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RUSSIA'S INTERESTS IN CENTRAL ASIA:

**CONTENTS, PERSPECTIVES,
LIMITATIONS**



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The purpose of this analytical report prepared in the framework of the project “Central Asia after a Possible Withdrawal of Coalition Forces from Afghanistan” undertaken by the Russian International Affairs Council (RIAC) is to make an attempt to identify the actual position of Central Asia on the scale of Russian foreign policy priorities, to evaluate opportunities and limitations available to Russia, to blueprint measures in consolidating Russian positions in the region for the long-term perspective.

RIAC and the authors of the report hope that the presented material would be able to give a new impetus to the topical discussion at the level of expert community, authorities and businessmen, and to become a foundation for the development of the Foreign Policy Concept of the Russian Federation in Central Asia.

The views and opinions of authors expressed herein do not necessarily state or reflect those of RIAC.

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FOREWORD

In spite of the efforts undertaken to streamline relations with Central Asian states on the bilateral as well as multilateral bases, so far Russia has failed to develop a coherent long-term policy toward this region. The main contradiction reflected in political practices is, on the one hand, the recognition of exceptional importance of Central Asia on the scale of Russian foreign policy interests (which has already become a truism), and, on the other hand, the absence of a developed concept of comprehensive measures that facilitate building a long-term Russian strategy in the region as opposed to pursuing opportunistic policies (depending on departmental or corporate interests).

According to the Foreign Policy Concept of the Russian Federation, “Russia forges friendly relations with all the CIS Member States on the basis of equality, mutual benefit, respect and regard for the interests of each other. Strategic partnerships and alliances are developed with States that demonstrate their readiness to engage in them”¹.

We are talking about the Central Asian states that are so different in the level of socio-economic development, potential, opportunities and degree of political modernization and that require an ever-growing attention of the Russian Federation, new creative approaches with due regard for local culture and mentality. Geopolitically, Central Asian states stay oriented toward the Muslim world and, at the same time, develop their relations with the West. Those opposing or, at least, diverging foreign policy vectors provide for a certain niche for Russia, where competitors are not many.

¹ The Foreign Policy Concept of the Russian Federation (February 12, 2013). URL: http://www.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/76389fec168189ed44257b2e0039b16d!OpenDocument

However, one has to recognize that, in fact, Russian policy is situational (more responding to other geopolitical players' moves) rather than being preventive. Due to objective and subjective reasons the investment activity of Russian businessmen is only sporadic. The tendency to extrapolate Russia's competition with the West to Central Asian states is becoming visible. As it is interpreted by a number of Russian experts reluctant to recognize that the diversification of foreign policy and economic ties has become an accomplished fact, the development of Central Asian contacts with the West is nearly automatically equated with an anti-Russian strategy. At the same time, certain local observers inspired by nationalistic ideas and notions deny Russian influence and prophesize Russia's eviction from the region in principle.

Actually, the interdependence between Russia and Central Asian states remains very much in place. It includes mutual borders more than 7,000 km long. Twelve subjects of the Russian Federation border on the region, among them such industrially-developed ones as the Samara, Volgograd, Chelyabinsk, Omsk and other Regions. It is to say that significant industrial potential is concentrated along the boards, major cities of the Volga Region, Urals and Siberia, as well as strategically important communications linking Central Russia to Siberia and the Far East are either in close vicinity to the border or partially run through Kazakhstan's territory.

This is a market where Russian commodities are supplied to. This is where a significant share of Russian exported foodstuffs, machinery and transport equipment (and over the recent years, textiles) is being sold. The major flow of labor migrants to Russia is coming from Central Asia. The region is a major supplier of energy to the EU markets via Russian networks. Russia is striving to consolidate its positions in the region focusing on intensified cooperation in the field of energy and defense.

Official views on the region take into account not only the value of the region to the Russian Federation per se (vital geopolitical position, economic and trade opportunities, lasting Russian cultural impact, presence of Russian-speaking communities and indigenous peoples), but also risks and challenges which demand adequate Russian response. «Russia will build up cooperation with the CIS Member States in ensuring mutual security, including joint efforts to combat common challenges and threats, primarily international terrorism, extremism, drug trafficking, transnational crime, and illegal migration. Priorities here are the neutralization of the above-mentioned threats coming from the territory of Afghanistan and the prevention of destabilization of the situation in Central Asia and Transcaucasia”².

² Ibid.

In particular, the Russia's National Security Strategy to 2020 points out such destabilizing processes as development of nationalist mindset, xenophobia, separatism and violent extremism including the one under the colors of religious radicalism. Therefore, the document emphasizes the necessity to consolidate the Collective Security Treaty Organization (CSTO), Shanghai Cooperation Organization (SCO) and other organizations, to develop bilateral cooperation in the military and political spheres³.

At present, it seems rather difficult to differentiate between Russian economic interests in Central Asia and wider geopolitical considerations, to identify the degree of preparedness to pursue a money-losing policy that does not yield immediate financial gains. Moreover, incorporation of Central Asia into the list of priority interests, despite the mention of the region in conceptual documents, did not appear to be substantiated by adequately convincing arguments justifying the necessity to work out a separate strategy of the Russian Federation in Central Asia. Apart from having the list of necessary measures and assessment of resources required to implement them, the Russian Federation, to all appearances, has to look like a generally reliable partner, a source of investment and technology. Obviously, those tasks go far beyond the limits of Russian Central Asian policy framework, however, it would be impossible to implement ambitious plans related to the integration in the CIS space and Russia's leading role in the process without resolving those issues.

The situation in the world and Central Asia continues to develop dynamically – with a more prominent role played by the US, EU and China, which sometimes generates competition with the Russian Federation while, at the same time, offers new fields of interaction (for instance, with the US in Afghanistan, or with China in the SCO framework, etc.).

Russia has encountered new competitors in Central Asia (Turkey, Iran, Pakistan and India) who can sometimes offer goods and services that Russia cannot. Besides, ethnic and confessional proximity (if any) makes their relations more confidential, though at times makes local elites wary of a growing influence of culturally-close partners over the local population.

Old challenges remain and new challenges emerge in terms of security of the region. As before, there is deep concern as regards the possibility of inner political destabilization basically related to the lack of a transparent system of continuity and rotation of the leadership. A whole range of risks is related to more intense struggle for power and resources in Afghanistan after the withdrawal of the international coalition forces, which poses a threat to the security of Central Asia and at the same time engenders a number of problems connected with interaction

³ Russia's National Security Strategy to 2020. URL: <http://www.scrf.gov.ru/documents/1/99.html>

of the region's countries with Russia in the framework of existing military-political and CIS integration structures.

The purpose of this analytical report is to try to determine the actual position of Central Asia within the scope of Russian foreign policy priorities, to assess the opportunities and limitations of the Russian Federation, to identify measures aimed at consolidating Russian positions in the region in the long-term perspective, as well as their complementarity.

RIAC and authors of the report express hope that the presented material would provide a new impetus to the topical discussion within the expert community, authorities and business representatives and become a foundation for the development of the Foreign Policy Concept of the Russian Federation in Central Asia.

I. PROBLEMS OF FORGING RUSSIA'S RELATIONS WITH CENTRAL ASIAN STATES: DOMESTIC POLICY ASPECT

Primarily, Russian interests in the region are determined by the security goals. Apart from the leadership in multilateral organizations which were either specifically established to ensure security (CSTO) or partially respond to those issues (SCO), Russia is actively developing its relations with Central Asian states in the bilateral format. The focus on bilateral relations is connected with a highly relative homogeneity of the region. Commonality of the historic past and certain cultural elements does not grant commonality of political targets or ensure a lower level of competition. There is a standpoint that Central Asia can be viewed only as a conglomerate of national states, where each of them formulates its own national interests and foreign policy vectors. Consolidated regional interests are practically non-existent⁴.

Nevertheless, over the recent years, one can trace a certain propensity of more vulnerable regional states to Russian backing, and a penchant of more powerful countries toward establishing equal partnerships. In support of those trends Russia is focusing its attention on the development of relations with the key players – Kazakhstan and Uzbekistan. Naturally, one should not underrate the political importance of other countries in the region, which is occasionally underestimated. Below is the analysis of the key features of political systems and interests of individual Central Asian states which predetermine the issues of forging relations therewith.

⁴ Malashenko A. Central Asia: What Russia Counts On? Moscow, ROSSPEN, 2012, p.16.

KAZAKHSTAN

Republic of Kazakhstan is the closest Russian ally in the region. Despite available objective common interests, the development of bilateral relations is affected by subjective factors: it directly depends on the stability of the group in power, on the ability of elites to compromise and, if need be, to ensure a sufficiently smooth political transition.

Over the entire period of the Kazakhstan's existence the presidential authority personified by Nursultan Nazarbayev has been unquestionably strong. At the same time, over the last five years one could notice a trend of a gradual shrinkage of the state leader's inner circle of confidants. In connection with a variety of objective and subjective difficulties in the choice of an individual successor, views about the necessity to name a "collective successor" have been emerging in Kazakhstan since 2011.

A number of Kazakh experts and politicians already insist that the republic is looking at the idea of the presidential-parliamentary rule. The reason why the option of a "collective successor" is becoming more and more appealing to local elites is a profound discord in Nazarbayev's inner circle. Public knowledge of the conflicts among different power groups and their mutual accusations can upset the political equilibrium cultivated for many years and irreparably discredit the system of governance established in Kazakhstan.

Much will depend on the force that would eventually get the upper hand in the top echelon of power: from the specific parameters of the supreme authority transit in the country to its foreign policy course in the coming years.

Russia's direct interest is that the political orientation of Kazakh political elite would not become an ultimate obstacle in the process of integration of our national economies. Expansion of our mutually beneficial economic relations, successful implementation of various integration projects between Russia and Kazakhstan must promote the political sphere through making our bilateral relations more fruitful and trustworthy.

Conceivably, further development of relations with Kazakhstan and positive perception of the supreme power possible transformation models suggested by the Kazakh President (including a future potential successor/collective successor) correspond to the Russian interests in general. First of all, it is explained by the fact that pro-American orientation is dominant among the Kazakh opposition and that the nationalist "trend" has become once again visible therein.

Recent months revealed a number of issues in Russian-Kazakh relations. Russia, renting the Baikonur space facility, encountered a number of difficulties when Kazakh authorities took a sufficiently rigid stance in limiting the number of Proton missile launches blaming Russia for the failure to launch the *Baiterek*

joint project⁵. Such a stance on the space issue coincided with a strong campaign in Kazakhstan against the Russian initiative to establish a Eurasian Parliament⁶ seen as an encroachment on national sovereignty – a painful issue to all countries of the region. The sides managed to moderate acute contradictions, but one can prognosticate new frictions. To all appearances, a shift in Astana's approach to the build-up of relations with Russia is related to the growing ambitions of the Kazakh political elite, which began to feel weighed down with the “junior partner” status. This seems to be a long-term trend which can be even intensified in the future, depending on the circumstances.

UZBEKISTAN

Uzbekistan, as well as Kazakhstan, is one of the most powerful countries of Central Asia in terms of economic and military potential. Traditionally, it views itself as a central state of the region and actively materializes its ambitions.

As well as Kazakhstan, in its domestic political life Uzbekistan faces the problem of the continuity of power. Islam Karimov has been at the republican helm since 1989. The entire political system of the republic is designed in such a way that the President is the primary and, at the same time, backbone figure thereof. While the expert community in Kazakhstan debates the possibility to transform its political system into a parliamentary-presidential model to ensure a smooth transition of power⁷, Uzbekistan does not have such a discourse. All decisions are made by the President and a narrow circle of his associates. The current balance among the elites can be easily upset because clear mechanisms of a successor choice are yet unavailable, while the ramifications of an eventual schism among the elites in Central Asian states are widely known. Outsiders can also take advantage of a potential instability in the country.

Uzbekistan is striving to enhance its importance among foreign partners, to use those relations to consolidate its positions and, at the same time, is avoiding deep commitment which could potentially limit its freedom of maneuver. Sometimes a seeming foreign policy inconsistency, namely, Uzbekistan's maneuvering between Russia and the West is, in fact, an absolutely coherent course which allows safeguarding maximal freedom of actions and decision-making. In their

⁵ Yachmennikova N. Baikonur's Fate Will Depend on Russia // Rossiiskaya Gazeta. 24.01.2013. URL: <http://m.rg.ru/2013/01/24/baikonur-site.html>

⁶ Kazakhstan Is Skeptical about Establishment of the Eurasian Parliament // RBK. 20.09.2012. URL: <http://www.rbc.ru/rbcfreenews/20120920095944.shtml>

⁷ See more: “On December 4, 2005 the Information and Analytical Center for the Study of Socio-Political Processes in the Post-Soviet Space of the Faculty of History of the MSU held an on-line conference “Problems of Establishment of Statehood in the Republic of Kazakhstan”. URL: <http://www.hist.msu.ru/Departments/CIS/Conf/kaz051204.htm>

relations with Russia the Uzbek authorities prioritize bilateral ties that permit clear-cut identification of mutual commitments and limitations. As a member of international organizations where Russia plays a leading role, Uzbekistan sees an eventual threat of a concerted and synchronized pressure regarding the issues where its interests differ from the interests and perspectives of other participants. Generally speaking, Uzbekistan's withdrawal from the Eurasian Economic Community, repeated suspension of its participation in the CSTO, refusal to join the Collective Rapid Reaction Force (CRRF) reflect the negative attitude of the Uzbek authorities to Central Asian integration under the Russian auspices. Conceivably, the overwhelming importance of sovereignty is typical of Uzbekistan, which makes it reject well in advance any, even remote, possibilities of establishing supra-national structures that are indispensable prerequisites of a true integration. Moreover, it looks like Uzbekistan is always "trying on" the perspectives of joint operations in case of emerging crises in Central Asian states and is reluctant to deal with any precedents of this sort.

