for thermal and electric power, more transparent. But this has not led to the anticipated improvement in the economic indices of the energy system. There is still a long way to go.

In this respect, an acute need has arisen to improve management of the sector in order to increase the efficiency and economic benefits and develop new approaches in energy policy. In turn, this is giving rise to the need to reach a higher level of reform in the sector, which should also include a system of measures for creating conditions aimed at developing the energy market.

What reforms in particular does Kyrgyzstan need? There are quite a few different opinions on this issue. Reforms are a complicated issue since any mistakes could lead not only to a production slump in the country, but also to a shortage of fuel and energy resources, stagnation of the agrarian sector, an imbalance in the fiscal system, and the emergence of investment problems that will leave the republic dependent on foreign partners. Whereby issues relating to the development of Kyrgyzstan's electric power industry are directly related to the problems neighboring countries are facing in enhancing their energy industries.

All of this naturally focuses attention on political, economic, technical, and other aspects of energy industry reform.

The Kyrgyz Republic's energy policy is aimed at ensuring energy independence, more reliable and steady operation of the energy system, balanced electric power production and consumption, and an increase in export potential. This policy is being carried out in compliance with:

- the Law of the Kyrgyz Republic on the Electric Power Industry of 30 October, 1996 (No. 56),
- On the Electric Power Industry of 21 January, 1997 (No. 8),
- On Energy Saving of 7 July, 1998 (No. 88),
- On the Special Status of the Toktogul Cascade of Hydropower Plants and the National High-Voltage Power Transmission Line of 21 January, 2002 (No. 7).

In addition, other documents are being elaborated in this sphere: the Country's Development Strategy for 2007-2010; the National Energy Program of the Kyrgyz Republic for 2007-2010 and Development Strategy of the Fuel and Energy Complex until 2025; the Medium-Term Tariff Policy of the Kyrgyz Republic (MTTP) for Electric and Thermal Power for 2008-2012 (approved by a resolution of the Government of the Kyrgyz Republic of 23 April, 2008, No. 165).

All the above-listed legal regulations ensure the resolution of problems that arise concerning the operation of this sector. These documents are primarily targeted at developing the fuel and energy complex and facilitating the upgrading of the existing systems in order to reduce risks in the republic's energy sphere and ensure complete and reliable energy and fuel supply to consumers by raising the republic's own energy base.

In order to enhance market relations and attract investments into the energy industry, the following regulations have been adopted:

- the Law of the Kyrgyz Republic on Introducing Amendments and Addenda into the Law of the Kyrgyz Republic on the Special Status of the Toktogul Cascade of Hydropower Plants and the National High-Voltage Power Transmission Line of 30 July, 2007 (No. 100), and
- the Law of the Kyrgyz Republic on the Building and Operation of Kambaratin Hydropower Plants (HPP) Nos. 1 and 2 of 31 July, 2007 (No. 120).

Current State

Attempts to ensure a more reliable future are only worth pursuing if decisive efforts are exerted to identify ways to make maximum use of the country's internal potential (particularly with respect to electric power and water resources).

Dynamics of the Share of the Fuel and Energy Complex in the Total Volume of Industrial Production (%)

	1990	1995	2000	2005	2006	2007	2008 (first six months)
Industry (total)	100	100	100	100	100	100	100
Electric (power)	4.2	19.1	15.7	20.4	19.7	22.9	18.5
Fuel sector	0.9	2.4	3.9	1.8	1.4	1.4	1.5

S o u r c e: National Statistics Board of the Kyrgyz Republic.

The Kyrgyz energy system has several special features. In Kyrgyzstan, most electric power is generated at hydropower plants. In 1993, the hydropower industry produced around 76% of the re-

public's electricity, while by 2007 this index had reached almost 92%. The sustainability of hydropower resources, their obvious environmental advantages over organic fuel, and the extremely high potential capacity of the republic's main water courses ensure the expediency and high economic efficiency of building large and small hydropower plants.

Hydropower plants make it possible to maintain electricity generation. Kyrgyzstan is the only CIS country that has not reduced its production of this commodity. In 1991, 116 billion kWh were produced a year in Central Asia, while in 2005, this amount only reached 86 billion. Even under these circumstances, however, Kyrgyzstan was able to increase its electricity production.

During the years of independence, thermal power stations have been generating less electricity, which has made the energy system more economical. At present, more than 90% of the electricity in Kyrgyzstan is manufactured at hydropower plants. Less coal, gas, and fuel oil is being imported for combustion at thermal power plants. This is due to the interrupted deliveries under interstate contracts in the fuel consumption structure, in which extremely expensive, whereby economically unjustified, energy resources imported at prices close to the world level are the main component. This causes an immense increase of 15-16-fold in the net cost of electricity generation compared with that produced at hydropower plants. Kyrgyzstan depends on deliveries of oil products from Russia, gas from Uzbekistan, and fuel oil from Kazakhstan (totaling approximately 50% of the fuel consumed in the republic). All of this requires large amounts of hard currency and, due to the negative energy trade balance, the energy sector is making a negative contribution to the economic situation. Moreover, the republic's economy is extremely sensitive to price increases on the world energy resource market.

Kyrgyzstan is having to reconcile itself to the risk of importing energy resources. Whereby the risk level is currently growing faster than the ability to adopt corresponding correctional measures.

The electric power industry is one of Kyrgyzstan's main infrastructure elements and it bears the main responsibility for providing the state with local energy resources. At this stage, reliable energy provision is a determining factor of the stable economic functioning and development, as well as of the country's political stability.

In addition, the irrigation needs of Kazakhstan and Uzbekistan are giving rise to problems with regulating water runoff and having a significant effect on electricity-generation capacities.

In this respect, Kyrgyzstan's energy sector can still not count on becoming a major source of the country's economic prosperity in the near future, but the sector itself nevertheless possesses sufficient potential for making its contribution to overall economic growth and financial stability in the long term.

The republic is perfectly capable of producing enough electric power to support itself. The energy industry, which had large hydropower resources, is having a perceptible effect on the state and development prospects of the national economy (it accounts for approximately 3-5% of the GDP, 18-20% of the industrial production volume, and around 10% of the state budget revenues). The developed electric power network ensures that almost 100% of the population is provided with electricity, while per capita consumption amounts to approximately 2,400 kWh, which is quite a high index for a developing state.

The country has potential hydropower supplies amounting to approximately 142 billion kWh, no more than 10% of which are being currently used. According to specialists, the hydropower reserves that can technically be used amount to 72.9 billion kWh, while economically efficient reserves reach 48 billion. At present, approximately 13-14 billion kWh are generated annually, while demand is growing every year by 3-5%, which means that 15-20 billion kWh are needed to ensure a normal uninterrupted electricity supply. So the question of building new and reconstructing existing energy capacities is very urgent. It is expected that the share of the energy industry will amount to between 15% and 17% in the medium and long term.¹

¹ Based on the data of the Conference on Reform of Kyrgyzstan's Energy Industry—Ways to Increase Efficiency and Advance the Use of Renewable Energy Sources, September 2007, Issyk-Kul.

Map of Current and Future Hydropower Plants in the Kyrgyz Republic²



² See: OAO Power Plants of the Kyrgyz Republic, available at [http://www.energo-es.kg/company/hps_map/].

Six unique hydrotechnical structures have been built on the lower reaches of the Naryn River. The largest hydropower resources are concentrated in the basins of the Naryn and Sary-Jaz rivers.

The Naryn cascade includes:

- the Toktogul HPP,
- the Uch-Kurgan HPP,
- the Tash-Kumyr HPP,
- the Kurp-Sai HPP,
- several unfinished hydropower plants and a few smaller hydropower stations.

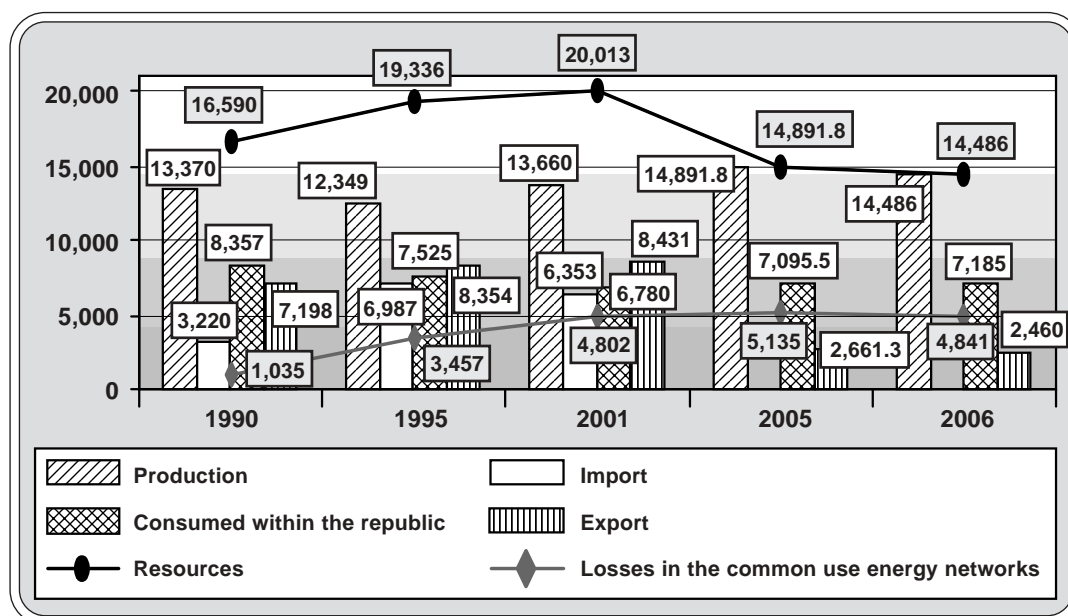
The capacity of the Toktogul HPP is 1.2 million kilowatts, while that of the Kurp-Sai HPP is 800,000.

So the potential of the Naryn River has far from exhausted itself. There are ways to renew the facilities of several more hydropower plants. Building these hydropower plants will make it possible to resolve the region's fuel and energy problems on the whole. Twenty-two hydropower plants with an annual output of more than 30 billion kWh can be built on the Naryn River and its tributaries alone. The Naryn River basin's hydropower potential is to be enhanced even more by building Kambaratin HPP Nos. 1, 2 with a total capacity of 2,260 MW.

Power transmission and distribution, as well as its delivery to consumers, is ensured by a more than 70,000 km power transmission line as well as some 19,000 transforming substations. Most hydropower plants are located in the center of the country.

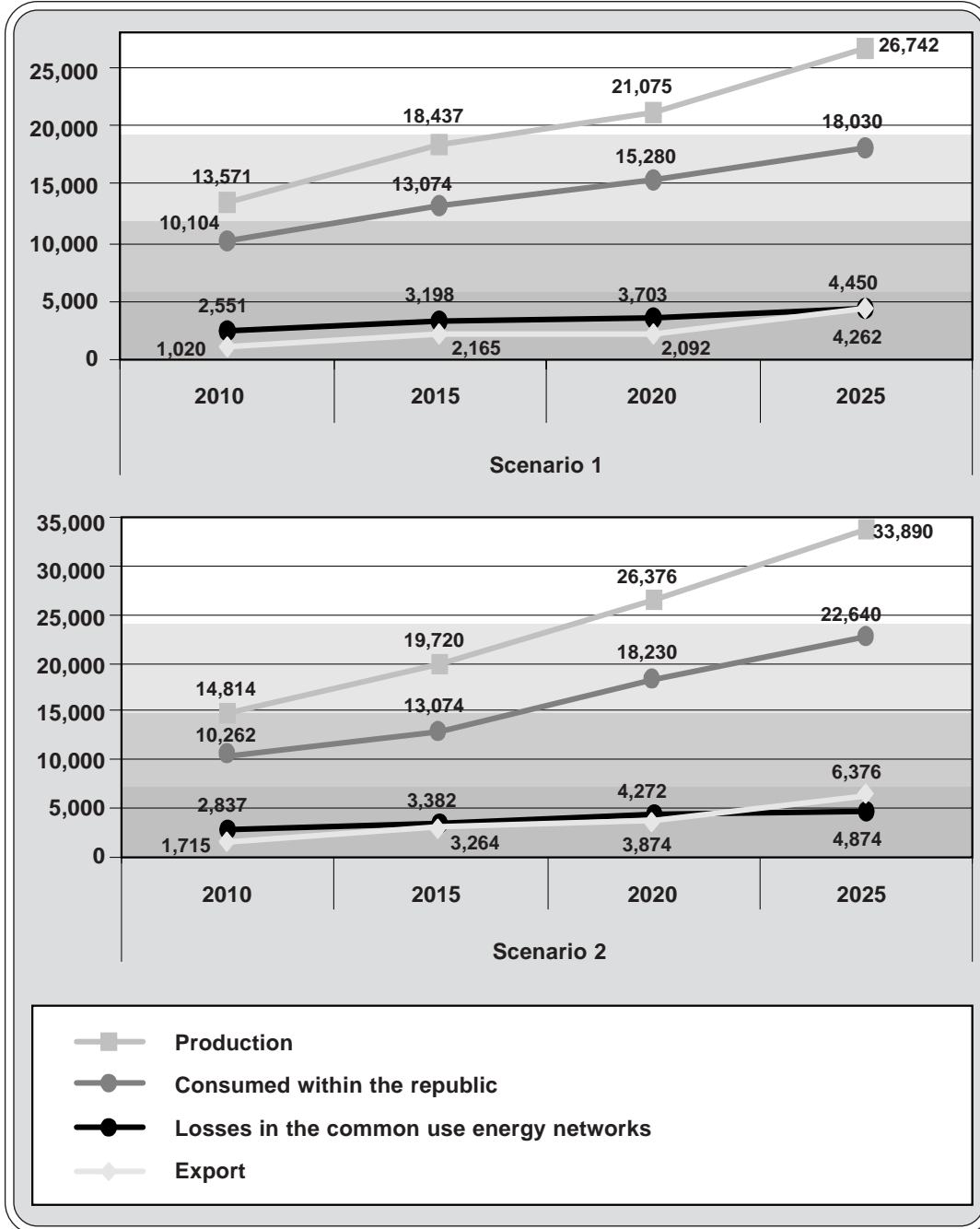
Along with ensuring the economy's domestic needs and supplying the republic's population with electric power, the system envisages export to other countries, has ties with the Central Asian states along the main networks of 220-500 kV, and operates in a unified energy regime. There is access to the energy system of the Russian Federation through Kazakhstan's major networks.

Energy Balance of the Kyrgyz Republic: Report for 1990-2006³ (million kWh)



³ See: National Statistics Board of the Kyrgyz Republic, Thermal Energy Security of the Kyrgyz Republic for 1990-2001 (1991, 2001-2005), Bishkek, 2002; 2006.

Forecast for 2010-2025
in Keeping with the Scenarios
(million kWh)⁴



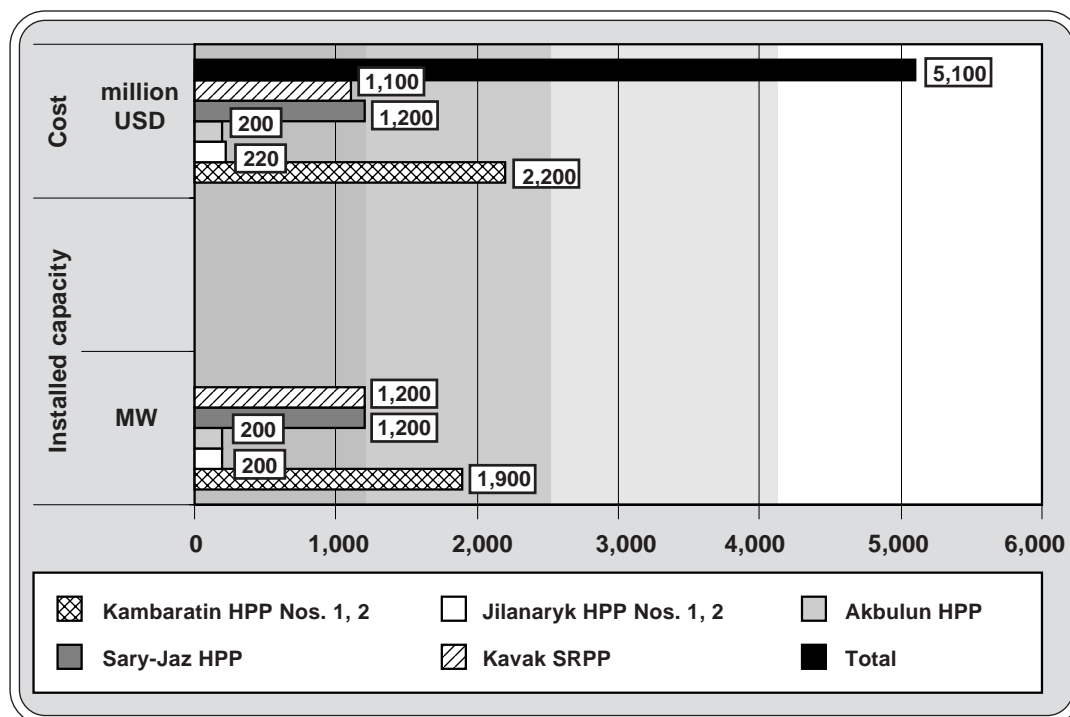
⁴ See: "NEP KR na 2007-2010 gody i strategiiia razvitiia toplivno-energeticheskogo kompleksa do 2025 goda."

According to the energy balance forecast, a reduction in the production of electric power is expected in the mid term (until 2010) in the structure of the Lower Naryn cascade of hydropower plants due to the reduced water volume in the Toktogul hydropower facility generated by climatic conditions and the low water level of the past few years, which will lead to a cutback in export. Electricity production is predicted to increase by 2015 courtesy of Kambaratin HPP-2, which is to go into operation, and by 2025 due to the launching of Kambaratin HPP-1. It should be noted that none of the forecasted scenarios envisages a shortage of energy capacity when the consumption level fully corresponds to the energy production level.

A drop in electricity loss in the networks and an increase in its consumption in keeping with the average annual GDP growth rates are also forecast according to Kyrgyzstan's Development Strategy.

At this stage the capacities of the existing power plants cannot meet the ever-growing demands for electricity keeping in mind the possible increase in export. In these conditions, the electric power industry is not only hindering an increase in the country's GDP and economic growth as a whole, but is also a potential risk zone of energy and, consequently, economic security. On the other hand, ensuring a reliable energy supply is becoming the main objective of risk management. In this respect, the question of putting new energy capacities into operation must be resolved.

Forecast of
Putting Generating Sources into
Operation until 2025⁵

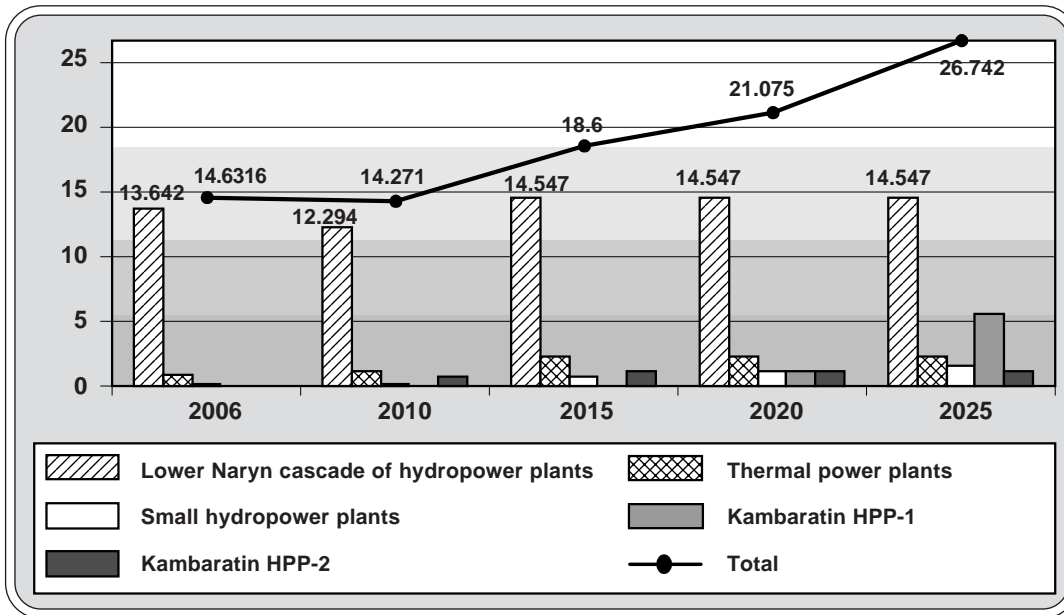


⁵ See: "NEP KR na 2007-2010 gody i strategii razvitiia toplivno-energeticheskogo kompleksa do 2025 goda."

Construction Deadlines

Hydropower Plants	Years
Kambaratin HPP Nos. 1, 2	2010-2020
	2007-2012
Jilanaryk HPP Nos. 1, 2	2007-2010
Akbulun HPP	2010-2014
Sary-Jaz HPP	2010-2025
Kavak SRPP	2008-2015

Forecast of Electricity Production in Kyrgyzstan by Currently Operating Promising Power Plants until 2025 (billion kWh)⁶



Large hydropower plants predominated in the republic’s electricity production, although there is another quite promising but insufficiently tapped area—the development of small power plants. Development of this sector does not require large investments and is capable of significantly lowering the load on large hydro and thermal power plants by efficiently serving the local markets.

The advantage of small power plants over other traditional types of energy is that they can generate electricity in more economical and environmentally safe ways.

Despite the fact that certain economic indices of small and micro hydropower plants are lower than for large hydropower plants, small plants: make it possible to use the potential of small rivers and

⁶ See: “NEP KR na 2007-2010 gody i strategiiia razvitiia toplivno-energeticheskogo kompleksa do 2025 goda.”

watercourses; place less load on the river ecosystem; make it possible to build small hydropower plants without significant flooding of land and without completely damming up the river; promote the development of local industry; make it possible to resolve the region's social problems; require less initial major spending, operational expenses, and so on.

In Kyrgyzstan, the total potential of the hydropower resources of small rivers and watercourses with medium and longstanding flows from between 3 and 50 cu m/sec constitutes about 5-8 billion kWh a year, but only 3% is used.⁷

At the moment there are 13 small hydropower plants in operation with an installed capacity of 42 MW and an annual production of 125 million kWh. Their production capacities tap only 10-15% of Kyrgyzstan's river potential.

