

Noref Policy Brief

Central Asia: Living in Afghanistan's shadow

Martha Brill Olcott

Executive Summary

The absence of a functional government in Afghanistan has been creating economic and security challenges for the Central Asian states since their founding in 1991. Long frustrated by the international community's failure to end the Afghan civil war through negotiation, the 2001 September 11 attack created the expectation among these countries that the US would intervene successfully in Afghanistan, leading to an economic recovery that would advance the development of all the states in the region.

While the US-led NATO operations in Afghanistan have resulted in somewhat enhanced security capacity in the Central Asian countries, most projects designed to strengthen the regional economy remain on the drawing board. In fact, the long-term security challenges faced by the Central Asian states seem to be increasing, given the current situation in Afghanistan and the growing instability of Pakistan.

As public pressure mounts in the US and in Europe to wind down their military involvement in Afghanistan, and to find other ways to protect their populations from the risks posed by al-Qaeda, Central Asian elites are left pondering how best to protect their own populations, in view of the limited regional, multilateral or bilateral assistance on offer.

Nato withdrawal would be very damaging for the Central Asian states and would greatly exacerbate the deteriorating economic and security conditions in some of these countries. Aid from the West is badly needed; however, in the past Western funding for projects in Central Asia has often fallen short. Given the financial climate, the current emphasis on smaller bilateral exchanges and cross-border production of electricity should be encouraged.

Martha Brill Olcott

Martha Brill Olcott is a senior associate with the Russian and Eurasian Program at the Carnegie Endowment. She specializes in the problems of transitions in Central Asia and the Caucasus. She has followed interethnic relations in Russia and the states of the former Soviet Union for more than 30 years and has traveled extensively in these countries and in South Asia. Her book, *Central Asia's Second Chance*, examines the economic and political development of this ethnically diverse and strategically vital region in the context of the changing security threats post 9/11. Olcott also codirects the Carnegie Moscow Center Project on Religion, Society, and Security in the former Soviet Union. She is professor *emerita* at Colgate University, having taught political science there from 1974 to 2002. She holds a PhD from the University of Chicago

The current state of play

After eight years of Nato engagement in Afghanistan the international community has yet to set in place political, economic or security structures that will ensure the long-term stability of that country. The lack of functioning structures in Afghanistan is a cause of great concern for the Central Asian states, especially the three (Tajikistan, Turkmenistan and Uzbekistan) that share its borders.

Nato military operations in Afghanistan have provided quick benefits for the Central Asian states, destroying camps of the Islamic Movement of Uzbekistan (IMU) in Taliban-controlled territories and killing many IMU leaders. Subsequent projects provided funding and training for reforming the militaries of all five Central Asian countries and for improved border management. But Nato funding priorities shifted elsewhere before this task was completed, and armed bands are again entering Central Asia from Afghanistan.

The planned regional strategy for Afghanistan's economic recovery remains largely confined to the drawing boards. Some local transport links between Afghanistan and both Uzbekistan and Tajikistan have improved, but the larger infrastructure projects, which are necessary to establish new international cargo routes across Central Asia and beyond, at best remain in partial states of readiness.

Major energy infrastructure projects have not fared any better. They were intended to create a regional energy network, with new hydroelectric stations in Tajikistan and Kyrgyzstan producing electricity to be marketed in Afghanistan, Pakistan and India. Instead, Central Asia's own water and electricity crises have grown more severe. The TAP (Turkmenistan-Afghanistan- Pakistan) gas pipeline also has not progressed beyond the feasibility study stage, leaving Turkmenistan more dependent upon marketing through Russia, or China, Russia's new competitor in the region.



The risks of Nato's withdrawal

Talk of Nato's withdrawal leaves the Central Asian states confused but not surprised. They feared Nato would find reinventing Afghanistan as frustrating as the Soviets, and would be less willing to accept combat fatalities. But Central Asia's leaders see no easy substitutes for Nato engagement, viewing the Shanghai Cooperation Organization (SCO) as incapable or uninterested in this task. Moreover, no one in the region wants to hand over the burden of their national defence to Russia, even if they believed Moscow would be effective in protecting them.

It is difficult to exaggerate how damaging Nato withdrawal would be for the Central Asian states. Weak states like Kyrgyzstan and Tajikistan would be at heightened risk of state failure from the increase in drug trafficking and other forms of illicit trade across their borders. The victory of jihadists in Afghanistan would put all the Central Asian countries, as well as Russia, at risk of terrorist attacks by jihadist groups. Uzbekistan and Russia would likely be first targets, given their current place in the pantheon of Islam's enemies.

Central Asia's security umbrellas

The Central Asian states have gone about military reform in piecemeal fashion, with each country taking advantage of "good deals" on equipment and training offered by foreign partners. Other than a few "model units", the result is that most army units are unable to link effectively with either Nato or the Russian-dominated Collective Security Treaty Organization (CSTO).