Uzbekistan retains its membership in the SCO, where Russian influence is counterbalanced by China, while even in the SCO framework it refrained from participation in joint military exercises including a large-scale exercise in September of 2010⁸.

A fairly sharp realignment of Uzbek foreign policy corresponds to the task of pursuing its own course, not necessarily pleasant to all Tashkent's partners. It is not only Uzbekistan that is interested in securing support of the world powerful nations. The latter cannot formulate their policies or strengthen their positions in Central Asia without maintaining close ties with Uzbekistan. So, as a rule, sharp turns of the ruling elite in its choice of partners are not fraught with serious consequences.

Uzbekistan is promoting its relations with the EU, US and NATO, despite unpleasant experience of their response to the events in Andijan. Even more so, as those power centers have long ago "forgiven" Uzbekistan for its violent use of military force to suppress the insurrection and for the refusal to hold an international investigation. As early as in October 27, 2009, the EU lifted the remaining sanctions imposed in 2005 including the embargo on conventional weapons' delivery. At an earlier date the EU lifted its visa sanctions against top Uzbek executives⁹.

An obvious reduction of the ideological component in the American approach to the region under the Obama administration allowed to cross out from the US agenda its criticism (so unpleasant to the Uzbek leaders) of the undemocratic

⁸ Uzbekistan refused to take part in the SCO Peace Mission-2010 military exercise in Kazakhstan // Centrasia. 10.09.2010. URL: <http://www.centrasia.ru/newsA.php?st=1284064560>

⁹ EU Lifts Embargo on Arms Delivery to Uzbekistan // Novosti-Kazakhstan. 27.10.2009. URL: <http://www.zakon.kz/151400-es-snimaet-jembargo-na-postavki.html>

rule and violation of human rights. Arguments about “certain positive shifts” in Uzbekistan have also become commonplace¹⁰. However, the value of stability secured under the authoritarian rule in a traditional society is becoming more and more evident to the US and EU in the context of the Arab Awakening which ended with the collapse of unpopular, corrupt but predictable secular regimes.

As to Uzbekistan proper, it regards its reliance on the West as a crucial factor of ensuring national security, a problem of special urgency in the light of a pending coalition forces withdrawal from Afghanistan in 2014.

The Uzbek authorities’ pursuit of a special status in the region by way of conducting the policy of sharp turns and smaller dependence on the key partners’ position (a stance sometimes causing irritation in Russia) appears to be a deliberate strategic line of conduct rather than opportunistic tactics of the present leaders, and there are no grounds to believe in its adjustment.

TURKMENISTAN

Relying on its natural wealth, advantageous geostrategic position at the Caspian Sea and original understanding of neutrality policy, Turkmenistan until recently has ruled out its participation in regional integration processes.

Power is concentrated in the President’s hands even to a greater degree than in the neighboring states. Oriental despotism constructed by the first President could not but be transformed under his successor, Gurbanguly Berdymukhamedov, but the changes were less significant than expected. Upon his election in 2007, certain liberalization was seen in the cultural and educational spheres, the most disreputable evidence of reverence of Saparmurat Niyazov was removed, but many realities of life remained as they were¹¹.

The policy of neutrality chosen in the early 1990s provided an opportunity to maneuver in the diplomatic arena among world and regional powers. The strategy has become especially effective in the environment of competition among world leading countries for their presence in Turkmenistan, a country with the largest reserves of natural gas.

At the same time, the foreign interest in the Turkmen gas was so great that neither American nor European politicians ever criticized the Turkmen government for human rights situation. Russia pursued an identical policy: despite the fact that the rights of Russian-speaking population were systematically violated, it was trying to avoid putting this issue high on the bilateral agenda.

¹⁰ Sharifov O. Once Again on US–Uzbekistan Relations. Stick and Carrot Policy Again? // Fergana.News. 15.08.2008. URL: <http://www.fergananews.com/articles/5633>

¹¹ Berdymukhamedov Gurbanguly: President of Turkmenia // Lenta.ru. URL: <http://lenta.ru/lib/14175002/>

For instance, this was the case when in 2001 all Russian-speaking schools were transformed into schools of mixed tuition and assumed the Turkish 9-year curriculum pattern¹², or when the Turkmen authorities adopted the decision to abolish double citizenship¹³. Keeping silent about the infringement of the Russian-speaking population rights hurts the Russian prestige in the region and proves its readiness to sacrifice humanitarian issues in order to meet economic interests. Russia takes a similar stance as regards the rights of our compatriots living in other Central Asian countries.

However, the neutrality status and estrangement of Turkmenistan from Russia and other CIS members did not entail the re-orientation of its foreign policy toward other major countries. The republic pursues a strictly independent foreign policy and, at the same time, continues to cooperate with its neighbors in the fields it considers beneficial. For instance, Turkmenistan makes use of the Russian know-how and technology in building its Navy (the decree on establishing national Naval Forces was endorsed by President Berdymukhamedov on January 25, 2010) as well as training naval personnel.

Despite its neutrality status, Turkmenistan participates in international programs against drug trafficking, as well as opens its territory for transit of non-military cargo to the Afghan border with the framework of the anti-terrorist operation.

After the explosion at the *Central Asia-Center* gas pipeline in 2009 and the suspension of purchases of Turkmen natural gas in the volumes prescribed by the long-term contract, Russia, according to Turkmenistan, demonstrated its unreliability as a long-term partner in the energy sector¹⁴. The negative ramification of the incident was that other Russian companies encountered serious problems in their operations in the republic. At the same time, the Turkmen authorities are actively seeking new partners in the energy sector. The country enlarged its exports to Iran, commissioned a gas pipeline to China with a potential annual capacity of 65 billion cubic meters¹⁵. Turkmenistan holds on all other potential directions: to the EU, to India through Afghanistan, and to Pakistan.

In the mid-term perspective Turkmenistan will be trying to go its own way relying on natural gas extraction and sales and disregarding the requirements of modern development.

¹² Dubnov A. Moscow Opens Turkmenia to Russian Business // *Vremya novostei*. 24.03.2009. URL: <http://www.vremya.ru/2009/48/5/225588.html>

¹³ Putin and Niyazov Agreed to Abolish Double Citizenship // *Lenta.ru*. 10.04.2003. URL: <http://lenta.ru/russia/2003/04/10/citizenship/>

¹⁴ Turkmen MFA Insists on Russian Guilt in the Gas Pipeline Explosion // *RIA Novosti*. 10.04.2009. URL: <http://ria.ru/incidents/20090410/167730531.html>

¹⁵ Turkmenistan's Annual Supply of Natural Gas to China to Reach 65 Billion cu.m. // *Fergana.News*. 07.06.2012. URL: <http://www.fergananews.com/news/18836>

KYRGYZSTAN

Limited influence over disconnected elites in Kirgizia remains a difficult issue for Russia. While the governing bodies are generally loyal to Russia (and integration processes under its auspices), a significant part of the Kyrgyz elite (especially regional) is prejudiced to the relations with Russia in any form. A specific feature of today's political situation in the republic is the growth of nationalistic mindset among the people who deny the Russian historic and cultural contribution into national development in principle and, consequently, denounce the policy of President Almazbek Atambayev. He has to act with extreme caution keeping in mind the volatility of his position against the background of the territorial and ethnic dissociation of the Kyrgyz society. There is no doubt that this factor will slow down the process of the Kyrgyz accession to the Customs Union.

Probably, the most serious Russian leverage on Kyrgyzstan is energy supply. In 2010 Russia raised tariffs on the fuel exported to the republic which, according to local observers, was one of the reasons of the growing discontent with President Kurmanbek Bakiyev. The President convinced Moscow to reduce the tariffs¹⁶ but one cannot rule out that in the mid-term perspective, in case of unfriendly moves of the Kyrgyz leadership, the tariff issue could be once again put on the agenda of Russian-Kyrgyz relations. However, if Bishkek takes into account Moscow's interests, Russia can say "yes" to the increase of financial assistance and more liberal prices for energy resources.

The stake on the "multiple choice" failed to prevent the collapse of the ruling regimes in independent Kyrgyzstan. So far, there are no grounds to believe that new Kyrgyz authorities would manage to abate synchronous instability relying on different external forces. The country became weaker, and those who have come to replace the Bakiyev "clan" will have to apply enormous efforts to prevent conversion of Kyrgyzstan into an "failed state".

TAJIKISTAN

Despite a number of common features with other countries of the region, the political system in Tajikistan was molded and consolidated under the impact of specific factors, the civil war being the key component among them. It brought new forces onto the political forefront, primarily Islamist groups, and interrupted the post-Soviet continuity of power, having changed the balance of power among regions, ensured the replacement of elites and promoted leaders unattached or only indirectly attached to the Soviet republican top bureaucracy.

¹⁶ Kirgizia Received Free Petrol from Russia // *Economicheskiiye novosti*. 21.01.2011. URL: <http://economic-ua.com/runok/27959/>

In the second half of the 1990s the experience of putting an end to civilian confrontation on the basis of a political compromise provided for the participation of various parties in political life, including legitimization of the Tajikistan Islamic Revival Party, the only Islamic parliamentary party in the territory of the former Soviet Union. As the regime consolidated its power, the opportunities of the opposition parties to take part in the political process were invariably shrinking, and the authoritarian features of the regime were becoming more pronounced. At the same time, Tajikistan remained relatively open to foreign foundations and non-profit organizations, and it could boast the mass media more diversified in their views.

The solution of socio-economic problems in the country is progressing too slowly. However, the current references to the aftermath of the civil war, which has actually inflicted irreparable damage to industrial production and agriculture, do not sound convincing any longer.

Since the mid-1990s a new generation has grown up, which is unaware of the horrors of civilian confrontation and can be more tolerant to violence. Consequently, soaring inequality aggravated by a high degree of corruption, unemployment, enormous gap in the revenues of various strata of the population, energy collapse, and a threat to turn national economy into a “drug economy” can shake the situation loose, and in the event of a new split among the elites can ensure prompt and effective mobilization of the discontented (most likely, under the Islamist colors). The situation is aggravated by the proximity of Afghanistan with the longest mutual border of 1400 km¹⁷.

Tajikistan is strongly dependent on Russia, primarily by way of labor migrants moving thereto. The outflow of the most active and, as rule, marginalized population, the money transferred and brought to Tajikistan is of the paramount importance in safeguarding stability. The case in point is the “physical” reduction of the potential protest volume, as well as easier adaptation to the environment of the global economic crisis which erupted in autumn 2008. Russia also played a significant role in ensuring national security of the country: the presence of Russian troops became a significant deterrent to the terrorist and extremist activity. At the same time, in 2004 Russian border guard units had to leave Tajikistan, which can seriously affect the security of Central Asian states after the withdrawal of foreign troops from Afghanistan.

While diversifying its ties and developing relations with the PRC, US, EC, NATO and Iran, the Tajik leadership often chooses the option of impairing its relations with the Russian Federation, being probably convinced that the overall setup of forces is developing in its favor anyway. Perhaps, the “multiple choice”

¹⁷ Russo R. Tajikistan Problems Aggravate the Security Threat in the Region // Global Asia. 14.06.2012. URL: <http://www.centrasia.ru/newsA.php?st=1339654020>

policy would be helpful to the republic, but there are no grounds to count on a swift solution of the backlog of problems. Military and political interest to Tajikistan showed by the US and NATO structures in connection with the Afghan problem, hosting a part of the NATO troops withdrawn from Afghanistan in particular, gave birth to high hopes of a greater geopolitical importance of the republic.

Tajik expectations of the new partners' delivery was the cause of a certain disenchantment of the ruling circles with the integration potential of Russia and the CIS, which translated into their evasion from undertaking various commitments in the framework of the CIS, Eurasian Economic Community and CSTO.

At the political and diplomatic levels Tajikistan is characterized like none other than a friendly country, but the Russian leadership has also piled up a whole range of complaints on certain decisions of the Tajik leaders. They were related to the status of the Russian language, conditions of retaining a Russian military base and installations in the republic, and difficulties Russian business had to deal with (through its own fault, too). In particular, after protracted negotiations with the Tajik authorities the Rusal Company has failed to coordinate the details of a hydropower station and an aluminum plant construction¹⁸. Disagreements that are becoming more pronounced bring no good either to Dushanbe or Moscow.

The impression is that the republican leaders have a somewhat orthodox understanding of a natural desire to benefit from the orientation to different external forces, probably out of conviction that the development of relations with other partners would be a deterrent to Russia which puts forward its own requirements. One cannot deny that the Russian leadership should be more considerate to the interests of its Central Asian partners while they have to reciprocate, especially when their mutual dependence is asymmetrical.