***For reference:** in the 1950s-1960s, more than 30 small hydropower plants operated in the republic. When the Toktogul cascade of hydropower plants went into operation, some of them were removed from service, although their dams were located in sufficiently "substantiated" places with a reliable flow from corresponding rivers. The technical state of the functioning small hydropower plants is extremely complicated, the plants are not operating at their full capacity and the equipment at some of them has been in use for more than 40 years and so is physically and morally outmoded.*

One of the new plants to be built recently was the Naiman small hydropower plant with a capacity of 600 kW in the Nookat Region of Osh Province. In the summer of 2008, the first small hydropower plant, Issyk-Ata, with a capacity of 1.6 MW to be restored after reconstruction was put into operation (it was built in 1960 and produced electricity until 1972). This facility began functioning within the framework of the implementation of the designated measures to develop the small and medium hydropower industry in Kyrgyzstan. At present, there are real prospects for reconstructing and restoring 24 similar hydropower plants with a capacity of up to 200 MW.

Carrying out urgent measures to restore previous small hydropower plants and accelerate the development of the hydropower potential of Kyrgyzstan's small rivers may make it possible to reduce the tension in the fuel and energy balance, improve its structure, lower the financial spending on energy resources, create additional jobs, and so on. The reconstruction of small hydropower plants will allow for a higher level of electricity generation. Between 800 and 1,500 dollars are required to restore 1 kW of capacity. Due to the increase in energy tariffs, the efficient operation of those small hydropower plants earmarked for development, as well as the return on investments in this type of energy will be able to stimulate the involvement of domestic and foreign investors.

There are plans to carry out technical refurbishing and restoration of small hydropower plants removed from service and build new small hydropower plants with a total capacity of 178 MW and average annual production rate of 1 billion kWh a year in different regions of the republic before 2010.

Problems

During the reform significant changes have also occurred in the industrial consumption of electric power. The production slump experienced in the 1990s also reduced the demand for electricity in industry. In addition, absolute electricity consumption increased and the municipal-household sector also began to show noticeable growth in electricity consumption.

⁷ See: *Strategiia razvitiia strany na 2007-2010 gody*, Bishkek, 2007.

- In industry, consumption *decreased* almost 3-fold, but in terms of the energy-intensity of the GDP (expenditure of fuel and energy resources per unit of GDP on a nationwide scale), Kyrgyzstan's indices are more than five-fold higher than the average world value and almost more than three-fold higher than the value of the Asian states (this index reaches 1.7 toe per 1,000 dollars in the republic, while in the world it amounts to 0.32 toe, and in the Asian countries to 0.67 toe).
- Consumption by the population *increased* more than three-fold, which led to a multifold overload of the current electricity networks. A significant regional inequality in energy consumption is seen (more than a two-fold difference).

With respect to the increase in domestic consumption, the industry is faced with serious financial problems. The forecast of more intensive use of electricity revealed problems related to transmission and distribution capacities. Passing the fall-winter peak in recent years was characterized by maximum loading of both the distribution and the system-forming networks. The energy sector is experiencing a drop in the quality of services for consumers due to the worn-out state of the power transmission and distribution networks. Investments mainly went to the production and transmission sector, while a critical situation with respect to the level of equipment wear and tear developed precisely in the distribution sector. Lengthy operation of the electric power industry in conditions of financial and technological insufficiency with an increase and change in the consumption structure led to technological depreciation. For example, the thermal networks in the city of Bishkek have been in operation for more than 25 years. They have completed their life spans and need to be replaced since their reliability has sharply dropped and thermal losses have increased (almost two-fold compared with 1990). In 2007, there were 28,000 emergency shutdowns, whereas, for comparison's sake, in 2000, there were only 10,000, that is, their number has increased almost 3-fold over seven years.

Another thing is that the energy supply system was originally formed to primarily meet industrial needs. The existing capacities are not designed for mass electricity use by the population for cooking food and heating homes. So at the moment it is extremely difficult to monitor the situation, which is largely causing the increase in commercial losses. Systemic losses have risen 3.5-fold, which has led to immense overloading of the electricity networks. Recently, retail networks have not been developing sufficiently, technological wear and tear has been progressing, and the republic is in danger of losing the existing structure. This situation can only be arrested with the help of large investments. So foreign investors much be actively recruited in order to develop the republic's electricity industry. But the large commercial and technical losses are making it difficult to ensure capitalization of the electric power industry, which is hindering technological modernization and the attraction of foreign direct investments for its development.

The industry's low profitability as a whole, which is explained by its technical backwardness, is preventing financial injections. There is also the likelihood that Kyrgyzstan's electric power sector will not be able to arouse serious interest among foreign investors for several other reasons: the sales market is too narrow; the state is an unreliable consumer; there is corruption and mass embezzlement of electricity.

An analysis of the economic activity of the republic's energy enterprises shows the following: an increase in technical and commercial losses of electric power both during transmission and distribution; a drop in the collectability of payments in monetary form; the low level of average tariff collected. Nor is there any exhaustive information on the technical state of the energy facilities and equipment.

According to KEGOC's estimates, the modernization of existing power plants until 2015 will require about 1.2 billion dollars. Investments in expanding the existing and building new power

stations with a total capacity of 1,280 MW should amount to more than 800 million dollars, and the required volume of investments for building new generating capacities of 3,300 MW amounts to 3.5 billion dollars. Another 4 billion dollars in investments are needed in the power transmission and distribution sector. The total estimated amount of investments for developing the energy sector in the medium term (2007-2010) constitutes around 143.5 billion soms (3.5 billion dollars).

Today tariffs are the only way the republic's energy workers can support implementation of the investment program. At the beginning of 2008, the government approved the Mid-Term Tariff Policy (MTTP) with respect to electric power from the second half of 2008 to 2012. Its main objective regarding electric power lies in establishing tariffs by 2010 at a level ensuring full compensation of spending on the production, transmission, and distribution of electricity. A change in electricity tariffs and the tariff structure for different categories of consumption will be carried out in keeping with the plan being drawn up. As a result by 2010 the weighted average amount of tariffs will reach 0.03 dollars per kWh.

There are plans to raise tariffs gradually and regularly, that is, once every six months. These increases should be balanced in order to stimulate an increase in the real sector of the economy and exclude cross-subsidizing of electricity consumers.

It stands to reason that electricity tariffs should include the producers' expenses, which also applies to investment needs. But the real picture of financial investments in the electric power industry shows that they are mainly not going toward development, but being poured into less important endeavors. It turns out that an investment component must be introduced into the tariff, which will dramatically increase it, on the one hand, and enormous amounts of money are being needlessly squandered, on the other. In addition, energy workers should solve the problem of electricity non-payments and its embezzlement (as well as the stealing of cables and equipment). Tariffs in themselves will not resolve the problem of insufficient investments.

So the transparency of financial spending in the power industry must first be ensured before there can be talk about an increase in tariffs. First of all elementary order must be established.

The increase in prices in the energy industry does not justify the expectation of additional funds. An increase in the level of tariffs will lead to an increase in demand for budget funds and to a further increase in consumer debts.

For the future, tariff policy as an efficiency-increasing factor should be oriented toward adopting tough measures on energy saving, rational use of energy resources, and accelerated development of the big and small energy industry.

In this respect, a vitally important task of enhancing the energy complex is improving the operation of enterprises. The significant potential of energy security lies in increasing the electric power industry's efficiency.

Reforms

There is another question requiring a solution—there is no point in producing electricity and heat and then wasting them. Ways must be sought to modernize the existing systems.

When supplying society with electricity, the electric power industry carries out three main functions: it produces, transmits, and distributes energy to the consumer.

During its development, the country's electric power industry has always been regulated and controlled by state structures. Energy enterprises began being regarded as natural monopolies since

all electricity production, transportation, and distribution services could be carried out strictly by these enterprises.

It is thought that the problems in the energy sector are mainly created by the contradiction between the property owner in the form of the state and the private operator in the form of joint-stock companies. In this situation, the latter are not responsible for the current situation and do not have the economic motivation to answer for the work results. This clearly slows down the economic reforms since other sectors of the economy are operating on market mechanisms, include private property, and all responsibility for the financial risks directly influences their viability.

There can be no doubt that reform of natural monopolies is the most difficult thing to accomplish in the energy sector. The experience accumulated in the world shows that privatization of commercial servicing must be carried out in energy companies. And recently privatization of its facilities is one of the main conditions for attracting foreign investments to this strategic branch.

The reform of the energy industry in keeping with international standards can be divided into two stages—restructuring and privatization.

In contrast to the reform of the power industry in Western countries, decentralization and privatization of Kyrgyzstan's energy industry began with transforming the entire industry into a joint-stock company—the Kyrgyzenergo Joint-Stock Company was created, and only later was restructuring carried out (generation, transmission, and distribution branches), that is, division of the Kyrgyzenergo JSC into several energy companies for producing, transmitting, and distributing electricity.

A reform strategy for the Kyrgyzenergo JSC was developed in the republic consisting of three main key aspects:

- 1) The single reproduction complex was divided into four components:
 - generating capacities,
 - transportation (power transmission lines),
 - electricity sales (regional electricity network)
 - central heating facilities.
- 2) A course is being steered in investment policy toward borrowed funds that are being invested in national electricity networks.
- 3) There are plans to solve the task of reducing technical and commercial losses in the distribution networks by using the standard approach of raising tariffs and by means of local budgets, as is envisaged in the Laws on the Electric Power Industry and On Energy Saving.

Restructuring into individual enterprises and organizations implies improvement of the technical state and is aimed at attracting large-scale external investments. The electricity distribution companies are to be the first to undergo decentralization and privatization, or transfer to a private-public partnership.

UZBEK GAS FOR EXPORT: WILL POLITICAL MANEUVERING BETWEEN CHINA AND RUSSIA RESULT IN HIGHER EXPORT PRICE?

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Executive Summary

The main research question is “Will political maneuvering between China and Russia result in higher export price for Uzbek gas?” This is especially peculiar given the fact that many analysts consider the price that Russia pays for Uzbek gas to be lower than a fair market price. Currently, the price of gas exports from Uzbekistan is \$160 per 1,000 cu m. On the other hand, Gazprom charges its European customers an average of \$350 per 1,000 cu m.

On 1 July, 2008, Uzbekistan and Kazakhstan has begun laying their respective stretches of the Turkmenistan-China gas pipeline. The construction began at the settlement of Saet in the Bukhara region. The cost of the Uzbek stretch of the gas pipeline is estimated to be over \$2 billion. The total cost of the 1,818-kilometer long gas pipeline Turkmenistan-China is about \$7 billion. If implemented, the Turkmenistan-China pipeline might undermine Russia’s ability to manipulate the Central Asian gas market and stir up energy competition between Russia and China. Some analysts argue that this would presumably secure higher profits for Uzbekistan, as well as give it a greater degree of political freedom. It should be noted that with estimated natural gas reserves of 66.2 trillion cubic feet (Tcf), Uzbekistan is the third largest natural gas producer in the Commonwealth of Independent States (after Russia and Turkmenistan) and one of the top fifteen natural gas producing countries in the world.

According to the schedule approved by the decree of the Uzbek President, the first line of the gas pipeline and compressor station is expected to be completed by the end of 2009. According to schedule, the first stage will end in January 2010. The second line of the gas pipeline and two more compressor stations are expected to be launched by January 2012. The project will be carried out in line with the intergovernmental agreement on principles of construction and exploitation of Uzbekistan-China gas pipeline with 530 km length. The Uzbek-Chinese Asia Trans Gas JV is the construction contractor of the project and it will implement the project with the help of foreign loans. The Company has to design, construct and further operate this gas pipeline. The co-founders of the joint venture are Uzbekneftegaz National Holding Company and Chinese National Petroleum Corporation (CNPC) with 50% share each.

Turkmenistan and Uzbekistan reached the agreement on building this pipeline in 2006. In 2007, the state-owned company Turkmengaz and CNPC signed an agreement on purchase-sale of natural gas. Turkmenistan took the obligation to supply 30 billion cubic meters (bcm) of gas to China every year. Turkmen President Gurbanguly Berdymukhammedov said in June 2008 that the gas transportation to China via Kazakhstan and Uzbekistan would begin in 2009. The 188 kilometer-long Turkmen stretch of the gas pipeline will

be built by the Russian company Stroitransgaz. The cost of the project is Euro 395 million.¹

Vice Prime Minister of Uzbekistan Ergash Shoismatov, vice chairman of the NDRC and head of China's National Energy Bureau Zhang Gobao, as well as vice president of CNPC Liao Yongyuan participated in the construction launch ceremony.²

Gazprom's reaction to this development was almost immediate. Gazprom expects the price of gas it buys from Central Asia to at least double next year, RIA Novosti reported quoting the Russian gas monopoly's CEO.³ Alexei Miller discussed the trend for Central Asian gas producers to raise prices with Prime Minister Vladimir Putin. "Against the backdrop of high gas prices in Europe, the intentions of Central Asian countries to raise gas purchase prices seem absolutely well-founded. Therefore, we can expect the purchase prices in these countries to more than double in 2009 compared to the levels at which Gazprom has bought gas this year," Miller was quoted as saying by the governmental press service. He said the Gazprom-controlled Central Asia-Center pipeline system would be the most commercially attractive route for the deliveries of Central Asian gas to external markets and added that Gazprom could expand purchases in gas producing countries for subsequent sales on world markets.

The deputy head of Uzbekneftegaz Shavkat Majidov said earlier in 2008 that Uzbekistan will increase the export of natural gas in 2008 up to over 16 bcm annually from the previous 14.7 bcm.

¹ See: Uzreport.com. "Uzbekistan Begins Building its stretch of Gas Pipeline," available at [www.uzreport.com], 1 July, 2008.

² See: Uzreport.com. "Construction of Uzbekistan-China Gas Pipeline Starts," available at [www.uzreport.com], 1 July, 2008.

³ See: Uzreport.com. "Central Asian Gas Purchase Prices to Double in 2009—Gazprom," available at [www.uzreport.com], 8 July, 2008.

Some 12 bcm of gas will be dispatched to Russia in line with the contract with the Russian Gazprom, the remaining 4 bcm—to the neighboring countries, including Kazakhstan, Kyrgyzstan and Tajikistan. In 2007, some 10.5 bcm of gas was dispatched to Russia, 2.8 bcm to Kazakhstan and 750 million and 650 million cu m (mcm) of natural gas to Kyrgyzstan and Tajikistan, respectively.

The conclusion of the research is that alternative pipeline to China will strengthen the bargaining power of Turkmenistan and Uzbekistan and may result in higher export gas prices. However, given the fact that Chinese themselves are unwilling to match the price that Europeans are paying for gas, the increase will not be very significant. Therefore, Uzbekistan, as well other Central Asian countries, should continue their efforts to construct and participate in other alternative gas pipelines, such as Trans-Caspian, Nabucco, Trans-Afghan, and Iran-Pakistan-India pipeline projects.

To accomplish this research the author conducted interviews and surveys with representatives of Uzbekneftegaz, commercial section of Russian and Chinese Embassies in Uzbekistan, representatives of Russian and Chinese oil & gas companies operating in Uzbekistan, accomplished a field trip to St. Petersburg, Russia to interview researchers and practitioners, agency, government representatives involved with oil & gas sector issues, policy makers, and think tanks.

Chapter II of the report provides an overview of the gas sector of Uzbekistan and the role of the gas sector in the economic development of the country. Chapter III analyzes gas production and distribution system of the country. Chapter IV is devoted to the issue of natural gas pipelines. Chapter V tackles questions related to Uzbek gas exports. Chapter VI reviews factors influencing export gas prices and chapter VII draws conclusions.

Overview of the Gas Sector of Uzbekistan

The history of Uzbek gas industry counts for less than a half-century. The first gas field in Kyzylkum desert was opened in 1953. The Ural-Bukhara and Central Asia-Center transcontinental pipe-

lines were constructed in 1962 for delivery of gas to the industrial centers of Russia. During the 1980s, the country exported to Russia and Eastern Europe approximately 7-8 bcm of gas per year.

After Uzbekistan's independence, the Government of Uzbekistan developed a new program for the development of the oil & gas industry, which included sharp increase of oil and gas condensate production, improvement of the oil refining and gas processing technologies and extension of the hydrocarbons reserves.

Uzbekistan has significant oil and gas reserves, but the country's development as a major natural gas and oil exporter is constrained because of a lack of pipeline infrastructure. In 2002, Gazprom signed an agreement with Uzbekneftegaz in which Russia committed to buy Uzbek gas until 2012 (about 10 bcm per year).⁴ Despite the existing agreements to export gas to Russia, Uzbekistan is keen to diversify its pipeline infrastructure away from Russia. So far, the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the South Caucasus (or Baku-Tbilisi-Erzurum) gas pipeline (SCP), constitute the only infrastructure for bringing Central Asian energy to the European market, which is not under Russian control.⁵ As the middle-man monopoly player in the region, Russia enjoys leverage.⁶ This leverage embodies itself in such a way that Russia is able to buy Central Asian energy cheaply and re-sell it at a much higher price in Europe.

As was mentioned above, Uzbekistan is one of the world's top fifteen largest natural gas producers and the third largest producer among former Soviet states after Russia and Turkmenistan. Unlike in many gas producing countries, Uzbekistan's gas resources and potential are relatively less explored. According to the Geology Committee of Uzbekistan, 60 percent of the country is potentially rich in oil and gas. The *Oil and Gas Journal* estimates that Uzbekistan contains 594 million barrels of proven oil reserves. B.B. Urdashev states that there are 190 hydrocarbon fields discovered in Uzbekistan⁷. There are 94 gas and gas condensate fields and 96 oil and gas, oil and gas condensate, and oil fields. 47% of discovered fields are in the process of exploitation, 35% are being prepared for developing, and exploration works in progress in the rest of the fields.

Following are listing of oil and gas rich regions within the country:

- Ustiurt (with 105,100 square km of perspective land);
- Bukhara-Khiva (with 44,400 square km of perspective land);
- Southern-Western-Gissar (with 4,100 square km of perspective land);
- Surkhandarya (with 14,000 square km of perspective land); and
- Ferghana (with 17,000 square km of perspective land).

In February 2006, Cabinet of Ministers of Uzbekistan ordered to implement complex of measures on attraction of foreign investments to exploration of hydrocarbon materials. The national program on development of gas pipelines in 2005-2010 envisages construction of 200 km of new export gas pipelines till 2010. The program stipulates construction of 445 km of internal pipeline and reconstruction of 900 km of existing pipes. The program, which was developed by Uzbekneftegaz, also envisages construction of Sarymay gas compressor station. The realization of the program will allow

⁴ See: M. Laruelle, "Russia's Central Asia Policy and the Role of Russian Nationalism," *Silk Road Paper*, Central Asia & Caucasus Institute, Silk Road Studies Program, April 2008.

⁵ See: S. Cornel, N. Nilsson, "Europe's Energy Security: Gazprom's Dominance and Caspian Supply Alternatives," *Silk Road Paper*, Central Asia & Caucasus Institute, Silk Road Studies Program, 2008.

⁶ See: J. Bugajski, "Energy Policies and Strategies: Russia's Threat to Europe's Energy Security," *Insight Turkey*, Vol. 8, No. 1, 2006, p. 146.

⁷ See: B.B. Urdashev, "Energy Portrait of Uzbekistan and Cooperation in the Framework of CIS," *Neft, Gas and Biznes*, No. 1, 2005.

Uzbekistan to increase gas export from 10 bcm in 2005 to 16 bcm in 2014, as well as meet internal demand.

Uzbek government also developed a program aimed at increasing production of liquefied gas till 2010 and over \$320 million will be invested to implement it. It is expected that the realization of the program will increase production of liquefied gas to 615,000 tons till 2010.

It should be noted that the role of gas exports for Uzbek economy is very important. This is especially important given the structural changes taking place in the economy of the country. Uzbek government is paying very close attention to the development of textile sector and particularly to processing of locally produced raw cotton into cotton yarn. Tens of new textile mills are put into operation annually in the framework of the program to develop the textile sector of Uzbekistan. As textile mills become operational, less and less raw Uzbek cotton is becoming available for centralized state exports. Therefore, Uzbekistan needs gas export revenues to maintain the stream of centralized hard currency earnings, which are needed to support foreign exchange rate of the national currency.

Gas Production and Distribution

Uzbekistan produces natural gas from 52 fields in the country, with 12 major deposits—including Shurtan, Gazli, Pamuk, Khauzak—accounting for over 95 percent of Uzbekistan's natural gas production. These deposits are concentrated in two general areas: the Amu Darya Basin and in the Mubarek area of the southwest part of the country. Uzbekistan has further plans to increase its gas output through the implementation of new projects. Before independence, Uzbekistan was a major supplier of gas to other Soviet republics. Uzbekistan annually produces more than 60 bcm of gas, nearly a quarter of which is exported to Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. Nine and a half billion cubic meters of gas was exported to Russia in 2006 and about 10 bcm in 2007.

The most notable natural gas fields are the Mubarek and Shurtan fields. Refineries at these fields process about 40 bcm per year, which removes sulfur and other impurities. Each year, these plants recover more than 330,000 metric tons of sulfur. Hydrogen sulfide and sulfide compounds contained in the gas and gas condensate are extracted and converted into sulfur at the Mubarek Gas Processing Plant. The Shurtan Gas Plant operates one of the largest plants of its kind in the world. To increase the volume of sulfur exports, the Government plans to involve foreign investors in projects to granulate and package up to 100,000 metric tons of sulfur per year.

The gas fields of Uzbekistan contain ethane, propane, butane and other components from which polymers (polyethylene, PVC) can be obtained. These components can be economically extracted in the Shurtan and Mubarek fields. The gas in these regions has ethane concentrations of 1.4 to 8.1 percent and propane-butane concentrations of 2.1 to 5.6 percent.

Uzbekistan plans by 2020 to increase natural gas exports by 170 percent to 20 bcm from 7.3 bcm in 2002. The country will seek \$1.5 billion in investment to develop its export gas pipeline system and reconstruct domestic pipelines by 2010.

Natural gas will mainly be exported through the existing trunk pipelines. Exports in the Central Asia-Center system will increase to 17 bcm by 2020 from 5 bcm in 2007. Uzbekistan also plans to increase natural gas exports to Kazakhstan, from 740 mcm to 1.45 bcm, to Tajikistan from 500 mcm to 700 mcm, while exports to Kyrgyzstan will remain at 1.13-1.15 bcm a year.

As noted above, Uzbekistan and China have signed an agreement regarding the construction and exploitation of a 530-kilometer long gas pipeline in 2007. The agreements were reached in April 2007 during meetings with a visiting Chinese delegation headed by Chinese development and reform minister Ma Kai, who met Uzbek President Islam Karimov and other government officials. Uzreport.com with reference to press-uz.info reported the capacity of the proposed pipeline at 30 bcm of gas annually and added that the construction will also include two compressor stations.⁸ Eager to diversify its energy sources China has actively courted the region's resource rich nations over the last few years as it seeks power for its rapidly developing economy.

Another new development in this area which has relevance to gas exports of Uzbekistan is the Caspian gas pipeline project for which Russia, Turkmenistan and Kazakhstan are arranging principles of the implementation of it. With that aim in view, the leaders of the Turkmen Turkmengaz state concern, the Russian Gazprom gas giant and the Kazakh KazMunaiGaz company met on 18 June, 2008 for the first session of the three-party coordinating committee for promoting the gas pipeline project and updating the existing interstate gas transportation networks.