Nato was fast off the mark after independence, offering all these countries membership in the Partnership for Peace (PfP). The aim was to help each take the shards of the USSR military that they inherited and turn it into a force capable of meeting their defensive needs. At US urging, Nato also sought to create "CentAsBat" (Central Asian Battalion) with Kazakh, Kyrgyz and Uzbek brigades, but the three countries found it difficult to cooperate smoothly, and have preferred country by country engagement.

Nato funding for military reform in Central Asia increased after September 11, especially for Uzbekistan, but declined sharply in 2004, due to negative public pressure caused by Uzbekistan's poor human rights

record. Relations declined further still after the Andijan disturbances in May 2005, when the Uzbek authorities fired on a largely unarmed crowd in Andijan. The US urged an international enquiry and the Uzbek authorities, already troubled by their deteriorating relationship with Washington, asked the US to leave the military facility at Karsi Khanabad.

The US began to partner more closely with Kazakhstan, which is the only country in Central Asia to have a country reform plan that has been accepted by Nato. US and Nato military engagement with the various Central Asian states increased again in 2008, and in 2009 the US began contingency planning for an increased role for the 3rd Special Forces Group (Airborne) in Central Asia.¹ But in general, Nato defence projects in Central Asia, and those financed by Washington in particular, face tough competition for funds because of the expanded US military presence in Afghanistan.

Russian security interests

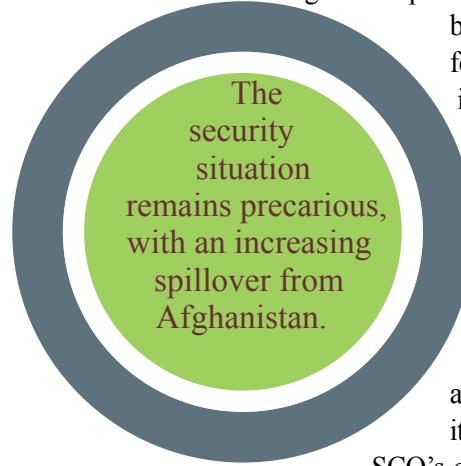
Russia has sought to counter Nato's efforts, becoming far more assertive in advancing its national security interests in Central Asia, through bilateral relations as well as through the CSTO, which Uzbekistan rejoined in 2005. Spurred by the extension of the civilian airport at Manas in Bishkek to accommodate a US airbase, the Russians added a small airbase at Kant, Kyrgyzstan, and still retain the 5000-troop 201st Brigade in Tajikistan, while negotiations continue over opening a second base in Tajikistan.

The Russians have also made plans, under the CSTO mandate, to open a new base (now slated at battalion strength) and training centre in Osh, Kyrgyzstan, which will provide support for Russian and Kyrgyz forces and could serve as a training facility for all the CSTO countries. The base, located near the borders of four Central Asian countries, would give Russia renewed capacity to intervene in internal security situations within the region.

Uzbekistan reacted negatively to Russia's plans, and has refused to participate in the CSTO rapid reaction force that Moscow hopes will serve to counter terrorist threats.

¹ Deirdre Tynan, "Central Asia: Pentagon Plans for Deployment of Special Forces to States outside Afghanistan", Eurasia Insight, 17 September, 2009, <http://www.eurasianet.org/departments/insightb/articles/eav091709.shtml>, accessed 22 October 2009.

Tashkent's opposition effectively precludes the CSTO from providing an effective security umbrella in the region. Nor will the SCO fill this role. Only a limited number of joint military exercises have been held among member states, and these have been more like parallel military activities than exercises by troops with integrated command and control systems. The SCO has also sought an expanded role in Afghanistan,



but a March 2009 SCO foreign ministers' meeting devoted to the subject yielded little result beyond a unanimous statement seeking dialogue with all other international actors engaged in attempts to bring about peace and stability in Afghanistan. The

SCO's capacity in Afghanistan was further reduced by Uzbekistan's 2009 decision to limit its role in SCO counter-terrorism activities to that of observer.

Narcotrafficking and Jihad

The security situation within each of these countries remains somewhat precarious, with an increasing spillover from Afghanistan. Concerted effort by the United Nations Office on Drugs and Crime, supplemented by projects run by several Nato member states, have aimed to enhance the capacity of the Central Asian countries to interdict drugs and chemical precursors passing through their countries. But, despite these joint efforts, drug trafficking continues to feed corruption in the region.