¹⁸ Who Will Complete Construction of the Rogunskaya Hydro Power Station? // Nezavisimaya Gazeta. 05.03.2013. URL: <http://www.ng.ru/forum/forum3/topic31690>

II. RUSSIAN ECONOMIC INTERESTS IN CENTRAL ASIA

Russian economic interests in Central Asia are closely linked with geopolitical considerations, while for analytical purposes one can single out purely economic spheres of interaction forged in the framework of the factors available in Central Asia and beneficial for business. They are:

1. Vast and diverse mineral resources, primarily, oil, natural gas and uranium deposits;
2. Excessive labor resources that could be employed both through attracting labor migrants to Russia and establishing local labor-intensive production facilities focused on commodity supply to Russia. For example, Kyrgyzstan has a vast potential in the tailoring industry which is already largely orientated to the Russian consumer¹⁹.
3. Vast internal market with a large development potential opening new opportunities to Russian export and expansion of Russian enterprises and banks. So far, it is a less competitive market with relatively low requirements to the technical level of products, which provides opportunities to export manufactured goods difficult to sell at other foreign markets.
4. Still intact old-timer cooperation links and objective prerequisites for the development of new networking (relatively high level of trust toward Russia as compared to other countries actively penetrating the region, business environment comprehensible to Russian corporations, common language of communication, ties of kinship, etc.);
5. Opportunities of a wider beneficial transit from Central Asia and neighboring countries to Europe via Russian territory. Russia is prejudiced against construction of gas and oil pipelines bypassing its territory, but at

¹⁹ Embassy of the Kyrgyz Republic in the Austrian Republic, Slovak Republic, Hungary, Czech Republic and Republic of Poland. URL: <http://www.kyremb.at/ru/jekonomika/11-promyshlennost.html>

the same time is prepared to take part in construction and operation of Central Asian pipelines.

Russian efforts in the aforementioned spheres imply the solution of the top-priority task of the Russian Federation: to ensure favorable environment to foreign economic relations and business operations in Central Asia. In order to pursue interests in the economic sphere a number of economic institutions (apart from political ones) were established: the Customs Union, EurAsEC, Eurasian Development Bank (EDB), EurAsEC Anti-Crisis Fund, CIS Free Trade Zone Agreement and some others. The establishment of the Eurasian Economic Union was already announced: it is to be launched in 2015 and replicate the European Union mode of operation²⁰.

Along with the objective opportunities to widen economic interaction between Russia and Central Asian states, there are serious obstacles thereto. Among them are:

1. Activities of new players in Central Asia that impede operations of Russian companies facing a more severe competition. In the environment where Central Asian states have an option to choose, they prefer more reliable partners;
2. Local authorities employ their administrative potential to protect the interests of domestic businesses. Formally, the tactic looks like state protectionism. This phenomenon is also in place, but in general such a policy generates corruption as protectionist measures are arbitrary and selective. The types of pressure applied to Russian companies may include an unexpected revocation of a license, endless grating audits, cancellation of tenders. As an independent judicial system is non-existent, they find it extremely difficult to stand up for their rights;
3. There are limitations related to the specific features of Russian business. Some of businessmen, who are afraid to operate in high risk zones in principle, put forward unreasonably high demands in an attempt to acquire ownership of the most lucrative facilities, they violate the negotiated terms and schedules, deal wrongly with local authorities and businessmen. In Oriental societies the personal arrangements factor is of a paramount importance, while the flaws of the Russian business image are sometimes damaging to the development of such relations. Finally, though the Russian language still facilitates necessary negotiations, the command of local languages emphasizes respect to local culture and customs. In future, disregard for the cultural factor, psychological peculiarities of local communities will be evermore damaging to Russian business opportunities.

²⁰ In 2015 the Customs Union will be transformed into the Eurasian Economic Union (EEU) // Tazabek. 06.03.2013. URL: <http://tazabek.kg/news:346994/>

After the first wave of the world economic crisis Russian positions in Central Asia have significantly deteriorated. Though Russia retained its status of the largest trade partner of the region, in 2009 its trade turnover dropped dramatically: by 34.8% with Kazakhstan, 28.7% with Kyrgyzstan, 22% with Tajikistan, 28.4% with Uzbekistan, which, in all probability, was the result of the global economic crisis and its negative impact on the industrial production. For instance, in 2009 the Russian share accounted only for 8.2% of Kazakhstan imports and for 31.1% of its total exports²¹. At that time only the trade turnover with Turkmenistan went up by 14.09%²². Thereupon the situation was gradually changing for the better.

Table 1.

Foreign Trade of Central Asian Countries with Russia
in 2008-2011 (million USD)

Countries	2008		2009		2010		2011	
	export	import	export	import	export	import	export	import
Kazakhstan	6379.5	13298.6	3697.1	9147.2	4449.3	10690.3	6859.3	12906.0
Kyrgyzstan	491.1	1308.0	367.1	915.5	393.3	990.8	292.8	1160.3
Tajikistan	212.8	792.9	213.3	573.1	213.7	673.3	90.0	720.4
Turkmenistan	100.2	808.2	45.1	992.0	148.0	757.4	142.8	1159.7
Uzbekistan	1299.9	2038.0	847.3	1694.4	1556.5	1889.5	1859.7	2106.6

Source: as reported by the RF Ministry for Economic Development²³

The main products exported from Central Asia are still natural and agricultural raw materials, as well as chemicals. Primarily, Russia's exports are manufactured products and, partially, raw materials. The share of energies in the turnover between Russia and Central Asia (with allowance made for Gazprom purchases of natural gas) increased from 25.4% in 2005 to 33% in 2010 (from 3.6 billion to 11.7 billion USD)²⁴. The primary field of Russian interests in the region is control over the transit of fuel resources. Russia supplies coal, crude oil, oil products and electric power: in 2007–2010 their volume in monetary terms was estimated at 2.9–5.5 billion USD²⁵ – comparable with the volume of energies imported from the region. Russia undertakes massive supply of energies from Central Asian republics to Western Europe and the Ukraine.

²¹ Sinitsyna I. Russian Economic Interaction with Central Asian Countries: Trends and Outlook / University of Central Asia, Institute for State Administration and Policy. Report # 5. 2012. P. 19. URL: <http://www.ucentralasia.org/downloads/UCA-IPPA-WP5-RussiaInfluence-Rus.pdf>

²² The assessment was based on the data supplied by the RF Ministry for Economic Development. See more: information materials on individual countries. URL: <http://www.economy.gov.ru/minec/activity/sections/foreigneconomicactivity/cooperation/economics/>

²³ Ibid.

²⁴ Sinitsyna I. Russian Economic Interaction with Central Asian Countries: Trends and Outlook. P. 12.

²⁵ Ibid.

Russia is also interested in Central Asia as a market for its manufactured goods, namely, foodstuffs, machinery, textiles, transportation equipment, while the general tendency over the recent years was the dominance of raw materials. "This is where a substantial share of Russian exported foodstuffs, machinery and transportation equipment, and over the recent years – textiles, is marketed. In the first half of the 2000s the region consumed up to 27% of exported machines and transportation equipment. However, the share of industrial goods in the overall Russian exports to Central Asia went down from 66% in 2005 to 52% in 2010, giving the lead to raw materials. Though the share of manufactured products in the exports is larger than in the imports, it doesn't alter the general trend of the raw materials focus of Russian economic ties with the countries of the region"²⁶.

The share of new high-tech products in the Russian exports dropped nearly twofold (from 19% in 1997 to 10% in 2010), and the share of mid-tech products – from 30% in 2002 to 16% in 2010. The only positive growth was registered in the share of low-tech goods – from 16.6% in 2002 to 22.45 in 2009²⁷.

On the one hand, a lower percentage of Russian manufactured products exported to Central Asia is related to the competition of other economic partners, on the other hand, it is a reflection of an overall weakness of Russian economy acquiring a more pronounced raw materials orientation. Inadequate development of instruments supporting Russian exports is another contributor to the process, especially under the conditions where the state system of guarantees qualifies the region as the highest risk zone with the lowest ultimate guarantees²⁸.

In 2009 the investment cooperation declined sharply. According to the National Bank of Kazakhstan, the gross inflow of Russian direct investments went down by 36.1%. Their accrued volume reached seven billion USD. As compared to the 2008 figures, the volume of Russian investments to Tajikistan fell down by nearly 60%²⁹. At the same time, investment cooperation is developing at a relatively high rate: within 2005-2010 the volume of accrued investment (in current prices) increased 4.4 times; the aggregate volume of investment of the Central Asian countries in Russian economy has also grown³⁰. However, the investment dynamics are highly unstable: the inflow of investment grows manifold with the implementation of major deals or inter-government agreements, and then falls

²⁶ Kusmina E.M. Russia's Problems and Interests in Central Asia at Present. URL: <http://regconf.hse.ru/uploads/7dbafa41ac25a1f319c3a45075d7fd704c6bb607.pdf>

²⁷ Ibid.

²⁸ Resolution of the RF Government # 566-p of 25.04.2008. List of Foreign States that in 2008-2010 shall be granted state guarantee support for the exports of industrial products thereto with due regard to the annual ceilings of guarantees. URL: <http://base.garant.ru/12160087/>

²⁹ National Features of Manifestation of the World Financial Crisis in Ex-Soviet Countries. Edited by Prof. L.B. Vardomsky. Moscow, RAS Institute of Economics. 2010.

³⁰ Sinitsyna I. Russian Economic Interaction with Central Asian Countries: Trends and Outlook. P. 18.

back to the initial level. Primarily, Russian capital is concentrated in the field of energy resources production.

Russia granted financial assistance to a number of Central Asian countries in connection with the world economic crisis. For one, in February 2009 Russia agreed to grant more than two billion USD as financial aid to Kyrgyzstan. The first two tranches were a non-repayable loan of 150 million USD, and 300 million USD of easy credit were transferred to the Development Fund – the deal allowed covering the internal budget deficit³¹. The principal sum of 1,700 million USD for the construction of a hydropower station has failed to come. Moscow was displeased with the misuse of the loan funds³². The EurAsEC Anti-Crisis Fund was commissioned with the aggregate assets of ten billion USD (Russian share – 7.4 billion USD, Kazakhstan – one billion USD, Belarus – ten million USD, Kyrgyzstan and Tajikistan – one million USD each)³³.

In 2010-2011 Russian authorities started to adjust their strategy in the post-Soviet space. The final version of the strategy was contained in a new program of Russian foreign policy formulated in one of the first decrees of newly elected Russian President V. Putin “On Measures to Implement the Russian Federation Foreign Policy Course”³⁴. The document identifies the policy toward the CIS countries as a top priority. One of the Russian main goals in the ex-Soviet space is the implementation of the CIS Free Trade Zone Agreement of October 18, 2011. The Decree also emphasizes the strategic course toward Eurasian integration in the framework of the Customs Union and the Common Economic Space of Russia, Belarus and Kazakhstan, and the intention to establish the Eurasian Economic Union before January 1, 2015³⁵.

PROBLEMS AND PERSPECTIVES OF LABOR MIGRATION FROM CENTRAL ASIA TO RUSSIA

Over the recent 20 years the external labor migration (ELM) has become a fact of life not only in the economic development but in the Russian society in general. Between 1992 and 2010 the population loss due to natural causes in Russia was approximately 12.7 million people, while the migration growth reached

³¹ Matveyeva A. Since the Beginning of the Crisis Moscow Distributed 1.5 Billion USD as Aid to Other Countries // Moscow News. URL: http://mn.ru/business_economy/20120709/322508566.html

³² Moscow and Bishkek Find a Loan Compromise // Radio Voice of Russia. 16.08.2012. URL: http://rus.ruvr.ru/radio_broadcast/35533471/85243938/

³³ D. Medvedev Ratified Agreement on the EurAsEC Anti-Crisis Fund // RBK. URL: <http://top.rbc.ru/economics/27/07/2009/318042.html>

³⁴ Decree on Measures to Implement the Russian Federation Foreign Policy Course Signed. URL: <http://news.kremlin.ru/acts15256>

³⁵ Putin Declared a New Program of Russia's Foreign Policy // Regnum. URL: <http://www.regnum.ru/news/polit/1528552.html/>

6.5 million³⁶. About 93% (2009) of the migrants were former citizens of the CIS members, and more than a half – Central Asian expatriates: Uzbeks, Kazakhs, Tajiks and Kyrgyz (see Fig. 1)³⁷.

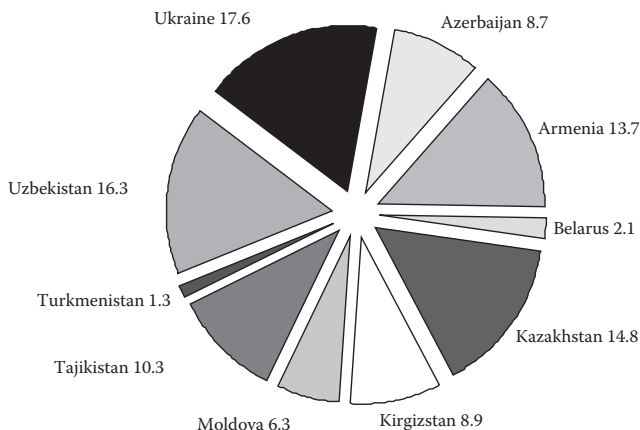


Figure 1. Proportion of immigrants from the CIS members per country of origin (%)

Source: Contemporary Demographic Situation in the Russian Federation (analytical materials)³⁸.

At the same time, the debate on the necessity of ELM to Russia has acquired quite an acute nature: the assessments are contradictory. Hereinafter we present different viewpoints that can be classified into three groups as follows:

ELM is unnecessary; one has to pay more to Russian employees, and they will meet all needs in labor;

ELM is an objective necessity, indispensable to the national development;

ELM is a phenomenon we have to endure; it's transient.