The initiative to build a gas transportation network along the Caspian coast came from Turkmen President Gurbanguly Berdymukhammedov in the spring of 2007, when a Turkmen-Russian-Kazakh summit meeting took place in the city of Turkmenbashi.

The leaders of three former Soviet republics signed a joint declaration on the construction of a Caspian gas pipeline, as well as a joint declaration on the development of gas transportation networks in Central Asia. Uzbekistan also joined the second declaration.

In December 2007, an intergovernmental agreement was signed in Moscow, supported by the feasibility study of the project. The reconstruction of the existing pipeline and the construction of a new one will make it possible to bring the capacity of the gas transportation system to 20 bcm of natural gas a year.

Like the existing pipeline, the new one will run along the Caspian coast. The Turkmen section (Belek-Garabogaz-border with Kazakhstan) will be about 290 kilometers long, the press service of the Turkmen government said.⁹

Caspian gas pipeline project is a competitor of the Trans-Caspian pipeline advocated by the West. Unfortunately, the vision of a trans-Caspian energy corridor linked with Turkmenistan remains unfulfilled because of the dispute between Azerbaijan and Turkmenistan.¹⁰

There are a number of gas field development projects underway in Uzbekistan currently. One of the major foreign players in the Uzbek gas production sector is Russia's LUKoil. LUKoil officially started up output from a major gas field in Uzbekistan on 29 November, 2007 in a project expected to contribute one fifth of the Central Asian state's gas output. Khauzak is part of the wider Kandym-Khauzak-Shady-Kungrad project, developed jointly by LUKoil, with a 90% stake, and Uzbek state energy company Uzbekneftegaz which controls the rest. A 2004 production sharing agreement will last 35 years.

Partners in Khauzak, near the Turkmen border in southwestern Uzbekistan, share output on a parity basis at the field. Khauzak is due to reach maximum capacity by 2012-2013 and produce more than 11 bcm of gas. LUKoil said Khauzak is the biggest investment project in Uzbekistan with a total of \$350 million already committed. Total investments are expected to exceed \$3 billion. Operators plan to drill over 160 production wells at the field, and build over 1,500 km (932 miles) of pipelines

⁸ See: Uzreport.com. Business Information Portal. "Uzbekistan and China to Build Gas Pipeline—Report," available at www.uzreport.com, 1 May, 2007.

⁹ Kazinform reported quoting the press service of the Turkmen government on 20 June, 2008.

¹⁰ S. Cornel, N. Nilsson, op. cit., p. 149.

as well as a gas processing plant with a capacity of 10 bcm per year in Kandym deposit. The plant will have unique equipment and capacity on gas processing. LUKoil will process 10-12 bcm of gas annually as of 2012-2013.

In addition, in February 2008, LUKoil Overseas has reached an agreement with SoyuzNefteGaz to acquire a controlling interest in a group of companies that includes SoyuzNefteGaz Vostok Limited, which is a party to the PSA for the fields in Southwest Gissar and Ustiurt Region in the Republic of Uzbekistan. There are eight fields on the contract area with C1 reserves of about 100 bcm approved

Table 1

**Production
Statistics**

	2002	2003	2004	2005	2006	2007 Jan-Sep
Liquid hydrocarbons, thousand tons	7,198	7,134	6,580	5,500	5,412	4,700
Oil, thousand tons	4,058	4,387	4,013	3,465	2,480	2,300
Gas condensate, thousand tons	3,140	2,747	2,567	2,035	1,470	1,400
Natural gas, BCM	57,672	57,481	59,864	59,564	62,000	
Gasoline, thousand tons	1,575	1,424	1,373	1,400	1,368	1,057
Diesel fuel, thousand tons	1,699	1,512	1,555	1,437	1,437	1,067
Kerosene, thousand tons	428.2	387.5	390	353.1	358.9	240,5
Furnace fuel oil, thousand tons	58.7	148.1	204.7	155		
Heating oil, thousand tons	1,628	1,532	1,212	971.7	895.6	541
Petroleum asphalt, thousand tons	327.9	324	314.9			
Lubricants, thousand tons	139.1	174.8	233.3	226.5	255.9	225
Natural gas refinement, BCM	38.666	40.240	—			
LNG production, thousand tons	119.5	166.1	—	210.8	223.1	174

Source: State Statistic Department of Uzbekistan and estimates of the author.

by the State Reserve Commission of the Republic of Uzbekistan. The design volume of production approximates 3 bcm per year. The plan is to achieve this level in 4 years. Gas will be exported through Gazprom's pipeline network. PSA a party to which is SoyuzNefteGaz Vostok Limited was signed on 23 January, 2007 for 36 years and came into effect on 23 April, 2007. Investments required for implementation of the project will exceed \$700 million.

Russian Gazprom plans to sign a production sharing agreement with the Uzbekneftegaz (Uzbek Oil and Gas) for the gas fields in Ustiurt Region in 2008. Uzbekneftegaz and Gazprom are planning to sign the second PSA for gas condensate fields in Ustiurt Region for the period of 25 years. The signing date has been changed several times: it was first planned to sign it in 2005, then the signing was postponed to 2009.

Gazprom's pilot project in Uzbekistan was the revival of the exploitation of the Shahpahta gas field on the PSA conditions. The PSA on the project entered into force on 14 April, 2004. In May 2006, Gazprom completed the construction of the Shahpahta field with total investments of \$21 million. It now plans to extract 500 mcm of natural gas annually. The agreement on strategic partnership in gas production was signed between Gazprom and Uzbekneftegaz in December 2002. The agreement envisages long-term gas procurement plans for 2003-2012, Gazprom's participation in the extraction of natural gas on the territory of Uzbekistan on the PSA conditions, as well as cooperation in the development of gas-transport infrastructure of Uzbekistan and transportation of Central Asian gas across the country's territory. The agreement on the main principles of running the geological survey of the blocks of Ustiurt Region of Uzbekistan was signed between Uzbekneftegaz and Gazprom on 25 January, 2006. In December 2006, Uzbekneftegaz issued Gazprom licenses granting it the right to use parts of subsurface for geological surveys in seven blocks of Ustiurt Region, including Aktumsuk, Kuanish, Agiin, Nasambek, West-Urgin, Akchalak, and Shahpahta. The total area of blocks comprises approximately 38,100 sq. m, and the estimated deposits of natural gas—1 trillion cu m. The program of geological surveys works is envisaged for five years. The total volume of investments in the project is estimated at \$400 million, including \$260 million for the first three years. In January 2007, Gazprom launched the active phase of geological survey works in Ustiurt Region of Uzbekistan.

Below is statistical data related to oil & gas production in Uzbekistan that illustrates Uzbekistan's oil & gas potential.

Natural Gas Pipelines

The entire system of natural gas main pipelines, transmission, transit and storage is owned and operated by Uztransgaz, a division of Uzbekneftegaz. Uztransgaz also sells gas directly to large consumers (wholesale customers) and the gas distribution company that services residential and commercial customers.

The pipeline system is designed to serve both domestic and foreign destinations, as well as to transit Turkmen gas. The total length of main gas pipelines is 13.28 thousand km (recalculated as single string), consisting mostly of 1,000, 800, and 700 mm lines with maximum design operating pressure of 5.5 Mega Pascals (MPa). Larger diameter lines (1,200 mm and 1,400 mm) have a maximum design operating pressure of 7.5 MPa and are mostly part of the system serving export destinations (Central Asia-Center, Bukhara-Urals, and Gazli-Shymkent pipelines). These larger diameter systems

are located in the north and northwestern part of the country. There are altogether 24 compressor stations with 42 plants, equipped with some 250 compressor units of various design (turbine, reciprocating, etc.). In 2000, Uzbekneftegaz's Uzneftegazmash Joint-Stock company (Chirchik) established a joint venture with Dresser-Rand (U.S.) to provide maintenance of compressors and pumps and manufacture spare parts.

Uztransgaz has ten subdivisions that operate parts of the system, such as the Bukhara Gas Fields (BGF)—Tashkent, the Jarkak-Bukhara-Samarkand-Tashkent (DBST), the Mubarek-Kagan, the Shurtan-Mubarek, the Kelif-Mubarek, the Kelif-Dushanbe, etc., lines.

A distinctive feature of the gas transportation system of Uzbekistan is that it has been designed to serve neighboring states (Southern Kazakhstan, Kyrgyzstan, and Tajikistan). Uzbekistan exports gas to these countries. In addition, Turkmenistan uses the gas transportation system of Uzbekistan to export its gas. In recent years, the gas pipeline system has delivered about 45-50 bcm to domestic consumers, some 9-10 bcm Uzbek gas to foreign customers and 35-40 bcm of Turkmen gas in transit to foreign destinations.

Uztransgaz also owns and operates the main gas pipelines that have been built as separate facilities capable for delivering low-sulfur gas (the Shurtan-Tashkent Thermal Power Station and the Mubarek-Navoi lines) to power generating plants and major industrial consumers in the country.

Since 2002, Uzbekneftegaz has developed a special "strategic relationship" with Gazprom. The Uzbekneftegaz-Gazprom cooperation brings clear advantages to Gazprom, as it would be able to control the flow of Central Asian gas to foreign markets and secure gas supplies needed to continue supplying Russian and European customers without investing in frontier gas fields beyond the polar circle. This agreement essentially assures that Gazprom will continue as the single most important foreign partner of UNG in gas exports, export pipelines and upstream gas projects until 2010 and beyond, with a market share in exports of Uzbek gas exceeding two-thirds.

In other developments, a few years ago, Uzbekneftegaz has completed the construction of the second stage of the Gazli-Nukus trunk gas pipeline in the northwest of Uzbekistan, worth \$50 million. The throughput capacity of the second stage of the 66-km 1,220-mm pipeline is 30 mcm a day. Zeromax Group (Switzerland) was the general contractor. The construction of the new line was part of the holding's strategy to boost natural gas exports in the northern direction. In particular, the two completed stages of the pipeline boosted gas exports to 7 bcm a year. The first, 350 km stage was commissioned in 1997 and is part of the Central Asia-Centre and Bukhara-Ural gas transportation systems.

Uzbek Gas Exports

Uzbekistan is a net exporter of natural gas. Most of the exports, which run at about 15-20% of production (about 10 bcm per year), end up in the FSU. Uzbek gas is particularly important for Kyrgyzstan, Tajikistan and the southern regions of Kazakhstan, which do not have other suppliers. The government of Uzbekistan is interested in increasing exports of gas and is considering various options for this purpose.

Special strategic relationships between Uzbekneftegaz and Gazprom culminated in the final approval by the Presidents of Uzbekistan and Russia on 6 December, 2004 of the Uzbekneftegaz-Gazprom agreement on strategic cooperation reached in 2002. The agreement foresees cooperation in various ways:

- The increase of exports of Uzbek gas to Russia from 5 bcm in 2003 to 10 bcm by 2010.
- The cooperation between Uzbekneftegaz and Gazprom in the exploration and production of hydrocarbons on production sharing terms in the Ustiurt plateau region.
- The transportation across Uzbekistan of Turkmen gas purchased by Gazprom (2 trillion cubic meters until 2028), whereby Gazprom will act as the operator of Turkmen gas transit in Uzbekistan and will invest in the doubling of transit capacity (to 90 bcm/year) by 2007.
- The possible sale to Gazprom as a strategic foreign investor of 44% of the shares of Uztransgaz.

In line with the strategic cooperation agreement with Gazprom, export contract arrangements have undergone several changes over the recent years. From 1997 until early 2001, Uzbekneftegaz exported gas to northern destinations (South Kazakhstan, Russia, and Ukraine) via the Switzerland-based Gaspex S.A. In early 2001, a consortium consisting of Itera, the Donbass Industrial Union, Debis (Germany) and Zeromax won a tender for the export of gas from Uzbekistan and the contract with Gaspex S.A. was discontinued. The export price was set at \$40/1,000 cu m and payment was to be carried out in forex (50%) and in kind (by supplying goods and services—50%). The consortium, led by Itera, intended to deliver the gas to Ukraine. Supplies to other northern destinations had to be renegotiated with the national oil and gas companies of the relevant country.

In 2003, Gazprom essentially took over from Itera, either directly or via the Uzbekneftegazarian-based Eural TG. Itera closed its representative office in Uzbekistan at the end of March 2004, when Itera's accreditation in Uzbekistan expired. The company does not have other projects in the republic. In Kyrgyzstan, Kyrgyzneftegaz does not produce enough oil or gas to cover local demand. Most of its gas comes in from Uzbekistan and is distributed via Kyrgyzneftegaz's 600-km gas pipeline network. Uzbekistan is also a gas supplier in Tajikistan.

The government of Uzbekistan is interested in boosting its natural gas exports to Europe. Several options are under consideration. Under one option, the existing major gas pipelines crossing Uzbekistan are to be renovated with the help of Gazprom, which became the operator of the entire Central Asia-Center gas pipeline system. An alternative is to export Uzbek gas by transit routes via Turkmenistan, Azerbaijan, Georgia, Ukraine, Turkey, Iran and the Caspian Sea. However, this alternative may only become realistic if offtake could be secured beyond Turkey, and if the gas producing countries along the proposed pipeline route (Turkmenistan, Azerbaijan, Iran) agree to let Uzbek gas in the pipe.

To the east, Uzbekistan is actively promoting a project to export gas to China. Gas from Uzbekistan will help PetroChina, the operator of the West-East pipeline commissioned in late 2004 in China, meet long-term demand for fuel if additional reserves are not found in the Tarim Basin. Turkmenistan is also interested in exporting its gas to China using the pipeline. This would bring additional benefits to Uzbekistan in terms of transit fees paid for transit of Turkmen gas.

The position and policy of Russia is very important in achieving fair price for Uzbek gas. In general, Russia has a special role in the world energy market due to its transcontinental geographical location and natural resources.

Exemplary in this respect is the strategy of Russia itself to diversify its export pipelines to Western Europe. In addition to pipelines thorough Ukraine, Belarus, and Poland, Russia has been constructing pipelines under Baltic and Black seas. This was done in order to achieve security in delivery of gas to EU and prop up the price for the Russian gas. By constructing these pipelines Russia also effectively fended off the competition from Iran and Central Asia. Since Russia has been

constantly trying to diversify its gas pipelines, the EU was less proactive in search for other alternative sources of natural gas (e.g. Iran and Central Asia). As a result, Russia is the main source of gas for EU and supplies 150 bcm of natural gas annually.

Like Russia or other Central Asian countries, doubly-landlocked Uzbekistan is keen to develop alternative export routes in order obtain higher price for its natural gas. The efforts in this direction were intensified after it turned out the “fair market price” Uzbekistan and Turkmenistan will receive from Gazprom for natural gas exports in 2009 may only be a fraction of what Western Europe pays for imports.

Earlier in 2008, Gazprom announced it would pay Central Asian natural gas producers “fair market prices” starting 2009. A specific price, however, was not set at that time, prompting speculation that Turkmenistan and Uzbekistan would seek in excess of \$300 per thousand cubic meters (tcm). Initial indicators suggest that Ashgabad and Tashkent won’t be getting anywhere close to that amount.

On 10 April, officials at LUKoil spouted off that Uzbekistan would be offered \$210/tcm. LUKoil issued a statement on 15 April disavowing the earlier comment about the \$210/tcm price, characterizing it as idle banter by “individual employees of the company.” The statement went on to emphasize that Gazprom and its Tashkent-based counterpart Uzbekneftegaz would set the price “proceeding from the existing price for energy on the European market.”¹¹

Gazprom held its annual meeting of shareholders on 27 June, 2008, which could not ignore the delicate issue of Russia’s middleman role in selling Central Asian gas to Ukraine through which 80% of the sales of Russian gas go to Western Europe. Last spring Uzbekistan, Kazakhstan and Turkmenistan declared that they would themselves supply gas to Gazprom at average European prices (this year Ukraine has been buying Central Asian gas from Gazprom at a much cheaper price, \$179.5 per 1,000 cu m).

During the meeting discussion it was stated that if agreements with the Central Asian countries are based on the average European price this year, the cost of gas for Ukraine would be more than \$400 per 1,000 cu m. It should be noted that Russian Prime Minister Vladimir Putin, in his talks with Ukrainian Prime Minister Yulia Tymoshenko on 28 June, 2008 was much more diplomatic. Both agreed European prices for Ukraine should be introduced gradually.¹²

Also in July 2008 Russian presidential aide Sergey Prikhodko declared that Russia is prepared to buy Turkmen natural gas at market prices and there is no need for Turkmenistan to implement energy projects with other countries, RIA Novosti reported.

Turkmenistan is considered a potential natural gas supplier for the Western-backed Nabucco pipeline project designed to bypass Russia and pump up to 30 bcm of natural gas annually from Central Asia to Europe via Azerbaijan, Turkey, Bulgaria, Rumania, Hungary and Austria.

“After gradual transition to world prices, which are inevitable, the issue of orienting these gas flows to other countries will be taken off the agenda. If Turkmenistan raises the price, the profitability of gas supplies to Russia or through Russia increases,” Sergey Prikhodko told a briefing on the eve of Russian President Dmitry Medvedev’s visit to the energy-rich Central Asian state.¹³

Gazprom purchases 50 bcm of natural gas from Turkmenistan annually under an agreement that expires at the end of 2008. Starting from 1 January, 2009, the price of natural gas from Turkmenistan will be determined by the market. The price formula from 2009 will be set by a long-term contract expected to expire in 2028.

¹¹ [www.eurasianet.org], 21 April, 2008.

¹² See: RIA “Novosti”, 3 July, 2008.

¹³ Ibidem.

Turkmenistan and Uzbekistan are receiving \$150/tcm and \$160/tcm, respectively, in the second half of 2008. Although the 2009 pricing deal might still leave Gazprom a 30% margin, it also involves a lot of risk for Gazprom. "The key problem is that 85% of Gazprom's energy exports to EU states go through Ukraine. The new price for Ukraine is estimated at about \$300/tcm, up from present \$179, and that can send that nation's industrial sector into coma. Ukraine will likely increase transit fees for Russia's energy exports to EU to compensate for the price hike. It will, subsequently, significantly raise the price for Europe and give the latter yet another incentive to look for alternatives to Gazprom."¹⁴

This probably explains the relatively "low" starting price of \$210/tcm that is likely to be offered to Uzbekistan. A similarly "low" offer will probably be made to Turkmenistan. Kazakhstan will get more for its natural gas, because it will not have to pay for transit. This way, Gazprom can keep the final price for Europe tolerable, and prevent deterioration of its positions in the European market. It also gives Gazprom a price advantage over the Chinese competition that, reportedly, pledged to pay \$195/tcm. The price of about \$210/tcm would be consistent with forecasts made by Russia's Ministry of Economic Development (MED) for European prices.

According to MED forecasts, Gazprom should get an average of \$355.5/tcm in Europe in 2009, a figure that is lower than \$381/tcm the conglomerate is receiving in 2008. Gazprom's own forecasts are even lower, standing at about \$316/tcm. Gazprom also expects energy prices to start declining somewhat in 2010. "We call \$210 a 'low price,' but it actually is very high," says the Tashkent-based analyst. "Central Asian states were offered just \$25/tcm just half a decade ago. They have managed to use competition between Russia, China and the West to increase the price by almost ten-fold. They are likely to continue diversifying their export options through new pipelines, like Trans-Caspian Pipeline, to increase this competition." Until there is a deal, nothing is set. And even then, the export price is still subject to upward revision.¹⁵

Fluctuations in supply and demand are only part of the calculus. Another major factor is the United States, which is continuing with an aggressive lobbying effort to get Turkmenistan, Central Asia's most important supplier, to join the trans-Caspian pipeline project, which would circumvent Russia.

Turkmenistan, according to official sources, intends to boost natural gas production to 250 bcm per year by 2030. In 2008, production was projected to be 81.5 bcm. The intensive interest on the part of the United States could, at the very least, give Ashgabad leverage to keep driving higher the price Gazprom pays. If the Turkmen projections prove accurate, Central Asian experts believe that Russia could even give its blessing to limited Turkmen and Uzbek participation in a trans-Caspian pipeline.

In light of these developments the pipeline connecting Turkmenistan, Uzbekistan, and Kazakhstan to China—dubbed the Trans-ASEAN Gas Pipeline (TAGP)—could become further argument for increasing exports price for the Central Asian (including Uzbek) gas.

According to a decree issued by Uzbek President Islam Karimov, Uzbekneftegaz and a subsidiary of the CNPC have an equal share in the venture. The JV was due to complete a feasibility analysis, as well as define the final pipeline route.

Nevertheless, according to Vladimir Milov, the President of the Institute of energy policy of Russia, many bypass pipeline projects, such as Trans-Caspian and Nabucco, are questionable from the economic view point and clearly politically motivated. Most of these projects wouldn't go ahead if Russia took more constructive stance with respect to international cooperation in gas. In other words,

¹⁴ [www.eurasianet.org], 21 April, 2008.

¹⁵ Ibidem.

if Russia's policy changes toward to more constructive stance, the necessity to build expensive bypass gas pipelines will naturally disappear.¹⁶

However, the Russian policy especially in the example of the Caspian pipeline consortium indicates quite contrary. Therefore, the current situation stimulates politicians to support bypass pipeline projects despite their economic inefficiency.

It seems that the same is true regarding the point at issue—exports of gas from Uzbekistan to China. China ties up the price for gas with the price of coal because it can easily substitute these two resources with each other. That is why China agrees to buy gas at prices significantly lower than Western Europe is paying for it. As noted above, according to some analysts, China is ready to pay only \$195 for Central Asian gas. Even this considered as a high price given the fact that China has alternative choice of relatively cheap coal of its own production. Some analysts consider such a high price as a payment for allowing CNPC participation in the developing Turkmen gas fields.

Another pipeline that China was considering in order to diversify its energy sources was gas pipeline from Russia. Interviewed analysts agree that China doesn't need two gas pipeline projects. China needs only one gas pipeline in addition to reliable source of its own coal. Therefore, looking at two optional pipelines—the Russian and Central Asian—they opted for just one of them and it seems that their choice is the Central Asian pipeline. Apparently, China received more attractive offer from Central Asians (Uzbekistan and Turkmenistan). China gained access to gas development projects in both Uzbekistan and Turkmenistan and is able to control the whole chain of deliveries from the very beginning to the end, whereas Gazprom never wanted to offer such conditions for Chinese in Russia.

Factors Influencing the Export Price for Uzbek Gas

During the interviews conducted by research assistants, representatives of Shurtangaz (the largest gas-chemical complex in Central Asia) emphasized the two most important factors influencing the export price of the Uzbek gas—geographical location and the absence of alternative pipelines. Geographical location of Uzbekistan is unfavorably characterized by the proximity of major gas suppliers—Turkmenistan, Kazakhstan, Iran and Russia and two small and insolvent customers Tajikistan and Kyrgyzstan. On the other hand, the absence of alternative pipelines to wealthy customers except for the one transiting Russian territory leads to monopoly of the sole customer—Gazprom. In turn, as we know, any monopoly leads to price distortions.