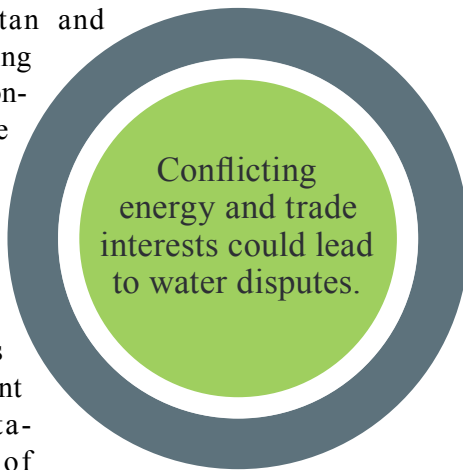
Whether financed through the drug trade, or from international terrorist sources, disaffected and violent Islamist elements continue to enter Central Asian countries from Afghanistan. There have been a number of violent episodes in Central Asia in recent years. These include a clash between Turkmen security forces and an armed band near Ashgabat in September 2008 (attributed by many to a squabble over access to the drug trade), a series of small skirmishes with armed groups (presumably trained in Afghanistan) in Uzbekistan, and a major clash in Tavildara Tajikistan in summer 2009.

The number of Central Asian youths trained in foreign camps appears to be still relatively low, and they do not yet pose a direct threat to state survival anywhere in the region, but the leaders of all of these countries

feel that their ability to balance the competing ambitions of secular and religious groups within their borders would be seriously damaged if they ever needed to commit troops to fight in Afghanistan.

The Afghan factor

The region's economic problems are unchanged from the start of Nato's Afghanistan campaign. Kazakhstan and Kyrgyzstan have partially transparent market economies, but the former retains a large state-sector – more so than the latter. Tajikistan's economy is substantially less reformed, and less transparent. Uzbekistan and Turkmenistan still have state-dominated and largely unreformed economies based on natural resource extraction, and their elites depend on rents for their wealth. Agriculture is only partially reformed, especially the cotton sector (primarily in Turkmenistan, Tajikistan and Uzbekistan). Owing to Uzbekistan's continued dependence on this water-intensive crop, its leadership has fiercely opposed Kyrgyzstan's and Tajikistan's plans for developing giant hydroelectric stations because of their concern that this will mean less water for irrigated agriculture.



In different ways, each of the Central Asian countries looked to the reconstruction of Afghanistan to help solve their own economic problems. For example, Turkmenistan hoped that reconstruction efforts would lead to a new market for its gas – to Pakistan and India via Afghanistan. The TAP pipeline had been abandoned due to security concerns in the late 1990s.

Kyrgyzstan and Tajikistan placed great faith in plans for massive hydroelectric stations (Kambarata and Rogun respectively), dating from the Soviet period but long abandoned because of lack of funds. These stations were to be jump-started by international funding. Both hoped to gain export income from the sale of electricity to Afghanistan and beyond, in addition to more electricity for their energy-deprived local markets. Left on

their own, neither country had the resources to develop these projects, nor the clout to survive the objections of downstream cotton producers.

Kazakhstan, Uzbekistan and Kyrgyzstan hoped to become suppliers of goods and services for US-led reconstruction efforts in Afghanistan, but virtually everything used by the Nato troops was shipped in from their home countries. One major exception, fuel for US aircraft landing at Manas airport in Kyrgyzstan, created an enormous stir in that country because the fuel contract was held by a family member of the then President Askar Akayev. While rumours persist that the family of current president Kurmanbek Bakiyev is similarly benefiting, substantially more income money is going directly into the Kyrgyz treasury: \$60 million in direct payments annually, up from \$17.4 million, and another \$36 million in airport modernization. In 2008, both Kazakhstan and Uzbekistan were promised that their entrepreneurs would help supply troops in Afghanistan with fuel and fresh foodstuffs respectively; however, at least in the Kazakh case, this possibility has yet to be realized.

Energy and transit

The TAP pipeline is still effectively frozen on the drawing board despite periodic efforts to revitalize it. And both the World Bank and the Asian Development Bank (ADB) have begun backtracking from their plans to create a single regional electricity market in Central and South Asia (CASEREM), which included funding the construction of large dams. They now favour smaller projects in Tajikistan, Turkmenistan and Uzbekistan that will transmit reduced amounts of electricity across the border into neighbouring regions of Afghanistan.²

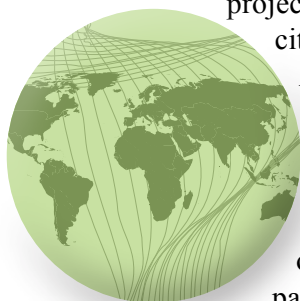
Most of the major new transportation plans remain incomplete. These include the construction of a deep-water seaport financed by the Chinese, at Gwadar, designed to protect China's oil flows through the Straits of Hormuz, and to be a new maritime outlet for western China, Afghanistan and the Central Asian states. Instead, it has become an albatross for Beijing. Construction began in 2002, but it did not berth a deep cargo ship until July 2009. One month later, presumably in

² Syed Fazl-e-Haider, "China Calls Halt to Gwadar Refinery", Asia Times Online, 14 August 2009, http://www.atimes.com/atimes/South_Asia/KH14Df02.html, accessed 21 October 2009.

response to growing unrest in Baluchistan, the Chinese cancelled their major oil refinery project in Gwadar.