Negative attitude toward migration is related to huge problems it has generated. They affect both economic factors (greater competition in the labor market, reduction of the tax base, etc.) and social issues (strengthening of nationalistic sentiment, growing crime, greater load on education and health care institutions which suffer from inadequate funding, as it is). Positive attitude to the ELM is related to the actual demographic situation prevailing in Russia. According to the forecast of the Federal Service for State Statistics (Rosstat), if by the year of 2025 Russian population falls down by one million people only as compared to the year of 2010 (from 141.8 to 140.8 million), the size of labor

³⁶ Changes in the Population Size According to Forecast Options // Federal Service for State Statistics. URL: http://www.gks.ru/free_doc/new_site/population/demo/progn1.html

³⁷ Contemporary Demographic Situation in the Russian Federation (analytical materials) // Demographia. ru. URL: <http://www.demographia.ru/articlesN/index.html?idR=21&idArt=1901>

³⁸ Ibid.

force would decrease by 11 million people over the same period. According to other predictions, the figure can reach 15-17 million people. On the whole, even according to the average prognostication option, the size of Russian population will fall from 142 million in 2011 to 139.4 million people in 2030³⁹. According to experts' estimate, labor migrants make about 7-8% of the Russian labor force, and account for 6% of the Russian GDP (not less than 100 billion USD in 2011)⁴⁰.

The positive factor is that money transfers of labor migrants (see Table 2) make a significant contribution to the development of Central Asian states where they account for up to 47% of the GDP⁴¹, which objectively intensifies their interest in developing relations with Russia. Generally speaking, from the disorderly rudiments of the 1990s, the ELM has developed into an efficient network mechanism, and has become an essential form of informal economic integration (grass-root integration).

Table 2

Personal remittances to the CIS countries (million USD)

	2010	2011	I-III quarters of 2012
CIS countries	13,525	16,744	13,611
Central Asian countries	7,520	9,380	8,008
Kazakhstan	221	290	200
Kyrgyzstan	1,250	1,407	1,165
Tajikistan	2,191	2,752	2,266
Turkmenistan	24	22	17
Uzbekistan	3,834	4,909	4,360

Source: as reported by the Bank of Russia⁴²

In this connection it would be noteworthy to quote an assessment of the ELM given by Chairperson of the Federation Council V.I. Matviyenko at the meeting of the Federation Council members with Prime Minister D.A. Medvedev: "Naturally, today the mobilization of migrants from abroad is justified because of our demographic situation. In the longer run it is a blind-alley. Already today it

³⁹ Changes in Population Size per Prognostication Option // Federal Service for State Statistics. URL: http://www.gks.ru/free_doc/new_site/population/demo/progn1.html

⁴⁰ Labor Migrants of the Post-Soviet Space Forge the National Economies of the Common Economic Space Members // Information Portal of the Republic of Kazakhstan. 13.04.2012. URL: <http://kzinform.com/ru/pr/10914/html>

⁴¹ Bashkatova A. Migrants' Revenues Grow Even During Crisis // Nezavisimaya Gazeta. 22.11.2012. URL: http://www.ng.ru/economics/2012-11-22/1_migranty.html

⁴² Personal Remittances from Russia to CIS Countries (million USD) // Central Bank of the Russian Federation. URL: http://cbr.ru/statistics/CrossBorder/print.asp?file=Personal_Remittances_CIS.html

generates a bundle of problems. In my opinion, in this sphere the problems of internal labor migration come to the forefront.”⁴³

Today, as well as in a longer run, Russia cannot do without a large-scale ELM. It implies the development of a new immigration policy corresponding to the urgent problems of long-term economic development of the country.

BILATERAL VERSUS MULTILATERAL ECONOMIC RELATIONS

Relations with each Central Asian country have their own singular features and, proceeding from that, they can be classified into three groups: unconditional partners-allies – Kazakhstan; conditional partners-allies – Kyrgyzstan, Tajikistan; conditionally independent partners – Uzbekistan and Turkmenistan. One has to dwell on the Russian economic interests as regards each of the groups in a more detailed manner.

Kazakhstan is the most consistent supporter of Eurasian integration; it joined the Customs Union, and participates in the establishment of EurAsEC. It accounts for 80% of the aggregate trade with Central Asia. More than 5000 companies with the participation of Russian capital operate currently in Kazakhstan. According to Kazakh experts, in 2012 the volume of accrued Russian investments exceeded 5 billion USD (according to official Russian statistics – 2.5 billion USD), but those figures do not give a complete picture of Russian investments. The point is that a substantial part of Russian investments comes through foreign countries, low-tax jurisdictions in the first place. For example, Atomredmetzoloto Holding, a structural element of Rosatom, controls assets in extraction and enrichment of uranium ores in Kazakhstan worth more than one billion USD – through the Uranium One Inc. of Canada⁴⁴.

The center of gravity in Russian-Kazakh economic cooperation lies in oil and gas extraction, electric power industry, ferrous and nonferrous metallurgy, production of mineral fertilizers, nuclear industry, as well as finance and mobile communication. For one, so far Kazakhstan has no uranium enrichment facilities of its own, though it has become the world largest uranium producer (nearly 30% of the world output)⁴⁵. As Russia owns one third of the world enrichment capacity, it is interested in the uranium-extracting assets.

At the same time, it is exactly in those fields that Russia faces the strongest foreign competition – from China, United States, France, Japan, Switzerland and

⁴³ Dmitry Medvedev Meets with Members of the Federation Council // Internet-Portal of the Russian Government. 17.09.2012. URL: <http://premier.gov.ru/news/item/20770>

⁴⁴ Gribanova S. Politically Uncommitted Money // Expert Kazakhstan. # 42 (383). 22.10.2012.

⁴⁵ World Nuclear Association Report. URL: <http://www.world-nuclear.org/uploadedFiles/Pocket%20Guide%202009%20Uranium.pdf>

others, whose companies can boast of a vast financial potential and support of their governments. By the beginning of 2012 Russia ranked only the ninth in terms of accrued direct investments in Kazakhstan⁴⁶. The Kazakhs are also purposefully striving to diversify its economic policy, which makes it more flexible.

Over the recent years our economic cooperation began to develop in technologically-advanced sectors – automobile industry, rolling-stock manufacturing, aircraft industry and space exploration. At the same time, in a number of instances Russian companies are unable to compete with foreign corporations in those spheres, as they are short of necessary technologies, partially fail to comply with their commitments and to observe the schedules of already endorsed projects.

There were serious problems as regards more favorable business conditions offered by Kazakhstan. In the World Bank rating of business conditions Kazakhstan was the 49th among 185 countries, while Russia was rated the 112th only. Kazakhstan enjoys a substantially lower tax burden on businesses⁴⁷. It's no coincidence that Russian businesses started to move to those countries *de jure*. This trend can be gradually followed by the third country businesses as in the EurAsEC environment the place of a company incorporation would be irrelevant.

The implementation of projects aimed at substantial growth of Kazakh transit via the Russian territory would also contribute to the further development of economic relations with Kazakhstan. The case in point is the increase of the throughput of the pipeline system of the Caspian pipeline consortium (investments are to reach 6 billion USD)⁴⁸.

Conditional partners-allies face largely identical problems of economic development: macro-economic instability, structural disproportions, shortage of electric power, fuel and food, poverty of the population, unemployment, profound dependence on external sources of funding.

In the 2000s Kyrgyzstan and Tajikistan pursued an inconsistent policy of economic cooperation with Russia: fits and starts in economic relations. By now the regional problems related to the plans of Kyrgyzstan and Tajikistan to launch hydropower energy projects have turned into a serious antagonism. As is known, 80% of Central Asian water resources are formed in Kirgizia and Tajikistan but consumed by Uzbekistan, Kazakhstan and Turkmenistan⁴⁹. For a long time Russia

⁴⁶ Griбанова S. Politically Uncommitted Money // Expert Kazakhstan. # 42 (383). 22.10.2012.

⁴⁷ Research of the World Bank: Business in 2012. Center for Humanitarian Technologies. 21.10.2011. URL: <http://gtmarket.ru/news/state/2011/10/21/3682>

⁴⁸ Gurtovoi K. Oil Export Option of the South // Expert Yug. # 24-25 (214). 25.06.2012. URL: <http://expert.ru/south/2012/25/nefteeksportnaya-optsiya-yuga>

⁴⁹ Karimov and Berdymukhammedov to Discuss Water Wars. Institute for war and peace reporting. 01.10.2012. URL: <http://iwpr.net/ru/report-news>

has preferred to stay neutral on the disputed issue. At the same time, in 2012 Russia took a visibly more rigid political stance which translated into the support of hydro-technical plans of the “riverhead countries”. Kyrgyzstan and Tajikistan were also granted substantial financial aid through the write-off of old debts, provision of new loans, assistance in the build-up of their defense capability.

The policy of economic assistance to Kyrgyzstan and Tajikistan should continue through the development of a special Program of assistance to economic development of both countries. At present, Russia takes part in international economic development programs allocating hundreds of millions USD for those purposes. However, the benefactors of those “donations” are identified by international organizations. In this connection it would be expedient to intensify assistance to Kyrgyzstan and Tajikistan, by way of reducing Russian participation in multilateral international programs, too.

Prospects of the Customs Union expansion through the accession of Kyrgyzstan and Tajikistan. Talking about the prospects of the Customs Union expansion, one has to bear in mind first of all the integration potential of Kirgizia and Tajikistan who repeatedly reiterated their intention to join the Union. In particular, Kyrgyzstan has already submitted its application to join the Customs Union.

Kyrgyz and Tajik economies are the most challenging in Central Asia, which is explained by the shortage of energy resources comparable to those of their neighbors (primarily, hydrocarbons), as well as difficult climate. Though one has to point out that membership in the Customs Union will not be definitely and instantly beneficial to Kyrgyzstan: higher tariffs will be introduced; besides, in a way, Kirgizia will lose its autonomy in decision-making on international trade issues. Nevertheless, a refusal to join the Union would be even a more precarious move than the accession as it would affect funding the Kyrgyz economy and regulation of the migration flows.

Kyrgyzstan's accession to the Customs Union does not bring any economic dividends to Russia; rather, a weak subsidized national economy will cause additional costs. At the same time, Kyrgyzstan is becoming more and more dependent on China: PRC's economic and trade expansion is fraught with complete collapse of non-competitive local production. National economy primarily survives through the resale of Chinese commodities: Kyrgyzstan imports electronic devices, meat, clothes and agricultural products, and has turned into a transshipment point as 75% of those goods are forwarded to other Central Asian states and Russia⁵⁰.

Essential dependence on imports ties Kyrgyzstan not only to China but also to Russia and other countries of the region. Russia accounts for nearly 34% of

⁵⁰ News of the Customs Union and EurAsEC // ROSTECK Federal State Unitary Enterprise. URL: http://www.rosteck.ru/presslujba/news_ts_evrazes/71

Kyrgyz imports and 70% of imported oil, and being a major recipient of exports, Russia purchases 17.3% of total Kyrgyz exports. Uzbekistan supplies natural gas to northern and southern parts of the country and its urban areas, while Kazakhstan accounts for 5-7% of oil supplies thereto⁵¹.

Accession of Kirgizia to the Customs Union will imply a twofold growth of the average tariff rate – from 5.1% to 10.6%⁵² as well as a larger value-added tax (VAT in Kyrgyzstan is 12%, while in the Customs Union member-states – 17%). While such high tariffs facilitate trade inside the Union, at the same time they entail higher prices for consumer goods imported from non-member countries. Kyrgyzstan's joining the Union will translate into the reduction of import and re-export of low-priced Chinese goods, as well as a price rise at the black market.

Membership in the Customs Union will also mean a limitation of the freedom of action in the Kyrgyz foreign trade. Members of the Customs Union Commission have different voting rights in decision-making. At present Russia has 57% of the votes, Kazakhstan and Belarus – 21.5% each. Kyrgyzstan will have to coordinate its decisions with other members of the bloc, Russia in the first place⁵³.

Kyrgyz leaders are also aware that entry to the Customs Union will generate a whole range of problems; however, judging by the statements of the national authorities, the ruling elite predominantly regards accession to the Union as a reasonable move. One cannot rule out that it is exactly in the context of riveting Kyrgyzstan's attention to Russia and getting the republic out of the growing Chinese influence that early in October 2012 Moscow agreed to make substantial financial concessions to Bishkek as regards the write-off of the debt and assistance in construction of the Kambaratinskaya hydropower station⁵⁴.

Tajikistan's accession to the Customs Union is even a more distant project than integration of Kyrgyzstan into the bloc. It is going to face the same problems as Kirgizia, deeply dependent on imports. Nonetheless, as a member of the Union, the republic is important to Russia in the context of a growing Chinese economic influence in Central Asia.

In the case of Tajikistan the interest to economic integration is mutual: Chinese policy in the republic has an openly "predatory nature". By way of

⁵¹ World Bank – Kyrgyz Snapshot. URL: <http://www.worldbank.org/content/dam/Worldbank/document/Kyrgyzrepublic-Snapshot-rus.pdf>

⁵² Resolution #54 of the Eurasian Economic Commission Council "On Endorsement of Unified Commodity Nomenclature of Foreign Economic Activity of the Customs Union and Unified Customs Tariff of the Customs Union" // Eurasian Economic Commission. URL: http://www.rsouz.ru/eeek/RSEK/RSEK/7z/Pages/R_54.aspx

⁵³ Kurtov A. Illusions of Integration // *Nezavisimaya Gazeta*. 21.01.2013. URL: http://www.ng.ru/courier/2013-01-21/11_integracia.html

⁵⁴ Working visit of Vladimir Putin to Kirgizia. 21.09.2012. URL: http://ria.ru/trend/putin_in_Kirgizia_20092012 (date of request - 26.10.2012).

granting preferential credits with the mandatory commitment to use Chinese equipment the PRC authorities, on the one hand, gain control over enterprises, on the other hand, bind them to Chinese technologies and services. Russia and Kazakhstan are key economic partners of Tajikistan. Within January-August of 2012 they accounted for 20% and 13.6% respectively of the aggregate volume of foreign trade of the republic⁵⁵. Entry to the Customs Union will save Tajikistan up to 350 million USD annually⁵⁶ through an import discount on energy supplies from Russia and Kazakhstan.