Responding to the question about actions to be taken to achieve a fair price for exported Uzbek gas, Shurtangaz representative pointed out to the need to search for alternative customer (the most interesting being China) and to invest in construction of gas pipelines in neighboring countries (in the north-east and south). Another alternative that was mentioned is to increase the share of natural gas processed into chemical products with higher value added. In other words, decrease exports of gas and domestic consumption utilizing alternative sources of energy and increase exports of ready-made products produced of natural gas with higher value added.

Talking about the market price for Uzbek gas, the respondent underlined that the fair market price for Uzbek gas should be at least 1.5-2 times higher than the current price (\$160 per tcm).

¹⁶ See: "Liberal View Point on Energy Resources," Interview with Vladimir Milov in *Economic Review* magazine, No. 2 (101), 2008, pp. 44-49.

Slightly different opinion on the matter was expressed by the representative of Ahangaran (Ahangaran is a city in Tashkent province) Gas Supply Branch (AGSB). According to AGBS, the decisive factors in shaping prices for Uzbek gas is exploration, mining, processing, modernization of technologies and increase in quality of gas. In other words, Uzbekistan needs to increase the production and improve the quality in order to achieve higher price for its gas. AGBS also of the opinion that in order to increase the customer base for exported Uzbek gas it is necessary for it to meet the world quality standards, there is a need to develop infrastructure, decrease transit fees, and secure timely delivery of gas to customers. AGBS representative stated that the price for exported Uzbek gas must be lower than the world price taking into account transit fees in order for it to be competitive.

A professor at the Geology Faculty of the National University of Uzbekistan noted that the price of exported Uzbek gas depends on the cost of production and procurement prices set by off-takers, such as Russia, Kazakhstan, Kyrgyzstan, China and Ukraine. In order to achieve higher and fair price for Uzbek gas there is a need to accomplish direct deliveries of gas to the end consumers omitting intermediaries. To expand the export market for Uzbek gas it is necessary to increase mining, to sign long term fixed price direct contracts with importers, and search for alternative customers of Uzbek gas (e.g. India and Pakistan). The professor of the Geology Faculty also pointed out that the price for exported Uzbek gas should be around \$250-300 tcm.

A professor at the Faculty of Economics of the National University of Uzbekistan expressed the opinion that the current export price of Uzbek gas doesn't reflect its real cost. Wholesale price for gas in the world is about \$250-350, whereas retail price in Europe is \$450-540. The current export price of Uzbek gas is shaped based on the absence of alternative transportation routes and Russia's monopolistic position in transiting Uzbek gas. The higher price for exported Uzbek gas could be achieved by developing new routes for transportation of Uzbek gas. All pipeline projects are closely connected with political situation and that is why there are many problems with their implementation. Some of the alternative pipeline projects, that might be especially beneficial for Uzbekistan, are Trans-Afghan and Nabucco pipeline projects. According to the professor of the Faculty of Economics, another alternative way to achieve higher price for Uzbek gas is to increase the production of liquefied gas. In this respect, the experience of Qatar could be of interest for Uzbekistan. The most salient advantage of producing liquefied natural gas (LNG) is that the transportation of LNG much easier and doesn't depend on pipelines. It could be transported via sea, railroads, or roads. The professor of the Faculty of Economics noted that the fair price for Uzbek gas should around \$300-350 taking into account transit fees.

C o n c l u s i o n

Gas producing countries of Eurasia (Russia, Iran, Turkmenistan, Kazakhstan, and Uzbekistan) are jammed between two major groups of consumers in Europe and South East Asia. Both regions need energy to fuel their economic development. Therefore, gas producing countries of Eurasia are on target of major interests of potential consumers of gas.

Economic resources obviously constitute one of the primary stakes of Russia's presence in Uzbekistan. Uzbekistan possesses significant gas potential and exports gas to either neighboring countries or to Europe via the Gazprom system of gas pipelines. There are many alternative pipeline projects that have been discussed that would diversify the pipeline routes and consumer base—Trans-Afghan pipeline, Trans-Caspian pipeline, Caspian pipeline, Iran-Pakistan-India pipeline, Nabucco (from Iran to Turkey and further to the Western Europe), and finally Central Asia-China pipeline. It is very difficult to implement most of these pipeline projects because of either security or political considera-

tions. As of now, the most feasible and realistic seems to be the Central Asia-China pipeline. However, even this project is not without some salient drawbacks.

- First of all, China is not willing to pay the prices for Central Asian gas that would match the price the European customers are already paying. Given its alternative resources of coal, China has a strong negotiating position in this respect.
- Second, the Central Asian countries should agree on concerted efforts with respect to the usage of the pipeline. In other words, suppliers of gas (Uzbekistan, Turkmenistan, and Kazakhstan) should agree on each others' share in the Chinese export market.

Most of interviewed analysts agree that an alternative pipeline to China will strengthen the bargaining power of Central Asians vis à vis Russia. However, it seems doubtful that this will dramatically change the situation given the fact that Chinese themselves are not "lucrative" customers willing to pay the highest price for Central Asian gas. Therefore, Uzbekistan should continue its efforts to participate in other alternative pipelines such as Trans-Caspian, Iran-Pakistan-India, Trans-Afghan, and Nabucco to further solidify their negotiating position.

NATION-BUILDING

**UZBEKISTAN:
SOVIET SYNDROME
IN THE STATE, SOCIETY, AND
IDEOLOGY**

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I n t r o d u c t i o n

I believe that *post-Sovietism* is the aptest way to describe the wide-scale transformations unfolding in the post-Soviet era in the newly independent Central Asian states. It presupposes that certain new, modern institutional qualities of nation- and state-building will appear because of the very natural need to adjust to the existing world order.

Part of society expected that independence would revive, partially or on a larger scale, what can be called *pre-Sovietism*: a set of features that describe domestic and foreign policy as well as the relations between the former “colonies” that existed even before Soviet power came to these parts of the world.

Meanwhile, everything that should, or could, appear in the form of post-Sovietism and pre-Sovietism was nothing other than *neo-Sovietism*. This is not a chance phenomenon—it was called to life by political, social, psychological, historical, economic, and geographic reality, factors that were permanently present across this vast territory.

Practically all the former Soviet republics, the CIS members, were affected by the Soviet syndrome which came to the fore as the most obvious phenomenon in Uzbekistan’s state administration-civil society-ideology system.

Administration Efficiency

To assess administration efficiency we should recognize the existence of another problem—the gap between democracy *de jure* and democracy *de facto* in Uzbekistan. The former means that the

legislative and institutional forms of democratic governance are in place; the latter—that the form has an adequate content, i.e. that the laws are being implemented while the democratic institutions are functioning without hindrance. An analysis, however, reveals a gap between de jure and de facto democracy in Uzbekistan in nine spheres and the presence of eight conceptual dichotomous questions of democratic construction.¹

This gap obviously has little in common with the course aimed at liberalizing the economic, legal, and spiritual spheres announced back in 1999 by the 14th Session of the Oliy Majlis (parliament) of Uzbekistan. It described the new principle of state- and society-building as: “From a strong state to a strong civil society” which was probably expected to modify one of the main principles of the socio-economic and political reforms in Uzbekistan during the early period of independence: “the state is the main reformer.”

What are the nine problems and eight conceptual questions?

The first problem is related to the party system. Today we can say with good reason that the process of forming a party system as the key element of civil society is stalling. The parties on the political scene are practically indistinguishable as far as their programs, provisions, and specific political activities are concerned. There is no competition among them—what is more they present no opposition to power. Their ideological postulates are vague while their prestige and influence among the people are hard to detect. No opposition parties appeared in Uzbekistan during sixteen years of independence and democracy-building.

There are objective and subjective reasons for this: on the one hand, total *party-zation* of the Soviet period was replaced by nearly total *departy-zation* of the independence period; the ideological chaos did nothing to promote full-scale *re-party-zation*. On the other hand, emergence of a genuine party system was deliberately suppressed by undemocratic political methods.

The second problem is related to the local self-administration structures, the makhallas (neighborhood communities). In the capital, for example, especially in the districts of multi-story apartment blocks, makhalla committees and housing administrations (preserved from Soviet times) are competing for the right to deal with everyday issues. None, however, are suited to deal with social and everyday problems. This means that people are gradually losing faith in the self-administration structures, which have limited themselves to apartment renovation and collecting utility payments (in the case of the housing administrations) or to the distribution of the modest material assistance and money allocated by the state to keep the poorest families afloat (in the case of the makhallas). This cannot be described as true self-administration.

The nature of the makhallas’ activities, including social support to those who need it most, and, on the whole, self-administration should differ in the most resolute way from what the state is doing in the sphere of state governance. The makhallas should not be turned into state structures and become indistinguishable from state administration. The Human Rights Watch Report on makhallas published in 2003 said that the Uzbek government had turned the makhallas, formerly an independent self-administration structure, into a nationwide system of control and supervision.² Some of the conclusions about the makhallas’ controlling functions look like an overstatement—the makhalla as an institution is very weak. One thing is clear however: its functions have been distorted—it serves as an instrument for bringing the will of the state to the grass-roots level—not vice versa.

¹ I prefer the term “democratic construction” to the more common “democracy-building” to refer not so much to the practical process of building democracy as a political system as to the theoretical process of formulating an adapted conception of democracy.

² See: *Uzbekistan: From House to House*, Human Rights Watch Report, Vol. 15, No. 7, September 2003, available at [www.hrw.org].

The makhalla, however, remains a moral authority; its system of moral regulators is a product of the many centuries of communal living. It should be modernized to meet the standards of local self-administration seen in developed democratic states. It should develop not only as an integral part of Uzbek culture and traditional way of life; it should develop as a badly needed element of any democratic society with strong institutions of local self-administration.

The third problem is created by regionalism and the clan system which President Karimov described as a threat to national security. No civil society can develop into a strong system as long as remnants of tribal and clan relations survive in it. Regionalism and the clan system tear civil society apart and distort what should function as democratic state administration.

Structures (more often than not informal) based on kinship, territorial, or ethnic affiliation that appear in state or other organizations guided by narrow selfish group interests and pushing them to the fore to the detriment of the common cause and state and national interests can be described as dangerous especially since they tend to push their members up in all the hierarchies.

If preserved regionalism and clan relations may contribute in particular to the self-isolation of regions and a breakdown in traditional economic ties. They may encourage centrifugal tendencies in the form of power squabbles among clans and regions (rather than a power struggle among constructive political forces). Self-isolation of social segments is a destructive phenomenon: they are no longer tied together in a harmonious way typical of the relations that keep civil society together.

The fourth problem is the republic's media. As the fourth power they are expected to be the core of civil society yet in this sphere too Soviet remnants are obvious. The Media Democratization Fund functions in the republic which is gradually building up a legal foundation to allow the democratic media to function; every year young journalists are sent abroad to gain working experience, but nothing changes. The media lacks a cutting edge; they are mostly engaged in lauding the state's policy.

So far the press has not become a fourth power in its own right to be listened to and recognized as such; the media are still weak, they have not become independent and democratic.

The fifth problem is connected with the undeveloped mechanisms of public opinion polls. It is of a dual nature: How is public opinion formed and how is it taken into account? In democratic countries public opinion is an instrument that measures the state of civil society. We have to admit that in Uzbekistan neither the process of forming nor of studying public opinion has become a common attribute of political life. Random opinion polls among various population groups can be dismissed as feeble and ineffective attempts to find out what the nation really thinks. On many occasions the polled either cannot grasp the purpose and meaning of the polls or are unprepared to speak openly (they either fear possible repercussions or are suspicious). Not infrequently, the local authorities, which are supposed to be interested in what the people on their territories think, ban public opinion polls in their regions.

On the other hand, no one seems to be interested in the results produced by independent sociological centers, although civil society should be strong both institutionally and functionally. In other words, the quality and efficiency of the relations between the state and civil society depend on the extent to which the interests of population groups and society as a whole are taken into account in the political decision-making process.

I would like to say here that the transition to a market economy will throw social stratification into broader relief. This means that by forming public opinion and taking it into account we should harmonize, in every way possible, the interests of various population, professional, and other groups, as well as of associations and organizations. The efficiency of state governance largely depends on this.

The sixth problem is caused by the worsening quality and lower efficiency of the relations between society and the state. This is one of the most exact parameters for describing the state of civil

society and the nature of state governance. The experience of post-communist countries has identified the nature of state governance, which tends to develop into the monopoly of a certain group on political and administrative wisdom as the main source of conflicts between the ordinary people and the bureaucracy. This monopoly cannot correctly assess reality mainly because of the inflated (albeit informally) social and cultural status of the bureaucracy that identifies itself with the state and the way the state is governed.

This may lead to a crippled legal system which lacks many of the needed laws, and to impunity and criminalization of many spheres of life. The nation and bureaucrats are parting ways: the latter are mostly guided by personal or departmental interests.

People have no confidence in the power structures mainly because the state cannot explain in clear terms what it is doing, how it is acting and why; it cannot execute the decisions passed because of the low administering skills and lack of professionalism; the state structures have opted for undemocratic methods and style—they prefer functioning as closed structures, suppress openness, and are dedicated to nepotism; bureaucrats are serving their own interests or the interests of their bosses and pushing through decisions that have nothing in common with the interests of society.

In this way the low efficiency of the state structures and their inability to address the real problems the country and common people are facing and to explain them to the nation has lowered people's confidence in the state and alienated them from the state structures. I would like to point out that at the same time democratic relations in society, political involvement, spirituality, and patriotism are depend, to a great extent, on what the heads of local structures and local functionaries are doing.

Abdulla Abdukhalilov, an Uzbek political scientist, has pointed out the lack of transparency and balancing tools in Uzbekistan's administrative system and enumerated the factors responsible for this state of affairs:

1. The lack of real opposition parties in parliament;
2. The lack of a civil society capable of articulating and aggregating its requirements;
3. The lack of a mechanism for ensuring a constructive dialog between the state and civil society.
4. The lack in the republic's mass media of independent information-analytical programs that raise the population's political culture. This is responsible for the population's insufficient awareness about the activity of the state structures.

Public opinion polls revealed the fact that people did not know the names of the key ministers and other officials of Uzbekistan, such as the minister of justice, minister of the interior, and minister of defense. It was also revealed that the country's population was more informed about the personalities and activity of the Russian Federation's ministers.

The republic still lacks a law on civil servants, which is leading to non-regulated relations among bureaucrats and between the client and the official. This is conducive to the zones of vagueness in administrative activities. The republic's administrative system has not rid itself of the dysfunctional elements inherited from Soviet times described by American sociologist Robert Merton. He regarded the bureaucratic system in the context of a substitution of goals. In his opinion, the bureaucrat primarily serves the interests of his organization and not the resolution of social problems.³

The seventh problem is closely connected with the previous one: the situation in the judicial and legal system remains the same year after year.

³ See: A. Abdukhalilov, "Stages and Special Features of the Administrative Reforms in the Republic of Uzbekistan," *Central Asia and the Caucasus*, No. 6 (48), 2007.

People complain about the misconduct of the law-enforcing structures and court decisions more and more often. This is amply testified by the statistics of complaints to the Ombudsman of the Oliy Majlis.

Society is concerned about the misconduct of ministry of the interior officials who are not merely rude to people—they resort to mental and physical violence; they are cruel to those detained and not alien to extortions; more often than not they neglect their duties of maintaining law and order and uprooting crime.

The eighth problem lies in the economic sphere: the non-market mechanisms that are still used in this sphere have done nothing to encourage private business and market relations. The republic's economy can be described as an obviously rent economy that allows influential groups to reap profits (so-called economic rent). Uzbek economists Eshref and Iskander Trushins have pointed out that in many CIS countries the struggle over rents and redistribution of rents has become the main content of the transition period: transition to a more effective economy and fair distribution of national income have been ignored. "Businessmen in the partially reformed transition economies promptly realized that it is much more profitable to preserve their privileges than bother about opening new enterprises or reconstructing the already functioning ones. Corruption is the natural result of the system of rent seeking."⁴

Meanwhile the market misbehaved in a puzzling way: during 2007 the price of sunflower oil went up by 130-160 percent (from 1,600-1,800 soums to 3,700-4,700 soums per liter by December 2007). Today, sunflower oil costs 3,700-4,200 soums per liter. Cotton seed oil is only marginally cheaper: 3,000 soums per liter in the market. When distributed through the makhalla self-administration structures (the Uzbek equivalent of the food coupons system) everyone stands a chance of buying two bottles of oil for the price of 1,700 soums. Normally, people are told that the delivered oil costs 1,700 soums. It is sold, however, for 1,800 soums per liter (100 soums are charged for delivery). There is no reliable information about the time of cheap oil deliveries: there are no schedules; people are informed through the makhalla or housing committees. Oil is delivered, on average, once every one or two months, which stirs up the local people. This can be described as a system of distributing rather than selling vegetable oil.⁵

The ninth problem is caused by the discrepancy between the slogans, political principles, and even some of the laws and the real situation in the sphere of education and spiritual life. The education crisis that hit the schools, lyceums, colleges, and universities was caused by the shortage of highly skilled teachers, textbooks (especially in the Uzbek language), technical means of education, etc. The state has pushed science to the backburner (today a university assistant professor earns about \$200). The educational system is too ideological—another vestige of the Soviet system. Starting in the seventh year at secondary schools and up to acquiring the bachelor degree, students have to cope with subjects such as "the national independence idea" and "fundamentals of spirituality" as part of the curriculum. Schools and lyceums pay more attention to Soviet-style discipline than to the quality of knowledge they are expected to supply.

This means that in Uzbekistan as a newly independent state in which the remnants of the Soviet political tradition are still very strong governance efficiency totally depends on an omnipotent state apparatus. I suggest calling this system the **apparatus management**. It cannot function other than relying on clientage, nepotism, plutocracy, the clan system, and the *absence of demos*. This makes the task of overcoming state administration kleptocrata difficult. It seems that this is typical of all Central Asian countries.

⁴ E. Trushin, I. Trushin, "Institutsionalnye bartery v ekonomicheskom razvitii Uzbekistana," in: *Tsentralnaia Azia i Yuzhny Kavkaz: nasushchnye problemy*, ed. by B. Rumer, TOO East Point, Almaty, 2006, p. 227.

⁵ Fergana.Ru [www.fergana.ru], 7 April, 2008.

E. Wayne Merry has offered an interesting description of the system: "... the post-colonial experience of the Third World is most relevant to Central Asia, in the replication there of what in Africa is called the "Big Man" regime type. Such regimes tend to be dominated by members of single ethnic group or clans and by the enshrinement in power of a single individual or, more commonly, a Great Leader and his family (leading to the *sotto voce* witticism in several post-Soviet states that Stalin's quest to build "socialism in one state" has been replaced by the goal of "socialism in one family"). Such regimes do not distinguish public from private wealth, transforming corruption from a form of social deviance into effective state policy. These regimes maintain political control by strictly limiting participation in the political process; by extending state authority over a wide range of civil institutions, including business, labor unions, organized religion, and the media; ... and by lecturing Western critics that the local populations are "not ready" for democracy which "takes time". Finally, such regimes almost invariably encounter a crisis when attempting a generational transfer of power within the ruling family or clan, as the authority and legitimacy of the first post-colonial "Big Man" creates shoes too large for a successor to fill."⁶

Meanwhile, political life is brimming with talk of reforms. Politicians, ideologists, and analysts alike are fond of talking about them to explain the temporary hardships in the economic, social, and other spheres. American political scientist Gregory Gleason has written: "To the citizens of Central Asia, reform has become a permanent condition of governance and more of an explanation for why things do not work than for why they do."⁷

The eight conceptual questions are the following:

(1) Compatibility of a Secular State and the Islamic Culture.

The well-known principle of separation of religion from the state was accepted everywhere *a priori*, as an axiom. Today, however, Islamic revival in society and the challenge of religious extremists demand that the principle should be confirmed by academic substantiation and public discussions.

(2) Compatibility of Islam and Democracy.

Religious extremists who are opposed to the state insist on theocracy; they argue that Uzbekistan should opt for a caliphate as the country's only true road. They took up arms to fight the state for this idea. It seems that correct interpretation of Islam is the best weapon to be used against the radicalization of Islam. Is it correct to alienate Islam from democracy? This question should be comprehensively discussed in the democratic process.

(3) Democracy or Autocracy?

There is a newly fledged opinion supported at least by some analysts that Asian societies, and Central Asia in particular, are alien to democracy, which they dismiss as a Western phenomenon. The local rhetoric was borrowed and developed by certain foreign analysts (or vice versa: local ideologists borrowed it from their foreign colleagues). Russian analyst Vitali Naumkin, for example, has written: "When Western analysts speak of Karimov's authoritarianism, they overlook the fact that authoritarianism is not a whim or a political line, but the integral feature of Uzbekistan's traditional political culture."⁸ Hundreds of thousands of Uzbek citizens, especially intellectuals and the youth who want

⁶ E.W. Merry, "The Politics of Central Asia: National in Form, Soviet in Content," in: *In the Tracks of Tamerlane. Central Asia's Path to the 21st Century*, ed. by D. Burghart and T. Sabonis-Helf, National Defense University, Washington, D.C., 2004, p. 30.

⁷ G. Gleason, "Reform Strategies in Central Asia: Early Starters, Late Starters, and Non-Starters," in: *In the Tracks of Tamerlane. Central Asia's Path to the 21st Century*, p. 43.

⁸ V. Naumkin, "Uzbekistan's State-Building Fatigue," *The Washington Quarterly*, Summer 2006, p. 138.

democracy more than anything else, will hardly hail this definition of their political culture.

(4) Security or Democracy?

The opinion that national security comes before democratization is a popular one. It rests on the “security first” formula and is fed by the challenges to security that the country has been facing throughout the entire period of its independent existence. It seems that the concepts have been unduly narrowed down. Security and democracy are not two alternatives even in the face of threats. The opposite is true: the world community is gradually accepting another maxim: democracy promotes security; it can even be described as an important condition of stability, peace, and security. In Uzbekistan, too, those involved in the democratic discourse should identify their position in relation to this conceptual issue.

(5) A National or Universal Model?

The question of the relations between the national and universal models of democracy has not yet found a conceptual solution. Talk about the national model has been going on in Uzbekistan for a long time but so far it is reduced to a very simple formula: we shall not copy Western democracy. This distorts, very much like in Soviet times, the ideas the public has about the world, democracy, and even about its own country.

(6) Gradual or Fast Movement?