One success is the \$37 million Afghanistan-Tajikistan bridge across the Pyanj River which opened in August 2007, and is built to allow up to one thousand trucks a day.³ There are also plans for a new railroad link between Uzbekistan and Afghanistan, which will greatly facilitate the movement of goods into the latter country.

Highways in many parts of Central Asia have been improving, as national efforts have aimed to end Soviet-era transportation interdependencies and to facilitate commerce within countries. Such efforts include the modernized roads linking principal cities in Uzbekistan and Kyrgyzstan, and partially realized projects to link up Kazakhstan's principal cities with its new national capital in Astana. But major transnational projects such as the EU-supported TRASECA (Transport Corridor Europe-Caucasus-Asia), and more recent projects of the Asian Development Bank remain incomplete, partly because the relatively low volumes of trade across the region do not justify the kind of investments necessary to achieve them.



Funding dilemmas

The situation in Afghanistan has created a series of confounding dilemmas for international financial institutions, the EU, the US and other potential donors to the region. On the one hand, they view Central Asia as having fewer pressing problems than in many other parts of the world. But on the other hand, despite the difficulty of dealing with some of the regimes in the region, the need to engage with these countries is manifest because of the risks associated with a deteriorating economic and security situation in states bordering Afghanistan. This is all the more true since the transit of Nato forces through Pakistan has become more problematic, and a new Northern Distribution Network through Central Asia is being introduced.

³ David Trilling, "Bridge Connecting Tajikistan and Afghanistan Set Open", EurasiaNet Civil Society, 21 August 2007, <http://www.eurasianet.org/departments/insight/articles/eav082107.shtml>, accessed 21 October 2009.

The end result, though, is that projects are frequently only partially funded, or evolve from relatively small initiatives. For example the EU "Strategy for Partnership with Central Asia" allocated \$1.17 billion for the whole region for 2007-2013. By contrast China is investing billions of dollars in each of these countries and offering generous loans, as to a lesser extent are Russia and several Arab countries. These latter projects come with no demands for transparency as the particular donor countries are more interested in capturing sectors of these economies than in reforming them.

Looking ahead: suggestions for policymaking

1. In trying to engage more effectively in Central Asia, western leaders and financiers would do well to recognize the relative limits to western influence in the region, and to recognize that our track record of engagement with these countries gives us limited leverage. While the current financial climate makes it unlikely that major regional projects will be funded, more attention could be given to providing loans and grants that would stimulate cross-border links between small and medium-sized businesses. Instead of giant dams, the current emphasis on smaller bilateral exchanges and cross-border production of electricity should be encouraged. Renewable energy should be developed, both in Afghanistan and in Central Asia. Finally, efforts to provide clean water are needed and better conservation should be undertaken in agriculture.
2. While many of the region's leaders are willing to participate in international negotiation, none of them has an original understanding of how to restore peace in Afghanistan. This includes Kazakhstan's president Nursultan Nazarbayev, whose country will chair the Organisation for Security and Cooperation in Europe in 2010, and Uzbekistan's Islam Karimov, who has pressed for a resumption of the pre-11 September 6+2 international negotiations framework as 6+3 (with Nato as the additional presence). From Nato's point of view, however, it might be more effective to take advantage of the support being offered by regional leaders to broaden the arena of negotiation.
3. Relations with Russia need to be treated carefully. Moscow wants Nato to succeed but not to stay too long in Moscow's backyard and, ideally, to leave Moscow's power enhanced in the process. Increased

cooperation might lead to manipulation by Russia to further its advantage. Nato must be vigilant that the Northern Distribution Network does not lead to Russian domination of Central Asian borders because many convoys will originate in Baltic ports.

4. Nato should engage more constructively with China, which has dramatically increased its economic position in Central Asia. China is concerned about preventing security black holes in the Central Asian countries and in Afghanistan, as they might attract their own Uighur Muslim minority from Xinjiang. China is eager to become a leading economic stakeholder in Afghanistan, as it has in Central Asia, and it has enormous potential influence in Islamabad as well. Western leaders need to invest more time in behind-the-scenes diplomatic activities designed to woo China, and to get Beijing to use its economic (and in the latter case military) influence in ways that mesh with Nato interests in the region. While Chinese leaders have traditionally adopted a conservative approach to international engagement, when it is not directly related to China's own internal or overseas territorial interests, more active diplomatic activity could generate payoffs.

Further reading

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