In all probability, with the purpose to resolve the “tariff” issue Tajikistan can step up the process of its accession to the Customs Union right after Kyrgyzstan. It would also simplify the registration requirements to Tajik citizens in the Russian Federation.

Integration of economically weak Tajikistan into the Customs Union would require additional efforts on behalf of Russia and Kazakhstan; anyway, it complies with their political interests.

Russian relations with the countries classified as *conditionally independent partners* are unstable, which affects their economic cooperation. Uzbekistan and, particularly, Turkmenistan possess vast fuel and energy resources. Russia has to pursue a flexible and prudent policy in dealing with those countries.

For a long time Turkmenistan was fully dependent on Russia in transit of its natural gas deliveries, however, with the construction of a pipeline to China and relevant plans to build a Trans-Caspian gas pipeline significantly reduced the dependence.

A vast field for the development of relations with Uzbekistan could be opened by a Russian initiative to work out a coordinated plan of water resources utilization in the region.

Another sphere of a potentially wider interaction is the accession of those countries to the CIS Free Trade Agreement. Turkmenistan and Uzbekistan have not yet become signatories to the agreement, but relevant negotiations are already underway. The framework of the agreement could facilitate solution of such problems as high customs duties, unsettled state debts, etc. Russia has to exploit apprehensions of Central Asian states vis-à-vis dynamic economic expansion of China and the US, and to offer alternative options in the development of foreign economic links. At the same time, an important role could be played by a constructive stance of major Russian businesses, as over the recent years the aggregate volume of Russian investments in the Uzbek national economy

⁵⁵ Tajikistan economic report # 1, 2012 // The World Bank. URL: <http://siterources.worldbank.org/INTTAJIKISTAN/Resources/econreport11.pdf>

⁵⁶ Kosolapova E. Customs Union on the Brink of Expansion (“TrendNewsAgency”, Azerbaijan) // inoSMI. Ru. 15.10.2012. URL: <http://inosmi.ru/sngbaltia/20121015/200925822.html>

amounted to 5.7 billion USD. More than 800 enterprises with the participation of Russian capital currently operate in Uzbekistan⁵⁷.

Still another pitch of enhancing efficiency of economic interaction is labor migration that plays an important role in Uzbek economy.

One has to keep in mind that all countries of the region are interested in the modernization potential of Russian economy. It is Russia that can become the source of certain new technologies, as well as investment and technological support at significantly lower prices than those quoted by other countries.

⁵⁷ Kondakov A. Moscow–Tashkent: Dialog for Development Sake // Rossiiskaya Gazeta, # 5873, 31.08.2012.

III. RISKS AND CHALLENGES FOR RUSSIA IN CENTRAL ASIA

RISKS AND CHALLENGES: GENERAL OVERVIEW

Risks and challenges connected with the Central Asian states can be divided into internal, regional and external. The internal problems are similar in the majority of Central Asian countries. With very few exceptions, all those countries feature underdevelopment and instability of political institutions and civil society, lack of power continuity mechanisms, concentration of power in the presidency, which (in case of dissent among elites) can lead to a profound political instability if a president disappears from the political arena. In a number of countries, such as Kyrgyzstan, the change of power took place by way of a coup, and the republic has yet failed to rebuild an effective and stable system of state management keeping under control all regions of the country. For instance, Melis Myrzakmatov, Mayor of the city of Osh (second largest in the country), openly ignores the instructions from the head of state.

Internal political instability causes a whole range of problems for neighboring countries. Thus, the chain of revolutions in Kirgizia resulted not only in an exodus of Russian-speaking population but also in a growing migration of the Kyrgyz to Russia⁵⁸. The change of power taking place as a result of rivalry among the elites facilitates the rise of adventurous and unpredictable leaders, which can lead to a crisis in bilateral relations, folding of a political dialog and economic cooperation.

Typically, the majority of central Asian countries face serious economic problems: monopolization of the domestic market and inadequate diversification of economy. Internal economic problems result in greater labor migration, mainly

⁵⁸ Tokmakov A. Number of People Seeking to Leave Kirgizia Is Growing // Deutsche Welle. URL: <http://www.dw.de/dw/article/0,,5518912,00.html>

to Russia - primary destination for those who failed to find a job back home.

The status of Russian-speaking population in Central Asian countries remains a special issue to Russia. Practically in every country the domination of a titular ethnic group is typical of the system of state governance and business, which leads to the oppression of national minorities, Russian population among them. Purposeful reduction of the scope of application of the Russian language is also underway. The entire circulation of documents and tuition at various levels are conducted in the national language of a titular ethnic group, while English as the second state language is universally promoted instead of Russian.

The sphere of bilateral relations among Central Asian states also features a whole set of problems and pain spots that seriously affect regional security. One of the most burning issues is considered to be water and energy sector because of the deficit of water resources and economic specialization of the republics. To Kyrgyzstan and Tajikistan, short of natural resources and located at the riverheads of the Syr Darya and Amu Darya (main water streams of the region), development of their hydropower potential is one of the key elements of energy security. As to Uzbekistan and, to a lesser degree, Kazakhstan, their neighbors' plans pose a serious threat as they need water for agricultural sectors where a significant part of the population is employed. The controversy is that Kyrgyzstan and Tajikistan discharge water for power generation mainly during a cold season, while the downstream countries need water for irrigation in summer. The dispute between Dushanbe and Tashkent has already ended with a transportation blockade of Tajikistan imposed by Uzbekistan because of its disagreement with the Rogunskaya hydropower station construction project⁵⁹. The protracted conflict can lead to (and has partially resulted in) a serious social and economic crisis in Tajikistan.

Another unresolved issue is a territorial and related ethnic problem. The point is that during the Soviet times the demarcation of borders between the republics of the region generated a problem of divided ethnic communities. As long as the republics were part of a unified state, the problem was of minor importance as it was not an obstacle to the freedom of movement. With the acquisition of independence the situation has changed. As a result, a political map of the post-Soviet space looks like a mosaic of enclaves, and the process of border delimitation turned into a drawn-out and practically insolvable problem. It is especially visible against the background of certain overpopulated regions, for instance, the Fergana Valley divided among Uzbekistan, Tajikistan and Kyrgyzstan.

Any of the frozen conflicts can anytime turn into hot spots, and Russia will have to react accordingly.

⁵⁹ Andrey Grozin, Head of Central Asia and Kazakhstan Department, Institute of the CIS Countries: interview // Lenta.ru. 12.04.2012. URL: <http://lenta.ru/conf/grozin>

Central Asia is a field of competition and distrust between the leading countries, Uzbekistan and Kazakhstan. More densely populated Uzbekistan is definitely jealous of Kazakhstan economic achievements that negatively affect the solution of the urgent problems of security and economic development.

The third group of risks and challenges to Russia comprise general issues and challenges generated by the activity of third parties in the region. One of the most challenging problems is drug trafficking from Afghanistan to the EU and Russia via Central Asian countries. Certain details of the drugs transit through the republic became clear after President K. Bakiev was overthrown in 2010. As it turned out, at the political level drug trafficking was sponsored by President's brother Zhanysh Bakiev⁶⁰. It gives grounds to believe that influential forces can be involved in drug trafficking in the neighboring republics, too.

Another global issue is proliferation and growing popularity of radical trends of Islam. On the one hand, they can be attributed to the first group of risks, while at the same time it is a common challenge to the regional countries – topical even in such stable countries as Kazakhstan where in the fall of 2011 several terrorist attacks were perpetrated in different parts of the country⁶¹.

Proximity to Afghanistan poses terrorist risks as well as a threat of exported instability and cross-border overflow of violence.

In the long run a serious challenge is the large-scale Chinese expansion in the region. The PRC is materializing its strategy of two key components: provision of energy resources and expanding the market for its commodities. In order to reach the first goal China invests massive funds in the construction of a pipeline infrastructure, as well as grants substantial preferential credits against the delivery of oil and natural gas. The second goal is being reached by way of the infrastructure development with the purpose to link the Central Asian countries with eastern provinces of the PRC, as well as through investment in the development of domestic transportation routes in Central Asia. For instance, the potential construction of a China-Kyrgyzstan-Uzbekistan railway line is currently under discussion. Moreover, while creating favorable environment for its economic domination Beijing does not restrict itself to the abovementioned measures only. Chinese plans to farm out one million hectares of arable but uncultivated land caused wide repercussions in Kazakhstan⁶². Chinese activity has already caused a significant reduction of

⁶⁰ Isaev A., Orozaliev V.: The Bakiev Clan and Drug Traffic. How They Cleared the Road to Dope // CentrAsia. 18.06.2010. URL: <http://www.centrasia.ru/newsA.php?st=1276843680>

⁶¹ Smirnov S. Kazakh Caliphate // Gazeta.ru. 01.11.2011. URL: http://www.gazeta.ru/politics/2011/11/01_a_3819186.shtml

⁶² Satpaev D. Chinese Expansion: Myth and Reality // Forbes. 17.01.2013. URL: http://forbes.kz/process/expertise/kitayskaya_ekspansiya_mify_i_realii

Russian economic influence in the region, and the loss of the status of the main and priority economic partner.

Tensions around the Islamic Republic of Iran are also fraught with highly negative potential risks, keeping in mind that Iran is also a constituent part of the region in its capacity of a Caspian country.

The risk related to the pending withdrawal of foreign troops from Afghanistan poses a threat of its own. Potential destabilization of Afghanistan after the withdrawal of the international coalition forces is a threat to Central Asia's security, at the same time posing a range of problems connected with the interaction of regional states with Russia in the framework of existing military-political and integration CIS structures.

Most probably, the US intends to retain major military bases in Afghanistan after the 2014 withdrawal and will further use them for monitoring the situation in the region and surveillance over its strategic competitors.

In the short term, before 2014 the US and NATO are determined to exploit the transit capacity of Central Asian countries to the limit thus involving them in the Afghanistan post-war development process. So far, it is yet unclear whether the US is set to retain the current level of its military presence in Central Asia after 2014. Anyway, regional cooperation will become an important element in a global Russian-American dialog. Obviously, in case of destabilization in Afghanistan after the withdrawal of American troops the countries of the region would be unable to independently respond to challenges and risks. The most vulnerable are Tajikistan and Uzbekistan. Under the circumstances, Russia has a window of opportunities, but it requires a special "post-Afghan strategy" to be pursued with the support of Russian-sponsored security structures (CSTO, SCO).

The SCO and its specialized structures can play their role in the stabilization process in Afghanistan after the withdrawal of foreign troops, which would demand Russian efforts in molding the SCO into an effectively operating international organization, transforming it into a mechanism of successful regional interaction in the multilateral format.

PROBLEMS OF DRUG TRAFFICKING FROM AFGHANISTAN

The Afghan drug traffic poses a serious threat to international, regional and local security. The illegal turnover of narcotics is seen by the Russian Security Council as one of the three main challenges to national security, on a par with terrorism and illegal migration. Over the recent years Russia has become a key transit route, and then a major consumer market of drugs.

The principal supplier of heroin to Russia is Afghanistan. Geographic proximity of the two countries made Russia a convenient “transshipment point” on the supply route of illegal narcotics to Europe. The function is further facilitated by a high level of corruption in Russia and an inadequately strict control on the borders with Central Asian states. According to the UN Office on Drugs and Crime, in 2009-2010 about 20% of Afghan heroin was smuggled into Central Asia⁶³. Part of it is consumed in Central Asia itself, $\frac{3}{4}$ are supplied to the Russian market, and a smaller part is further shipped to Europe⁶⁴. According to the UN data, Russia remains the largest market of pure Afghan heroin, consuming the same amount of the drug as Western and Eastern Europe combined. Russia is the largest world heroin consumer per capita⁶⁵.

According to the UN and Federal Service for Drug Control (FSDC), the number of drug addicts in Russia is 1.7 million people, or 1.6% of the entire population. The figure annually grows by 80 thousand. An overdose takes away 30 thousand human lives annually⁶⁶. Statistics are also merciless as regards the number of rehabilitated drug addicts: Russia cures only 10-12% (as compared to 30% in Europe)⁶⁷. Social and economic damage affiliated to drug addiction make 3% of the GDP. Even more illustrative is the effect of drugs on public health – in 2011 the number of AIDS cases increased by 5% on the average, and in some regions the growth rate was 60%⁶⁸. As a result, Russia has the world largest growth of AIDS cases. Epidemiologists directly attribute the growing number of HIV-infected to the intravenous injections of heroin.

The most vulnerable stratum of the population is young people and students. Heroin is the dominant substance on the list of consumed drugs. As the FSDC reports, 90% of drug addicts prefer heroin, a drug of the Afghan origin exclusively⁶⁹.