Those who support the status quo invented a conception of stage-by-stage movement toward democracy; to justify it they point out that it took the Western states two, three, or even more centuries to finally arrive at democracy. They also argue that society is not ready to embrace democracy and that too rapid liberalization might destabilize the sociopolitical situation in Uzbekistan. This question permits many approaches—so far the discussions are dominated by the thesis about democracy as a bright future, which brings to mind the Soviet past.

(7) Liberalism or Paternalism?

There is a deeply rooted conviction in the minds of the public that Uzbekistan is a state with strong paternalist traditions in which there is no place for the liberal tradition. This means that the state will loom prominently in all spheres of life. If this is true, does the course toward liberalization proclaimed in 1999 have any meaning?

(8) Modernization or Traditionalism?

There is another conceptual hindrance when it comes to grasping the meaning of the democratic process in Uzbekistan. Much has been said about potentially painful repercussions for traditional Uzbek society of modernization of the state and its elements (democratization, urbanization, and industrialization). David Apter, a prominent American political scientist, has identified modernization as a “...process of consciously directing and controlling the social consequences of increased role differentiation and organizational complexity in a society.”⁹ He writes that such countries as Uzbekistan, which have already tried to leap from feudalism to socialism, current modernization might turn into another leap—this time from traditionalism to a new society. Therefore, warns David Apter, the modernization policy should take into account that there are stable norms, values, and institutions typical of pre-modernization and pre-democratic periods.

⁹ D. Apter, *The Politics of Modernization*, The University of Chicago Press, Chicago and London, 1965, p. 56.

These are fundamental conceptual dichotomies directly related to the central issue: the timely nature, content, form, and prospects of the state's democratic choice.

The State of Civil Society

In Uzbekistan, talk about a civil society (CS) and building it has reached euphoric heights. To promote democracy the country needs CS institutions—the task of creating them has almost become a state strategy. However, political theory does not confirm this.

When writing about civil society as the sum-total of self-organizing mediation groups, outstanding American political scientist Philippe Schmitter has warned that the groups per se are “necessary, but not sufficient evidence for the existence of a CS since these units can be manipulated by public or private actors and they can be mere façades masking actions by social groups intended to usurp power from legitimate state authorities or to exert domination over other social groups in ‘uncivil’ ways.”¹⁰ Although it helps to consolidate democracy, civil society is not its immediate cause. “It cannot unilaterally bring about democracy, or sustain democratic institutions and practices once they are in place.”¹¹

In this light creating CS institutions in Uzbekistan looks very much like a Soviet campaign rather than as a natural process, a product of democracy that should breed democracy. When talking about a natural process, we should bear in mind that the nation of Uzbekistan is still steeped in prejudices that divide it. I particularly have in mind the very persistent clan system. This means that all the talk about certain national specifics, the Asiatic type of society as the main stumbling block on the road to democracy, distorts reality: here theoretical generalizations brim with serious misrepresentations.

Uzbekistan is not so much an abstract Asiatic society as a very specific body of divided micro-communities (clans and other groups) that still remember their tribal affiliation. It was they who largely predetermined the philosophy of paternalism, the strong central power that integrates clans, tribes, and local communities into one nation and one state, thus ensuring a higher level of their security and survival. Persisting vestiges of the past are an objective problem. There is a subjective problem often described as “political will.” Philippe Schmitter has pointed it out: “Unfortunately, most actors in contemporary neodemocracies are likely to be affected by short-term and egoistic calculations under conditions of high uncertainty and, hence, are unlikely to be able to see the long-term desirability of constructing a distinctive public space.”¹²

I can say even more: wittingly or unwittingly, in Uzbekistan conformism and lack of democratic reflection are encouraged (indeed, Birk and Erlik, two democratic parties that left the stage could have been replaced with a new democratic opposition—the process might have become natural, uninterrupted, and sustainable). Instead, there is social rejection of democracy.

The longer the state as the main reformer puts off liberalization and democratization the harder it will be for it to preserve its reforming mission of a democracy initiator. The state sees gradual democratization as the only way since, it is believed, the nation is not ready for radical democratic changes. No convincing arguments are offered while the political parties of Uzbekistan, which should have encouraged democratization, are nothing but opportunist. In the course of time the nation will gradually lose its willingness to adopt democracy—procrastination with deprive it of its **natural democratic principles**.

¹⁰ Ph. Schmitter, “Some Propositions about Civil Society and the Consolidation of Democracy,” *Reihe Politikwissenschaft*, No. 10, September 1993, p. 4, available at [http://www.ihs.ac.at/publications/pol/pw_10.pdf].

¹¹ *Ibidem*.

¹² *Ibid.*, p. 15.

We have arrived at a strange conclusion: the longer the state remains devoted to the policy of slow democratic reforms, being convinced that the shoots of democracy should be raised slowly and cautiously, the less democracy it will receive. This strategy is erroneous: it ignores the *a priori* existence of the natural democratic principles in social relations that do not call for excessive state encouragement.

There is a highly alarming trend toward authoritarianism—not merely state authoritarianism but, strange as it may seem, social authoritarianism. The latter means that society steadily reproduces generations of administrators, politicians, and bureaucrats who regard undemocratic administrative methods as the most required, most reliable, comfortable, and the only possible method of self-reproduction. This creates an amazing political metamorphosis: authoritarianism that permeates practically all social and state strata is legitimized.

I call this “national democracy” a “**conformist democracy**,” the term “democracy” here is used ironically. General conformism, agreement with all the decisions passed by the powers that be, social indifference, and absenteeism are typical features of conformist democracy, the latter word used here conventionally and ironically. General agreement creates the illusion of legitimacy and nationwide support of the government. In the final analysis, this allows the government (if not all of it, at least some of its segments) to freeload on the conformism of the masses. The examples are numerous. Conformist democracy revealed its nature, for example, when the deployment/withdrawal of the American military contingent on/from Uzbekistan within the framework of the counterterrorist operation in Afghanistan was an issue. Deployment was hailed by the masses, while withdrawal demanded in the name of the masses caused another bout of appreciation.

The Soviet syndrome revealed itself when anti-Americanism was fanned on the strength of the unjustified and actively promoted opinion that the United States was plotting against Uzbekistan. When answering the question about potential American involvement in the Tulip Revolution in Kyrgyzstan, its former president Askar Akaev said: “I think that American influence was instrumental.” He added that the opposition was “supported by the (U.S. organizations.—*F.T.*) National Democratic Institute, Freedom House, and others... They were providing the training and financial support,” he said.¹³ These arguments have become favorites with the critics of U.S. democratization policy.

Many observers and analysts agree that foreign influence was obvious in the Balkans, Georgia, and Ukraine. This argument is frequently used in Uzbekistan on the strength of the following arguments:

- Mass actions were prepared in advance;
- The methods used in Serbia, Georgia, and Ukraine were the same; the scenarios of the democratic elections in Afghanistan and Iraq have much in common;
- Members of foreign organizations pooled forces with local activists to point to the accumulating social and economic problems in an effort to stir up mass discontent and sow mistrust in the government.

Observers point out that the mass rallies and changes in power in different countries look similar. To support this they talk about seminars and training sessions organized by foreign NGOs; they teach the younger generation democracy, political awareness, and political involvement. Observers are frequently ironic when speaking about specific projects realized by international organizations in the host countries.

I cannot totally agree with this. Here are my arguments.

¹³ N.P. Walsh, “Deposed Kyrgyz President Blames United States for Coup,” *The Guardian*, 31 March, 2005, available at [http://www.rall.com/2005_03_01_archive.html].

- First, what else should they teach those who attend their seminars and training sessions if not political awareness and political involvement? It should be said that those who treat the subjects of the seminar with suspicion are “incautious:” in fact any subject of a seminar or training session, any lecture or comment of a foreign expert (or even of a local professor) can be misinterpreted.
- Second, Uzbekistan has been talking about greater political involvement as a desired aim. Indeed, it was back in 1999 that the state, the parliament, and the president formulated a strategic course toward liberalization and a transition from a strong state to a strong civil society. This means that sooner or later parties and other groups will become involved in real political rivalry irrespective of the presence or absence of foreign NGOs.
- Third, thanks to the state programs designed to support academics and students, hundreds of citizens of Uzbekistan travel abroad (to the United States among other countries) every year to study or gain job experience. Many of them, this is especially true of those who study the humanities (political science, sociology, and history), are given professional lessons in democracy. The number of those who studied abroad or were involved in all sorts of international projects and conferences is rising with each passing year. If NGOs are plotting against Uzbekistan they should have done so among those who study and work abroad. Does this mean that the Iron Curtain should be dropped once more?
- Fourth, the mighty flow of academic and journalist literature from abroad (journals, newspapers, books, leaflets, video material, etc.) is of huge independent importance. Not all of them offer positive information about Uzbekistan and the sociopolitical process underway in the country. Many authors are very critical about Uzbekistan—in fact they are more critical than the foreign NGOs.
- Fifth, there is the Internet. The worldwide network does not need NGOs to spread huge amounts of truthful, false, friendly, or unfriendly information every day of the year.
- Sixth, from the very first days of the republic’s independence the international community supplied positive assessments of the reforms as well as official criticism that has nothing to do with the “plotting NGOs.” The U.S. Congress regularly discussed Central Asia’s human rights and democracy record and arrived at far from positive conclusions. The EBRD, likewise, was very critical during its session in Tashkent in May 2003. Can public opinion let official criticism pass unnoticed inside the country?
- Seventh, the foreign NGOs have become victims of a “witch hunt” intended to distract public opinion. Indeed, hardly any of the accusations (even if some of them can be described as justified) were supported by legal investigation. A Georgian academic who analyzed the domestic and external factors of the Rose Revolution has offered a very apt remark: “External forces, however, cannot ensure the victory of a ‘velvet revolution’ if the country is not ready for it.”¹⁴

The suspicions that foreign NGOs are preparing an “orange revolution” in Uzbekistan are groundless. This is not where their interests lie: the West and the international community want stronger political and social stability in Central Asia. Destabilization might encourage terrorist and extremist organizations of all hues. Those of them (Hizb ut-Tahrir is a pertinent example) that openly reject democracy will push forward to seize power.

¹⁴ M. Matsaberidze, “The Rose Revolution and the Southern Caucasus,” *Central Asia and the Caucasus*, No. 2 (32), 2005.

The Content of National Ideology

We all know that the nation's political behavior is largely determined by slogans, calls, quotes, etc. selected to produce the strongest impact on the people's minds. Here are some of the ones used in Uzbekistan:

The country's "own road of independence and progress."

Uzbekistan is a state with a great future.

Ideas against ideas, education against ignorance.

National program of training.

Molding a perfect personality.

Spirituality and enlightenment.

From a strong state to a strong civil society.

Turkestan is our common home.

To globalism via regionalism.

Grain independence.

Energy independence.

Export-oriented economy.

The ideas and conceptions are absolutely correct and reflect, on the whole, the state's good intentions and tasks as well as the nation's sentiments. It looks, however, as though they have become absolutes or impressive scenery for the political system (very much like in Soviet times). It seems that national ideology was mistaken for a set of maxims designed to demonstrate the republic's unique and very specific development roads. Ideology in general does serve this aim yet it also reveals the fact the experience of others contains similar features that can be borrowed and locally reproduced.

For example, **the country's specifics were expressed not so much through rather unique experience that could not be reproduced in other countries, which makes the advance toward democracy very specific and which can do without copying foreign patterns. The country's specifics were expressed through reproducing those characteristics of the nation and national culture which, in fact, blocked the road toward democracy.** I have already written that the clan system is one aspect of these specifics. While correctly pointing out that the vestiges of the clan system not merely obstruct the republic's progress toward democracy but also threaten its security the ideologists and the political elite have done nothing to remove these vestiges. They even "conserved" them.

The paradox of the rhetoric of the national model of democracy is created by the fact that it used to monopolize democracy as a system and a value. Artur Atanesian was quite right when he wrote that "the post-Soviet CIS leaders are trying to adapt themselves to the need to introduce democratic change and, at the same time, to adjust these changes to themselves."¹⁵ The neo-Soviet agitators have usurped the only possible interpretation of the essence of democracy and the ways leading to it. As a result we have arrived not at a national model of democracy but rather at a national model of its rejection. Ideology has played a fatal role in this.

¹⁵ [http://www.perspektivy.info/oykumena/krug/paradoksy_demokratii_i_tendencii_demokratizacii_v_stranah_centralnoiy_azii_i_iuzhnogo_kavkaza_2008-0-12-10-39.htm].

Starting in the late 2003 neo-ideologists have been pushing forward their ultra-nationalistic rhetoric. They were especially eloquent on the eve of the closing down of the Open Society Institute of the Soros Foundation in Tashkent. An article in the *Khalk suzi* newspaper proved to be one of the most eloquent contributions to the propaganda efforts. Its author turned to national values to rebuff those who (in his opinion) were lecturing on democracy and human rights. "From this point of view," writes the author, "we cannot describe a man who has acquired profound knowledge of democracy and armed himself with it but has no national values in his heart an Uzbek and a perfect person (*Komilinson*). It seems that to understand these values one must be born an Uzbek."¹⁶

Ideology is a powerful instrument used to shape and mobilize public opinion. It seems that the time has come for the academics and ideologists of Uzbekistan to ponder on a new content and new form of what is called national ideology. So far, ideological activities and propaganda in Uzbekistan were mainly engrossed in the moral-ethical and historical aspects. Ideology, meanwhile, has another aspect—a sociopolitical one that remains practically unrevealed. Here I shall offer some of the approaches to national ideology without claiming complete coverage of the issue.

Ideology is not an immutable code; it has two important sides:

- (1) a means of the nation's sociopolitical self-expression and
- (2) the "ether" through which the state and society exchange information and ideas.

This makes national ideology a dynamic communication system, a milieu of the impulses of mutual state/society mobilization. This is the meaning of ideology. From the point of view of its content the "ether" should be filled with "currents" and "impulses" which will contribute to national resurrection and encourage national passionarity. This can be achieved by moving in the following directions.

In the past Uzbekistan was a center of sciences and arts—it should regain this role to avoid the fate predicted by Frédéric Joliot-Curie, who said that science was as important for nations as air and water; a country that did not develop science would inevitably become a colony. Today, support of science and scientists is the state's main task.

Uzbekistan should become the center of a modern, developed, and strong system of upbringing and education of the rising generation; its potential is enough to accomplish this. I think that the republic and the region should revive, in modern form, the Jadidist Movement.

It is Uzbekistan's historical task to shoulder regional responsibility and become the region's integration core.

The nation will probably have to ponder seriously on the conception of Islamic democracy (similar to Christian democracy in Europe).

These are merely outlines of new approaches to national ideology that should be developed in the atmosphere of a broad and public democratic discussion.

Will There be Democracy?

Inertia is the main symptom of the illness that has afflicted Uzbekistan's political system and that I call "the Soviet syndrome." This limits the present regime's potential. Together with the objective problems democratic construction in Uzbekistan has been confronted with a conservative element.

How should we move toward democracy? I believe that the thesis of an open discussion of the country's problems and the recognition that there are numerous possible solutions could serve as a

¹⁶ "Loyalty to the National Spirit," *Khalk suzi*, 16 December, 2006 (in Uzbek).

starting point. Dankwart Rustow has asserted that democracy does not call for an ultimate consensus. It is somewhere between imposed uniformity (conducive to tyranny in one of its forms) and irreconcilable enmity that destroys community through civil war or secession. This is the form of government organization that grows stronger from disagreement of half of the governed.¹⁷

There is one more delusion: it is commonly believed that the transition to democracy requires socioeconomic prerequisites. The vast empirical material accumulated today and the experience of many countries has convinced political scientists that there is no direct dependence between democratization and the economic development level. Democratization is not a direct outcome of economic modernization; it can be launched in economically undeveloped societies though a higher development level adds stability to democracy.¹⁸

According to Andrey Melvil, an analysis of the regularities of democratic transitions permits a theoretical-methodological synthesis of the structural and procedural approaches. The former asserts that democratization results depend mainly on socioeconomic and cultural axiological prerequisites and conditions conducive to (or opposing) the emergence and cementing of democratic institutions and norms. The procedural approach concentrates on the specifics and the order of specific decisions and actions carried out by a limited circle of political actors who initiated and were directly involved in the democratization process.¹⁹ To grasp the specific features of democracy construction in Uzbekistan we should take into account the objective (structural) and subjective (procedural, or voluntarist as they are sometimes called) factors.

The nine problems and eight conceptual dichotomies discussed above are waiting for their solution at the country's new democratization stage. Who will solve them, who can be described as a vehicle of the democratic idea? Uzbekistan is moving toward democracy on the crest of the so-called third democratization wave described by Samuel Huntington. Having studied the transitions from non-democratic to democratic regimes that took place more or less simultaneously (he called them a democratization wave), he arrived at an important conclusion about its causes and also about a "reverse wave," that is, a transition back from democracy to authoritarian regimes. His formula of democratization methods, according to which democratic transitions may be accomplished through transformation, replacement or, so to speak, transplacement (jointly realized changes), looks like the most convincing one.²⁰ In the first case the democratization initiative belongs to those who have power, the authoritative regime plays the main role in putting an end to the existing regime or, rather, changing it into a democratic one. In the second case the group of reformers at the helm is small and weak. Strong opposition shoulders the democratization initiative and can depose the ruling regime. Finally, both the government and the opposition have equal democratization potential. This happens when a considerable number of reformers sit in the cabinet. In this case democratization is carried out jointly by the government and the opposition.

It seems that Uzbekistan has not yet "exhausted" the transition variants. The "reformation from the above" potential is still great: Uzbekistan can get rid of the Soviet syndrome by resorting to perestroika and new thinking in the same way as reforms were launched in the Soviet state. The present weakness of the demos is one of the arguments in favor of this road.

In Uzbekistan 2008 was marked by certain very cautious moves toward political reforms. In October Tashkent hosted a Media Forum that attracted members of well-known international organi-

¹⁷ See: D.A. Rustow, "Transitions to Democracy—Toward a Dynamic Model," *Comparative Politics*, Vol. 2, No. 3, 1970.

¹⁸ See, for example: A.Yu. Melvil, "Opyt teoretiko-metodologicheskogo sinteza strukturnogo i protsedurnogo podkhodov k demokraticeskim tranzitam," *Polis*, No. 2, 1998.

¹⁹ *Ibidem*.

²⁰ See: S. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, University of Oklahoma Press, 1991, p. 114.

zations, including those working in the human rights sphere. The discussion about the state of human rights and the course of political reforms in Uzbekistan was fairly open.

At the very beginning of 2008 Uzbekistan annulled the death penalty and the republic carried out several other reforms in the judicial-legal system: today, the courts alone have the right to sanction arrests. The country adopted a program timed to coincide with the anniversary of the Universal Declaration of Human Rights; it ratified the Convention on the Worst Forms of Child Labor. These were positive steps.

In Lieu of a Conclusion

On 23 December, 2007 the country re-elected President Karimov to a new seven-year term, which means that the power change in the republic will be carried out in a way that will ensure policy continuity and preservation of the paradigm of power. This change will rely on “conformist democracy” and opportunism of the political parties; the incumbent’s closest circle, which is responsible for the apparatus management, will be the moving force behind the power transfer. This could have been accepted as a model of transfer of power to a new generation of leaders; it could have been even described as proto-democratic for the want of a better model. Much will depend, however, on the type of new generation of leaders; a systemic approach (rather than individual characteristics) reveals that during the independence years Uzbekistan introduced (or rather restored) the Soviet political system. This describes the new generation as a vehicle of the neo-Soviet world outlook.

The moment of truth has come. Can we accept the Central Asian developments as the beginning of end of the notorious transition period, the favorite excuse of all political leaders? It looks as if the Central Asian countries are moving away from the transition period to a new formation (transition from a transition, so to speak).

Today, we are aware of six methods of regime change in the post-Soviet expanse. In Russia the then President Boris Yeltsyn retired; Vladimir Putin filled the post and was later elected president. In Azerbaijan power was transferred from father to son. In Georgia the political opposition forced the president to resign. In Ukraine the opposition won the presidential elections. In Moldova the communists regained power. In Kyrgyzstan the power change was carried out by a variety of political forces which closed ranks against one man—the president; this became possible partly because of a bad political blunder he made on the eve of the presidential elections.

None of the above was a genuinely democratic phenomenon. This is explained by two fundamental factors: **the vestiges of the Soviet system as an endogenous factor and the Cold War heritage as an exogenous factor.** I shall specify. First: the essence of the transition from one formation to another remains vague: indeed, a transition from what to what? Is it a transition from socialism to capitalism, from totalitarianism to democracy, or from a planned economy to a market economy? These are not rhetorical questions since the Central Asian countries are living simultaneously in a natural economy, a capitalist system, and a modern scientific and technological revolution.²¹ The question of democracy in this region turned out to be wider than the question of political values or form of governance: this is the question of the Central Asian nations’ self-identification. The question of national democracy becomes a question of regional democracy for the Central Asian republics and peoples.²²

²¹ For more detail, see: F. Tolipov, “Democracy, Nationalism and Regionalism in Central Asia,” *Central Asia and the Caucasus*, No. 4, 2000.

²² For more detail, see: F. Tolipov, “National Democratism or Democratic Nationalism?” in: *Security through Democratization? A Theoretically Based Analysis of Security-Related Democratization Efforts Made by the OSCE. Three Comparative Case Studies (Kazakhstan, Kyrgyzstan and Uzbekistan, 2003-2004)*, Center for OSCE Research, Hamburg, 2004.

Second, there is a connection between democracy and geopolitics. In Central Asia geopolitics, or new geopolitics, has also penetrated (in the same way as the issue of democracy) national genetics. Uzbekistan's democratic self-identification (if I may say so) will not merely be a result of the country's domestic sociopolitical evolution; to a great extent it will be the result of an external impact of a dual—containing and stimulating—nature. For example, recently the disagreements between Russia and the U.S./West over the democratic prospects for the post-Soviet states (especially in the Central Asian countries) have become clearer. To specify: what the West describes as support and promotion of democracy, Russia (and the majority of the CIS countries) take as a geopolitical scheme.

For the time being, the newly independent Central Asian states remain under the spell of the Soviet syndrome. The democratic West has also fallen victim to it: it regards us, the post-Soviet states, as new Soviet states.

INSTITUTIONALIZATION OF THE PARTY SYSTEM IN KAZAKHSTAN AND RUSSIA: A COMPARATIVE ANALYSIS

Part I

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The democratic changes underway in the Republic of Kazakhstan and the Russian Federation are focused on the development of parties and the party system, which explains the immense interest in the process demonstrated by their own and foreign communities of political scientists. They concentrate on the emergence and stages of the parties' development, their legal institutionalization, the "party of power" phenomenon, conduct of parties in

election campaigns, the way a definite type of party system took shape, etc.