According to the UN, the Russian market of narcotics accounts for 20% of the world turnover; the annual revenue from all drug sales amounts to about 13

⁶³ Opiate Flows Through Northern Afghanistan and Central Asia: A Threat Assessment // UNODC. P.29. URL: http://www.unodc.org/documents/data-and-analysis/Studies/Afghanistan_northern_route_2012_web.pdf

⁶⁴ According to UNODC, 90 tons of Afghan heroin is shipped by the northern route annually (Ibid.), while according to different sources, the annual production of heroin in Afghanistan is 380-480 tons (Operation TARCET 2008-2011. Presentation)

⁶⁵ Ibid.

⁶⁶ Presentation of the Director of FSDC at the parliamentary hearings “On Causes and Consequences of “Afghan Drug Traffic” for the Russian Federation, Legislative and Other Measures of Social Protection against Drug Aggression” // Net Narkotikam Portal. 19.02.2010. URL: http://www.narkotiki.ru/oinfo_6656.html

⁶⁷ ROAR: Anti-drug efforts in Afghanistan have reverse effect // Russia Today. URL: <http://rt.com/Politics/2009-10-23/roar-ant-drug-efforts.html>

⁶⁸ As reported by Gennady Onishchenko, Chief Sanitary Inspector of Russia // INTERFAX. 13.03.12.

⁶⁹ Digest of 20.04.2012. FSDC Portal. 20.04.2012. URL: <http://fskn.gov.ru/includes/periodics/review/2012/0420/152518481/print.shtml>

billion USD. Thus, Russia has the second largest volume of drug turnover – the second only to Europe (26% and 20 billion USD)⁷⁰.

The largest centers of Afghan heroin consumption are Moscow and St. Petersburg hosting the headquarters of the groups engaged in illegal distribution of drugs, as well as clandestine laboratories for re-processing and/or production of synthetic drugs. New areas of drug consumption are the Volga Region, South Siberia and the Far East where the essential “epidemic” started already in the 2000s.

An important measure in combating drug aggression can be comprehensive strengthening of the Russian southern borders about 7000 km long. Essentially, it is the border with Kazakhstan that is practically transparent to the infiltration of Afghan drugs. Effective blocking of a long frontier would imply not only construction of barriers between the checkpoints but also installation of expensive equipment, regular infrastructure upkeep expenses and adequate pay (as an anti-corruption measure) to a large number of customs officers and border guards. Keeping in mind the great extent of Russian frontiers, such measures could become an unacceptable burden to the Russian budget. At the same time, interim solutions are unlikely to change the situation dramatically, as today only about 4% of smuggled drugs (including only 3.5 tons of heroin) are seized at border crossing⁷¹.

As is known, the Russian Federation and Central Asian states established a visa-free regime allowing for free border crossing. Though the majority of labor migrants travelling to Russia have nothing to do with drug trade, the primary inflow of drugs is coming from those parts. Some observers share the opinion that Russia could undertake measures in strengthening the borders of the neighboring states, for example, get back Russian border guards to Turkmenistan, Uzbekistan, Kirgizia and Tajikistan. Obviously, the authors disregard the economic and political components of such a move.

As regards the struggle against Afghan drugs inside Russia, one can see a plethora of preventive and punitive measures. For one, a proposal to introduce life imprisonment as punishment to wholesale drug dealers was voiced at a session of the RF Security Council in September 2009. Head of the FSDC V.P. Ivanov suggested a number of countermeasures, among them an employment ban for drug addicts, denial of driver’s license thereto, establishment of special courts for drug addicted criminals, and mandatory drug tests for schoolchildren⁷².

⁷⁰ Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium // UNODC. URL: http://www.unodc.org/documents/data-and-analysis/Afghanistan/Afghan_Opium_Trade_2009_web.pdf

⁷¹ See: Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium // UNODC. URL: http://www.unodc.org/documents/data-and-analysis/Afghanistan/Afghan_Opium_Trade_2009_web.pdf

⁷² Digest of 09.09.2009. FSDC Portal. 09.09.2009. URL: <http://old.fskn.gov.ru/index/news.htm?id=10296609@cmsArticle>

Thus, it is obvious that Russian authorities have chosen a repressive way of fighting the drug trade, while minor attention is paid to the programs of reducing demand (i.e. social discouragement, health care measures, intensification of youth policy), and minimizing the damage (drug overdosing prevention, prevention of AIDS and other socially dangerous side effects of drug addiction, social protection of drug addicts). Most of the experts believe that a repressive way of dealing with drugs is ineffective through a number of reasons. It is an extremely money-consuming venture which, in the end, doesn't pay. Moreover, in order to undermine drug business the authorities have to seize not less than 70% of illegally imported drugs.

Recently the economic effect of drug trafficking has become topical in the sphere of fighting illegal drugs. Terrorism feeds on drug money; drug revenues re-activate the mechanism of cultivation, production and sales of drugs, as well as negatively and directly influence the entire world financial system.

The strategy of the state anti-drug policy of the Russian Federation for the period until 2020 says that the activity of transnational criminal groups and organizations related to illegal turnover of drugs and their precursors is recognized as one of the threats to national security. Large-scale production of opiates and their further transnational trafficking to the Russian territory is viewed as the "key factor" of the negative development of drug situation in Russia⁷³.

As regards bilateral cooperation, Russia concluded inter-departmental agreements on cooperation in combating illegal turnover of narcotic substances and their precursors with all countries of the region, as well as Iran and Pakistan. Cooperation in the CSTO format is developing more dynamically: since 2003 its members conduct the Channel operative and preventive operations aimed at identification and disruption of illegal shipment of drugs and precursors along the so-called Northern route: Afghanistan-Central Asia-Russia-Europe, as well as in the regions directly bordering on Afghanistan. The Channel operations are conducted in the territories of CSTO countries for one week and directed by the International Coordination Headquarters composed of the representatives of CSTO members.

SCO also contributes to international efforts in fighting the Afghan drug traffic: within its framework Russia suggested that the member-countries assume responsibility for the interception of drugs in their territories, while the NATO military force would destroy drugs and plantations of drug-containing crops in Afghanistan.

Regional cooperation is also developing, though at a slow pace. For one, in 2006 the Central Asian Regional Information and Coordination Center for

⁷³ Strategy of the state anti-drug policy of the Russian Federation through 2020 // Rossiiskaya Gazeta. 15.06.2010. URL: <http://www.rg.ru/2010/06/15/strategiya-doc.html>

Combating Illicit Trafficking of Narcotics, Psychotropic Substances and their Precursors (CARICC) was established. Its activity reaches beyond the regional borders; other non-regional countries such as the United States, Great Britain, Canada and others take part in its operation and funding. In 2010 the Central Asian quartet to fight the Afghan drug traffic was established, incorporating Russia, Tajikistan, Afghanistan and Pakistan. In the same year it held its first conference in Kabul and outlined the program of its activity.

Russia considers international cooperation to be one of the most important aspects of the fight against illicit drug turnover. Since 2010 Russia has been among the major sponsors of the UN Office on Drugs and Crime, and in 2011 Yuri Fedotov, a Russian, became its head. In the framework of international cooperation Russian interaction with the United States looks as the most illustrative example, despite certain differences in the assessment of the Afghan drug threat. Over the recent years a number of structures were established in the format of bilateral relations: the Inter-Government Commission headed by the two Presidents as well as the Working Group at the level of heads of the anti-drug agencies of the US and Russia: Director of the Office of National Drug Control Policy Gil Kerlikowske and Director of the FSDC V. Ivanov, and a dozen and a half working groups of American and Russian experts of different levels.

Beside the development of joint effort plans to fight Afghan drug business and delivery of appropriate recommendations both sides undertake joint practical operations. For one, in 2011 American special services assisted by Russian anti-drug officers conducted a successful operation in prohibiting drug smuggling in the western Afghan province of Nangarhar. The operatives seized 932 kg of heroin and 156 kg of opium, and destroyed four heroin production laboratories⁷⁴.

Russia is striving to streamline cooperation in this sphere with the NATO and EU – key players in Afghanistan. In the spring of 2010 Russia presented the plan of cooperation in disrupting production of drugs in Afghanistan (Raduga-2) to the NATO and EU officials. It provides for a number of quite radical measures not only in destroying drug production in Afghanistan but also important measures in developing its national economy⁷⁵.

Thus, Russia, as a country the worst hit by drug trafficking from Afghanistan, undertakes tangible efforts to combat drug trade inside the country and at the international level in the framework of regional and global cooperation. Domestic anti-drug policy is inadequately financed, though the funds allocated for the purpose seem quite impressive. Not all international initiatives of our country

74 Afghan President Blames Russian Special Services for Intervention // Newsland Portal. URL: <http://www.newsland.ru/news/detail/id/580144>

75 Head of Russian FSDC Offers Cooperation to the EU in Fighting Drug Threat // RIA Novosti. 14.04.2010. URL: http://ria.ru/defense_safety/20100414/222258236.html

are adequately viewed and approved. The corruption aspect is also there, both in Russia and in the overlapping fields of cooperation with Central Asian states where this problem is also topical.

PROBLEMS OF RADICALIZATION OF ISLAM IN CENTRAL ASIA

Political elites in Central Asia put the problem of radicalization of Islam high on the list of threats that can cause cardinal changes in their countries. Islamists are accused of undermining secular pillars of power and declared freedom of religion, plans to transform Islam into an alternative to the secular vector of development of Central Asian states, including the option of establishing an Islamic theocratic state.

If one takes into account a number of contexts, the concern of Central Asian ruling elites about potential destabilization of the region with the “Islamic arms” seems well-founded.

First, this is a historic precedent related to the accession to power in Tajikistan in early 1990s of a demo-Islamic coalition – quite cluttered, unstable and unexpected for its time (but nonetheless leaving its mark in the socio-political life of Tajikistan) as the Islamic Revival Party of Tajikistan (IRPT) – the only Islamic party legally operating in Central Asia.

Second, this is a rapid growth of a critical mass of internal problems in Central Asian countries. Among them are poverty, corruption, unemployment, ethnic and clan tensions, growing influence of drug barons, etc. Those problems are already actively exploited in Central Asia by local religious underground to discredit ruling secular regimes.

Third, this is geopolitical proximity of Central Asia to the areas of political turmoil and conflicts in Afghanistan, Pakistan and Xinjiang Uigur Autonomous Region (XUAR) of the PRC. The pending withdrawal of the NATO troops from Afghanistan in 2014 can entail destabilization in the country, and under the circumstances Central Asian states would find it difficult to face the incipient problems and, if need be, to repel challenges of militant Islam.

Fourth, this is an illustrative effect of the “Arab Spring” initially aimed at social and political change, democratization of public life and other goals, but which, eventually, facilitated infiltration into corridors of power by Islamic organizations (Muslim Brotherhood et al.) formerly banned from political life by local secular regimes.

Potential radicalization of Islam in Central Asia (or, in broader terms, Islamic alternative) is also a challenge to Russia in its capacity of a strategic ally of Central Asian states. Preservation of traditional secularism of political power and political

regimes historically dominant in Central Asia (due to Russian presence, too) is of major importance to Russia, a multinational and multi-confessional but secular state. Even a hypothetical Islamic alternative in Central Asian states seems to be entirely undesirable to Russia. Firstly, this alternative is fraught with unpredictable political development of the region; secondly, it enables rapprochement of Central Asian Islamists with their confederates in Muslim world on the anti-Russian platform; thirdly, it facilitates encouragement of terrorist underground in Russia (especially in Northern Caucasus and the Volga Region), as well as separatist forces of Islamic tinge. Therefore, Islamic radicalism is a security threat not only to Central Asian republics but Russia as well.

From the security viewpoint the most vulnerable are Uzbekistan and Tajikistan directly bordering on Afghanistan and more susceptible to the attacks of transnational religious organizations like Islamic Movement of Uzbekistan (IMU) and Al-Qaeda. However, in Tajikistan the extremist armed violence of 2010-2012 (the Rasht incident, etc.) is not so much related to external factors but predominantly to domestic problems of the republic where many of the opposition fighters of the civil war once again turned to violence.

The Islamic Revival Party of Tajikistan (IRPT) is gaining popularity; it is ready to challenge the ruling People's Democratic Party of Tajikistan. By 2012 more than 40 thousand people (about one half of that number are women) held the IRPT party cards⁷⁶. The IRPT is trying to win the votes of Tajik migrants working in Russia. According to party officials, they can play a decisive role⁷⁷. The party has already attracted attention of the USA that does not rule out a possibility of a dialog with "moderate Islamists" in Afghanistan and the Middle East. In this connection the point of interest is the talks held on September 17, 2012 in Washington between US Assistant Secretary of State Robert Blake (South and Central Asia) with the IRPT leader Mukhiddin Kabiri who arrived in the American capital at the invitation of the George Washington University as a "guest lecturer". Keeping in mind that Kabiri has a reputation of a pro-Western politician (in contrast to another IRPT leader, Muhammad Nuri, considered to be a champion of Iranian orientation), one cannot entirely rule out future American support of Kabiri as an opposition element personifying "moderate Islam".

Over the last decade there was a sharp rise in the number of supporters of prohibited religious trends legally operating under the guise of various public associations in Kyrgyzstan. A significant growth of the number of prayer houses was registered in May 2012 (up to two thousand) while more than 70% of all

⁷⁶ Half of the members of the Islamic Revival Party of Tajikistan Are Women // REGNUM. 19.03.2012. URL: <http://xn--c1adwdmv.xn--p1ai/news/1511172.html#ixzz2NKC07vfp>

⁷⁷ Tajik Politicians Started to Fight for Gastarbeiter Votes // Deutsche Welle. 05.11.2012. URL: <http://dw.de/p/16ctf>

mosques are located in the southern part of the country. Law enforcement agencies of Kyrgyzstan register proliferation of radical views in society accompanied by a soaring number of religious amalgamations operating without any control by the state authorities.

On May 17, 2011 the first terrorist attack in the entire period of national modern history was perpetrated in the city of Aktobe in Kazakhstan, formerly considered to be a safety island in Central Asia. Later, terrorist attacks were perpetrated in such large cities and regional centers as Aktobe, Atyrau, Astana, Almaty and Taraz. Between January and September 21, 2012 Kazakhstan effected five anti-terrorist operations to neutralize alleged terrorists and most of them were killed.

Responsibility for the attacks was assumed by a formerly unknown Islamist group "Soldiers of Caliphate" (*Jundal Khalifah*), linked to Al-Qaeda and engaged in training militants for this international terrorist organization. Sources in Afghanistan and Pakistan reported that over the recent years local mercenaries, as a rule, ethnic Kazakhs, were actively commissioned to Kazakhstan for the purpose of recruiting new members and applying pressure on the authorities⁷⁸. Attention is drawn to the fact that terrorist attacks were synchronized with stepping up of political struggle for presidency. Also, Islamist attacks became more frequent and vicious after Kazakhstan had decided to pursue major rapprochement with Russia, joined the Customs Union, and had launched a joint project of a unified Eurasian space with Moscow.

Kazakh authorities do not rule out the possibility that their territory is used for illegal transit of arms and drugs also supported by organizations considered to be Islamist-oriented communities.

Dynamic radicalization of Islam is registered in the southern parts of Kazakhstan with a large Uzbek community, currently growing due to illegal labor migrants from Uzbekistan. Special services also took notice of the activity of Hizb-Ut-Tahrir. Therefore, there are many indicators (leaflets with anti-government rhetoric and pro-Islamic content) corroborating that Kazakhstan cannot stay out of "islamization" processes also manifested in the form of religious extremism. Another factor worth noticing is that Islamists and their slogans fail to meet wide popular support among the Kazakhs: not because the authorities manage to thwart extremism, but because the Kazakh society is yet unprepared to wide-scale protests. Besides, there are no signs of religious solidarity in Kazakhstan. One thing is obvious: the ruling class is aware of the existing threat and undertakes appropriate measures to ward it off. The threat itself is that the Islamists can make use of growing social discontent.

⁷⁸ Soldiers of Caliphate Hunt for Nursultan Nazarbayev? // Moskovsky Komsomolets. 22.08.2012. URL: <http://www/mk.ru/incident/article/2012/08/21/739159-soldatyi-halifata-ohotyatsya-za-nursultanom-nazarbaevyim.html>

Thus, the threat of Islam radicalization in Central Asia is not an overstatement though, apart from extremist forms of Islam, the region hosts other Muslim branches and trends – legal Islam striving to be integrated into the political life, however less visible and inadequately represented in the region it may be.

Yet, as to the actual potential of radical Islamic movements (like IMU) to destabilize the situation in Central Asia, it remains totally unclear. This threat is often used by the local governing regimes as an excuse for reinforcing political control over all walks of life, and (most typical of Uzbekistan and Turkmenistan) for political repressions against their opponents. Most likely, the IMU and Afghan terrorist underground are a background rather than a fundamental factor of the political life in the region. Some experts believe that the extremists in the adjacent territory are yet unable to concentrate forces sufficient for an attack against Tajikistan or Uzbekistan across the border, and the armed forces of post-Soviet republics are strong enough to repel the attacks of small opposition units. However, the situation can change, and destabilization in the republics bordering on Afghanistan triggered by attacks of IMU militants (as was often the case in the past) can well require interference on behalf of Russia and the CSTO.

Possible merger of social and religious factors is still another threat; an Islamic revolution is unlikely to become an actual threat to any republic of the region, in spite of the fact that the role of political Islam has always been traditionally important in Uzbekistan and Tajikistan. The option of “afghanization” or even “kyrgyzization” is more probable, when in the environment of long-term instability and war the Islamists, nourished by drug trafficking and external assistance from their brothers in faith, become an element of the overall chaos.

In order to resist this scenario of development the regional states, apart from the strong armed forces and specially trained rapid deployment force, need a strategy of response to external challenges and risks, and such strategies are difficult to shape without outside help. Such assistance, including help in the field of intelligence and security, can be offered by the Russian Federation which itself is interested in eliminating the Islamist threat.

IV. COMPREHENSIVE MEASURES IN CONSOLIDATING RUSSIA'S POSITIONS IN CENTRAL ASIA

GENERAL RECOMMENDATIONS

In order to consolidate Russian positions in Central Asian countries, it is advisable to make a greater focus on soft power that could ensure a higher regional profile for Russia, and make it more attractive in the eyes of more active part of local societies.

INFORMATION AND EDUCATION

1. Establishment of a non-government organization emulating the model of the International Crisis Group to operate in the post-Soviet space, in particular, in Central Asian republics. This permanent institution could monitor political, economic and social situation in the countries of the region, conduct training sessions and seminars for local journalists, experts and politicians. It is proposed to build a forum to include young experts into the discussion of urgent problems and cooperation and to more actively involve younger people in Russian projects.
2. Systemic efforts to establish (through acquisition or from a scratch) printed editions or support already existing mass media in local languages in order to resist the growing recognition of nationalist forces and to promote the positive image of the Russian Federation. For one, insufficient funding has for many years prevented the implementation of such a project (based on the representative office of Rossiiskaya Gazeta) in Kirgizia. Another highly important task is to launch effective efforts in establishing a Russian TV channel oriented to the region. It calls for the replication of a successful model of a small-size low-budget Kazakh TV channel of "K-Plus" broadcasting to all Central Asian countries via the Internet,

satellite and cable channels. Its popularity is explained by broadcasting regular regional news and prompt response to the latest developments. If the idea is implemented, the Russian TV channel can be reinforced by the programs of most popular Russian TV channels, modern and older Russian and Soviet movies. Russian TV channels currently broadcasting to the countries of the region have to adjust the content of their programs and news reviews with due regard to the mentality and traditions of Central Asian viewers who reject many forms of contemporary pop culture.

3. Greater attention to the language policy. In our opinion, the Russian language, Russian culture and information space should be regarded as an instrument of pursuing Russian interests comparable in its importance to economic, military and political mechanisms. Each country of the region features a steady shrinkage of the Russian-spoken educational sphere, as well as reduction of an information space in Russian. The primary goal is to bring back the Russian language to schools, which is feasible only if Russia itself shall establish and finance such educational institutions.
4. Wider involvement of the Russian expert community into the process of preparation to decision-making and working out recommendations for the Russian policy in the region.
5. Interaction with the local expert community. We propose to use the potential of the RIAC or Gorchakov Public Diplomacy Foundation for training and support of young specialists of the region. The screening procedures can be effected among the participants in various programs of the aforementioned funds, among post-graduate and senior students studying in Russian universities, as well as involvement of the most gifted and talented young people through screening tests for the grants to study and live in Russia.

We need new effective projects in education and humanitarian sphere. A profound failure can be seen in promoting Russian education in Kazakhstan. The Bolashak HR reserve training program has been in operation for many years; in its framework talented young Kazakhs are sent to study at the leading foreign universities, primarily, European and Asian. The authorities launched the Nazarbayev-University project where each department is supported by the leading US and EU universities. Russian universities are practically not involved in the Bolashak program or in the establishment of a new university. As a result, the republic has already cultivated a new generation of promising managers who were educated in the West and are currently assigned to the posts of deputy ministers of the government; to them Russia is a strange and unfamiliar country. There is no doubt that Russian universities, both domestic and regional, play an important role, but they are unable to secure a job matching one's qualification.

In the environment of the crisis in science in all countries of Central Asia we need to stimulate scientific cooperation at the level of research and academic

institutions, as well as through free (or symbolic tuition fee) studies of young scientists at the post-graduate courses and PhD programs of Russian institutes and universities.

SECURITY

Keeping in mind an exceptional importance of Central Asia to Russia, tension and conflict potential of the regional situation, we believe that the most promising framework is coordination of research in various aspects of military policy in Central Asia concentrated on the basis of one of the RF MoD research institutions in cooperation with the expert community with the purpose of situational monitoring and elaborating measures of response to risks and challenges. Those measures seem even more urgent in connection with the pending withdrawal of the NATO forces from Afghanistan.

A whole range of practical solutions can be formulated as regards the advancement of Russia's military and political relations with Central Asian states:

1. It is necessary to review the problem of the CSTO responsibility zone in Central Asia in connection with the threat of bloody internal political and ethnic conflicts;
2. It is necessary to produce modern means of communications, automated control systems, EW systems, ammunition to small arms and artillery systems, warships and UAVs to equip Kazakh, Kyrgyz and possibly Tajik armed forces. It is exactly those lines of defense partnership with Astana, Bishkek and Dushanbe that should become the focus of attention of the Russian side. Evidently, in this connection it would be reasonable to consider building (in cooperation with Central Asian defense specialists) service centers for those weapons, as well as relevant enterprises with complete production cycle;
3. It is important to conduct command and staff exercises, expecting deterioration of the situation on the border with Afghanistan, and to fine-tune mechanisms of redeployment of forces to the southern borders of the region. It is advisable to raise the issue of redeploying Russian border guards on the Afghan border, especially in Tajikistan.

ECONOMIC TIES

It would be expedient to concentrate on the following measures:

1. Implementation of large-scale infrastructure projects, which would entail establishment of an economic cluster affiliated to the Russian standards of construction, power generation and professional training;

2. Creation of an effective mechanism of government support for Russian companies as they enter Central Asian market; state insurance of a share of risks of national companies, especially because Russian business community is somewhat reluctant to operate in Central Asian markets;
3. Widening, whenever possible, of banking cooperation not only in the EurAsEC format, but also with Uzbekistan and Turkmenistan to improve the situation in mutual settlements and money transfers;
4. Assessment of economic and political advantages and limitations of Kyrgyzstan's and Tajikistan's joining the Customs Union, and examination of possible alternatives of their cooperation with the Customs Union.

MIGRATION

Many Russian experts predict a potential reduction of labor migration flows from Central Asia. They believe that the maximum inflow of Central Asian labor migrants is unlikely to exceed five million⁷⁹. This figure does not make a critical mass in the employment and services while it means a reduction of population overload and labor abundance for Central Asia. Appropriate efforts are already underway. Nevertheless, a number of other measures could foster changes in the quality of migration:

1. Adoption of a transparent state migration program explicitly delineating the directions of migration flows in geographic and production terms, social guarantees to labor migrants, as well as bigger fines as penalty for non-compliance for Russian officials and businessmen.
2. Investments into human capital. This is a system of vocational training of workers and development of a vocational schools' network (of specific professions) in the countries of origin. Taking into account a low educational level of local population, a network of preliminary courses is needed which are widely used in basic training of foreign students, as well as universal Russian language classes both at the Russian cultural centers and secondary education institutions.

It would be reasonable to move the center of gravity for labor resources training and their distribution among Russian enterprises to Central Asian countries in order to initially streamline the flow of labor migration to Russia both in the industrial and territorial contexts.

The inflow of migrants from Central Asia to Russia and the counter flow of Russian investment should be regarded in their correlation. Limitation of migration without steadily growing investments (without creating new jobs inside the region) can deteriorate Russian positions in Central Asia.

⁷⁹ Mukomel V.I. Who Will Come to Russia from the "New Abroad?" // Mir Rossii. 2003. # 3. P. 139. URL: http://ecsocman.hse.ru/data/277/008/1220/2003_n3_p130-146.pdf

Transfer of certain production facilities from Russia to labor-abundant countries of Central Asia should be supported by appropriate investments, training of personnel and establishment of housing and communal infrastructure. In this context the most promising are textile and food sectors with a reliable raw material, industrial and infrastructural base.

DEALING WITH COMPATRIOTS

We should be guided by the understanding that the remaining Russian population in Central Asian republics has to become a stronghold, an island of the “Russian world” in the region, which does not rule out a differentiated approach and providing an opportunity to resettle and get accommodation in Russia to those who decide to leave Central Asia.

At present the exodus of Russians is still underway. The resettlement mentality is still a widespread mindset, while its realization is deterred by financial difficulties and legislative barriers in obtaining Russian citizenship.

While at present such a mindset is not overwhelming among the Russians living in Kirgizia because of the “lull” after 2005 and 2010 events, or among Russian residents of Tajikistan – because of their number and age characteristics, the situation in Uzbekistan looks more difficult for the Russian-speaking population, and in Turkmenistan – practically close to a disaster. Our compatriots have been long waiting that Russia would forge its relations with the countries of their residence with due regard to the interests of the Russian-speaking community.

However, so far the problem of our compatriots abroad has been repeatedly used by Russia in an opportunistic manner. Suffice it to recall the attitude of the Russian Federation to the problem of compatriots in Turkmenistan. In April 2003 Russia and Turkmenia signed an agreement on the delivery of Turkmen natural gas for the term of 25 years, together with the protocol abolishing the agreement on double citizenship⁸⁰. Such a stance brings discredit to our country in the eyes of the world community and deepens popular distrust to the state power.