Kazakhstani political scientist D. Satpaev has offered a highly imaginative formula: "some trends of their political development make Russia and Kazakhstan look like identical twins."¹ This is par-

¹ Quoted from: Yu. Susloparov, "Reanimator-2. Nur-Otan na vykhode iz politicheskogo komatoza. 16 sentiabria 2008," available at [<http://www.ia-centr.ru/expert/2307>].

ticularly true of the process that resulted in a multi-party system, the similarity of which in both countries has been confirmed by Russian authors as well.²

² See: Yu. Solozobov, "Kazakhstan kak politicheskaia machina vremeni. Blizka li Rossii izbrannaia im model modernizatsii. 28 iulia 2008," available at [http://www.ia-centr.ru/archive/public_details9218.html?id=736]; Kazakhstan: zhdai li uragana nad ostrovom stabilnosti. Partii strany nakanune vyborov glavy gosudarstva. 18 avgusta 2005, available at [<http://www.analitika.org/article.php?story=20050818030149947>].

This article can be described as an attempt to present a comparative analysis of the emergence and development of parties as political institutions in both countries in the context of their histories. This approach suggests parallels, formulates common criteria, identifies common trends, and reveals the specifics of institutionalization of the party arena in Russia and Kazakhstan.

The Russian Empire: Party Development Experience

Between the 18th and the late 19th centuries Russia and Kazakhstan formed a single state marked by "catching up modernization," which explains the synthesis (intertwining) and simultaneous existence of pre-capitalist, early capitalist, and developed capitalist relations. This explains the highly unstable social structure and social exclusion of some of the population groups.

The fairly wide gap between the development levels of the empire's center (Russia) and its ethnic fringes made the situation even worse. While since the 17th century Russian society has been developing under the direct impact of the modernizing West and consistently responded to the pressure to reform, the Kazakh Steppe remained an intricate combination of the cultures of nomadic civilization and settled farming as well as trade and urban culture along the Great Silk Road. The specifics of the Kazakhs' settlement, the geopolitical location of their territory, its natural conditions, climate, economic type, social life, and the need to administer vast territories created, at an early historical stage, steppe democracy as a highly specific type of state power based on the ruling elite's traditions, customs, and authority. When Kazakhstan became part of the Russian Empire this inevitably made Kazakh society subordinate to a more developed social environment: the centuries-old backwardness had to be overcome while society had to catch up with socioeconomic and cultural progress. The strivings of Kazakh society were molded into the culture of enlightenment that developed in Kazakhstan in the latter half of the 19th century.

A country of the second echelon of capitalist development, Russia awakened to political activities fairly late, at the turn of the 20th century; political parties appeared there much later than in the West. The monarchy that dominated the empire for a long time tolerated no parties—either loyal or opposition—on its territory.

The parties emerged and developed under tangible Western influence, however their national Russian specifics were obvious. In fact, revolutionary parties pre-dated conservative and liberal ones, the year 1905 being the starting point.

Party development was a direct outcome of the rising liberation movement that in the early 20th century entered a new and highly important stage. Several factors were of special importance: the level of the state's socioeconomic development as a whole and its parts; the nationalities issue, which had acquired more urgency; the earlier traditions of struggle against autocracy; and the scope of the social movements (of the industrial proletariat in particular, on which the Russian Marxists placed their stakes).³

³ See: *Politicheskie partii Rossii: istoria i sovremennost*, ed by Prof. A.I. Zevelev, Prof. Yu.P. Sviridenko and Prof. V.V. Shelokhaev, ROSSPEN Publishers, Moscow, 2000, p. 75.

In 1905-1907 the Russian Empire experienced an outburst of party development. Slackened censorship, the appearance of hundreds of new newspapers and journals, the State Duma convocation in the spring of 1906, and public discussions of the hottest political issues all made the population aware of the burning political developments; the soil for mushrooming political parties was ready. According to the *Politicheskie partii Rossii: entsiklopedia* (Encyclopedia of the Political Parties of Russia) there were no less than 100 conservative, liberal, and socialist parties and 25 alliances, organizations, and trends (many more than in any other state) during the first Russian revolution.⁴

The fact of the highly dynamic and productive process of party-building is easily explained by the empire's complicated social and ethnic composition (a large number of the newly formed parties and alliances were obviously ethnic structures—Polish, Ukrainian, Lithuanian, Latvian, Finnish, Estonian, Jewish, etc.) and the intelligentsia's hypertrophied involvement in the country's sociopolitical life. Its members dominated all the political parties even though the social group itself was divided by its social, political, spiritual, and religious affiliations. It should be borne in mind that the new parties were not required to officially register: they were formed haphazardly to satisfy a particular individual's personal ambitions and manifested the striving of social and ethnic groups for self-identification and self-expression. The situation that "had taken shape in Russia by 1905-1907 could be described as a dramatic move away from a total lack of political freedom to something that can be described as half-freedom" and explains the desire that gripped many to move to the fore on the country's political scene. This was even more understandable since a process that had previously taken years to be accomplished contracted during the revolution to months or even weeks.⁵

It should be said that the membership of the numerous parties that sprang into existence in the early 20th century was very modest: in 1906-1907 the share of members in all the political parties was no more than 0.5 percent of the total population (in 1917 it was slightly larger, 1.5 percent). The parties operated in large cities while the countryside and Russia's heartland remained outside their scope.⁶ The parties' social and political role was much less important than today: they were not involved, in any constructive way, in political developments since the State Duma was based on social estate rather than on party representation. The parties used this mechanism to get their members elected, however the Duma had no levers for putting pressure on the Cabinet and the czar: a "constitutional" monarch, he still had vast rights and privileges. Criticism of the Cabinet (that had no party members in its ranks) was the only occupation of Russia's numerous political parties.

Between 1907 and 1917 party and political activities slowed down, all parties and movements were losing members and funding; the revolutionary parties teemed with agent-provocateurs while party members found it hard to agree on political and ideological issues. The 1917 revolution instilled new life into the parties; more parties ran for the Constituent Assembly (elections by party lists were planned for the fall of 1917). All the parties and movements concentrated on agitation, propaganda, and organizational efforts.

On the whole, between 1882 and 1925 there were 60 all-Russia and 228-231 national parties and movements on the country's political scene.⁷ The list of the latter included the parties formed in the Central Asian republics, Kazakhstan, and within the Federation of National Parties (groups):

⁴ See: L.M. Spirin, *Politicheskie partii Rossii: entsiklopedia*, Moscow, 1996, p. 7.

⁵ See: *Politicheskie partii Rossii: istoria i sovremennost*, p. 79.

⁶ *Ibid.*, p. 80.

⁷ See: V.V. Krivenky, "Novye dannye sravnitelno-kolichestvennogo analiza politicheskikh partiy Rossii," in: *Istoria natsionalnykh politicheskikh partiy Rossii*, Moscow, 1997, pp. 123-130; *Krasnaya kniga VCheKa*, ed. by M.I. Latsis, Vols. 1-2, Moscow, 1922 (2nd edition, 1989).

English, Czechoslovakian, German, Rumanian, etc. The Alliance of the Russian People, the Russian Monarchist Party, and the Archangel Michael Russian People's Union were the most influential among the all-Russia conservative parties; the Union of 17 October, the Constitutional-Democratic Party of People's Freedom, and the Progressive Party were the most prominent liberal parties on a nationwide scale while the All-Russia Peasant Union, the National-Socialist Party of Labor, and the Socialist Revolutionaries Party led the Democratic Socialists; the Social Democrats were united into the Russian Social-Democratic Workers' Party, which split into Bolsheviks and Mensheviks.

In the early 20th century, social stratification in Kazakhstan led to the formation of several organizations that had a certain influence on the political process. Two political rivals—the Alash National Kazakh Party and Ush-zhuz Kazakh Socialist Party—occupied a very special place on the local political stage. The former was a political organization of the liberal-democratic Kazakh intelligentsia, the latter, a party of petty bourgeois and revolutionary democrats. The Alash set itself the aim of stage-by-stage modernization of Kazakhstan's state order within Russia by gradually introducing democratic and humanitarian principles with due account of the Kazakh mentality and traditions. The party supported the principles of a constitutional monarchy and liberal reforms and wanted to preserve the Kazakhs' national originality, restore the memory of their past, and nurture national feelings to arrive, some time in future, at a sovereign independent state.

The Ush-zhuz was much vaguer about its program: it hoped to unite the Turks and Tatars of the Russian Empire into a Federal Republic of Russia. As the number of political forces in Kazakhstan increased the party moved toward the Bolsheviks, opposed the Alash, and fought the petty bourgeois trends among its own ranks.

The Bolsheviks' advent to power in 1917 changed the entire spectrum of Russia's political parties; a year later, in the second half of 1918, the one-party system gradually came to the fore to establish, for many years to come, rigorous ideological control. This killed political pluralism in the country.

The above suggests that at the turn of the 20th century Russia and Kazakhstan took the road leading to a multi-party system and acquired their first, albeit short, experience of political pluralism. Several decades later it proved inadequate for the task of restoring, within a very short time, a civilized and effective institution of political parties. It proved, however, to be an invaluable lesson for both countries: its detailed studies help to avoid the blunders and failures of the past when moving toward a modern party system. Each of the parties operating on the political scene today should assess the past and offer a clear picture of the future. "Without the philosophy of self-orientation and orientation of its supporters none of the political parties can count on a good political future."⁸

Periodization of Party-Building in Kazakhstan and Russia: Late 20th-Early 21st Centuries

In the last twenty-five years Kazakhstan and Russia as two independent countries have accumulated a wealth of party-building experience that is constantly assessed and discussed. The political dynamics have been high enough to divide this historically short period into several stages according to the fairly radical changes on both countries' party arena.

⁸ *Politicheskie partii Rossii: istoria i sovremennost*, p. 543.

There are different periodization schemes which change from one author to another, however we should keep in mind the general periodization of the democratization processes unfolding in both countries and identify the qualitative shifts in the countries' institutionalization.

In this context the process can be presented in the following way (with due account of the history of Russian multipartyism offered by Russian academic writings that was partly generalized for the purpose of periodization).⁹

- (1) 1985-1990—genesis of political parties and sociopolitical movements, including:
 - (a) 1986-1987—ripening prerequisites for the emergence of political parties within the one-party system;
 - (b) 1987-1990—popular fronts come to the fore, proto-party systems emerge;
- (2) 1990-1993—atomized party pluralism, including:
 - (a) 1990-1991—creation of the legal basis of a multiparty system;
 - (b) 1991-1993—the stage of the so-called August Republic;
- (3) 1993-2001—polarized party pluralism, including:
 - (a) 1993-1995—the growing role of political parties;
 - (b) 1996-2001—emergence of leading parties in a multiparty system;
- (4) 2001-2007—emergence of the contemporary party system, including:
 - (a) 2001—improvement of the legal basis of a multiparty system;
 - (b) 2001-2003—institutionalization of the “party of power;”
 - (c) 2003-2007—genesis of a party system with a dominant party;
- (5) since 2007—institutionalization of the party system dominated by one party.

For the Republic of Kazakhstan similar processes can be differentiated on the basis of the already existing periodization:¹⁰

- (1) 1985-1990—genesis of political parties and sociopolitical alliances, including:
 - (a) 1986-1987—emergence of prerequisites for political parties within a one-party system;
 - (b) 1987-1990—activity of the popular fronts and creation of proto-party structures;
- (2) 1990-1995—atomized party pluralism, including:
 - (a) 1990-1993—creation of the legal basis of multipartyism;
 - (b) 1993-1995—the party system of a parliamentary-presidential republic;
- (3) 1995-2002—polarized party pluralism, including:
 - (a) 1995-1998—creation of a specialized legal basis of multipartyism;
 - (b) 1998-2002—political parties acquired more important roles to play;

⁹ See, for example: M.V. Barabanov, *Politicheskie partii sovremennoy Rossii: stanovlenie, osobennosti, perspektivy*, Author's synopsis of candidate thesis, Moscow, 2001, pp. 13-14; *Osnovy teorii politicheskikh partiy: Uchebnoe posobie*, ed. by S.E. Zaslavskiy, Evropa Publishers, Moscow, 2007, pp. 241-258; O.Z. Mushtuk, *Politologia: Uchebnoe posobie*, Market DS, Moscow, 2006, pp. 400-407; *Politologia: Uchebnik*, ed. by Prof. A.G. Griaznova, 3rd revised and enlarged edition, INFRA-M, Moscow, 2007, pp. 206-208 and others.

¹⁰ See, for example: S.A. Diachenko, *Partogenez v Kazakhstane: sostoyanie, problemy i perspektivy*, Almaty, 1997, pp. 52-53; S.A. Diachenko, L.I. Karmazina, *Respublika Kazakhstan: osobennosti politicheskoy modernizatsii*, Almaty, 1999, pp. 71-72.

- (4) 2002-2007—emergence of the contemporary party system, including:
- (a) 2002—improvement of the legal basis of multipartyism;
 - (b) 2002-2004—institutionalization of the “party of power;”
 - (c) 2004-2007—genesis of a party system with one party playing the dominant role;
- (5) since 2007—institutionalization of the party system with a dominant party.

The above can be tabulated (see Table 1).

Table 1

Periodization of the Development of Multipartyism and Party Systems of the Russian Federation and the Republic of Kazakhstan

Phases	Periods	Stages	Russia	Kazakhstan
I. Creation of organizational, ideological and other prerequisites of parties and party system	(1) genesis of sociopolitical alliances and political parties 1985-1990	(a) emergence of prerequisites for political parties within the one-party system	1986-1987	1986-1987
		(b) popular fronts and creation of proto-party structures	1987-1990	1987-1990
	(2) atomized party pluralism R—1991-1993 K—1991-1995	(a) emergence of legal basis of a multiparty system	1990-1991	1990-1993
		(b-1) the “August Republic” party system	1991-1993	—
		(b-2) party system of a parliamentary-presidential republic	—	1993-1995
	II. Formation of a certain type of party system	(3) polarized party pluralism R—1993-2001 K—1995-2002	(a) growing role of political parties	1993-1995
(b-1) creation of specialized legal basis of a multiparty system			—	1995-1998
(b-2) emergence of leader-parties			1995-2001	—
(4) emergence of the contemporary party system R—since 2001 K—since 2002		(a) improvement of the legal basis of a multiparty system	2001	2002, 2007
		(b) institutionalization of the party of power	2001-2003	2002-2004
		(c) genesis of a party system with a dominant party	2003-2007	2004-2007
(5) institutionalization of a party system with a dominant party since 2007			since 2007	since 2007

Development of Pluralism in Kazakhstan and Russia on the Crest of the Perestroika Wave

A comparative analysis revealed that the revival of political pluralism and multipartyism proved possible thanks to the policy of openness and social reforms initiated by Mikhail Gorbachev and those C.P.S.U. leaders who sided with him.

The wave of perestroika slogans and declarations brought to the fore a powerful “informal movement” as an alternative to the C.P.S.U. Numerous politically active groups, clubs, public alliances, etc., independent of the C.P.S.U., were springing into existence across the country. Their membership was relatively small, their ideologies differed widely, but they agreed on the major issues of state-building, ethnic relations, economic mechanisms for boosting production efficiency, social policies, etc. They were united by their anti-bureaucracy stand as well. For some time they remained within the ruling regime’s political course by limiting themselves to ecological, cultural, and historical issues. Informal movements that were openly opposed to the government appeared in 1987 when the January Plenum of the C.C. C.P.S.U. announced a new course toward social democratization. It was then that Pamiat appeared in Russia and Forum and Zheltoksan in Kazakhstan.¹¹ The Russian Federation found itself caught in a whirlpool of “popular fronts”—informal associations that insisted, among other things, on the right of sovereignty for the republics. In the summer of 1988 the Moscow Popular Front was set up, an umbrella for more than 25 smaller groups; it followed the pattern of the earlier popular fronts in the Soviet Baltic Republics.¹² By the spring of 1989 similar fronts had been in operation in some of the Russian cities (Leningrad, Yaroslavl, and others). In Kazakhstan there were no mass separatist sentiments. By 1 March, 1990 there were over 100 registered and non-registered public organizations, which could be more aptly described as clubs.¹³

Stirred-up society, however, continued living in the one-party system: the new structures were too small, little known to the wide public and organizationally inadequate. The still conservative-minded nation did little to support them. At the same time, the friendly atmosphere inside them that still had no hierarchical structures created a large group of charismatic leaders.¹⁴ Many of them later moved to the fore in political parties. Oljas Suleymenov, a prominent Kazakh poet, who headed the International Anti-Nuclear Movement Nevada-Semipalatinsk that operated in Kazakhstan, and later became the leader of the People’s Congress of Kazakhstan Party (1991-2002), is one of the most pertinent examples.

By the late 1989 society was quickly moving toward protests against the C.P.S.U. monopoly envisaged in the Constitution. The ruling party itself had developed all sorts of trends: the Stalinists (orthodox Communists), the Social-Democrats (democratic trend), and the reformists, who closed ranks to form their own structures.

In 1988 the Democratic Alliance, a political party alternative to the C.P.S.U., appeared. It was the first among the new structures that preferred to call themselves alliances (to stand apart from the

¹¹ See: Group of authors: A.S. Avtonomov, A.B. Ziabrev, A.G. Mekhanik, M.Yu. Mizulin, V.V. Smirnov, “Politicheskie partii. Zachem oni nuzhny,” ed. by V.N. Pligin and V.A. Fadeev, *Strategia Rossii*, No. 9-10, 2005, available at [http://sr.fondedin.ru/new/fullnews.php?subaction=showfull&id=1130135934&archive=1130138106&start_from=&ucat=14&]; S.A. Diachenko, L.I. Karmazina, op. cit.

¹² See: *Osnovy teorii politicheskikh partiy: Uchebnoe posobie*, p. 244.

¹³ See: S. Diachenko, L. Karmazina, S. Seydumanov, *Politicheskie partii Kazakhstana, 2000 god (spravochnik)*, Almaty, 2000, p. 289.

¹⁴ See: Yu.G. Korguniuk, S.E. Zaslavsky, “Rossiiskaia mnogopartiinost: stanovlenie, funktsionirovanie, razvitie,” Fond INDEM, Moscow, 1996, available at [http://www.partinform.ru/ros_mn.htm].

Communist Party of the Soviet Union): the Social-Democratic Alliance (1988), the Christian-Democratic Alliance of Russia (1989), and the Alliance of Constitutional Democrats (1989).¹⁵ A year later, however, the Party of Constitutional Democrats, the Socialist Party, the Democratic Party of Russia, the Conservative Party of Russia, and the Liberal-Democratic Party appeared. Many of them while claiming to be national in scope concentrated on the places where they formed or on large cities by becoming involved in the elections of the people's deputies of the U.S.S.R., the 1st Congress of People's Deputies of the U.S.S.R., and local elections. They had no influence in the union republics and no branches.

The union republics acquired political parties of their own. In May 1990, for example, a constituent assembly set up the Social-Democratic Party of the Russian Federation. The process of party formation was accelerated by the annulment, in January 1990, of Art. 6 of the Constitution of the U.S.S.R. which described the C.P.S.U. as "the leading and guiding force of Soviet society" and by what was envisioned as a sovereignties parade of union and autonomous republics. The one-party system was gradually developing into multipartyism.

It was then that the first political parties appeared in Kazakhstan; concentrating on the nationalities issue, they chose suitable names and worded their programs accordingly: the Alash Party of National Freedom, the Social-Democratic Party of Kazakhstan, the Zheltoksan National-Democratic Party, and the Azat Civil Movement of Kazakhstan.

It should be said that Kazakhstan was trailing behind Russia at the genesis stage of political parties; later the gap widened because Kazakhstan, willing to reform its economy, paid less attention to political readjustments.

On the whole, the political parties of the first period of party formation in Russia and Kazakhstan were not political parties in the classical sense and were correctly described in the academic writings as proto-party structures.¹⁶ Without clear ideological landmarks, ramified structures, or social bases they operated on a local scale and were united around charismatic political figures in an atmosphere of indifference or even suspicion on the part of the government and society.

The Atomized Party Arena in Kazakhstan and Russia in 1991-1995

According to the widely known classification of the party system devised by G. Sartori,¹⁷ the party systems of Russia and Kazakhstan in 1991-1995 can be described as atomized, that is, ideologically heterogeneous, ineffective, and incapable. Political parties remained proto-party structures while public life acquired a variety of colors and "contradictions." This was only natural because "after more than seventy years of ... a one-party system the eruption of varied political positions could produce nothing but an 'eruption of multipartyism.'"¹⁸ According to the official data, in 1992 there were 19 registered parties and movements in Russia; in 1995 there were

¹⁵ See: *Politicheskie partii, dvizhenia i organizatsii sovremennoy Rossii na rubezhe vekov. 1999 g. Analiticheskiy spravochnik*, ed. by I.N. Barygin, V.A. Mikhaylov Publishing House, St. Petersburg, 1999, pp. 32, 34.

¹⁶ See, for example: M.V. Barabanov, op. cit.; Ia.A. Pliais, "Partiynoe stroitelstvo v Rossii. Analiz dissertatsionnykh issledovaniy rossiiskikh politologov," *Polis*, No. 5, 2007, p. 156.

¹⁷ See: G. Sartori, *Parties and Party Systems: A Framework for Analysis*, Vol. 1, New York, Cambridge, 1976, pp. 122-179.

¹⁸ *Politicheskie partii, dvizhenia i organizatsii sovremennoy Rossii na rubezhe vekov. 1999 g. Analiticheskiy spravochnik*, p. 7.

over 60 of them.¹⁹ Similar figures for Kazakhstan looked much more modest: 4 in 1992 and 10 in 1995.²⁰ For a smaller country with a smaller population and different mentality the figures are impressive enough. Unregistered organizations operating in Russia and in Kazakhstan were even more numerous, at least by a certain degree. This was very much in line with similar developments in other states at the early democratization stages.²¹

This was when multipartyism was put on a legal basis. The declarations of state sovereignty of both union republics that announced ideological and political diversity and annulled the constitutional provision regarding the C.P.S.U.'s guiding role were the first steps. On 1 January, 1991 when the Law of the Supreme Soviet of the U.S.S.R. on Public Associations was enacted the political parties acquired the legal right to exist and be registered with the Ministry of Justice. Kazakhstan passed a similar law. Upon acquiring their independence Kazakhstan and Russia envisaged the postulate of ideological and political diversity in their constitutions; the former confirmed it by the law on independence.²² In this way the two countries laid the regulatory-legal foundation for the activity of public associations; political parties were not legally set apart.

The events of August 1991 destroyed the C.P.S.U.; soon after that the Soviet Union, now without its backbone party, was disbanded. A mass democratic movement rapidly unfolded in Russia of the August Republic (1991-1993); the government was regarded as a mere instrument, albeit important, of change. It could not generate change: the new Russian elite could not act as an independent entity of policy.²³ The great number and variety of proto-parties forced them to seek allies and form political blocs. This resulted in coalitions that reflected essentially the whole of Russia's political spectrum: democrats-reformers, centrists, and patriots.

Kazakhstan lingered at the stage of atomized party pluralism longer than Russia—until 1995. Russia completed the constitutional and election reforms by 1993, thus removing political parties from the group of public associations. In Kazakhstan the status of political parties remained vague mainly because of the specifics of the republic's development, which between 1993 and 1995 survived two political crises, as well as sharp contradictions among the power branches and inside the elites. The Constitution of 1995 was the product of these developments: it legalized the transfer from a parliamentary-presidential republic to an extended form of presidential rule.

At the stage of the atomized party system the political parties of Kazakhstan and Russia identified their ideological and political preferences. This created several ideological trends in the party sector (see Table 2).

The Russian party system was represented by the liberal-democratic, social-democratic, socialist, communist, and national-patriotic parties. It should be said that despite the fairly dynamic development of Russia's party sector political scientists identified the same ideological trends at later stages. The old spectrum merely acquired centrist, conservative, ecological, exotic, reformist, and separatist parties.²⁴ Kazakhstan's party arena also included socialist, liberal-demo-

¹⁹ See: O.Z. Mushtuk, op. cit., p. 401.

²⁰ See: S. Diachenko, L. Karmazina, S. Seydumanov, op. cit., pp. 295, 308.

²¹ See: M.S. Fish, "The Advent of Multipartyism in Russia: 1993-1995," *Post-Soviet Affairs*, Vol. 11, No. 4, 1995.

²² See: *Declaration of State Sovereignty of Russia; Declaration of State Sovereignty of Kazakhstan*; "Zakon SSSR ot 9 oktiabria 1990 g. 'Ob obshchestvennykh obiedineniakh,'" in: *Vedomosti Siezda narodnykh deputatov SSSR i Verkhovnogo Soveta SSSR*, No. 42, 1990; "Zakon Kazakhskoy SSSR 'Ob obshchestvennykh obiedineniakh v Kazakhskoy SSR'", Almaty, 1991; "Zakon respubliki Kazakhstan 'O gosudarstvennoy nezavisimosti Respubliki Kazakhstan'", Almaty, 1991; *The Constitution of the Republic of Kazakhstan, The Constitution of the Russian Federation*, Art 13.

²³ See: A. Riabov, "'Partia vlasti' v politicheskoy sisteme sovremennoy Rossii," *Moskovskiy Tsentr Carnegie. Nauchnye doklady*, Issue 22, 1998, available at [<http://www.yavlinsky.ru/news/index.phtml?id=2416>].

²⁴ See: *Rossia: partii, vybory, vlast*, Obozrevatel, Moscow, 1996, pp. 179-181; *Ruskaia mysl*, No. 41-45, 17-23, October, 1996; V.D. Vinogradov, N.A. Golovin, *Politicheskaia sotsiologia*, St. Petersburg University Press, St. Petersburg, 1997, pp. 87-120; S.I. Stepanov, *Problema tipologii rossiiskikh politicheskikh partiy*, Author's synopsis of candidate the-

Table 2

**The Ideological-Political Party Spectrum
in Kazakhstan and Russia in 1991-1995**

Ideological trend	Kazakhstan	Russia
Liberal-Democratic	People's Congress of Kazakhstan; Party of People's Unity of Kazakhstan; Popular-Cooperative Party of Kazakhstan	Democratic Choice of Russia; Russian United Democratic Party YABLOKO (Yabloko); Party of Russian Unity and Harmony; Federal Party "Democratic Russia;" Russian Christian-Democratic Union, etc.
Social-Democratic		Social-Democratic Party of Russia; Russian Social-Democratic People's Party; Democratic Party of Russia; People's Party of Free Russia, etc.
Socialist	Socialist Party of Kazakhstan	Socialist Party of the Working People; Party of Working People's Self-Government
Communist	Communist Party of Kazakhstan (CPK)	Communist Party of the Russian Federation (CPRF); Agrarian Party of Russia; Russian Communist Worker's Party; Russian Party of Communists; Union of Communists Party, etc.
National-Patriotic	Republican Party of Kazakhstan; Revival of Kazakhstan Party; Alash Party of National Freedom; Zheltoksan National-Democratic Party	Liberal-Democratic Party of Russia; National-Republican Party of Russia; Russian National Sobor; People's National Party; Russian National Unity, etc.

cratic, national-patriotic, and communist parties.²⁵ Social-democratic parties appeared in Kazakhstan in 1996.

It follows from the above that the liberal-democratic and national-patriotic trends dominated in both countries. In Russia the parties of communist orientation were banned from August 1991 to

sis, Rostov-on-Don, 1988; *Politicheskie partii, dvizhenia i organizatsii sovremennoy Rossii na rubezhe vekov. 1999 g. Analiticheskiy spravochnik*, p. 15; O.Z. Mushtuk, op. cit., pp. 401-404 ff.

²⁵ See: S.A. Diachenko, op. cit., pp. 57, 62.

November 1992—this was a typical feature of the Russian party system of that period. Nothing of the sort happened in Kazakhstan, however the Communist Party of Kazakhstan set up de facto in 1991 remained unregistered under different pretexts until 1994.

In addition to their political division along the left-right line and ideological division along the communists-socialists-social-democrats-liberals-conservatives-fascists line, the parties in both countries parted ways in their relation to the state. Opposition parties dominated in Russian and Kazakhstani societies.

On the whole, the Russian and Kazakhstani parties of that time remained proto-party structures with no direct legal support and practically no impact on political processes. They were barely structured, had no wide social and electoral basis, and depended for their popularity on their leaders' personal activities. The parties could hardly compete with one another; they remained active in the center and had no more or less ramified regional networks.

Polarized Multipartyism in Kazakhstan and Russia: in Quest of an Adequate Party System

Further development of the party system in Kazakhstan in 1993-2001 and Russia in 1995-2002 continued under conditions of extreme and highly polarized party pluralism. In the context of G. Sartori's classification, this was a level of party development marked by the presence of anti-system parties, a bilateral and irresponsible opposition, the central position of one party or group of parties, and domination of centrifugal over centripetal trends.²⁶

The parties developed, first, in the context of authoritarian democracy and, second, political parties were formed in great numbers because of the multi-level structure and heterogeneity of the political organizations, which resulted in never ending division and fragmentation. In 2002 Kazakhstan had 19 registered parties. In 1993 there were 80 registered all-Russia parties in Russia,²⁷ in 2001 there were 199 of them.²⁸ In other respects the process of party-building in both countries was marked by national-state specifics.

Its specialized base of multipartyism set Kazakhstan apart during the period of polarized party pluralism. Until 1996 party activities were regulated by the Law of the Kazakh S.S.R. on Public Associations in the Kazakh S.S.R. of 1991; and after 1996, by the Law of the Republic of Kazakhstan on Political Parties.²⁹ At the same time the legal basis of the party system was of a limiting nature in relation to its object; it ignored the constructive nature of foreign experience, which did nothing to promote democratization: it was geared toward the authoritarian nature of Kazakhstani society in full accordance with the new Constitution. Practically all the authors interested in multipartyism in Kazakhstan spoke of this.³⁰

²⁶ See: G. Sartori, op. cit.

²⁷ See: M.V. Barabanov, op. cit.

²⁸ See: *Osnovy teorii politicheskikh partiy: Uchebnoe posobie*, p. 257.

²⁹ See: "Zakon Respubliki Kazakhstan 'O politicheskikh partiakh,'" available at [<http://www.pavlodar.com/zakon/?dok=02113&ogl=all>].

³⁰ See, for example: M.S. Mashanov, "Priniataia v Kazakhstane majoritarnaia sistema vyborov bez instituta partiinykh spiskov ne sposobstvuet formirovaniu silnykh politicheskikh partiy," *PANORAMA*, No. 40, October, 1995; S.A. Diachenko, op. cit., p. 74; A.E. Chebotarev, "Pravovye problemy politicheskikh partiy Kazakhstana v perekhodny period," *Pravovoe razvitiie: informatsionno-analiticheskii biulleten obshchestvennogo obedinienia "Pravovoe razvitiie Kazakhstana,"* No. 1 (7), January, 1997, pp. 9-16.

At the same time, the law can be described as an advantage of the Kazakhstani legal system compared with the Russian.

In 1995 the Russian Federation acquired the Federal Law on Public Associations which, until the amendments of 1998, had no provisions relating to political public associations or political parties. The amendments, however, were limited to political associations without envisaging a legal definition of political party. It was not until 2001 that a Federal Law on Political Parties which regulated all spheres of their activities was adopted.³¹ The interval was filled, to a certain extent, by the regulations of other laws of the Russian Federation.³²

In 1993 in Russia and in 1994 in Kazakhstan parties got their first taste of “constituent” elections to the national legislatures later supported by the elections that took place in both republics in 1995. The mixed electoral system that Russia introduced in 1993 under which half (225) of the State Duma deputies were elected in the majority constituencies while the other half were elected by party lists³³ accelerated the process of party development and increased the parties’ role in the political system. The Duma elections created full-fledged party factions. On the other hand, according to Russian academic D. Chizhov, the elections confirmed “the parliament’s subordinate role and the practically unlimited power of the RF President. This can be described as the central system-forming element of Russia’s institutional design.”³⁴ The 1995 elections demonstrated that Russia’s multiparty scene acquired leader-parties³⁵ with no mean impact on political developments. They were the Communist Party of the RF, the Liberal-Democratic Party, Yabloko, and the All-Russia Sociopolitical “Russia is Our Home” Movement. They formed party factions in the State Duma; three of them (the Communists, Liberal-Democrats, and Yabloko) repeated their success four years later, in 1999.

In the Republic of Kazakhstan the one-chamber Supreme Soviet of the 13th convocation in 1994 and the Majilis of the Parliament of the RK in 1995 were elected according to the majority system; candidates were nominated by parties and other public associations³⁶—Kazakhstan was still trailing behind Russia where political reforms were concerned. As distinct from Russia, parties did not directly compete for seats, which deprived them of direct electoral support. It was only after the first constitutional reform changed the electoral system in 1998 that the 1999 election to Majilis involved political parties under the mixed electoral system: deputies were elected in one-member districts and by party lists (the number of Majilis seats was increased from 67 to 77).³⁷ The following parties sent their deputies to the Majilis: the Communist Party of Kazakhstan (CPK), the Popular-Cooperative Party of Kazakhstan, the Revival of Kazakhstan Party, the People’s Congress of Kazakhstan, the Otan Republican Political Party (Otan, 1999), the Civil Party of Kazakhstan (CivPK, 1998), the Agrarian Party of Kazakhstan (APK, 1999), the Republican People’s Party of Kazakhstan (1988), and the Republican Political Party of Labor (RPPL, 1995). Otan, CivPK, APK, and CPK acquired the largest number of seats.

³¹ See: “Federalny zakon ot 19 maya 1995 g. No. 82-FZ ‘Ob obshchestvennykh obedineniyakh,’” *SZ RF*, No. 21, 1995; “Federalny zakon ot 19 iulia 1998 g. No. 112-FZ ‘O vnesenii izmeneniy i dopolneniy v Federalny zakon ‘Ob obshchestvennykh obedineniyakh’ ot 19 maya 1995 g.,” *SZ RF*, No. 28, 1998; “Zakon Rossiiskoy Federatsii ‘O politicheskikh partiakh,’” available at [<http://www.base.spinform.ru/show.fwx?Regnom=1437>].

³² See: *Osnovy teorii politicheskikh partiy: Uchebnoe posobie*, p. 158.

³³ See: “Opisanie izbiratelnoy sistemy i rezultatov vyborov 1995 goda,” in: *Vybory deputatov Gosudarstvennoy Dumy 1995 goda. Elektoralnaya statistika*, Moscow, 1996.

³⁴ D.V. Chizhov, *Rossiiskie politicheskie partii kak institut grazhdanskogo obshchestva i politicheskoy sistemy*, Author’s synopsis of candidate thesis, Moscow, 2006, p. 15.

³⁵ See: M.V. Barabanov, op. cit.

³⁶ See: “Ukaz Prezidenta RK, imeiushchi silu Konstitutsionngo zakona ‘O vyborakh v Respublike Kazakhstan,’” *Kazhkhstanskaia Pravda*, 30 September, 1995.

³⁷ See: *Konstitutsionny zakon respubliki Kazakhstan “O vyborakh v Respublike Kazakhstan” (s izmeneniami i dopolneniami)*, TOO Baspa, Almaty, 1998.

To sum up, it can be said that in Kazakhstan and Russia multipartyism became an attribute of everyday life. Political parties are developing into independent democratic institutions; they present their opinions and use their influence more and more frequently to shape, at least to a certain extent, the political processes. Ethnic issues have receded into the background together with populism and radicalism. The parties are actively developing, they are expanding their territorial networks and improving their programs. Cooperation and consensus are more frequently sought; the mechanism of public consultations is being ramified; and a dialog between the entities of civil society and state power, which early preferred to keep away from political alliances, is going on. People have changed their attitudes—they no longer ignore the parties but specify their political preferences; the parties are acquiring real social bases.

The Legal Basis of Party Development in Kazakhstan and Russia as the Dominant Factor of the Republics' Modern Political Systems

Russia entered the fourth period of multipartyism in 2001; Kazakhstan reached this stage a year later, in 2002. In the former case, the special Federal Law on Political Parties adopted in June 2001 serves as a reckoning point; in the latter, the new Law of the Republic of Kazakhstan on Political Parties (July 2002).

Both laws were more stringent about the parties' size, regional structures, and registration opportunities.³⁸ Both countries needed more order on the fairly disorderly party scene. The new laws were expected to favor the parties with real popular support, to help them unfold their activities in the regions, and to make them more competitive. The parties were expected to respond with more substantiated party programs. The developments justified the hopes. Under the new laws the parties had to re-register: a demand that resulted in the appearance of larger parties with much greater political weight. Opposition organizations became stronger while public political movements lost some of their former political influence. Unregistered party structures left the political scene altogether. In Kazakhstan, for example, only 7 of the 19 parties that had been functioning in the republic before the new law came into effect could re-register according to the new demands (today there are 10 parties in the Republic of Kazakhstan). In Russia the party arena shrank from 199 to 15.³⁹

The new rules, on the other hand, altered the legal position of political parties: their number was cut down while the state acquired levers of real control over their activities. In future this will interfere with the party systems' natural evolution and the emergence of new parties and will fossilize the status quo.⁴⁰ The people in power are aware of this: President of Kazakhstan Nazarbaev

³⁸ See: "Zakon Rossiiskoy Federatsii 'O politicheskikh partiiakh,'" available at [<http://www.base.spininform.ru/show.fwx?Regnom=1437>]; "Zakon Respubliki Kazakhstan 'O politicheskikh partiiakh,'" available at [<http://www.pavlodar.com/zakon/?dok=02113&ogl=all>].

³⁹ See: "Spisok zaregistrovannykh politicheskikh partiy Rossiiskoy Federatsii," available at [<http://www.rosregistr.ru/index.php?menu=3010000000>]; "Politicheskie partii Kazakhstana," available at [http://www.akorda.kz/www/www_akorda_kz.nsf/sections?OpenForm&id_doc=E8DA86C639C47E954625723E0011ADA6&lang=ru&L1=L1&L2=L1-4].

⁴⁰ See: M.V. Barabanov, *op. cit.*, pp. 10-11.

recently pointed out that the country needed “more favorable conditions for the registration of political parties.”⁴¹

(To be continued)

⁴¹ “Vystuplenie prezidenta RK na otkrytii II sessii Parlamenta RK,” available at [http://www.akorda.kz/www/www_akorda_kz.nsf/sections?OpenForm&id_doc=98F2D256CA617479062574B8007238F0&lang=ru&L1=L2&L2=L2-15].

DEMOCRACY IN POST-SOVIET KYRGYZSTAN AND TURKMENISTAN

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Global Democracy

The economic impact of globalization usually draws the most attention, while the accompanying aspects, which may include the transformation of an entire culture, are mentioned only secondarily. However, deeper transformational changes occur in culture and the social structure, which also affects changes in an individual’s thinking and reasoning.

However, efforts to unify (perhaps slowly and not always as visibly) are also an important aspect of globalization, and these efforts deeply influence culture, particularly in terms of political systems and methods of delegating power. Even here a uniform model has been created—the so-called Western-type democracy, which should be ideally applied at an all-planetary level. It is not always easy to leave the original system and accept a new system. Very often certain matters with little or no interrelation may be misunderstood. This applies to the interdependence among the standard of living, culture, and the political system.

Where there have been contacts between two different cultures, there have been comparisons (mostly in the area of material culture). Suddenly members of one culture feel inferior to another culture and want to catch up and achieve the same success. In countries where there is a relatively low standard of living, we can often recognize the effort to adopt a “higher” culture (typically American and Western-European), hoping that by adopting it they will achieve the prosperity they desire. Occasionally, although rarely, we see direct pressure on people to stop wearing their traditional clothing, to wear European- or American-style clothing, to change their eating habits, to wear baseball caps or start watching foreign films. This kind of pressure is usually indirect, whereby people

leave their culture quite freely, believing they are not modern or cosmopolitan enough. During this process of accepting foreign models, which is often uncritical, uprooting often occurs and there are attempts to look for substitutions, which can result in various political, religious, and ethical extremes. It is often suggested that precisely “Western democracy” is the necessary base for economic prosperity.

Then there is the wide definition of democracy, which we may encounter much more often than the procedural conception. In the case of the wide definition of democracy the results of government are known in advance—democracy is not a method for achieving a good life, democracy itself is this good life.

Under the procedural definition democracy is only a process or a system where decision-making is carried out based on the majority principle. Democracy itself is not the target of this definition, but only a means to achieve certain targets, regardless of what decisions will be made in this manner. Therefore, it cannot be said in advance whether it will produce good or bad decisions.¹

It goes without saying that the wide definition of democracy is considerably more common, however this can have certain negative connotations. As the main target (achieving democracy) is firmly fixed, it also becomes unchallenged as well as unchallengeable. The method of delegating power is dogmatized. An example can be found in the requirement to unquestionably accept democracy: “the overwhelming majority *must* believe that democratic procedures for solving conflicts and bringing about political changes are the *only correct way*...”² Whereas democracy is compared to totalitarianism, even here the total acceptance of certain dogmas is required.

To put it simply, what is democratic is of good quality, what is undemocratic is bad.

In his article on the misuse of the term democracy published in 1925, Czechoslovakian writer Karel Poláček gives the example of a Prague newspaper that praised the ribbons of the Alliance medals because they were different from those of the Austrian medals, thanks to their *democratic color as well as their shape*. Or take the advertisement for the purchase of short fur coats, which are, compared to long fur coats, *more democratic*, published in a magazine for young men.³

Current democracy as a method of delegating power tends to delegate power to far-away levels, in a direction and in a way that greatly limit effective communication and sometimes make it impossible. The most significant delegation of power is typically parliamentary or presidential elections. Few wonder that voter-representative communication happens very rarely, since it is practically impossible. On the other hand, the delegation of power at the lower levels is typically seen as something much less important, even though voter-representative communication may be much more effective.

The effort to create some distance between the voter and his/her representative is deepened due to the reduction in power of national governments, as well as to the transfer of power to even more remote centers. Here it is almost inevitable that a *free* election is replaced by a *pseudo-free* election. The image of a representative is not real—in fact it is created to order. According to American analyst Chomsky, the elite possess enough means and methods (modifying meanings which contrast with reality; transferring important matters to the periphery; media-promotion of what is irrelevant; cleverly using information based on the interests and goals of the owners of the media; diverting attention from important, however not very popular, decisions...) to *produce approval* by the public. In the U.S., 170,000 employees are involved in influencing the news, public opinion, and politics based on demand by paying clients within *Public Relations*, which is 40,000 more than the number of journal-

¹ See: V. Hrabák, *Současná diskuse o vzestupu neliberálních demokracií ve světě a její souvislosti*, Vol. II, *Distance* No. 4, 2004, p. 92.

² M. Kubát, *Post-communism and democracy*, Dokořán, 2003, p. 17.

³ See: V. Hrabák, *op. cit.*, p. 91.

ists.⁴ The winner in *free competition* is usually the person who recommends the currently most successful strategy for attracting the largest number of voters.

The Missing “Democratic Tradition”

It was not difficult for some transition states to accept the uniform model of the Western-type democracy. Many post-socialist states (especially from Central Europe—Czechoslovakia, Poland, Hungary) had experience of a certain method of delegating power from the pre-socialistic period, which was similar to the new system.

However, some countries, when accepting *global democracy*, may not have any adequate traditions to build on. It is not always easy, especially for these states, to leave their original system and accept a new system. The example of two Central Asian states, Kyrgyzstan and Turkmenistan, shows us a way of establishing democratic institutions and the results this democratization has brought.

The pasture and farming regions had one aspect in common in terms of delegating power—the closeness of the representatives to the delegated (many times very indirect, other times very direct) judicial as well as political power. For this reason, the enforceability of the law in the pasture areas of Central Asia was quite high and the decisions made were understandable. A penitentiary system was not very common in the areas inhabited by the settled population either—e.g. in Bukhara there was a prison for debtors only (the debtor would be released from prison only after he, or his relatives, paid what was owed from his property) and also for prisoners of conscience. First-time thieves had their right arm cut off, second-time offenders had their left arm cut off, and a third wrong would mean execution.

Today, when building a new identity, the Central Asian states very often look up to the original system of government, describing the previous system as a “steppe democracy.” It was certainly positive, taking into account the closeness and decentralization of power, as well as the closeness of the verdicts reached. However, it did not involve a system of delegating power in which all members of the community could participate based on the same principles. Technically speaking, this would not constitute a system of government by the “majority” either. It would be a big mistake to see the previous system as a remedy for all the difficulties Central Asian society faces today. The previous system was considerably despotic, using tough feudal practices, and based on these aspects it should rather be described as “steppe despotism.”

Central Asia in the Soviet Era

After the Great October Socialist Revolution in 1917 society-wide transformations started to take place. The result of this total transformation should have been a new man who would correspond to the spirit and ideology of the new regime. Not only the Soviet regime (but also other regimes) claimed (and still claim) to influence the individual as a whole.

The transformational changes altered all aspects of the country’s culture—it was necessary to start a new economic system, as well as live by a new lifestyle. In Central Asia lists were compiled of appropriate new names and it would be inappropriate to give children different names. There were also strong recommendations about how to celebrate weddings and funerals.

⁴ See: H. Pravdová, *Paradoxy globalizačních procesov*, in: *Reflexia globalizácie v lokálnom spoločenstve*, ed. by S. Letavajová, Trnava, 2006, pp. 20-22.

Despite this the social structure remained patriarchal, after the wedding girls would go and live with the husband's family (patrilocality). The vast majority of marriages were decided by the parents without the future wives and husbands having the possibility to choose their own partners, which is still the custom in many places today. Payment for the bride was illegal, but neither the Soviet nor the current regime have been able to eliminate this phenomenon. In some places in Kyrgyzstan the practice of bride-kidnapping has been resumed, which is presented as a return to old traditions.