The efforts aimed at consolidating the Russian-speaking community in every country of the region can be hardly regarded as realistic. It is important for Russia to consolidate the Russian diaspora in those republics where we can earnestly expect a full-scale integration in the future, i.e. Kazakhstan and Kyrgyzstan. It is necessary to support organizational consolidation of the Russian community in order to develop its horizontal links across the entire territory, to obtain a

⁸⁰ Shustov A. Russians Are Not Needed in Turkmenia? // Stoletie. 13.08.2010. URL: http://www.stoletie.ru/geopolitika/russkije_turkmenii_ne_Nuzhny_2010-08-13.htm

formalized official status in the state structure, and a potential to protect itself in case of pressure applied by the local authorities. Besides, Russian-speaking communities not affiliated with local clan and traditional structures objectively play a stabilizing role in difficult internal political and ethnic relations.

Russia must send a clear message that it is interested in its compatriots living in Central Asia. It is necessary to work out a comprehensive program of overall support of Russian-speaking communities within Rossotrudnichestvo and Russkiy Mir Foundation: financial, organizational, legal, educational and cultural assistance.

Regrettably, recently adopted Russian laws disregard the phenomenon of Russian compatriots abroad and do not provide for special procedures for granting Russian citizenship or stay in Russia. The new law “On Russian Federation Citizenship” abolished the application procedure of acquiring Russian citizenship by compatriots living in the former Soviet republics, but failed to make up for it by another simplified procedure. Our compatriots regarded the law as a message that Russia “closed the gate” on them, that their historic homeland is reluctant to acknowledge its debt to those whose ancestors in the 19th century or even in the Soviet times were sent to protect and develop Asian peripheries.

Recently, with certain softening of ethnic tensions in Central Asia, a good number of our compatriots still live with a feeling of threat to personal safety (because of their ethnic identity) and uncertainty about their future (problems of employment, education of children, everyday nationalism). In all countries of the region Russian compatriots are inadequately represented in power bodies, which is a result of both ethnocentric policy of the state and poor self-organization of Russian-speaking communities.

BILATERAL RELATIONS

Republic of Kazakhstan

Kazakhstan continues to be a country largely oriented to the Russian economy. At the same time, today’s level of economic integration (including an inadequate, in our opinion, information support of the Customs Union positive image) does not correspond to the needs of Russian and Kazakh national economies.

Both countries have to undertake measures that can stimulate a higher level of mutually beneficial cooperation (both within the Customs Union and in the bilateral format). Synchronization of customs and tax legislation, unified tariff policy, promotion of effective consortiums of the fuel and power industry (including processing and delivery of hydrocarbons), ferrous and non-ferrous metallurgy, transport (air and railway), nuclear power industry, granting of most

favored nation status to joint ventures – those are the primary guidelines of economic cooperation between the two countries for years to come.

At present neither the economic commission with the CIS Economic Council nor the Executive Committee of the Union of Kazakhstan, Kirgizia, Tajikistan, Belarus and Russia can seriously influence the integration processes, as they are multilateral organizations and have to take into account a really wide spectrum of opinions. We need a bilateral working body authorized by the Kazakh and Russian Governments to facilitate the development of trade, finance and banking, investment relations, unification of legislation, etc. Such a body could take responsibility for pretrial arbitration, risk insurance, etc.

There are a number of current issues in the economic relations of the two countries which require a governmental solution: traditionally, such issues are settled at the presidential level, while the quality of implementation standards often hampers the practical solution.

The overwhelming dominance of raw material exports over other sectors should be reversed and become one of the economic integration tasks; we need joint efforts in developing high-tech export-oriented industrial facilities, establishment of joint ventures, financial and industrial groups and so-called industrial parks on their base. We have reached certain progress in this field, but it should be intensified.

In this connection a separate issue which requires adjustment is the compatibility of Russian and Kazakh “innovation-breakthrough” programs. Currently Moscow and Astana are planning and implementing measures in upgrading their national economies without taking into account the partner’s know-how. Apparently, the closest coordination of the national efforts in changing the raw material profile of their economies would be highly instrumental. Even at the initial level of interaction within a hypothetical Inter-government Council for coordination of innovation models of economic development it would be possible in the short run to streamline a beneficial exchange of ideas and scientific findings, as well as to save considerable funds: there is no need to spend money if your partner has already accumulated the required expertise, or if there is a possibility to reach the desired result through cooperation.

2. A comparable level of the defense capability of the two countries, similarity of military doctrines, uniformity of military infrastructure (including the command system and air defense), availability of a number of key installations of the former Soviet Army in Kazakhstan (Baikonur space facility, firing ranges and test sites, etc.) can be lost, which is unlikely to have a positive impact on the situation in the region and on the bilateral relations. We believe that the most realistic option is a closer integration of military systems of the two countries. Undoubtedly, the priority is the air defense system: the appropriate agreements

are already signed, and we need meticulous, detailed and permanent compliance by both sides.

Military and technical cooperation in general is of prime importance: restoration of ties between national defense industries, exchange of dual-purpose technologies, using Russian modern equipment in upgrading of the Kazakh Armed Forces, especially Air Force and Air Defense.

A potential threat both to Kazakhstan and Russia is deterioration of the international situation in South Asia and the Middle East. As long as a number of countries of the region possess MDW and their delivery means (or are close to that level), the establishment and consolidation of an early warning system (as a minimum) is an urgent necessity. In its turn, it requires certain preliminary efforts in increasing the level of cooperation between the air defense and missile defense systems of the both countries, and conducting regular joint exercises.

A potential initial phase of the new level of integration and military and technical cooperation can become the establishment of a bilateral commission for regional security between the Security Councils of the two countries. On the one hand, such a commission could conciliate national military strategic concepts, and on the other hand, could be a working body for coordinating military and technical cooperation.

The level of cooperation in the sphere of culture is sufficiently high, in contrast to education. Certain disparity in educational standards and teaching methods seems to be a problem that requires gradual and reasonable political solution to be positively viewed by the public opinion of both sides. The proposal put forward by Nazarbayev on establishing an effective Foundation for the support and development of the Russian language in the post-Soviet space remains both topical and urgent, and demands prompt implementation.

Lately, new opportunities became available in the field of mass media. Unquestionably, we have to make use of the intention of the Russian authorities to widen the access of the CIS partners into the Russian media space. Moreover, upon government reorganization the Kazakh President directly identified the task of the Ministry of Communications and Information: to operate aggressively in order to ensure the information security of the country in close interaction with the entire journalist community.

In our opinion, an opportunity of stepping up scientific cooperation between Russian and Kazakh expert communities acquires special significance. We could establish an informal Russian-Kazakh institute, for example, a club of the leading experts of the two countries. Moreover, such attempts have already been made (for example, on the basis of Information and Analytical Center of the Moscow State University, etc.). The Kazakhstan Institute for Strategic Studies under the President of Kazakhstan (KazISS) is actively working in this direction. Such a

structure, through implementing publishing programs and the Internet, could lay the foundation for mutually beneficial cooperation between political scientists, sociologists, historians and political engineers. The interaction could facilitate both adequate understanding and assessment of processes currently underway in Central Asia and promote bilateral relations to a more objective, pragmatic and, above all, scientifically consistent level.

Republic of Uzbekistan

The emphasis in our relations with Uzbekistan should be made on bilateral relations in political, economic and military spheres. It is important to keep in mind that the trade with Russia amounts to nearly 28% of all foreign trade of the republic⁸¹. Despite certain frictions in economic matters, Russia remains its key ally and economic partner. The problem of labor migrants remains one of the main directions of cooperation between the two countries.

At the same time, economic disputes between the two countries are also high on the agenda. For one, early in 2009 a difficult situation developed in connection with the delivery of GM Uzbekistan autos because of the decline in consumer activity of the population and protectionist policy toward the Uzbek car industry⁸². Another conflict burst out around Uzdunorbita – an Uzbek subsidiary of the MTS mobile operator.

Another issue still slowing down the growth of mutual trust in Russian-Uzbek relations is the water problem. We have to defuse the conflict and try to take the stance of a mediator between the conflicting parties by proposing compromise solutions, for instance, to implement the proposal of announced involvement of Uzbekistan and Kazakhstan in the construction of new hydropower facilities in Kirgizia.

In spite of an official withdrawal of Uzbekistan from the CSTO, Tashkent is interested in military cooperation with Russia, keeping in mind a potential deterioration of the situation in Afghanistan after 2014. It is also important to take into account sufficiently tense relations of Uzbekistan with its neighbors. In this connection, joint exercises, maneuvers, and consultations on regional security matters seem to be a promising field of cooperation.

Turkmenistan

According to experts, the most burning issue in Russian-Turkmen relations is the status of Russian-speaking population. The top priority task is to resolve the problem of double citizenship or to minimize its negative effect on the Russian

⁸¹ Uzbekistan: Trade Turnover with Russia to Exceed Four Billion USD // Fergana.news. 21.04.2008. URL: <http://www.fergananews.com/news.php?id=8972>

⁸² Uzbekistan Threatens Russia to Undertake Measures in Response to Complication of Access of Uzbek Products to the Russian Market // Fergana.news. 14.12.2012. URL: <http://www.fergananews.com/news/19917>

minority as much as possible. It is recommended to set up a group of negotiators with the task to resolve the problem and to discuss possible concessions to Turkmenistan in cooperation in the gas sphere as “compensation”.

It is expedient to discuss the idea of establishing a defense alliance on the Caspian Sea between Russia and Turkmenistan, which would allow ensuring regional security of Ashgabat without giving up its official status of neutrality.

Under the conditions of severe shortage of sweet water in the republic, the implementation of construction projects of desalination plants with Israel’s participation seems to be a promising venture.

It is important to develop continued cooperation in the fields where the both sides have mutual interests and achievements. Turkmenistan is one of the largest consumers of KAMAZ trucks and special equipment. The Ashgabat training and service center opened by KAMAZ provides maintenance for 160 pieces of equipment per month, and professional training for 400 specialists per year. Identical centers were launched in the cities of Mary and Balkanabad⁸³.

Vessels of the “river-sea” class are currently under construction in the docks of Nizhny Novgorod, Astrakhan and Kazan. The equipment shall be used for the shipment of oil products. Other equipment for Turkmen oil and gas industry shall be utilized on the Caspian shelf.

Cooperation in the field of transportation also looks promising. It is important to streamline cooperation in the field of further development of railways: participation in construction of new railway lines in Turkmenistan and their operation, and upgrading of the rolling stock.

Kyrgyz Republic and Republic of Tajikistan

There should be no major differences in the Russian policy toward Bishkek and Dushanbe as both are in a similar economic plight and deeply dependent on Moscow. Naturally, tactics should vary because of the individuality of elites, political systems and economies of the two republics. We believe that in this context a number of long-term strategic solutions can be proposed.

Gradual involvement of Kyrgyzstan and Tajikistan into cooperation with the Customs Union, Eurasian Economic Space and Eurasian Union is on the agenda. At the same time, entry of Kyrgyzstan and Tajikistan into the Customs Union should not be regarded as a top priority task and reliable insurance of the development of economic and political relations with those countries. All economic and political issues of developing bilateral relations, including the matters of gradual harmonization of economic legislation, could be resolved in the framework of the EurAsEC and CIS

⁸³ Economic Cooperation with the CIS Countries (according to the data supplied by the RF Ministry for Economic Development). URL: http://www.kaztrade.ru/russian_federation/cooperation/state/rf_sng.doc

Free Trade Zone Agreement, and Agreement on mutual protection and promotion of Russian and EurAsEC countries' investments, which they are parties to.

The water problem is a considerable factor in shaping the RF relations with those countries. Construction of a cascade of medium-size hydropower plants on the Naryn River seems to be a promising and feasible venture that can offer a sizable number of new jobs to Kyrgyz citizens. As regards the Kambartinskaya hydropower plant, its construction seems to be a high risk project, keeping in mind the size of investment and political instability in Kyrgyzstan. Moreover, the issue has to be withdrawn from the conflict context. Uzbekistan and Kazakhstan have to be really involved in project implementation.

Widening of humanitarian partnership with Kirgizia and Tajikistan would foster both the experience needed to further Russian moves in the region, and, in the longer run, the solution of many other related issues. The establishment of a network of Russian schools and vocational centers satisfying the needs of the population would be of special importance. The quality of education offered by the Slavic Universities functioning in both capitals should be also improved.

* * *

Despite the changes taking place in local societies, Russia has historic, geographic, economic and cultural potential to remain a leading player in Central Asia. The changes are far too ambiguous. On the one hand, this is a retreat to traditionalism, on the other hand – a rise of a new educated class unattached to Russia and, at best, interested in pragmatic cooperation only. Western countries have already raised an influential group of young, successful and liberally-minded leaders, totally unsympathetic to Russia. In different proportions those trends are visible practically in every Central Asian state.

To all appearances, the Russian policy, facing the complication of local social environment, should address both the elite groups in power and those who would come in their stead. After the “Arab Spring” the Russian stance seems preferable – the one tuned to resist the tendency of outside interference, to preserve in every possible way the regional stability to the majority of elites in Kazakhstan, Uzbekistan, Tajikistan, Kirgizia and Turkmenistan. In this connection the “window of opportunities” is getting wider – in the short and mid-term. In-depth economic integration initiated by the Russian Federation can become a factor facilitating protection of the secular political regimes.

At the same time, Islamism in Central Asia is one of the influential political forces, and its accession to power (in coalition with other forces or independently) in certain countries cannot be ruled out. This scenario can modify the nature of bilateral relations, which should be kept in mind when formulating a long-term Russian strategy in Central Asia.

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119180, Moscow,
B. Yakimanka st., 1
tel.: +7 (495) 225 62 83
fax: +7 (495) 225 62 84
www.russiancouncil.ru/en