The Soviet system was not able, in many cases, to totally change the original structure of society. The Tajik Kulob region, which had very good farming conditions, can be given as an example, but since it is a long way from larger cities, trade could not be developed based on monetary relations on a large scale. The fact that the distance from cities was quite considerable resulted in lower consumption of "over-the-standard" goods, as well as in keeping with the traditional way of living to a large extent, including *commons* elements. During the Soviet era *commons* (a form of associating people that was especially characteristic of the primitive communal system where it was typical to co-own the means of production) were formally transformed into *kolkhozes* and the foreman of a commons unit—*rais*—had unlimited powers, becoming the chairman of the *kolkhoz* (he would be addressed as *bobo*—father). Kulobs in particular quite naturally became members of the communist party and supporters of the Soviet order.

According to the estimates of the International Monetary Fund and the World Bank, from 1990 one third to one half of the population of the Central Asian republics lived below the poverty line, compared with less than 2% in Estonia and less than 5% of the Russian population (R.S.F.S.R.). These differences could also be seen when purchasing consumer goods: whereas the sale of TV sets in 1984 reached 6.3 per 1,000 inhabitants and fridges reached 16 per 1,000 inhabitants in Uzbekistan, in Russia these numbers were almost double (16.3 TV sets and 31.4 fridges per 1,000 inhabitants).⁵

The short period of the Andropov administration (1982-1984) had a great influence on the Soviet Union and its population. Even today respondents praise the vehemence he employed to get rid of corruption, overpriced goods, and alcoholism. However, the real reform was carried out by his successor Mikhail Gorbachev. The political thaw that occurred in connection with Mikhail Gorbachev did not influence all the Union republics to the same extent. For example, there were private shops in Ukraine as early as the mid-1980s, whereas the Central Asian republics experienced this thawing much later, and in Kyrgyzstan, for example, the top representatives tried to boycott *perestroika* directly.

This example shows us there were disputes over the distance or closeness concerning power-delegating methods. Despite the fact that Gorbachev is seen as a democrat abroad, his measures in carrying out *perestroika* in Central Asia led, in some respects, to suppressing decision-making at the level of individual republics and to strengthening control over personnel issues on the part of the central, meaning the Moscow, government. Due to Gorbachev's effort to tighten control over the internal political situation of the Union republics (which was relaxed under Brezhnev), First Secretary of the Communist Party of Kyrgyzstan Absamat Masaliev started a very intensive conflict with the Moscow leadership. Masaliev warned that Gorbachev would disintegrate the Union due to his activities, not make it more unified. The following years (as well as the disintegration of the U.S.S.R.) fully confirmed Masaliev's criticism in this respect.

Assessment of the results of the Soviet government in Central Asia is very disputable. For example Osorov⁶ states that a transition from the nomadic to the settled way of life is a turning point in the history of every culture, as it will bring socioeconomic as well as cultural development. According to Osorov, it shows only that a culture which experienced this earlier will inevitably win. The Russian

⁵ See: *A Study of the Soviet economy*, Vol. 2, IMF, The World Bank, OECD and European Bank for Reconstruction and Development, Paris, 1991, pp. 154-155.

⁶ See: Z. Osorov, "Myths and Survivals of Nomadic Past," *Kyrgyzstan Times*, 28 September, 2000.

colonization of Kyrgyzstan during the 19th century accelerated the transition to a settled way of life—still, according to the statistics of 1914, only 21,772 Kyrgyz families (22%) out of 98,840 lived settled lives. Only thanks to the creation of the U.S.S.R. and the Stalinist regime did collectivization take place and the nomadic population (often forcibly) made to settle. In the 1930s, over 400 new villages were built, as well as tens of thousands of new houses, new roads were quickly laid and schools and hospitals went up, electrification took place and a campaign against illiteracy was launched.

Osorov states a paradox, saying that the worst methods were to a certain extent fruitful because thanks to them the newly formed Central Asian republics became modern states. A similar position on socialism was taken by respondents from the Tajik Nishusp, for example, according to whom *the period under the U.S.S.R. was a “golden age” and the socialist experiment was a “great victory,” especially when compared with the situation in neighboring Afghanistan only a few kilometers away.*

If we assess the socialist transformation, we can say it brought, although ineffective means were used initially, good results in some respects, for which, however, a high price had to be paid—a transformational shock followed by a huge decrease in production and a long period of subsequent delays, as well as cultural uprooting. This unpleasant situation could have been avoided had a different approach been taken.

Building Democracy in Central Asia

After the disintegration of the U.S.S.R., totally new states that had never been independent before appeared on the world map and within borders which had been determined around the 1930s without particularly considering the national structure of the local population.

In the former Soviet republics a new model had to be immediately created in the 1990s, after the fall of the old system, which also provided its own ideology. The difficulties in finding new roots were numerous—the ensuing ideological vacuum started to be misused by various groups trying to push through their own goals (political, religious, nationalistic), which resulted in an increase in the radical moods in society (ethnic conflicts in Kyrgyzstan, religious unrest in Uzbekistan, civil war in Tajikistan).

A new model started to be built within the political system, which was described as *democratic*, but due to the fact that the term democracy had not been strictly defined, these changes could have had any interpretation.

After the disintegration of the U.S.S.R. it was usually the members of the communist elite who came to power and, after declaring their sovereignty, they started to carry out a policy of change that could hardly be described as positive.

In all the Central Asian republics the term democracy became overused, but even here democracy has been attributed some value. The political system introduced here was presented as democratic, and thus it would receive a positive response. Since the term democracy currently has a positive value (as has been mentioned above), it is necessary to at least create the illusion that these changes are *democratic*.

To create this kind of illusion a *free democratic election* (presidential or parliamentary) should be held and *democratic institutions should start to function*. The West European countries then, together with the U.S., consider themselves the arbitrator of this process, and it is they who decide whether the election was carried out in accordance with the Western standards of democracy, or whether this election did not meet these standards.

The example of the Central Asian states does not at all confirm the opinion stating that a free election will lead to a freer world.⁷ Many systems of government currently meet the requirements, so

⁷ See: J.G. Pilon, “Election Realities,” *Foreign Affairs*, May/June 1998.

they can be described as democratic. Free elections are held regularly, however serious breaches of personal freedom occur, as well as the abuse of power by elected representatives.⁸

It is obvious that the establishment of a parliament and the organization of a democratic election do not necessarily lead to effective delegation of power to the representatives. The application of parliamentary democracy to Central Asian conditions has shown again that this method of administering a state is not a cure-all, and in this region it has greatly failed.

This is actually quite the opposite of what used to be traditional in Central Asian society—very strong delegation of power at the lower levels and a different method of social bonding (especially relative-based, tribal, and regional).

Kyrgyzstan

The year 1991, since Kyrgyzstan has been an independent state unit, saw the trends that started reach the finish line. The lack of alternative political entities with sufficient support and a unified manifesto led once again to the Communist Party of Kyrgyzstan achieving the overwhelming majority during the election for representatives to the Supreme Soviet. A. Masaliev easily became the chairman of this highest state body.

The disintegration of the U.S.S.R. made Akaev the highest representative of the independent state. A supposed element of the required goal, i.e., a republic built on the principles of a civil society, involved creating a system of functional political parties. A strong pluralistic democracy was one of the main slogans, which the first president, Askar Akaev, emphasized in his speeches. Despite the warning voices that Kyrgyzstan was not at all ready to function within democratic standards, Akaev would resolutely dismiss these opinions.

Compared to the parallel development of the Central Asian neighbors, in which the presidents suggested a government of strict authority from the very beginning, which gradually developed into a personality cult, and who chose economic strategies based on mineral resources or cheap labor, Kyrgyzstan appeared to be a utopian model. “New Switzerland” or “Oasis of Democracy” were names which, in connection with Kyrgyzstan, appeared not only as propaganda by the president’s administration, but also in the foreign media.

The country’s post-socialistic development confirmed the creation of a pluralistic system, however, its authenticity was doubtful. The total number of political parties amounts to 58 (2007), however, their capacity to influence the affairs of the republic is very low. None of the political parties has been able to receive wide support precisely due to the parties’ image being based on individuals and not on their manifesto. It was very difficult for the voters to orientate themselves within the confusing range of political entities whose representatives were connected with a particular region. Within Kyrgyz society tribal favoritism started to exist at the all-state level as well, particularly in the sphere of business and politics. This resulted in a considerable role within the party system again being fulfilled by traditional tribal ties—individual parties would push through the interests of their tribes rather than those stated in their programs.

Knowledge of one’s ancestors up to the seventh generation (*dzeti-ata*) and knowledge connected with tribal relatives plays an important role in the lives of the Kyrgyz even today. Even though there has been a certain decrease in the significance of traditional Kyrgyz values, such as knowledge of *dzeti-ata* and the skill of detailed orientation in one’s tribal structure, this does not mean that one’s tribal affiliation does not have practical meaning in Kyrgyz society today. Solidarity with the other members of the tribe is especially shown (apart from political and economic favoritism) among the

⁸ See: F. Zakaria, “The Rise of Illiberal Democracies,” *Foreign Affairs*, November/December 1997.

village population, but kinship bonds among relatives also play an important role in an urban environment with respect to the current parliamentary elections and the election of representatives in general.

Kyrgyzstan's inability to accept democracy based on the Western model was emphasized by people who did not understand and who saw the negative aspects the democratization processes brought. Again a certain kind of ethnocentric view comes into play, when international observers gave a very positive assessment of the period immediately after the disintegration of the U.S.S.R., a period of tightening one's belt, which would allegedly give way to "dream" democracy. President Akaev ended up moving further away from the "democratic" method of government, becoming an increasingly despotic ruler.

Respondents from Bishkek, Osh, and Karakol had quite a uniform opinion about the events that happened at the beginning of the nineties. The people were mostly confused and distrustful, drawing on the experience of the political farces from the socialist years, and the economic fall of the country would increase this feeling. Respondents also suggested they were tired of the numerous elections and referendums which were held without anyone considering them to be important at all. Voting was carried out more as a matter of habit. The democratization processes and efforts exerted to develop civil-social factors lost their importance in the respondents' minds due to the difficult economic situation.

In connection with the "democratization" of society new phenomena have appeared, such as corruption in obtaining deputy mandates. In some cases, voters are given sums of money (as much as several hundred soms) to vote for a given candidate. What can be seen by some as plain corruption is seen by others as quite normal—if in the past someone in a rural society wanted to gain influence, he/she would need a great amount of money and would also have to be in the habit of giving "gifts."

Many international organizations (the World Bank and the International Monetary Fund) also greatly praised Kyrgyzstan for the pace at which it was carrying out its economic reforms, especially for the large amount of privatization. In farming, the collective farm sector (*kolkhozes*) and state farms (*sovkhoses*) did in fact disappear very rapidly. However, this process did not so much concern transformation, rather it meant the destruction of a functional system. Privatization may bring good results, but the possibility of accumulating capital must be well organized. Many private farmers do not produce enough for their own living.

After the coup of 2005 and the following victory by Kurmanbek Bakiev within the framework of a "democratic" presidential election, the situation did not improve. The fact that the president was not willing to change the constitution, under which the role of the president is very strong (Bakiev himself demanded this change when he was a representative of the opposition), led in the November of 2006 to more demonstrations and protests. As more and more people took part in the protests, more than during the revolution of 2005, with the demonstrators requiring that Bakiev step down, the situation became dangerous for the president and consequently he agreed to change the constitution. The person who tried to become involved in resolving this crisis was the former secretary of the C.C. of the Communist Party of Kirghizia, Tyrdykun Usabaliev (in the Soviet Union the highest representative of the republic), who was a member of the Patriarchs League (*aksakals*) and, during the period of the mentioned unrest, he celebrated his 87th birthday.

The unhappy economic situation was very often resolved by means of labor migration, especially to Russia. The statistical estimates claim that up to 80% of Kyrgyz under the age of 35 work, or have worked, abroad. The International Labor Organization (ILO) estimates that there are 500,000 such persons, while the Kyrgyz provide even higher numbers—up to 1.2 million inhabitants.⁹

Kyrgyzstan could therefore be an example showing that democracy based on the model of Western countries and purposely forced into a context very different from countries with a democratic tradi-

⁹ See: U. Melisbek, "Gastarbaitery rastaskivayut Rossiyu," CRP, available at [<http://www.kyrgyz.us>], 30 September, 2006.

tion is not a positive ideology or political practice. It could be positive indirectly, considering the parallel standards of adherence to civil and human rights, which may be common in countries where there are various forms of democratic government.

Turkmenistan

In the history of Turkmen tribes we almost never encounter an effort to strengthen tribal bonds in a manner that leads to the creation of a higher political unit. Turkmen tribes have never reached national unity, they would never agree even to a free administration under tribal chiefs. This was the greatest social difference between the Kyrgyz and Turkmen. Whereas the Kyrgyz recognized their relatives up to the seventh generation, Turkmen would discontinue bonds after the third or fourth generation.

Differences could be seen even in tribal aristocracies. Turkmen tribes had no khans or hereditary sultans in contrast to the Kyrgyz and Kazakhs. In most cases individual tribes did not even vote for their representatives. As for private disputes, if the parties reached no reconciliation, each party would make its own arrangements. The only law, based on customary law (*adat*), used to be revenge.¹⁰

Of all the Central Asian states, Turkmenistan took the longest to form a “united socialist nation,” as well as an affiliation to individual tribes (e.g. Teke, Jomud, Salar). Even though it does not match the level of affiliation to the nation, it still plays a considerable role today. The creation of the current Turkmen nation can largely be attributed to the Soviet nationalities policy.

The policy of exchanging state representatives based on tribes did not have the desirable effect of creating a united nation. All the representatives of the Turkmen S.S.R. carried out absolutely the same personnel policy—they found support in the members of their own tribes. Every time the representative of the republic was changed, there was a change in almost the entire civil service section throughout the country. After Šadža B. Batyrov became the secretary of the Central Committee of the Communist Party in Turkmenia, almost all leadership posts were taken over by Akhal Tekints. The Akhal Tekints were replaced after the inauguration of Suchan Babaev by the Alilints, etc. When in 1985 the future Turkmen president, Niyazov, became the first secretary of the C.C. of the Turkmen Communist Party, he followed the policy of his predecessors, giving the people from his tribe civil service posts within the republic.

During Niyazov’s administration the preference for Akhal Tekints became much stronger than previously under his predecessors. Dissatisfaction was not only shown by the representatives of other tribes, but also by representatives of the Akhal-Tekint tribes themselves. According to the representative of the Turkmen opposition, Avdy Kuliev, Niyazov’s clear goal was to break down the Turkmen tribes even more, so it would be easier to control them based only on the slogan “divide and rule.” Niyazov (according to Kuliev) achieved this goal relatively easily since Akhal Tekints are very unpopular with the other Turkmen tribes. Kuliev states that Moscow’s nationalities policy was, despite its many shortcomings, much more sensitive than the current policy, which is again leading (despite the proclamations of a united Turkmen nation) to the spreading of separatist tendencies and competition both between the tribes as well as within the tribes.¹¹

Independent Turkmenistan has become a presidential republic. The president is the official head of state as well as the prime minister. The post of president had already been introduced in Turkmenistan in 1990, which means sooner in real terms than officially, according to the constitution. First

¹⁰ See: E. Fait, *Central-Asian Nations*, Praha, 1910.

¹¹ See: A. Kuliev, “Rodoplemennaya prinadlezhnost ne mozhet razyedinyat nas,” *Erkin Turkmenistan*, 10 January, 2002, available at [<http://www.erkin.net/analytics/rodoplem.html>], 17 October, 2006.

Secretary of the Central Committee of the Communist Party and Chairman of the Supreme Soviet of the Republic Saparmurad Niyazov became president in a nationwide vote after 98.3% of the voters showed their preferences (based on the official data).

The Turkmen Communist Party remained the main political party until 26 August, 1991. On this day Niyazov, who already held the post of president of the republic, as well as first secretary of the Central Committee of the Communist Party, announced the need to rename the Communist Party the National Democratic Party (a similar renaming had taken place in Uzbekistan).

In Turkmenistan, after the disintegration of the U.S.S.R., there was uncertainty as to what direction the new state should take. It was becoming clearer and clearer that the transformation of society would be very intensive, but it would definitely go in the direction of creating a pluralistic democracy along with a free market economy. The economic transformation in Turkmenistan would focus on something totally different. The priority goal was not economic liberalism at all, it was economic as well as political independence. Also for this reason state control today is similar in all fields (possibly even higher) than in the U.S.S.R.

Niyazov, the former first secretary of the Turkmen Communist Party, was able to concentrate a great amount of power in his hands—Niyazov was the president as well as the chairman of the legislative body (*Mejlis*), the prime minister, and the chairman of the National Council (*Khalk Maslakhaty*). Niyazov also started to create a new identity for the Turkmen nation. There are many similarities to the history of modern Turkey and its founder Atatürk. These similarities include the striving for neutrality, reform of the writing system, and describing the Turkmen president as *the father of all Turkmen* (Turkmenbashi)...

As has already been mentioned, countries with a low standard of living attempt to borrow cultural models from countries that are economically more developed. In Turkmenistan, during the transition period, the opposite phenomenon was observed—on the order of the state, historical half-truths were made up, the goal of which was to point to the antiquity and special position of the Turkmen nation on a global level. The state's influence on the population had reached a level where it was strongly demanded (under the threat of sanctions in state-run institutions) that people wear *the traditional* Turkmen clothes, Turkmen girls have certain hairdos, and boys and men *traditional* headwear, etc.

President Niyazov took one more step by giving his nation his prophetic book *Rukhnama*, which is considered *sacred* (*mukkades*). Opponents of the practice of misusing religion were effectively silenced, and on the walls of mosques, next to the *ajats* from Koran (in the Arabic alphabet), quotations from the *sacred Rukhnama* (in the Latin alphabet) appeared.

The president used the tactics of “destroying everything old and building everything anew.” Everything reminiscent of the Soviet Union was considered old, while the new was everything referring to the old traditions of the ancient Turkmen nation, which were, however, created on political orders. New holidays were created as well as new national heroes—founders of the Turkmen statehood, removal of the *azbuka*, and renaming of the days of the week and the months of the year. Niyazov's direction was strongly nationalistic—Turkmenistan for the Turkmen. In his statements (both in *Rukhnama* and through the media) he sometimes referred to the Turkmen as *my beloved black-eyed children*. These terms, through which he associated the nation with a particular race type, found (based on the statements by the respondents) a negative response even among the Turkmen themselves—still they led to great discrimination against ethnic minorities living in the country.

Culture (based on its wide interpretation) has changed dramatically. This can be easily noticed in the clothing and hairdos which must correspond to the uniform style (girls must wear long skirts and two long pigtailed, boys must wear *tiubeteikas* (skullcaps) on their heads), as well as in the way of thinking, especially among the younger generation. Based on the statements by some university professors, the generation that grew up on *Rukhnama* (with some exceptions) is almost incapable of critical thinking, and they can only work with submitted *facts*.

Some informative value concerning Niyazov's personality cult can be found in examples of topics for the final examination in the Russian language classes at secondary schools in Turkmenistan in 2005: *Permanent spring has come to the Turkmen state. The sacred Rukhnama is the golden book of the Golden Age. The books by the Great Serdar are the basis for our studies.*

Despite the many negatives of President Niyazov's regime it is important to point out the permanent social stability in Turkmenistan, even the most remote areas of the country have been electrified and a gas-distribution system has been also installed. The social benefits well-known from Soviet times have been retained (in contrast to all the other post-Soviet countries), and in many areas they have actually become more ingrained. Political turmoil and civil unrest have not occurred in Turkmenistan at all, especially under the influence of strong central power. Despite these positive aspects of the new system the Soviet system is still seen as more positive due to the much lower level of interference by state power in private life.

Even though the respondents often showed dissatisfaction with the existing regime, they still appreciated the stability aspect, mentioning the low rate of crime in the country. Compared to other post-Soviet Central Asian states (civil war in Tajikistan and the ensuing economic collapse; the immense drop in the standard of living and total loss of social benefits after too rapid implementation of privatization and other reforms in Kyrgyzstan; also Uzbekistan is usually described as an economically unsuccessful state in Turkmenistan), the situation in Turkmenistan seemed to be relatively acceptable. What is more, many inhabitants accepted (just based on the principle of *a lie repeated one hundred times will become the truth*)—despite their declared disagreement with the regime—many of the offered slogans and they often also believed in (as an external observer) the most ridiculous historical half-truths proving the uniqueness of the whole nation. These cases do not include only “simple, uneducated” citizens. Even some university professors and other researchers who regard the mandatory events concerning *Rukhnama*, for example, as a “joke,” in fact at least partially believe in the historical half-truths about the antiquity of the Turkmen nation and its worldwide cultural contribution.

The case of Turkmenistan shows us clearly that during the reform as well as transition period, it is much easier for an individual or a very closed group of people to concentrate power in their hands, which may be strengthened over time and lead to unlimited power over the whole country. Despite the fact that democratization of society was not an officially declared priority, democratic slogans were heard even in Turkmenistan (renaming the Communist Party the Democratic Party for example). The *democratic* elections held were only to legitimize the existing power clique.

C o n c l u s i o n

Whereas in Kyrgyzstan very intensive economic reforms based on the recommendations of international monetary organizations began to be carried out, which were also accompanied by the creation of a political system similar to Western parliamentary democracies, Turkmenistan, after the initial declarations of democracy, took a totally different development path. This led to a state where absolute power in the country was de facto held by a lifelong president possessing legislative, judicial, and executive powers.

Neither system of government has been a success—the people in both countries are visibly upset about the reforms carried out. The level of satisfaction as a benchmark of success of whether a system is working well would be very low with respect to both systems. Neither state can boast of effective delegation of power at the lower levels, which used to be very typical of this region. Even the Soviet system of government, where a very strong central power existed but the local administration also possessed extensive powers, was closer to this model. Patriarchs (*aksakals*) in the villages had

quite a lot of influence even in the U.S.S.R. In pre-Soviet times many important decisions were made within the tribe, and the members of this community entirely understood these decisions. The political party system and pluralistic democracy have not been understood since local experience knows of nothing similar.

The problem of “democratization” of society should be taken as a problem of power delegation. Merely borrowing the government models from Europe, and possibly the U.S., will be very complicated in the Central Asian countries. All political systems develop depending on the conditions under which they originated, however in Europe this process often took several centuries. Therefore, it would not be very realistic to expect these models to be successful under totally different conditions or that this success will come quickly.

The published data concerning the current political situation has been acquired in particular from long-term research carried out in 2005 and 2006 in Turkmenistan, Kyrgyzstan, and Tajikistan, dealing with the post-socialistic transformation and the subsequent changes in culture. This article also presents the experience the author gained during his long-term stay in these countries in 2007, as well as his short-term stays in 2000, 2002, and 2004.